ACUMEN UMBRELLA FUNDS

DEFAULT INVESTMENT STRATEGY

2023 Q1

INVESTMENT REPORT

Robson • Savage

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1. MARKET COMMENTARY

1.1. GLOBAL MARKETS

All returns in this section are quoted in US Dollars and global equity market return figures are from MSCI.

2023 started off on an optimistic note, with China's long awaited reopening expected to provide a much-needed boost to global growth, while declining inflation numbers signalled a possible end to the aggressive interest rate hikes that hammered markets for much of 2022.

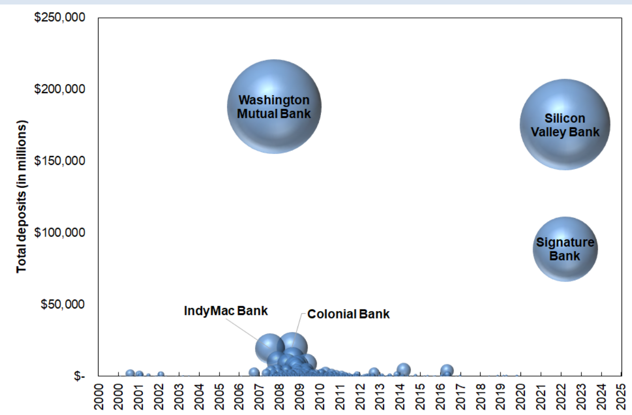
By early February global stocks were already up nearly 10% for the year before a combination of developments started to exert some pressure on global markets. Counterintuitively (as is often the case in financial markets), the first cracks started to appear following the release of some stronger than expected economic data in the US. In this case a US employment report showed that employment and wage growth remained strong which, while good for the economy, is bad for inflation, and hence the outlook for interest rates. And, as we were brutally reminded last year, markets don't particularly enjoy high interest rates. Whereas markets started the year pricing in a terminal rate of 5% for US rates, traders swiftly ratcheted up their expectations towards 6%, and thereby exerting an opposite force on the market values of most traded securities.

A few weeks later, and after claiming its first victim in the form of the traditional '60/40' balanced portfolio last year (i.e., when the 40% allocation to bonds completely failed to cushion investors from the losses suffered in the remaining 60% in stocks), rising rates moved towards its next target. This time, it went for the banks.

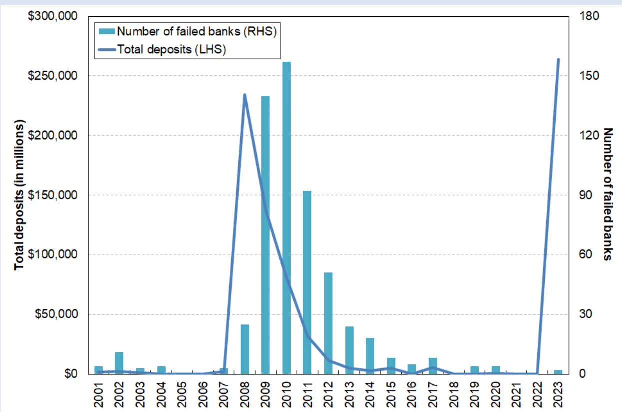
The first and most notable domino to fall was Silicon Valley Bank (SVB) on the 10th of March. As the name suggests, SVB primarily serviced high-net-worth individuals, venture capitalists and private equity firms in the tech industry. As this industry boomed during the pandemic, deposits grew rapidly (tripling, in fact during 2020 and 2021), while there was little offsetting demand for loans. With few traditional banking uses for all this cash, SVB invested a big portion of it in 'risk-free' long-dated US government bonds, which traded at exceptionally low yields at the time. As interest rates inevitably started to rise, the market value of these bonds plummeted. Ordinarily this wouldn't be a problem, since US banking regulations allow for these securities to be classified as 'hold to maturity' assets, which meant that SVB didn't (yet) have to account for the billions of unrealised losses lurking in its balance sheet. However, booms are usually followed by busts, and it wasn't long before the tech industry faced looming layoffs, and SVB had to deal with dwindling deposits. This forced them to crystalise large losses from their bond holdings, and with a tight-knit and concentrated client base, word soon got out. What followed was a classic panic-induced bank run.

A history of US bank failures *(figure 2.1)*

SVB and Signature Bank joins the list



Not expected to be a rerun of the GFC



Source: FDIC

When the dust eventually settled SVB earned the dubious distinction of being the second-largest bank casualty in US history (see figure 2.1), with a depositor base of around $175 billion at the time of its collapse (the largest remains Washington Mutual ($188 billion), which was a victim of the Global Financial Crisis (GFC) in 2008). Two days after SVB's meltdown Signature Bank took the third spot on this infamous list (at $89 billion), relegating another GFC victim to a distant fourth place (Colonial Bank at $20 billion). While Signature had a more diversified client base than SVB, its sin was its foray into the crypto world in 2018, with 30% of deposits hailing from this sector by the time of its collapse. At the time of writing, it looks like First Republic Bank, which has been teetering on the brink of collapse for the past two months, is set to take over the number two position from SVB…

A contributing factor to the conundrum US banks is facing is the mechanism by which interest rates there are set for deposits and loans. These are typically fixed at the outset, meaning that most mortgage loans, especially those granted (or refinanced) during the pandemic, carry very low yields. This means that many banks don't have sufficient income to increase deposit rates to levels that will now compete with the higher yields available elsewhere, putting further pressure on their deposits.

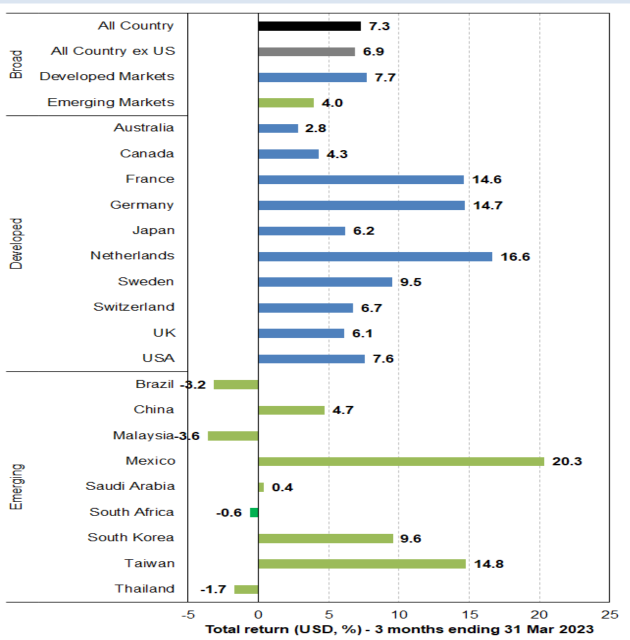
Sadly, US banks weren't the only ones affected, as troubled Credit Suisse on the other side of the Atlantic ultimately also met its demise after 167 years of trading and being acquired by rival UBS following intervention by Swiss authorities.

Banks are inherently fragile, with a business model premised on profiting from a mismatch between the duration (and liquidity) profiles of their assets (loans) and liabilities (deposits). The key is to manage these risks carefully, unlike the examples above and the 560-odd other (mostly small) banks that have failed in the US since 2001. Luckily the regulators reacted swiftly, and the US Fed (Fed) promised to guarantee all deposits (even those above the standard $250,000 limit that are insured) and provide sufficient liquidity to tide the rest over.

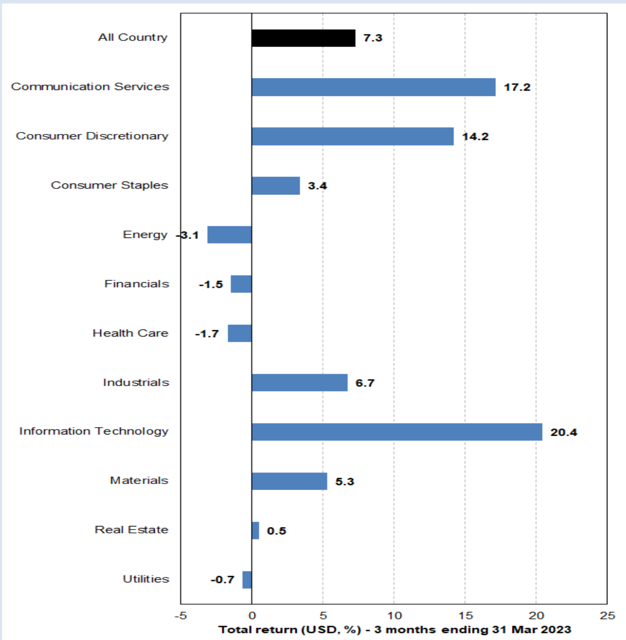
Although these events brought back memories of 2008/9, and contagion is always a concern when it comes to banks, for the moment this doesn't appear to be a rerun of the GFC. Rather, it appears to be the inevitable result of poor risk management at a few of the smaller/regional institutions which unfortunately weren't subject to the same level of regulatory scrutiny as their larger and more systemically important competitors.

Global equity markets in 2023 Q1 *(figure 2.2)*

Regions *(figure 2.2.1)*



Sectors *(figure 2.2.2)*



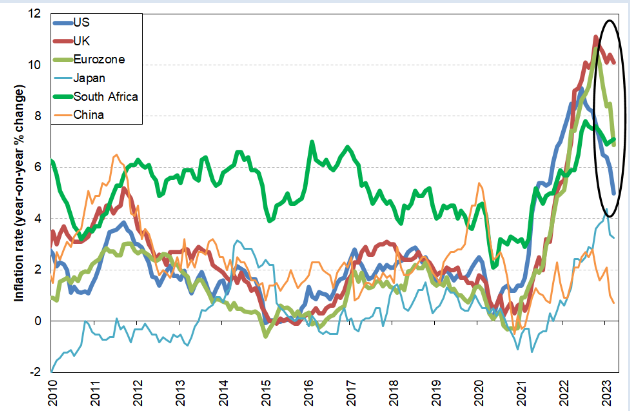
Sources: Iress, Morningstar

Although the above events caused a slight hiccup in global markets (with stocks quickly falling by 7% from their February highs), markets soon shook off these concerns and resumed their upward trend, ultimately ending the quarter with a solid gain of 7.3% (see figure 2.2). Following an even better 2022 Q4 (+10%), global stocks have now gained nearly 18% since bottoming in 2022 Q3, although they remain 12% below their previous highs.

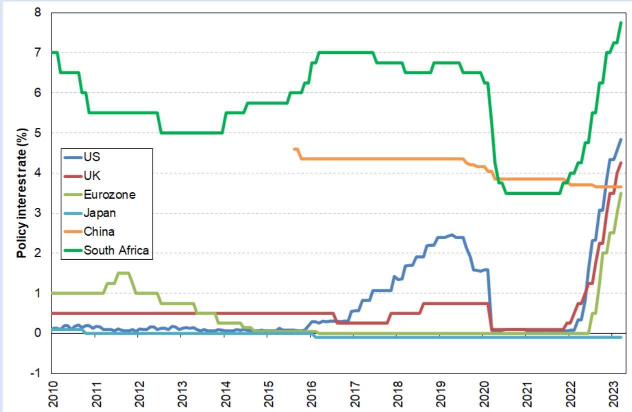
After losing a third of its value last year, tech (as measured by the Nasdaq) made a comeback in Q1 providing a return of +20%, while Financials unsurprisingly found itself close to the bottom of the pile following a return of -1.5% (see figure 2.2.2).

Global bonds followed a similar trajectory (sharply up, then down and back up again), but also managed to end the quarter with a decent gain of 3.5%, after having one of its worst years on record in 2022.

Inflation: Is the worst over? *(figure 2.3)*



Interest rates: Nearing the peak? *(figure 2.4)*



Sources: Iress, Morningstar

Despite trouble brewing in certain parts of the banking sector 2023 Q1 saw another slew of interest rate hikes in the developed world (see figure 2.4), with hikes totalling 50 basis points (bps) in the US, 75 bps in the UK and 100 bps in the EU. Interest rates in these regions have now reached their highest levels in 15 years, after being barely positive for most of the post-GFC era.

While core inflation numbers remain sticky (see figure 2.5), the latest developments have shifted the expected peak of interest rates lower, with the Fed's most recent 25 bp hike being a compromise of sorts between pausing its hiking cycle due to the current banking crisis, and earlier expectations of a 50 bp hike to counter stubbornly high inflation.

As for the US economy, only time will tell if the Fed's goal of a 'soft landing' is still achievable. The fact remains that the US yield curve, a historically reliable recession indicator, is still the most inverted it's been since the early 1980s (i.e., short term interest rates are higher than long term rates), and 'this time it's different' isn't regarded as the four most dangerous words in investing for no reason…

1.2. LOCAL ECONOMY

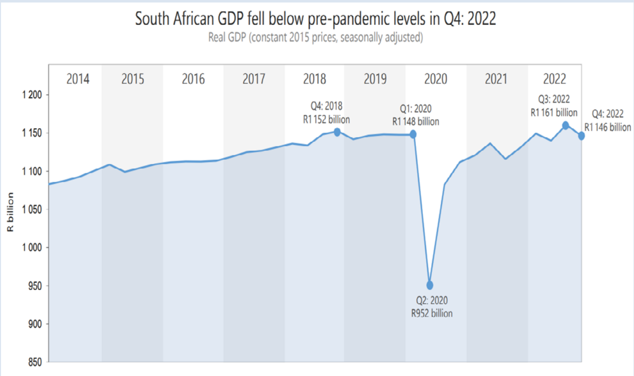
After loadshedding was ramped up to levels never seen before, it was not a huge surprise to see negative GDP numbers in 2022 Q4 (see figure 2.5). What was surprising, however, was the extent of the contraction, with the local economy shrinking by 1.3% compared to the much milder consensus expectation of -0.4%. Growth for the 2022 calendar year therefore averaged +2%, compared to 2021's strong recovery of +4.9%. With crippling power cuts expected to continue, growth expectations for 2023 have predictably been downgraded across the board, and most institutions expect an expansion of less than 1% this year (IMF = +0.1% SARB = +0.2% and National Treasury = +0.9%). The outlook for 2024 and 2025 is unfortunately not much better (1% and 1.1%, respectively).

Finance Minister Enoch Godongwana delivered his second budget to parliament in February, which contained no major surprises and was generally well received by the markets. The focus was unsurprisingly on the electricity crisis, with a debt relief package of R254 billion announced for Eskom, along with rebates for renewable and solar installations for businesses and households. Other highlights included no increases in any of the major tax rates, and a rather optimistic expectation by Treasury of primary budget surpluses (i.e., when revenue exceeds non-interest expenditure) from 2022/23 onwards (for the first time since 2008/9). Retirement fund members should also be glad to hear that for the first time in many years the retirement lump sum tax brackets were adjusted upwards (by 10%), which will result in a lower tax burden on the cash portion of their benefits.

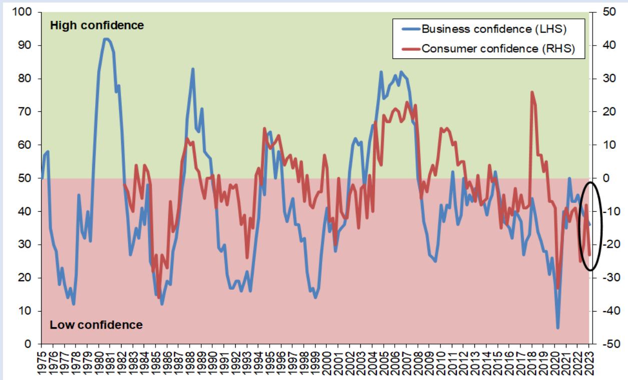
Shortly after the budget, the Financial Action Task Force (FATF), an inter-governmental body that sets international standards aimed at preventing global money laundering and terrorist financing activities, added South Africa to its grey list. This was widely anticipated, so market reactions were relatively muted, but this will unfortunately be another headwind for the local economy in the form of increased administration/compliance burdens, reduced foreign investment, etc.

Confidence from businesses and consumers unsurprisingly took a knock in 2023 Q1 (see figure 2.6), as the RMB/BER Business Confidence Index (with a neutral level of 50) fell from 38 to 36 and the FNB/BER Consumer Confidence Index (where the neutral level is 0) plunged from -8 to -23 (its third lowest reading ever). In some good news local unemployment data showed a marginal improvement, falling from 32.9% to 32.7%, while the expanded rate dropped from 43.1% to 42.6%.

