VIVACE FUND

QUARTERLY FACT SHEET AS AT 31 MARCH 2023

The Vivace 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.

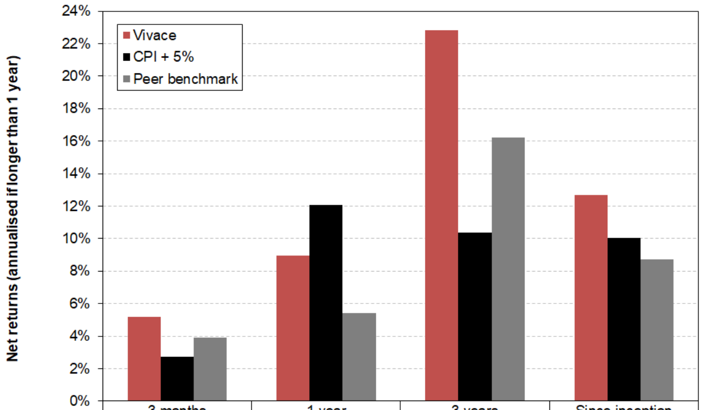
GENERAL FUND INFORMATION

FUND:	Vivace (/vɪˈvɑːtʃeɪ/, meaning lively, or brisk)
Objective:	To maximise investment growth over the long term.
Fund characteristics:	Given the fund's objective of maximising returns, the portfolio will usually have a high exposure to equities (up to the regulatory limit of 75%). While the performance of the Vivace Fund is expected to be the highest of the annuity strategy suite of portfolios over the long term, returns can be very volatile over the short term, with the possibility of occasional temporary losses. Some periods where the Vivace Fund underperforms its more conservative counterparts over the short to medium term should therefore be expected.
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).
Total Investment Charges (TIC):	1.12%

	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; • Have low and/or flexible drawdown requirements; • Have assets outside of the fund; • Want to house long term capital in a bucket strategy.		
Peer benchmark:	Median of the Alexander Forbes Global Best Investment View survey		
Inception date:	1 July 2019		

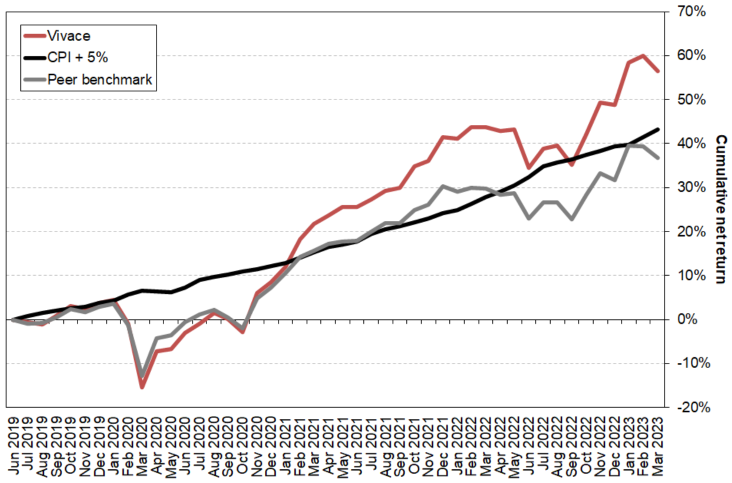
PERFORMANCE

NET RETURNS



	3 months	1 year	3 years	Since inception
Vivace	5.2%	8.9%	22.8%	12.7%
CPI + 5%	2.8%	12.1%	10.4%	10.1%
Peer benchmark	3.9%	5.4%	16.2%	8.7%

