



NOVARE[®]
actuaries & consultants

| **Monthly Report** |

SALA Pension Fund

April 2020

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REPORT OVERVIEW

SOUTH AFRICAN LOCAL AUTHORITIES PENSION FUND

The Fund comprises of both defined benefit and defined contribution schemes, as such the Fund has 4 investment portfolios.

FUND PERFORMANCE

The performance figures of the Fund represent the performance as calculated by Novare's pricing division and are **net** of manager fees.

The financial year end of the Fund is 30 June. The returns for the financial year reflect returns from the 1st of July.

Year to date ("YTD") performance represents calendar year to date.

MARKET OVERVIEW

The performance figures reflected in Section A of this report have been sourced from Reuters.

PERFORMANCE FOR PERIODS LONGER THAN 12 MONTHS

All performance figures for periods greater than 12 months (1 year) are annualised, unless indicated otherwise.

MANAGER PERFORMANCE

The performance figures of the Fund's underlying managers represent the returns as per the manager monthly reports.

OBJECTIVE

The objective of the DB Portfolio represents the inflation target of CPI + 4.5%

The objective of the DC Growth Portfolio represents the inflation target of CPI + 4.5%

The objective of the DC Money Market Portfolio represents the inflation target of CPI + 1%

The objective of the Pensioner Portfolio represents the inflation target of CPI + 4.5%

BENCHMARK

The benchmark performance in this report for the DB portfolio is as follows:

Asset Class	Allocation	Benchmark
Domestic Equities	32.5%	Capped SWIX
Domestic Protected Equities	5%	JSE TOP 40
Domestic Fixed Income	10%	ALBI
Domestic Property	5%	SA Listed Property
Domestic Money Market	2.5%	STeFI
Domestic Alternatives	15%	CPI + 3.5%
Africa	5%	Fund Returns
International	25%	International Composite: 60% MSCI World / 40% JP Morgan Global Bond

The benchmark performance in this report for the DC Growth portfolio is as follows:

Asset Class	Allocation	Benchmark
Domestic Equities	37.5%	Capped SWIX
Domestic Protected Equities	5%	JSE TOP 40
Domestic Fixed Income	7.5%	ALBI
Domestic Property	5%	SA Listed Property
Domestic Money Market	2.5%	STeFI
Domestic Alternatives	12.5%	CPI + 3.5%
Africa	5%	Fund Returns
International	25%	International Composite: 60% MSCI World / 40% JP Morgan Global Bond

REPORT OVERVIEW

The benchmark performance in this report for the Pensioner portfolio is as follows:

Asset Class	Allocation	Benchmark
Domestic Equities	32.5%	Capped SWIX
Domestic Protected Equities	5%	JSE TOP 40
Domestic Fixed Income	10%	ALBI
Domestic Property	5%	SA Listed Property
Domestic Money Market	2.5%	STeFI
Domestic Alternatives	15%	CPI + 3.5%
Africa	5%	Fund Returns
International	25%	International Composite: 60% MSCI World / 40% JP Morgan Global Bond

The benchmark performance in this report for the DC Money Market Members is as follows:

Asset Class	Allocation	Benchmark
Domestic Money Market	100%	STeFI

TACTICAL LIMITS

DB Portfolio

Asset Class	Lower limit	Upper limit
Domestic Equities	20%	50%
Domestic Fixed Income	5%	20%
Domestic Property	0%	15%
Domestic Money Market	0%	60%
Domestic Alternatives	10%	20%
Africa	0%	7.5%
International	0%	30%

DC Growth

Asset Class	Lower limit	Upper limit
Domestic Equities	20%	45%
Domestic Fixed Income	5%	20%
Domestic Property	0%	15%
Domestic Money Market	0%	60%
Domestic Alternatives	10%	20%
Africa	0%	7.5%
International	0%	30%

Pensioner Portfolio

Asset Class	Lower limit	Upper limit
Domestic Equities	20%	50%
Domestic Fixed Income	5%	20%
Domestic Property	0%	15%
Domestic Money Market	0%	60%
Domestic Alternatives	10%	20%
Africa	0%	7.5%
International	0%	30%

“*The private equity portion under alternatives and the unlisted Africa benchmarks are the returns to approximately strip out the effect of these investments on the portfolio returns by using the weighted actual returns and allocations effective since inception. These asset classes will be measured and reported on in a separate report.”

DISCLAIMER

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NAC is an Authorised Financial Service Provider in terms of the Financial Advisory and Intermediary Services Act, 37 of 2002. **FSP No. 815.**

NAC is approved by the Financial Services Board in terms of Section 13B of the Pension Funds Act, 24 of 1956, as an Investment Administrator: 24/ 456.

Section A

Market Overview



DOMESTIC MARKET VIEW



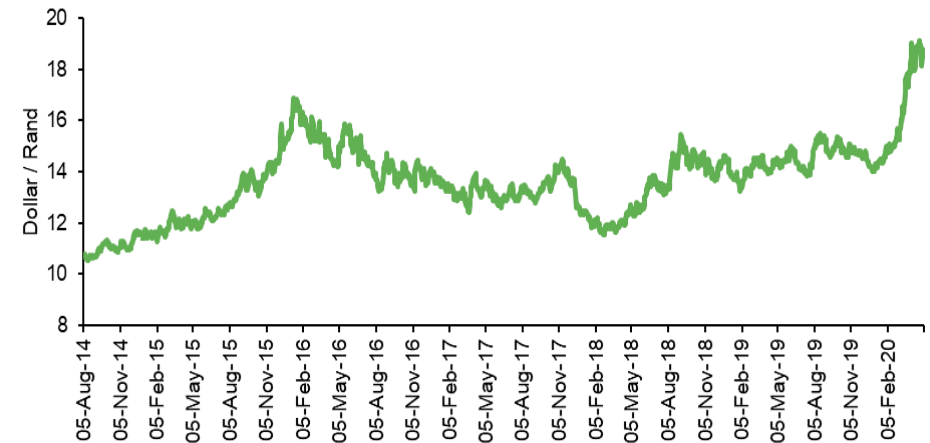
South Africa extended its hard lockdown but softened the extent slightly in April as a limited number of additional sectors of the economy were allowed to open. The South African Reserve Bank gave consumers some reason for optimism with a surprise 100bp rate cut on 14 April, bringing the repo rate to 4.25%.

With inflation likely to remain in the lower half of the target band, the SARB should be in a position to cut rates again. The market got another boost as government announced an unprecedented R500bn stimulus package to support the economy. Funding the fiscal stimulus, however, has become increasingly difficult as both Fitch and S&P downgraded the sovereign credit rating in April, after Moody's downgrade it in March.

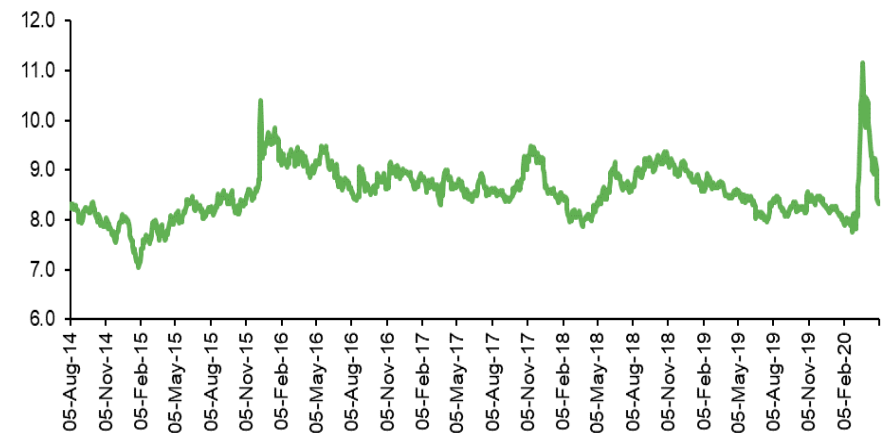
Despite the more positive, risk-on environment, non-residents remained net sellers of South African bond and equity assets during April.

The business activity index of the Absa PMI survey crashed to an all-time low of a mere 5.1 index points during the month, confirming that manufacturing output came to a near standstill during the nationwide lockdown.

Rand



S.A. 10-Year Government Benchmark Yield



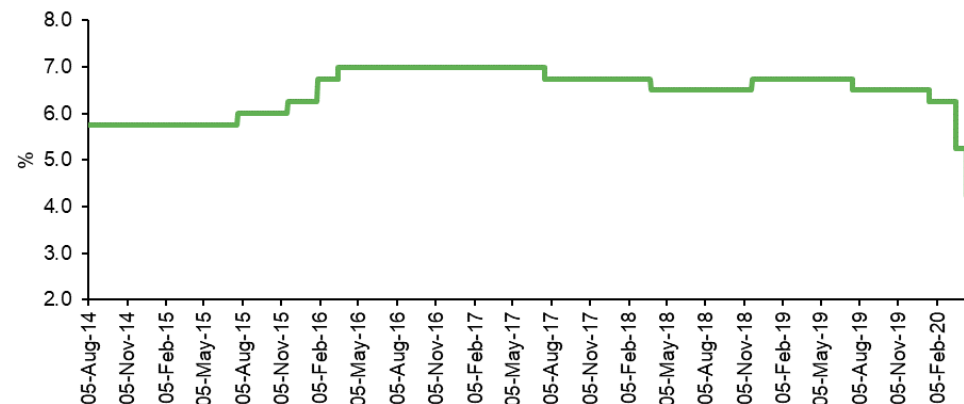
DOMESTIC MARKET VIEW



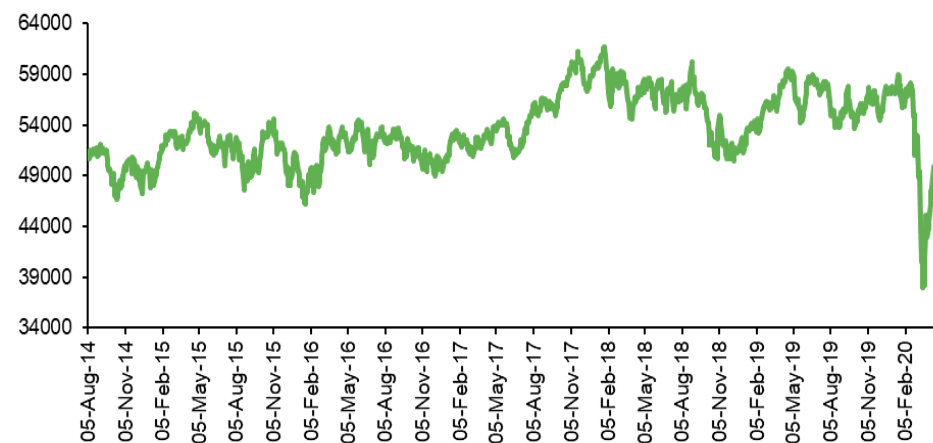
The PMI survey showed the devastating impact the lockdown has had on manufacturing output and overall demand in general. While the softening of some restrictions from May should support a slow recovery in coming months, a lot of manufacturing capacity will remain idle for some time.

