VIVACE FUND

QUARTERLY FACT SHEET AS AT 30 SEPTEMBER 2022

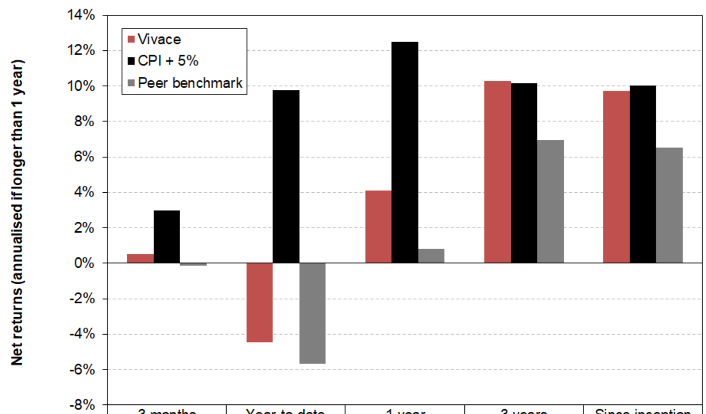
The Vivace Fund invests in a range of local and foreign asset classes, including equities, listed property, bonds and cash. The management of the assets are outsourced to professional investment managers that have been given full discretion to allocate capital between (and within) these asset classes 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:	**Vivace** (/vɪˈvɑːtʃeɪ/, meaning lively, or brisk)		**HIGH** · MED · LOW
Objective:	To maximise investment growth over the long term.	**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 an investment horizon of more than five years; • Have low and/or flexible drawdown requirements; • Have assets outside of the fund; • Want to house long term capital in a bucket strategy.
Fund characteristics:	Given the fund's objective of maximising returns, the portfolio will usually have a high exposure to equities (up to the regulatory limit of 75%). While the performance of the Vivace Fund is expected to be the highest of the annuity strategy suite of portfolios over the long term, returns can be very volatile over the short term, with the possibility of occasional temporary losses. Some periods where the Vivace Fund underperforms its more conservative counterparts over the short to medium term should therefore be expected.		
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).	**Peer benchmark:**	Median of the Alexander Forbes Global Best Investment View survey
Total Investment Charges (TIC):	1.15%	**Inception date:**	1 July 2019

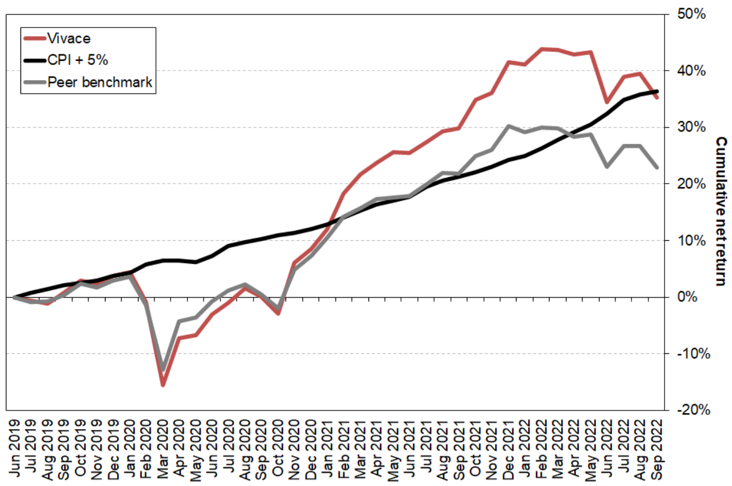
PERFORMANCE

NET RETURNS



	3 months	Year-to-date	1 year	3 years	Since inception
Vivace	0.5%	-4.5%	4.1%	10.3%	9.7%
CPI + 5%	3.0%	9.8%	12.5%	10.1%	10.0%
Peer benchmark	-0.1%	-5.7%	0.8%	7.0%	6.5%

CUMULATIVE NET RETURNS

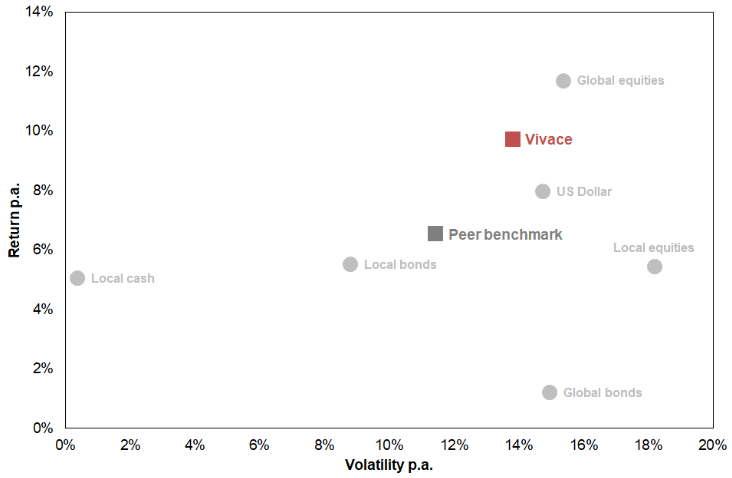


MONTHLY NET RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Peer benchmark
2019							-0.5%	-0.6%	1.9%	2.2%	-0.6%	1.3%	**3.7%**	**2.9%**
2020	0.7%	-5.2%	-14.7%	9.8%	0.5%	4.0%	2.2%	2.5%	-1.4%	-3.0%	9.2%	2.3%	**4.6%**	**4.3%**
2021	3.2%	5.6%	2.9%	1.7%	1.6%	-0.1%	1.5%	1.5%	0.5%	3.8%	1.0%	4.0%	**30.5%**	**21.4%**
2022	-0.3%	1.9%	-0.1%	-0.6%	0.3%	-6.1%	3.3%	0.4%	-3.1%				**-4.5%**	**-5.7%**