SA economy *(figure 2.5)*



SA confidence *(figure 2.6)*



Sources: StatsSA, BER, RMB, FNB

Unfortunately the decline in the local inflation rate was interrupted in 2023 Q1 (see figure 2.3), as CPI climbed to +7% year-on-year (y-o-y) in February and then to 7.1% in March, up from its near-term low of +6.9% in January. Food (+14.4% y-o-y) and transport (+8.9% y-o-y) were the main contributors.

After lowering their rate first rate hike of the year to just 25 bps in January (after three consecutive 75 bp hikes in 2022 H2), the South African Reserve Bank surprised markets by announcing a 50 bp hike in March (see figure 2.4). Prior to this announcement 18 out of 20 analysts surveyed in the latest Reuters poll were expecting 25 bps (in line with the Fed's latest hike), while two analysts were expecting interest rates to stay put. In its announcement the SARB cited upside risks to the inflation trajectory (particularly after February's overshoot) and downside risks to the Rand as their main concerns. They also revised their expectations for inflation in 2023 steeply upwards (from 5.4% to 6%) and, according to their calculations, loadshedding alone adds 0.5% to headline inflation pressures.

The repo rate currently stands at 7.75% and after nine hikes is now a full 4.25% higher than it was a year and a half ago. The monthly repayment on a 20-year R1 million home loan at prime (3.5% above the repo rate) now stands at R10,493, compared to just R7,753 when interest rates were at their recent lows (a 35% increase). With inflation locally not being demand-driven, the Fed slowing down the pace of *their* hikes, and the SA economy still struggling, it's hard to see the rationale behind such an aggressive move, but since real rates are now comfortably positive, the worst should, in theory, be behind us.

1.3. LOCAL MARKETS

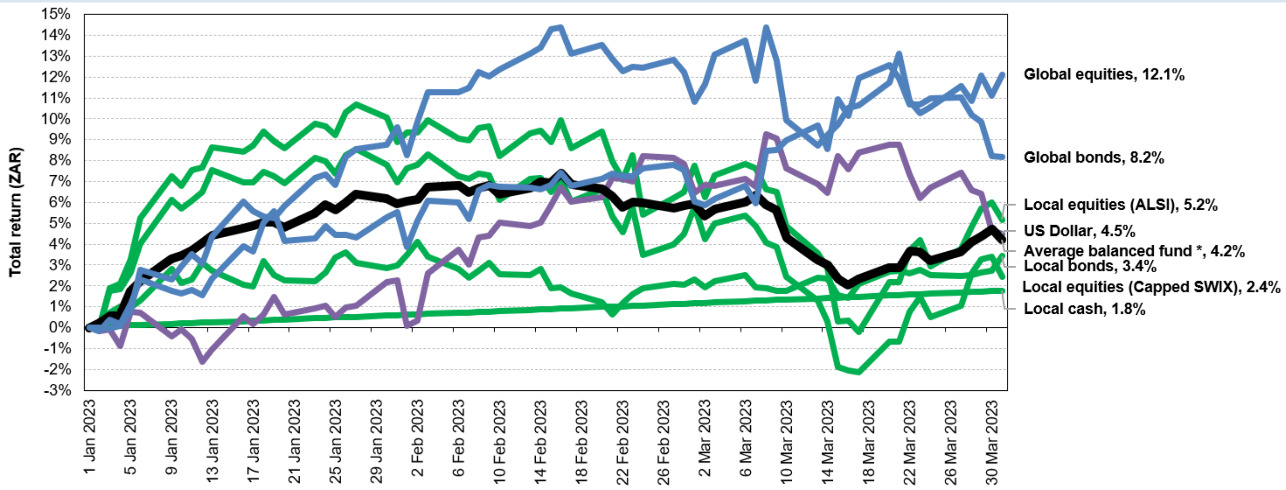
Unless indicated otherwise, all returns from this section onwards are quoted in South African Rands (ZAR).

Short term market returns *(figure 2.7)*

Total asset class returns (in %) at 31 March 2023

		Asset classes	3 months	1 year	3 years
Local	Equities	ALSI	5.2	4.9	24.2
		CAPI	4.3	4.0	25.6
		SWIX	2.7	0.7	19.9
		Capped SWIX	2.4	0.2	23.0
		Resources	-4.7	-13.0	30.5
		Industrials	13.6	25.9	19.2
		Financials	0.4	-9.3	23.3
		Property	-5.1	-3.4	18.2
		Top40	6.2	6.8	24.6
		Mid Cap	-0.9	-5.9	19.9
		Small Cap	0.8	4.2	36.6
		Value	-0.6	-4.3	27.1
		Growth	10.5	13.7	22.0
	Interest-bearing	ALBI	3.4	5.8	11.6
		ALBI (1-3 yrs)	2.4	6.9	7.5
		ALBI (3-7 yrs)	3.3	7.8	11.0
		ALBI (7-12 yrs)	4.4	8.1	12.8
		ALBI (12+ yrs)	2.6	3.5	12.1
		Government bonds	3.4	5.8	11.5
		Non-government bonds	3.8	6.6	12.4
		Inflation-linked bonds	0.9	4.9	10.7
		Cash	1.7	6.0	4.8
ZAR/USD			4.5	21.8	-0.1
Global (ZAR)		Equities (All Country)	12.1	12.8	15.2
		Equities (Developed)	12.6	13.3	16.3
		Equities (Emerging)	8.6	8.8	7.7
		Bonds	8.2	10.2	-5.4

Major asset classes and the average balanced fund * in 2023 *(figure 2.8)*



Sources: Iress, Morningstar

** ASISA South African Multi Asset High Equity category average (net of fees)*

Local markets were naturally also whipsawed by global developments during the quarter, but had to contend with some unique local factors as well (loadshedding, SA's grey-listing). Despite these many issues it still ended up being a decent period for investors. After an almost 11% gain in January the ALSI price index reached an all-time high by briefly breached the 80,000 point level for the first time ever, up steeply from its Covid lows where it dipped below 38,000 points. Failing banks and stubbornly high inflation rates meant that this euphoria was unfortunately short-lived, as investors were treated to an 8,000 point swing in the other direction over the following six weeks (giving away all its year-to-date gains). Thankfully a rebound soon followed, and the ALSI ultimately gained 5.2% for the quarter, and the Capped SWIX posted a return of +2.4%.

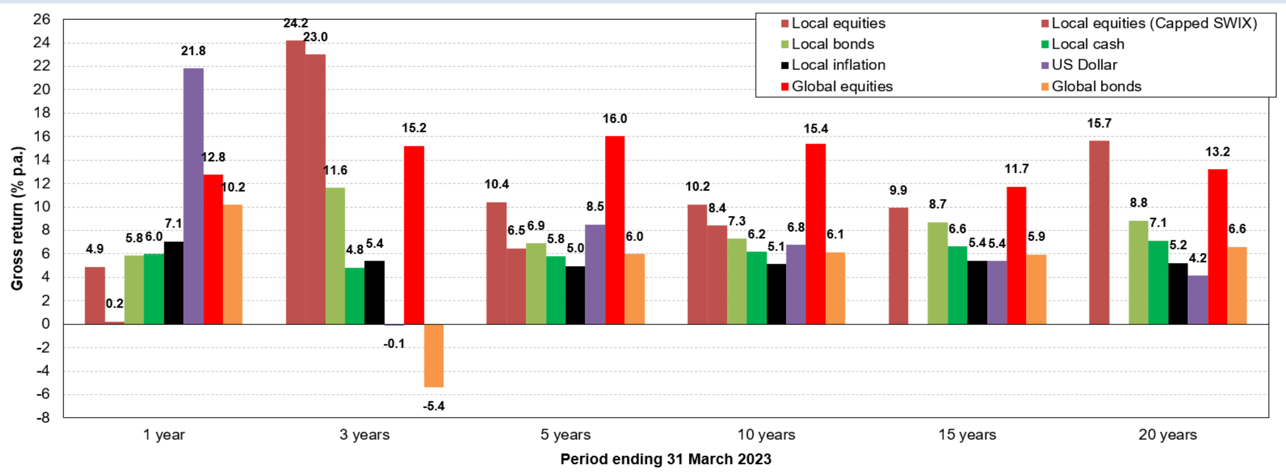
The winners in Q1 included those stocks exposed to China (Richemont = +27% and Naspers/Prosus = +17%), and with gold having a good quarter on inflation and banking concerns (+8% in USD and +13% in ZAR), we also saw stellar returns from the likes of DRD Gold (+39%), Gold Fields (+35%), AngloGold Ashanti (+31%) and Harmony (+24). Not all precious metal miners had it easy though, as the PGM miners ended up being some of the worst performers for the quarter (Amplats = -33%, Implats (-23%) Northam = -23%, Sibanye = -18% and RBPlat = -13%).

Local banks sold off in sympathy with their global counterparts in March (-6.8%), but ended 2023 Q1 only marginally down (-2.3%). Unlike in the US, local banks largely run on a floating interest rate system (i.e., interest rate changes automatically filter through to both loans and deposits), which means that they are for the most part naturally hedged. Furthermore, local banks are very well capitalised and diversified (there are only a handful of local banks compared to more than 4,000 in the US) and are quite used to operating in a volatile environment fraught with political, interest rate and currency risks. We therefore don't expect our banks to run into similar problems.

On local fixed income markets bonds ended Q1 3.4% up and cash returned +1.7%, as returns from the latter is steadily improving along with rising local interest rates. Given SA's grey-listing this was not a bad result from local bonds in particular, with markets appearing to have priced in this outcome beforehand judging from the lack of significant moves following the announcement.

The Rand had its usual volatile quarter, weakening by 4.5% against the US Dollar as it moved from R17.03 to R17.79/USD, after trading as low as R18.60/USD at the height of pessimism. This provided a big boost to the Rand returns from global markets, with global equities providing a double-digit local currency return of +12.1%, while global bonds made a comeback with a ZAR return of +8.2%. In this environment the average balanced fund (as measured by the average return of unit trusts participating in the ASISA South African Multi-Asset High Equity category) yielded a good return of +4.2% which, together with 2022 Q4's gain of 6.9%, brings the average return of these funds over the last six months to a solid +11.4%.

Asset class returns * *(figure 2.9)*



Balanced portfolio performance * *(figure 2.10)*

*** Given the performances of the various asset classes, what level of historical returns can retirement funds reasonably expect?**

To illustrate this, we calculated the hypothetical returns of various risk profiled 'portfolios' (Aggressive, Moderate and Conservative) using a rules-based asset allocation approach to cater for the change in the regulatory offshore allowance over time:

- The offshore allocation is kept at 5% below the prevailing regulatory maximum (15% to 2000, 20% to 2006, 25% to 2018, 30% to 2022 & currently at 45%), with changes to the offshore allocation made in the middle of the year in which the limit changed.
- The equity allocation varies according to the risk profile, and is set at 75% for Aggressive, 55% for Moderate and 35% for Conservative, which applies to both the local (ALSI up to December 2001, SWIX up to June 2011, Capped SWIX thereafter) and offshore (MSCI All Country) portions.
- The remainder of the *local* assets is split between local bonds (ALBI) and cash (STeFI composite), with the local bond allocation being the same as the equity allocation in this sub-portion, i.e., 75% for Aggressive, 55% for Moderate and 35% for Conservative. The balance is kept in local cash.
- The remainder of the *offshore* assets is allocated to global bonds (FTSE WGBI).
- Fees are assumed at 0.4% p.a.

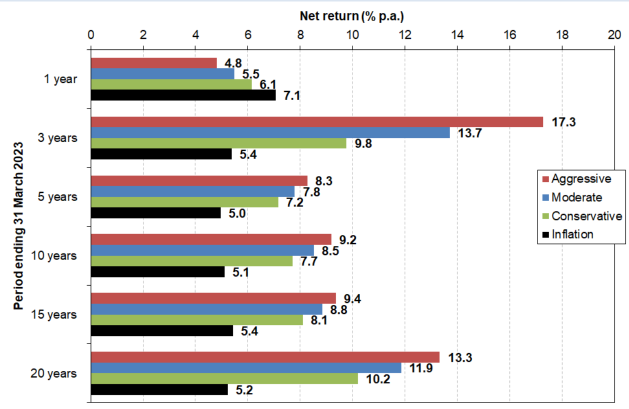
A graphical representation of the strategic and current asset allocations of the various risk-profiled 'portfolios' are provided below:

AGGRESSIVE – Strategic allocation	LOCAL VS OFFSHORE	60%			40% (5% below regulatory maximum)	
	GROWTH VS INCOME ASSETS	75%	25%		75%	25%
	EQUITIES VS BONDS VS CASH	100%	75%	25%	100%	100%
	Current allocation	~45%	~11%	~4%	~30%	~10%

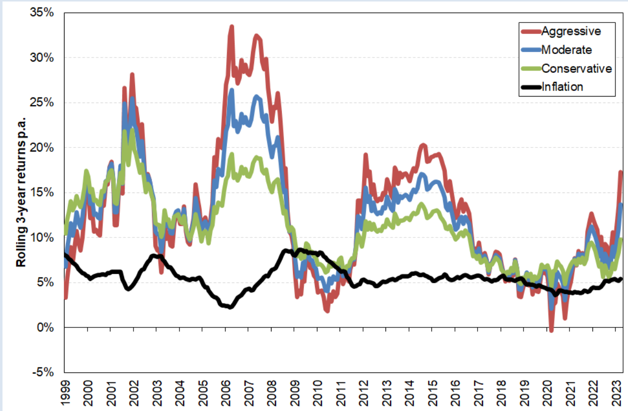
MODERATE – Strategic allocation	LOCAL VS OFFSHORE	60%			40% (5% below regulatory maximum)	
	GROWTH VS INCOME ASSETS	55%	45%		55%	45%
	EQUITIES VS BONDS VS CASH	100%	55%	45%	100%	100%
	Current allocation	~33%	~15%	~12%	~22%	~18%

CONSERVATIVE – Strategic allocation	LOCAL VS OFFSHORE	60%			40% (5% below regulatory maximum)	
	GROWTH VS INCOME ASSETS	35%	65%		35%	65%
	EQUITIES VS BONDS VS CASH	100%	35%	65%	100%	100%
	Current allocation	~21%	~14%	~25%	~14%	~26%

Returns *(figure 2.10.1)*



Rolling 3-year returns *(figure 2.10.2)*



Source: Iress, Morningstar

Given the tough conditions during Q2 and Q3 of 2022, 1-year returns from local markets have been fairly pedestrian, but are at least in positive territory. Over this period the ALSI returned +4.9%, the Capped SWIX barely broke even (+0.2%), while local bonds (+5.8%) and cash (+6.0%) outperformed. Although global assets are still deeply negative in hard currency terms over the last year (equities = -7.4% and bonds = -9.6%), a cyclical period of strength for the Rand at the start of this period, coupled with significant weakness since then (i.e., a depreciation of nearly 22% against the Dollar) have resulted in pretty solid Rand returns of +12.8% from global equities and +10.2% from global bonds over the last year. This has helped the average balanced fund deliver a 1-year return of +5%.

1.4. THREE YEARS ON

The end of 2023 Q1 marked not only the 3-year anniversary of the first lockdowns locally, but also the start of the exceptionally strong recovery in markets that followed the Covid crash in early 2020. With most of the damage done in 2020 Q1, it means that the sell-off in this period is now completely out of the 3-year numbers. Although the strong post-crash recovery in 2020 and 2021 has certainly helped, the low base set at the start of this period is also to a large degree responsible for the elevated numbers we're currently seeing.

This is demonstrated by 3-year returns of around +24% p.a. from local equities, an equity-like +12% p.a. from local bonds, and +15% p.a. from global equities (with very little assistance from a flattish exchange rate, when ignoring all the intra-period volatility, of course). Global bonds were the only major asset class in the red (-5.4% p.a.), having not suffered any losses during the crash, and since then buckling under inflation and interest rate pressures.

