Acumen Preservation Pension Fund | Acumen Retirement Annuity Fund | Acumen Preservation Provident Fund

Robson • Savage

RETIREMENT ANNUITY & PRESERVATION STRATEGY PORTFOLIOS

QUARTERLY FACT SHEET AS AT 30 JUNE 2023

The Acumen annuity and preservation strategy suite of portfolios 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 each 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. The portfolios are designed to take care of the complex asset allocation and manager selection decisions, while members retain the responsibility of choosing the portfolio(s) that align with their risk profile and objectives.

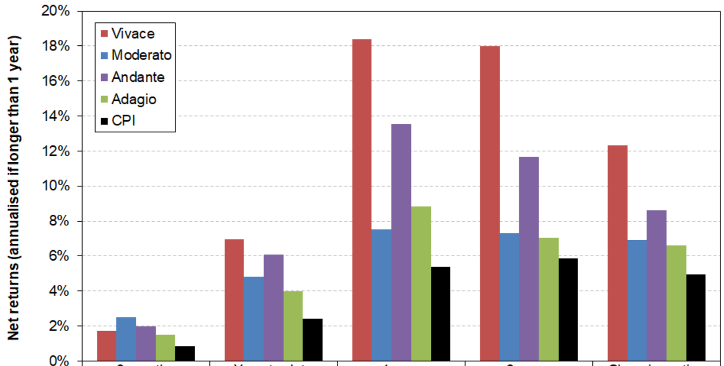
GENERAL FUND INFORMATION

Inception date: 1 July 2019

FUND:	**Vivace** /vɪˈvɑːtʃeɪ/ (lively, brisk)	**Moderato** /ˌmɒdəˈrɑːtəʊ/ (moderately)	**Andante** /anˈdanteɪ/ (moderately slow)	**Adagio** /əˈdɑː(d)ʒɪəʊ/ (at ease, slow)
Objective:	To maximise investment growth over the long term.	To provide moderate levels of investment growth over the medium term, while preserving capital at all times [1].	To provide moderate levels of investment growth over the medium term, while limiting losses over the short term.	To provide a consistent, but typically lower, level of investment growth over the short term.
Return target:	Aims to achieve a net return of at least 5% a year above inflation over the long term (i.e. more than five years).	Aims to achieve a net return of 3-4% a year above inflation over the medium term (i.e. three to five years).	Aims to achieve a net return of 3-4% a year above inflation over the medium term (i.e. three to five years).	Aims to achieve a net return of 1-2% a year above inflation over the short term (i.e. one to three years).
	HIGH MED LOW	HIGH **MED** LOW	HIGH **MED** LOW	HIGH MED **LOW**
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 low and/or flexible drawdown requirements; • Have assets outside of the fund; • Want to house long term capital in a bucket strategy.	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.	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.	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.
Underlying investment managers (strategic allocation)	Abax 20% Aylett 20% Coronation 20% Ninety One 20% PSG 20%	Sanlam 100%	Abax 25% Allan Gray 25% M&G 25% PSG 25%	Coronation 33.3% Nedgroup 33.3% Prescient 33.4%

