RETIREMENT ANNUITY & PRESERVATION STRATEGY PORTFOLIOS

QUARTERLY FACT SHEET AS AT 31 DECEMBER 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.

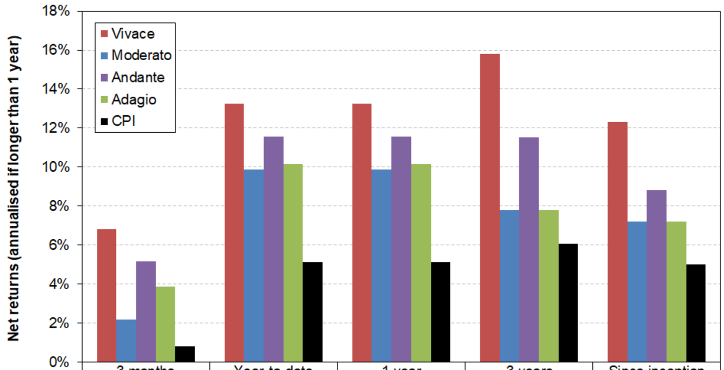
GENERAL FUND INFORMATION

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%

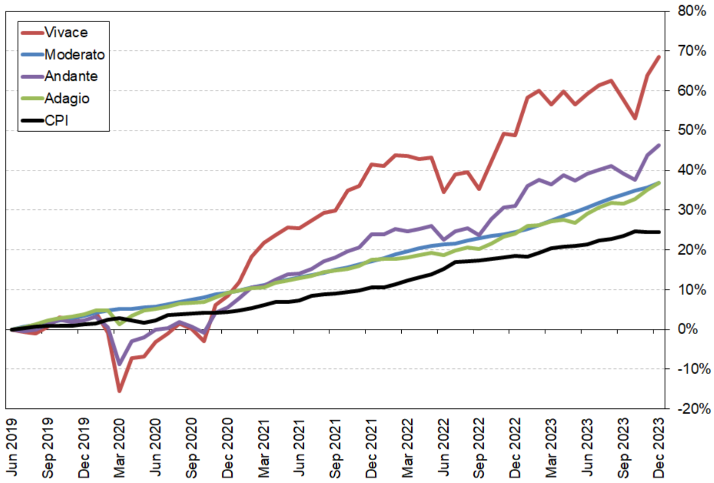
PERFORMANCE

NET RETURNS



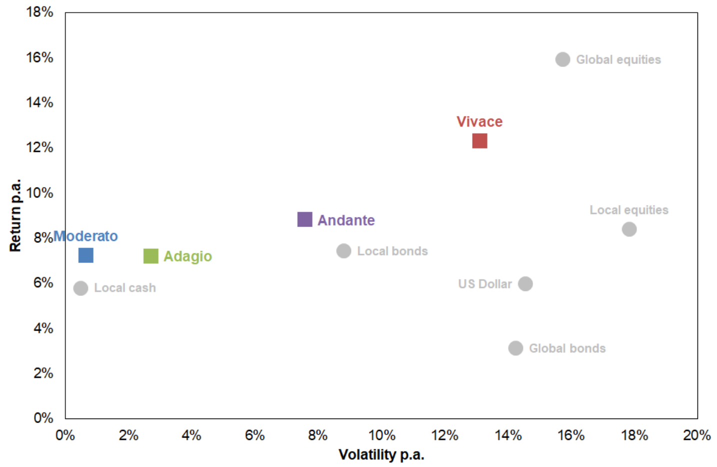
	3 months	Year-to-date	1 year	3 years	Since inception
Vivace	6.8%	13.2%	13.2%	15.8%	12.3%
Moderato	2.2%	9.9%	9.9%	7.8%	7.2%
Andante	5.2%	11.5%	11.5%	11.5%	8.8%
Adagio	3.9%	10.2%	10.2%	7.8%	7.2%
CPI	0.8%	5.1%	5.1%	6.1%	5.0%

CUMULATIVE NET RETURNS



RISK

VOLATILITY VS RETURN [2]



OTHER RISK STATISTICS

Risk statistic [2]	Vivace	Moderato	Andante	Adagio
Volatility	13.1%	0.6%	7.6%	2.7%
% negative months	33.3%	0.0%	25.9%	9.3%
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	1.09%
Moderato	1.46%
Andante	0.92%
Adagio	0.57%

ASSET ALLOCATION

Asset class	Vivace			Moderato			Andante			Adagio		
	Local	Foreign	Total	Local	Foreign	Total	Local	Foreign	Total	Local	Foreign	Total
Equities	38.5%	30.0%	**68.5%**	31.2%	17.4%	**48.6%**	19.8%	12.5%	**32.3%**	1.4%	0.0%	**1.4%**
Property	3.1%	0.3%	**3.4%**	6.3%	1.6%	**7.9%**	1.7%	0.1%	**1.8%**	1.7%	0.0%	**1.7%**
Bonds	16.8%	6.0%	**22.8%**	27.7%	2.9%	**30.6%**	35.6%	7.3%	**42.9%**	63.3%	13.3%	**76.6%**
Cash	2.6%	1.7%	**4.3%**	5.2%	2.5%	**7.7%**	14.0%	3.0%	**17.0%**	19.2%	1.5%	**20.8%**
Other	1.0%	0.0%	**1.0%**	0.1%	5.1%	**5.2%**	2.8%	3.4%	**6.1%**	-0.4%	0.0%	**-0.4%**
Total	**62.1%**	**37.9%**	**100.0%**	**70.5%**	**29.5%**	**100.0%**	**73.8%**	**26.2%**	**100.0%**	**85.2%**	**14.8%**	**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

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 portfolios

<u>Vivace</u>

The Vivace portfolio participated in the strong market gains of 2023 Q4, delivering a solid return of +6.8% for the quarter, and outperforming the peer benchmark by a small margin.

COMMENTARY (CONT'D)

This resulted in Vivace ending 2023 with a good return of +13.2%, with solid contributions from Abax (+17.3%), Coronation (+15.1%) and PSG (+15.6%) being partially offset by under-performance from Aylett (+9.9%) and Ninety One (+8.0%).

Vivace's performance over the last three years (+15.8% p.a.) remains quite strong in absolute and relative terms, outperforming the peer benchmark by almost 5% p.a. This was aided by the fact that PSG (+20.1% p.a.), Aylett and Abax (both returned +18.1% p.a.) were the three top performers in their category (of 200+ competitors) over this period.

Since its inception 54 months ago Vivace has returned +12.3% p.a., outperforming the peer benchmark by 3.4% p.a. and inflation by 7.3% p.a.

Moderato

Sanlam declared bonusses totalling +2.2% for the quarter, bringing their return for 2023 to +9.9%.

Having started Q4 with a funding level of 97%, the portfolio is now back to being fully funded following strong returns from the market over the quarter.

Despite sharply rising interest rates, Sanlam outperformed cash (+8.1%) and inflation (+5.1%) over the last year.

Andante

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.

Adagio

The Adagio portfolio produced a solid return of +3.9% in Q4, benefitting from the strong rise in the local bond market.

For the year Adagio returned +10.2%, which is comfortably ahead of cash (+8.1%) and marginally better than the return from local bonds (+1.5%), despite exhibiting a significantly lower volatility profile.

Since inception Adagio has outperformed both its cash and inflation plus 1% p.a. benchmarks.