RETIREMENT ANNUITY & PRESERVATION STRATEGY PORTFOLIOS

QUARTERLY FACT SHEET AS AT 30 SEPTEMBER 2023

The Acumen annuity and preservation strategy suite of portfolios 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 each 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. The portfolios are designed to take care of the complex asset allocation and manager selection decisions, while members retain the responsibility of choosing the portfolio(s) that align with their risk profile and objectives.

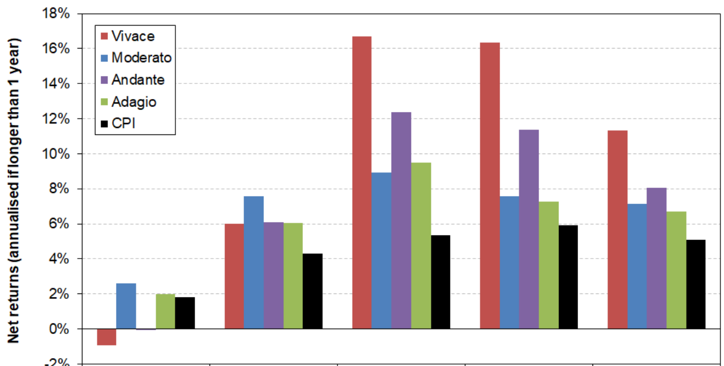
GENERAL FUND INFORMATION

Inception date: 1 July 2019

FUND:	**Vivace** /vɪˈvɑːtʃeɪ/ (lively, brisk)	**Moderato** /ˌmɒdəˈrɑːtəʊ/ (moderately)	**Andante** /anˈdanteɪ/ (moderately slow)	**Adagio** /əˈdɑː(d)ʒɪəʊ/ (at ease, slow)
Objective:	To maximise investment growth over the long term.	To provide moderate levels of investment growth over the medium term, while preserving capital at all times [1].	To provide moderate levels of investment growth over the medium term, while limiting losses over the short term.	To provide a consistent, but typically lower, level of investment growth over the short term.
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).	Aims to achieve a net return of 3-4% a year above inflation over the medium term (i.e. three to five years).	Aims to achieve a net return of 3-4% a year above inflation over the medium term (i.e. three to five years).	Aims to achieve a net return of 1-2% a year above inflation over the short term (i.e. one to three years).
	HIGH MED LOW	HIGH **MED** LOW	HIGH **MED** LOW	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 low and/or flexible drawdown requirements; • Have assets outside of the fund; • Want to house long term capital in a bucket strategy.	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.	Has a low to moderate risk profile, and is typically suitable for members who: • Are seeking reasonable levels of investment growth; • Have a reduced appetite for volatility; • Are unwilling to pay higher fees to guarantee against capital losses; • Want to house medium term capital in a bucket strategy.	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.
Underlying investment managers (strategic allocation)	Abax 20% Aylett 20% Coronation 20% Ninety One 20% PSG 20%	Sanlam 100%	Abax 25% Allan Gray 25% M&G 25% PSG 25%	Coronation 33.3% Nedgroup 33.3% Prescient 33.4%

