



**WOOLWORTHS GROUP
RETIREMENT FUND**

MAKING THE DIFFERENCE TO YOUR RETIREMENT

**WOOLWORTHS GROUP
RETIREMENT FUND**

**BOARD OF TRUSTEES
ANNUAL REPORT**

2023

1 MARCH 2022 – 28 FEBRUARY 2023

THINK BIG. START SMALL. ACT NOW!

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Introduction

This report covers the period from 1 March 2022 to 28 February 2023 and is intended to inform you about the financial progress of the Woolworths Group Retirement Fund (“the fund”), and other developments in respect of the fund over this period.

The board of trustees (“the board”) is pleased to advise members that the fund’s audited annual financial statements for the financial year ended 28 February 2023 have been submitted to the Financial Sector Conduct Authority (“FSCA”). The fund received an unqualified audit opinion from its external auditors, and the fund’s actuary has confirmed that the fund remained in a sound financial position as at the financial year-end.

The fund is a separate legal entity from Woolworths and its operation is governed by the Pension Funds Act 1956, as amended.

The fund operates and exists for you, the member, and your dependants. It is your fund and, as a member, you and the other members are the only people that will benefit from its existence.

Fund Governance and Management Structure

THE DUTIES OF THE BOARD OF TRUSTEES

The fund is managed by a board of six trustees, three of whom are elected by you, the member, and three whom Woolworths appoint. The board’s duties include:



THE BOARD MEMBERS

As at 28 February 2023, the board was constituted as follows:

MEMBER-ELECTED TRUSTEES



Shane Thomas



Belinda Madiba



Mandla Skosana



Lefu Mabula
(Alternate trustee)



Kay Raidoo
(Alternate trustee)

The tenures of Messrs Mabudafhasi and Thomas expired on 28 February 2023. Mr Thomas was re-elected as a member-elected trustee and Ms Belinda Madiba was elected as the new trustee replacing Mr Mabudafhasi as a member of the board.

We wish to thank Mr Mabudafhasi for his valued contribution whilst serving as a member of the board.

WOOLWORTHS-APPOINTED TRUSTEES



Julian Novak
(Chairperson)



Bradley Nitsckie
(Vice-chairperson)



Cornelius du Plessis



Justin Crowhurst
(Alternate trustee)



Anil Narshi
(Alternate trustee)

The board is supported by the following subcommittees taking care of specific day-to-day operations of the fund. Although the board has delegated decision-making powers to some of these subcommittees, they continue to report to the board.

Investments

Audit & Risk

Death Benefits

Communication

PROFESSIONAL ADVISORS AND SERVICE PROVIDERS

Benefit Consultants	Alexforbes Financial Services
Risk Insurers	Guardrisk Life Limited ITOO Special Risks Proprietary Limited
Investment Advisors	Willis Towers Watson
Valuator	Mr G Velcich of Alexforbes Financial Services
Investment Administrators	Alexforbes Investments Limited Stanlib Asset Management Proprietary Limited
Asset Managers: Local	Allan Gray Limited Coronation Asset Managers M&G Investments Ninety One Asset Management Alexforbes Investments – Shari’ah Portfolio Abax Investments Stanlib Infrastructure
Asset Managers: Offshore	Orbis Investment Management Ruffer LLP Lansdowne Partners Ardevora Global Equity Lindsell Train Global Equity GQG Global Equity Metropolis Global Equity Atlas Listed Infrastructure Laurium Africa ex SA Equity Resolution Capital Global Property Sands Capital Oxford Science Innovation
Auditor	Deloitte & Touche

Rule amendments

The fund operates in terms of a set of rules which also makes provision for the rights and benefits that should apply to you, the member. The rules are registered by the Financial Sector Conduct Authority and approved by the South African Revenue Service (SARS). Changes made to the rules are called amendments and must also be registered by the Authority and approved by SARS.

There were no rule amendments for the period covered by this report. All rule amendments are available for inspection at the registered office of the fund.

