Fund managers: Allan Gray, Coronation, Nedgroup Investments, Ninety One
Inception date: 18 January 2019

Allan Gray Multi-Manager Cautious Portfolio

28 February 2023

Portfolio description and summary of investment policy

The Portfolio invests in the cautious mandates of a minimum of three managers, all of which are managed to comply with the investment limits governing retirement funds. The Allan Gray Stable Portfolio has a target allocation of 30% (excluding cash) in the Multi-Manager Portfolio. This allocation can change as a result of performance within pre-defined parameters.
The Portfolio is a pooled portfolio offered by Allan Gray Life and is only available to members of the Allan Gray Umbrella Pension Fund and the Allan Gray Umbrella Provident Fund (collectively known as the Allan Gray Umbrella Retirement Fund).

Portfolio objective and benchmark

The Portfolio aims to provide a high degree of capital stability and to minimise the risk of loss over any two-year period, while producing long-term returns that are superior to bank deposits. The Portfolio's benchmark is the Consumer Price Index, plus 3%.

How we aim to achieve the Portfolio's objective

We have selected managers with a strong track record who have consistently executed on their investment approach over time. These managers have complementary investment styles which, when combined appropriately, should improve the Portfolio's potential to deliver returns through different market cycles.

Suitable for those investors who

- Are risk-averse and require a high degree of capital stability
- Seek both above-inflation returns over the long term, and capital preservation over any two-year period
- Require some income but also some capital growth
- Wish to invest in a portfolio that complies with retirement fund investment limits
- Wish to diversify risk across multiple managers

Annual management fee

Each underlying manager charges a fee within their portfolio. Where performance fees are charged, this is based on the performance of the portfolio compared to its benchmark. The benchmarks of the underlying portfolios may differ from the benchmark of the Portfolio. Allan Gray charges a multi-management fee based on the net asset value of the Portfolio, excluding the portion invested in Allan Gray portfolios. This fee is 0.20% p.a. (which equates to approximately 0.14% p.a. on the entire Portfolio).

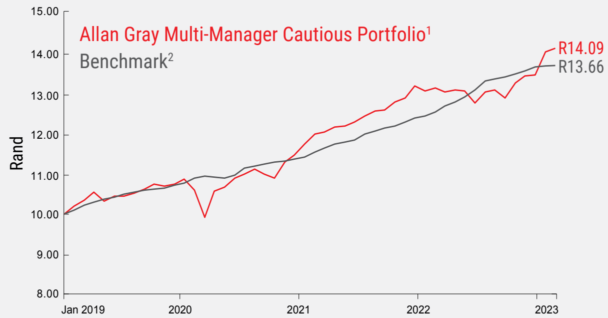
Underlying portfolio allocation on 28 February 2023

Portfolio	% of Portfolio
Allan Gray Stable Portfolio	29.4
Coronation Inflation Plus Portfolio	24.7
Ninety-One Cautious Managed Portfolio	24.5
Nedgroup Investments Core Guarded Fund	19.5
Cash	2.0
Total	**100.0**

1. Performance is net of all fees and expenses.
2. Consumer Price Index, plus 3% was prorated from 18 January 2019 to 31 January 2019.
3. Maximum percentage decline over any period. The maximum drawdown occurred from 20 February 2020 to 23 March 2020. Drawdown is calculated on the total return of the Portfolio/benchmark (i.e. including income).
4. The percentage of calendar months in which the Portfolio produced a positive monthly return since inception.
5. The standard deviation of the Portfolio's monthly return. This is a measure of how much an investment's return varies from its average over time.

Performance net of all fees and expenses

Value of R10 invested at inception



% Returns	Portfolio[1]	Benchmark[2]
Cumulative:		
Since inception (18 January 2019)	40.9	36.6
Annualised:		
Since inception (18 January 2019)	8.7	7.9
Latest 3 years	10.0	7.9
Latest 2 years	8.4	8.9
Latest 1 year	7.4	9.1
Year-to-date (not annualised)	4.8	0.3
Risk measures (since inception)		
Maximum drawdown[3]	-15.1	-0.6
Percentage positive months[4]	75.5	95.9
Annualised monthly volatility[5]	6.6	1.4

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Quarterly commentary as at 31 December 2022

After a buoyant first two months of the fourth quarter of 2022, December saw a decline in market momentum as investors increased their focus on the possibility of a global recession in 2023, therefore somewhat reducing their risk appetite.

