ADAGIO FUND

QUARTERLY FACT SHEET AS AT 30 SEPTEMBER 2022

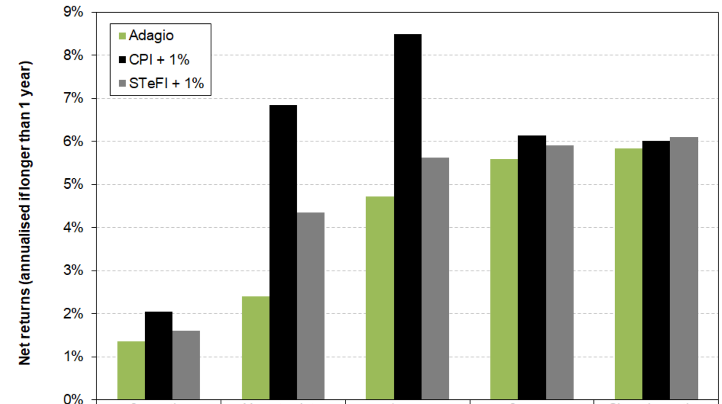
The Adagio Fund invests in a range of local and foreign asset classes, including equities, listed property, bonds and cash. The management of the assets are outsourced to professional investment managers that have been given full discretion to allocate capital between (and within) these asset classes 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:	Adagio (/əˈdɑː(d)ʒɪəʊ/, meaning at ease, or slow)		HIGH MED **LOW**
Objective:	To provide a consistent, but typically lower, level of investment growth over the short term.	**Risk profile & suitability:**	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.
Fund characteristics:	Given the fund's objective of providing consistent returns, the majority of the portfolio's assets will be invested in relatively stable asset classes such as bonds and cash. Where appropriate opportunities arise, the managers may invest a small portion of the portfolio's assets in equities (<10%) or listed property (<25%). The Adagio Fund has been designed to fulfil a similar role as a typical money market fund, but is expected to have a higher and slightly more volatile return profile. Although the fund is expected to display a very high degree of capital stability, on very rare occasions a month's return may dip below zero by a small margin.		
Return target:	Aims to achieve a net return of 1-2% a year above inflation over the short term (i.e., one to three years).	**Benchmark:**	Cash (STeFI composite) + 1%
Total Investment Charges (TIC):	0.55%	**Inception date:**	1 July 2019

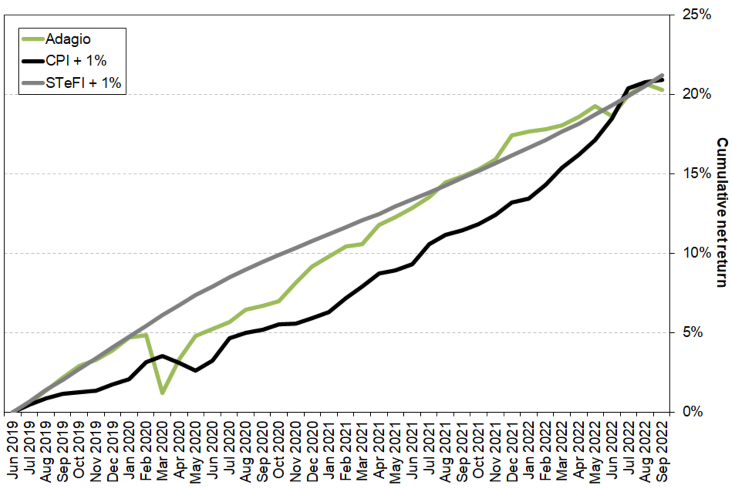
PERFORMANCE

NET RETURNS



	3 months	Year-to-date	1 year	3 years	Since inception
Adagio	1.4%	2.4%	4.7%	5.6%	5.8%
CPI + 1%	2.1%	6.8%	8.5%	6.1%	6.0%
STeFI + 1%	1.6%	4.3%	5.6%	5.9%	6.1%