RISK

VOLATILITY VS RETURN



ASSET ALLOCATION

Asset class	Local	Foreign	Total
Equities	43.3%	25.9%	**69.2%**
Property	2.8%	0.8%	**3.6%**
Bonds	21.4%	2.6%	**24.0%**
Cash	1.7%	1.5%	**3.2%**
Other	0.1%	0.0%	**0.1%**
Total	**69.3%**	**30.7%**	**100.0%**

RISK

Risk statistic	Vivace	Peer benchmark
Volatility	13.8%	11.4%
% negative months	33.3%	30.8%
Largest monthly loss	-14.7%	-11.6%
Largest cumulative loss	-19.1%	-14.9%

UNDERLYING PORTFOLIO ALLOCATION

Portfolio	Strategic allocation	Current allocation
Abax Balanced	20.0%	20.2%
Aylett Balanced	20.0%	21.1%
Coronation Managed	20.0%	19.1%
Ninety One Balanced	20.0%	18.5%
PSG Balanced	20.0%	21.2%

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 Vivace portfolio did well by protecting capital in 2022 Q3 (+0.5%), and beating the peer benchmark by a small margin. Aylett (+2.1%) and Coronation (+0.8%) contributed the most, while Ninety One (+0.1%) and PSG (+0.2%) made small gains and Abax (-0.6%) suffered a small loss.

YTD Vivace remains in negative territory (-4.5%), but thanks to Abax (-3.8%), Aylett (-2.6%) and PSG (-2.7%) has been an above-average performer in 2022 (peer benchmark = -5.7%).

Over the last year Vivace delivered a return of +4.1%. While this is admittedly quite low in absolute terms, it's more than 3% ahead of the peer benchmark.

Vivace's 3-year return now stands at +10.3% p.a., making it one of only a few balanced funds able to deliver a real return of more than 5% p.a. during a period which includes not only 2022's correction, but the Covid crash as well.

It has now been 39 months since the inception of the Vivace strategy. Over this period all of its underlying managers have outperformed, while Aylett (+13.1% p.a.) even managed to deliver a double-digit return during these difficult times. This puts Vivace more than 3% p.a. ahead of the peer benchmark since

COMMENTARY (CONT'D)

inception, and only marginally behind its real return target.

Please see below for further commentary on Vivace's underlying portfolios.

Abax

After nine consecutive quarters of outperformance, Abax marginally underperformed in 2022 Q3 (-0.6% vs a loss of 0.1% from the peer benchmark). Over this period Abax's underperformance in the local equity market marginally overshadowed their outperformance on the global side.

Over the last year (+6.6%) Abax has done very well in relative terms, outperforming the peer benchmark by around 6%. Contributors to their relative returns include outperformance from their local stock picks, good results from their hybrid securities (convertible bonds, autocalls, preference shares) and some de-risking before the market sell-offs earlier this year. Their global stock picks were a marginal detractor from relative returns.

Abax has been one of the market's top performers over the last 3 years, with their return of +10.4% p.a. being more than 3% p.a. ahead of the peer benchmark.

Aylett

After a tough Q2 Aylett's performance bounced back nicely, with a return of +2.1% in Q3. Over this period Aylett's fairly large cash position and some outperformance within the local equity component were the main contributors from a relative point of view.

Over the last year (+8.1%) Aylett has done very well in absolute and relative terms, outperforming the peer benchmark by almost 8%. Over this period Aylett's local and global stock picks were the main contributors.

Over the last three years Aylett remains one of the top-performing balanced funds in the country, with their return of +13.8% p.a. being about 7% p.a. higher than the average portfolio in their category.

Coronation

Coronation (+0.8%) managed to outperform by nearly 1% in 2022 Q3, with their global stock picks contributing the most in absolute and relative terms. Despite the short-term turnaround, this portion of the portfolio remains responsible for Coronation's average performance over the last year (0%), where quite steep underperformance in their global stock picks was offset by their below-average offshore exposure and outperformance in the local market.

Coronation's medium to longer term returns remain competitive, with outperformance of the peer benchmark by an average of around 1-2% p.a. across the various periods.

Ninety One

Ninety One traded mostly flat (+0.1%) and therefore in line with the peer benchmark in 2022 Q3, with no part of the portfolio making any outsized absolute or relative contributions to the quarter's result.

Over the last year (+0.7%) they've also performed in line with their peers, but they remain 1-2% p.a. ahead of the peer benchmark over the medium to long term.

PSG

PSG had a flattish quarter (+0.2%), with their offshore stock picks detracting from their positive returns (and hence outperformance) on the local equity market.

YTD (-2.7%) and over the last year (+5.0%) PSG has done well in relative terms, outperforming the peer benchmark by around 3-5%. Over these periods PSG's security selection on the equity side was the main contributor, with their local and global stock picks outperforming the market by fairly large margins.

Over the last 3 years, which has been an exceptionally difficult period, PSG has returned +10.6% p.a., providing a real return of 5.5% p.a. and outperforming the peer benchmark by almost 4% p.a.