DEFAULT STRATEGY PORTFOLIOS

QUARTERLY FACT SHEET AS AT 30 SEPTEMBER 2023

The Acumen umbrella funds' default strategy portfolios invest 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 therefore designed to take care of the complex asset allocation and manager selection decisions.

GENERAL PORTFOLIO INFORMATION [1]

Portfolio:	Default Growth			Default Protection		
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].		
Underlying investment managers (strategic allocation)	Abax	20%		Sanlam	100%	
	Aylett	20%				
	Coronation	20%				
	Ninety One	20%				
	PSG	20%				
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).		
Risk profile:	**HIGH**	MED	LOW	HIGH	**MED**	LOW
	Has a moderate to high risk profile, and is suitable for members seeking high levels of capital growth, who can tolerate the associated high levels of capital volatility.			Has a low to moderate risk profile, and is suitable for members seeking reasonable investment growth but with no appetite for capital losses		
Inception date:	1 July 2019					

DEFAULT STRATEGY

The Acumen umbrella funds' default investment strategy is as follows:

- For members more than three years to normal retirement age, the Default Growth Portfolio.
- Once a member is within three years to normal retirement age, the member's fund credit will be phased into to the Default Protection Portfolio. This transition will take place over a period of three years, with one third of the fund credit being switched from the Default Growth Portfolio to the Default Protection Portfolio on an annual basis.

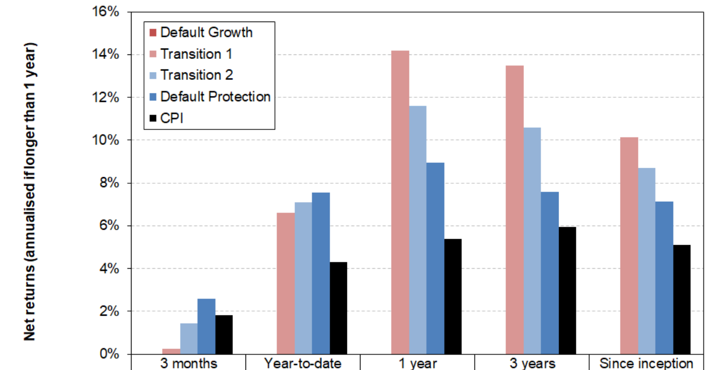
Years to normal retirement age	Portfolio	
	Default Growth	Default Protection
More than 3	100.0%	0.0%
2 to 3 (Transition 1)	66.7%	33.3%
1 to 2 (Transition 2)	33.3%	66.7%
Less than 1	0.0%	100.0%

In establishing its default strategy, the trustees of the Acumen umbrella funds recognised that members need growth sufficiently in excess of inflation in order to stand a reasonable chance of maintaining their lifestyles after retirement. This is what the Default Growth Portfolio aims to achieve.

Given the Acumen umbrella funds' chosen annuity strategy (a living annuity arrangement) the need for growth close to, or even after retirement doesn't go away, but prudent financial planning would suggest that more measured growth would seem appropriate for the average member. The trustees deem it inappropriate to assume that the average member would be able to tolerate the potential short term losses that can accompany the Default Growth Portfolio, both from a financial and a behavioural point of view. The Default Protection Portfolio therefore aims to strike a sensible balance between risk and return during the last few years of a member's accumulation phase.

