



FG INVESTMENT PARTNERS

GLOBAL BRIEF

Quarter 3 | 2022



EDITORIAL COMMENT

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"Inside of a ring or out, ain't nothing wrong with going down. It's staying down that's wrong."- Muhammad Ali

Central banks raised interest rates in the third quarter in their fight against persistent inflation, while most asset classes recorded negative returns

A still somewhat resilient US economy enabled the US Federal Reserve to be particularly aggressive in its rate hiking path leading to a rampant US dollar. The rand depreciated upwards of 10% against the dollar over this period which in itself contributed to the South African Reserve Bank's decision to raise interest rates by a further 75 basis points (0.75%) in September.

Global equities lost over 6% over the quarter in US dollar terms while global bonds were down over 4%. Local equities (FTSE/JSE All Share Index) returned just over -1% in rands, however, when measured in US dollar terms, the local equity market was down in excess of 11%. South African bonds did manage to eke out a positive return, although it was less than 1% in rand terms and a lot worse in US dollar terms. These are not pretty numbers, so investors will no doubt be feeling a little anxious.

The market is anticipating more rate hikes going forward

There is growing evidence that higher interest rates are starting to hurt economies, with a downturn in leading economic indicators becoming increasingly clear. Corporate earnings projections are also likely to be revised lower.

INDEPENDENT TRANSPARENT COMPETENT

By now, you may be feeling a little despondent. We don't think this should be the case. Remember markets are already discounting rising rates and slower economies which is why global equities are for instance down more than 25% in US dollars since the beginning of the year. However, this is now water under the bridge. Yes, there has been a reset, but the opportunities with rising real interest rates are much greater than they have been in a long while. We continue to emphasise diversification in its many forms. Asset, manager, and style diversification has certainly paid off in the FGAM range of fund offerings. Our relatively cautious stance in these turbulent times has left us in good stead and markets are unlikely to stay down over the medium and longer-term horizon.

What you can look forward to in this edition

Anet Ahern, CEO of PSG Asset Management has penned an insightful piece about strategies that can help investors thrive in an uncertain world. She touches on the importance of not betting on binary outcomes, the importance of price, diversification and incorporating differentiated thinking. Interestingly, these are amongst the core elements underlying the FGAM Investment approach. Reliable electricity supply remains South Africa's greatest concern. Ockert Doyer, Lead Portfolio Manager at Sanlam Investments Sustainable Infrastructure Fund, reflects on the government's plan to get back on track. This article may be a little dated, but we felt a revisit would be worthwhile. M&G Investments reflect on the fact that tough markets almost always throw up great investment opportunities. An opportune time for such an article, we think. And finally, an article about wills and a common sense approach regarding disclosure. "Share your will with loved ones while you're still alive" is an article from Old Mutual which makes a lot of sense to us.

We hope that you enjoy these articles and that you find them interesting.

As always, stay safe.

The FG Asset Management Investment Team



STRATEGIES THAT CAN HELP INVESTORS THRIVE IN AN UNCERTAIN WORLD



Adapted from an article by
Anet Ahern

Chief Executive Officer
PSG Asset Management



“If there is anything that we have learned over the last few (pandemic) years, it is that there are always investment opportunities.”

Traditional tools to deal with inflation

Uncertainty seems to have been on a relentless upward trajectory since the beginning of the year. The S&P 500 Index had one of the worst starts to the year since the 1970s. Even traditional safe havens like US bonds have not offered sanctuary, while cash rates remain negative in real terms in most parts of the world. But our sense of escalating uncertainty is not only driven by the dislocations that we are witnessing in global markets.

The continuing war in Ukraine (now past the 180-day mark!) has made it clear that we need to consider the possibility of living in a world marked by escalating (and potentially expanding) geopolitical tensions. This perception is further underscored by continued tension between the US and China. The energy crisis is dragging on, and is now being exacerbated by extreme drought that has caused operational difficulties for hydroelectric and nuclear power plants in both Europe and China. Locally, of course, it is difficult to mention energy without swiftly digressing into a discussion on Eskom and protracted loadshedding. And, let us not forget, that while in South Africa we have largely emerged from lockdown restrictions, this is not the case everywhere in the world.

Enter the polycrisis

No wonder words like “polycrisis” are creeping into the mainstream vocabulary. Multiple intersecting systemic crises that spill across boundaries and that have devastating effects, are rapidly becoming a feature of the complex environment in which fund managers are expected to operate. As these crises often interact with each other in ways that are hard to predict, they are adding to the complexity and volatility investors need to navigate on a daily basis. Regardless of the technical definition, there can be little doubt that our world has become exceedingly complex, noisy and uncertain. It is well-known that conditions like these amplify the risk of emotional investor responses, driving people to sell at the worst possible time and to reinvest well after the price recovery is underway, and the value-destroying impact of this behaviour has been well documented.

Nor does it seem likely that the uncertainty will dissipate completely in the short term. It is likely to remain with us in some form or another, and one type of crisis may simply be replaced by

another. Investors aiming to avoid all periods of market upheaval may end up spending more time out of the market than being invested. Thus, rather than aiming to avoid the market turbulence that is sure to lie ahead, we require a more pragmatic approach to dealing with pervasive uncertainty.

We would like to propose some strategies that can help investors to survive in such a hard-to-predict world:

1. Don't bet on binary outcomes

In our view, such an environment underscores the importance of not taking bets on binary outcomes. Positioning your portfolio for a singular outcome is likely to be fraught with risk, especially since outcomes are so hard to predict. It also highlights that lazy or formulaic investing, based on what's worked in the past, is unlikely to succeed.

If there is anything that we have learned over the last few (pandemic) years, it is that there are always investment opportunities, if you look hard enough. Such opportunities may, however, appear counterintuitive, unpopular, unusual or often out of keeping with what has worked well to date. If the opportunities of the future look substantially different to those of the past, it also follows that they may not be part of the main indices or dominate the narrative of the day – yet. This is why a differentiated, benchmark agnostic fund manager can add value as part of an overall balanced portfolio.