The sub-index tracking expected business conditions in six months' time decreased further from a record-low set in March as the general mood in the economy remained depressed.

Repo Rate



FTSE/JSE All Share Index

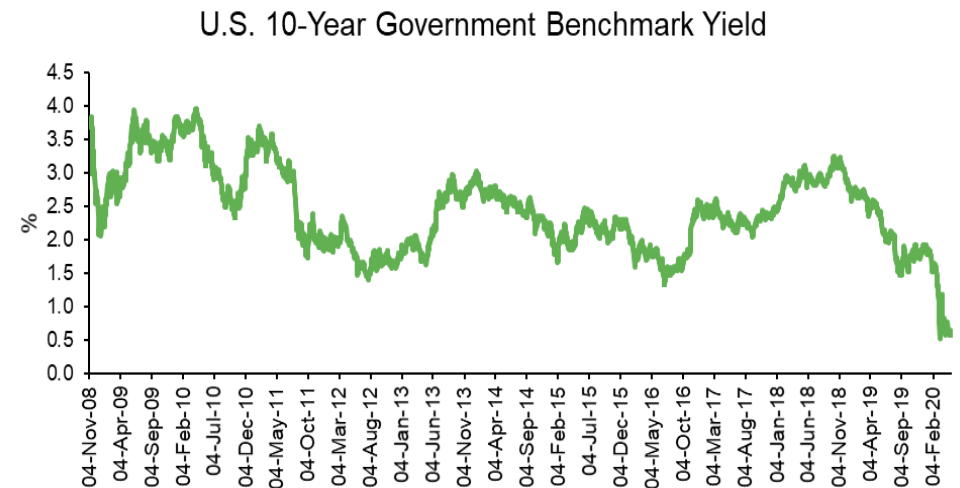
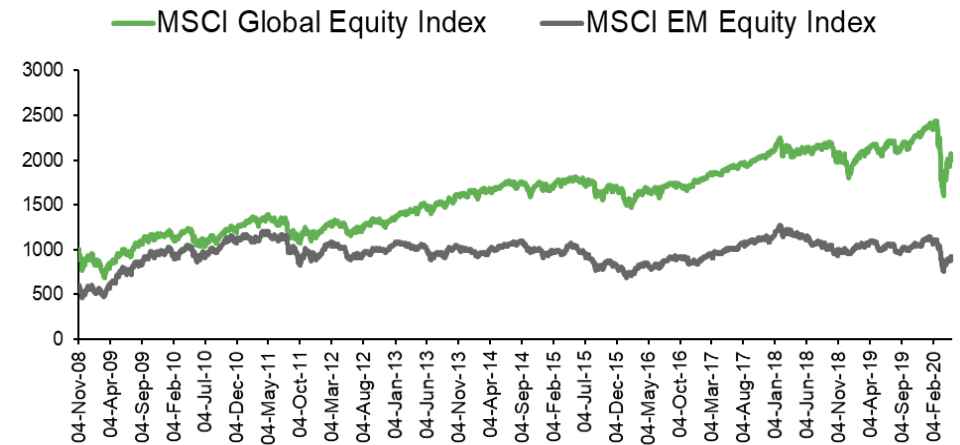


INTERNATIONAL MARKET VIEW

After the massive sell-off in March, markets rebounded strongly in April. While the Covid-19 pandemic continued to spread around the globe, some countries saw new daily infection rates start to fall and began planning to gradually reopen their economies. Governments and central banks introduced massive stimulus measures to reduce the damage caused by the economic shutdown, restoring some positive sentiment to markets.

Volatility dropped from the extreme levels experienced in March as developed markets outperformed emerging markets and growth stocks outperformed value. The S&P 500 index returned 12.8%, recovering close to 60% of its prior decline. Fixed Income markets rallied as central banks committed to purchase more government and corporate bonds and credit markets normalised.

Real GDP, which fell almost 5% on an annualised basis in the first quarter, is expected to decline by more than 30% in the second quarter, before increasing by around 20% in the third quarter. However, a resurgence in Covid-19 infections seems increasingly likely given the haste and unsynchronised manner in which governments are trying to reopen their countries. This, along with colder weather in the Northern hemisphere, could again spell large declines in GDP growth in the fourth quarter.

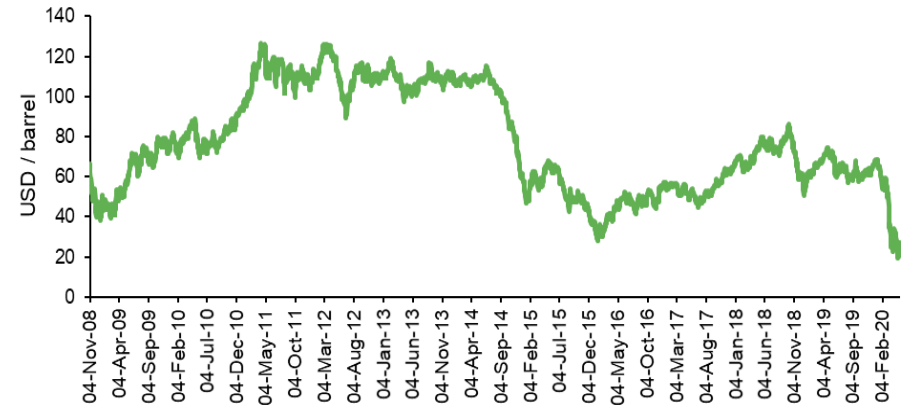


INTERNATIONAL MARKET VIEW

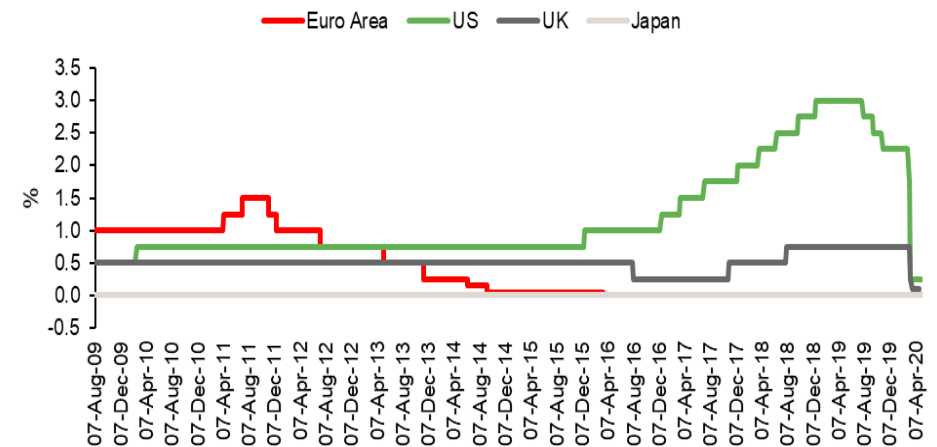
Despite April's market rebound, there is considerable uncertainty about the growth trajectory over coming quarters. While most markets are pricing in a V-shaped recovery, a lot will depend on the extent to which economies can successfully reopen. The massive stimulus programmes will indeed help economies in the short-term, but the question remains whether these will be enough going into the fourth quarter and beyond.

The Fed and the European Central Bank have indicated that they will do what needs to be done, but the longer it takes to develop a vaccine, the more monetary and fiscal support will be needed to ensure economies don't fall from a recession into a depression.

OIL (BRENT)



G4 Policy Rates



TACTICAL ASSET ALLOCATION



RSA BONDS

Local bond markets were severely impacted by the Covid-19 sell-off, as well as the Moody's downgrade before the SARB helped restore market function by buying bonds in the secondary market. The yield curve steepened further during April as rates at the short end and the belly of the curve dropped. The short end of the curve recorded 1.09% while 10-year bonds were up 5.16% and the ultra-long R2048 was up 0.56%.

Amid all the bad news and global uncertainty, inflation and interest rates are declining in South Africa, which is very supportive of the asset class. With inflation under control and threatening the lower end of the SARB's target band, the Bank does indeed have further room to cut, even though rates are already at very low levels.

Prior to the Covid-19 crisis, the government's deficit for 2020 was expected to be 6.8% of GDP but is now expected to rise sharply, with tax collections suffering due to lockdown restrictions and government facing additional spending pressures under the R500bn fiscal package. When compared to emerging market peers, South African bonds still offer value on a real return basis as real yields remain in excess of 5%. South African CDS spreads, which have recovered but are still above 400bps, are quite a bit higher versus EM peers.

We were slightly more positive on bonds going into the downgrade and are currently slightly under-weight with the bullish focus towards the front-end of the curve. From a credit perspective, we believe the market will remain under severe pressure as the effect of the lockdown on economic activity becomes apparent in. In that sense, we prefer more defensive investment grade credit.

RSA PROPERTY, ALTERNATIVES AND CASH

The SA Listed Property Index (SAPY) has been a severe under-performer for some time but experienced a strong bounce in April when it returned 7%. We hold the view that corporate tenants in South Africa pose significant downside risk as default is likely to increase. Some corporates have invoked force majeure provisions in their leases and accordingly will not be paying rentals in the near term. In a worst-case scenario, vacancies are likely to increase.

