Acumen Provident Fund

Robson • Savage

Acumen Umbrella Pension Fund

Robson • Savage

DEFAULT GROWTH PORTFOLIO

QUARTERLY FACT SHEET AS AT 31 DECEMBER 2022

The Default Growth Portfolio 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 PORTFOLIO INFORMATION

PORTFOLIO:	Default Growth		HIGH	MED	LOW

Objective: To maximise investment growth over the long term.

Portfolio characteristics:

Given the portfolio's objective of maximising returns, it will usually have a high exposure to equities (up to the regulatory limit of 75%).

While the performance of the Default Growth Portfolio is expected to be the higher than the Default Protection Portfolio over the long term, returns can be very volatile over the short term, with the possibility of occasional temporary losses.

Some periods where the Default Growth Portfolio underperforms the Default Protection Portfolio 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 (CPI) over the long term (i.e., more than five years).

Total Investment Charges (TIC): 1.26%

Risk profile & suitability: Has a moderate to high risk profile, and is typically suitable for members who:

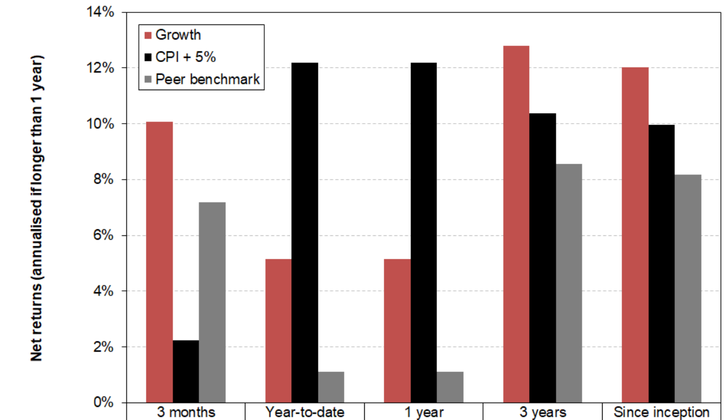
- Are seeking high levels of investment growth;
- Can tolerate the associated high levels of volatility;
- Have an investment horizon of more than five years.

Peer benchmark: Median of the Alexander Forbes Global Best Investment View survey

Inception date: 1 July 2019

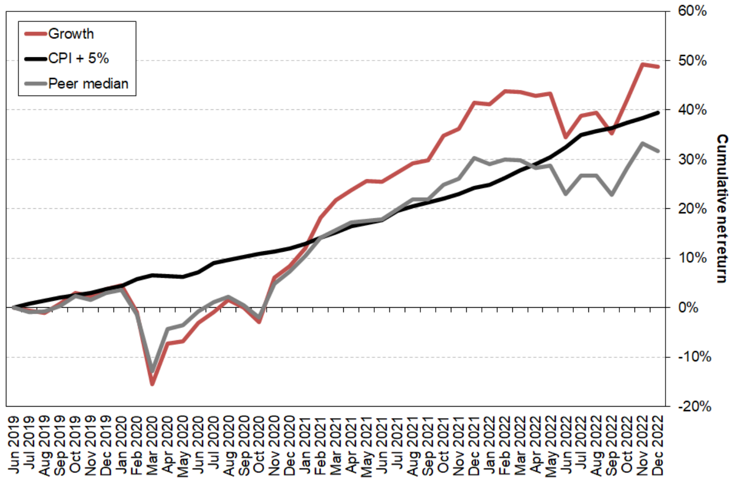
PERFORMANCE

NET RETURNS



	3 months	Year-to-date	1 year	3 years	Since inception
Growth	10.1%	5.2%	5.2%	12.8%	12.0%
CPI + 5%	2.2%	12.2%	12.2%	10.4%	10.0%
Peer benchmark	7.2%	1.1%	1.1%	8.6%	8.2%

CUMULATIVE NET RETURNS

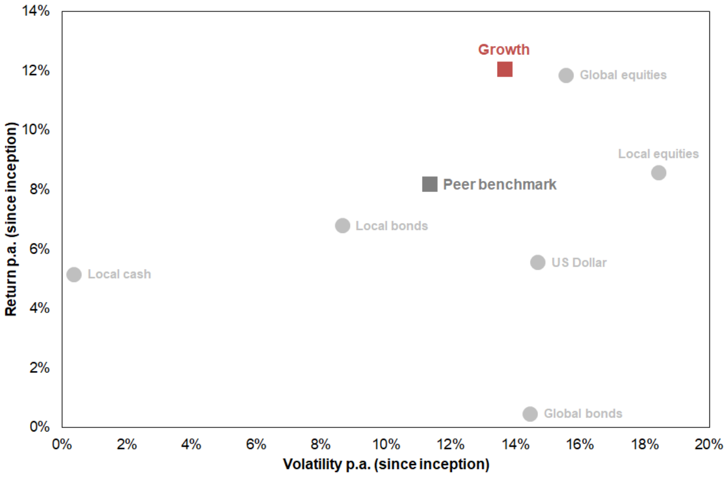


MONTHLY NET RETURNS

	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%	5.1%	5.0%	-0.3%	**5.2%**	**1.1%**