The average balanced fund has delivered a stellar return of +15.1% p.a. over this period, reminding us yet again of the dangers of fleeing to safer alternatives after the horse has already bolted. To use some examples, money market and multi-asset income funds have delivered average 3-year returns of just

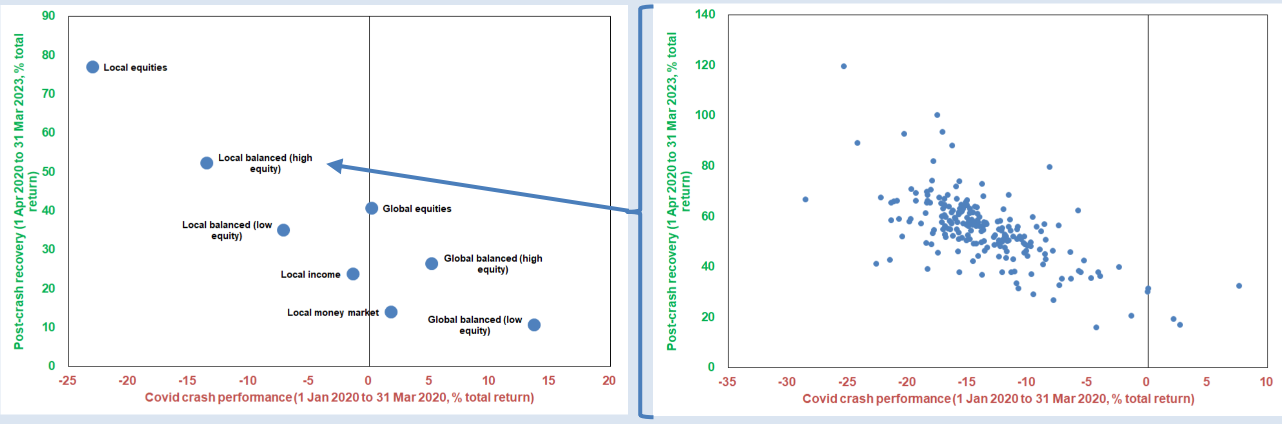
4.5% p.a. and 7.3% p.a., respectively, while global high equity funds have returned a decent, but still much lower, average of 8.1% p.a.

Figure 2.11.1 below provides a graphical representation of the average returns earned by various fund categories during the Covid crash in 2020 Q1 (shown on the horizontal red axis) compared to the returns earned in the 3-year period thereafter (shown on the vertical green axis). Those categories of funds (or asset classes) that fared the worst in 2020 Q1, were typically the ones that rebounded the strongest during the recovery that followed. Figure 2.11.2 shows that this applies *within* categories as well, with hardly any of the local balanced funds that did a decent job in 2020 Q1 participating much in the subsequent rally.

Pre- and post-Covid crash returns *(figure 2.11)*

Unit trust category averages *(figure 2.11.1)*

Local balanced (high equity) funds *(figure 2.11.2)*



Source: Morningstar

Since the pattern above is usually observed after every crash, investors should think twice before changing tack in response to short-term market fluctuations.

We'll end this quarter's commentary with some quotes from Warren Buffet's latest annual letter to Berkshire Hathaway shareholders:

'*One advantage of our publicly-traded segment is that – episodically – it becomes easy to buy pieces of wonderful businesses at wonderful prices. It's crucial to understand that stocks often trade at truly foolish prices, both high and low. "Efficient" markets exist only in textbooks. In truth, marketable stocks and bonds are baffling, their behaviour usually understandable only in retrospect.*'

'*The lesson for investors: The weeds wither away in significance as the flowers bloom. Over time, it takes just a few winners to work wonders. And, yes, it helps to start early and live into your 90s as well.*'

And lastly, commenting on the fluctuations in the values of Berkshire's listed holdings:

'*…are 100% misleading when viewed quarterly or even annually. Capital gains, to be sure, have been hugely important to Berkshire over past decades, and we expect them to be meaningfully positive in future decades. But their quarter-by-quarter gyrations, regularly and mindlessly headlined by media, totally misinform investors.*'

2. INVESTMENT STRATEGY

2.1. DEFAULT PORTFOLIOS

The Acumen umbrella funds' default strategy portfolios invest in a range of local and foreign asset classes, including equities, listed property, bonds and cash. The management of the assets are outsourced to professional investment managers that have been given full discretion to allocate capital between (and within) these asset classes in line with their views of current and expected market and economic conditions, in proportions appropriate to each portfolio's objective, and subject to the regulatory limits applicable to retirement funds. The underlying managers bring a diverse range of capabilities, investment styles and philosophies to the table, with the aim of achieving competitive relative performance throughout the market cycle. The portfolios are therefore designed to take care of the complex asset allocation and manager selection decisions.

DEFAULT GROWTH PORTFOLIO

Objective: To maximise investment growth over the long term.

Portfolio features:

Given the portfolio's objective of maximising returns, it will usually have a high exposure to equities (up to the regulatory limit of 75%).

While the performance of the Default Growth Portfolio is expected to be the higher than the Default Protection Portfolio over the long term, returns can be very volatile over the short term, with the possibility of occasional temporary losses.

Some periods where the Default Growth Portfolio underperforms the Default Protection Portfolio over the short to medium term should therefore be expected.

HIGH	MED	LOW

Risk profile & suitability:

Has a moderate to high risk profile, and is typically suitable for members who:

- Are seeking high levels of investment growth;
- Can tolerate the associated high levels of volatility;
- Have an investment horizon of more than five years.

Return target: Aims to achieve a net return of at least 5% a year above inflation over the long term (i.e., more than five years).

Underlying investment managers (strategic allocation):

Portfolio	Strategic allocation
Abax Balanced	20.0%
Aylett Balanced	20.0%
Coronation Managed	20.0%
Ninety One Balanced	20.0%
PSG Balanced	20.0%

DEFAULT PROTECTION PORTFOLIO

Objective: To provide moderate levels of investment growth over the medium term, while preserving capital at all times [1].

Portfolio features:

The Default Protection Portfolio is invested in a smoothed bonus fund.

Investment returns are smoothed by way of monthly, non-negative, bonus declarations [1]. The bonus declarations are based on the returns achieved on the portfolio's underlying investments, but some returns are set aside during periods of strong market growth in order to boost returns during periods of weaker performance.

The underlying manager also offers a capital guarantee [1] (so members will never get less out than what they put in), but the fees of this portfolio are higher than that of normal market-linked portfolios as a result.

HIGH	**MED**	LOW

Risk profile & suitability:

Has a low to moderate risk profile, and is typically suitable for members who:

- Are seeking reasonable levels of investment growth;
- Have no appetite for capital losses;
- Are willing to pay higher fees to guarantee the value of their capital [1];
- Do not intend to switch between portfolios on a regular basis [2];
- Want to lessen the risk of investing in or disinvesting from the market at the wrong time.

Return target: Aims to achieve a net return of 3-4% a year above inflation over the medium term (i.e., three to five years).

Underlying investment managers (strategic allocation):

Portfolio	Strategic allocation
Sanlam Stable Bonus	100.0%

2.2. DEFAULT STRATEGY

The Acumen umbrella funds' default investment strategy[3] is as follows:

- For members more than three years to normal retirement age, the Default Growth Portfolio.
- Once a member is within three years to normal retirement age, the member's fund credit will be phased into to the Default Protection Portfolio. This transition will take place over a period of three years, with one third of the fund credit being switched from the Default Growth Portfolio to the Default Protection Portfolio on an annual basis.

Years to normal retirement age	Default portfolio	
	Growth	Protection
More than 3	100.0%	0.0%
2 to 3 (Transition 1)	66.7%	33.3%
1 to 2 (Transition 2)	33.3%	66.7%
Less than 1	0.0%	100.0%

In establishing its default strategy, the trustees of the Acumen umbrella funds recognised that members need growth sufficiently in excess of inflation in order to stand a reasonable chance of maintaining their lifestyles after retirement. This is what the Default Growth Portfolio aims to achieve.

Given the Acumen umbrella funds' chosen annuity strategy (a living annuity arrangement) the need for growth close to, or even after retirement does not go away, but prudent financial planning would suggest that more measured growth would seem appropriate for the average member. The trustees deem it inappropriate to assume that the average member would be able to tolerate the potential short term losses that can accompany the Default Growth Portfolio, both from a financial and a behavioural point of view. The Default Protection Portfolio therefore aims to strike a sensible balance between risk and return during the last few years of a member's accumulation phase.

Notes

1. A bonus, which consists of a vesting and non-vesting component is declared monthly in advance. Bonuses cannot be negative.
2. The book value is the net contributions accumulated at the bonus rates. The market value is the value of the portfolio's underlying assets. The book value is the value that is guaranteed to be paid out for benefit payments (death, disability, resignation, retrenchment, retirement and pension payments) regardless of market conditions. The lower of book or market value will however be paid out for switches
3. It should be noted that some clients opted to only make use of one of the default portfolios, which means that the transition outlined in the table above will not apply.

3. MANAGER ALLOCATION

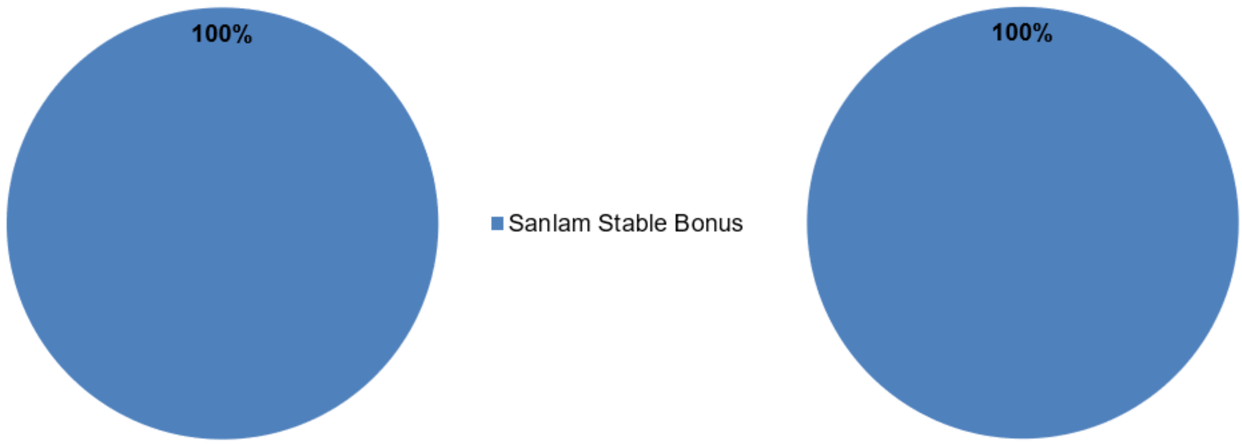
The graphs below summarise the current allocation of assets between the underlying investment managers:

DEFAULT GROWTH

2022 Q4 **2023 Q1**

DEFAULT PROTECTION

2022 Q4 **2023 Q1**

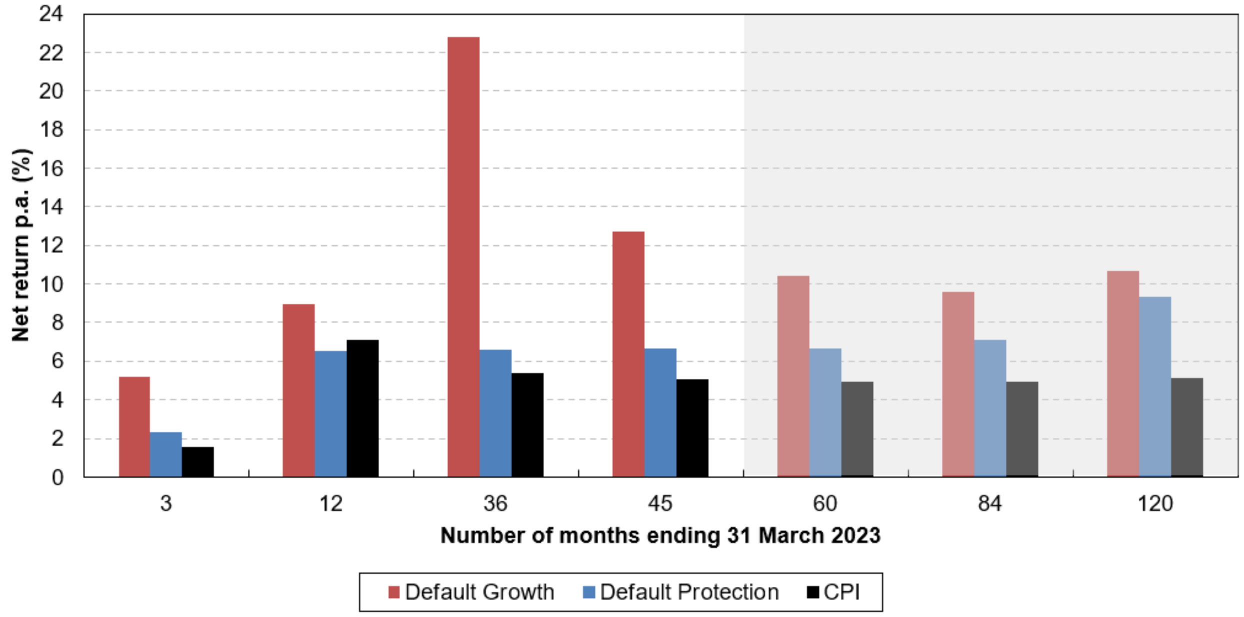


4. PERFORMANCE

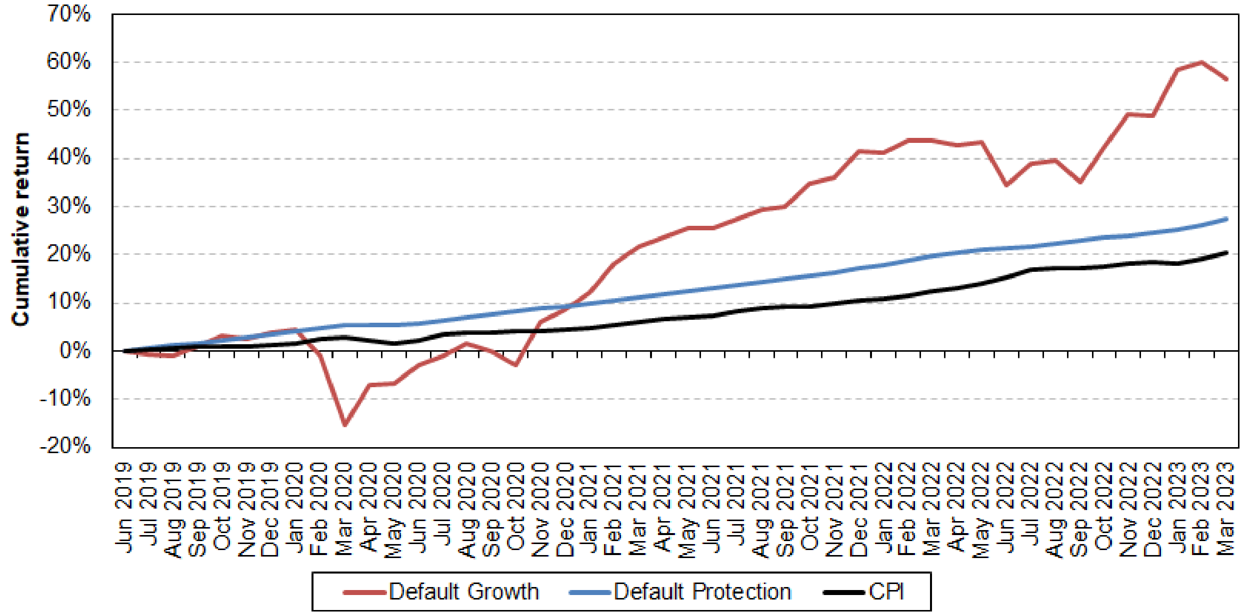
4.1. SUMMARY

Net returns (%) [1]	Number of months ending 31 March 2023						
	3	12	36	45 [2]	60	84	120
Default Growth	5.2	8.9	22.8	12.7	10.4	9.6	10.6
Default Protection	2.3	6.5	6.6	6.7	6.7	7.1	9.3
Inflation (CPI)	1.6	7.1	5.4	5.1	5.0	5.0	5.1