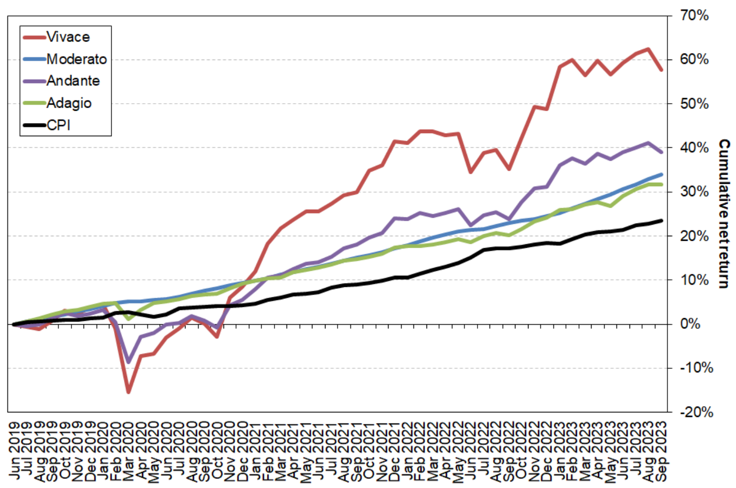
PERFORMANCE

NET RETURNS



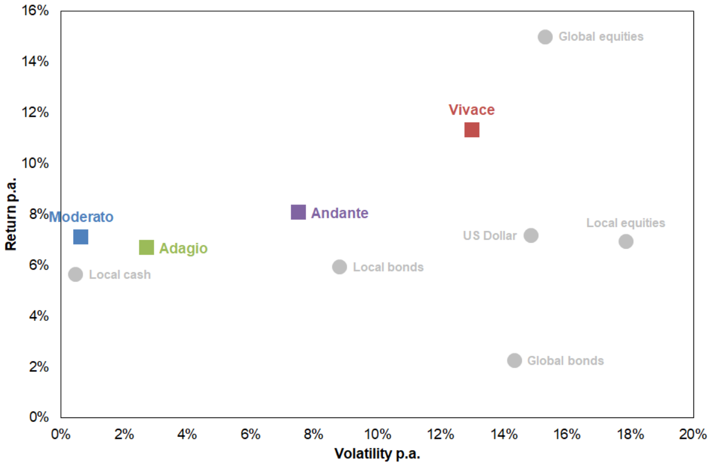
	3 months	Year-to-date	1 year	3 years	Since inception
Vivace	-0.9%	6.0%	16.7%	16.4%	11.3%
Moderato	2.6%	7.6%	8.9%	7.6%	7.1%
Andante	0.0%	6.1%	12.4%	11.4%	8.1%
Adagio	2.0%	6.1%	9.5%	7.3%	6.7%
CPI	1.8%	4.3%	5.4%	5.9%	5.1%

CUMULATIVE NET RETURNS



RISK

VOLATILITY VS RETURN [2]



OTHER RISK STATISTICS

Risk statistic [2]	Vivace	Moderato	Andante	Adagio
Volatility	13.0%	0.6%	7.5%	2.7%
% negative months	33.3%	0.0%	25.5%	9.8%
Largest monthly loss	-14.7%	0.0%	-9.2%	-3.4%
Largest cumulative loss	-19.1%	0.0%	-11.6%	-3.4%

TOTAL INVESTMENT CHARGES (TIC)

Vivace	1.10%
Moderato	1.44%
Andante	0.91%
Adagio	0.58%

ASSET ALLOCATION

Asset class	Vivace			Moderato			Andante			Adagio		
	Local	Foreign	Total	Local	Foreign	Total	Local	Foreign	Total	Local	Foreign	Total
Equities	39.0%	28.8%	**67.7%**	30.9%	17.2%	**48.1%**	19.5%	11.9%	**31.4%**	1.4%	0.0%	**1.4%**
Property	3.0%	0.8%	**3.8%**	7.0%	1.9%	**8.9%**	1.8%	0.2%	**2.0%**	1.8%	0.0%	**1.8%**
Bonds	17.4%	5.5%	**22.9%**	27.8%	2.5%	**30.3%**	33.8%	7.2%	**41.0%**	62.9%	14.6%	**77.4%**
Cash	2.6%	1.9%	**4.5%**	4.9%	2.3%	**7.2%**	16.5%	3.2%	**19.6%**	19.5%	1.1%	**20.6%**
Other	1.1%	0.0%	**1.1%**	0.1%	5.4%	**5.5%**	2.7%	3.4%	**6.1%**	-1.3%	0.0%	**-1.3%**
Total	**63.0%**	**36.9%**	**100.0%**	**70.7%**	**29.3%**	**100.0%**	**74.2%**	**25.8%**	**100.0%**	**84.3%**	**15.7%**	**100.0%**

NOTES

1. Please refer to the fact sheets of the Growth and Protection portfolios for more information. The Protection Portfolio fact sheet in particular contains important information regarding this portfolio's capital preservation features.
2. 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 portfolios

<u>Vivace</u>

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%).

COMMENTARY (CONT'D)

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.

Moderato

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.

Andante

In a falling market the Andante portfolio managed to preserve capital in Q3 (0.0%), thanks largely to positive returns from Allan Gray (+1.3%) and PSG (+1.0%). By way of comparison, the peer benchmark lost 0.9% in this environment.

YTD Andante has returned +6.1%, marginally outperforming the +5.5% delivered by the peer benchmark. Abax (+7.4%), Allan Gray (+7.5%) and PSG (+6.4%) did most of the heavy lifting over this period.

Given the lowish base in 2022, Andante has delivered a strong return of +12.4% over the last year. Gains were once again broad-based, with returns of +13.1% from Abax, 11.8% from Allan Gray, +10.1% from M&G and +14.2% from PSG. Only M&G underperformed the peer benchmark over this period.

Adagio

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.