DEFAULT GROWTH PORTFOLIO

QUARTERLY FACT SHEET AS AT 30 JUNE 2023

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.

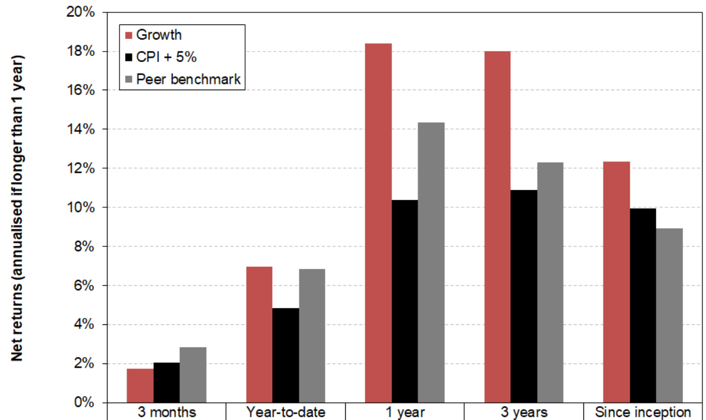
GENERAL PORTFOLIO INFORMATION

PORTFOLIO:	**Default Growth**		**HIGH**	MED	LOW

Objective:	To maximise investment growth over the long term.	**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.
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).	**Peer benchmark:**	Estimated net median of the Alexander Forbes Global Best Investment View survey
Total Investment Charges (TIC):	1.17%	**Inception date:**	1 July 2019

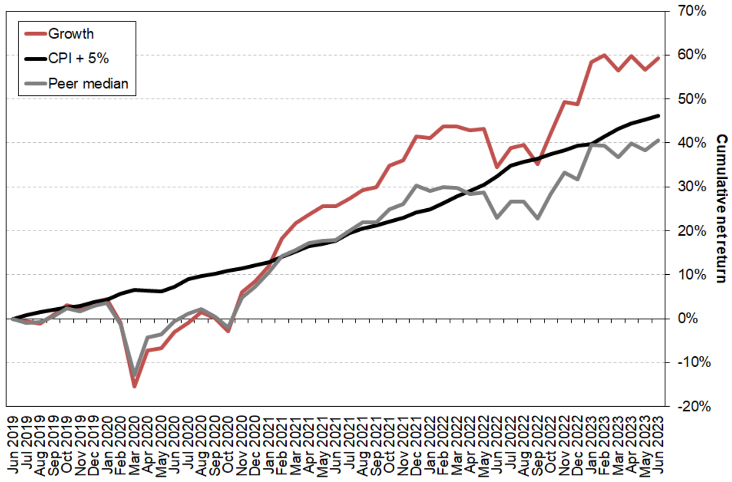
PERFORMANCE

NET RETURNS



	3 months	Year-to-date	1 year	3 years	Since inception
Growth	1.7%	7.0%	18.4%	18.0%	12.3%
CPI + 5%	2.0%	4.8%	10.4%	10.9%	10.0%
Peer benchmark	2.8%	6.8%	14.3%	12.3%	8.9%

CUMULATIVE NET RETURNS

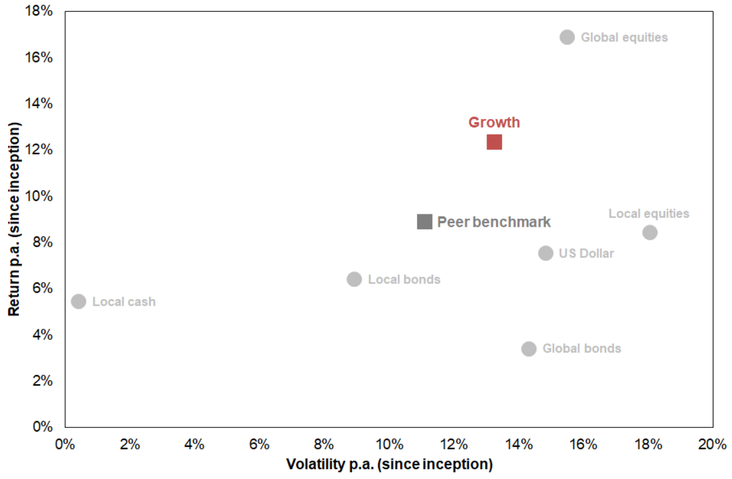


MONTHLY NET RETURNS

	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%**
2023	6.4%	1.0%	-2.1%	2.1%	-2.0%	1.7%							**7.0%**	**6.8%**

RISK

VOLATILITY VS RETURN [1]



ASSET ALLOCATION

Asset class	Local	Foreign	Total
Equities	37.6%	30.1%	67.7%
Property	2.2%	0.1%	2.4%
Bonds	19.7%	5.5%	25.2%
Cash	2.0%	1.5%	3.5%
Other	1.3%	0.0%	1.3%
Total	**62.8%**	**37.2%**	**100.0%**

RISK

Risk statistic [1]	Default Growth	Peer benchmark
Volatility	13.3%	11.1%
% negative months	33.3%	33.3%
Largest monthly loss	-14.7%	-11.6%
Largest cumulative loss	-19.1%	-15.9%

UNDERLYING PORTFOLIO ALLOCATION

Portfolio	Strategic allocation	Current allocation
Abax Balanced	20.0%	21.0%
Aylett Balanced	20.0%	20.3%
Coronation Managed	20.0%	19.4%
Ninety One Balanced	20.0%	18.3%
PSG Balanced	20.0%	21.0%

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 Default Growth portfolio marginally underperformed the peer benchmark in 2023 Q2 (+1.7%), but with a strong Q1 has provided a competitive YTD return of +7%.