Fund returns *(figure 4.1.1)*



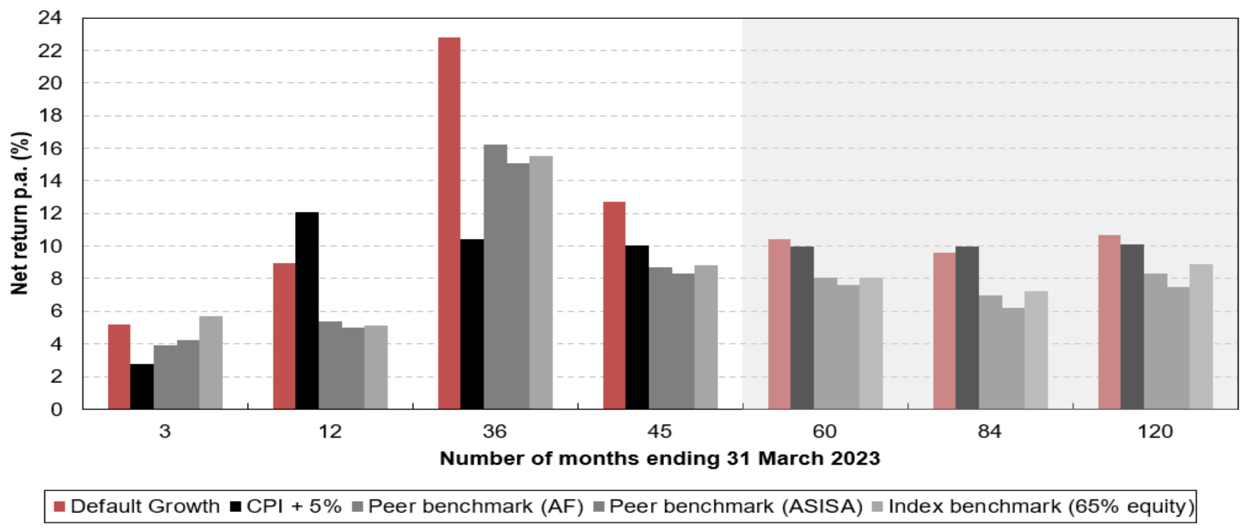
Cumulative returns *(figure 4.1.2)*



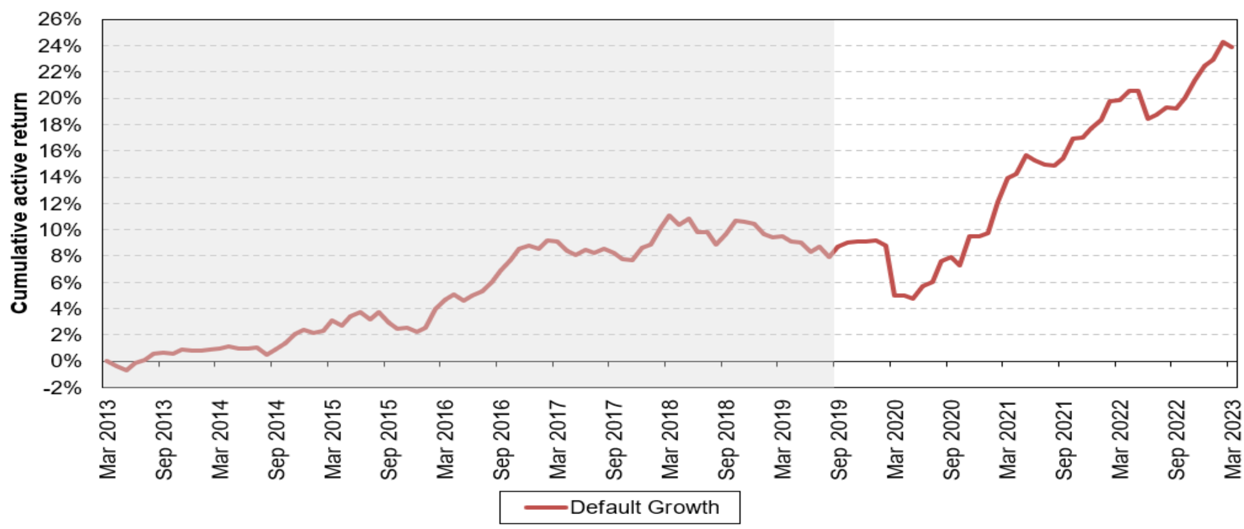
4.2. DEFAULT GROWTH

Net returns (%) [1]	Number of months ending 31 March 2023						
	3	12	36	45 [2]	60	84	120
Abax Balanced	7.1	14.5	24.0	13.3	11.9	10.1	11.0
Aylett Balanced	2.7	5.3	25.1	14.8	12.1	11.9	-
Coronation Managed	4.3	7.1	19.7	11.1	9.1	8.0	9.4
Ninety One Balanced	3.9	4.6	15.6	9.3	8.5	7.8	9.8
PSG Balanced	7.5	13.0	29.7	13.7	9.6	9.3	10.6
Default Growth	**5.2**	**8.9**	**22.8**	**12.7**	**10.4**	**9.6**	**10.6**
Portfolio benchmark (CPI + 5%)	2.8	12.1	10.4	10.1	10.0	10.0	10.1
Peer benchmark (AF) [3]	3.9	5.4	16.2	8.7	8.1	7.0	8.3
Peer benchmark (ASISA) [4]	4.2	5.0	15.1	8.3	7.6	6.2	7.5
Index benchmark (65% equity) [5]	5.7	5.1	15.5	8.8	8.0	7.2	8.9

Fund returns *(figure 4.2.1)*



Cumulative active return [6] *(figure 4.2.2)*



Notes

1. Returns for periods longer than 12 months have been annualised. The returns reflect that of the Provident Fund, but the Pension Fund assets are identically managed and have therefore achieved similar returns.
2. The Acumen umbrella funds' default strategy portfolios were officially opened in July 2019. The longer term numbers in this report (which have been greyed out) therefore reflect the historic performance of the underlying managers (using the average of those underlying portfolios that were operational at the time) to give readers a sense of how retirement funds and strategies like Acumen's default portfolios have performed over the long term.
3. Estimated net median return derived from the Alexander Forbes Global Manager Watch™ - Best Investment View Survey (non-investable). Fees assumed at 0.8% p.a.
4. ASISA South Africa Multi Asset High Equity category average.
5. A passive benchmark where equity exposure (both local and global) is kept at 65% and total offshore exposure is kept at 5% below the prevailing regulatory maximum. The balance of the local assets are split 65/35% between bonds and cash, while the remainder of the global assets are 100% in bonds. The current allocation is therefore as follows: 39% local equities (Capped SWIX), 14% local bonds (ALBI), 7% local cash (STeFI), 26% global equities (MSCI World All Country) & 14% global bonds (FTSE World Government Bond Index). Fees assumed at 0.4% p.a.
6. Shows the cumulative out/underperformance relative to the AF peer benchmark.

COMMENTARY

Overview

The markets

The strong recovery that started in 2022 Q4 continued into the new year, before a raft of stronger-than-expected inflation data releases and the failure of some regional banks in the US (and the takeover of troubled Credit Suisse by rival UBS) dampened investors' spirits.

It was thus a volatile quarter, with local stocks (ALSI) streaking to an 11% gain in January, then wiping out all of these gains (and then some) over the next six weeks, before thankfully staging another recovery to end 2023 Q1 with a still-solid return of +5.2% (Capped SWIX = +2.4%). Local bonds (+3.4%) and cash (+1.7%) also delivered decent returns in Q1, while a weaker Rand (by 4.5% against the US Dollar) assisted global markets, which ended up being the quarter's best performers (equities = +12.1% and bonds = +8.2%) after a horrid 2022.

In this environment the *average* balanced fund delivered a good return of +4% in 2023 Q1, but 1-year returns remain rather unimpressive on average (+5%) following a tough 2022.

The end of 2023 Q1 marked not only the 3-year anniversary of the first lockdowns locally, but also the start of the exceptionally strong recovery in markets that followed the Covid crash in 2020 Q1 (which is now out of the 3-year numbers). Over this period local stocks gained +24% p.a., local bonds returned +12% p.a., and global equities delivered 15% p.a., resulting in an impressive 3-year return of +15 to +16% p.a. from the average balanced fund.

Balanced fund returns over longer periods (5, 10 and 15 years) are admittedly lower on average (+8 to +9% p.a.), but remains comfortably ahead of inflation (+5% p.a.), as well as popular 'safer' alternatives such as money market funds (+5 to +6% p.a.) and multi-asset income funds (+7 to +8% p.a.). Balanced fund investors have thus been rewarded for stomaching some extra volatility, and that extra 1-3% p.a. should go a long way towards ensuring a comfortable retirement for diligent savers.

Your fund

The Default Growth portfolio had another good quarter, delivering a return of +5.2% and outperforming the market (i.e., peer and index) benchmarks by around 1%.

Over the last year Default Growth was unfortunately affected by the difficult market conditions that prevailed in 2022, but still managed to yield a good return of +8.9%, which is comfortably ahead of the market benchmarks (+5%), cash (+6%) and inflation (+7.1%).

As explained above, with a starting point now close to the market bottom in 2020, 3-year returns are exceptionally strong, and Default Growth has benefitted tremendously in absolute and relative terms, with a return of +22.8% p.a. comparing favourably to the 15-16% p.a. gains produced by the market benchmarks.

Since its inception 45 months ago (not long before the Covid crash in 2020) Default Growth has returned +12.7% p.a., outperforming the market benchmarks by 4% p.a. and delivering an equity-like real return of +7.6% p.a. Over this period all of its underlying managers have beaten the market benchmarks, but the standout performers have been Abax (+13.3% p.a.), Aylett (+14.8% p.a.) and PSG (+13.7% p.a.).

These three managers have been a tremendous boon to the strategy, clocking in as the top three performers amongst the 200-odd balanced funds in their category over the last three years, while taking up three of the top five positions since Default Growth's inception in mid-2019.

Underlying portfolios

Abax

After a strong 2022 Q4 (+10.9%), Abax was once again one of the better performers in 2023 Q1 (+7.1%), which means that they remain one of the top performers over the last year (+14.5%, which is nearly 10% ahead of the market benchmarks).

Abax has been one of the market's top performers since the inception of the Default Growth strategy 45 months ago, with their return of +13.3% p.a. being around 5% p.a. ahead of the market benchmarks.

Aylett

Relative to the market and their own stellar track record Aylett had a disappointing quarter, but still managed to deliver a positive return of 2.7%. On a relative basis Aylett's underperformance in 2023 Q1 was driven by below-benchmark results from their local and global stock picks.

Even though they've been an average performer over the last year (+5.3%), they maintain a significant lead over the market benchmarks over the last three years (+25.1% p.a. vs 15-16% p.a.), and remains the strategy's (and the market's) best performer since inception 45 months ago (+14.8% p.a. vs +8% to +9% p.a. from the market benchmarks).

Coronation

Coronation (+4.3%) outperformed its peers by a small margin in 2023 Q1. Despite a rocky period offshore, good results on the local equity market (+6.7% vs +0.2% from the Capped SWIX) resulted in Managed returning +7.1% over the last year, which is around 2% ahead of the market benchmarks.

Over the last three years Coronation has done exceptionally well (+19.7% p.a.), outperforming the market benchmarks by 5% p.a. as they put in a strong performance coming out of the Covid crash in 2020 and 2021.

Over longer periods Coronation continues to outperform the market benchmarks by 1-3% p.a.

Ninety One

Ninety One (+3.9%) performed in line with the market benchmarks in 2023 Q1, and their performance thus remains broadly in line with these benchmarks over the short to medium term (+4.6% over the last year and +15.6% p.a. over the last 3 years).

Over the long term Ninety One remains 1-2% p.a. ahead of their peers.

PSG

After a stellar 2022 Q4 (+13.2%), PSG was once again one of the top performers in 2023 Q1 (+7.5%).

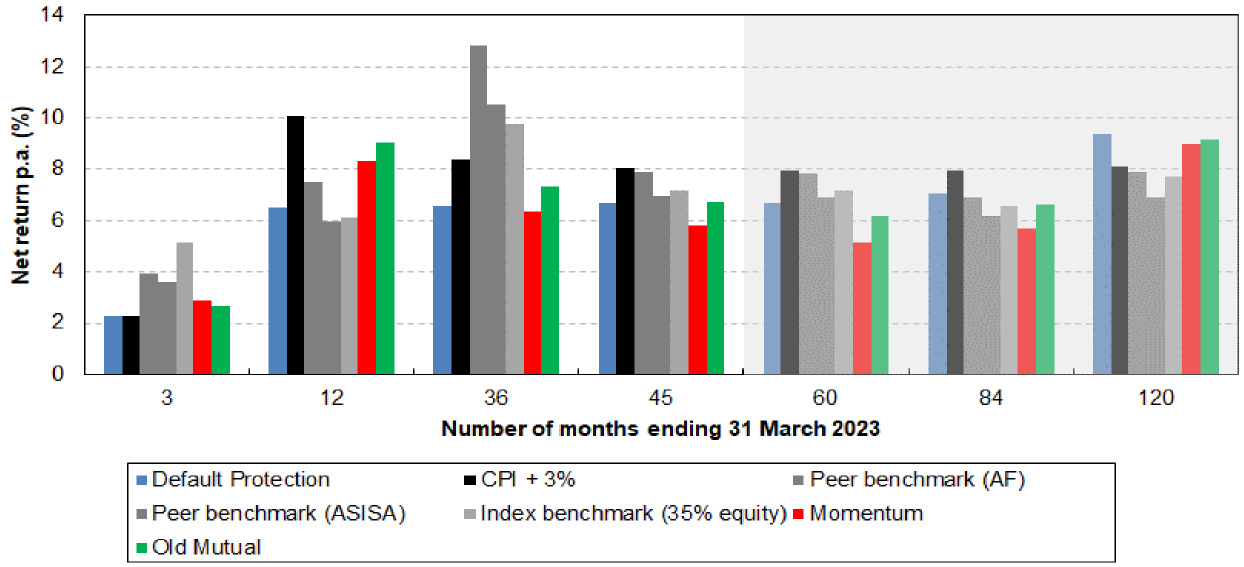
This means that PSG remains one of the best balanced funds over the last year, with a return of +13.0%. Over this period the biggest contributor in absolute and relative terms was the portfolio's offshore equities, which yielded a return of +24%, compared to +12% from its benchmark.

Over the last three years PSG has been the best-performing fund in its category, with their return of 29.7% p.a. being almost double that of the already-high returns from the market benchmarks. This means that they have more than made up for their initial period of underperformance in 2019, delivering a return of +13.7% p.a. since Default Growth's inception 45 months ago, which puts them 5% p.a. ahead of the market benchmarks with a remarkable real return of 8.6% p.a.

