

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 R11 111 659 690 as at the end of May 2013. For the month of May the Active Members' portion of the total Fund returned 5.01%, DC Members returned 4.65% whilst the Pensioners Members' portion returned 4.13% p.a. Over the past 5 years to 31 May 2013 the total Fund returned 12.09% p.a.

FINANCIAL MARKET OVERVIEW

May marked the second worst monthly drawdown in the domestic currency since the 2008 global financial market implosion. The rand depreciated by more than 10% against the dollar as the coincidence of numerous factors caused sentiment towards the currency to sour. It started with the renewed breakdown of labour relationships and re-ignition of strikes and labour-related violence. On top of this was the disappointing GDP growth figure, the further deterioration in the trade deficit and general dollar strength against most emerging market currencies. GDP data indicated that economic growth for the first quarter of this year decelerated sharply to a below expected 0.9% - down from 2.1% the previous quarter. Efforts by the President at the end of the month to calm investor fears proved fruitless.

The FTSE/JSE All Share Index benefitted from the weaker rand and gained 8.5%. The resources and industrial sectors were the main beneficiaries and they rose by 12.4% and 11.6% respectively. The financial sector gained a paltry 2.1% in comparison as concerns increased over unsecured lending in the economy. Other economic data remained weak. Manufacturing and mining activity data disappointing and the trade deficit ballooned to R15bn as import growth far outpaced export growth.

The weak economic data initially raised expectations for further interest rate cuts, but the sharp depreciation in the rand quickly reversed such anticipation. Foreigners turned into massive sellers of local bonds and the All Bond Index lost 4.6% as the 10 year bond yield rose by more than 1% from its lowest point. Listed property prices tumbled amidst the higher bond yields and the sector declined by 11.1%. Consumer price inflation for April stabilised at 5.9%, but the figures was higher than consensus expectations.

Global Equity (US\$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1,630.7	2.1%	7.7%	15.2%	14.3%	24.5%
Nasdaq	3,455.9	3.8%	9.4%	14.8%	14.5%	22.2%
MSCI Global Equity	1,471.9	-0.3%	4.8%	11.9%	10.0%	25.0%
MSCI Emerging Mkt	1,008.9	-2.9%	-4.3%	0.2%	-4.4%	11.3%
Global Bond (US\$)						
Global Bonds	498.8	-3.4%	-2.7%	-6.1%	-5.2%	-4.5%
Commodity Prices						
Brent Oil (USD/Barrel)	100.2	-2.1%	-10.7%	-9.9%	-9.8%	-2.5%
Platinum (USD/oz)	1,480.0	-1.8%	-6.5%	-7.7%	-3.8%	4.6%
Gold (USD/oz)	1,388.0	-6.0%	-12.2%	-19.1%	-17.1%	-11.1%
South African Mkt (Rand)						
Africa All Share	5,214.7	8.5%	7.1%	11.9%	8.4%	30.7%
Africa Top 40	4,671.5	10.4%	8.0%	12.5%	9.5%	32.7%
Africa Resource 20	2,652.4	12.4%	0.0%	-0.1%	-2.9%	8.6%
Africa Financial 15	5,244.0	2.1%	5.0%	14.8%	7.7%	29.4%
Africa Industrial 25	8,201.6	11.6%	14.8%	21.1%	18.9%	53.6%
Africa Mid Cap	10,212.9	0.1%	2.2%	7.6%	2.4%	20.1%
Africa Small Cap	12,673.7	0.4%	4.9%	13.9%	9.8%	29.5%
All Bond Index	434.7	-4.6%	-0.5%	2.5%	0.2%	11.5%
Stefi Composite	285.5	0.4%	1.3%	2.5%	2.1%	5.3%
Africa SA Listed Property - (SAPY)	1,341.4	-11.1%	-1.4%	4.6%	4.2%	27.0%
MSCI Global Equity (R)		11.9%	16.9%	26.7%	32.0%	48.2%
Global Bonds (R)		8.5%	8.6%	6.3%	8.5%	13.2%
Rand Dollar Exchange Rate	10.08	12.3%	11.6%	13.3%	20.0%	18.5%