ANDANTE FUND

QUARTERLY FACT SHEET AS AT 30 JUNE 2023

The Andante 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.

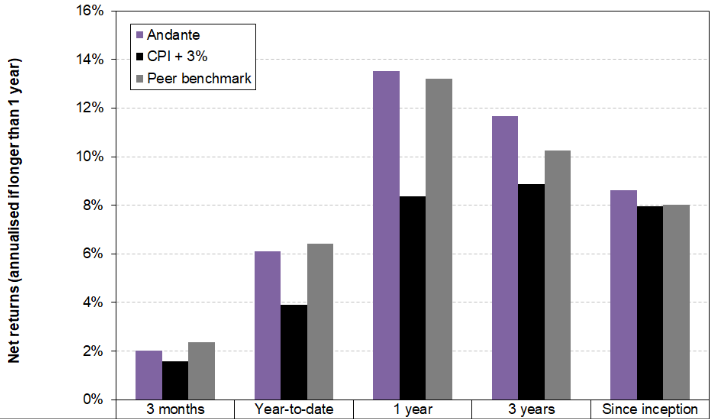
GENERAL FUND INFORMATION

FUND:	**Andante** (/anˈdanteɪ/, meaning moderately slow)		HIGH	**MED**	LOW

Objective:	To provide moderate levels of investment growth over the medium term, while limiting losses over the short term.	**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 a reduced appetite for volatility; • Are unwilling to pay higher fees to guarantee against capital losses; • Want to house medium term capital in a bucket strategy.
Fund characteristics:	Given the fund's dual objectives, the portfolio is expected to have some exposure to equities and listed property (typically not more than 50%) in order to meet its growth objective. To meet its secondary objective the remainder of the portfolio's assets will typically be allocated to more stable asset classes such as bonds and cash. While the Andante Fund is expected to provide inflation-beating returns over the medium term, returns can be somewhat volatile over the short term, with the possibility of occasional, but relatively small, temporary losses.		
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):	0.93%	**Inception date:**	1 July 2019

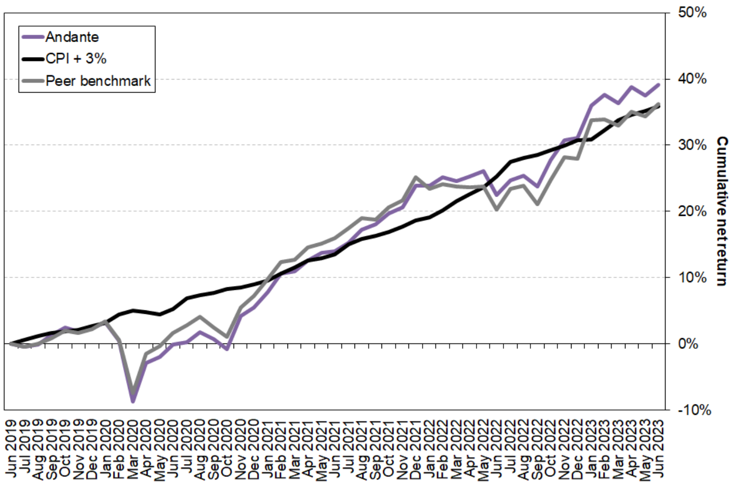
PERFORMANCE

NET RETURNS



	3 months	Year-to-date	1 year	3 years	Since inception
Andante	2.0%	6.1%	13.5%	11.7%	8.6%
CPI + 3%	1.6%	3.9%	8.4%	8.9%	8.0%
Peer benchmark	2.4%	6.4%	13.2%	10.2%	8.0%

CUMULATIVE NET RETURNS

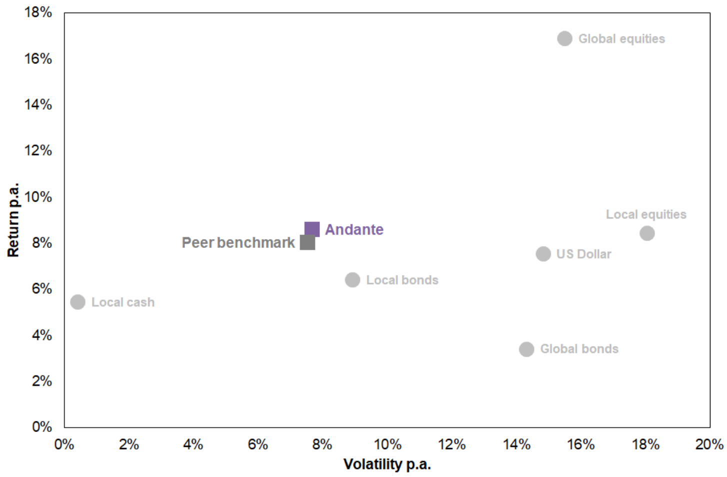


MONTHLY NET RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Peer benchmark
2019							-0.4%	0.4%	1.3%	1.3%	-0.6%	0.4%	**2.3%**	**2.3%**
2020	0.9%	-2.7%	-9.2%	6.3%	1.0%	1.9%	0.4%	1.5%	-1.1%	-1.5%	5.0%	1.2%	**3.1%**	**4.9%**
2021	2.3%	2.6%	0.4%	1.4%	1.1%	0.2%	1.1%	1.7%	0.8%	1.4%	0.8%	2.7%	**17.5%**	**16.6%**
2022	-0.1%	1.1%	-0.5%	0.5%	0.7%	-2.8%	1.8%	0.5%	-1.3%	3.2%	2.4%	0.3%	**5.8%**	**2.2%**
2023	3.7%	1.1%	-0.9%	1.7%	-0.9%	1.2%							**6.1%**	**6.4%**

RISK

VOLATILITY VS RETURN [1]



ASSET ALLOCATION

Asset class	Local	Foreign	Total
Equities	20.3%	12.1%	**32.4%**
Property	1.7%	0.2%	**1.9%**
Bonds	34.4%	6.9%	**41.3%**
Cash	14.8%	3.1%	**17.9%**
Other	3.0%	3.6%	**6.6%**
Total	**74.2%**	**25.9%**	**100.0%**

RISK

Risk statistic [1]	Andante	Peer benchmark
Volatility	7.7%	7.5%
% negative months	25.0%	31.3%
Largest monthly loss	-9.2%	-8.0%
Largest cumulative loss	-11.6%	-10.4%

UNDERLYING PORTFOLIO ALLOCATION

Portfolio	Strategic allocation	Current allocation
Abax Absolute	25.0%	25.0%
Allan Gray Global Stable	25.0%	25.0%
M&G Global Real Return Plus 5%	25.0%	25.0%
PSG Stable	25.0%	25.0%

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 Andante portfolio had a good quarter, delivering a return of +2.0%, but marginally underperforming the peer benchmark. Over this period Abax (+3.3%) and Allan Gray (+2.6%) outperformed, while M&G (+1.6%) and PSG (+0.5%) detracted on a relative basis.

Over the last year Andante's return benefitted from the low base set in 2022 Q2, with a solid 1-year return of +13.5%, marginally ahead of that of the peer benchmark. Gains were broad-based, with returns of +15.0% from Abax, 12.8% from Allan Gray, +12.6% from M&G and 13.7% from PSG.