

## WEBSITE MONTHLY REPORTS

# SALA PENSION FUND

### FINANCIAL POSITION AND PERFORMANCE

As a result of the movements in the financial markets the SALA Fund's total assets is R12 768 360 060 as at the end of June 2014. For the month of May the Active Members' portion of the total Fund returned 1.63%, DC Members returned 1.62% whilst the Pensioners Members' portion returned 1.17% p.a. Over the past 5 years to 30 June 2014 the total Fund returned 15.96% p.a.

### FINANCIAL MARKET OVERVIEW

The longest strike in South Africa's mining industry finally ended as the trade union, AMCU, and three of the biggest platinum producers in the world came to a resolve over wage disputes. The industrial action lasted for 5 months and had wide ranging ramifications. Despite the poor backdrop, mining and manufacturing activity numbers for April surprised to the upside. Mining activity showed marginal year on year improvement and manufacturing production contracted by 1.5%. The domestic economy's growth expectations, as a whole, was revised down aggressively as leading indicators continued to point at a loss in momentum. Standard & Poor's, the global credit rating agency, downgraded South Africa's sovereign credit rating to one notch above "junk" status due to the deterioration in the economic growth prospects and the government's growing debt burden.

The domestic financial market once again ignored the negative economic news and the FTSE/JSE All Share Index advanced by 2.8% as it broke through the 50,000 level. Resources was the best performing sector with a return of 3.5%, but it was closely followed by industrials and financials with gains of 2.8% and 2.7% respectively. The rise in the equity market was in line with gains seen from other emerging markets. The economic data, however, remained disappointing. Vehicle sales slumped by more than 9% and the RMB/BER Business Confidence Index for the second quarter was unchanged from the previous quarter, indicating poor prevailing sentiment. Despite remaining uncomfortably wide at 4.5% of GDP, the second quarter current account deficit did surprise positively as it was expected to widen from 5.1% the previous quarter, instead of narrowing.

Consumer price inflation for May printed above the Reserve Bank's upper band. The 6.6% price increase from the previous year was predominantly driven by higher food prices. Foreign investors were unperturbed by the high inflation reading and credit rating downgrade and continued to buy domestic bonds as the search for yield continued. The All Bond Index rose 1.0% during the month and listed property gained 3.4%. The rand traded in a tight range and depreciated only marginally to close the month at R10.63 against the US dollar. The rand benefited from improved sentiment following the resolution of the platinum mine strikes.

Global Equity (US\$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1,960.2	1.9%	4.7%	6.1%	6.1%	22.0%
Nasdaq	4,408.2	3.9%	5.0%	5.5%	5.5%	29.5%
MSCI Global Equity	1,743.4	1.6%	4.2%	5.0%	5.0%	21.6%
MSCI Emerging Mkt	1,050.8	2.2%	5.6%	4.8%	4.8%	11.7%
<b>Global Bond (US\$)</b>						
Global Bonds	525.9	0.3%	1.7%	4.8%	4.8%	6.1%
<b>Commodity Prices</b>						
Brent Oil (USD/Barrel)	112.5	2.8%	4.3%	1.6%	1.6%	9.5%
Platinum (USD/oz)	1,487.0	2.4%	4.9%	8.4%	8.4%	10.9%
Gold (USD/oz)	1,327.1	6.1%	3.4%	10.1%	10.1%	7.5%
<b>South African Mkt (Rand)</b>						
Africa All Share	6,527.5	2.8%	7.2%	11.8%	11.8%	32.7%
Africa Top 40	5,888.9	3.0%	7.4%	12.4%	12.4%	35.2%
Africa Resource 20	3,187.3	3.5%	2.8%	13.5%	13.5%	39.0%
Africa Financial 15	6,791.4	2.7%	8.7%	16.4%	16.4%	35.2%
Africa Industrial 25	10,533.6	2.8%	9.5%	10.5%	10.5%	32.6%
Africa Mid Cap	12,159.2	1.7%	6.0%	7.9%	7.9%	19.5%
Africa Small Cap	16,178.2	-0.1%	6.1%	11.0%	11.0%	29.1%
All Bond Index	451.4	1.0%	2.5%	3.4%	3.4%	5.4%
Stefi Composite	302.3	0.5%	1.4%	2.8%	2.8%	5.4%
Africa SA Listed Property - (SAPY)	1,483.8	3.4%	4.4%	6.3%	6.3%	6.0%
MSCI Global Equity (R)		2.2%	5.1%	7.8%	7.8%	31.0%
Global Bonds (R)		0.9%	2.6%	7.6%	7.6%	14.3%
Rand Dollar Exchange Rate	10.63	0.6%	0.9%	2.7%	2.7%	7.7%