

DEFAULT STRATEGY PORTFOLIOS

QUARTERLY FACT SHEET AS AT 30 SEPTEMBER 2020

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

DEFAULT STRATEGY

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		

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

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

Years to normal retirement age	Default portfolio	
	Growth	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%

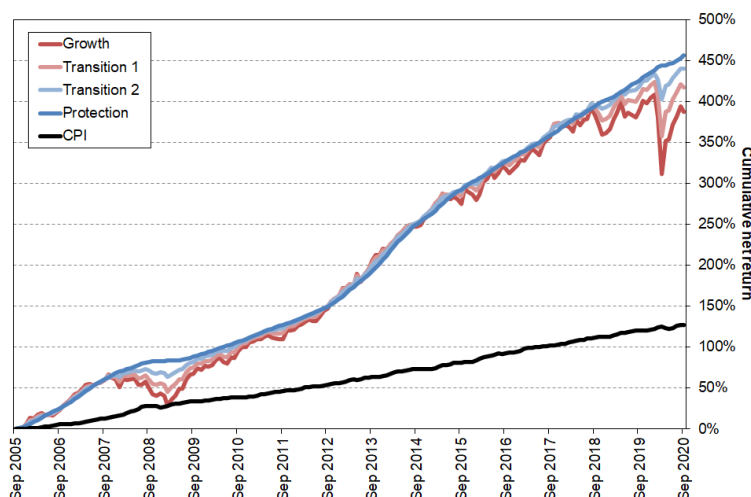
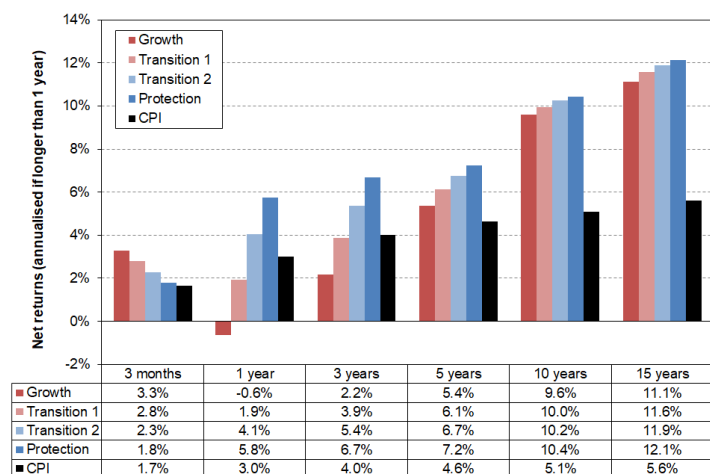
In establishing its default strategy, the trustees of the Acumen umbrella funds recognised that members need growth sufficiently in excess of inflation in order to stand a reasonable chance of maintaining their lifestyles after retirement. This is what the Growth Portfolio aims to achieve.

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 Growth Portfolio, both from a financial and a behavioural point of view. The 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

