ADAGIO FUND

QUARTERLY FACT SHEET AS AT 31 MARCH 2023

The Adagio Fund invests 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 the portfolio's objective, and subject to the regulatory limits applicable to retirement funds. Passive strategies may be included where deemed appropriate, either by the underlying managers themselves, or as separate building blocks. 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.

GENERAL FUND INFORMATION

FUND:	Adagio (/əˈdɑː(d)ʒɪəʊ/, meaning at ease, or slow)		HIGH	MED	LOW

Objective: To provide a consistent, but typically lower, level of investment growth over the short term.

Fund characteristics:

Given the fund's objective of providing consistent returns, the majority of the portfolio's assets will be invested in relatively stable asset classes such as bonds and cash. Where appropriate opportunities arise, the managers may invest a small portion of the portfolio's assets in equities (<10%) or listed property (<25%).

The Adagio Fund has been designed to fulfil a similar role as a typical money market fund, but is expected to have a higher and slightly more volatile return profile.

Although the fund is expected to display a very high degree of capital stability, on very rare occasions a month's return may dip below zero by a small margin.

Risk profile & suitability: Has a low risk profile, and is typically suitable for members who:

- Are seeking very consistent levels of return;
- Cannot afford to lose capital;
- Are willing/able to forgo high investment growth over the long term;
- Want to house short term capital in a bucket strategy.

Return target: Aims to achieve a net return of 1-2% a year above inflation over the short term (i.e., one to three years).

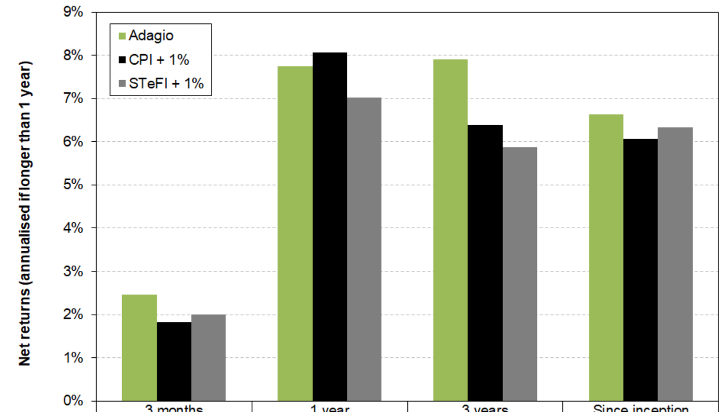
Benchmark: Cash (STeFI composite) + 1%

Total Investment Charges (TIC): 0.58%

Inception date: 1 July 2019

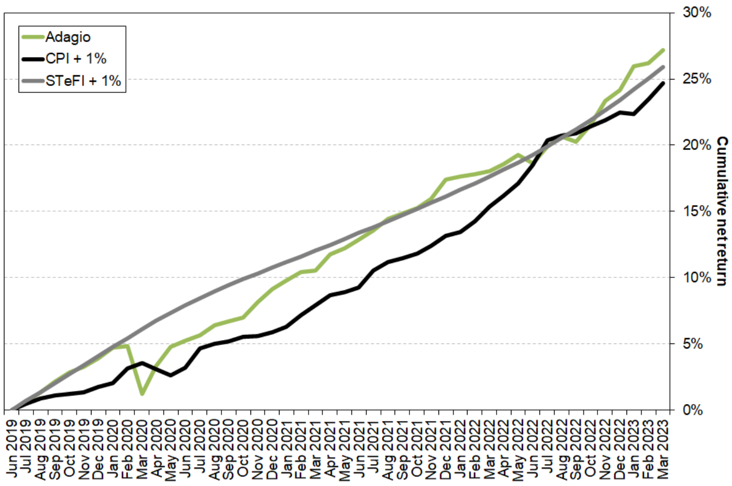
PERFORMANCE

NET RETURNS



	3 months	1 year	3 years	Since inception
Adagio	2.5%	7.8%	7.9%	6.6%
CPI + 1%	1.8%	8.1%	6.4%	6.1%
STeFI + 1%	2.0%	7.0%	5.9%	6.3%

CUMULATIVE NET RETURNS

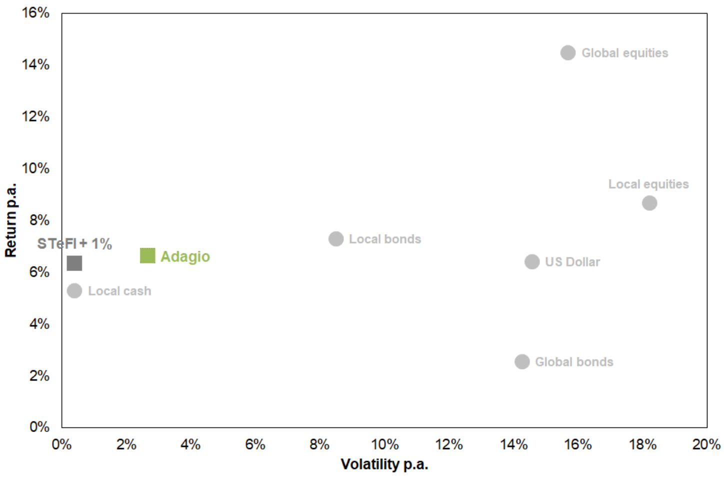


MONTHLY NET RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Benchmark
2019							0.6%	0.8%	0.8%	0.7%	0.4%	0.6%	**3.9%**	**4.1%**
2020	0.8%	0.1%	-3.4%	2.1%	1.4%	0.4%	0.4%	0.7%	0.2%	0.3%	1.1%	1.0%	**5.1%**	**6.4%**
2021	0.6%	0.6%	0.1%	1.1%	0.4%	0.5%	0.6%	0.8%	0.3%	0.4%	0.6%	1.3%	**7.6%**	**4.8%**
2022	0.2%	0.1%	0.2%	0.5%	0.6%	-0.5%	1.1%	0.6%	-0.3%	1.1%	1.4%	0.7%	**5.7%**	**6.3%**
2023	1.5%	0.2%	0.8%										**2.5%**	**2.0%**

RISK

VOLATILITY VS RETURN [1]



ASSET ALLOCATION

Asset class	Local	Foreign	Total
Equities	1.5%	0.0%	**1.5%**
Property	1.8%	0.2%	**2.0%**
Bonds	59.5%	15.2%	**74.6%**
Cash	22.3%	1.6%	**23.9%**
Other	-2.1%	0.0%	**-2.1%**
Total	**83.0%**	**17.0%**	**100.0%**

RISK

Risk statistic [1]	Adagio	STeFI + 1%
Volatility	2.7%	0.4%
% negative months	6.7%	0.0%
Largest monthly loss	-3.4%	0.0%
Largest cumulative loss	-3.4%	0.0%

UNDERLYING PORTFOLIO ALLOCATION

Portfolio	Strategic allocation	Current allocation
Coronation Strategic Income	33.3%	32.8%
Nedgroup Flexible Income	33.3%	33.9%
Prescient Income Provider	33.4%	33.3%

NOTES

1. Since inception.

COMMENTARY

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 portfolio

The Adagio portfolio produced a solid return of +2.5% in 2023 Q1. Over the last year Adagio returned +7.8%, compared to +5.8%, +6.0% and +7.1% from bonds, cash and inflation, respectively.

Adagio's relatively stable but cash-beating return profile continues to make it an attractive option for short term income and capital preservation needs, with a high probability of outperforming typical money market portfolios over most periods.