Acumen Provident Fund
Robson • Savage

Acumen Umbrella Pension Fund
Robson • Savage

DEFAULT PROTECTION PORTFOLIO

QUARTERLY FACT SHEET AS AT 31 MARCH 2023

The Default Protection Portfolio invests in a range of local and foreign asset classes, including equities, listed property, bonds and cash. The management of the assets is outsourced to a professional investment manager that has 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 manager themselves, or as separate building blocks.

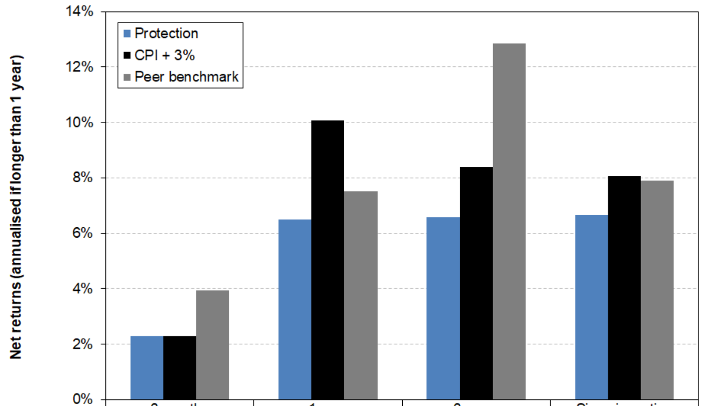
GENERAL PORTFOLIO INFORMATION

PORTFOLIO	**Default Protection**
Objective:	To provide moderate levels of investment growth over the medium term, while preserving capital at all times [1].
Portfolio characteristics:	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.
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).
Total Investment Charges (TIC):	1.38%

	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.		
Peer benchmark:	Median of the Alexander Forbes Global Conservative survey		
Inception date:	1 July 2019		

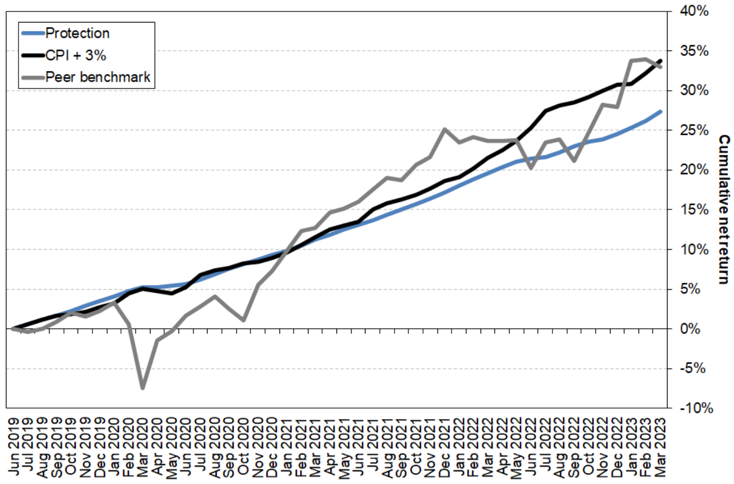
PERFORMANCE

NET RETURNS



	3 months	1 year	3 years	Since inception
Protection	2.3%	6.5%	6.6%	6.7%
CPI + 3%	2.3%	10.1%	8.4%	8.1%
Peer benchmark	3.9%	7.5%	12.8%	7.9%

CUMULATIVE NET RETURNS

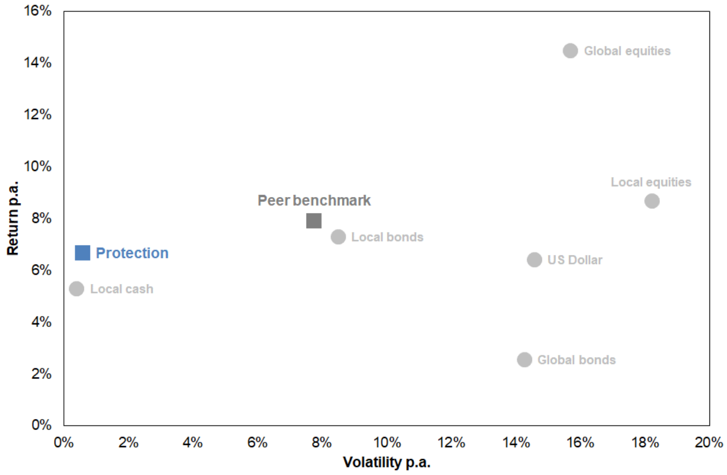


MONTHLY NET RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Peer benchmark
2019							0.6%	0.5%	0.5%	0.6%	0.6%	0.6%	**3.5%**	**2.3%**
2020	0.6%	0.6%	0.4%	0.0%	0.2%	0.2%	0.5%	0.6%	0.6%	0.5%	0.6%	0.5%	**5.6%**	**4.9%**
2021	0.5%	0.6%	0.7%	0.6%	0.6%	0.5%	0.5%	0.6%	0.6%	0.5%	0.6%	0.7%	**7.2%**	**16.6%**
2022	0.7%	0.7%	0.7%	0.6%	0.6%	0.3%	0.2%	0.5%	0.6%	0.5%	0.2%	0.6%	**6.3%**	**2.2%**
2023	0.6%	0.7%	0.9%										**2.3%**	**3.9%**

RISK

VOLATILITY VS RETURN [3]



ASSET ALLOCATION

Asset class	Local	Foreign	Total
Equities	30.7%	19.1%	**49.8%**
Property	6.5%	2.2%	**8.7%**
Bonds	25.2%	1.5%	**26.7%**
Cash	8.3%	1.9%	**10.2%**
Other	0.0%	4.6%	**4.6%**
Total	**70.7%**	**29.3%**	**100.0%**

RISK

Risk statistic [3]	Protection	Peer benchmark
Volatility	0.5%	7.7%
% negative months	0.0%	31.1%
Largest monthly loss	0.0%	-8.0%
Largest cumulative loss	0.0%	-10.4%

UNDERLYING PORTFOLIO ALLOCATION

Portfolio	Strategic allocation	Current allocation
Sanlam Stable Bonus	100.0%	100.0%

IMPORTANT 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. 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

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.