HISTORIC NET RETURNS ²

CUMULATIVE NET RETURNS ²

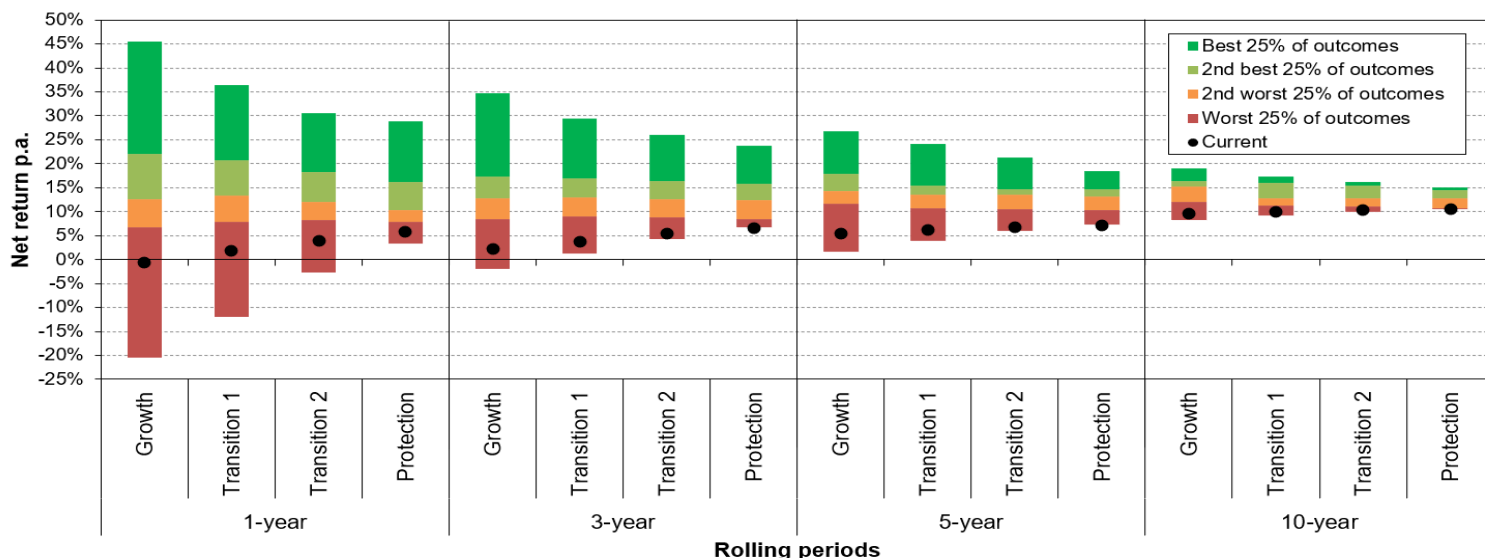


HISTORIC CALENDAR YEAR NET RETURNS ²

Portfolio	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Growth	28.5%	17.3%	-10.8%	23.5%	16.1%	7.6%	18.4%	22.6%	12.4%	7.2%	9.2%	10.9%	-1.5%	9.4%	-3.5%
Transition 1	28.5%	20.3%	-4.5%	17.5%	14.1%	8.3%	16.1%	21.4%	14.0%	8.7%	8.9%	9.9%	1.4%	8.5%	-0.6%
Transition 2	28.5%	23.3%	1.9%	11.5%	12.0%	8.9%	13.8%	20.0%	15.7%	10.2%	8.6%	8.8%	4.3%	7.6%	1.9%
Protection	28.3%	26.2%	8.5%	5.5%	9.9%	9.6%	11.5%	18.6%	17.3%	11.7%	8.2%	7.7%	7.3%	6.6%	3.9%

RISK

HISTORICAL NET RETURN DISTRIBUTION ²



OTHER RISK STATISTICS ²

Risk statistic	Growth	Transition 1	Transition 2	Protection	Risk statistic	Growth	Transition 1	Transition 2	Protection
Volatility	9.5%	6.4%	3.5%	1.9%	Largest monthly loss	-14.7%	-9.7%	-4.6%	0.0%
% negative months	32.8%	26.1%	11.7%	0.0%	Largest cumulative loss	-22.9%	-12.7%	-5.8%	0.0%

ASSET ALLOCATION

Asset class	Growth			Transition 1			Transition 2			Protection		
	Local	Foreign	Total	Local	Foreign	Total	Local	Foreign	Total	Local	Foreign	Total
Equities	47.1%	23.1%	70.2%	42.6%	20.5%	63.1%	38.1%	18.0%	56.1%	33.6%	15.4%	49.0%
Property	2.8%	0.9%	3.7%	4.1%	0.7%	4.7%	5.3%	0.5%	5.8%	6.5%	0.3%	6.8%
Bonds	17.2%	0.9%	18.2%	20.0%	1.8%	21.9%	22.8%	2.7%	25.5%	25.6%	3.6%	29.2%
Cash	2.9%	2.9%	5.7%	4.1%	3.7%	7.8%	5.3%	4.5%	9.8%	6.5%	5.3%	11.8%
Other	2.1%	0.0%	2.1%	1.4%	1.1%	2.5%	0.7%	2.1%	2.8%	0.0%	3.2%	3.2%
Total	72.2%	27.8%	100.0%	72.2%	27.8%	100.0%	72.2%	27.8%	100.0%	72.2%	27.8%	100.0%

IMPORTANT NOTES

- 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.
- The Acumen umbrella funds' default strategy portfolios were officially opened in 2019. The performance and risk statistics on this fact sheet therefore reflect the historic performance of the underlying managers (using the average of those underlying portfolios that were operational at the time). Where applicable, performance is measured to the effective fact sheet date. The risk statistics are measured over a 15-year period.
- Reflects the estimated combined basic investment fees of the underlying managers. Some of the underlying portfolios include performance fee structures. The actual costs incurred in respect of these fees will be included if/when such charges have been incurred.

INVESTMENT CHARGES ³

Growth	0.82%
Transition 1	0.99%
Transition 2	1.16%
Protection	1.33%