All Weather Flexible Income Fund

1. **What is the fund's objective?**

The fund aims to deliver a reliable, inflation-aware income stream with capital stability across cycles, targeting a total return of STEFI +2% p.a. over rolling periods. The fund sits in the ASISA South African – Multi Asset – Income category and is benchmarked against the STEFI Composite Index. While the portfolio is primarily income-focused, it may use limited growth assets to enhance inflation resilience and support modest capital growth without materially increasing drawdown risk.

2. **What does the fund invest in?**

The fund is a diversified, Regulation 28-compliant multi-asset income portfolio that invests primarily in South African fixed income, with offshore exposure capped at 10% by portfolio design. The fund follows a Strategic Asset Allocation (SAA) framework with tactical flexibility to respond to changing valuations and macroeconomic conditions. To achieve its stated objectives, the fund operates within a strategic asset allocation framework, with a regulatory cap on equity of 10%. The strategic allocation to listed property is 5%, although it can vary to a regulatory maximum of 25%, and the balance is split between fixed-income and liquid assets, including government bonds, inflation-linked bonds, credit, floating-rate notes, money market instruments, and cash.

The fund may invest in permitted collective investment schemes and other allowable instruments in line with the mandate and may use derivatives for efficient portfolio and risk management.

3. **Important portfolio characteristics and risks**

The fund is designed as a diversified "income engine", with the bulk of risk and return sourced from carry and real yield in cash, money market, floating-rate instruments, nominal bonds, credit, and inflation protection. Limited allocations to equity and listed property are used selectively for durable income, inflation pass-through, and modest growth, but remain constrained by explicit caps.

Tactical Asset Allocation (TAA) is used to adapt positioning as the cycle evolves. Within the fixed income cluster, allocations may rotate across nominal bonds, inflation-linked bonds, floating-rate notes, and money market instruments in response to changing inflation dynamics, rand stress, global risk shocks, term-premium shifts, funding stress, and the availability of the SA real-rate cushion.

Key risks include interest-rate, inflation, credit, and liquidity risks in stressed markets. The fund's highly constrained offshore allocation may introduce global market and currency risk at times. Limited equity and property exposure introduce some growth-asset volatility, but this is intentionally capped to preserve the fund's income-first profile.

4. How long should investors stay invested

The fund is designed for investors seeking stable income with moderate capital growth. Investors should ideally remain invested for 12–36 months (preferably 2–3 years) to benefit from income compounding and active rotation through rate and credit cycles.

5. Who should consider investing in the fund

Investors seeking an income-focused portfolio benchmarked to cash (STEFI) with an explicit return objective (STEFI + 2% p.a.). Investors who prefer capital stability, no negative returns over rolling 12-month periods, lower volatility than a typical balanced fund, but also want an actively managed alternative to a pure money market, with measured exposure to bonds, inflation protection, and limited growth assets. Investors who are comfortable with limited offshore bond exposure as part of a diversified income strategy, when the opportunity beckons.