2. Don't underestimate the importance of price

We have always held that the entry price you pay for an asset is a key determinant of the returns you are likely to realise going forward. But as we have seen over the past few years, prices can sometimes diverge from fair value for protracted periods, and this may even be rationalised as being justified by participants. The antidote to falling prey to irrational exuberance is to question the prevailing narratives, and to remember that if you are tempted to invest in something “at all costs” or are driven by the fear of losing out, it may be a sign that you are overpaying.

3. Construct client portfolios to help manage destructive behaviour

Having a diversified portfolio has always been a key investment principle, but we believe investors who are likely to succeed in a turbulent world will be the ones who construct their portfolios in such a way that they are robust on multiple levels. This includes

not only geographic and asset class diversification, but also diversification in manager styles. By its very nature, uncertainty dissuades many from investing, but, as we have often seen in the past, some of the best opportunities are made at the times of greatest uncertainty. Knowing that your investment portfolio is diversified, and is positioned to benefit from a variety of opportunities, may be one of the most important tools for managing investor behaviour going forward.

4. Partner with differentiated thinkers

Setting aside the temptation to behave emotionally rather than rationally is not easy, and becomes even harder in the face of escalating noise and uncertainty. It is here where we believe partnering with differentiated thinkers could offer investors material advantages as part of a blended portfolio strategy. With the environment ahead likely to look substantially different to that of the past, intelligent curiosity and open-minded thinking are required to unlock the opportunities on offer.



A BOLD PLAN TO CLOSE SOUTH AFRICA'S ENERGY GAP



Adapted from an article by
Ockert Doyer

Lead Portfolio Manager
Sanlam Investments
Sustainable Infrastructure Fund



After more than a decade without a reliable electricity supply, South Africa desperately needed a plan that was bold enough to close the electricity gap. And that is what was announced on 25 July 2022.

Establishing a plan to close the electricity gap was South Africa's best option

We welcome this plan. The alternative – declaring an energy emergency – would have been a substantially weaker solution. In the execution of this plan, the President will have to get various government departments and Ministers to work together and play their part. By declaring an emergency, all parliamentary oversight and procurement procedures could have been sidestepped.

The current shortfall in electricity supply is around 6 000 megawatts (MW). If we take the decommissioning schedule of Eskom's coal plant into consideration, new dispatchable capacity of around 20 000MW will have to be added to the grid over the next 10 years. Will this plan get us there? With a bit of luck and a lot of hard work, it can. It is now up to the various government departments to remove any unnecessary blockages and for the private sector to put their money where their mouths are.

The plan will require action from a wide range of parties

A good starting point for asset managers who want to construct Before announcing the plan, President Cyril Ramaphosa consulted widely: Eskom executive management, power station managers and former Eskom personnel, labour federations, Business Unity South Africa, the Black Business Council, community representatives, several experts in the energy sector, and political party leaders. There seems to be wide support for the proposed changes. And that is important, because these changes will fundamentally alter the energy landscape in South Africa. In 10 years' time, the energy sector will be unrecognisable from the current arrangement, so broad support was needed. There are vested interests that will be disrupted, and President Cyril Ramaphosa will need all the support he can get to ensure this plan is implemented without the habitual delays South Africans have become accustomed to.

The plan itself? It is effectively a five-point plan:

1. Improving the performance of Eskom's existing fleet of power stations

This will be achieved by increasing the budget that Eskom has to perform much-needed maintenance and procure skills from the private sector. This is a key requirement. Although new private sector generation will replace Eskom's aging coal fire powerplant over 15 to 25 years, the country is still very much dependent on the output from the Eskom fleet.

2. Accelerating the procurement of new generation capacity

By doubling Bid Window 5 of the Renewable Energy Independent Power Producer's Programme (REIPP), an additional 2 600MW can be connected to the grid within the next 18 to 24 months. Also, by reviewing the mix of energy sources, timing, and volume as outlined in the current version Integrated Resource Plan, new procurement can be expedited substantially.

3. Increasing private investment in generation capacity

About a year ago, President Cyril Ramaphosa announced that the licensing requirement for independent power producers would be lifted from 1MW to 100MW. This was seen as a big step forward, but many market commentators asked why the 100MW cap was even needed. If the private sector could put a large-scale project together and raise the funding for it, why not allow more than 100MW? And it is exactly what was announced – there would be no licensing requirement, regardless of the size of the project. Although projects will still need a host of permits, it was also announced that these permitting requirements will be streamlined in order to reduce waiting times.

4. Enabling businesses and households to invest in rooftop solar

This is quite a substantial change. Effectively, Eskom will establish a 'Feed-in-Tariff' scheme so that individuals or entities that have installed solar panels or other energy generation facilities, will be able to sell excess energy into the national grid. This should incentivise many small-scale private solar projects to be completed. This will also reduce the strain on the Eskom grid and provide additional energy into the grid.

5. Finally, fundamentally transforming the electricity sector and positioning it for future sustainability

Here, the President alluded to the restructure of Eskom into three separate legal entities and the fact that a solution for Eskom's balance sheet woes would be announced at the mid-term Budget speech in October 2022. After many decades of Eskom being the sole producer, transmission entity and distributor of energy, we will see a fundamental transformation of these roles, with more private sector participation and a competitive energy market.





TOUGH ECONOMY, GREAT OPPORTUNITIES?



Adapted from an article by
Lynn Bolin

Head of Communications
and Media
M&G Investments



South Africa's economy has been through some tough times of late. In just the last three years alone, our country has had to deal with the fallout from the COVID-19 pandemic and subsequent lockdowns, the devastating floods in Kwa-Zulu Natal, and let's not forget national loadshedding.

More recently, South Africa has been faced with a torrid combination of rapidly rising inflation and higher interest rates, largely brought on by global factors – particularly supply disruptions caused by the Russia-Ukraine war and rising interest rates in the US. It's unsurprising then, that Stats SA reported South Africa's economy as having contracted by 0.7% for the second quarter of 2022, largely in line with other developed and emerging market economies.