More and more companies are looking at ways to preserve cash, including retrenchments. Some resolved to go into business rescue and others have deferred or suspended dividends. These factors point to depressed tenants who pose potential risks to the property sector.

While listed property valuations have been depressed for a while and there is an argument for value uplift, we hold the view that the sector should be approached very cautiously considering the credit quality of the average tenant. We continue to maintain an under-weight position in the asset class.

RSA EQUITIES

Local equities increased in line with their global counterparts to return almost 14% in April. From a -sector perspective, there were a few spectacular performances as chemicals returned 83.72% and gold miners rose more than 50%. Non-residents continued to sell off SA equities, although at a much more muted pace than in previous months.

Even though the market provided opportunities during the sell-off, we believe that investors need to continue exercising caution given how fluid things are on the pandemic front. Companies that have strong balance sheets will be able to execute on opportunities presented by low valuations, which could spur merger and acquisition activity.

We continued to maintain an underweight position in local stocks within an emerging market equity portfolio. However, if the sell-off resumes we will consider increasing our weighting as valuations become more favourable.

INTERNATIONAL

After the massive sell-off in March, markets rebounded strongly in April. While the Covid-19 pandemic continued to spread around the globe, some countries saw new daily infection rates start to fall and began planning to gradually reopen their economies. Governments and central banks introduced massive stimulus measures to reduce the damage caused by the economic shutdown, restoring some positive sentiment to markets.

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Despite April's market rebound, there is considerable uncertainty about the growth trajectory over coming quarters. While most markets are pricing in a V-shaped recovery, a lot will depend on the extent to which economies can successfully reopen. The massive stimulus programmes will indeed help economies in the short-term, but the question remains whether these will be enough going into the fourth quarter and beyond.

The Fed and the European Central Bank have indicated that they will do what needs to be done, but the longer it takes to develop a vaccine, the more monetary and fiscal support will be needed to ensure economies don't fall from a recession into a depression.

We held the view for some time that the global economy had been in the late stages of the business cycle and that markets had run ahead of themselves. While markets priced in a strong V-shaped recovery following the correction in March, our central scenario is for a more protracted recovery accompanied by significant continued downside risk. In line with these views, we have increased our under-weight position to global equity, using the bounce in markets during April to lighten up even more – preferring to hold cash as not even bonds offer value at these yields.

NOVARE HOUSE VIEW: April 2020
TACTICAL POSITIONING*

	UNDER-WEIGHT	← ON-WEIGHT →	OVER-WEIGHT	PREVIOUS
DOMESTIC	Under-weight			
Equities	85%			95%
Bonds	95%			95%
Property	95%			95%
Alternatives		100%		100%
Cash		Balancing		100%
OFFSHORE			120%	120%
Equities	90%			105%
Bonds	70%			70%
Alternatives		100%		125%
AFRICA		100%		

* positioning is as a % of strategic asset allocation

Summary:

Novare remains underweight domestic equities, domestic bonds and domestic property whilst maintaining an overweight to International assets. Due to the limit of 25% to international assets (30% if a minimum 5% Africa exposure is held), the balance of any domestic assets will be invested in cash.

++
+
Neutral
-
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TACTICAL ASSET ALLOCATION

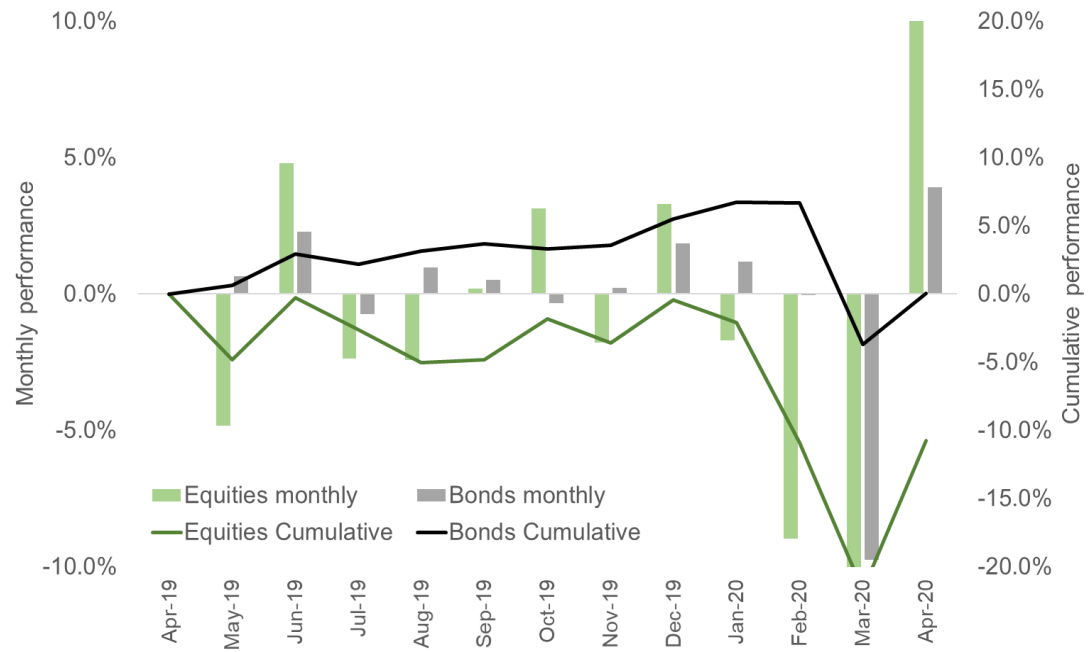
Global Assets (US\$)	1 month	3 months	YTD	12 months	3 Years	5 Years
MSCI All Countries Equity	10.8%	-11.8%	-12.8%	-4.4%	4.2%	2.5%
MSCI Emerging Markets	9.2%	-12.5%	-16.6%	-11.7%	0.0%	0.0%
Global Bonds (R)	5.4%	23.4%	33.9%	37.5%	16.1%	9.4%

Commodity Prices	1 month	3 months	YTD	12 months	3 Years	5 Years
Brent Oil (USD/Barrel)	0.5%	-54.5%	-60.0%	-63.0%	-19.6%	-12.3%
Platinum (USD/oz)	7.2%	-18.8%	-20.0%	-13.4%	-6.4%	-3.9%
Gold (USD/oz)	6.3%	8.0%	12.6%	33.8%	10.6%	6.2%

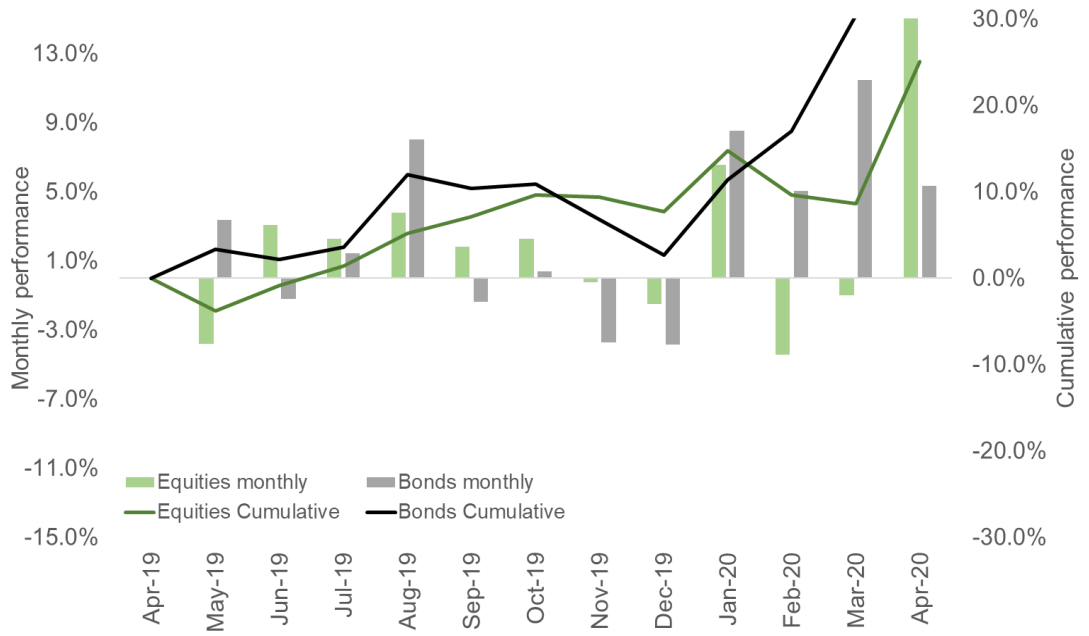
Asset Allocation (Rand)	1 month	3 months	YTD	12 months	3 Year	5 Years
Domestic Equities	14.0%	-8.8%	-10.4%	-10.8%	1.2%	0.7%
Domestic Bonds	3.9%	-6.3%	-5.1%	0.1%	5.8%	3.4%
Domestic Cash	0.5%	1.6%	2.2%	7.1%	7.1%	4.2%
Domestic Property	7.0%	-42.8%	-44.5%	-46.0%	-21.4%	-13.5%
International Equity	15.2%	9.0%	16.1%	25.1%	17.6%	10.2%
International Bonds	5.4%	23.4%	33.9%	37.5%	16.1%	9.4%
Exchange rate (R / \$)	3.8%	23.5%	32.3%	29.5%	12.3%	7.2%