The United States federal funds rate was raised seven times by the Federal Reserve Board (the Fed) in 2022. In December, the increase was 50 basis points, which broke a trend of four consecutive 75-basis-point increases. The Fed reiterated its message that short-term rates must remain higher for a longer period of time, implying that it will continue to tolerate economic pain, such as rising unemployment, until it considers inflation to be well contained. In lockstep with the Fed, central banks around the world continued to raise interest rates with China and Japan as the exceptions.

A significant increase in new infections has emerged as a result of China's relaxation of COVID-19 restrictions, which is likely to have a negative impact on investor sentiment and the prospects for short-term economic growth. Given the relatively strong equity market performance in December, however, investors appear to be overlooking these risks. If this reopening goes off without a hitch, it will ultimately benefit Chinese investors, but only time will tell. Possible supply constraints, as experienced by other countries in their reopening processes, would need to be largely avoided, along with offsetting the slowdown in global demand given current and continued tightening by major central banks. Another significant looming concern for Chinese authorities and investors is the highly indebted property sector.

On the home front, inflation eased slightly to 7.2% in December, a seven-month low, though there are mounting pressures, including a large increase in electricity tariffs. The Monetary Policy Committee is expected to continue hiking rates but not as aggressively as previous hikes. South African growth has normalised (post-COVID-19) and continues on a trend of tepid growth as a result of the country's deepening energy supply problems, poorly performing parastatals and ailing infrastructure. In line with expectations, Cyril Ramaphosa was re-elected at the National Conference of the ANC in December.

The FTSE/JSE Capped Shareholder Weighted Index ("Capped SWIX") made a strong recovery in the final quarter of 2022 with a return of 12.2% in rand terms, led by the resources sector (+16.1%). Industrials and financials followed, delivering 15.7% and 11.9% respectively. Over the period, the rand strengthened by 5.5% against the US dollar, which brought the Capped SWIX 's dollar return to 18.6%. The Capped SWIX significantly outperformed the MSCI All Country World Index ("ACWI") in dollars, which returned 9.9% for the quarter. The ACWI ended the year on -18.4%. The FTSE/JSE All Bond Index (ALBI) returned 4.3% over the year, behind cash and inflation-linked bonds, which delivered 4.4% and 4.5% respectively.

The Portfolio returned 4.4% over the quarter and 2.2% for the year (after fees). This is behind the headline Consumer Price Index (CPI) plus 3% benchmark, which returned 1.7% over the quarter and 10.1% for the year. While the Portfolio's performance has been below par when compared to its inflation-linked benchmark, we believe that the underlying managers are well positioned to outperform over the medium and long term. Continuing the trend seen throughout the year, there was wide-ranging single-digit/poor performance across asset classes.

Over the quarter, Standard Bank entered the top 10 local equity holdings on a look-through basis, with Sibanye-Stillwater falling back out. Over the quarter there were no significant shifts in the broad asset class exposure; however, there was some movement within asset classes with a shift towards local bonds and money market instruments versus their offshore equivalents.

Commentary contributed by Mpumelelo Mkhwanazi

Top 10 share holdings on 31 December 2022 (updated quarterly)

Company	% of Portfolio
British American Tobacco	1.2
Naspers[6]	1.0
Glencore	0.8
Standard Bank	0.6
Nedbank	0.5
AB InBev	0.5
FirstRand	0.5
Sasol	0.5
Woolworths	0.4
Anglogold Ashanti	0.4
Total (%)	**6.4**

6. Includes holding in Prosus N.V.

Note: There may be slight discrepancies in the totals due to rounding.