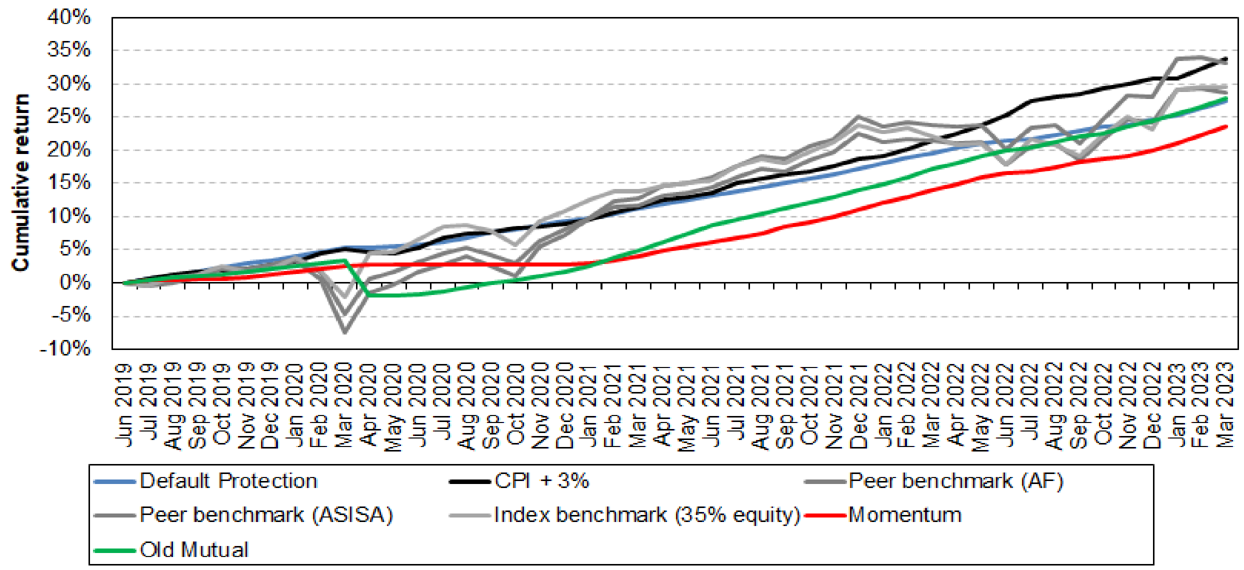
4.3. DEFAULT PROTECTION

Net returns (%) [1]	Number of months ending 31 March 2023						
	3	12	36	45 [2]	60	84	120
Sanlam Stable Bonus	2.3	6.5	6.6	6.7	6.7	7.1	9.3
Default Protection	**2.3**	**6.5**	**6.6**	**6.7**	**6.7**	**7.1**	**9.3**
Portfolio benchmark (CPI + 3%)	2.3	10.1	8.4	8.1	8.0	8.0	8.1
Peer benchmark (AF) [3]	3.9	7.5	12.8	7.9	7.8	6.9	7.9
Peer benchmark (ASISA) [4]	3.6	6.0	10.5	7.0	6.9	6.2	6.9
Index benchmark (35% equity) [5]	5.1	6.1	9.8	7.1	7.2	6.6	7.7
Momentum [6]	2.9	8.4	6.4	5.8	5.1	5.7	9.0
Old Mutual [6]	2.7	9.1	7.3	6.7	6.2	6.6	9.2

Fund returns *(figure 4.3.1)*



Cumulative return *(figure 4.3.2)*



Notes

1. Returns for periods longer than 12 months have been annualised. The returns reflect that of the Provident Fund, but the Pension Fund assets are identically managed and have therefore achieved similar returns.
2. The Acumen umbrella funds' default strategy portfolios were officially opened in July 2019. The longer term numbers in this report (which have been greyed out) therefore reflect the historic performance of the underlying managers (using the average of those underlying portfolios that were operational at the time) to give readers a sense of how retirement funds and strategies like Acumen's default portfolios have performed over the long term.
3. Estimated net median return derived from the Alexander Forbes Global Manager Watch™ - Conservative Survey (non-investable). Fees assumed at 0.8% p.a.
4. ASISA South Africa Multi Asset Low Equity category average.
5. A passive benchmark where equity exposure (both local and global) is kept at 35% and total offshore exposure is kept at 5% below the prevailing regulatory maximum. The balance of the local assets are split 35/65% between bonds and cash, while the remainder of the global assets are 100% in bonds. The current allocation is therefore as follows: 21% local equities (Capped SWIX), 14% local bonds (ALBI), 25% local cash (STeFI), 14% global equities (MSCI World All Country) & 26% global bonds (FTSE World Government Bond Index). Fees assumed at 0.4% p.a.
6. Net returns from competing smoothed bonus (partially vesting) portfolios, specifically the Momentum Multi Manager Smooth Growth portfolio and the Old Mutual Absolute Stable Growth portfolio.

COMMENTARY

Sanlam declared bonusses totalling +2.3% for the quarter, bringing its 1-year return to +6.5%. This means that the Stable Bonus portfolio outperformed cash (+6%) as well as the average balanced fund (+5%) over the last year.

Despite a tough 2022, the portfolio remains in a fully funded position at the end of 2023 Q1, which bodes well for future returns if markets do well, but also ensures some protection should markets take another turn down.

5. INVESTMENT CHARGES

The table below summarises the latest available fees and charges (as a percentage of assets) of the Acumen default portfolios:

Fee component	Default Growth	Default Protection
Management fees	0.75%	0.38%
Guarantee premium	0.00%	0.90%
Performance fees	0.07%	0.00%
Other costs [1]	0.06%	0.03%
Total Expense Ratio (TER)	**0.88%**	**1.30%**
Transaction Costs (TC) [2]	0.26%	0.08%
Total Investment Charge (TIC = TER + TC)	**1.14%**	**1.38%**

Notes

1. This include other costs associated with managing the portfolio, such as custody charges, bank charges and trustee fees.
2. Trade related costs such as brokerage, STT, commission and taxes, exchange charges and VAT on these costs.

6. UNDERLYING PORTFOLIO FACT SHEETS

6.1. DEFAULT GROWTH – ABAX BALANCED

This section is based on information received from Abax Investments. Abax Balanced is a Regulation 28 compliant portfolio with a mandate to invest across a wide range of local and foreign asset classes. The portfolio has a maximum net equity exposure of 75% and a maximum net foreign exposure of 30% and 10% Africa (excl. South Africa).

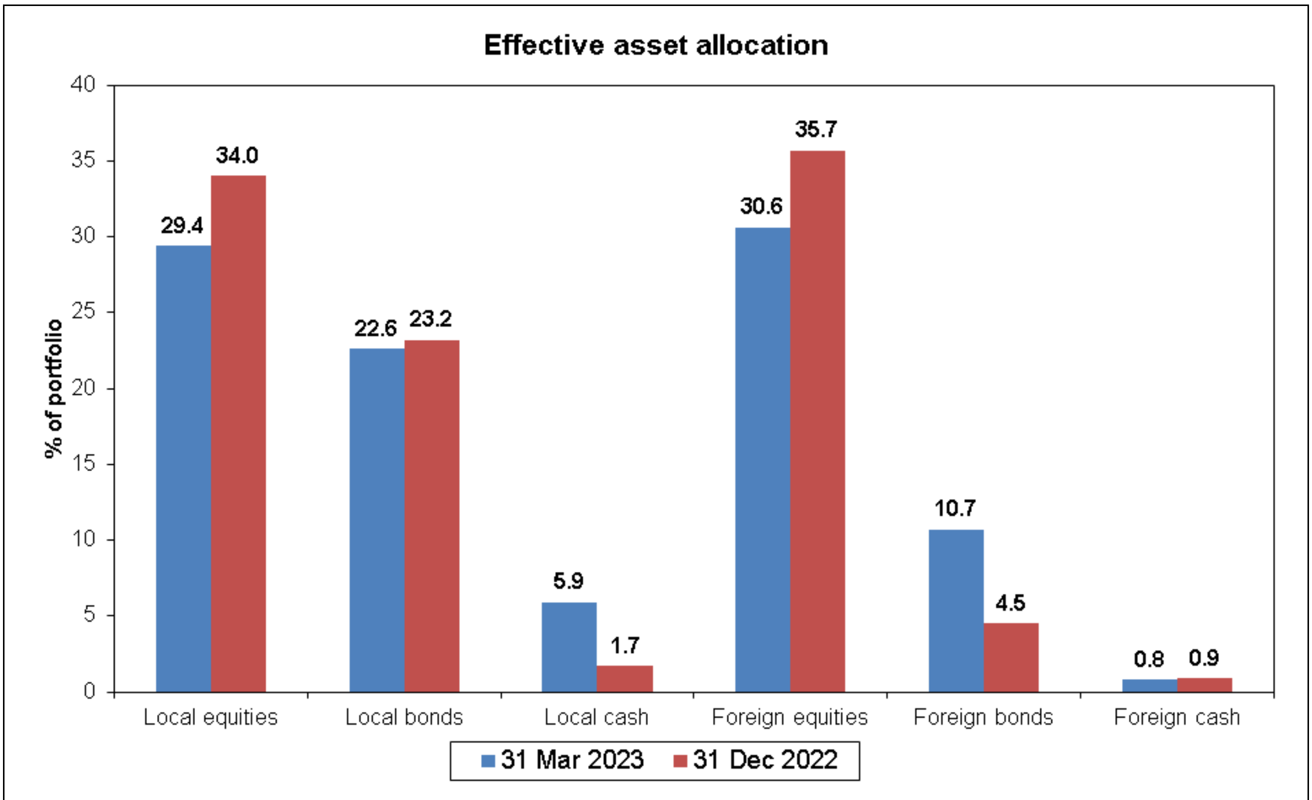
The portfolio has a moderate to high risk profile, and is suitable for investors seeking high levels of capital growth and moderate levels of income, who can tolerate the associated high levels of capital volatility.

The portfolio is actively managed and draws upon Abax's full skillset: asset allocation, valuation-based equity and fixed income security selection as well as their hedging capabilities.

6.1.1. Benchmark

The portfolio's primary objective is to outperform the peergroup (as measured by the ASISA MA High Equity category average) on a net-of-fee basis over the medium term.

6.1.2. Asset allocation



Top 10 local equity holdings

Holding	% of portfolio	Price return (%)	
		3 months	12 months
Prosus	2.5	17.9	74.5
FirstRand	2.4	-2.8	-22.1

Holding	% of portfolio	Price return (%)	
		3 months	12 months
British American Tobacco	2.0	-7.2	1.5
PSG Konsult	1.6	-0.2	-7.8
Anglo American	1.6	-11.7	-23.9
Glencore	1.4	-10.7	5.9
Capitec	1.1	-9.2	-27.9
Transaction Capital	1.1	-61.5	-74.2
South 32	1.0	12.1	-7.9
Anglo American Platinum	1.0	-33.0	-52.5
Total	**15.8**		
Capped SWIX		**1.4**	**-3.9**

6.1.3. Performance

The table below reflects the portfolio's performance (in percentage) net of investment management fees:

	Number of months ending 31 March 2023 [1]				
	3	12	36	60	120
Abax Balanced	7.1	14.5	24.2	12.0	11.1
Benchmark [2]	4.2	5.0	15.1	7.6	7.5
Outperformance [3]	**2.9**	**9.5**	**9.1**	**4.4**	**3.6**

1. Returns for periods longer than 12 months have been annualised.
2. ASISA South Africa Multi-asset High Equity category average.
3. Colour coding reflects **out** / **under** performance relative to benchmark.

6.1.4. Portfolio manager commentary

Market overview

Markets climbed the proverbial 'wall of worry' in the first quarter of 2023. Although there is much to worry about, it seems that after the poor showing from equities last year, investors came into 2023 light on risk assets, and the fear of missing out tempted them to re-engage at the first sign of strength.

The market's hyper-focus (excessive, in Abax's view) on short-term inflation prints and the path of interest rates got rudely interrupted in March, when some of the first cracks resulting from rate hikes totalling 4.75% in the course of just 12 months began to manifest themselves.

The run on Silicon Valley Bank – which had severely mismatched its assets and liabilities – created a global panic that required emergency liquidity to be injected into the system, an effective about-turn on recent tightening measures. Within just a few days, the market went from pricing in an additional three hikes from the Fed, to three cuts. Not since the credit crisis of 2007/8 had bond volatility been as high.

The JSE All Share Index returned 5.2% for the quarter (Capped SWIX = 2.4%), with nominal bonds (ALBI) returning 3.4% and inflation-linked bonds (ILBI) returning 1.1%. Property performed poorly (-5.1%), and the rand weakened by 4.5% against the US Dollar.

On the offshore front, assisted by a weaker rand, equity markets had an exceptional quarter with global equities returning 12.1% and global bonds returning 8.2%.

Performance

The portfolio produced a return of +7.1% (net of fees) for the quarter. This compares to the peergroup average of 4.2%. Over the past year, the portfolio is up 14.5% (vs peergroup of +5.0%). Over longer periods, the portfolio is ranked amongst the top quartile of the peergroup.

Contributors and detractors

Top contributors to the portfolio's performance came from Abax's allocation to SA Bonds (+0.9% contribution to return (CTR)); the combined position in Google and Meta (+1.0% CTR); luxury companies Richemont and Moncler (+0.7% CTR); the BMW Preference share – a cheaper entry into already cheap BMW (+0.6% CTR), and finally Prosus (+0.5% CTR). Abax have subsequently sold their positions in Meta and Richemont, and trimmed their position in BMW.

The largest and only material detractor from performance came from Abax's holding in Transaction Capital (0.8% CTR). The company released an unexpected profit warning and restructuring of their Taxi finance business (25% of profits). This part of their business has been severely impacted by post-Covid commuter trends, high fuel prices, high parts prices, low fare increases and more recently the impact that loadshedding has had on congestion (taxi's completing fewer trips). This, along with higher interest rates, has made it much more difficult for the taxi operators to service their debts. Abax were aware of these headwinds in the Taxi business and had trimmed their position slightly. But they underestimated the extent of the problems which was clearly a mistake.

Furthermore, the release of the profit warning could not have come at a worse time – smack bang in the middle of the Silicon Valley Bank/Credit Suisse induced financial panic. It seems foreign holders of the shares decided to dump everything they had as all sorts of irrational fears got priced into the shares. At one point the shares had fallen cumulatively by 70%. They have subsequently rallied nearly 50% from the lows, but remain at half the level they were prior to the profit warning. Abax believe that even with a much reduced taxi operation their remaining businesses (We Buy Cars and the loan collection business) have a value materially above the value the market currently ascribes to the business. Abax used the weakness to add to their position.

Current positioning and strategy

The headwinds facing global risk assets are unlikely to abate soon. Years of excess and easy money are not usually dealt with that quickly. It feels like the stresses induced by the sharp rise in rates have just begun to show themselves. In the US earnings projections still seem way too optimistic given that inflationary pressures must still impact record corporate profit margins.

The Chinese economy is at a different stage of its economic cycle relative to the West, and over the quarter some of the news flow was more business friendly. This market has been a pariah for the past few years and in Abax's opinion is a fertile hunting ground for opportunities. However, given their lesser understanding of the dynamics at play in this market, Abax will limit their individual position sizes (and overall allocation) to Chinese stocks.

Abax have continued to trim positions in a number of stocks that have performed well. It seems to them that there are viable alternatives to taking equity risk at present. SA bonds, yielding over 10%, are offering returns in the region of inflation + 5% (not far off a traditional equity risk premium) and for the first time in over a decade – given the massive spike in rates in the US – hard-currency cash and bonds are also interesting.

Abax's overall allocation to equities and listed property has drifted lower from about 80% a year ago to just over 60% today. The remainder of the portfolio is made up of a mix of local and offshore nominal bonds, inflation-linked bonds, credit bonds (floating and fixed), convertible bonds and cash which provide an attractive yield underpin for the portfolio.

Conclusion

In order to try and manage the many risks (known and unknown) that global economies and companies are currently contending with, Abax have endeavored to build a robust portfolio. They have done this by being well diversified across asset classes, geographies and individual securities; by favouring high quality but undervalued stocks (preferably well off their highs) with strong balance sheets that can cope with higher interest rates (and have the firepower to repurchase shares if they deem appropriate); by hedging some of their equity beta with derivative overlays; and by trying to seek out the parts of the capital structure with a risk/reward profile best suited to the objective of the portfolio.