Scale:
 Best performing asset class █
 Worst performing asset class █

Domestic Markets (R) over the last 12 months



International Markets over the last 12 months



MARKET PERFORMANCE

Section B

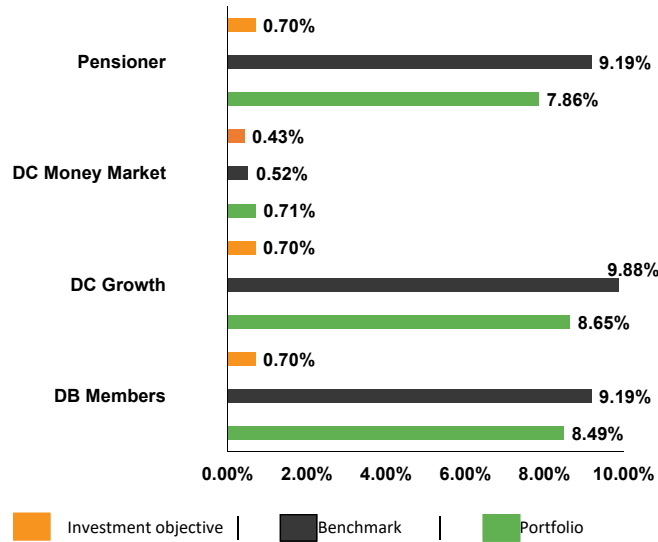
Fund Overview



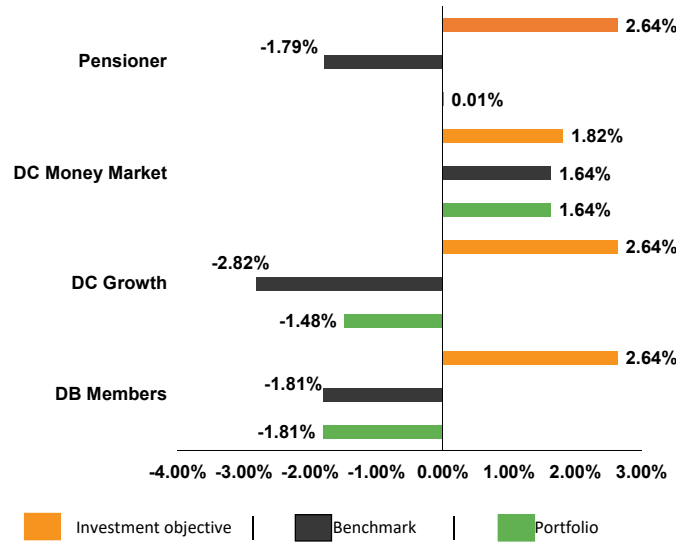
EXECUTIVE SUMMARY



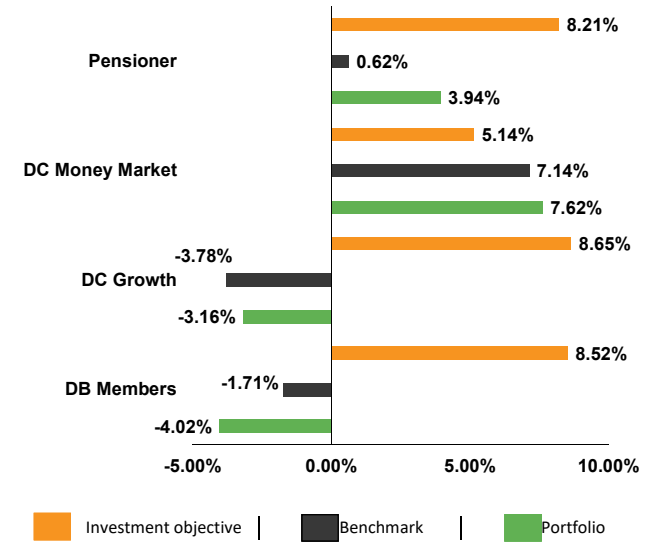
Monthly Return for April 2020



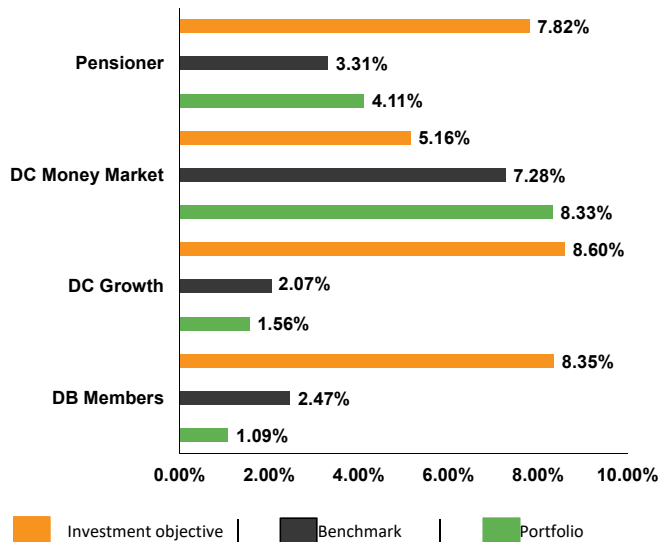
3 Months Return up to April 2020



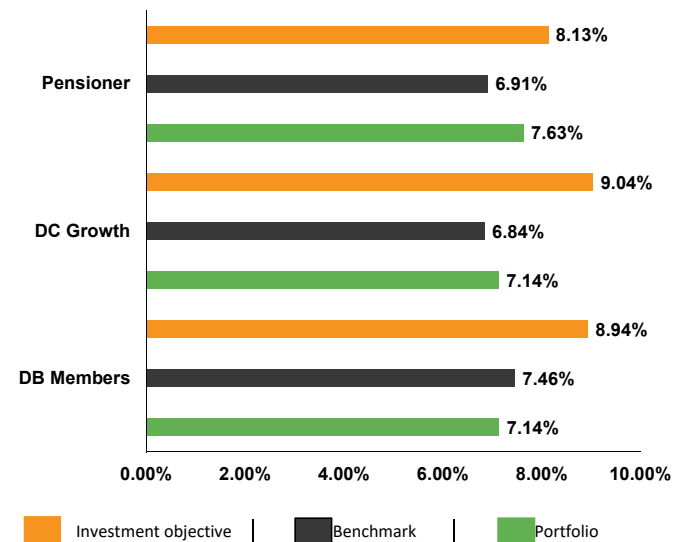
1 Year Return up to April 2020



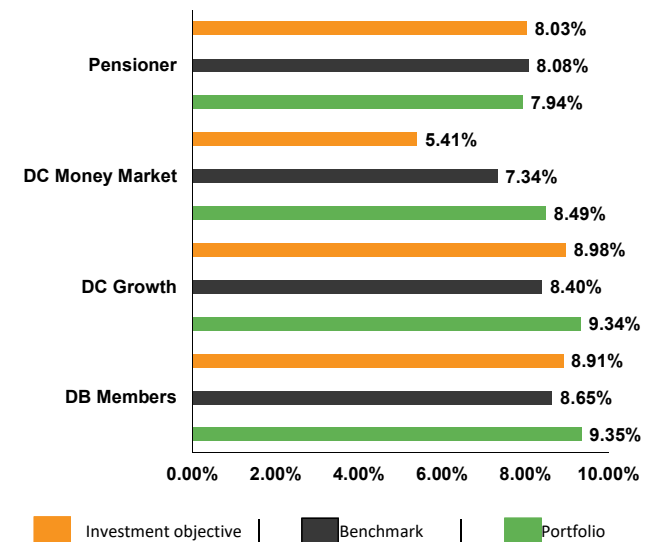
3 Year Return up to April 2020



7 Year Return up to April 2020



Returns Since Inception



PORTFOLIO MARKET VALUES AND RETURNS

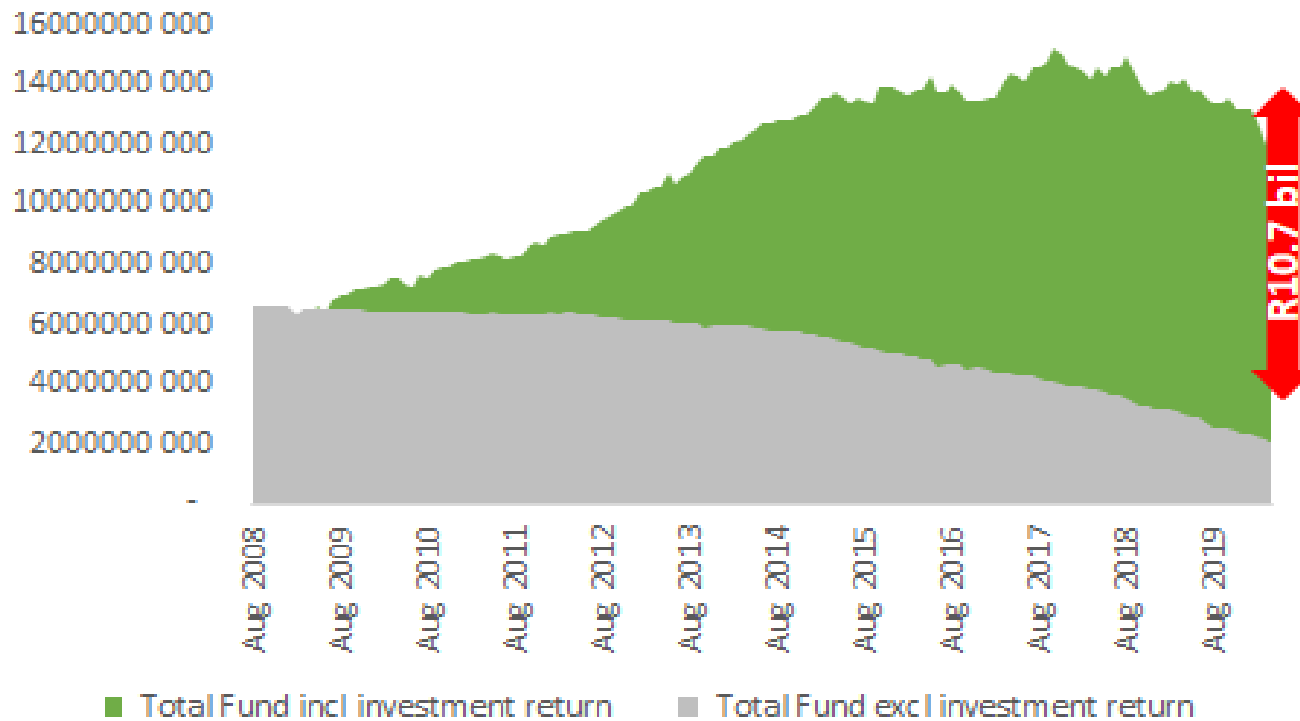
The table below sets out the portfolio returns of the funds over the various periods in comparison with their respective benchmarks.