RISK

VOLATILITY VS RETURN [1]



ASSET ALLOCATION

Asset class	Local	Foreign	Total
Equities	40.8%	26.6%	67.4%
Property	2.3%	0.6%	2.9%
Bonds	22.1%	2.9%	25.0%
Cash	1.5%	2.2%	3.6%
Other	1.0%	0.0%	1.0%
Total	**67.7%**	**32.4%**	**100.0%**

RISK

Risk statistic [1]	Default Growth	Peer benchmark
Volatility	13.7%	11.4%
% negative months	33.3%	31.0%
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%	21.3%
Coronation Managed	20.0%	19.1%
Ninety One Balanced	20.0%	18.2%
PSG Balanced	20.0%	21.2%

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 Default Growth portfolio participated in the strong market gains of 2022 Q4, delivering a solid return of +10.1% for the quarter, and beating the peer benchmark by nearly 3%.

Despite a strong finish Default Growth was unfortunately not immune to the low-to-negative returns on offer from the markets in 2022, but thanks to Abax (+6.6%), Aylett (+6.6%) and PSG (+10.1%) managed to deliver a good *relative* return (+5.2%) for the year. This was around 4% ahead of the peer benchmark, and ahead of all of the major asset class returns.

Over the harrowing 3-year period Default Growth has also done remarkably well by not only delivering a double-digit gain of 12.8% p.a., but also outperforming inflation by more than 7% p.a. and the peer benchmark by more than 4% p.a.

It has now been three and a half years since the inception of the Default Growth strategy. Over this period all of its underlying managers have outperformed the peer benchmark, while all of the managers, with the exception of Ninety One, managed to deliver double-digit returns. This puts Default Growth around 4% p.a. ahead of the peer benchmark and 2% p.a. ahead of its real return target since inception.

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

<u>Abax</u>

Abax enjoyed a very good quarter (+10.9%), pushing its return for 2022 into positive territory (+6.6%) and more than 6% ahead of the peer benchmark. The

COMMENTARY (CONT'D)

major contributors for the year include Abax's holdings in energy, tobacco and banking stocks, their exposure to local bonds, as well as a relatively low offshore weighting before the worst of the global market losses earlier in the year.

Abax has been one of the market's top performers since the inception of the Default Growth strategy 42 months ago, with their return of +12.1% p.a. being almost 4% p.a. ahead of the market benchmarks.

Aylett

Aylett delivered a solid return of +9.4% in Q4, and managed to end the year 6.6% up, comfortably ahead of the peer benchmark. Over this period Aylett's local and global stock picks were the main contributors.

Over the last 42 months Aylett has been the top-performing balanced fund in the country, with their return of +15.1% p.a. being almost 7% p.a. higher than the average portfolio in its category.

Coronation

After a period of underperformance Coronation had a good quarter (+9.2%) in absolute and relative terms (the peer benchmark returned +7.2%). This means that they ended 2022 with a return of +2.0% which, although low, is around 1% ahead of the peer benchmark. In 2022 Coronation added value in local equities (+9% vs +4% from the market) and by having a below-average offshore weighting. The latter was however partially offset by underperformance from Coronation's global stock picks.

2022's result means that Coronation's longer term track record of outperformance (i.e., 1-3% p.a. ahead of the peer benchmark) remains intact.

Ninety One

Ninety One ended an unremarkable year (+0.1%) with a decent quarter (+7.4%). In 2022 none of the portfolio's major components made any outsized absolute or relative contributions to the year's result, but their longer term track record of outperformance (i.e., 1-2% p.a. ahead of the peer benchmark) remains intact.

PSG

PSG was the best performing balanced fund in the country in 2022 Q4, delivering a stellar return of +13.2%, and beating the peer benchmark by 6%. Over this period their global stocks were the main contributor in relative and absolute terms, delivering a return of +17%, compared to just +3% from the market.

PSG was one of only a handful of balanced funds able to end 2022 with a double-digit gain (+10.1%), which put their performance a solid 9% ahead of the peer benchmark. Over this period stock picking was the major contributor. On the local side PSG's stocks delivered +14%, beating the index by 10%. PSG's global stock picks delivered a similar result (+14%), but is even more remarkable considering the fact the global stocks in general fell by 13% in 2022 (PSG's global equity fund was also the country's best-performing global equity fund in 2022).

Over the last 42 months, which has been an exceptionally difficult period, PSG has returned +12.4% p.a., providing a real return of 7.4% p.a. and outperforming the peer benchmark by 4.2% p.a.