Riding out the downturns

These economic challenges have placed some downward pressure on global and local equity markets, causing some investors to alter their investment strategies in anticipation of a sign, a signal – anything – to let them know that the coast is clear to start investing again. Unfortunately, when it comes to economies and investing, there aren't any bells that ring whenever a good investment opportunity comes around. It's usually far more effective to simply stay invested and ride out the ups and downs, rather than to try and time the market.

Another interesting observation is the high number of investors who switched out of their equity and even multi-asset investments in favour of less volatile (and lower returning) fixed interest investments. While this may seem like a smart way to protect your investment from downward volatility, it really isn't. Switching investments during periods of poor performance locks in losses and destroys the value over the long term. It's important to remember that markets and economies move in cycles, and short-term conditions shouldn't influence your long-term investment decisions. As mentioned earlier, it's usually far more effective to simply be patient with your current investment choices and let the markets take their course in the knowledge that there will eventually be an upturn.

Good opportunities when times are tough

In the long run, investment valuations are the most important factor when determining potential investment returns – and **weak economies are usually a good hunting ground for assets that are priced cheaply**, well below what they're actually worth. If there's a lot of bad news priced into the market, it usually means there are good investment opportunities for investors and fund managers who know how to keep a cool head and identify quality assets that are priced below their fundamental value. They are often the investors who end up doing the exact opposite of what everybody else is doing – buying when the herd is selling. That's what makes them different, and it's also what makes them successful!

To sum up, low-growth conditions and market volatility are natural parts of the investment landscape and shouldn't affect your long-term thinking. Your basic human instincts will likely urge you to “do something” when you see your investment value declining, especially against the backdrop of a recession. But if you were to speak to your financial advisor or an investment professional, they would most likely tell you to hold tight, ride out the rough patch and remember your long-term goals. They would also likely point you in the direction of a fund manager who is taking full advantage of great opportunities in what looks like a difficult market.

SHARE YOUR WILL WITH LOVED ONES WHILE YOU'RE STILL ALIVE



Adapted from an article by
Mandy Dix-Peek

Head of Fiduciary Services
Old Mutual Wealth



Ensure that you leave a legacy of support and gratitude rather than anger, conflict, and expenses

With millennials expected to inherit over US\$68 trillion from their baby boomer parents over the next decade, South Africa's National Wills Week that took place from 12-16 September 2022 provided an opportunity to highlight the importance of sharing the contents of your will with loved ones before you die.

Disclosing your will with your loved ones helps to avoid any future conflict

Death is an extremely emotional time, and for many very traumatic too. If certain individuals feel they have been excluded from your will or believe they have not received what they were anticipating, your last will and testament could end up sowing conflict among your loved ones, potentially leaving anger and resentment rather than the legacy of support and gratitude you'd anticipated.

Conflict and expensive and time-consuming litigation contesting your will or your competence as a testator can be avoided by taking the brave decision to sit down with your loved ones and explain why your will has been drafted in a certain way. If your heirs know what they are inheriting they can also help you structure and word your bequest in the most cost-effective and tax-efficient way. For example, rather than leaving assets to named children, if these children already have trusts in their own right, naming their trusts as beneficiaries saves a huge amount in estate duty. Listing the child's trust rather than the child's name in the will also helps to avoid double transfer costs.

Disclosure is also important for practical, legal, tax and cost reasons

While disclosure might seem difficult to many, it provides loved ones with an opportunity to undertake an effective testamentary process, not only from an emotional acceptance point of view, but also from a practical, legal, tax and cost perspective. For example, disclosure provides an opportunity to share the contents and intentions of details like living wills, ensuring that everyone knows what to do in the event of you being unable to care for yourself or your property. It's also important for your heirs to understand how your living will works in tandem with your insurance policies, as some policies for terminal illness stipulate specific periods of care and treatment, and if these aren't met, the policies might not pay out.

Going through a disclosure process ensures that everyone will have a copy of the will, avoiding situations where wills can't be found. This also means that all your assets will be accounted for and covered by the will. If you have missed anything – or made irrational or contradictory disbursements – it is likely these omissions will also be brought to light in the disclosure process.

Inheritance can be a tricky issue if people have assets or heirs around the world in multiple jurisdictions. While there is freedom of testation in South Africa – allowing you to leave your property to anyone you choose – in some countries the law prescribes who you can leave assets to along with punitive taxes for bequests above certain, often relatively low, values.

Your choice between an informal or formal disclosure process

While wills can be shared informally with loved ones, if this is emotionally challenging or the testator anticipates that sharing might cause anger or conflict, most executors, trustees or attorneys are more than qualified to manage the disclosure process formally. Using professionals can take a lot of the emotion and anger out of the disclosure process. It's also great to have professionals on hand if the disclosure process brings legal or financial challenges to light.

In summary, disclosing your will to those you care about is both necessary and important

Although it is not a pleasant topic, make sure to give yourself time to think about your will, ensure that it is up to date, and also, share its contents with your loved ones to ensure that you leave a legacy of support and gratitude rather than anger, conflict, expenses and regret.