ECONOMIC REFLECTIONS BY

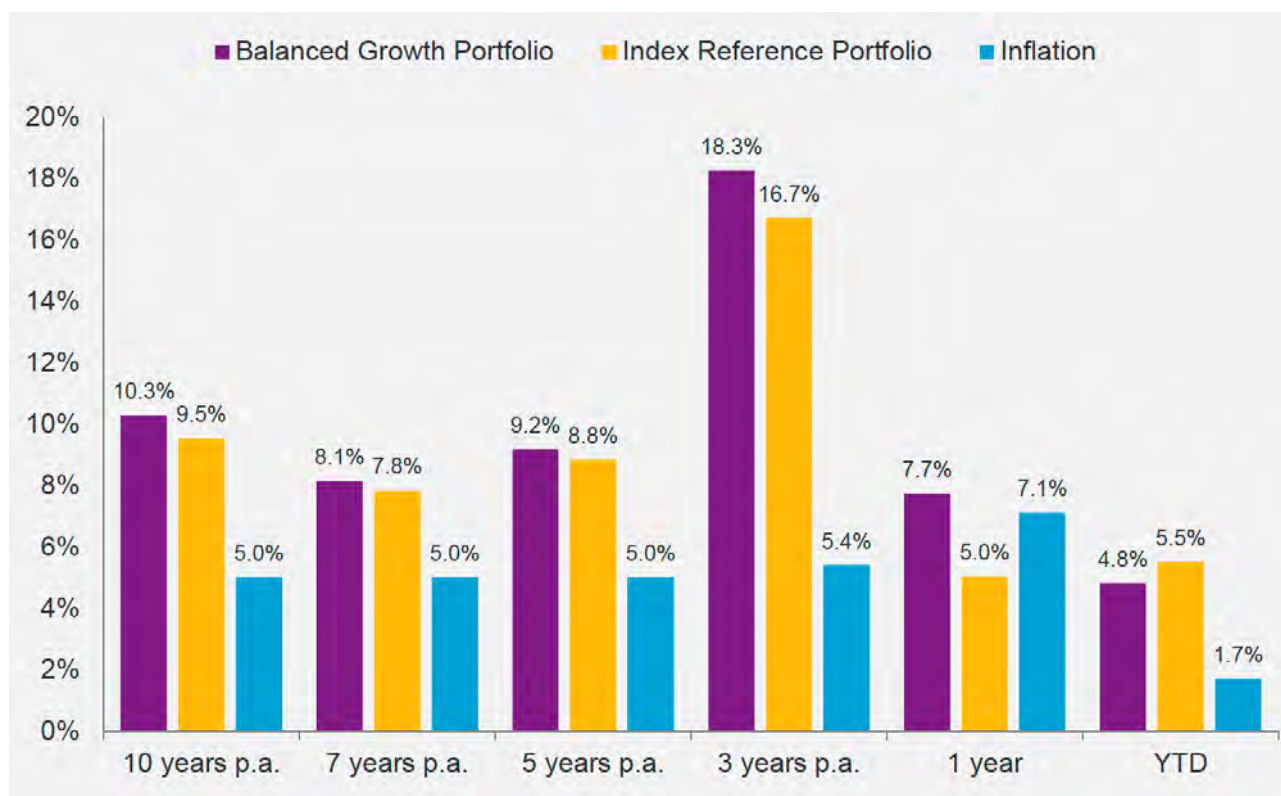
WILLIS TOWERS WATSON

THE FUND'S INVESTMENT PERFORMANCE

The chart below shows the investment performance of the Fund's main portfolio, the Balanced Growth Portfolio, over various periods ending 31 March 2023. This is the investment portfolio that most of active Fund members are invested in.

The investment returns of the Balanced Growth Portfolio are net of investment fees and are compared to inflation and to the returns on the Index Reference Portfolio.

The Index Reference approximates the return earned if a similar investment strategy was followed without making use of specific investment managers to make active investment decisions. This can be thought of as the general return of the market, or in other words a "passive" return.



For periods longer than one year, the returns are shown per annum ("p.a."). This means that the returns shown are the average annual (yearly) return for each year over the different periods. Unless you are close to retirement (say, over the age of 55), saving for your retirement is a long-term project. Therefore, the ten-year returns of the Fund are shown first, as the long term is where your focus should be when looking at the investment performance of your retirement savings.

The year-to-date or "YTD" return is the return from 1 January 2023 to 31 March 2023.

Over the long term (ten years or more) the Fund's Balanced Growth Portfolio has earned an annual return, after fees for the active management of the different investment managers, that is comfortably higher than inflation and that has also been higher than the Index Reference Portfolio. This is a good outcome, especially as the last decade has been quite turbulent in terms of the socio-political and economic factors, both global and domestic, that impact investment returns. The Balanced Growth Portfolio has also achieved this outcome over the past seven-, five- and three- years ending 31 March 2023.

One of the biggest risks you face in saving for your retirement is inflation. Over time inflation erodes the purchasing power (in other words, the value) of your savings. Therefore, over the long term, retirement savings need to grow by an investment return that is higher than inflation. This is why we compare the investment returns to inflation and why it is important to focus on the performance of the Fund over the long term.

Over the past year, while the investment market performance was positive and the Fund earned a return of 7.7%, this hides a lot of unpredictable and sharp movements in market performance during the year. This volatility was largely driven by the uncertainty around global inflation and how this will affect global interest rates, and global economic growth, in the near term.

