

ADAGIO FUND

QUARTERLY FACT SHEET AS AT 31 DECEMBER 2022

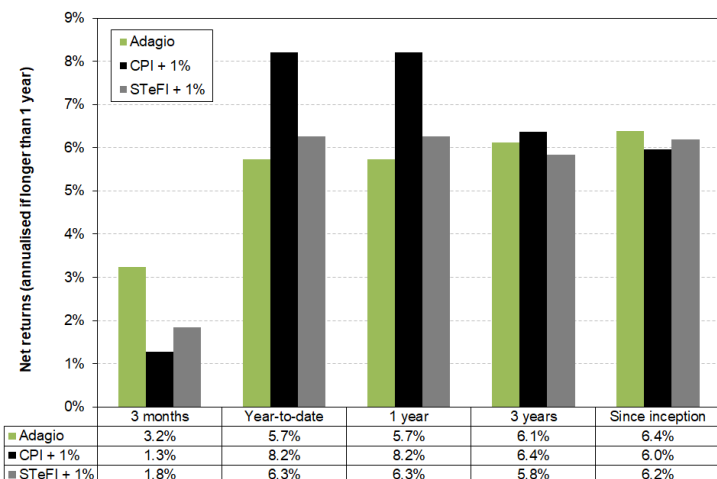
The Adagio Fund invests in a range of local and foreign asset classes, including equities, listed property, bonds and cash. The management of the assets are outsourced to professional investment managers that have been given full discretion to allocate capital between (and within) these asset classes 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

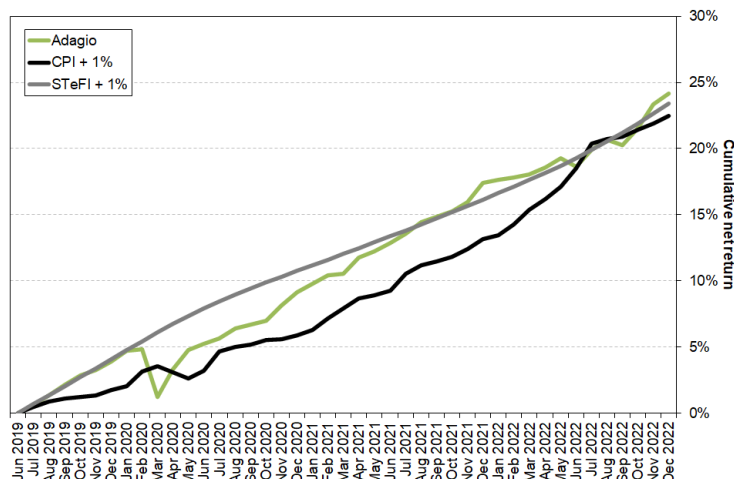
FUND:	Adagio (/ə'dɑ:(d)ʒiəʊ/, meaning at ease, or slow)	HIGH	MED	LOW
Objective:	To provide a consistent, but typically lower, level of investment growth over the short term. Given the fund's objective of providing consistent returns, the majority of the portfolio's assets will be invested in relatively 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%).	Has a low risk profile, and is typically suitable for members who: <ul style="list-style-type: none"> 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:	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.	Risk profile & suitability:		
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):	0.54%	Inception date: 1 July 2019		

PERFORMANCE

NET RETURNS



CUMULATIVE NET RETURNS

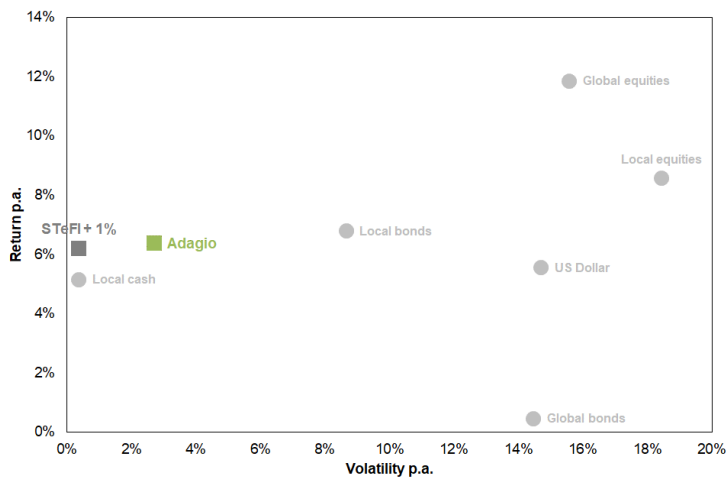


MONTHLY NET RETURNS

	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%	1.1%	1.4%	0.7%	5.7%	6.3%

RISK

ASSET ALLOCATION

VOLATILITY VS RETURN ¹


Asset class

Local

Foreign

Total

Equities

1.5%

0.0%

1.5%

Property

2.1%

0.2%

2.3%

Bonds

63.9%

14.0%

77.9%

Cash

17.6%

2.5%

20.1%

Other

-1.9%

0.0%

-1.9%

Total

83.2%

16.8%

100.0%

RISK

UNDERLYING PORTFOLIO ALLOCATION

Risk statistic ¹	Adagio	STeFI + 1%	Portfolio	Strategic allocation	Current allocation
Volatility	2.7%	0.4%	Coronation Strategic Income	33.3%	32.8%
% negative months	7.1%	0.0%	Nedgroup Flexible Income	33.3%	33.9%
Largest monthly loss	-3.4%	0.0%	Prescient Income Provider	33.4%	33.3%
Largest cumulative loss	-3.4%	0.0%			

NOTES

1. Since inception.

COMMENTARY

The markets

After 2021's bonanza 2022 turned out to be a low-return year, as global markets buckled under the pressure of aggressive interest rate hikes amid multi-decade-high inflation numbers. In this environment steep losses on global markets (equities & bonds = -13%) largely offset the small gains eked out by our local ones (equities & bonds = +4%), with the average balanced fund ending the year basically unchanged (-1% to +1% depending on the benchmark used), compared to the +/-20% gains of 2021.

It could have been much worse, however, were it not for the healthy inflation-moderating- and China-reopening-driven returns of 2022 Q4. In this strong end to a difficult year local equities enjoyed double-digit gains (ALSI = +15% & Capped SWIX = +12%) and local bonds returned a solid +6%. At the same time a sharply appreciating Rand (+6% against the US Dollar) eroded most of the almost as-strong USD returns from the global equity and bond markets (+3% and -2%, in ZAR, respectively). The average balanced fund thus returned +7% in Q4, largely erasing its earlier losses.

It has certainly been a tumultuous last three years, with a pandemic, lockdowns, a war and rising inflation and interest rates causing a lot of volatility on global markets. Despite this very tough backdrop the average balanced fund has returned +8 to +9% p.a. over this period, comfortably ahead of cash (+4.8% p.a.) and inflation (+5.4% p.a.).

Your portfolio

The Adagio portfolio produced a solid return of +3.2% in 2022 Q4. Over the last year Adagio returned +5.7%, compared to +5.2% and +4.3% from cash and bonds, 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.