ADAGIO FUND

QUARTERLY FACT SHEET AS AT 30 SEPTEMBER 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).

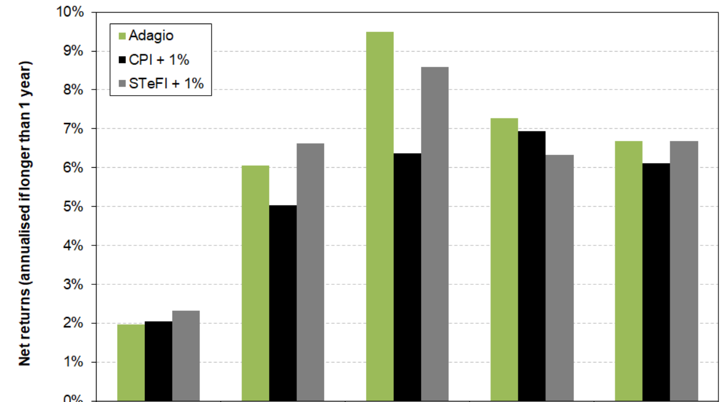
Benchmark: Cash (STeFI composite) + 1%

Total Investment Charges (TIC): 0.58%

Inception date: 1 July 2019

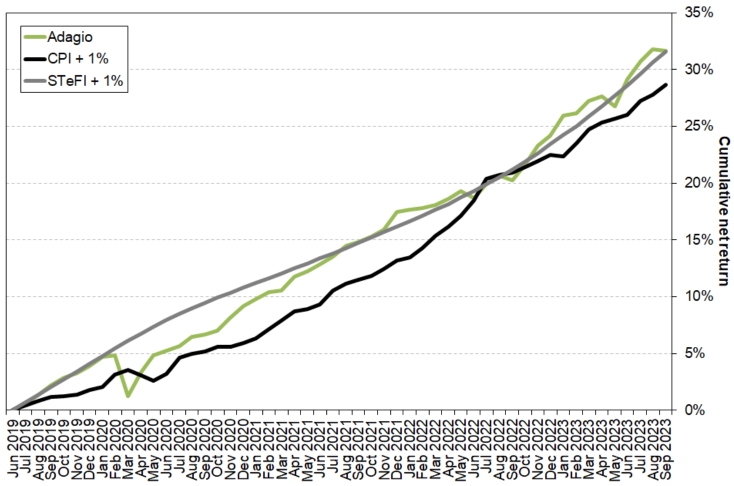
PERFORMANCE

NET RETURNS



	3 months	Year-to-date	1 year	3 years	Since inception
Adagio	2.0%	6.1%	9.5%	7.3%	6.7%
CPI + 1%	2.1%	5.0%	6.4%	6.9%	6.1%
STeFI + 1%	2.3%	6.6%	8.6%	6.3%	6.7%

CUMULATIVE NET RETURNS

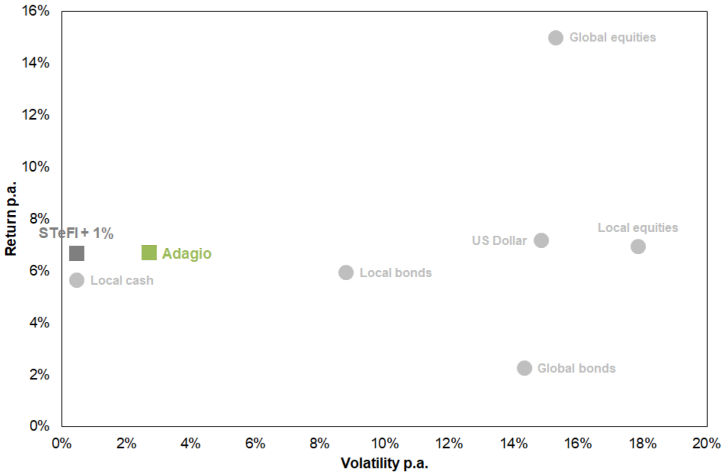


MONTHLY NET RETURNS

	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%	0.4%	-0.7%	1.9%	1.2%	0.8%	-0.1%				**6.1%**	**6.6%**

RISK

VOLATILITY VS RETURN [1]



ASSET ALLOCATION

Asset class	Local	Foreign	Total
Equities	1.4%	0.0%	**1.4%**
Property	1.8%	0.0%	**1.8%**
Bonds	62.9%	14.6%	**77.4%**
Cash	19.5%	1.1%	**20.6%**
Other	-1.3%	0.0%	**-1.3%**
Total	**84.3%**	**15.7%**	**100.0%**

RISK

Risk statistic [1]	Adagio	STeFI + 1%
Volatility	2.7%	0.4%
% negative months	9.8%	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%	34.1%
Prescient Income Provider	33.4%	33.1%

NOTES

1. Since inception.

COMMENTARY

The markets

Most asset classes came under pressure in 2023 Q3, as investors came to the realisation that global interest rates might stay higher for longer. Local equities fell by nearly 4% (ALSI = -3.5% and Capped SWIX = -3.8%), while local bonds lost 0.3% as global yields shifted higher. After doing most of its depreciation in 2023 H1, the rand managed to hold its own against a strong US dollar during the quarter (weakening by just 0.4%), and thus did little to cushion local investors from global market losses (equities = -3.0% and bonds = -3.9% in rands). With green numbers being few and far between, the average balanced fund lost around 2% in Q3.

After also having a difficult Q2, local markets have thus disappointed year-to-date (YTD), with relatively low returns of +2.2% (ALSI), -0.3% (Capped SWIX), +1.5% (local bonds) and +5.8% (local cash). With a helpful boost of 11% from a weaker rand, global equities and bonds have delivered solid local currency returns of +22% and +8.2% YTD, respectively. Global markets have therefore done most of the heavy lifting for local retirement funds in 2023, with the average balanced fund having gained around 5-6% YTD.

Equity market returns over the last year remain strong following the lowish base set by the mid-2022 sell-off (ALSI = +18%, Capped SWIX = +12% and global equities = +26%), while local and global bonds have unsurprisingly delivered more subdued returns (6-7%) given the rising interest rate environment. The average balanced fund delivered a solid return of close to +13% over this period.

3-year returns continue to trend lower from their highs earlier this year, but remain relatively strong (local equities = +14% p.a. and global equities = +11% p.a.), which means that average balanced fund has gained a decent return of around 10-11% p.a. over this period.

Your portfolio

The Adagio portfolio produced a decent return of +2.0% in Q3, despite a negative return from the local bond market.

YTD Adagio has returned +6.1%, which is marginally ahead of cash (+5.8%) and comfortably ahead of local bonds (+1.5%).

Over the last year Adagio delivered a solid return of +9.5%, compared to +7.2%, +7.5% and +5.4% from bonds, cash and inflation, respectively.