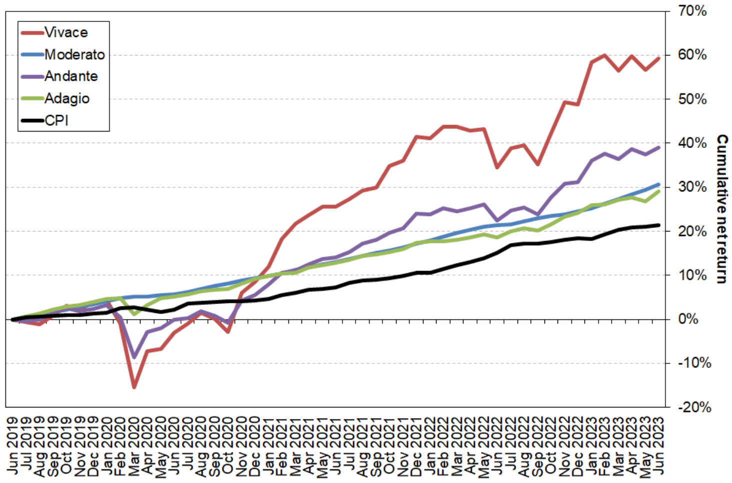
PERFORMANCE

NET RETURNS



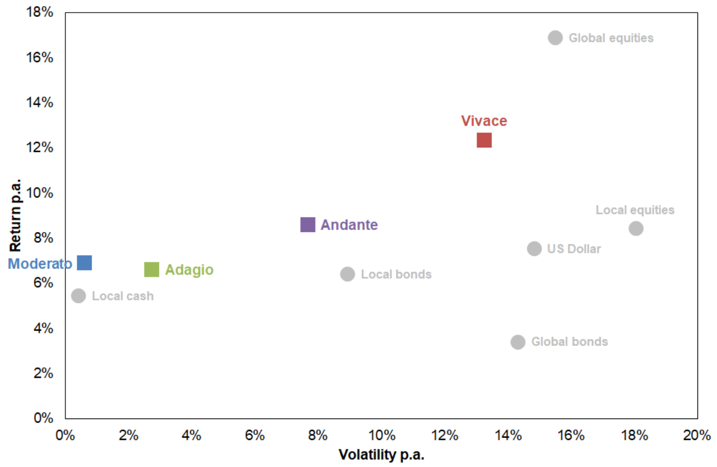
	3 months	Year-to-date	1 year	3 years	Since inception
Vivace	1.7%	7.0%	18.4%	18.0%	12.3%
Moderato	2.5%	4.8%	7.5%	7.3%	6.9%
Andante	2.0%	6.1%	13.5%	11.7%	8.6%
Adagio	1.5%	4.0%	8.8%	7.1%	6.6%
CPI	0.8%	2.4%	5.4%	5.9%	5.0%

CUMULATIVE NET RETURNS



RISK

VOLATILITY VS RETURN [2]



OTHER RISK STATISTICS

Risk statistic [2]	Vivace	Moderato	Andante	Adagio
Volatility	13.3%	0.6%	7.7%	2.7%
% negative months	33.3%	0.0%	25.0%	8.3%
Largest monthly loss	-14.7%	0.0%	-9.2%	-3.4%
Largest cumulative loss	-19.1%	0.0%	-11.6%	-3.4%

TOTAL INVESTMENT CHARGES (TIC)

Vivace	1.11%
Moderato	1.43%
Andante	0.93%
Adagio	0.58%

ASSET ALLOCATION

Asset class	Vivace			Moderato			Andante			Adagio		
	Local	Foreign	Total	Local	Foreign	Total	Local	Foreign	Total	Local	Foreign	Total
Equities	37.6%	30.1%	**67.7%**	31.3%	17.4%	**48.7%**	20.3%	12.1%	**32.4%**	1.5%	0.0%	**1.5%**
Property	2.2%	0.1%	**2.4%**	6.5%	2.0%	**8.5%**	1.7%	0.2%	**1.9%**	1.7%	0.2%	**1.9%**
Bonds	19.7%	5.5%	**25.2%**	27.7%	1.7%	**29.4%**	34.4%	6.9%	**41.3%**	61.1%	13.9%	**75.0%**
Cash	2.0%	1.5%	**3.5%**	5.2%	3.2%	**8.4%**	14.8%	3.1%	**17.9%**	22.0%	0.9%	**22.9%**
Other	1.3%	0.0%	**1.3%**	0.1%	4.9%	**5.0%**	3.0%	3.6%	**6.6%**	-1.2%	0.0%	**-1.2%**
Total	**62.8%**	**37.2%**	**100.0%**	**70.8%**	**29.2%**	**100.0%**	**74.2%**	**25.9%**	**100.0%**	**85.0%**	**15.0%**	**100.0%**

NOTES

1. Please refer to the fact sheets of the Growth and Protection portfolios for more information. The Protection Portfolio fact sheet in particular contains important information regarding this portfolio's capital preservation features.
2. 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 portfolios

<u>Vivace</u>

The Vivace 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 Vivace 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. Vivace 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 Vivace's real return target, and compares favourably to the 12.3% p.a. gain produced by the peer benchmark.

COMMENTARY (CONT'D)

The end of 2023 Q2 marked the 4-year anniversary of the Vivace 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 Vivace 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.).

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.).

Moderato

Sanlam declared bonusses totalling +2.5% for the quarter, bringing their 1-year return to +7.5%. This means that, despite sharply rising interest rates, the Stable Bonus portfolio outperformed cash (+6.8%) and inflation (+5.4%) over the last year.

Despite a tough 2022 globally and a difficult start to 2023 locally, the portfolio remains in a fully funded position at the end of 2023 Q2, which bodes well for future returns if markets do well, but also ensures some protection should markets come under pressure.

Andante

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.

Adagio

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.