FG ASSET MANAGEMENT

QUARTERLY
REPORT

Quarter 3 | 2022

ARCHITECTS OF SENSIBLE INVESTMENT SOLUTIONS

MARKET COMMENTARY



Jacy Harington
Portfolio Manager
FG Asset Management

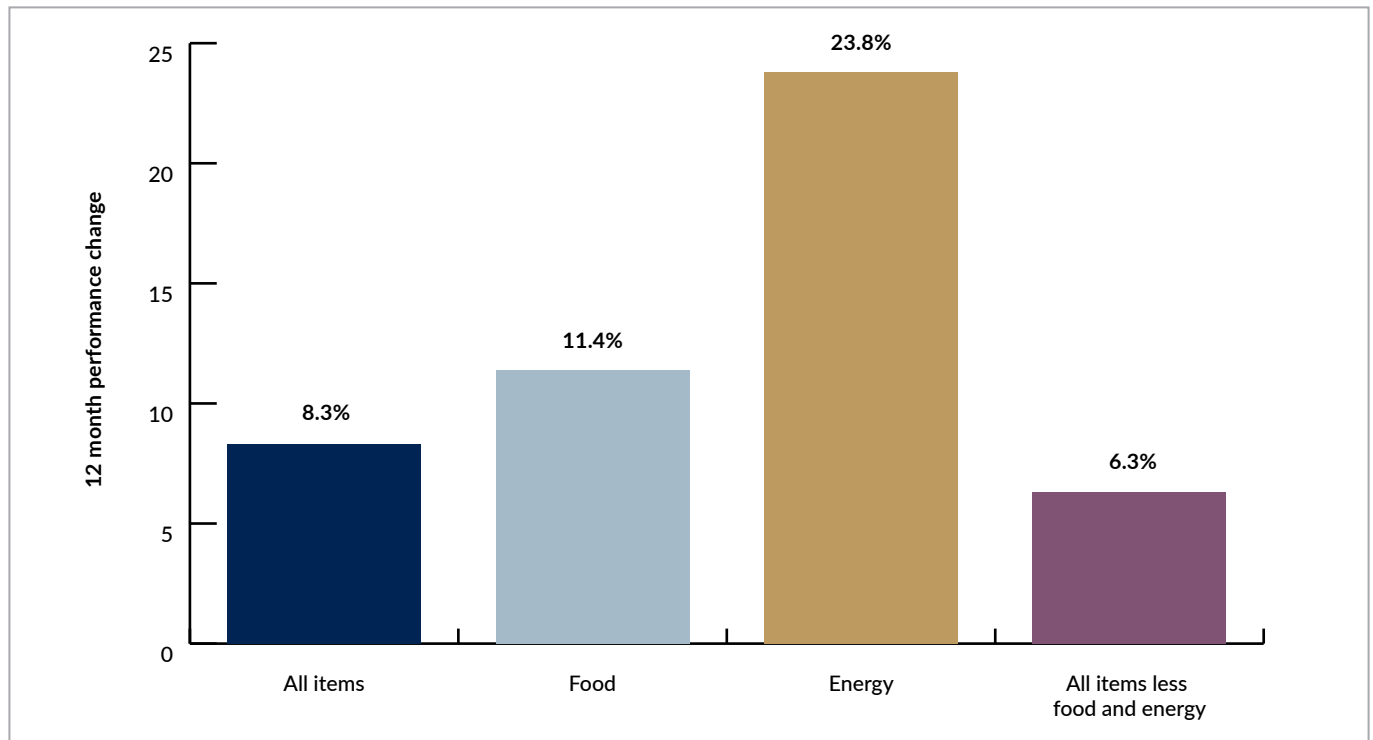
The third quarter saw elevated global inflation and deteriorating prospects for global growth

As a result, global monetary policy developments remained a key driver of markets over the quarter. Sentiment and market performance fluctuated alongside the market's perception of the extent of monetary policy tightening required to bring soaring prices under control. A noteworthy development on this front, was the US Federal Reserve (Fed) not responding to market pressure to pivot in its aggressive tightening stance, but rather, it reiterated its commitment to reduce inflation even at the cost of slower growth in the interim. Market participants, who had up until that point hoped for the Fed to bail out falling financial markets, were sorely disappointed, leading to the weakness we saw in markets over the quarter.

US inflation is on a steep incline, hitting record highs

The closely watched US inflation accelerated to 9.1% in June, with energy and food prices continuing to be key drivers behind the acceleration. Subsequently, pricing pressures eased to 8.3% in August, however, this was not as much as was hoped, as the decline in energy prices were offset by the unexpected price increases in other sectors such as house rentals and new cars. This was reflected by the increase in core inflation, which excludes food and energy, accelerating to 6.3%, also ahead of expectations. The disappointing inflation report refreshed expectations of more aggressive tightening from the Fed going forward.

Figure 1: US core inflation rate



Source: US bureau of labor statistics (2021 - 2022)

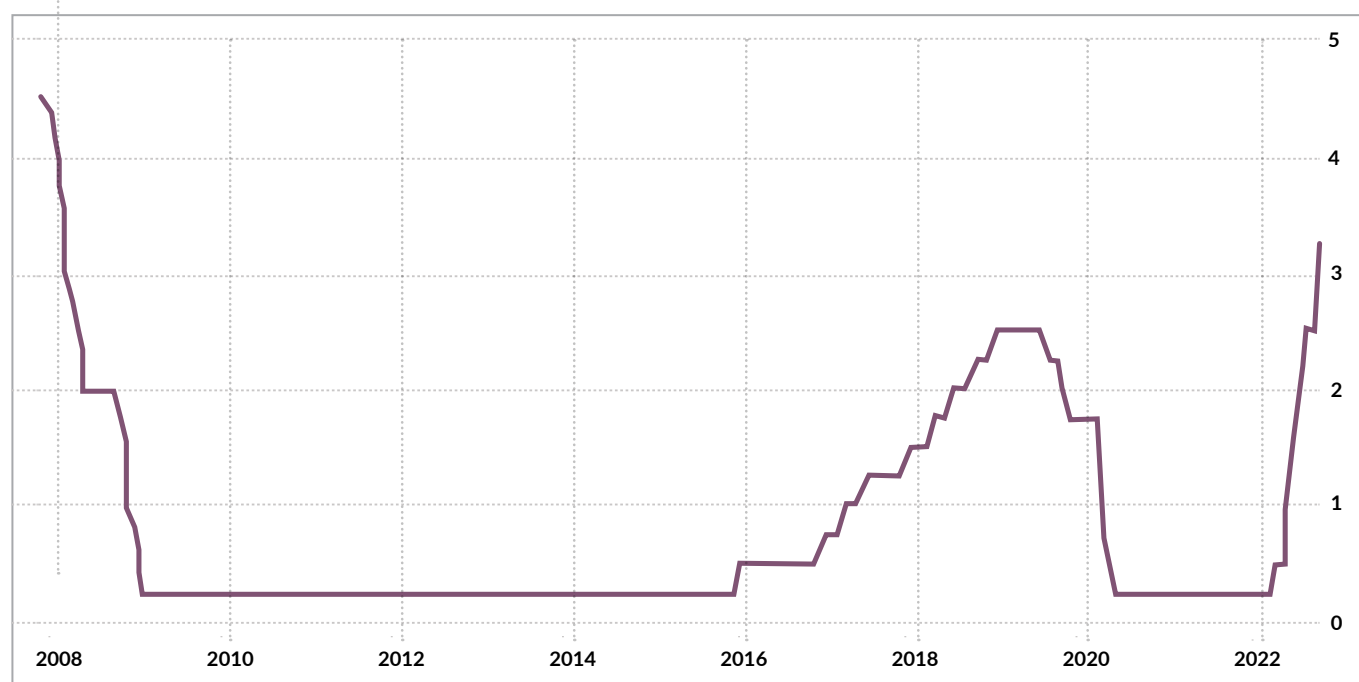
Actions around pricing pressure and monetary tightening remain uncertain

