VIVACE FUND

QUARTERLY FACT SHEET AS AT 30 SEPTEMBER 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.

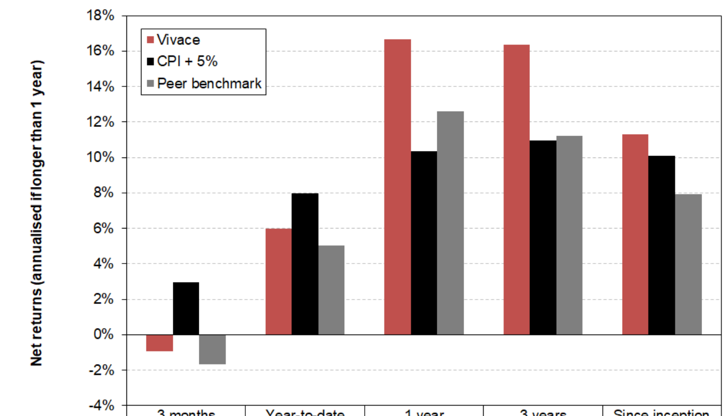
GENERAL FUND INFORMATION

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):	1.10%

	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:	Estimated net median return of the Alexander Forbes Global Best Investment View survey		
Inception date:	1 July 2019		

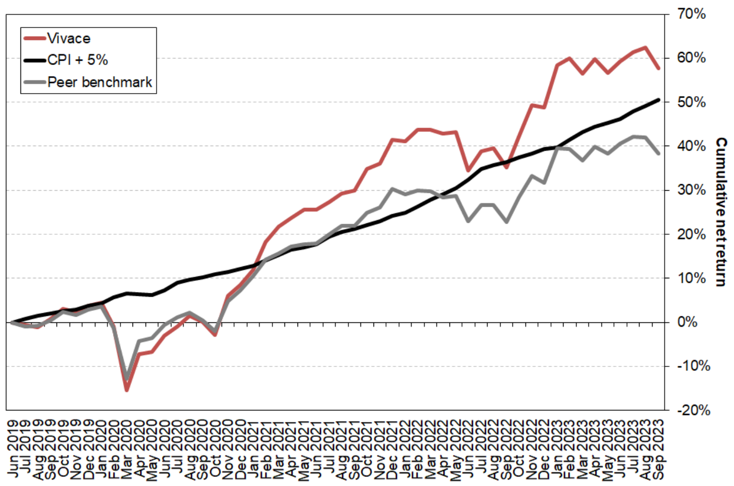
PERFORMANCE

NET RETURNS



	3 months	Year-to-date	1 year	3 years	Since inception
Vivace	-0.9%	6.0%	16.7%	16.4%	11.3%
CPI + 5%	3.0%	8.0%	10.4%	10.9%	10.1%
Peer benchmark	-1.7%	5.1%	12.6%	11.2%	7.9%

CUMULATIVE NET RETURNS

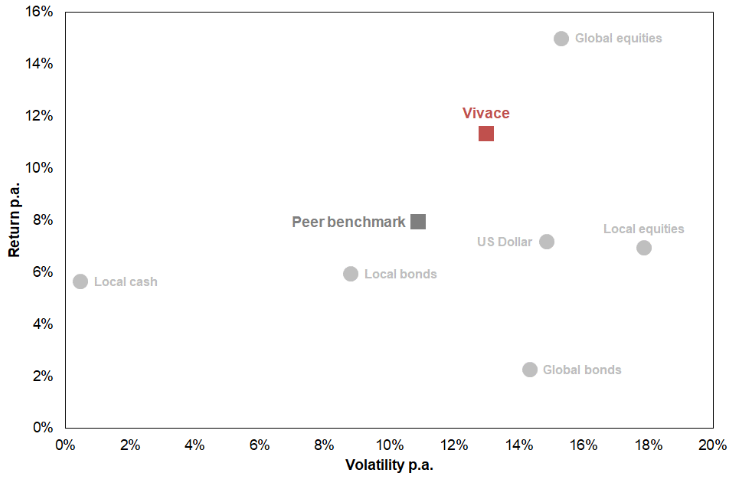


MONTHLY NET RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Peer benchmark
2019							-0.5%	-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%	2.1%	-2.0%	1.7%	1.4%	0.7%	-2.9%				**6.0%**	**5.1%**

RISK

VOLATILITY VS RETURN [1]



ASSET ALLOCATION

Asset class	Local	Foreign	Total
Equities	39.0%	28.8%	67.7%
Property	3.0%	0.8%	3.8%
Bonds	17.4%	5.5%	22.9%
Cash	2.6%	1.9%	4.5%
Other	1.1%	0.0%	1.1%
Total	**63.0%**	**36.9%**	**100.0%**

RISK

Risk statistic [1]	Vivace	Peer benchmark
Volatility	13.0%	10.9%
% negative months	33.3%	35.3%
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%	21.2%
Aylett Balanced	20.0%	20.5%
Coronation Managed	20.0%	19.3%
Ninety One Balanced	20.0%	16.7%
PSG Balanced	20.0%	22.3%

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 Vivace portfolio wasn't quite able to avoid losses in Q3 (-0.9%), but did manage to perform slightly better than the peer benchmark, thanks to some valuable capital protection from PSG (+0.7%) and, to a lesser extent, Aylett and Coronation (-0.3% each).

