ANDANTE FUND

QUARTERLY FACT SHEET AS AT 31 MARCH 2023

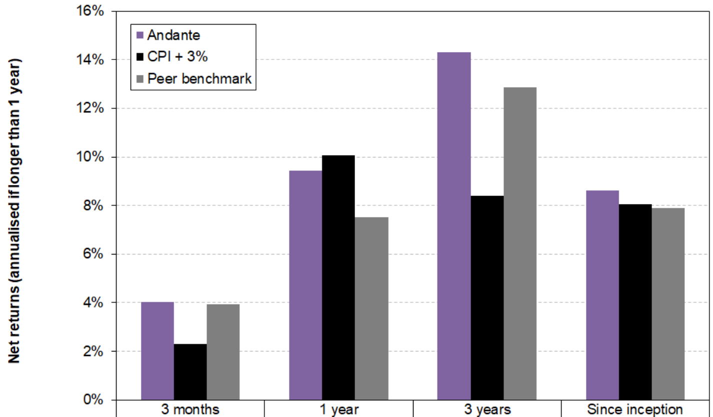
The Andante Fund invests in a range of local and foreign asset classes, including equities, listed property, bonds and cash. The management of the assets are outsourced to professional investment managers that have been given full discretion to allocate capital between (and within) these asset classes 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:	**Andante** (/anˈdanteɪ/, meaning moderately slow)		HIGH / **MED** / LOW
Objective:	To provide moderate levels of investment growth over the medium term, while limiting losses over the short term.	**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 a reduced appetite for volatility; • Are unwilling to pay higher fees to guarantee against capital losses; • Want to house medium term capital in a bucket strategy.
Fund characteristics:	Given the fund's dual objectives, the portfolio is expected to have some exposure to equities and listed property (typically not more than 50%) in order to meet its growth objective. To meet its secondary objective the remainder of the portfolio's assets will typically be allocated to more stable asset classes such as bonds and cash. While the Andante Fund is expected to provide inflation-beating returns over the medium term, returns can be somewhat volatile over the short term, with the possibility of occasional, but relatively small, temporary losses.		
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).	**Peer benchmark:**	Median of the Alexander Forbes Global Conservative survey
Total Investment Charges (TIC):	0.94%	**Inception date:**	1 July 2019

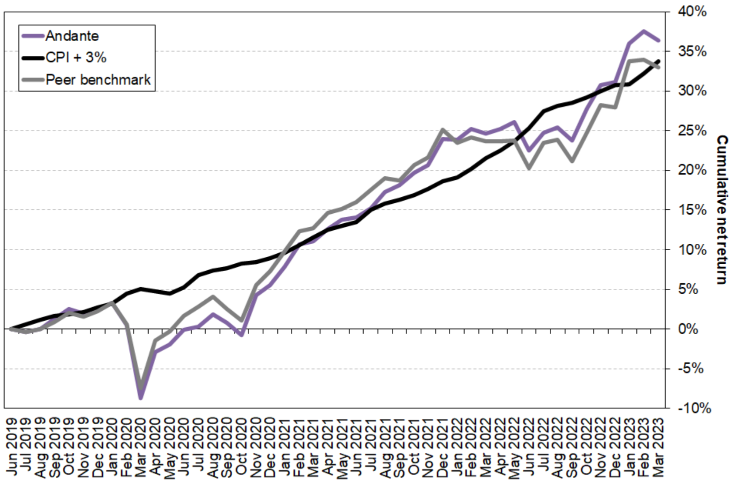
PERFORMANCE

NET RETURNS



	3 months	1 year	3 years	Since inception
Andante	4.0%	9.4%	14.3%	8.6%
CPI + 3%	2.3%	10.1%	8.4%	8.1%
Peer benchmark	3.9%	7.5%	12.8%	7.9%