The Fed held two meetings over the quarter where they tightened monetary policy by hiking interest rates by 1.50% in total, 0.75% in July and another 0.75% in September to finish at the new target range of 3% to 3.25%. The hikes took the borrowing costs past the upper limit of the previous rate hiking cycle in 2018 to the highest level since 2008. At the meeting in July, the Fed specifically changed their process to be more dependent on incoming data, which has further increased market volatility especially around meaningful datapoint releases.

The central bank plans to reduce inflation back to the 2% objective

In place of an August meeting, the Jackson Hole Symposium was held in the last week of the month, where Fed Chairman, Jerome Powell, clearly stated the central bank's commitment to reduce inflation, even if it meant at the expense of growth and employment over a sustained period. In addition, the Fed is also willing to keep rates at restrictive levels until they are confident that price stability has been restored. The hawkish nature of the comments surprised the market, which was hoping for a dovish pivot and led to the subsequent reduction of risk sentiment into the end of August. At the September meeting, the hawkish stance was maintained as the Federal Open Market Committee (FOMC) statement reflected that the committee expects that further interest rate increases will be appropriate.

Figure 2: US federal funds rate



Source: www.tradingeconomics.com, US Federal Reserve (2007-2022)

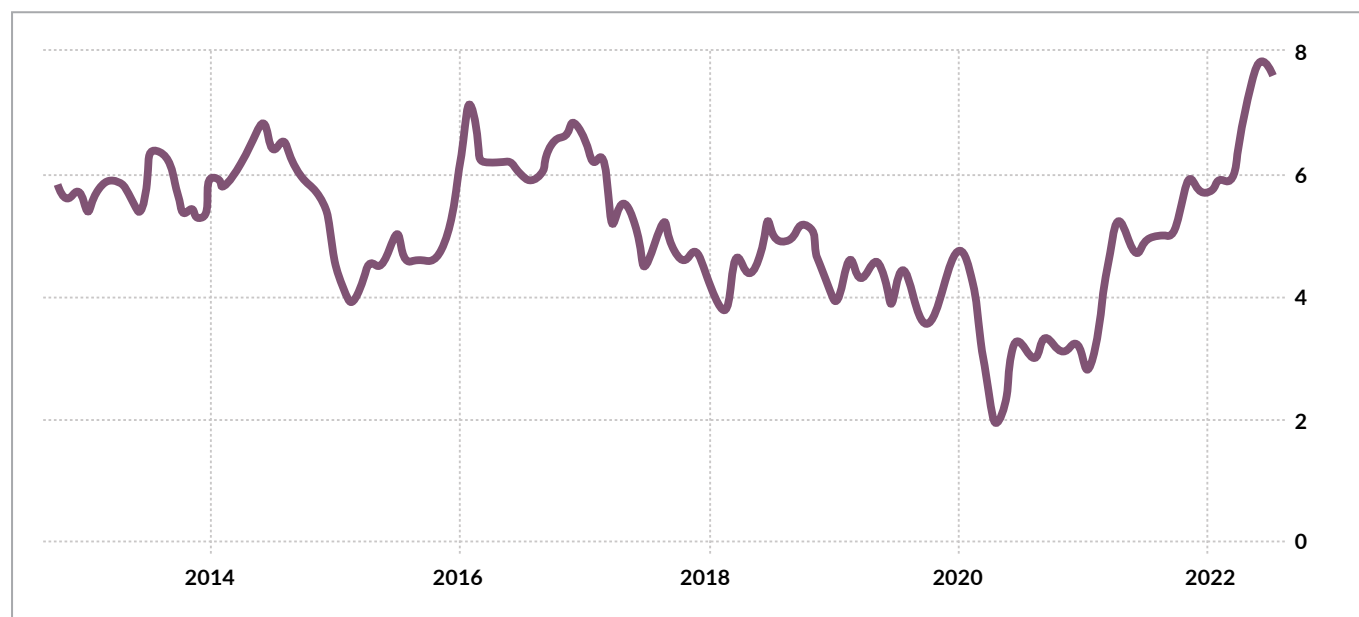
The outlook for global growth remains weak with concerns especially increasing for Europe

European energy prices continued to increase from already elevated levels given the threat of limited gas supplies to the region, as the Russian invasion of Ukraine continues. With no resolution to the war in Ukraine in sight, it remains a source of uncertainty for financial markets. The zero COVID-19 policy in China also continued to weigh on growth expectations as activity within the world's second largest economy continue to be disrupted with each new COVID-19 outbreak.

Local headline inflation declined to 7.6% for August from a high of 7.8% for July

The decline was driven by lower fuel prices, while food prices in contrast continue to increase. Market participants are hopeful that this could be the peak of this cycle. There was a positive surprise from September's core inflation, which declined to 4.4%, lower than the 4.6% that was expected, as a number of price increases from smaller categories moderated.