	Market value (R)	Weight (%)	1 month (%)	3 months (%)	YTD (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)
DB Members	10 858 596 535	84.8%	8.5%	-1.8%	-1.6%	-4.0%	1.1%	3.3%
Strategic Benchmark			9.2%	-1.8%	-0.8%	-1.7%	2.5%	4.0%
			-0.7%	0.0%	-0.9%	-2.3%	-1.4%	-0.7%
DC Growth	441 965 629	3.5%	8.6%	-1.5%	-1.4%	-3.2%	1.6%	3.5%
Strategic Benchmark			9.9%	-2.8%	-2.0%	-3.8%	2.1%	3.5%
			-1.2%	1.3%	0.6%	0.6%	-0.5%	0.0%
DC Money Market	508 895 071	4.0%	0.7%	1.6%	2.3%	7.6%	8.3%	-
Strategic Benchmark			0.5%	1.6%	2.2%	7.1%	7.3%	-
			0.2%	0.0%	0.1%	0.5%	1.0%	-
Pensioner	994 170 182	7.8%	7.9%	0.0%	0.6%	3.9%	4.1%	5.0%
Strategic Benchmark			9.2%	-1.8%	-0.5%	0.6%	3.3%	4.5%
			-1.3%	1.8%	1.0%	3.3%	0.8%	0.5%
DB Members			8.5%	-1.8%	-1.6%	-4.0%	1.1%	3.3%
Objective			0.7%	2.6%	3.3%	8.5%	8.4%	9.0%
			7.8%	-4.4%	-4.9%	-12.5%	-7.3%	-5.7%
DC Growth			8.6%	-1.5%	-1.4%	-3.2%	1.6%	3.5%
Objective			0.7%	2.6%	3.3%	8.6%	8.6%	9.1%
			7.9%	-4.1%	-4.6%	-11.8%	-7.0%	-5.7%
DC Money Market			0.7%	1.6%	2.3%	7.6%	8.3%	-
Objective			0.4%	1.8%	2.2%	5.1%	5.2%	-
			0.3%	-0.2%	0.1%	2.5%	3.2%	-
Pensioner			7.9%	0.0%	0.6%	3.9%	4.1%	5.0%
Objective			0.7%	2.6%	3.3%	8.2%	7.8%	8.3%
			7.2%	-2.6%	-2.7%	-4.3%	-3.7%	-3.2%
	12 803 627 417	100%						

LONG TERM RETURNS

Longer term returns should be used to assess the Fund's performance when compared to the benchmark as short term volatility may distort short term performance measurement.

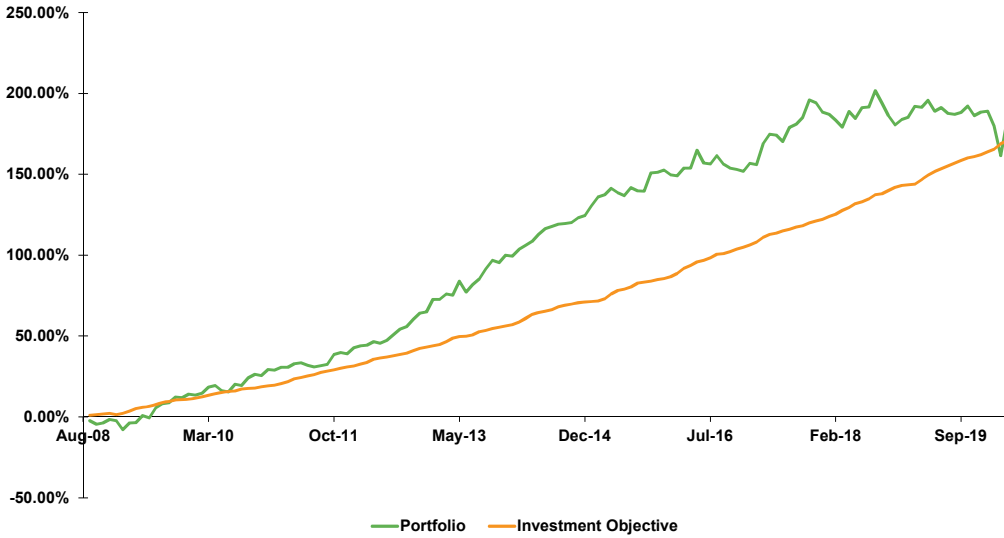
Estimate Value Added through Investment Returns since Inception



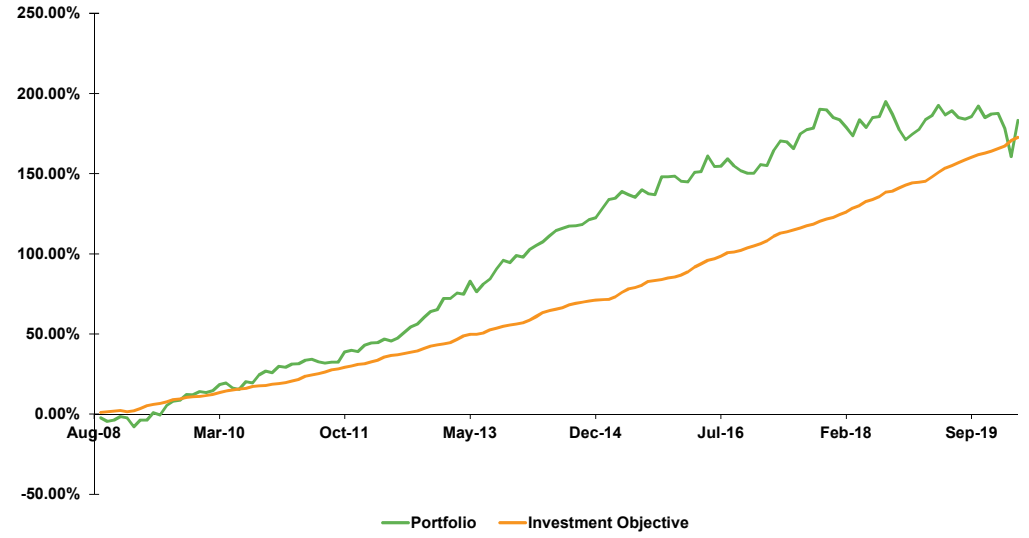
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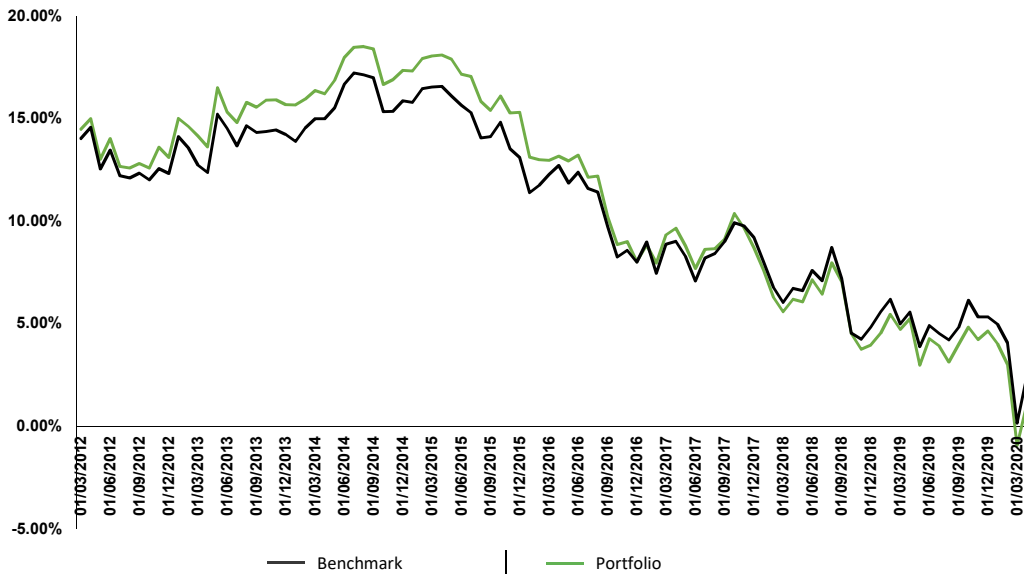
DB Members - Cumulative return since 30 September 2009



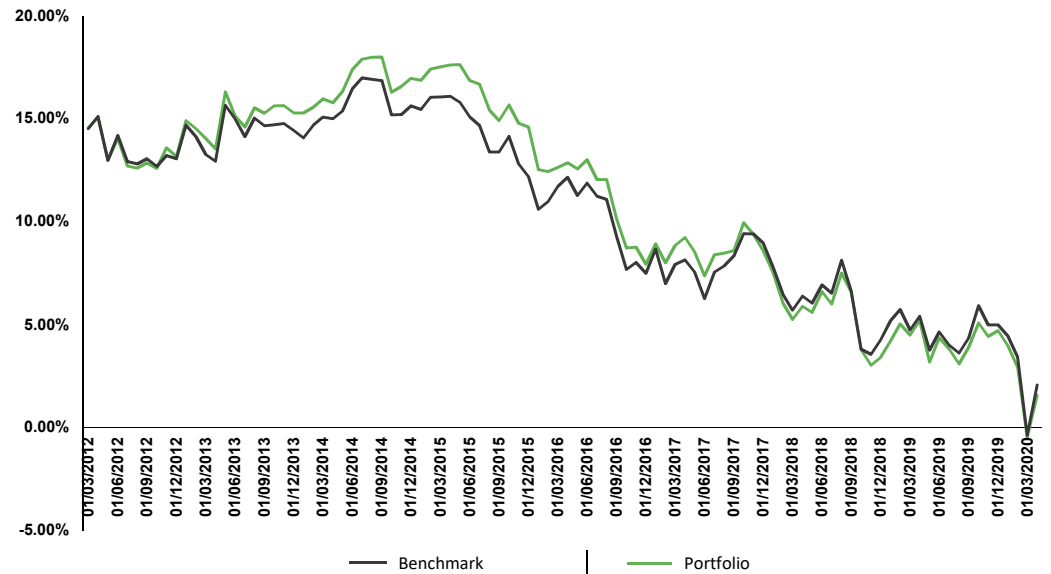
DC Growth - Cumulative return since 30 September 2009



