ADAGIO FUND

QUARTERLY FACT SHEET AS AT 30 JUNE 2023

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.

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.

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.

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).

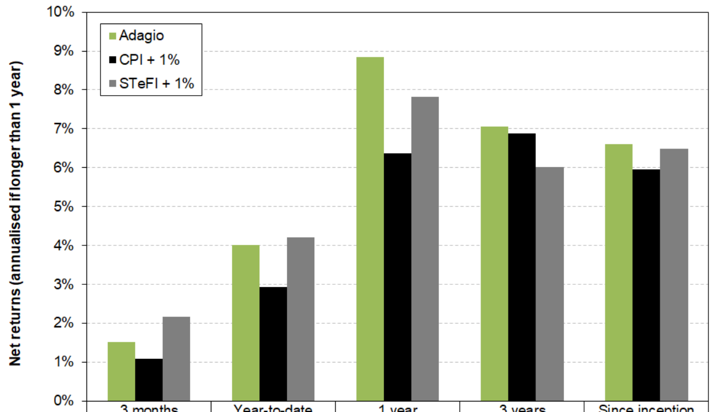
Benchmark: Cash (STeFI composite) + 1%

Total Investment Charges (TIC): 0.58%

Inception date: 1 July 2019

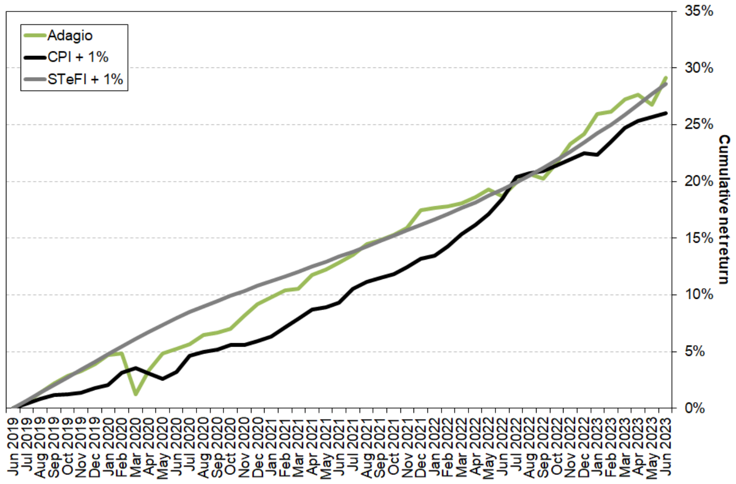
PERFORMANCE

NET RETURNS



	3 months	Year-to-date	1 year	3 years	Since inception
Adagio	1.5%	4.0%	8.8%	7.1%	6.6%
CPI + 1%	1.1%	2.9%	6.4%	6.9%	6.0%
STeFI + 1%	2.2%	4.2%	7.8%	6.0%	6.5%

CUMULATIVE NET RETURNS

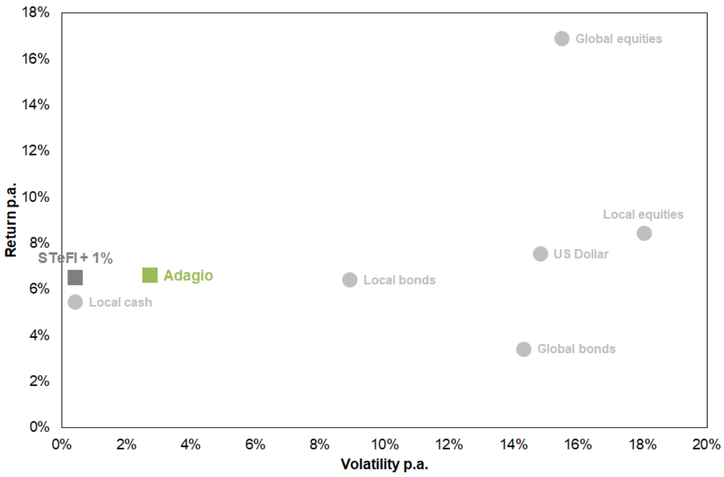


MONTHLY NET RETURNS

	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%**
2023	1.5%	0.2%	0.8%	0.4%	-0.7%	1.9%							**4.0%**	**4.2%**

RISK

VOLATILITY VS RETURN [1]



ASSET ALLOCATION

Asset class	Local	Foreign	Total
Equities	1.5%	0.0%	**1.5%**
Property	1.7%	0.2%	**1.9%**
Bonds	61.1%	13.9%	**75.0%**
Cash	22.0%	0.9%	**22.9%**
Other	-1.2%	0.0%	**-1.2%**
Total	**85.0%**	**15.0%**	**100.0%**

RISK

Risk statistic [1]	Adagio	STeFI + 1%
Volatility	2.7%	0.4%
% negative months	8.3%	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%	32.6%
Nedgroup Flexible Income	33.3%	34.3%
Prescient Income Provider	33.4%	33.1%

NOTES

1. Since inception.

COMMENTARY

The markets

2023 Q2 was a difficult quarter, as loadshedding and our government's foreign diplomacy blunders put local markets under pressure. Local equities still managed to end the quarter marginally up (ALSI = +0.7% and Capped SWIX = +1.2%), but local bonds fell by 1.5% and the rand depreciated by a further 5.9% against the US dollar (USD). Global markets were mixed, with equities enjoying another strong quarter (+6.2% in USD), while bonds suffered a USD loss of 1.8%. With the weak rand the local currency returns from offshore were strong though (+12.5% and +4.0%, respectively), resulting in a decent return of approximately +3% from the average balanced fund.

This means that global markets remain in the lead on a year-to-date (YTD) basis, with double-digit returns of +26.1% and +12.5% from global equities and bonds, respectively (boosted by the rand's 11% depreciation). In a reversal from last year results, local markets have been fairly pedestrian by comparison (ALSI = +5.9%, Capped SWIX = +3.6% and local bonds = +1.8%), but the average balanced fund is sporting a decent YTD return of around +7%, with many managers having recently started to take advantage of the increased regulatory offshore allowance announced last year.

Market returns over the last year have been strong following the lowish base set by 2022 Q2's sell-off (ALSI = +20%, Capped SWIX = +13%, local bonds = +8%, global equities = +35% and global bonds = +13%), resulting in a solid 1-year return of almost +15% from the average balanced fund.

3-year returns have naturally trended lower from last quarter (which were measured from 2020s lows), but with the exception of global bonds (-4% p.a.) remain quite robust (local equities = +16% p.a., local bonds = +8% p.a. and global equities = +14% p.a.), which means that average balanced fund has gained a decent return of around 11-12% p.a. over this period.

Your portfolio

The Adagio portfolio produced a return of +1.5% in 2023 Q2, despite a negative quarter from local bonds (-1.5%). Over the last year Adagio delivered a solid return of +8.8%, compared to +8.2%, +6.8% and +5.4% from bonds, cash and inflation, 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.