Figure 3: South African inflation rate



Source: www.tradingeconomics.com, Statistics SA (2012 – 2022)

The South African Reserve Bank (SARB) remains committed to reducing elevated inflation

It was the third print outside the South African Reserve Bank (SARB)'s 6% upper limit, and with the SARB looking to bring it back to their 4.5% target, the interest rate increases were widely expected by market participants. The SARB had two Monetary Policy Committee (MPC) meetings over the quarter in July and September. In total, they raised rates by 1.5%, 0.75% in July and another 0.75% in September, to increase the repo rate to 6.25% at quarter end. Overall, the SARB has raised rates by 2.75% since the rate hiking started in November last year. At their September meeting, they updated their inflation forecasts, with inflation now expected to drop below their upper limit of 6% in the second quarter of next year.

President Cyril Ramaphosa announced government's plan to address the shortfall in electricity supply

Another notable local development in July, following weeks of severe loadshedding, was President Cyril Ramaphosa's announcement of several measures to address South Africa's electricity crisis. The measures included further deregulation of the renewable energy sector, support to stabilise Eskom and incentives for private investment in new generation capacity. Many welcomed the announcement but remain sceptical about its implementation. If the announced measures can be implemented successfully and power supply secured, it will be a meaningful driver for growth in South Africa going forward.



FG SCI* JUPITER INCOME FUND OF FUNDS

For periods until 30 September 2022

Performance and quartile ranking in sector | Launch date 15 August 2005

	6 Months	Year to Date	1 Year	3 Years*	5 Years*	10 Years*	Since Inception*
FG SCI Jupiter Income FoF	1.62%	2.44%	4.33%	5.49%	6.44%	6.89%	7.60%
STeFI Composite Index	2.52%	3.57%	4.59%	4.86%	5.83%	6.11%	6.89%
ASISA SA Multi Asset Income Category Average	1.43%	2.49%	4.41%	5.63%	6.48%	6.68%	7.48%
				1 st Quartile	2 nd Quartile	3 rd Quartile	4 th Quartile

*Data longer than 12 months is annualised

Source: Morningstar, performance for A class shares

Annualised returns are period returns re-scaled to a period of 1 year

Underlying funds

- Abax Flexible Income Fund
- Granate BCI Multi Income Fund
- Matrix SCI Stable Income Fund
- Prescient Income Provider Fund
- Terebinth SCI Strategic Income Fund

Performance statistics

	Fund	Benchmark
Highest 12-month performance	11.61%	11.77%
Lowest 12-month performance	3.25%	3.76%
% Positive months	93.17%	100.00%

The FG SCI Jupiter Income Fund of Funds returned +1.23% in the third quarter of 2022 and +4.33% over the past 12 months, underperforming the benchmark Alexander Forbes Short Term Fixed Income Index quarterly return of +1.35%, and the 12-month return of +4.59%. The Granate BCI Multi Income Fund was the worst-performing underlying fund over the quarter, returning +0.98%. The Coronation Strategic Income Fund was redeemed over the quarter and the proceeds of the redemption were split amongst the existing underlying fund managers.

Asset allocation as at 31 August 2022

	Local Equity	Local Property	Local Bonds	Local Cash	Foreign
FG SCI Jupiter Income FoF	0%	2%	50%	44%	4%



FG SCI* VENUS CAUTIOUS FUND OF FUNDS

For periods until 30 September 2022

Performance and quartile ranking in sector | Launch date 2 July 2007

	6 Months	Year to Date	1 Year	3 Years*	5 Years*	10 Years*	Since Inception*
FG SCI Venus Cautious FoF	-0.55%	-1.37%	3.66%	6.44%	5.88%	7.80%	8.23%
ASISA SA Multi Asset Low Equity Category Average	-2.43%	-3.33%	1.50%	5.41%	5.20%	6.79%	7.09%
				1 st Quartile	2 nd Quartile	3 rd Quartile	4 th Quartile

*Data longer than 12 months is annualised

Source: Morningstar, performance for A class shares

Annualised returns are period returns re-scaled to a period of 1 year

Underlying funds

- 36ONE BCI Equity Fund
- Abax Opportunity Fund
- ABSA Property Equity Fund
- Coronation Global Optimum Growth Feeder Fund
- Fairtree Equity Prescient Fund
- Granate BCI Multi Income Fund
- Matrix SCI Defensive Balanced Fund
- Ninety One Diversified Income Fund
- Ninety One Global Multi-Asset Income Feeder Fund
- Ninety One Global Franchise Feeder Fund
- Prescient Income Provider Fund
- Saffron BCI Opportunity Income Fund
- Satrix Bond Index Fund
- Sanlam Multi Managed Inflation Linked Bond Fund
- Sesfikile BCI Property Fund
- Terebinth SCI Strategic Income Fund
- Veritas Global Equity Feeder Fund

Performance statistics

	Fund	Benchmark
Highest 12-month performance	16.83%	17.26%
Lowest 12-month performance	-1.41%	-3.15%
% positive months	71.58%	71.04%

The FG SCI Venus Cautious Fund of Funds returned +1.11% in the third quarter of 2022 and +3.66% over the past 12 months, outperforming the benchmark peer group average quarterly return of +0.50%, and the 12-month return of +1.50%. Ninety One Global Multi-Asset Income Feeder Fund was the best-performing underlying fund, returning +7.03% over the quarter. The Veritas Global Equity Feeder Fund was added as an underlying fund over the quarter. The Coronation Strategic Income Fund was fully redeemed over the quarter and the Granate BCI Multi Income Fund replaced its holding in the fund. A reallocation from local equities to offshore equities was also made over the quarter.