DB Members - 3 Year Rolling Returns



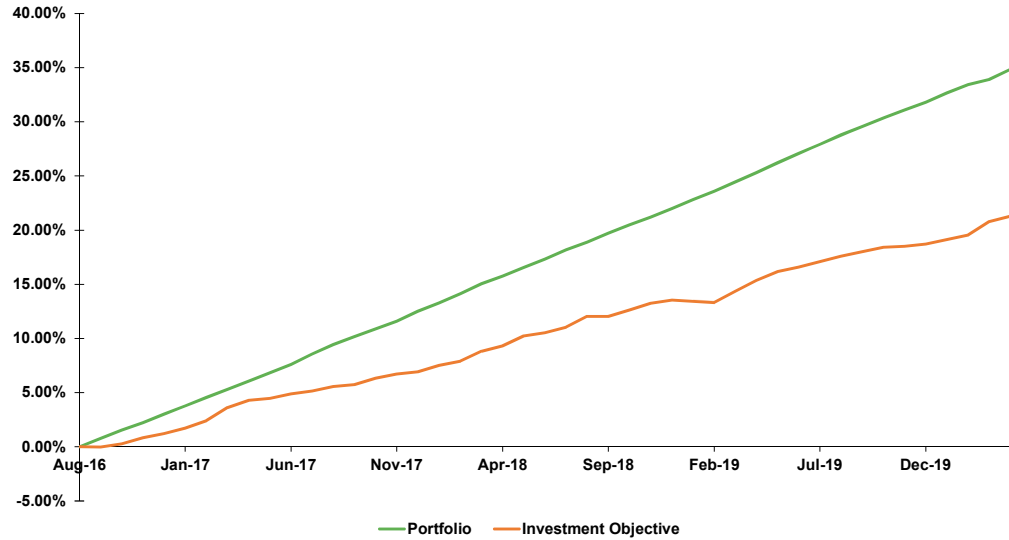
DC Growth - 3 Year Rolling Returns



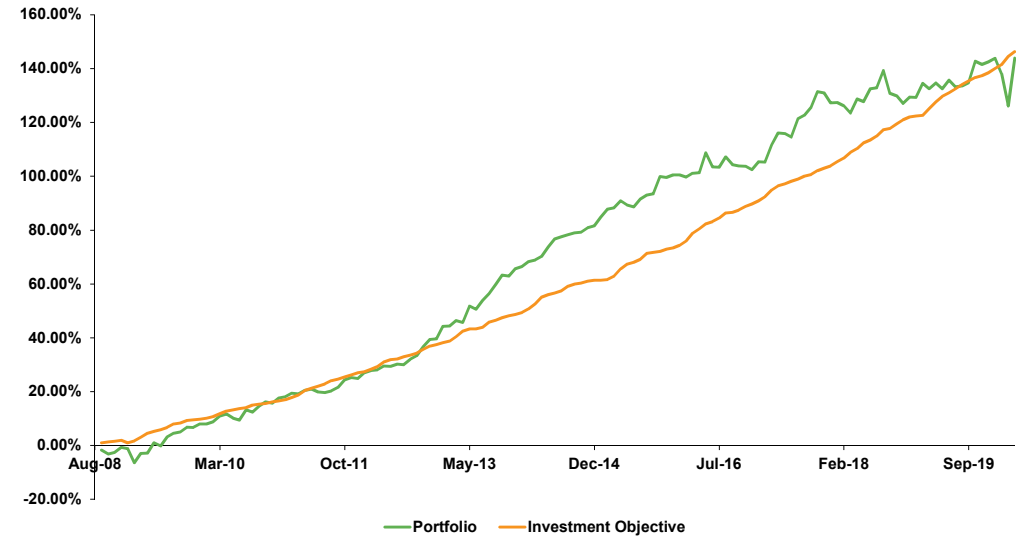
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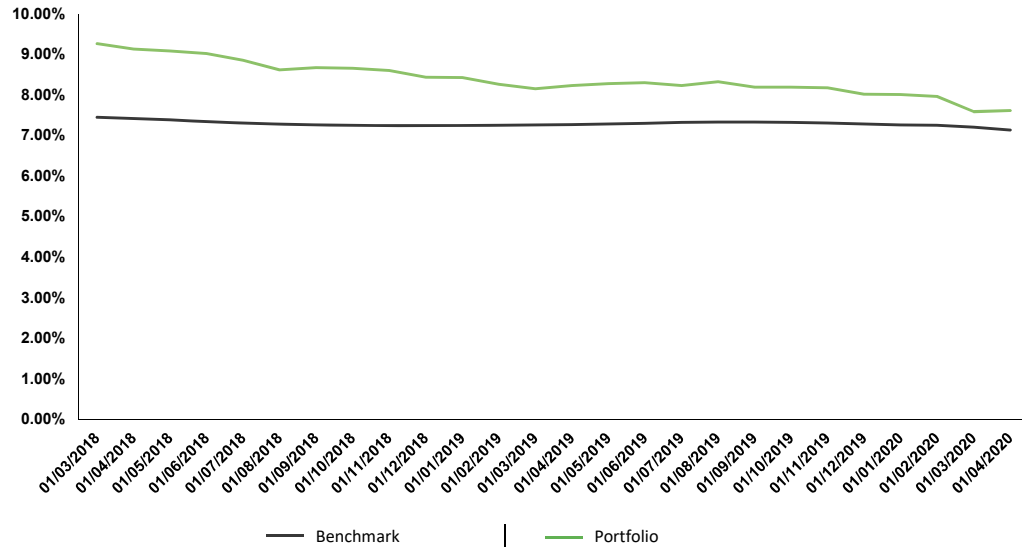
DC Money Market - Cumulative return since 30 September 2016



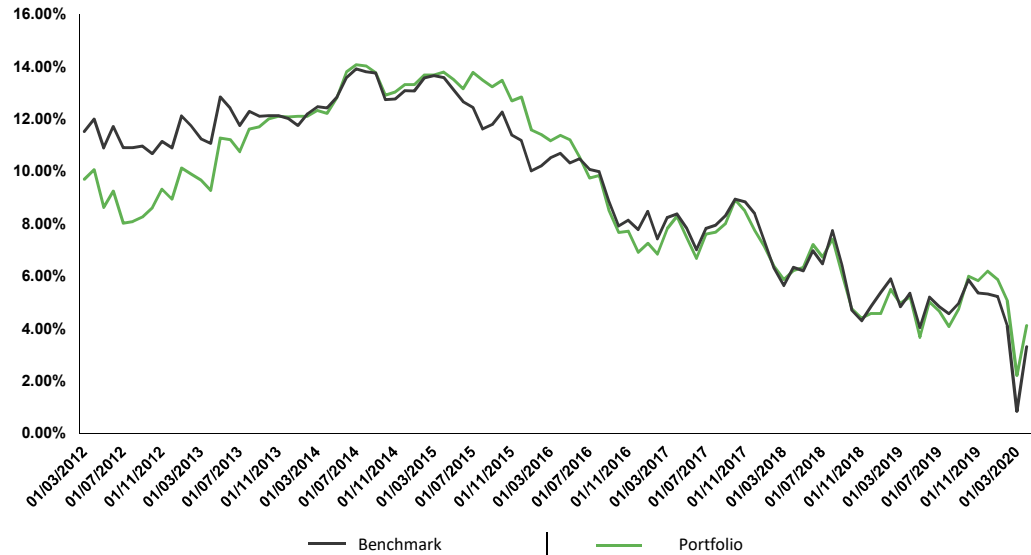
Pensioner - Cumulative return since 30 September 2016