YTD (+6.0%) Vivace has outperformed the peer benchmark by 0.9%, with solid contributions from Abax (+10.5%), Coronation (+7.6%) and PSG (+8.1%) being partially offset by underperformance from Aylett (+2.7%) and Ninety One (+0.8%).

Over the last year (+16.7%) Vivace outperformed the peer benchmark by 4%, with Abax (+22.5%), PSG (+22.3%) and Coronation (+17.4%) doing very well.

With the low base in 2020 to some degree still in play, Vivace has returned a solid +16.4% p.a. over the last three years, compared to a gain of 11% p.a. from the peer benchmark.

Since its inception 51 months ago Vivace has returned +11.3% p.a., outperforming the peer benchmark by 3.4% p.a. and inflation by 6.2% p.a.

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

COMMENTARY (CONT'D)

Abax

Abax had a negative quarter (-1.0%), but marginally outperformed the peer benchmark, assisted by their below-average level of risk asset exposure.

YTD (+10.5%) and over the last year (+22.5%) Abax has been one of the market's best performers, outperforming the peer benchmark by 5% and 10% over these periods, respectively.

Abax thus remains one of the market's top performers since the inception of the Vivace strategy 51 months ago, with their return of +12.5% p.a. being almost 5% p.a. ahead of the peer benchmark.

Aylett

Aylett managed to end the quarter only marginally down (-0.3%) following outperformance from their local stock picks.

YTD (+2.7%) Aylett has underperformed, mainly due to underperformance from their local and global stock picks.

Even though they've been a below-average performer in 2023, they have performed in line with the peer benchmark over the last year (+12.4%), maintain a significant lead over the peer benchmark over the last three years (+17.4% p.a. vs +11.2% p.a.), and remain the strategy's best performer since inception 51 months ago (+12.9% p.a. vs +7.9% p.a. from the peer benchmark).

Coronation

Coronation managed to end the quarter only marginally down (-0.3%), supported by outperformance from their local and global equity components.

YTD Coronation sports a good return of +7.6% (compared to a gain of 5.1% from the peer benchmark), with the largest contribution in absolute and relative terms coming from the global portion of the portfolio.

Over the last year Coronation (+17.4%) has been one of the best performers in the market, with the steep increase in their offshore exposure (to nearly 42%), coupled with outperformance from their offshore holdings contributing the most to returns.

Over the last three years Coronation has also done well (+13.8% p.a.), outperforming the peer benchmark by almost 3% p.a., with their local stock picks being the biggest contributor in absolute and relative terms.

Over longer periods Coronation continues to outperform the peer benchmark by 1-2% p.a.

Ninety One

Ninety One (-4.1%) had a disappointing quarter, with underperformance from their local and global stock picks being mostly to blame.

After underperforming in Q2 as well, Ninety One's YTD return is only marginally positive (+0.8%). With the 2023 returns of most balanced portfolios being propped up by a strong run in global stocks (+22% YTD), Ninety One's single digit return (+7%) from this part of their portfolio has been the largest detractor in relative terms. This also explains their underperformance over the last year (+8.3% vs +13% from the peer benchmark).

With momentum shifting many times in the markets over the last three years, Ninety One's investment style, which focuses on earnings revisions, has generally struggled, with their return of +9.5% p.a. being almost 2% p.a. behind the peer benchmark.

Over the long term Ninety One remains 1-2% p.a. ahead of their peers, however.

PSG

After a tough 2023 Q2, PSG was one of only a few managers able to produce a positive return in Q3 (+0.7%). This was mostly due to their local and global stock picks making good gains in a falling market.

YTD PSG has delivered a solid return of +8.1% (compared to a gain of 5.1% from the peer benchmark), with the global portion of the portfolio making the largest contribution in absolute terms.

It's a similar story over the last year, where PSG's return of +22.3% is almost 10% ahead of the peer benchmark, again largely driven by outperformance from offshore. Over the last three years PSG's return of +22.4% p.a. is ahead of the peer benchmark by an even larger margin of 11.2% p.a., where they remain the market's best performer. Over this period it was both their local and global stock picks that contributed to their outperformance.

In the 51 months since the Vivace's inception, PSG has returned +12.1% p.a., which is 4.2% p.a. ahead of the peer benchmark.