Asset allocation as at 31 August 2022

	Local Equity	Local Property	Local Bonds	Local Cash	Foreign
FG SCI Venus Cautious FoF	13%	3%	35%	26%	23%



FG SCI* SATURN MODERATE FUND OF FUNDS

For periods until 30 September 2022

Performance and quartile ranking in sector | Launch date 15 August 2005

	6 Months	Year to Date	1 Year	3 Years*	5 Years*	10 Years*	Since Inception*
FG SCI Saturn Moderate FoF	-1.33%	-2.49%	3.28%	7.97%	6.21%	8.29%	9.73%
ASISA SA Multi Asset Medium Equity Category Average	-4.32%	-5.43%	0.89%	6.04%	5.05%	7.11%	8.35%
				1 st Quartile	2 nd Quartile	3 rd Quartile	4 th Quartile

*Data for longer than 12 months is annualised

Source: Morningstar, performance for A class shares

Annualised returns are period returns re-scaled to a period of 1 year

Underlying funds

- 36ONE BCI Flexible Opportunity Fund
- Abax Opportunity Fund
- Coronation Market Plus Fund
- Coronation Global Optimum Growth Feeder Fund
- Matrix SCI Defensive Balanced Fund
- Ninety One Opportunity Fund
- PSG Flexible Fund
- Rezco Value Trend Fund
- Satrix Bond Index Fund
- SIM Inflation Plus Fund
- Truffle SCI Flexible Fund
- Veritas Global Equity Feeder Fund

Performance statistics

	Fund	Benchmark
Highest 12-month performance	31.40%	26.41%
Lowest 12-month performance	-18.22%	-15.68%
% positive months	69.76%	66.34%

The FG SCI Saturn Moderate Fund of Funds returned +0.77% over the third quarter of 2022 and +3.28% over the past 12 months, outperforming the benchmark peer group average quarterly return of +0.24%, and the 12-month return of +0.89%. The Coronation Global Optimum Growth Feeder Fund was the best-performing underlying fund, returning +3.59% over the quarter. The Veritas Global Equity Feeder Fund was added as an underlying fund over the quarter. A reallocation from local equities to offshore equities was also made over the quarter.

Asset allocation as at 31 August 2022

	Local Equity	Local Property	Local Bonds	Local Cash	Foreign
FG SCI Saturn Moderate FoF	30%	3%	24%	16%	27%



FG SCI* NEPTUNE GROWTH FUND OF FUNDS

For periods until 30 September 2022

Performance and quartile ranking in sector | Launch date 1 September 2014

	6 Months	Year to Date	1 Year	3 Years*	5 Years*	Since inception*
FG SCI Neptune Growth FoF	-4.30%	-4.34%	1.91%	8.44%	6.78%	6.72%
ASISA SA Multi Asset High Equity Category Average	-5.79%	-6.62%	0.19%	6.60%	4.98%	5.37%
			1 st Quartile	2 nd Quartile	3 rd Quartile	4 th Quartile

*Data for longer than 12 months is annualised

Source: Morningstar, performance for A class shares

Annualised returns are period returns re-scaled to a period of 1 year

Underlying funds

- ABSA Property Equity Fund
- Catalyst Global Real Estate Prescient Feeder Fund
- Coronation Global Optimum Growth Feeder Fund
- Fairtree Equity Prescient Fund
- Laurium Flexible Prescient Fund
- Ninety One Equity Fund
- Ninety One Global Franchise Feeder Fund
- M&G Balanced Fund
- PSG Flexible Fund
- Rezco Value Trend Fund
- Saffron BCI Opportunity Income Fund
- Satrix Bond Index Fund
- Sanlam Multi Managed Inflation Linked Bond Fund
- Truffle SCI Flexible Fund
- Veritas Global Equity Feeder Fund

Performance statistics

	Fund	Benchmark
Highest 12-month performance	38.17%	30.65%
Lowest 12-month performance	-11.21%	-10.44%
% positive months	63.92%	62.89%

The FG SCI Neptune Growth Fund of Funds returned +0.17% over the third quarter of 2022 and +1.91% over the past 12 months, outperforming the benchmark peer group average quarterly return of -0.11%, and the 12-month return of +0.19%. The Coronation Global Optimum Growth Feeder Fund was the best-performing underlying fund, returning +3.59% over the quarter. The Veritas Global Equity Feeder Fund was added to the fund over the quarter. A reallocation from local equities to offshore equities was also made over the quarter.

Asset allocation as at 31 August 2022

	Local Equity	Local Property	Local Bonds	Local Cash	Foreign
FG SCI Neptune Growth FoF	39%	2%	17%	10%	32%



FG SCI* MERCURY EQUITY FUND OF FUNDS

For periods until 30 September 2022

Performance and quartile ranking in sector | Launch date 15 August 2005

	6 Months	Year to Date	1 Year	3 Years*	5 Years*	10 Years*	Since Inception*
FG SCI Mercury Equity FoF	-8.01%	-4.59%	3.54%	10.97%	6.44%	7.95%	9.97%
FTSE/JSE Africa All Share (Total Return)	-13.39%	-10.06%	3.55%	9.17%	6.49%	9.47%	11.90%
ASISA SA Equity General Category Average	-10.48%	-6.75%	2.08%	7.94%	4.58%	7.07%	9.62%
				1 st Quartile	2 nd Quartile	3 rd Quartile	4 th Quartile

*Data longer than 12 months is annualised

Source: Morningstar, performance for A class shares

Annualised returns are period returns re-scaled to a period of 1 year

Underlying funds

- 36ONE BCI Equity Fund
- Coronation Global Optimum Growth Feeder Fund
- Fairtree Equity Prescient Fund
- Gryphon All Share Tracker Fund
- Laurium Equity Fund
- Ninety One Equity Fund
- Ninety One Global Franchise Feeder Fund
- M&G Equity Fund
- PSG Equity Fund
- Truffle SCI General Equity Fund

Performance statistics

	Fund	Benchmark
Highest 12-month performance	56.15%	53.98%
Lowest 12-month performance	-31.68%	-37.60%
% positive months	62.44%	61.46%

The FG SCI Mercury Equity Fund of Funds returned -0.68% in the third quarter of 2022 and +3.54% over the past 12 months, outperforming the -1.92% quarterly return of the benchmark FTSE/JSE All Share Total Return Index while inline with the 12-month return of +3.55%. The Coronation Global Optimum Growth Feeder Fund was the best-performing underlying fund, returning +3.59% over the quarter. No changes were made to the fund over the quarter.