DC Money Market - 1 Year Rolling Returns

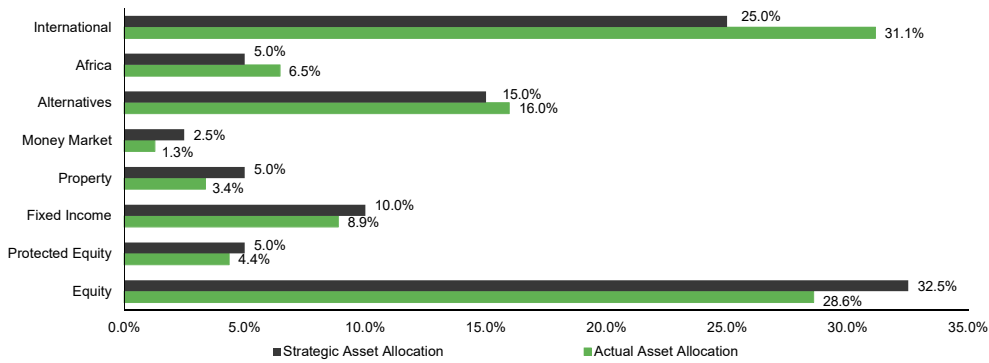


Pensioner - 3 Year Rolling Returns

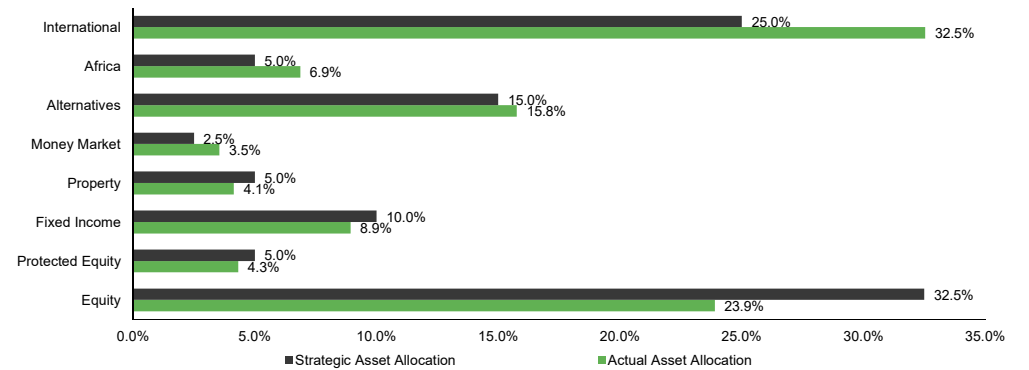


ASSET ALLOCATION

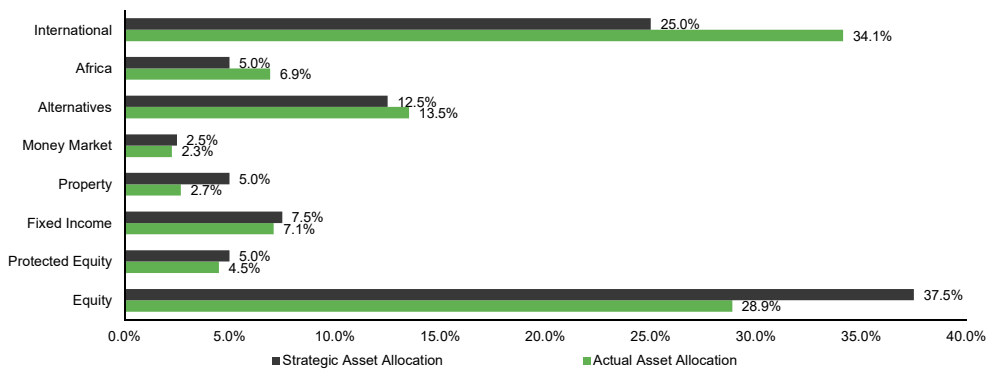
DB Members



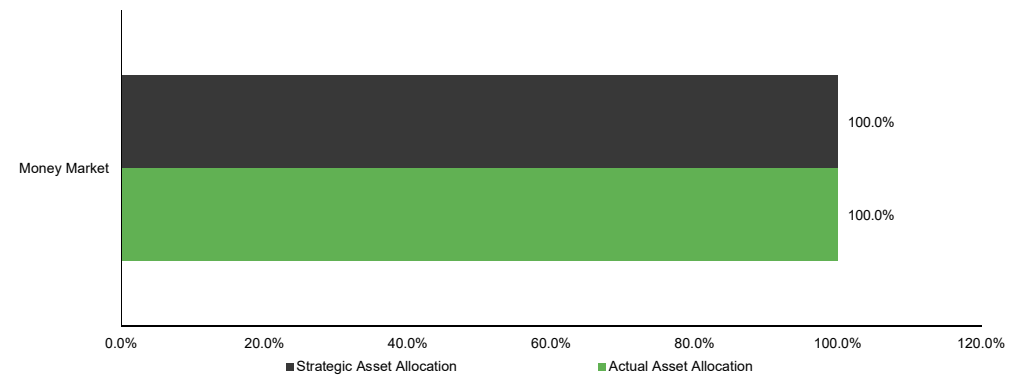
Pensioner



DC Growth



DC Money Market



MANAGER PERFORMANCE

The table below sets out the individual manager returns for funds and compares them with their respective benchmarks.

Asset Class	Manager	Inception Date	Market value (R)	Weight (%)	1 month (%)	3 months (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)	Since Inception
Equity	All Weather Equity	2018/10/31	313 320 331.45	2.4%	15.0%	-12.2%	-18.9%	-	-	-7.7%
	JSE Capped Share Weighted Index				14.2%	-14.0%	-17.9%	-	-	-6.6%
					0.8%	1.7%	-0.9%	-	-	-1.1%
	Aluwani Capital Equity	2018/10/31	609 540 095.43	4.8%	13.1%	-11.9%	-16.1%	-	-	-4.4%
	JSE Capped Share Weighted Index				14.2%	-14.0%	-17.9%	-	-	-6.6%
					-1.1%	2.1%	1.8%	-	-	2.2%
	Argon Equity	2018/10/31	350 819 402.62	2.7%	16.7%	-13.2%	-16.7%	-	-	-6.2%
	JSE Capped Share Weighted Index				14.2%	-14.0%	-17.9%	-	-	-6.6%
					2.6%	0.8%	1.2%	-	-	0.4%
	Balondolozzi Equity	2018/10/31	328 404 862.71	2.6%	15.5%	-11.7%	-18.4%	-	-	-5.8%
JSE Capped Share Weighted Index				14.2%	-14.0%	-17.9%	-	-	-6.6%	
				1.3%	2.2%	-0.4%	-	-	0.8%	
Mazi Equity	2016/09/30	504 133 617.37	3.9%	12.9%	-14.5%	-22.9%	-6.2%	-	-4.9%	
JSE Capped Share Weighted Index				14.2%	-14.0%	-17.9%	-3.3%	-	-1.7%	
				-1.2%	-0.6%	-4.9%	-2.9%	-	-3.2%	
Mianzo Equity	2018/10/31	298 226 893.72	2.3%	14.2%	-15.7%	-19.0%	-	-	-7.3%	
JSE Capped Share Weighted Index				14.2%	-14.0%	-17.9%	-	-	-6.6%	
				0.1%	-1.7%	-1.1%	-	-	-0.7%	
Satrix Equity	2018/10/31	374 091 010.42	2.9%	13.9%	-13.4%	-16.3%	-	-	-5.3%	
JSE Capped Share Weighted Index				14.2%	-14.0%	-17.9%	-	-	-6.6%	
				-0.3%	0.5%	1.6%	-	-	1.3%	
Vunani Equity	2018/10/31	689 269 737.93	5.4%	14.1%	-13.5%	-17.6%	-	-	-6.1%	
JSE Capped Share Weighted Index				14.2%	-14.0%	-17.9%	-	-	-6.6%	
				-0.1%	0.4%	0.4%	-	-	0.5%	
Protected Equity	Mergence Structured Product	2020/02/29	535 345 587.09	4.2%	10.2%	-2.5%	-	-	-	10.2%
	JSE All Share Index Top 40				13.8%	-7.4%	-	-	-	13.8%
					-3.6%	4.9%	-	-	-	-3.6%

MANAGER PERFORMANCE

The table below sets out the individual manager returns for funds and compares them with their respective benchmarks.

Asset Class	Manager	Inception Date	Market value (R)	Weight (%)	1 month (%)	3 months (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)	Since Inception
Fixed Income	Futuregrowth Infrastructure Bond	2008/08/31	838 971 224.85	6.6%	3.4%	-8.1%	-1.1%	6.6%	7.0%	10.2%
	All Bond Index				3.9%	-6.3%	0.1%	6.1%	6.1%	8.2%
					-0.5%	-1.9%	-1.1%	0.5%	0.9%	2.0%
Fixed Income	Stanlib Bond	2008/08/31	245 481 136.25	1.9%	3.7%	-5.7%	0.6%	6.9%	7.0%	9.0%
	All Bond Index				3.9%	-6.3%	0.1%	6.1%	6.1%	8.2%
					-0.2%	0.5%	0.5%	0.8%	0.9%	0.8%
Property	Direct Property	2008/08/31	159 200 023.25	1.2%	-	-	-	-	-	-
	NO BENCHMARK				-	-	-	-	-	-
					-	-	-	-	-	-
Property	Meago Property	2012/08/31	259 336 425.17	2.0%	6.8%	-42.5%	-45.8%	-20.9%	-11.0%	-1.5%
	Listed Property				7.0%	-42.8%	-43.7%	-20.3%	-11.6%	-2.3%
					-0.2%	0.2%	-2.1%	-0.6%	0.6%	0.7%
Money Market	Cartesian Capital Money Market	2018/10/31	165 923 549.99	1.3%	0.6%	1.7%	6.9%	-	-	6.8%
	STEFI Composite				0.5%	1.6%	7.1%	-	-	7.2%
					0.1%	0.1%	-0.3%	-	-	-0.4%
Money Market	Sanlam Cash	2010/09/30	524 295 650.37	4.1%	0.7%	1.5%	7.7%	8.5%	8.6%	7.6%
	STEFI Composite				0.5%	1.6%	7.1%	7.3%	7.2%	6.5%
					0.2%	-0.1%	0.6%	1.3%	1.4%	1.1%
Money Market	Transition Account	2009/02/28	1 693 389.72	0.0%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
Alternatives	Mayibentsha Focused	2011/07/31	445 493 824.33	3.5%	6.2%	-0.1%	3.2%	3.5%	2.8%	7.0%
	CPI + 4.5%				0.7%	2.6%	8.6%	8.7%	9.5%	9.7%
					5.5%	-2.7%	-5.5%	-5.2%	-6.7%	-2.7%
Alternatives	Mayibentsha Market Neutral	2011/07/31	403 776 414.00	3.2%	4.6%	0.0%	5.7%	6.4%	6.8%	7.5%
	CPI + 2.5%				0.5%	2.2%	6.6%	6.7%	7.5%	7.7%
					4.1%	-2.2%	-0.9%	-0.2%	-0.7%	-0.3%
Alternatives	Mayibentsha Moderate	2008/08/31	303 643 919.67	2.4%	4.9%	0.5%	4.7%	5.2%	5.7%	8.1%
	CPI + 3.5%				0.6%	2.4%	7.6%	7.7%	8.5%	8.5%
					4.2%	-1.9%	-2.9%	-2.4%	-2.7%	-0.5%

MANAGER PERFORMANCE

The table below sets out the individual manager returns for funds and compares them with their respective benchmarks.