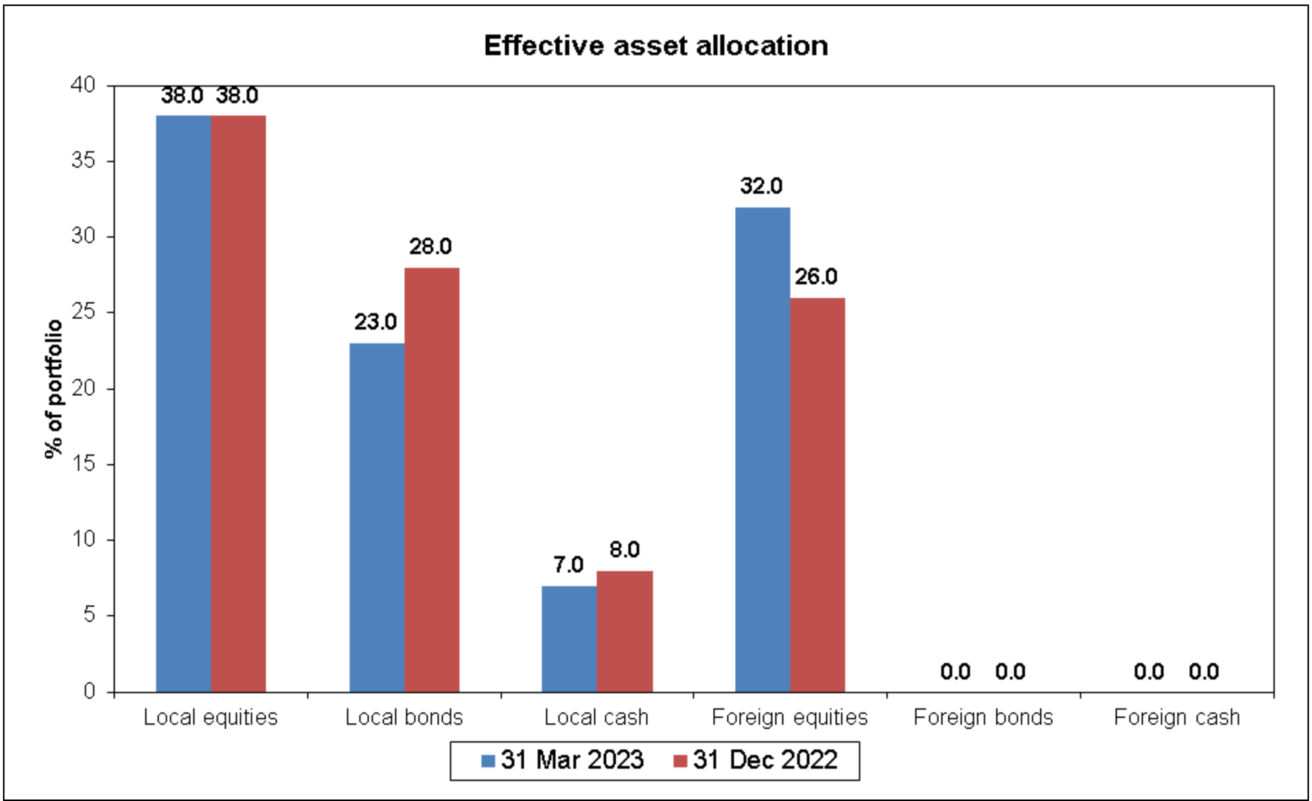
6.2. DEFAULT GROWTH – AYLETT BALANCED

This section is based on information received from Aylett & Co Fund Managers. The objective of the portfolio is to maximise long term capital appreciation by investing in assets on behalf of clients that will preserve their purchasing power in real terms and earn a satisfactory return on that capital.

6.2.1. Benchmark

ASISA South Africa Multi-asset High Equity category average.

6.2.2. Asset allocation



Top local equity holdings

Holding	% of portfolio	Price return (%)	
		3 months	12 months
Reinet	7.5	11.5	11.4
British American Tobacco	4.4	-7.2	1.5
Transaction Capital	2.6	-61.5	-74.2
Anglo American	2.4	-11.7	-23.9
Tsogo Sun Gaming	2.3	3.4	0.6
BHP Group	1.8	6.8	-1.2
Impala Platinum	1.8	-23.1	-27.2
Curro	1.7	-12.2	-30.7
Hudaco	1.6	14.9	8.7

Holding	% of portfolio	Price return (%)	
		3 months	12 months
AECI	1.5	7.2	-19.4
Total	**27.6**		
Capped SWIX		**1.4**	**-3.9**

6.2.3. Performance

The table below reflects the portfolio's performance (in percentage) net of investment management fees:

	Number of months ending 31 March 2023 [1]			
	3	**12**	**36**	**60**
Aylett Balanced	2.7	5.2	25.2	12.1
Benchmark [2]	4.2	5.0	15.1	7.6
Outperformance [3]	**-1.5**	**0.2**	**10.1**	**4.5**

1. Returns for periods longer than 12 months have been annualised.
2. ASISA South Africa Multi-asset High Equity category average.
3. Colour coding reflects **out** / **under** performance relative to benchmark.

6.2.4. Portfolio manager commentary

The first quarter of 2023 started slowly for the portfolio as equity markets ran, but it has since regained most of that ground. Transaction Capital Ltd (TCP), a holding that historically made outsized returns for the portfolio, released a disappointing trading update well below guidance. Prior to the update it was a much smaller holding in the portfolio than it used to be, but Aylett thought it important to unpack this result in more detail.

TCP consists of 3 segments:

- Nutun – a debt collections and services business,
- WeBuyCars (WBC) – a growing used vehicle trader, and
- SA Taxi – a financier of commuter taxis.

A major risk item for SA Taxi has always been its reliance on Toyota for new vehicles. As such, they had developed an in-house ability to refurbish repossessed taxis and resell them (as a strategy that also materially lowered the loss given a default). When the floods in KwaZulu-Natal destroyed the Toyota plant, SA Taxi had to increase the number of refurbishments (QRT's) they did per month in an attempt to fill the gap in the lack of supply of new vehicles. This combined with the ever-increasing price of new vehicles seemed like a logical and sustainable strategy.

Unfortunately, this strategy did not work and the result was that they ended up repossessing a much larger number of taxis than anticipated. Hence their decision to reverse course and go back to the original lower number of QRT's that they used to produce. However, if you are no longer refurbishing these repossessed taxis then the loss on those already repossessed is higher. Hence, TCP's need to provide R2 billion against those taxis already, or likely to be, repossessed.

WeBuyCars also experienced its first period where it did not grow. The decline in used car prices meant they moved a lot of stock out of inventory in a matter of months at low margins, in order to transition into the areas of the market that are more vibrant. This ability to turn stock fast means they are far less vulnerable to used car prices than a traditional dealer. In the very short term however, it does hamper their growth. WBC still remains a high-quality model with a long runway of growth ahead.

The market reacted very negatively to this, being concerned that SA Taxi as a whole was bankrupt and that it could bring the whole group down with it. TCP, instead of shying away, provided an immense amount of detail on multiple public webinars to dispel a lot of the misinformation out there, showing very clearly what the issues are, where the risks lie, and what the group is doing to address these challenges. The portfolio used the weakness in the share price to add materially to the position.

On the positive side, the holding in SA government bonds collectively was the biggest contributor for the period. Reinet Investments performed well over the quarter as market participants have begun to appreciate the potential of its biggest holding, Pension Insurance Corporation. This was followed closely by Jumbo, a Greek retailer operating in Greece, Cyprus, Romania, and Bulgaria. It has been another long-term holding of the portfolio and continues to exceed Aylett's expectations.

From an asset allocation perspective, the portfolio continues to favour offshore equities where growth prospects are not hindered by the well-publicised issues South Africa currently faces.

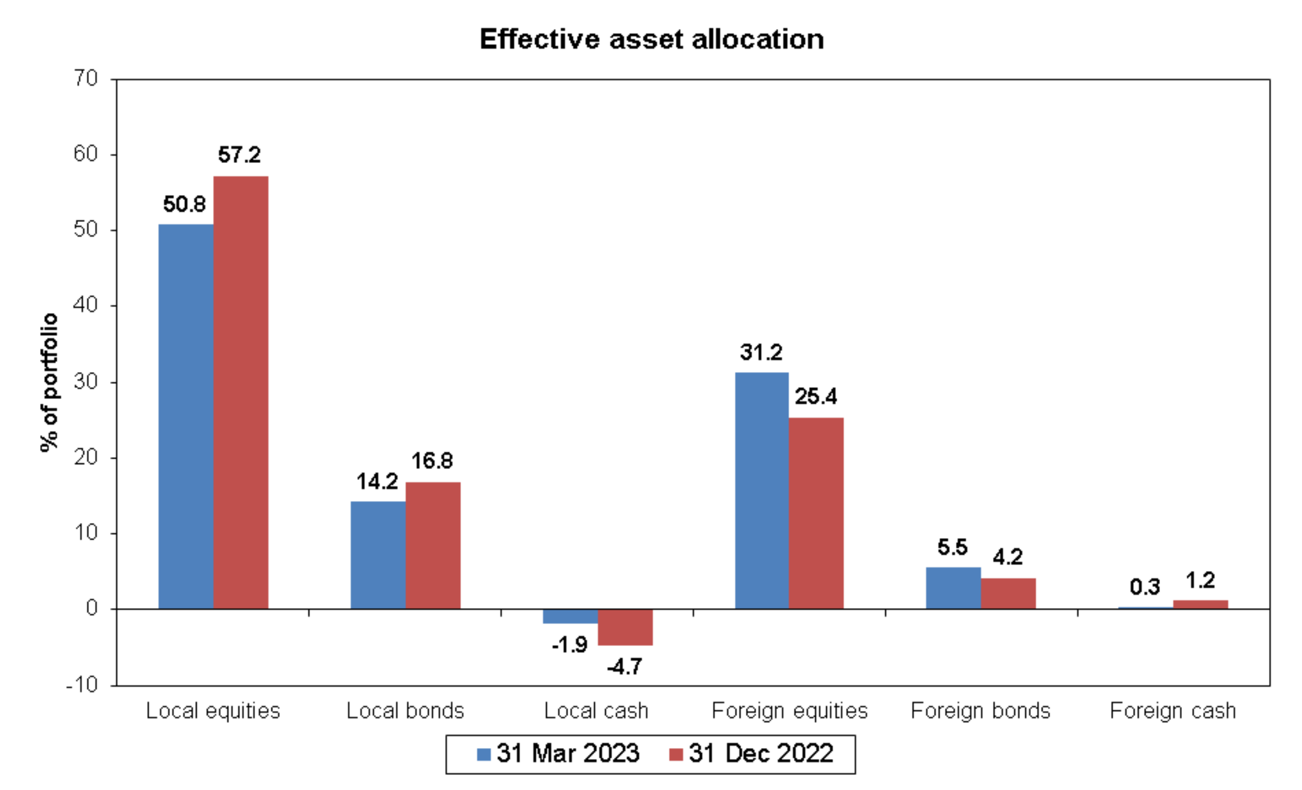
6.3. DEFAULT GROWTH – CORONATION MANAGED

This section is based on information received from Coronation Fund Managers. The Coronation Managed Portfolio is an aggressive unconstrained, balanced portfolio.

6.3.1. Benchmark

The Coronation Managed Portfolio is managed with the sole aim of outperforming the median of the relevant peer surveys over a full investment cycle.

6.3.2. Asset allocation



Top 10 local equity holdings

Holding	% of portfolio	Price return (%)	
		3 months	12 months
Prosus	5.6	17.9	74.5
Standard Bank	4.2	3.0	-5.1
Nedbank	2.7	2.0	-7.0
Anglo American	2.3	-11.7	-23.9
Anheuser Busch Inbev	2.2	16.1	33.9
MTN	2.0	0.1	-32.9
British American Tobacco	1.5	-7.2	1.5
Glencore	1.4	-10.7	5.9
Richemont	1.3	27.0	49.9

Holding	% of portfolio	Price return (%)	
		3 months	12 months
Absa	1.3	-6.3	-4.5
Total	**24.5**		
Capped SWIX		**1.4**	**-3.9**

6.3.3. Performance

The table below reflects the portfolio's performance (in percentage) gross of investment management fees:

	Number of months ending 31 March 2023 [1]				
	3	12	36	60	120
Coronation Managed	4.5	8.1	20.8	10.1	10.3
Benchmark [2]	4.9	7.0	16.7	8.9	9.2
Outperformance [3]	**-0.4**	**1.1**	**4.1**	**1.2**	**1.1**

1. Returns for periods longer than 12 months have been annualised.
2. Alexander Forbes Global Large Manager Watch median (non-investable)
3. Colour coding reflects **out** / **under** performance relative to benchmark.

6.3.4. Portfolio manager commentary

The quarter was one marked by the extreme volatility that we have, more recently, come to expect from the capital markets. After a very strong start to the year, the markets gave up almost all their gains as an American-specific banking crisis roiled global markets. Initially just the failure of two mid-size US banks, the crisis ended with the hurried sale of Credit Suisse and the forced write down of its high-yielding additional tier one (AT1) debt. This impacted negatively on equity and debt markets, but cool heads and immediate responses from central banks appear to have prevented further panic. The banking system was never at risk as this was not a credit crisis, but a liquidity crisis exacerbated by the speed of communication and panic. As such, Coronation viewed the extreme March sell-off as a buying opportunity for several asset classes.

With the very strong start to the year, Coronation had taken the opportunity to lighten their overall equity position, mainly by selling down SA equity and moving part of this into global equity and part into cash and bonds. Domestic listed equity remains compellingly cheap, but Coronation thought it prudent to reduce the size of the overweight which, with hindsight, positioned them better for the market volatility to come. In Coronation's domestic equity allocation, they remain overweight resources and global equities that are listed in SA, and underweight pure domestic businesses. Having said that, Coronation are overweight SA banks, and have further added to these positions as they sold off in sympathy with the mid-size banking crisis in the US. The local banks all reported results in the last month, and they have all without fail delivered very strong growth in earnings on well capitalised bases, resulting in strong pay-outs to shareholders. It is absurd to see such strong banks, trading on already low multiples, sell off in the face of a US liquidity-driven banking crisis which has no implications for SA.

The key factor that has been mentioned in all the recent results and trading updates for domestic businesses has been the negative impact that load shedding is having on their operations. What was manageable under stage 2 or 3, has had a nonlinear impact on companies as it hits stage 5 and 6. The inability to provide a stable and consistent power supply is eroding the industrial base in SA and resulting in loadshedding translating into job shedding. Without a genuine and meaningful improvement in the basic electricity infrastructure, the country will remain mired in low to no growth, with negative outcomes for a variety of asset classes. The good news is that Government's lifting of the private power provision cap, from 1MW to 100MW to unlimited, has enabled the private sector (once Government got out of the way) to start projects for self-provision. Even without the network access to wheel this power to other users, this will be a significant benefit to the overall grid as somewhere in excess of 10GW is planned to come online. Considering the current deficit is in the order of 6GW, this will deal with the medium-term issues and alleviate loadshedding in 18 to 24 months' time. It also provides a superb lending opportunity for the banking sector, with borrowing requirements in the order of R300 billion being required to fund this development. In the short term, Coronation remain wary of companies that are heavily impacted by loadshedding and its attendant costs. Those without strong pricing power are particularly at risk.

Global markets, which were already looking more attractively valued at the beginning of the year, took another hit on the back of the US banking crisis. As Coronation outlined earlier, they don't think this is a crisis of anything like the magnitude of 2008 and, as a result, they see this primarily as an opportunity to add exposure to good quality businesses. What the US crisis is likely to result in, is an earlier end to the rate hiking cycle. While central banks have stood firm so far, it will undoubtedly influence the rate setting policy in the US Federal Reserve Board (the Fed). The crisis also results in a tightening of financial conditions in the US, doing part of the job of the Fed. As markets start to anticipate the end of the rate hiking cycle, Coronation believe we will start to see equity markets re-rate.

One of the compelling opportunities in the offshore markets has been credit. While credit spreads in SA have remained very tight and generally unattractive, global spreads for particular names have been attractive. A further opportunity arose when, on the forced merger of Credit Suisse with UBS, its risky AT1 debt was written down to zero. As long-time investors in banks and bank paper, Coronation are well aware of the risks inherent in these type of instruments, and how different wording can result in very different outcomes. The major dislocation in bond markets due to this write down also presented Coronation with the chance to buy good quality credits higher up the risk curve at very attractive, equity-like returns. Global sovereign debt is still unattractive, and the majority of Coronation's sovereign debt exposure is to the SA Government, where bond yields in excess of 11% compensate investors for risk with high real yields.

While Coronation have had fairly limited property exposure in the portfolio, one of their biggest property holdings, Attacq, benefited from the announcement of a major transaction whereby a third party would invest in their main asset at very attractive levels. This saw the share price perform strongly and vindicate Coronation's view that they have exposure to possibly the most attractive precinct in SA − the Waterfall area in Midrand.

The portfolio has an objective of delivering long-term returns ahead of benchmark and ahead of inflation. The last three years, which are the three that started with the beginning of the Covid lockdowns, have been exceptionally strong, with the portfolio delivering an annual return in excess of 20% over this period despite the tumultuous conditions local and global economies have faced. While one can never forecast the exact nature of future returns, these are mostly determined by your starting point. At the moment, Coronation think the forward-looking returns for the asset classes within the portfolio are exceptional and position the portfolio well to deliver on its mandate.

