Acumen Preservation Pension Fund | Acumen Retirement Annuity Fund | Acumen Preservation Provident Fund

Robson • Savage

MODERATO FUND

QUARTERLY FACT SHEET AS AT 30 SEPTEMBER 2023

The Moderato Fund 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 FUND INFORMATION

FUND:	**Moderato** (/ˌmɒdəˈrɑːtəʊ/, meaning at a moderate pace)		HIGH	**MED**	LOW

Objective: To provide moderate levels of investment growth over the medium term, while preserving capital at all times [1].

Fund characteristics:

The Moderato Fund is invested in a smoothed bonus portfolio.

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): 1.44%

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

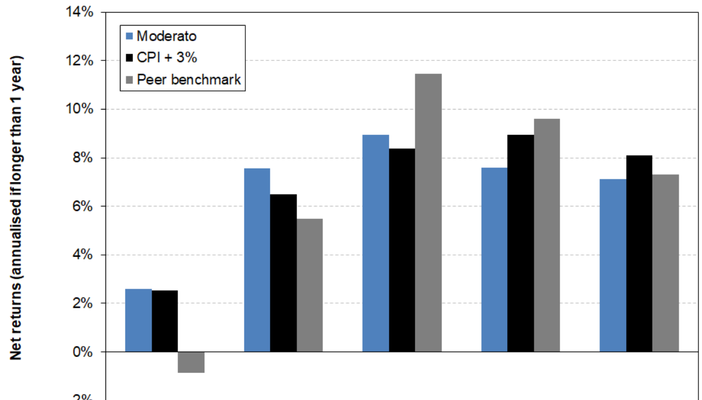
- Are seeking reasonable levels of investment growth;
- Have no appetite for capital losses;
- Are willing to pay higher fees to guarantee the value of their capital [1];
  - Do not intend to switch between funds on a regular basis [2];
  - Want to lessen the risk of investing in or disinvesting from the market at the wrong time.

Peer benchmark: Estimated net median return of the Alexander Forbes Global Conservative survey

Inception date: 1 July 2019

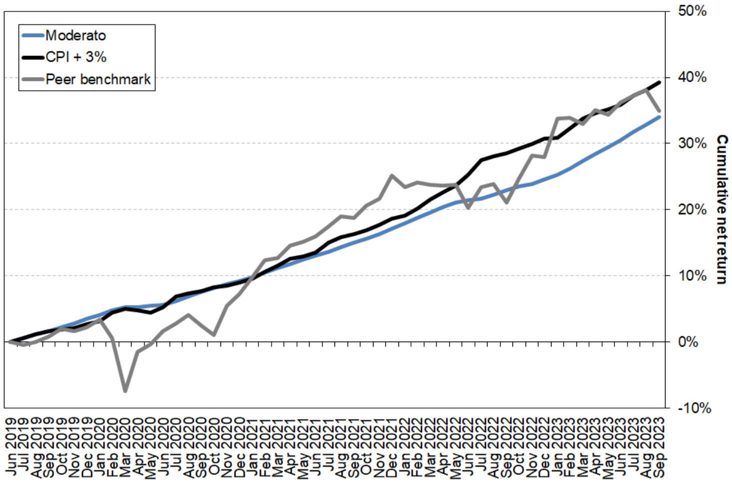
PERFORMANCE

NET RETURNS



	3 months	Year-to-date	1 year	3 years	Since inception
Moderato	2.6%	7.6%	8.9%	7.6%	7.1%
CPI + 3%	2.5%	6.5%	8.4%	8.9%	8.1%
Peer benchmark	-0.9%	5.5%	11.4%	9.6%	7.3%

CUMULATIVE NET RETURNS

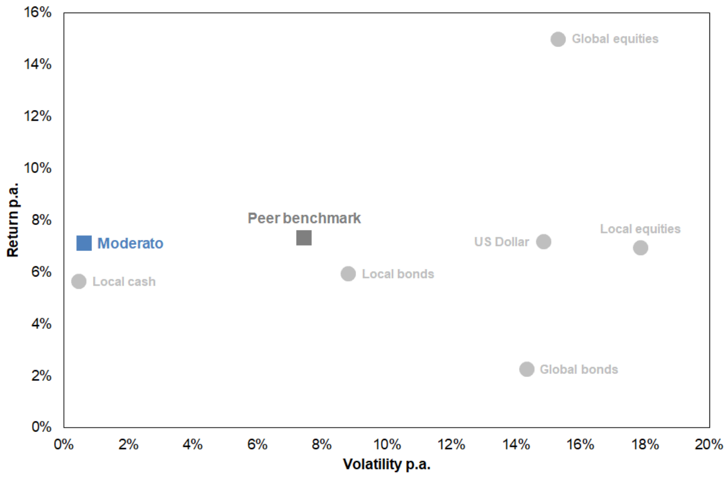


MONTHLY NET RETURNS

	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%	0.8%	0.8%	0.9%	0.9%	0.9%	0.8%				**7.6%**	**5.5%**

RISK

VOLATILITY VS RETURN [3]



ASSET ALLOCATION

Asset class	Local	Foreign	Total
Equities	30.9%	17.2%	**48.1%**
Property	7.0%	1.9%	**8.9%**
Bonds	27.8%	2.5%	**30.3%**
Cash	4.9%	2.3%	**7.2%**
Other	0.1%	5.4%	**5.5%**
Total	**70.7%**	**29.3%**	**100.0%**

RISK

Risk statistic [3]	Moderato	Peer benchmark
Volatility	0.6%	7.4%
% negative months	0.0%	31.4%
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

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

Sanlam declared bonusses totalling +2.6% for the quarter, bringing their YTD return to +7.6%. This is ahead of most balanced funds, and due to declaring a positive return in a largely negative quarter, the portfolio's funding level stood at 97% at the end of the quarter.

Despite sharply rising interest rates, Sanlam (+8.9%) outperformed cash (+7.5%) and inflation (+5.4%) over the last year.