ANDANTE FUND

QUARTERLY FACT SHEET AS AT 31 DECEMBER 2023

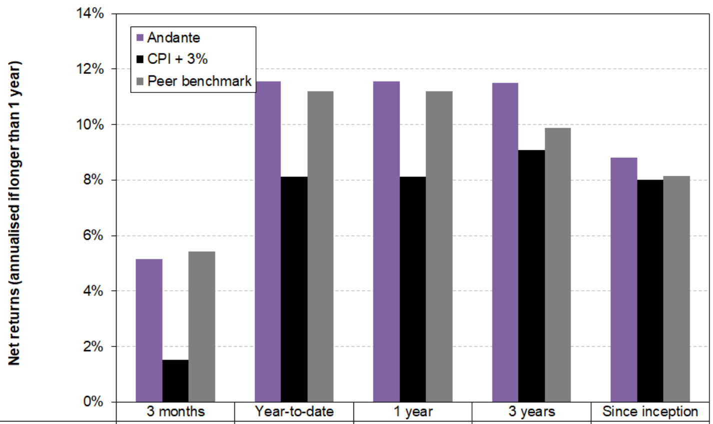
The Andante Fund invests in a range of local and foreign asset classes, including equities, listed property, bonds and cash. The management of the assets are outsourced to professional investment managers that have been given full discretion to allocate capital between (and within) these asset classes 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:	**Andante** (/anˈdanteɪ/, meaning moderately slow)		HIGH	**MED**	LOW
Objective:	To provide moderate levels of investment growth over the medium term, while limiting losses over the short term.	**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 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.		
Fund characteristics:	Given the fund's dual objectives, the portfolio is expected to have some exposure to equities and listed property (typically not more than 50%) in order to meet its growth objective. To meet its secondary objective the remainder of the portfolio's assets will typically be allocated to more stable asset classes such as bonds and cash. While the Andante Fund is expected to provide inflation-beating returns over the medium term, returns can be somewhat volatile over the short term, with the possibility of occasional, but relatively small, temporary losses.				
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).	**Peer benchmark:**	Estimated net median return of the Alexander Forbes Global Conservative survey		
Total Investment Charges (TIC):	0.92%	**Inception date:**	1 July 2019		

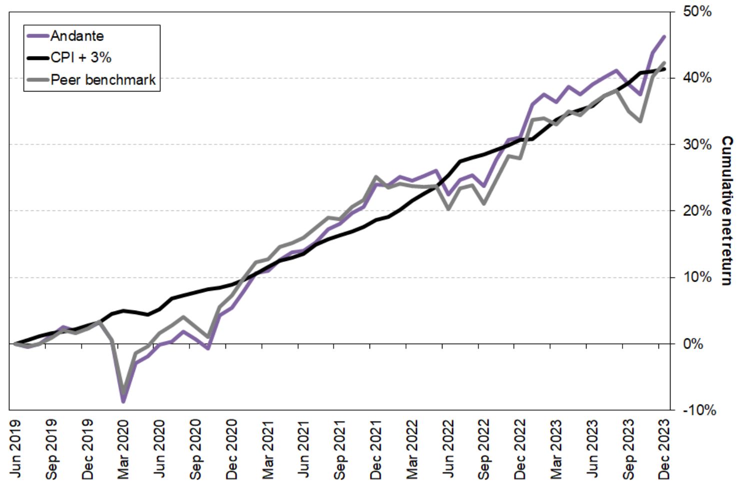
PERFORMANCE

NET RETURNS



	3 months	Year-to-date	1 year	3 years	Since inception
Andante	5.2%	11.5%	11.5%	11.5%	8.8%
CPI + 3%	1.5%	8.1%	8.1%	9.1%	8.0%
Peer benchmark	5.4%	11.2%	11.2%	9.9%	8.2%