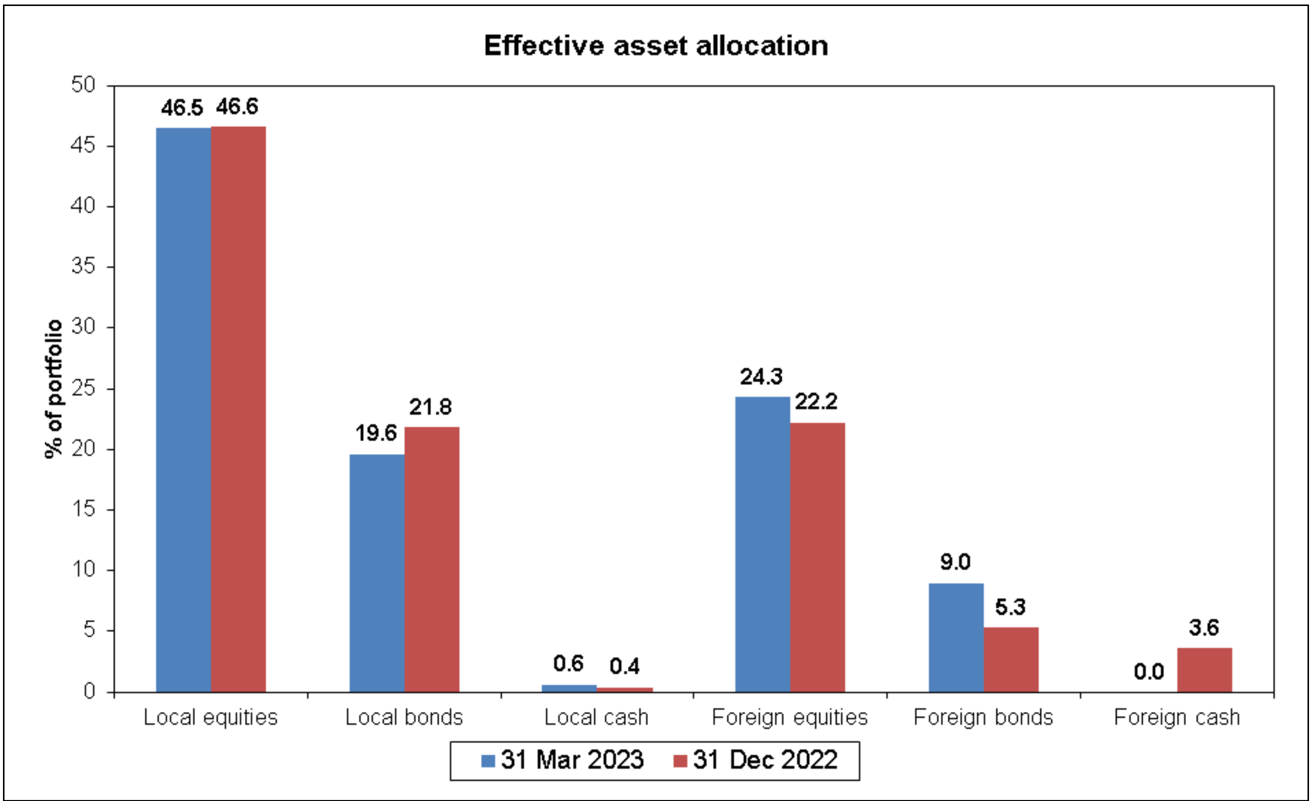
6.4. DEFAULT GROWTH – NINETY ONE BALANCED

This section is based on information received from Ninety One Asset Management. The investment objective of this moderate risk portfolio is to achieve consistent, above average, performance over the medium to long term. To achieve this investment objective, Ninety One will manage the portfolio so as to outperform the peer group median over a rolling 36-month period.

6.4.1. Benchmark

The median of the Alexander Forbes Global Larger Manager Watch (non-investable) survey.

6.4.2. Asset allocation



Top 10 local equity holdings

Holding	% of portfolio	Price return (%)	
		3 months	12 months
Naspers	5.1	16.6	97.9
FirstRand	2.7	-2.8	-22.1
BHP Group	2.4	6.8	-1.2
Richemont	2.3	27.0	49.9
Prosus	2.2	17.9	74.5
Absa	2.1	-6.3	-4.5
AngloGold Ashanti	2.0	31.0	23.1
MTN	1.8	0.1	-32.9
Impala Platinum	1.5	-23.1	-27.2

Holding	% of portfolio	Price return (%)	
		3 months	12 months
Glencore	1.4	-10.7	5.9
Total	**23.6**		
Capped SWIX		**1.4**	**-3.9**

6.4.3. Performance

The table below reflects the portfolio's performance (in percentage) gross of investment management fees:

	Number of months ending 31 March 2023 [1]				
	3	**12**	**36**	**60**	**120**
Ninety One Balanced	4.5	5.2	16.8	9.3	10.4
Benchmark [2]	4.9	7.0	16.7	8.9	9.2
Outperformance [3]	**-0.4**	**-1.8**	**0.1**	**0.4**	**1.2**

1. Returns for periods longer than 12 months have been annualised.
2. Alexander Forbes Global Large Manager Watch median (non-investable).
3. Colour coding reflects **out** / **under** performance relative to benchmark.

6.4.4. Portfolio manager commentary

Performance

For the quarter, the portfolio delivered a positive absolute return.

Key positive contributions:

- In a positive backdrop for local and global equities:
  - Within the SA equity component, Naspers and Prosus, Bidcorp, Richemont and AngloGold Ashanti were strong contributors to returns. Exposure to diversified miners (BHP Group and South32), SA hospitals (Life Healthcare and Netcare) and Anheuser-Busch InBev also enhanced returns over the quarter.
  - The offshore equity component benefitted from holdings in US big tech (Microsoft and Apple), Barrick Gold, American Express and semiconductor companies (TSMC and KLA).
- The allocation to SA and global bonds also added positively to returns. In particular, Ninety One's exposure to Australian government bonds was a standout performer.
- Rand weakness over the period impacted the offshore exposure of the portfolio.

Key negative contributions:

- Within the positive backdrop for SA and global equities over the quarter, notable positions that detracted from returns are:
  - PGM miners (Northam Platinum and Impala Platinum), diversified miners (Anglo Amercian and Glencore) and SA banks (ABSA Group and Capitec Bank) detracted from returns within the local equity component.

- The offshore equity's allocation to healthcare (UnitedHealth, Elevance Health and Johnson & Johnson) and NextEra Energy were notable detractors over the period.
- The weakening USD over the quarter impacted Ninety One's currency positions negatively.

Portfolio activity

Within the SA equity allocation, Ninety One increased positions in defensive holdings (Prosus, Bidcorp, AngloGold Ashanti & Bidvest Group) at the expense of SA cyclicals (The Foschini Group and Mr Price Group, which they exited earlier in the quarter) where the earnings revisions profiles are at risk, while also trimming SA banks (Capitec and Nedbank). Ninety One also took profits in British American Tobacco earlier in the quarter, as the earnings revisions had played out and topped up their holding in Richemont – where the earnings revisions profile is more supportive over the next 12 months. In the offshore equity component, after a strong run, Ninety One exited positions in Experian and American Express, while also trimming holdings in JP Morgan, Universal Music and AON into strength. They used the proceeds to top up existing holdings in China on weakness. Ninety One also initiated positions in Amadeus, where the market appears to be underestimating the travel recovery benefits in their earnings base, and Rentokil, where the benefits of their recent US acquisition of Terminix is being underestimated by the market, in addition to its defensive organic growth profile.

In local fixed income Ninety One trimmed some of their bond exposure, taking profit on what they had added in December and used some of the proceeds to buy a position in a platinum exchange-traded fund (ETF), while keeping the rest in cash as dry powder to take advantage of opportunities that they are presented with in the coming months, given expected market volatility. In global fixed income, Ninety One took advantage of the sell-off in global bonds to add duration by adding a position in US 30-year Treasuries, as well as adding a position in Swedish bonds to take advantage of the structural headwinds and deteriorating economy. This was funded from offshore cash. Ninety One also continued to top up their long exposure to the Japanese yen versus the Taiwanese dollar, as the withdrawal of ultra-loose Japanese monetary policy is becoming highly likely, leading to a convergence in Bank of Japan (BoJ) policy relative to other major central banks.

The implementation of long yen vs the Taiwanese dollar is driven by the latter being a relatively USD-centric currency in how it's managed, which allows for the position to provide positive carry while providing diversifying properties for Ninety One's allocation to Chinese and Hong Kong equities.

Outlook and strategy

The failure of Silicon Valley Bank last year is illustrative of the effects of tighter monetary policy during the past year, which followed a decade and a half of loose monetary policy marked by near-zero interest rates and quantitative easing. This prompted fast action from US regulators, who announced they would fully backup SVB depositors and instituted a new system-wide funding programme to guarantee that banks could honour withdrawal requests. Systemic risk should be contained for the time being, but the forecast for economic growth will deteriorate further in the coming months because of the impact on lower credit lending and appetite. This, along with the inverted yield curve and negative increase in the money supply, indicates a bleak future for economic expansion.

Given the market's ongoing struggle to make sense of growth and inflation outcomes and narratives made more nuanced by the tension between hard and soft economic data releases from various developed market economies, volatility in risk assets is likely to persist in the near future. While China's reopening is good news for regional economic prospects, it's not expected to go smoothly, and the effects won't be felt in the rest of the world for at least another year. Meanwhile, South Africa is struggling with logistics bottlenecks because of Transnet and increased loadshedding, which is hurting the profits of many homegrown businesses.

Ninety One believe the valuation support (South Africa did not experience the multiple expansion seen in developed markets) and the strong earnings revisions profiles across their holdings have skewed the portfolio towards the domestic market, which will help them weather this storm. As a result of the quarterly earnings adjustments, Ninety One have increased their exposure to defensive stocks while decreasing their exposure to SA cyclicals within the local equity component. Even though developed market equities have derated from their highs, after the current rally they are now fully valued and do not yet represent the high chance of profits downside risk due to record margins and sales levels in the goods segment of the economy sliding towards trend. Due to the expected consumption tailwinds from China, the offshore stock selection continues to favour a position in Asia ex-Japan equities, while developed market exposures are skewed towards more defensive sectors (healthcare, utilities, and real estate) due to the earnings risk in cyclical sectors like consumer discretionary and industrials.

Ninety One still have a sizable (although reduced) allocation to local sovereign bonds because they believe the valuation rationale is sound. Their focus on high-quality countries like Australia, New Zealand, South Korea, Canada, and Sweden that have leverage and housing imbalances could boost portfolio returns as we approach the end of the hiking cycle.

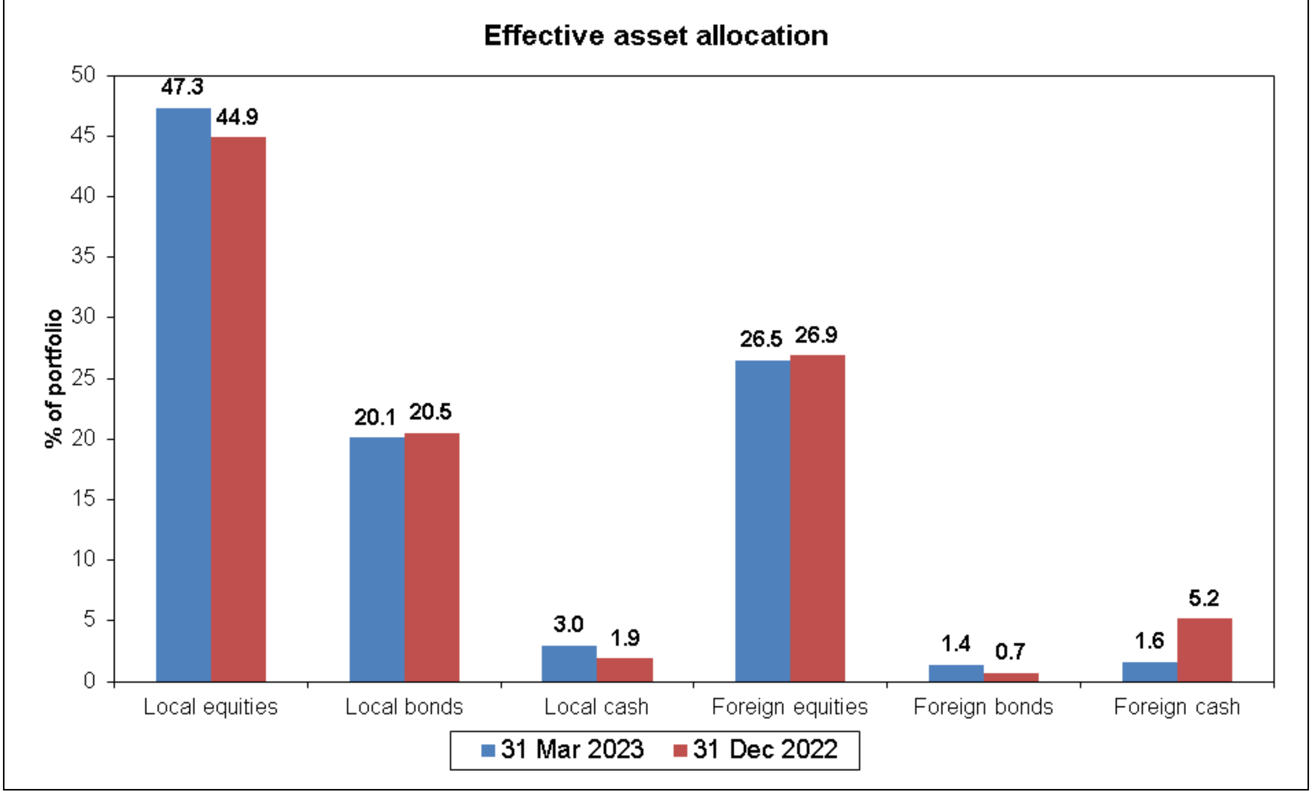
6.5. DEFAULT GROWTH – PSG BALANCED

This section is based on information received from PSG Asset Management. This portfolio invests in all asset classes: equities, bonds, property and cash both domestically and in foreign markets. The portfolio can have up to 75% in equities, up to 25% in listed property and up to 45% in foreign markets. The portfolio aims to deliver inflation plus 5% over time. Investors in this portfolio should be comfortable with moderate market fluctuations and should have an investment horizon of five years and longer.

6.5.1. Benchmark

The median of the Alexander Forbes Global Larger Manager Watch (non-investable) survey.

6.5.2. Asset allocation



Top 10 local equity holdings

Holding	% of portfolio	Price return (%)	
		3 months	12 months
Discovery	5.6	13.1	-23.5
Anheuser Busch Inbev	3.6	16.1	33.9
Sun International	2.6	24.3	43.5
Glencore	2.6	-10.7	5.9
Hammerson	2.6	15.6	-10.6
Northam Platinum	2.4	-22.7	-33.6
AECI	2.2	7.2	-19.4

Holding	% of portfolio	Price return (%)	
		3 months	12 months
JSE	1.8	-9.7	-12.3
AngloGold Ashanti	1.7	31.0	23.1
Anglo American	1.6	-11.7	-23.9
Total	**26.7**		
Capped SWIX		**1.4**	**-3.9**

6.5.3. Performance

The table below reflects the portfolio's performance (in percentage) gross of investment management fees:

	Number of months ending 31 March 2023 [1]				
	3	12	36	60	120
PSG Balanced	7.6	14.0	31.2	10.7	11.8
Benchmark [2]	4.9	7.0	16.7	8.9	9.2
Outperformance [3]	**2.7**	**7.0**	**14.5**	**1.8**	**2.6**

1. Returns for periods longer than 12 months have been annualised.
2. Alexander Forbes Global Large Manager Watch median (non-investable).
3. Colour coding reflects **out** / **under** performance relative to benchmark.

6.5.4. Portfolio manager commentary

Portfolio performance

Over the quarter the portfolio returned 7.6% versus 4.9% from its benchmark. Notable individual contributors were Wheaton Precious Metals Corp, Discovery Limited and Sun International Limited, while Northam Holdings and Glencore plc detracted. Equity hedges were a moderate cost this quarter given strong equity market returns. Good performance was obtained in all key asset classes. Over the 5-year time horizon, the portfolio returned 10.7% p.a. versus the benchmark return of 8.9% p.a.