Investment markets tend to experience large swings between positive sentiment and performance and negative sentiment and performance over shorter time periods. This is because day-to-day (and even month-to-month) investment decisions are based on constant news updates related to global economic data releases (most importantly US and European economic growth, jobs data, actual inflation and interest rates, expected inflation and interest rates, as well as economic data from China and the outlook for growth in China), company-related information such as earnings updates, and geopolitical events and developments. In other words, there are innumerable pieces of information and data being released all the time and markets are constantly repricing to reflect all the added information. As you can imagine, it is hard to keep up with this from day to day and even harder to predict what will happen next, and when, and how markets, which are simply the sum total of the decision makers within the market, will react.

As a result, it is futile to try to predict and time short-term market movements, and sometimes even to make sense of them. For example, over the past year markets were affected by monthly USA and European inflation figures (which were often higher than expected and therefore negative for markets), and comments made by the US Federal Reserve on the outlook for the economy and interest rates

(which may be positive or negative for markets depending on the “tone” of the comments). Locally, the market has been affected by global investors’ views on emerging markets, escalating loadshedding, and the newsflow around South Africa’s stance on Russia. If you were to change your investment strategy based on these events, you may find the market turning in the opposite direction before you have time to implement the changes!

A more productive strategy is to understand what drives investment performance over long periods of time, and then to formulate an investment strategy on that understanding. Given that this requires some judgement on how investments will perform in the long-term future, it is essential to understand the risks of the strategy and how things might go wrong. There must be a level of comfort that the risks are worth taking, based on the expected long-term outcome. It is possible to do this: to formulate a reasonable expectation of the long-term performance and risk outcomes of most investments, but it is almost impossible to do so for short term outcomes (unless you are consistently very lucky!).

The Fund’s investment strategy is set by the Board of Trustees by taking and maintaining a long-term view. The Board engages in thoughtful debate and allocates generous time to considering the Fund’s investment strategy and risks, and to monitoring the resulting investment performance. A disciplined process is followed by the Board of Trustees and Investment Committee in making decisions regarding the Fund’s investment strategy.

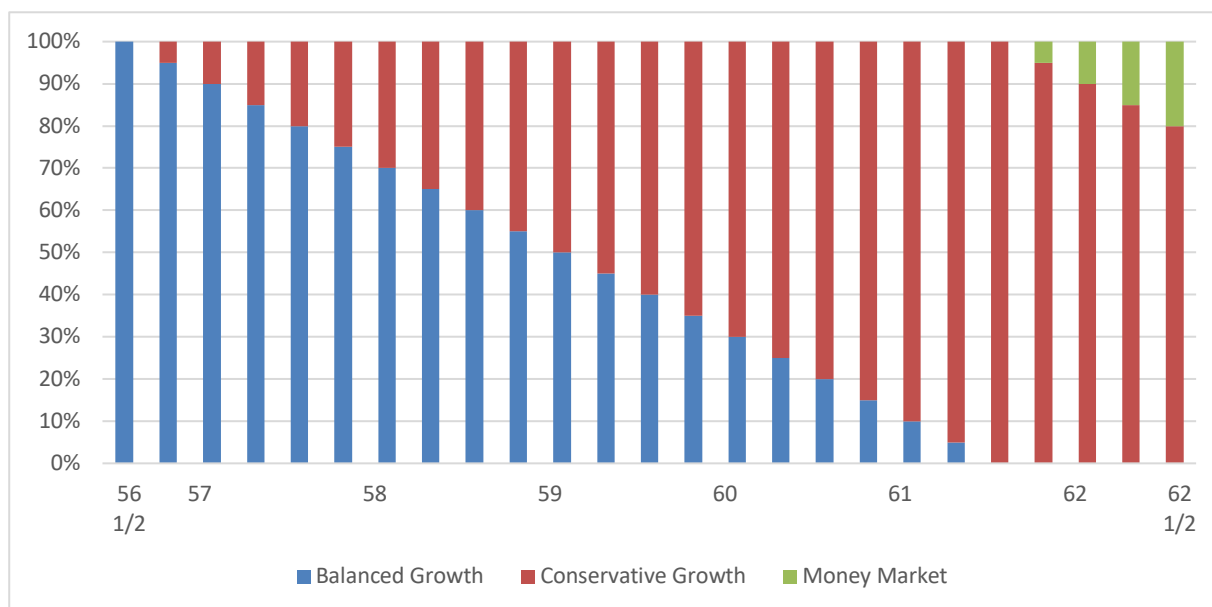
It is especially important that you, as a member of the Fund, have a reasonable understanding of how your retirement savings are invested, and how the investment strategy is designed and managed. The Board encourages members to read the quarterly newsletter, which offers information on the types of investments in the strategy, and general information on how investment markets work. This is intended to help you gain a better understanding of your retirement savings, and to build confidence and peace of mind in the approach and strategy adopted by the Fund.