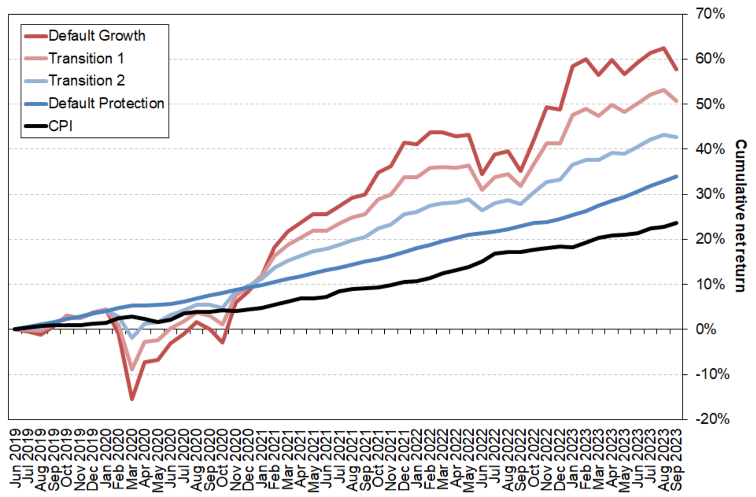
PERFORMANCE

NET RETURNS



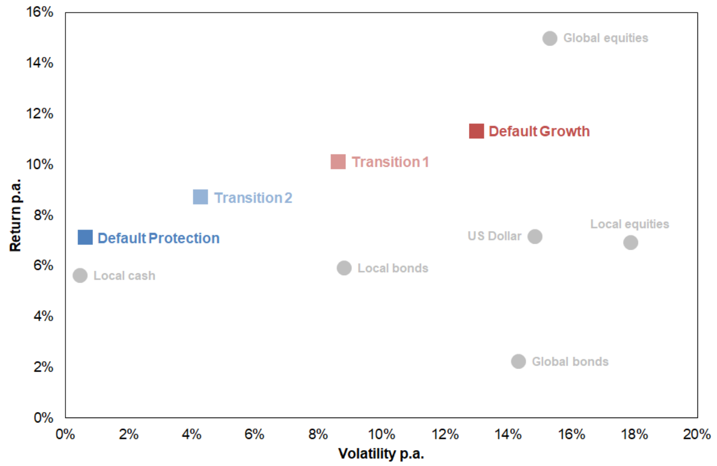
	3 months	Year-to-date	1 year	3 years	Since inception
Default Growth					
Transition 1	0.3%	6.6%	14.2%	13.5%	10.1%
Transition 2	1.4%	7.1%	11.6%	10.6%	8.7%
Default Protection	2.6%	7.6%	8.9%	7.6%	7.1%
CPI	1.8%	4.3%	5.4%	5.9%	5.1%

CUMULATIVE NET RETURNS



RISK

VOLATILITY VS RETURN [2]



OTHER RISK STATISTICS

Risk statistic [2]	Default Growth	Transition 1	Transition 2	Default Protection
Volatility	13.0%	8.6%	4.3%	0.6%
% negative months	33.3%	27.5%	17.6%	0.0%
Largest monthly loss	-14.7%	-9.7%	-4.6%	0.0%
Largest cumulative loss	-19.1%	-12.6%	-5.8%	0.0%

TOTAL INVESTMENT CHARGES (TIC)

Default Growth	1.17%
Transition 1	1.24%
Transition 2	1.32%
Default Protection	1.39%

ASSET ALLOCATION

Asset class	Default Growth			Transition 1			Transition 2			Default Protection		
	Local	Foreign	Total	Local	Foreign	Total	Local	Foreign	Total	Local	Foreign	Total
Equities	39.0%	28.8%	**67.7%**	36.3%	24.9%	**61.2%**	33.6%	21.1%	**54.6%**	30.9%	17.2%	**48.1%**
Property	3.0%	0.8%	**3.8%**	4.3%	1.2%	**5.5%**	5.7%	1.5%	**7.2%**	7.0%	1.9%	**8.9%**
Bonds	17.4%	5.5%	**22.9%**	20.9%	4.5%	**25.4%**	24.3%	3.5%	**27.8%**	27.8%	2.5%	**30.3%**
Cash	2.6%	1.9%	**4.5%**	3.4%	2.0%	**5.4%**	4.1%	2.2%	**6.3%**	4.9%	2.3%	**7.2%**
Other	1.1%	0.0%	**1.1%**	0.8%	1.8%	**2.6%**	0.4%	3.6%	**4.0%**	0.1%	5.4%	**5.5%**
Total	**63.0%**	**36.9%**	**100.0%**	**65.6%**	**34.4%**	**100.0%**	**68.1%**	**31.8%**	**100.0%**	**70.7%**	**29.3%**	**100.0%**

NOTES

1. Please refer to the fact sheets of the Default Growth and Default Protection portfolios for more information. The Default 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

Default Growth

The Default Growth 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%) Default Growth 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%) Default Growth 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, Default Growth 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 Default Growth has returned +11.3% p.a., outperforming the peer benchmark by 3.4% p.a. and inflation by 6.2% p.a.

Default Protection

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.