MODERATO FUND

QUARTERLY FACT SHEET AS AT 31 DECEMBER 2022

The Moderato Fund invests in a range of local and foreign asset classes, including equities, listed property, bonds and cash. The management of the assets is outsourced to a professional investment manager that has 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 manager themselves, or as separate building blocks.

GENERAL FUND INFORMATION

FUND:	Moderato (/ˌmɒdəˈrɑːtəʊ/, meaning at a moderate pace)		HIGH	MED	LOW

Objective: To provide moderate levels of investment growth over the medium term, while preserving capital at all times [1].

Fund characteristics: The Moderato Fund is invested in a smoothed bonus portfolio.

Investment returns are smoothed by way of monthly, non-negative, bonus declarations [1]. The bonus declarations are based on the returns achieved on the portfolio's underlying investments, but some returns are set aside during periods of strong market growth in order to boost returns during periods of weaker performance.

The underlying manager also offers a capital guarantee [1] (so members will never get less out than what they put in), but the fees of this portfolio are higher than that of normal market-linked portfolios as a result.

Risk profile & suitability: 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 [2];
  - Want to lessen the risk of investing in or disinvesting from the market at the wrong time.

Return target: Aims to achieve a net return of 3-4% a year above inflation over the medium term (i.e., three to five years).

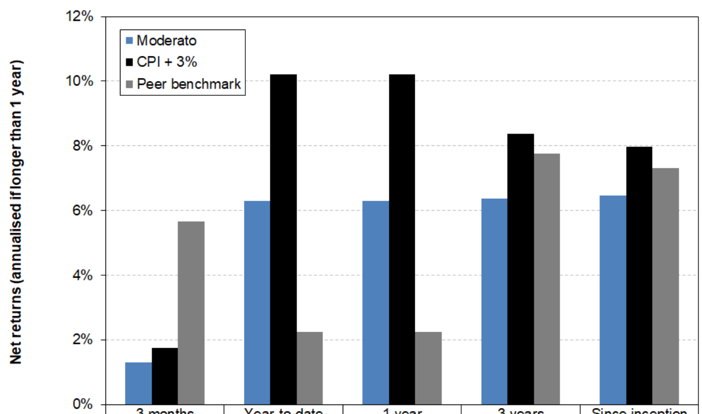
Peer benchmark: Median of the Alexander Forbes Global Conservative survey

Total Investment Charges (TIC): 1.43%

Inception date: 1 July 2019

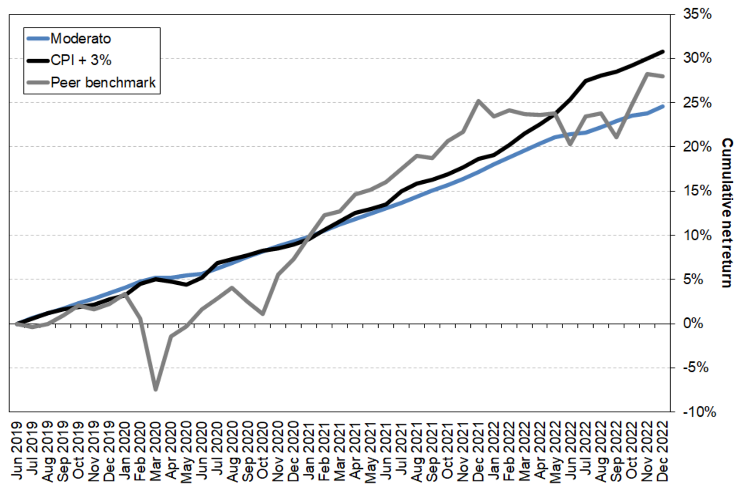
PERFORMANCE

NET RETURNS



	3 months	Year-to-date	1 year	3 years	Since inception
Moderato	1.3%	6.3%	6.3%	6.4%	6.5%
CPI + 3%	1.8%	10.2%	10.2%	8.4%	8.0%
Peer benchmark	5.7%	2.2%	2.2%	7.8%	7.3%

CUMULATIVE NET RETURNS

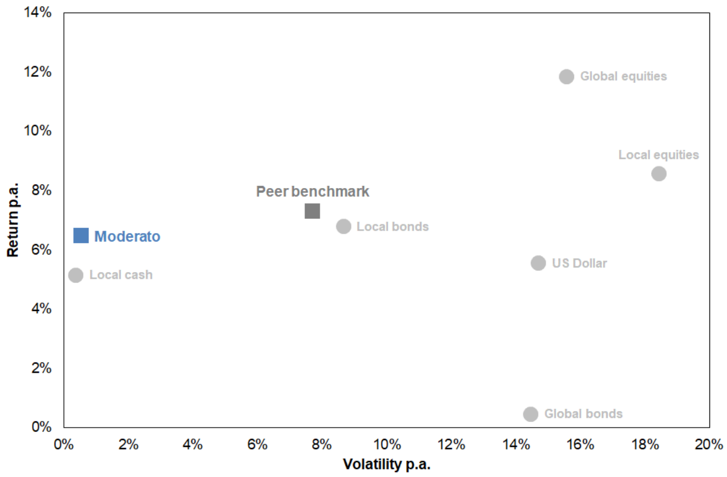


MONTHLY NET RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Peer benchmark
2019							0.6%	0.5%	0.5%	0.6%	0.6%	0.6%	**3.5%**	**2.3%**
2020	0.6%	0.6%	0.4%	0.0%	0.2%	0.2%	0.5%	0.6%	0.6%	0.5%	0.6%	0.5%	**5.6%**	**4.9%**
2021	0.5%	0.6%	0.7%	0.6%	0.6%	0.5%	0.5%	0.6%	0.6%	0.5%	0.6%	0.7%	**7.2%**	**16.6%**
2022	0.7%	0.7%	0.7%	0.6%	0.6%	0.3%	0.2%	0.5%	0.6%	0.5%	0.2%	0.6%	**6.3%**	**2.2%**

RISK

VOLATILITY VS RETURN [3]



ASSET ALLOCATION

Asset class	Local	Foreign	Total
Equities	31.1%	19.2%	50.3%
Property	6.9%	2.3%	9.2%
Bonds	25.7%	1.0%	26.7%
Cash	6.6%	3.0%	9.6%
Other	0.0%	4.2%	4.2%
Total	**70.3%**	**29.7%**	**100.0%**

RISK

Risk statistic [3]	Moderato	Peer benchmark
Volatility	0.5%	7.7%
% negative months	0.0%	31.0%
Largest monthly loss	0.0%	-8.0%
Largest cumulative loss	0.0%	-10.4%

UNDERLYING PORTFOLIO ALLOCATION

Portfolio	Strategic allocation	Current allocation
Sanlam Stable Bonus	100.0%	100.0%

IMPORTANT NOTES

1. A bonus, which consists of a vesting and non-vesting component is declared monthly in advance. Bonuses cannot be negative.
2. The book value is the net contributions accumulated at the bonus rates. The market value is the value of the portfolio's underlying assets. The book value is the value that is guaranteed to be paid out for benefit payments (death, disability, resignation, retrenchment, retirement and pension payments) regardless of market conditions. **The lower of book or market value will however be paid out for switches.**
3. 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

Sanlam declared bonusses totalling +1.3% for the quarter, bringing its 1-year return to +6.3%. This means that the Stable Bonus portfolio outperformed cash as well as most of its market-linked peers in 2022. Despite a tough year for the markets the portfolio starts 2023 off in a fully funded position, which bodes well for future returns if markets do well, but also ensures some protection should markets fall.