CUMULATIVE NET RETURNS

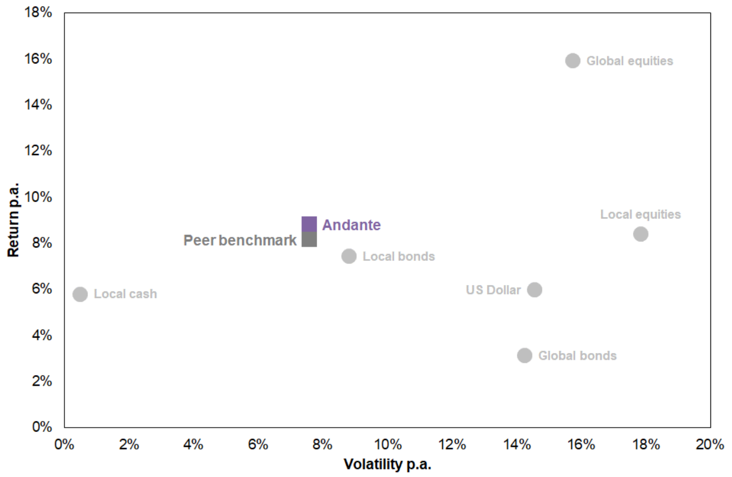


MONTHLY NET RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Peer benchmark
2019							-0.4%	0.4%	1.3%	1.3%	-0.6%	0.4%	**2.3%**	**2.3%**
2020	0.9%	-2.7%	-9.2%	6.3%	1.0%	1.9%	0.4%	1.5%	-1.1%	-1.5%	5.0%	1.2%	**3.1%**	**4.9%**
2021	2.3%	2.6%	0.4%	1.4%	1.1%	0.2%	1.1%	1.7%	0.8%	1.4%	0.8%	2.7%	**17.5%**	**16.6%**
2022	-0.1%	1.1%	-0.5%	0.5%	0.7%	-2.8%	1.8%	0.5%	-1.3%	3.2%	2.4%	0.3%	**5.8%**	**2.2%**
2023	3.7%	1.1%	-0.9%	1.7%	-0.9%	1.2%	0.7%	0.8%	-1.5%	-1.1%	4.5%	1.7%	**11.5%**	**11.2%**

RISK

VOLATILITY VS RETURN [1]



ASSET ALLOCATION

Asset class	Local	Foreign	Total
Equities	19.8%	12.5%	**32.3%**
Property	1.7%	0.1%	**1.8%**
Bonds	35.6%	7.3%	**42.9%**
Cash	14.0%	3.0%	**17.0%**
Other	2.8%	3.4%	**6.1%**
Total	**73.8%**	**26.2%**	**100.0%**

RISK

Risk statistic [1]	Andante	Peer benchmark
Volatility	7.6%	7.6%
% negative months	25.9%	31.5%
Largest monthly loss	-9.2%	-8.0%
Largest cumulative loss	-11.6%	-10.4%

UNDERLYING PORTFOLIO ALLOCATION

Portfolio	Strategic allocation	Current allocation
Abax Absolute	25.0%	25.0%
Allan Gray Global Stable	25.0%	25.0%
M&G Global Real Return Plus 5%	25.0%	25.0%
PSG Stable	25.0%	25.0%

NOTES

1. Since inception.

COMMENTARY

The markets

The year ended well for the markets, with most asset classes rallying strongly on the back of waning inflation concerns and the possibility of interest rate cuts in 2024. With positive returns of around 7-8% from local equities, local bonds and global equities during the quarter, the average balanced fund returned a very satisfying +6% in 2023 Q4.

With such a strong finish under its belt the average balanced fund ended up having a relatively good year, returning +12% in 2023. Although Q4's recovery managed to push the local markets' returns into respectable territory for the year (equities = +9%, bonds = +10% and cash = +8%), it was the strong returns from global markets (equities = +31% and bonds = +13%) that did most of the heavy lifting for retirement funds in 2023.

Following a flat 2022 (when local markets were the main contributor to returns), a strong 2021 (+20%), a slow 2020 (+5%) and a decent 2019 (+10%), the average balanced fund has delivered positive returns of around 9-11% p.a. over the medium term (3-5 years). This is about 4-5% p.a. ahead of inflation, which is in line with most retirement funds' real return targets. Considering the many global and local challenges markets have faced over this period (including lockdowns, rising inflation and interest rates, geopolitical tensions, infrastructure breakdowns, political missteps, etc.), this is not a bad outcome.

With the end of a strong 5-year bull market (from 2009 to 2013) providing an elevated base at the start, a stagnating economy in the middle, and quite poor sentiment incorporated in local markets at the end (reflected in current crisis-like valuation levels), most balanced funds have endured a difficult 10 years. This is unsurprisingly reflected in their rather unimpressive average returns of around 7-8% p.a. over this period. That being said, in this 'worst-case-like' scenario, the average balanced fund still managed to outperform cash by 1-2% p.a., and inflation by 2-3% p.a.

Over longer periods (15 to 20 years) the average balanced fund has delivered nominal returns of 9-12% p.a., which translates to a sufficient real return of 4-6% p.a.

Your portfolio

The Andante portfolio participated in the strong market gains of 2023 Q4, delivering a solid return of +5.2% for the quarter, and performing in line with the peer benchmark.

This resulted in Andante ending 2023 with a good return of +11.5%, with solid contributions from all of its underlying portfolios (Abax = +11.9%, Allan Gray = +11.4%, M&G = +10.4% and PSG = +12.3%).

Since inception Andante has outperformed both its peer and inflation plus 3% p.a. benchmarks.