

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 R13 453 298 460 as at the end of September 2015. For the 12 months up to September the Active Members' portion of the total Fund returned 9.08%, DC Members returned 8.93% whilst the Pensioners Members' portion returned 8.12% p.a. Over the past 5 years to 30 September 2015 the total Fund returned 13.73% p.a.

FINANCIAL MARKET OVERVIEW

The South African Reserve Bank was given some breathing space as the US held off on their first interest rate hike. This allowed Governor Kganyago to keep local rates unchanged as well. Despite staying put, his rhetoric turned more hawkish and he warned that the Reserve Bank remained on a gradual policy normalisation path. It was initially feared that the recent currency weakness could prompt a rate hike. The trade weighted rand depreciated to its worst level on record and closed the month at R13.82 against the US dollar – a depreciation of 4.2%. But consumer price inflation moderated more than expected to 4.6% in August.

In contrast to the sell-off in global equity markets, the local FTSE/JSE All Share Index rose 1.0% as it was buoyed by beer fever. Anheuser-Busch Inbev indicated its intentions to take over SABMiller in a deal that will see the merged group be one of the ten biggest in the world with an estimated market capitalisation of \$275bn. Speculation drove SABMiller's share price up by 27%. This resulted in a 5.0% gain for industrial shares whilst financial shares closed 2.2% lower and resources shares tumbled by 9.6%. The platinum sector was especially hard hit due to a 10% drop in the platinum price. The platinum and precious metals sub-sector lost 27.5% during the month.

Mixed economic data included business confidence which sank further and vehicle sale growth which continued to drop – an indication of the strain on consumers. In contrast, manufacturing and mining activity rebounded and the current account deficit shrank more than expected to 3.1% of GDP in the second quarter from 4.7% the previous quarter. The depreciation in the rand boosted exports and the moderation in demand led to lower imports. Lower global bond yields and the slowdown in local inflation limited the impact of a weaker currency on the bond market. The All Bond Index lost 0.1% during the month for a year to date return of 2.7% - underperforming cash which yielded a return of 4.8%. Listed property rose by 0.8%.

Global Equity (US\$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1 920.0	-2.6%	-6.9%	-7.2%	-6.7%	-2.6%
Nasdaq	4 620.2	-3.3%	-7.4%	-5.7%	-2.4%	2.8%
MSCI Global Equity	1 581.9	-3.9%	-8.9%	-9.1%	-7.5%	-6.9%
MSCI Emerging Mkt	792.0	-3.3%	-18.5%	-18.7%	-17.2%	-21.2%
Global Bond (US\$)						
Global Bonds	500.1	1.1%	2.8%	0.2%	-0.8%	-2.5%
Commodity Prices						
Brent Oil (USD/Barrel)	48.5	-9.0%	-23.4%	-13.1%	-15.3%	-48.8%
Platinum (USD/oz)	906.5	-10.2%	-15.9%	-20.7%	-25.0%	-30.3%
Gold (USD/oz)	1 115.1	-1.7%	-4.9%	-5.8%	-5.8%	-7.8%
South African Mkt (Rand)						
Africa All Share	6 694.6	1.0%	-2.1%	-2.3%	3.4%	4.8%
Africa Top 40	5 999.7	2.0%	-1.5%	-0.7%	4.9%	4.9%
Africa Resource 20	1 892.0	-9.6%	-16.7%	-20.5%	-20.7%	-36.4%
Africa Financial 15	7 790.2	-2.2%	-2.9%	-5.5%	4.5%	15.3%
Africa Industrial 25	12 275.3	5.0%	1.6%	3.7%	9.9%	17.8%
Africa Mid Cap	12 775.8	-4.6%	-5.9%	-11.9%	-5.2%	3.2%
Africa Small Cap	17 687.6	-2.0%	-3.9%	-2.5%	0.6%	7.2%
All Bond Index	493.8	-0.1%	1.1%	-0.3%	2.7%	7.0%
Stefi Composite	326.3	0.5%	1.6%	3.2%	4.8%	6.4%
Africa SA Listed Property - (SAPY)	2 001.7	0.8%	6.2%	-0.4%	13.3%	25.8%
MSCI Global Equity (R)		0.2%	3.5%	3.5%	11.7%	14.1%
Global Bonds (R)		5.3%	16.7%	14.1%	19.8%	19.5%
Rand Dollar Exchange Rate	13.82	4.2%	13.6%	13.9%	20.7%	22.6%