Over the last year Default Growth returned a solid +18.4%, outperforming the peer benchmark by around 4%.

As explained above, with a starting point shortly after the market bottom in 2020, 3-year returns are still quite strong. Default Growth has benefitted in absolute and relative terms, delivering a return of +18.0% p.a. This is more than 7% p.a. ahead of the Default Growth's real return target, and compares favourably to the 12.3% p.a. gain produced by the peer benchmark.

The end of 2023 Q2 marked the 4-year anniversary of the Default Growth portfolio, and what an eventful period it's been! We've had a pandemic, lockdowns, record levels of loadshedding, a war, market booms, and market busts, along with the usual litany of own goals scored by our government. It's thus been a tough environment, as evidenced by the mostly single-digit returns produced by local markets. Over this period Default Growth has produced a very competitive return of +12.3% p.a., comfortably outperforming its real return target (+10% p.a.) as well as its peer benchmark (+8.9% p.a.).

COMMENTARY (CONT'D)

In an environment that has changed frequently, and has therefore tested the mettle of even the most experienced investors, it's also been good to see that all five of the strategy's underlying managers have been above-average performers (and importantly, achieved this at different times during the cycle), while four of them have yielded double-digit returns despite the difficult backdrop. The portfolio's top performers over this period have been the strategy's smaller managers, i.e. Aylett (+13.9% p.a.), Abax (+13.6% p.a.) and PSG (+12.7% p.a.).

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

Abax

Abax enjoyed another quarter of outperformance (+4.3%), bring their YTD return to a solid +11.6%, and thereby outperforming the peer benchmark by almost 5%.

Over the last year they've thus been one of the market's top performers, producing a return of +23.1%, compared to a return of 14.3% from the peer benchmark.

The main contributor over these periods has been Abax's offshore positioning, which they have materially increased over the last 12 months, mostly at the expense of local equities.

Abax thus remains one of the market's top performers since the inception of the Default Growth strategy four years ago, with their return of +13.6% p.a. being almost 5% p.a. ahead of the peer benchmark.

Aylett

Aylett had a difficult quarter (+0.2%), which means that they remain an underperformer on a YTD basis (+3.0%). Detractors over this period emanate mostly from the stock picking side, with global underperformance driven by Aylett's underweight to the US and mega-cap tech stocks, while their local equity component got hurt by the precipitous fall in the Transaction Capital share price.

Even though they've been a below-average performer in 2023, they remain marginally ahead of the peer benchmark over the last year (+15.1%), maintain a significant lead over this benchmark over the last three years (+20.9% p.a. vs 12.3% p.a.), and remain the strategy's best performer since inception four years ago (+13.9% p.a. vs +8.9% p.a. from the peer benchmark).

Coronation

Coronation has had a good start to 2023, returning +3.4% in Q2 and +7.9% YTD, compared to returns of approximately +3% and +7% from the peer benchmark.

Over the last year Coronation has returned an impressive +18.7%, which is around 4% ahead of their peers.

This outperformance came mostly from Coronation's management of the portfolio's offshore component, which yielded strong returns in absolute and relative terms, and was further aided by astute asset allocation decisions. From having less than 20% offshore in 2022 H1, Coronation started making meaningful changes in 2022 Q4, upping this number to 30% by the start of this year, and ending 2023 Q2 with nearly 41% of the portfolio's assets directly exposed to global markets. Given the dramatic reversal in fortunes we saw in local vs global returns from last year to this year, Coronation's timing in this regard has indeed been fortunate.

Over the last three years Coronation has done well (+14.9% p.a.), outperforming the peer benchmark by almost 3% p.a. as they put in a strong performance coming out of the Covid crash in 2020 and 2021. Strong levels of outperformance in the portfolio's local equity component (+21% p.a. vs +16% p.a. from the market) was a significant driver of returns over this period.

Ninety One

Ninety One (+1.1%) had a slow quarter, with disappointing results (in relative terms) from their global stock picks being mostly to blame.

Even though Ninety One has provided decent results, they have been a bit of a laggard over the last three years (1% p.a. behind the peer benchmark), with marginal levels of underperformance from both their local and global building blocks. The latter was mostly due to their underweight to US technology and consumer discretionary stocks, and their overweight to China.

PSG

PSG had a tough 2023 Q2 (-0.2%), with underperformance from both their local and global equity components. The former took a bit of a hit from the sell-off in 'SA-Inc' stocks during the quarter, while their underweight to US and tech stocks was a drag on the latter. PSG has also not made much of a change to their total offshore allocation, which was a saving grace in Q2 for many of their competitors.

Having been one of the better performers in Q1, PSG's YTD performance remains competitive (+7.3%).

Despite a difficult quarter PSG remains one of the market's top performers over the last year (+21.6%), following a standout performance in 2022.

Over the last three years PSG also remains the best-performing fund in its category, with their return of +23.3% p.a. being almost double that of the peer benchmark. This means that they have more than made up for their initial period of underperformance in 2019, delivering a return of +12.7% p.a. since Default Growth's inception four years ago, which puts them almost 4% p.a. ahead of the peer benchmark.