CUMULATIVE NET RETURNS

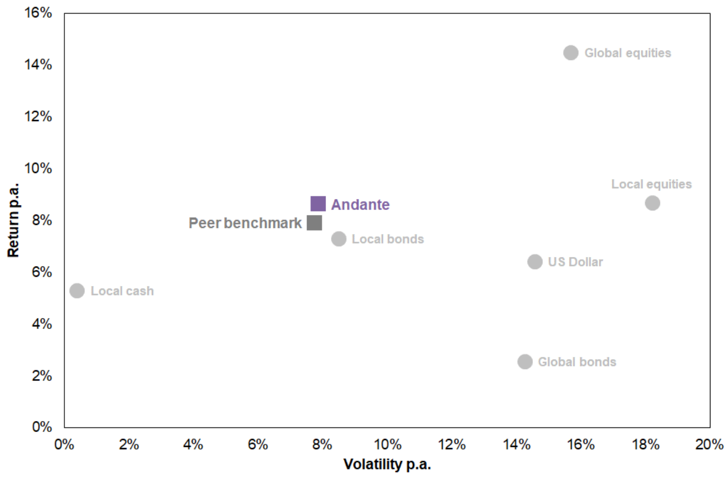


MONTHLY NET RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Peer benchmark
2019							-0.4%	0.4%	1.3%	1.3%	-0.6%	0.4%	**2.3%**	**2.3%**
2020	0.9%	-2.7%	-9.2%	6.3%	1.0%	1.9%	0.4%	1.5%	-1.1%	-1.5%	5.0%	1.2%	**3.1%**	**4.9%**
2021	2.3%	2.6%	0.4%	1.4%	1.1%	0.2%	1.1%	1.7%	0.8%	1.4%	0.8%	2.7%	**17.5%**	**16.6%**
2022	-0.1%	1.1%	-0.5%	0.5%	0.7%	-2.8%	1.8%	0.5%	-1.3%	3.2%	2.4%	0.3%	**5.8%**	**2.2%**
2023	3.7%	1.1%	-0.9%										**4.0%**	**3.9%**

RISK

VOLATILITY VS RETURN [1]



ASSET ALLOCATION

Asset class	Local	Foreign	Total
Equities	19.9%	11.7%	**31.7%**
Property	1.9%	0.3%	**2.2%**
Bonds	33.3%	7.0%	**40.3%**
Cash	16.6%	2.8%	**19.4%**
Other	3.5%	3.0%	**6.5%**
Total	**75.2%**	**24.8%**	**100.0%**

RISK

Risk statistic [1]	Andante	Peer benchmark
Volatility	7.9%	7.7%
% negative months	24.4%	31.0%
Largest monthly loss	-9.2%	-8.0%
Largest cumulative loss	-11.6%	-10.4%

UNDERLYING PORTFOLIO ALLOCATION

Portfolio	Strategic allocation	Current allocation
Abax Absolute	25.0%	25.0%
Allan Gray Global Stable	25.0%	25.0%
M&G Global Real Return Plus 5%	25.0%	25.0%
PSG Stable	25.0%	25.0%

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 Andante portfolio had another good quarter, delivering a return of +4.0% and performing in line with the peer benchmark.

Over the last year Andante was unfortunately affected by the difficult market conditions that prevailed in 2022, but still managed to yield a good return of +9.4%, which is comfortably ahead of the peer benchmark (+7.5%), cash (+6%) and inflation (+7.1%).

Please see below for further commentary on Adagio's underlying portfolios.

<u>Abax</u>

Abax (+4.2%) performed in line with the peer benchmark in 2023 Q1, but remains one of the better performers over the last year (+10.5% vs +7.5% from the peer benchmark).

<u>Allan Gray</u>

Allan Gray (+3.5%) performed in line with the market benchmarks in 2023 Q1, but remains one of the top performers over the last year (+9.1%), outperforming the peer benchmark by 1.6%.

COMMENTARY (CONT'D)

Over this period the biggest contributor in absolute and relative terms was the portfolio's offshore component, which yielded a gross return of +25%, compared to +12% from its benchmark.

M&G

M&G performed in line with the market benchmarks in 2023 Q1 (+3.6%), but remains one of the better performers over the last year (+8.1% vs +7.5% from the peer benchmark).

Over the latter period M&G's security selection on the offshore portion of the portfolio was the main contributor to returns in absolute and relative terms.

Over the last three years M&G has done exceptionally well (+15.1% p.a.), outperforming the peer benchmark by 2.3% p.a. as they put in a strong performance in each of the years following the Covid crash in 2020

PSG

PSG had a solid quarter, delivering a return of +4.8% and beating the peer benchmark by almost 1%.

This means that PSG remains one of the better conservative balanced funds over the last year, with a return of +10.0%. 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.