Asset Class	Manager	Inception Date	Market value (R)	Weight (%)	1 month (%)	3 months (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)	Since Inception
Africa	Terebinth Capital STEFI	2020/01/31	53 200 363.02	0.4%	18.0%	6.4%	-	-	-	6.4%
					0.5%	1.6%	-	-	-	1.6%
					17.4%	4.8%	-	-	-	4.8%
	Tamela Capital NO BENCHMARK	2020/01/31	1 022 345.44	0.0%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Legacy Africa Hurdle Rate	2020/01/31	151 194 013.87	1.2%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Sampada Private Equity NO BENCHMARK	2015/09/30	249 275 125.22	1.9%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Sampada Private Equity 2 NO BENCHMARK	2019/01/31	286 723 249.84	2.2%	-	-	-	-	-	-
				-	-	-	-	-	-	
				-	-	-	-	-	-	
	Boxwood Property Fund Hurdle Rate (CPI +3%)	2020/03/31	41 255 219.16	0.3%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Summit Africa Hurdle Rate (CPI +5%)	2019/11/30	14 730 275.90	0.1%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Novare Africa Property Fund 1 10% in USD	2010/07/31	614 385 468.67	4.8%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Novare Africa Property Fund 2 10% in USD	2014/07/31	185 739 718.34	1.5%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
International	Novare Global Balanced 60% Equity / 40% Bonds	2008/08/31	3 855 134 540.90	30.1%	9.1%	15.5%	20.5%	11.0%	11.0%	12.3%
					11.3%	14.8%	29.1%	15.7%	13.0%	11.9%
					-2.2%	0.7%	-8.5%	-4.7%	-1.9%	0.4%
			12 803 627 417	100%						

"The private equity and unlisted property portfolios will be measured and reported on in a separate report."

ASSET ALLOCATION



Asset Class	Manager	DB Members	DC Growth	DC Money Market	Pensioner	Total Fund
Equity	All Weather Equity	240 077 769.9	12 528 449.0		60 714 112.5	313 320 331.5
	Aluwani Capital Equity	553 010 248.1	27 889 437.4		28 640 410.0	609 540 095.4
	Argon Equity	320 787 835.1	15 500 252.9		14 531 314.7	350 819 402.6
	Balondolozzi Equity	300 627 532.8	10 101 137.3		17 676 192.6	328 404 862.7
	Mazi Equity	460 546 839.7	5 483 673.1		38 103 104.6	504 133 617.4
	Mianzo Equity	270 730 306.5	18 783 931.6		8 712 655.6	298 226 893.7
	Satrix Equity	334 750 039.7	22 647 959.8		16 693 011.0	374 091 010.4
Protected Equity	Vunani Equity	622 153 253.3	14 651 723.1		52 464 761.5	689 269 737.9
	Mergence Structured Product	472 551 958.3	19 866 895.2		42 926 733.6	535 345 587.1
Fixed Income	Futuregrowth Infrastructure Bond	740 413 117.9	29 840 711.9		68 717 395.0	838 971 224.9
	Stanlib Bond	223 863 258.3	1 516 871.9		20 101 006.0	245 481 136.3
Property	Direct Property	126 918 928.8			32 281 094.5	159 200 023.3
	Meago Property	238 557 348.8	11 887 605.7		8 891 470.7	259 336 425.2
Money Market	Cartesian Capital Money Market	2 675 577.9	607 511.6	156 597 933.0	6 042 527.5	165 923 550.0
	Sanlam Cash	133 396 387.1	9 383 110.0	352 297 138.3	29 219 015.0	524 295 650.4
Alternatives	Transition Account	1 693 389.7				1 693 389.7
	Mayibentsha Focused	401 888 568.3	10 250 181.4		33 355 074.6	445 493 824.3
	Mayibentsha Market Neutral	368 717 473.1	5 676 934.7		29 382 006.2	403 776 414.0
	Mayibentsha Moderate	263 887 880.3	10 509 842.6		29 246 196.9	303 643 919.7
	Terebinth Capital	47 017 173.7	2 136 223.7		4 046 965.7	53 200 363.0
	Tamela Capital	369 876.2	358 312.6		294 156.6	1 022 345.4
	Legacy Africa	134 629 516.9	5 063 130.7		11 501 366.4	151 194 013.9
	Sampada Private Equity	220 427 928.7	9 009 350.9		19 837 845.6	249 275 125.2
	Sampada Private Equity 2	254 812 692.2	10 354 469.4		21 556 088.3	286 723 249.8
	Boxwood Property Fund	36 717 145.0	1 237 656.6		3 300 417.5	41 255 219.2
	Summit Africa	5 420 675.0	5 166 427.1		4 143 173.9	14 730 275.9
Africa	Novare Africa Property Fund 1	564 134 040.0			50 251 428.6	614 385 468.7
	Novare Africa Property Fund 2	137 049 041.5	30 628 060.6		18 062 616.2	185 739 718.3
International	Novare Global Balanced	3 380 770 731.9	150 885 768.0		323 478 040.9	3 855 134 540.9
Total Fund		10 858 596 534.8	441 965 628.5	508 895 071.2	994 170 182.1	12 803 627 416.7

Section C

Glossary



INVESTMENT GLOSSARY

ALTERNATIVE INVESTMENTS

Any non-traditional asset class. Investing in these generally provides a portfolio with greater diversification.

ANNUALISED RETURN

Where a cumulative return is over a period greater than a year, an annualised return is what the return is when converted into annual periods. For example, if the cumulative return over a 3-year period was 6%, the annualised return would be approximately 2% p.a. It means the investment earned an effective return of around 2% each year over the 3-year period (to arrive at the 6%).

ASSET CLASS

A type of investment, such as equities, bonds, cash, private equity etc.

BENCHMARK

What a portfolio, asset class or investment manager is judged against.

BENCHMARK PERFORMANCE

The performance return of an investment manager's benchmark or a Fund's strategic asset allocation.

BOND

A bond is issued by a company or country where it borrows money from the market, with a promise to repay it back. Bonds are characterised by what interest is paid back each year, and how long the term of the bond is.

CPI

Consumer price index. It is commonly used to identify periods of inflation or deflation.

CREDIT RATING

The rating given by a credit-rating agency, based on its view of the financial wellbeing of a company or country and the likelihood of default (i.e. inability to meet debt obligations). The highest rating is usually AAA, and the lowest is D.

CRISA

Code of Responsible Investing in South Africa.

CUMULATIVE RETURN

The aggregated return of an investment over a particular time-period.

DERIVATIVES

A derivative is a security of which the price is dependent upon or derived from one or more underlying assets.

EQUITY

Referring to the asset class, equity describes the ownership of a company. An individual or financial institution can own part of the company by buying equity shares or stocks. These are generally traded on a stock exchange, such as the Johannesburg Stock Exchange.

FUND OBJECTIVE

The investment objective that a Fund portfolio is trying to achieve. This is generally a return in excess of CPI. E.g. CPI + 3% per annum.

INVESTMENT GLOSSARY

A hand in a dark suit sleeve points towards a document. The document features several charts, including pie charts and a table. One pie chart is labeled with 'Energy', 'Industrial', 'Oil', and 'Agriculture'. Another pie chart shows '73%' and '27%'. A table in the background has columns for 'Global Equities', 'Global Bonds', and 'Global Commodities'.

HEDGE FUND

A type of alternative asset class. Here the investment manager generally invests in traditional asset classes, but has more tools to express their view of the market. Hedge funds look to protect capital in times of market falls and offer diversification from traditional asset classes.

INDEX

A benchmark measure to gauge how an asset class has performed. For example, the JSE All Share index is a measure to gauge how South African equities have performed.

INFLATION

The increase (or decrease) in the price of goods. For example, if inflation over the year was 5%, this means that prices rose by 5% over the period.

INTERNATIONAL

The assets of a Fund that are invested outside of South Africa. Exposure is limited to 25% per Regulation 28 of the Pension Fund, or 30% subject to 5% being invested in Africa.

INVESTMENT OBJECTIVE

The target that an investment fund or portfolio is trying to achieve.

INVESTMENT POLICY STATEMENT (IPS)

A document which sets out the investment aspects of the Fund, including its Fund objectives and describes the various strategies followed to meet them.

MONTHLY RETURN

The performance return over a month.

MANDATE

An investment manager's portfolio and objective.

OVERWEIGHT

To have a higher allocation in a particular asset class or security than what the comparable benchmark indicates.

PERFORMANCE

How much the value of a portfolio or instrument has grown by over a particular period.

PRIVATE EQUITY

An alternative asset class where investors buy equity ownership of a company but where the equity is not listed on a stock exchange.

PROPERTY

An asset class where one invests in property either directly (i.e. buying a property) or indirectly (i.e. buying property shares on the stock exchange).

PROTECTED EQUITY

An asset class giving the investor exposure to equities, but whilst also offering protection against market falls.

INVESTMENT GLOSSARY

REGULATION 28

Refers to regulation 28 of the Pension Funds Act, i.e. the guidelines for South African retirement funds which is aimed at ensuring Funds are not taking on too much risk, by limiting the excessive use of specific investment instruments, markets and asset classes.

REPO RATE

The interest rate which the Reserve Bank lends money to the commercial banks. An increase in the repo rates puts pressure on commercial banks to increase the prime rate.

SHARPE RATIO

A statistical measure indicating the reward for taking on an additional unit of risk. A high positive value is ideal as it indicates that for the risk taken, positive returns were achieved.

STRATEGIC ASSET ALLOCATION

This is the target that a Fund portfolio should be invested in over the long term across various asset classes. The strategic asset allocations are designed to help meet the Fund objective.

TACTICAL ASSET ALLOCATION

These are deviations made away from the strategic asset allocation with the aim of enhancing performance based on views of the investment markets.

TRACKING ERROR

A statistical measure indicating the deviation or difference of a portfolio's return compared to its benchmark return.

TRADITIONAL ASSET CLASS

This generally refers to equities, bonds, cash and property

UNDERWEIGHT

To have a lower allocation in a particular asset class or security than what the comparable benchmark indicates.

VOLATILITY

A risk measure characterised by the standard deviation of portfolio returns. The higher the value, the higher expected risk.

YEAR-TO-DATE ("YTD")

The performance return since the beginning of the latest calendar year

CONTACT US

Novare Actuaries and Consultants (Pty) Ltd

Registration No: 2001/008015/07

Third Floor, The Cliffs Office Block I

Niagara Way, Tyger Falls

Carl Cronje Drive, Bellville, 7530

South Africa

P O Box 4742, Tyger Valley, 7536