CUMULATIVE NET RETURNS

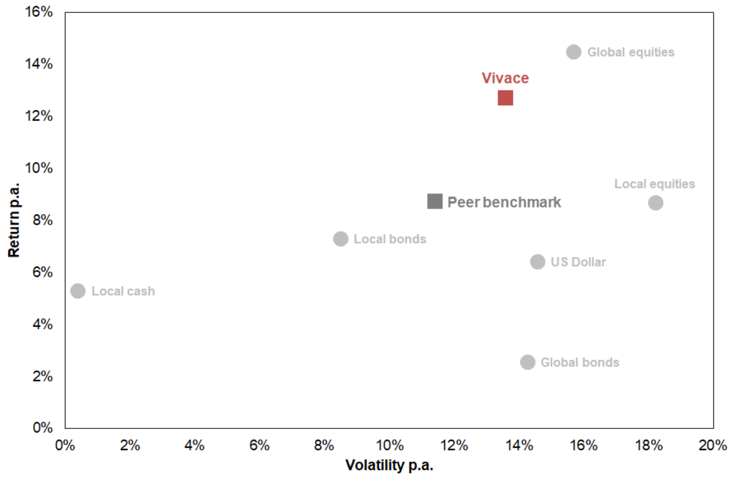


MONTHLY NET RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Peer benchmark
2019							-0.5%	-0.6%	1.9%	2.2%	-0.6%	1.3%	**3.7%**	**2.9%**
2020	0.7%	-5.2%	-14.7%	9.8%	0.5%	4.0%	2.2%	2.5%	-1.4%	-3.0%	9.2%	2.3%	**4.6%**	**4.3%**
2021	3.2%	5.6%	2.9%	1.7%	1.6%	-0.1%	1.5%	1.5%	0.5%	3.8%	1.0%	4.0%	**30.5%**	**21.4%**
2022	-0.3%	1.9%	-0.1%	-0.6%	0.3%	-6.1%	3.3%	0.4%	-3.1%	5.1%	5.0%	-0.3%	**5.2%**	**1.1%**
2023	6.4%	1.0%	-2.1%										**5.2%**	**3.9%**

RISK

VOLATILITY VS RETURN [1]



ASSET ALLOCATION

Asset class	Local	Foreign	Total
Equities	39.5%	28.7%	**68.1%**
Property	2.2%	0.3%	**2.5%**
Bonds	19.9%	5.3%	**25.2%**
Cash	2.9%	0.5%	**3.5%**
Other	0.7%	0.0%	**0.7%**
Total	**65.2%**	**34.8%**	**100.0%**

RISK

Risk statistic [1]	Vivace	Peer benchmark
Volatility	13.6%	11.4%
% negative months	33.3%	33.3%
Largest monthly loss	-14.7%	-11.6%
Largest cumulative loss	-19.1%	-15.9%

UNDERLYING PORTFOLIO ALLOCATION

Portfolio	Strategic allocation	Current allocation
Abax Balanced	20.0%	20.8%
Aylett Balanced	20.0%	20.6%
Coronation Managed	20.0%	18.8%
Ninety One Balanced	20.0%	17.3%
PSG Balanced	20.0%	22.4%

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 Vivace portfolio had another good quarter, delivering a return of +5.2% and outperforming its peer benchmark by around 1%.

Over the last year Vivace 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 peer benchmark (+5.4%), 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 Vivace has benefitted tremendously in absolute and relative terms, with a return of +22.8% p.a. comparing favourably to the gain of 16.2% p.a. produced by the peer benchmark.

Since its inception 45 months ago (not long before the Covid crash in 2020) Vivace has returned +12.7% p.a., outperforming the peer benchmark 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 peer benchmark, but the standout performers have been Abax (+13.3% p.a.), Aylett (+14.8% p.a.) and PSG (+13.7% p.a.).

COMMENTARY (CONT'D)

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 Vivace's inception in mid-2019.

Please see below for further commentary on Vivace's 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 peer benchmark).

Abax has been one of the market's top performers since the inception of the Vivace strategy 45 months ago, with their return of +13.3% p.a. being almost 5% p.a. ahead of the peer benchmark.

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 peer benchmark over the last three years (+25.1% p.a. vs 16.2% p.a.), and remains the strategy's (and the market's) best performer since inception 45 months ago (+14.8% p.a. vs +8.7% p.a. from the peer benchmark).

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 almost 2% ahead of the peer benchmark.

Over the last three years Coronation has done exceptionally well (+19.7% p.a.), outperforming the peer benchmark by nearly 4% p.a. as they put in a strong performance coming out of the Covid crash in 2020 and 2021.

Ninety One

Ninety One (+3.9%) performed in line with the peer benchmark 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).

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 return from the peer benchmark. 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 Vivace's inception 45 months ago, which puts them 5% p.a. ahead of the peer benchmark with a remarkable real return of 8.6% p.a.