Current context

After the sell-off in 2022, global (and local) equity markets have staged a recovery in the first quarter of 2023 (global equities up 7.3% in USD and the FTSE/JSE All Share Index up 5.2%). Impressively, markets have shrugged off a banking crisis which saw the demise of multiple US banks (including Silicon Valley (SVB) and, Signature Bank) and one mega-European bank (Credit Suisse). This is likely the result of a bounce-back from oversold conditions at the end of 2022, but the market has also taken comfort from liquidity injections and swift regulatory action in response to turmoil in the banking sector. Mega-cap tech stocks have led the charge this year and have accounted for the lion's share of US index performance – the Nasdaq returned 16.8% in the first three months. Another beneficiary of the prevailing conditions was gold, responding to recent looser monetary conditions amidst persistent inflationary pressures. The gold price was approaching $2,000 towards the end of the month and gold shares were the standout performers on the JSE in the first quarter. Some of the cyclical sectors suffered given the deterioration in the outlook for global growth, and energy stocks were especially weak with the oil price (WTI) dipping below $70 after reaching $120 in mid-2022.

In fixed income markets the US Federal Reserve (Fed) raised rates three times during the quarter and reached 5% in March (the upper bound of the target rate). Financial markets have had to digest very aggressive US tightening of almost 5% in just over a year: rates were barely above zero in early 2022. Inversion of the yield curve has played its part in causing stresses in the US banking system and the US 2-year yield plummeted by over 1% in a few days amidst the SVB crisis. This implies that the market has moved very aggressively to price rate cuts by the Fed, which they seem to anticipate starting in the second half of this year. On the local front we saw two rate hikes in Q1. The 50 basis points rate hike in March was larger than expected, and means the repo rate now stands at 7.75%. SA government bonds have remained weak in 2023 with the 10-year yielding above 11% at the end of March. The rand weakened by 4.5% over the quarter with ongoing loadshedding and weak economic performance continuing to depress sentiment and flows.

PSG's perspective and positioning

The macro backdrop is challenging. Financial markets are digesting a transition towards more normal levels of interest rates amidst uncomfortably high levels of global inflation. And, the geopolitical situation − with building hostility between the West and China/Russia − is weighing on sentiment and putting pressure on supply chains and trade flows. We are also witnessing the fallout from the unwinding of some of the excesses of the previous economic regime (secular stagnation, disinflation and very low interest rates). First, we saw the 2022 UK pension crisis. Then, in March, acute stresses in the global banking sector came to the fore. This is an environment in which investors should mentally prepare for further stresses as a result of more normal interest rate levels, unpredictable events and volatility.

However, despite this gloomy backdrop, PSG remain positive about the capacity of their portfolios to generate decent long-run returns. This is because the challenges obscure the opportunity in a large part of global financial markets. PSG argue that if you are prepared to take a differentiated view, you can buy stocks that they expect to be the winners of the future at extraordinarily low prices. Examples of such opportunities include:

- Supply-constrained real assets, especially commodities and related companies, where a lack of investment in capacity over many years is likely to underpin pricing power and higher returns on capital for many years to come. These include miners, energy producers, shippers and oil and mining services companies.
- Global value stocks. PSG's global process has identified very attractive opportunities to buy strong businesses with favourable prospects at a wide margin of safety, especially in the UK, Europe and Japan.
- Good SA businesses at crisis valuations. A collapse in investor confidence has given rise to the chance to buy local stocks where the market has underappreciated the quality and resilience of the franchise and the likely future growth in profits (despite the challenging macro conditions).
- Gold stocks have an important defensive role to play in the portfolio. Gold appears a likely beneficiary of the macro environment of persistent inflationary pressures, constrained central banks and rising geopolitical tensions.

From a portfolio activity perspective, PSG sold offshore equities, brought the currency back to rands and have been increasing their holdings in local equities. PSG have also been cautiously increasing their exposure to global fixed income as attractive individual opportunities arise. The portfolio retains strategic put option hedging which acts to moderate aggregate equity market (beta) risk in the portfolio. The largest purchases over the quarter were Telkom SA SOC Limited, Thungela Resources Ltd and Anglo American plc (all three new positions). The portfolio sold some Prudential plc, Jackson Financial Inc and exited Simon Property Group Inc.

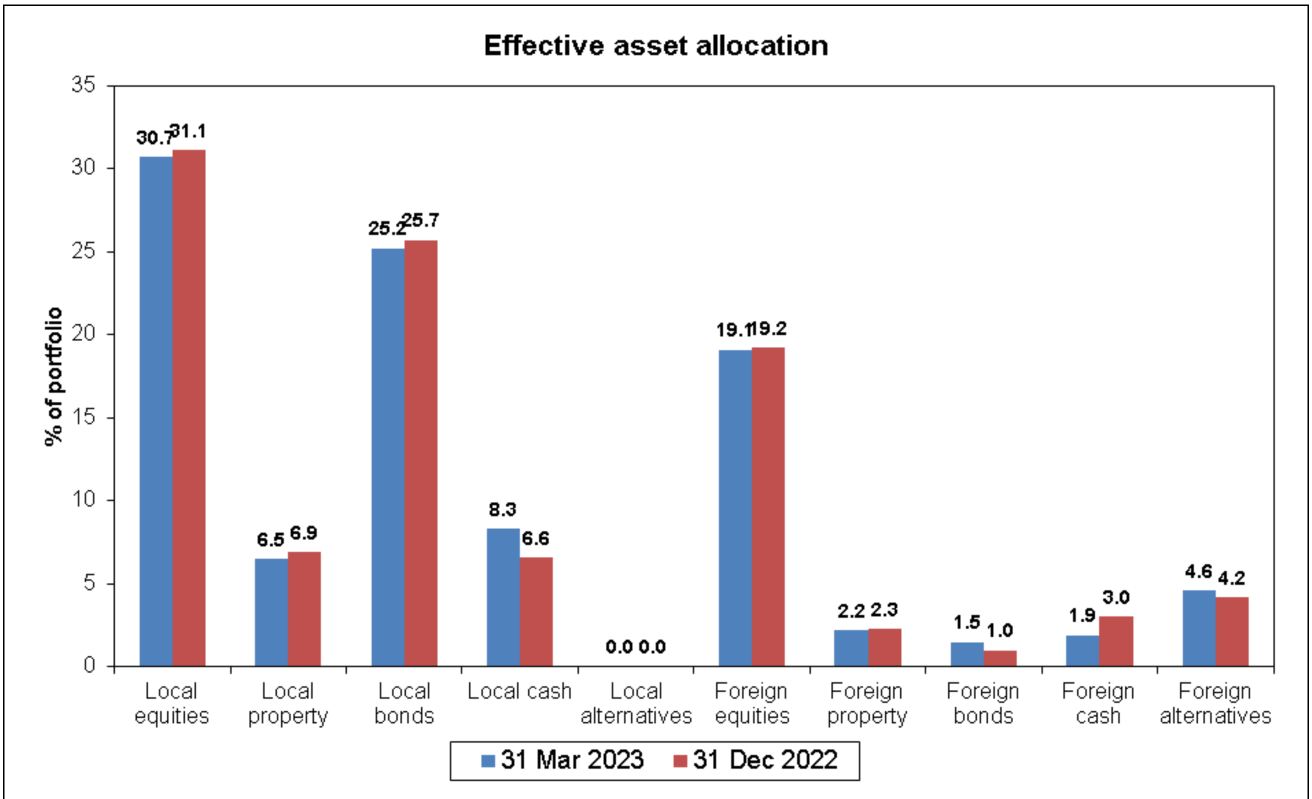
6.6. DEFAULT PROTECTION – SANLAM STABLE BONUS

The Stable Bonus portfolio provides stable smoothed returns with a partial guarantee on benefit payments. A bonus, which consists of a vesting and non-vesting component is declared monthly in advance. Bonuses cannot be negative.

6.6.1. Benchmark

Inflation (CPI).

6.6.2. Asset allocation



Top 10 local equity holdings

Holding	% of portfolio	Price return (%)	
		3 months	12 months
Sasol	3.0	-10.9	-32.4
Naspers	1.7	16.6	97.9
FirstRand	1.5	-2.8	-22.1
Absa	1.4	-6.3	-4.5
British American Tobacco	1.3	-7.2	1.5
Standard Bank	1.3	3.0	-5.1
MTN	1.3	0.1	-32.9
Anheuser Busch Inbev	0.9	16.1	33.9
Anglo American	0.9	-11.7	-23.9

Holding	% of portfolio	Price return (%)	
		3 months	12 months
Prosus	0.8	17.9	74.5
Total	**14.1**		
Capped SWIX		**1.4**	**-3.9**

6.6.3. Financial strength

The capital levels of Sanlam Life are shown in the table below:

	30 June 2022
Solvency Capital Requirement (SCR)	174%

Sanlam Life has a Standard & Poors (S&P) credit rating of zaAAA.

The Stable Bonus Portfolio was fully funded as at 1 April 2023.

6.6.4. Performance

The table below reflects the portfolio's performance (in percentage) gross of investment management fees:

	Number of months ending 31 March 2023 [1]				
	3	12	36	60	120
Sanlam Stable Bonus	2.4	6.9	7.0	7.1	9.8
Benchmark [2]	1.6	7.1	5.4	5.0	5.1
Outperformance [3]	**0.8**	**-0.2**	**1.6**	**2.1**	**4.7**

1. Returns for periods longer than 12 months have been annualised.
2. Inflation (CPI).
3. Colour coding reflects **out** / **under** performance relative to benchmark.

APPENDIX 1 – FINANCIAL INDICATORS

Indicator		2023			Period (in months) ending / before 31 March 2023				
		Jan	Feb	Mar	3	12	36	60	120
Equity markets (% change)									
J203T FTSE/JSE All Share Index		8.9	-2.2	-1.3	5.2	4.9	24.2	10.4	10.2
J303T FTSE/JSE CAPI Index		8.6	-2.5	-1.5	4.3	4.0	25.6	10.4	10.2
J403T FTSE/JSE SWIX Index		7.2	-2.3	-1.9	2.7	0.7	19.9	6.5	8.6
J433T FTSE/JSE Capped SWIX Index		7.0	-2.3	-2.0	2.4	0.2	23.0	6.5	8.4
FTSE/JSE Resources Index		6.3	-12.5	2.5	-4.7	-13.0	30.5	20.7	8.5
FTSE/JSE Industrial Index		12.8	1.6	-0.8	13.6	25.9	19.2	8.6	10.5
FTSE/JSE Financial Index		4.7	2.7	-6.6	0.4	-9.3	23.3	1.6	7.0
FTSE/JSE Listed Property Index		-1.0	-0.7	-3.4	-5.1	-3.4	18.2	-4.1	1.3
FTSE/JSE Top 40 Index		9.7	-2.4	-0.8	6.2	6.8	24.6	11.5	10.6
FTSE/JSE Mid Cap Index		3.8	-0.2	-4.4	-0.9	-5.9	19.9	3.8	6.7
FTSE/JSE Small Cap Index		2.3	0.8	-2.2	0.8	4.2	36.6	7.4	9.0
FTSE/JSE Value Style Index		5.9	-2.5	-3.7	-0.6	-4.3	27.1	9.2	7.2
FTSE/JSE Growth Style Index		11.5	-2.0	1.1	10.5	13.7	22.0	11.8	12.4
MSCI All Country World Index	ZAR	9.6	2.4	-0.1	12.1	12.8	15.2	16.0	15.4
	USD	7.2	-2.9	3.1	7.3	-7.4	15.4	6.9	8.1
MSCI World Index	ZAR	9.5	2.9	-0.1	12.6	13.3	16.3	17.2	16.2
	USD	7.1	-2.4	3.1	7.7	-7.0	16.4	8.0	8.9
MSCI Emerging Markets Index	ZAR	10.3	-1.4	-0.2	8.6	8.8	7.7	7.5	8.9
	USD	7.9	-6.5	3.0	4.0	-10.7	7.8	-0.9	2.0
Debt markets (% change)									
STeFI Composite Index		0.6	0.5	0.6	1.7	6.0	4.8	5.8	6.2
JSE ASSA All Bond Index		2.9	-0.9	1.3	3.4	5.8	11.6	6.9	7.3
JSE ASSA All Bond (1-3 yrs) Index		1.3	0.0	1.1	2.4	6.9	7.5	7.5	7.4
JSE ASSA All Bond (3-7 yrs) Index		2.8	-1.0	1.6	3.3	7.8	11.0	8.4	7.9
JSE ASSA All Bond (7-12 yrs) Index		3.6	-1.3	2.1	4.4	8.1	12.8	7.9	7.5
JSE ASSA All Bond (12+ yrs) Index		2.6	-0.6	0.6	2.6	3.5	12.1	6.0	7.0
JSE ASSA Government Bond Index		3.0	-0.9	1.3	3.4	5.8	11.5	6.7	7.2
JSE ASSA Non-government Bond Index		2.6	-0.3	1.4	3.8	6.6	12.4	7.9	8.0
JSE ASSA Inflation-linked Bond Index		-1.0	0.5	1.5	0.9	4.9	10.7	4.6	4.9
FTSE World Global Bond Index	ZAR								
	USD								

Indicator		2023			Period (in months) ending / before 31 March 2023				
		Jan	Feb	Mar	3	12	36	60	120
Inflation (% change)									
Consumer Price Inflation		-0.1	0.7	1.0	1.7	7.1	5.4	5.0	5.1
Producer Price Inflation		-0.6	0.6	1.0	1.1	10.6	9.2	7.4	6.4
Exhange rates									
Rand/US $	Value (R)	17.41	18.36	17.79	17.03	14.61	17.85	11.82	9.23
	Change (%)	2.3	5.4	-3.1	4.5	21.8	-0.1	8.5	6.8
Rand/UK £	Value (R)	21.45	22.07	21.94	20.59	19.20	22.15	16.61	14.00
	Change (%)	4.1	2.9	-0.6	6.5	14.3	-0.3	5.7	4.6
Rand/Euro €	Value (R)	18.91	19.42	19.29	18.22	16.16	19.71	14.59	11.81
	Change (%)	3.8	2.7	-0.6	5.9	19.4	-0.7	5.7	5.0
Commodity markets									
Brent Crude Oil	Value (USD/barrel)	85.46	83.45	79.89	85.91	104.7	26.35	69.41	110.0
	Change (%)	-0.5	-2.4	-4.3	-7.0	-23.7	44.7	2.9	-3.1
Platinum	Value (USD/ounce)	1,011	954	991	1,073	993	725	930	1,571
	Change (%)	-5.8	-5.7	4.0	-7.6	-0.1	11.0	1.3	-4.5
Gold	Value (USD/ounce)	1,907	1,811	1,970	1,824	1,932	1,615	1,325	1,596
	Change (%)	4.5	-5.0	8.7	8.0	2.0	6.8	8.2	2.1
Interest rates (% value)									
Repo rate		7.25	7.25	7.75	7.00	4.25	5.25	6.50	5.00
Prime rate		10.75	10.75	11.25	10.50	7.75	8.75	10.00	8.50
3-month NCD		7.53	7.53	7.53	7.30	4.43	5.75	7.00	5.20
10-year SA government bond yield		10.45	10.79	10.63	10.84	9.86	10.82	8.18	6.91

Indicator	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Real economy (% change at seasonally adjusted annualised rates)								
Gross Domestic Product (GDP)	-5.0	7.3	-3.2	6.4	5.5	-7.2	5.6	3.3
Household Consumption Expenditure	3.6	-1.3	1.8	4.0	11.9	-11.0	6.4	2.1
Gross Fixed Capital Formation	5.2	1.0	1.2	13.9	6.2	-4.5	-1.0	-12.5
Current account balance (% of GDP)	-2.6	0.0	-1.7	2.5	2.1	3.5	4.7	4.4

1. Returns for periods longer than 12 months have been annualised.
2. % change figures reflect the change in the value of the indicator over the relevant period, or over the number of months ending at the reporting date as applicable.
3. Value figures reflect the value of the indicator at the end of the relevant period, or at the end of the period specified by the number of months before the end of this reporting period.