Asset allocation on 28 February 2023

Asset Class	Total	South Africa	Foreign
Net equities	31.3	15.2	16.1
Hedged equities	7.0	3.8	3.2
Property	2.1	1.5	0.6
Commodity-linked	2.0	1.8	0.2
Bonds	39.9	33.7	6.1
Money market, bank deposits and currency hedge	17.7	15.8	1.9
Total (%)	**100.0**	**71.8**	**28.2**

Total expense ratio (TER) and transaction costs

TER and transaction costs breakdown for the 1- and 3-year period ending 31 December 2022[9,10]	1yr %	3yr %
Total expense ratio[7]	**0.76**	**0.83**
Fee for benchmark performance	0.63	0.62
Performance fees	0.06	0.13
Other costs excluding transaction costs	0.07	0.08
Transaction costs[8]	**0.04**	**0.05**
Total investment charge	**0.80**	**0.88**

7. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TERs.
8. Transaction costs are a necessary cost in administering the Portfolio and impacts Portfolio returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER.
9. Since inception of the Portfolio on 18 January 2019.
10. This estimate is based on information provided by the underlying managers.

Commentary from underlying fund managers as at 31 December 2022

Coronation Inflation Plus Portfolio

2022 was a relentless year. Global markets had to navigate a land war, an inflation shock, unexpectedly steep monetary tightening, and heightened geopolitical tensions, all while economies were still emerging from or dealing with the COVID-19 crisis. These events resulted in poor US dollar returns from most asset classes, with many struggling to beat inflation or to deliver a positive performance. In US dollar terms, the MSCI All Country World Index came in with a negative 18.4% return for the year, the MSCI Emerging Markets Index was down 20.1% and the World Government Bond Index down 18.3%.

The Portfolio's allocation to global assets was the largest detractor from performance over the past year. Given expensive starting valuations for global equities and bonds, the Portfolio entered the year with a deliberately limited offshore exposure. The Portfolio also held put protection over a portion of its global equity allocation as a further risk mitigation tool. These actions could, however, only partly offset the negative performance of the Portfolio's developed and emerging market equity selection.

Domestic assets have contributed positively to performance over the past 12 months, with the exposure taken primarily through equities and bonds. Good equity and bond selection delivered returns ahead of their respective indices. Within domestic equities, defensive holdings in British American Tobacco; commodity holdings in Glencore, Exxaro and Anglo American; and domestic bank holdings (Nedbank, Standard Bank, FirstRand and Absa) were the largest contributors to returns, while holdings in Quilter, Anglo Gold, MTN and Spar detracted.

Within domestic fixed income, the biggest contribution came from holdings in inflation-linked bonds. We continue to see real yields on offer from SA government bonds as attractive, notwithstanding the structural challenges faced by the domestic economy. Risk is managed by keeping the duration of the Portfolio's bond carve-out lower than that of the FTSE/JSE All Bond Index but at a real yield that remains compelling.

The Portfolio will continue to stick to its process of making asset allocation and instrument selection decisions based off valuations while being mindful of managing downside risks through diversification and purchasing protection.

We continue to think a high equity allocation is appropriate, as we see significant value in our selection. A portion of our global and local equity remains under put protection. We have also balanced the risk asset exposure with a healthy fixed income allocation where we can still achieve attractive real yields.

While the past year was challenging to navigate, we have seen before that crisis periods throw out compelling investment opportunities. We have a proven investment philosophy and process that allow us to take advantage of these opportunities to generate long-term wealth for clients. We think the Portfolio remains resilient despite a highly uncertain outlook and that the Portfolio is also well set up to deliver on its targeted returns for clients.

Nedgroup Investments Core Guarded Fund

2022 was a tumultuous year, characterised by geopolitical tensions, rate hikes and inflation concerns across regions, with significant losses across asset classes. A turnaround that began in October was short-lived, leaving the S&P 500 with an annual decline of 18% – the worst since 2008. However, macro dynamics were a perfect embodiment of the soft-landing narrative, showing robust employment growth alongside noticeably slower wage inflation in the US. Over the past year, all global asset classes had the greatest impact on performance. Both global equity and bonds yielded double-digit negative returns (in US dollars). Developed markets (MSCI World Index) were down 18%, emerging markets (MSCI Emerging Markets Index) declined by 20% and global bonds (Barclays Global Aggregate Bond Index) were down by 16%, leaving investors with little place to hide. The rand depreciation softened the blow a little.

The Nedgroup Investments Core Guarded Fund's return over the quarter has increased by 4.9%. Over the year, the Fund was up by 1.0% as South African markets provided some respite, with local equities returning 3.6% (FTSE/JSE All Share Index) and local bonds returning 4.3% (FTSE/JSE All Bond Index) in rands for the year.

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