Trustee approved default investment strategy

The fund offers a Life Stage model as its default strategy. The underlying portfolios are illustrated in the chart below:

INVESTMENTS

Default investment strategy: **Automatic Life Stage model**



Fund information

MEMBERSHIP DETAILS

Fund membership as at the end of 28 February 2023 and 28 February 2022 financial years was as follows:

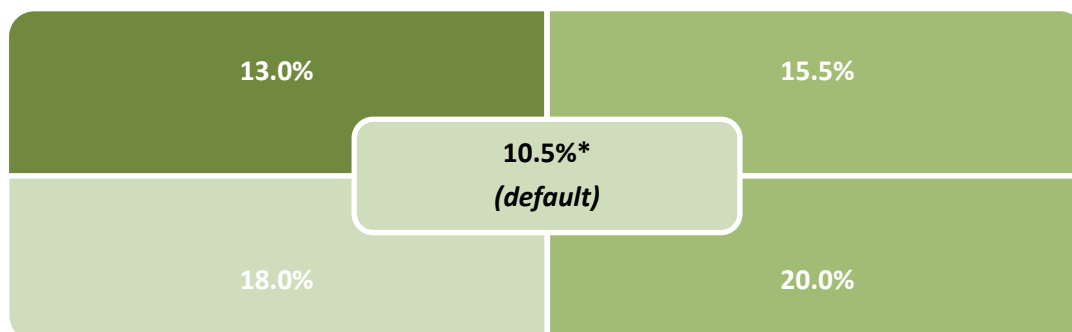
	2023	2022
MEMBERSHIP AT START	31 684	30 827
Plus:		
New entrants	5 761	5 223
Transfers from other funds	20	19
Less:		
Withdrawals	5173	4058
Retirements	138	120
Deaths	73	83
Transfers to other funds	0	0
Retrenchments	92	124
MEMBERSHIP AT END	31 989	31 684

CONTRIBUTIONS

Members contribute to the fund at a rate of 7.5% of their fund salaries.

In addition, the employer contributes at the default rate of 10.5% of members' fund salaries, unless the member selected a higher contribution rate.

For the period ended 28 February 2023 the following employer contribution rate options (*expressed as a percentage of fund salary*) were available:



* If a member does not at any time elect any of the available contribution rates, then the default employer contribution rate of 10.5% of fund salary shall apply.

The balance of the employer's contribution, after the deduction of applicable costs, was added to members' retirement savings. The table below shows the allocation of employer contributions at the default contribution rate.

Members who enjoy the four times annual fund salary death benefit	As at 28 February 2023
Employer contribution	10.5000%
Less:	
• Separate disability insurance	1.2254%
• Insured death benefits	1.0777%
• Fund expenses	0.6400%
Employer allocation to retirement savings	7.5571%

Members over 53 years old who may opt for the lesser two times annual fund salary death benefit with the residual saving on the lower premium rate being allocated towards retirement savings	As at 28 February 2023
Employer contribution	10.5000%
Less:	
• Separate disability insurance	1.2254%
• Insured death benefits	0.5388%
• Fund expenses	0.6398%
Employer allocation to retirement savings	8.0960%

Financial update

The fund's revenue account and balance sheet for the financial years ended 28 February 2023 and 28 February 2022 are set out below.

REVENUE ACCOUNT	2023 (R'000)	2022 (R'000)
Accumulated funds - Start	7 836 835	6 894 812
Income		
Contributions	708 195	672 785
Transfers received	7 952	13 325
Reinsurance recoveries	26 838	46 706
Investment income	6 933	5 044
Other income	104	7
Capital appreciation	733 145	1 048 845
Expenditure		
Fund expenses	(24 457)	(23 475)
Reinsurance premiums	(53 172)	(38 069)
Investment manager fees	(22 598)	(22 888)
Benefits and transfers out	(716 987)	(760 257)
Accumulated funds - End	8 502 788	7 836 835

BALANCE SHEET	2023 (R'000)	2022 (R'000)
Accumulated funds		
Share account	8 490 024	7 819 134
Reserve account	12 764	17 701
	8 502 788	7 836 835
Represented by		
Investments	8 449 239	7 786 805
Current assets	154 810	160 340
Current liabilities	(86 202)	(94 601)
Unclaimed benefits	(15 059)	(15 709)
	8 502 788	7 836 835

Registered office and contact information

Written queries can be forwarded to the Fund's registered address:	The Principal Officer, Woolworths Group Retirement Fund C/o Alexforbes Financial Services Block A The Boulevard 7925
Tel:	+27 21 401 9300
Email	wgrfmbrqueries@alexforbes.com
Fund Website:	www.wgrf.co.za