CUMULATIVE NET RETURNS



MONTHLY NET RETURNS

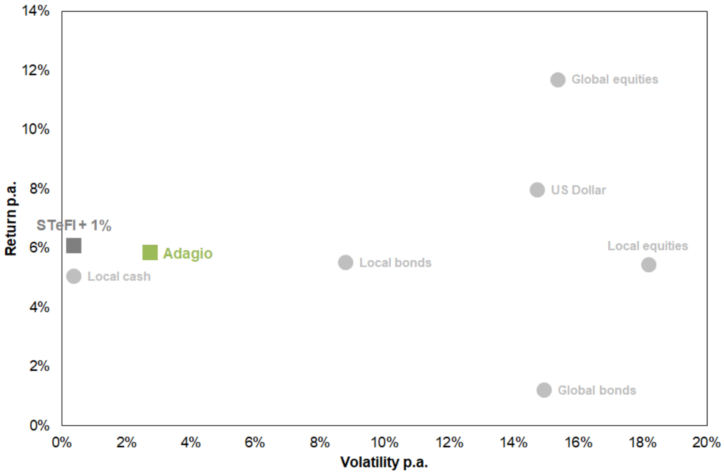
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Benchmark
2019							0.6%	0.8%	0.8%	0.7%	0.4%	0.6%	**3.9%**	**4.1%**
2020	0.8%	0.1%	-3.4%	2.1%	1.4%	0.4%	0.4%	0.7%	0.2%	0.3%	1.1%	1.0%	**5.1%**	**6.4%**
2021	0.6%	0.6%	0.1%	1.1%	0.4%	0.5%	0.6%	0.8%	0.3%	0.4%	0.6%	1.3%	**7.6%**	**4.8%**
2022	0.2%	0.1%	0.2%	0.5%	0.6%	-0.5%	1.1%	0.6%	-0.3%				**2.4%**	**4.3%**

Acumen Preservation Pension Fund Acumen Retirement Annuity Fund Acumen Preservation Provident Fund

Robson • Savage

RISK

VOLATILITY VS RETURN



ASSET ALLOCATION

Asset class	Local	Foreign	Total
Equities	1.8%	0.0%	**1.8%**
Property	2.0%	0.2%	**2.2%**
Bonds	64.3%	14.5%	**78.8%**
Cash	17.9%	1.3%	**19.2%**
Other	-1.9%	0.0%	**-1.9%**
Total	**84.0%**	**16.0%**	**100.0%**

RISK

Risk statistic	Adagio	STeFI + 1%
Volatility	2.7%	0.4%
% negative months	7.7%	0.0%
Largest monthly loss	-3.4%	0.0%
Largest cumulative loss	-3.4%	0.0%

UNDERLYING PORTFOLIO ALLOCATION

Portfolio	Strategic allocation	Current allocation
Coronation Strategic Income	33.3%	32.7%
Nedgroup Flexible Income	33.3%	33.9%
Prescient Income Provider	33.4%	33.3%

COMMENTARY

The markets

2022 Q3 was another exceptionally volatile quarter, as markets continued to worry about stubbornly high inflation rates and the aggressive reactions from global central banks. Thankfully it ended up being a less harrowing experience than the previous quarter, with most asset classes showing some improvement on Q2. Local equities ended the quarter 2% in the red (-11% in Q2), while local bonds eked out a gain of 0.6% in Q3 (-4% in Q2). On global markets equities and bonds stayed in negative territory in Q3 with USD returns of -7% and -8%, respectively (compared to losses of 16% and 9% in Q2). The Rand (and most other currencies for that matter) did however have a terrible quarter against the US Dollar, which at least provided local investors with positive ZAR returns of 3.5% and 2.6% from their global equity and bond investments. After many ups and downs the average balanced fund ended 2022 Q3 marginally down (-0.1%).

With very little change in Q3, and most asset classes still in negative territory year-to-date (YTD), the average balanced fund's YTD loss therefore remains at around 6-7%.

1-year returns have fallen dramatically from the double-digit levels reached in 2021 and early-2022 and are now barely positive for the average balanced fund (<1%), caused by a combination of losses on global markets (equities = -5% & bonds = -7%) and quite low returns locally (equities & bonds = +1 to +3%).

Over the medium term (i.e., 3 to 10 years) the situation looks a bit better, with average returns ranging between 5 and 9% per annum (p.a.), despite the market crash in 2020 and the many other issues we've faced over this period (a stagnant economy, political uncertainty, a global pandemic, and a war, to name just a few). With inflation averaging around 5% p.a., this does unfortunately mean that very few retirement funds have been able to meet their real return targets over these periods.

Long term investors should however still be smiling, with real returns of 5-6% p.a. having been achieved by the average balanced fund over the last 20 years.

Although returns over the short to medium term have taken a knock, market valuations have become considerably more attractive over the course of the year (especially on local markets), which usually bodes well for *prospective* (medium to long term) returns. That being said, we should remember that valuations have virtually no predictive power over the short term, so some patience will likely be required.

Your portfolio

The Adagio portfolio (+1.4%) outperformed bonds (+0.6%) and cash (+1.3%) in Q3. Similarly, over the last year Adagio returned +4.7%, compared to +1.5% and +4.6% from bonds and cash, respectively.

Adagio's relatively stable but cash-beating return profile continues to make it an attractive option for short term income and capital preservation needs, with a high probability of outperforming typical money market portfolios over most periods.