Asset allocation as at 31 August 2022

	Local Equity	Local Property	Local Bonds	Local Cash	Foreign
FG SCI Mercury Equity FoF	78%	2%	0%	5%	15%



FG SCI* INTERNATIONAL FLEXIBLE FUND OF FUNDS

For periods until 30 September 2022

Performance and quartile ranking in sector | Launch date 17 October 2007

	6 Months	Year to Date	1 Year	3 Years*	5 Years*	10 Years*	Since Inception*
FG SCI International Flexible FoF	1.78%	-11.29%	-4.24%	4.09%	5.35%	10.89%	8.04%
Historical benchmark**	-0.05%	-12.42%	-4.87%	4.91%	6.70%	10.29%	8.84%
ASISA Global Multi Asset Flexible Average***	-0.05%	-12.42%	-4.87%	4.91%	5.94%	10.96%	8.02%
				1 st Quartile	2 nd Quartile	3 rd Quartile	4 th Quartile

*Data for longer than 12 months is annualised

Annualised returns are period returns re-scaled to a period of 1 year

**Benchmark before June 2013: 50% MSCI World Index, 50% JP Morgan Global Government Bond Index

Benchmark between July 2013 and July 2015: 55% MSCI AC World Index, 33% JP Morgan Global Government Bond Index, 7% FTSE EPRA Nareit Global Property, 5% Stefi Call

***Current benchmark

Underlying funds

- FGAM Global Cautious Fund
- FGAM Global Growth Fund
- FPA Global Flexible Fund
- Ninety One Global Strategic Managed Fund
- Ninety One Global Franchise Fund

Performance statistics

	Fund	Benchmark
Highest 12-month performance	40.26%	34.52%
Lowest 12-month performance	-16.99%	-15.05%
% positive months	56.42%	59.44%

The FG SCI International Flexible Fund of Funds returned +3.29% in the third quarter of 2022 and -4.24% over the past 12 months, outperforming the benchmark peer group average quarterly return of +2.25%, and the 12-month return of -4.87%. FPA Global Flexible Fund was the best-performing underlying fund over the quarter, returning +4.39% in rand terms. No changes were made to the fund over the quarter.

Asset allocation as at 31 August 2022

	Global Equity	Global Fixed Income	Global Cash	Global Property	Local Cash
FG SCI International Flexible FoF	64%	18%	11%	4%	3%

	USD	GBP	EUR	JPY	Other	ZAR
Currency Breakdown	66%	3%	9%	6%	13%	3%



MARKET PERFORMANCE

Index	Asset Class	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Last 12 months	Year to Date 2022*
STEFI Composite Index	Local Cash	0.98%	1.03%	1.15%	1.35%	4.59%	3.57%
FTSE/JSE All Bond (Total Return)	Local Bonds	2.87%	1.86%	-3.71%	0.60%	1.48%	-1.34%
FTSE/JSE SA Listed Property (Total Return)	Local Property	8.35%	-1.27%	-11.56%	-3.54%	-8.75%	-15.78%
FTSE/JSE Africa All Share (Total Return)	Local shares	15.13%	3.84%	-11.69%	-1.92%	3.55%	-10.06%
JP Morgan World Govt Bond index (USD)	Global Bonds	-0.87%	-6.24%	-8.43%	-7.15%	-20.98%	-20.28%
FTSE EPRA Nareit Global REITs TR USD	Global Property	12.46%	-3.53%	-17.02%	-10.84%	-19.73%	-28.63%
MSCI World GR USD	Global Shares	7.86%	-5.04%	-16.05%	-6.08%	-19.25%	-25.13%
MSCI ACWI GR USD	Global Shares	6.77%	-5.26%	-15.53%	-6.71%	-20.29%	-25.34%
US Dollar/South African Rand (+ weaker ZAR, - stronger ZAR)	Exchange Rate	5.93%	-8.44%	12.11%	9.71%	19.46%	12.61%

*(Return until 30 September 2022)

Source: Morningstar



ADDITIONAL FUND INFORMATION

Fund name	No. of participatory interests*	NAV (month-end)	Total expense ratio (TER)**
FG SCI International Flexible FoF A	21,231,810.47	30.65	1.53
FG SCI International Flexible FoF A1	97.53	29.95	2.10
FG SCI International Flexible FoF B	1,468,057.23	24.74	3.20
FG SCI International Flexible FoF B1	2,730,429.51	25.57	2.97
FG SCI Jupiter Income FoF A	77,614,708.72	12.03	1.04
FG SCI Jupiter Income FoF A1	53.61	12.01	1.61
FG SCI Jupiter Income FoF B	6,470,880.64	11.96	2.77
FG SCI Jupiter Income FoF B1	6,239,412.41	11.97	2.48
FG SCI Mercury Equity FoF A	4,358,620.14	37.88	1.57
FG SCI Mercury Equity FoF A1	16.79	37.84	2.10
FG SCI Mercury Equity FoF B	274,096.54	36.33	3.29
FG SCI Mercury Equity FoF B1	50,448.94	37.16	3.00
FG SCI Neptune Growth FoF A	24,727,684.73	13.74	1.71
FG SCI Neptune Growth FoF A1	48.25	13.72	2.27
FG SCI Neptune Growth FoF B	1,993,130.85	13.65	3.43
FG SCI Neptune Growth FoF B1	1,249,479.31	13.67	3.15
FG SCI Saturn Moderate FoF A	49,104,993.14	31.27	1.57
FG SCI Saturn Moderate FoF A1	20.95	31.20	2.13
FG SCI Saturn Moderate FoF B	7,047,376.22	31.02	3.30
FG SCI Saturn Moderate FoF B1	5,676,443.98	31.05	3.01
FG SCI Venus Cautious FoF A	77,820,316.00	17.35	1.28
FG SCI Venus Cautious FoF A1	37.51	17.33	1.84
FG SCI Venus Cautious FoF B	2,951,448.99	17.17	3.01
FG SCI Venus Cautious FoF B1	9,710,643.59	17.18	2.72

* NAV (Mo-End) and no. of participatory interests as at 30 September 2022

**TER as at 30 June 2022



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