



NOVARE[®]
actuaries & consultants

| **Monthly Report** |

SALA Pension Fund

August 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 Inet.

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



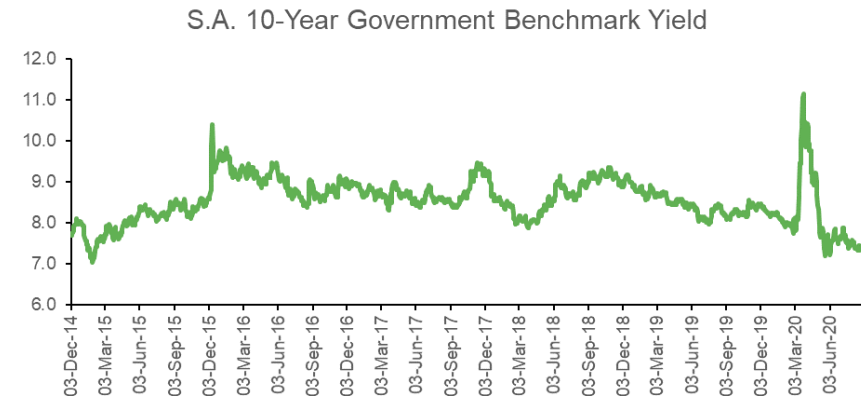
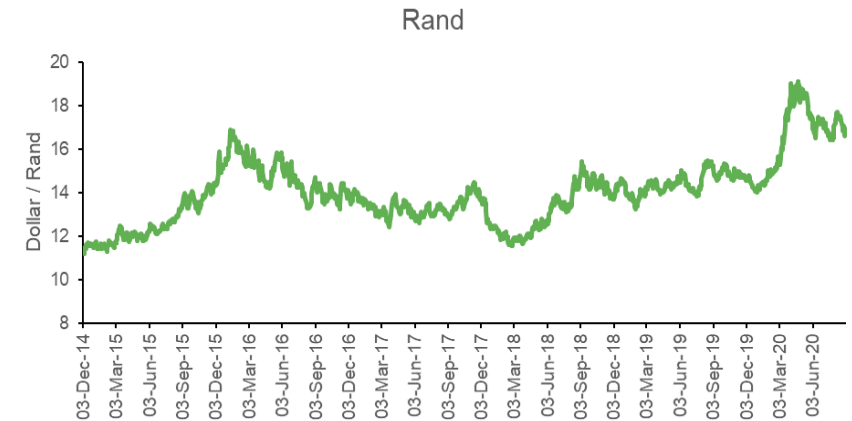
DOMESTIC MARKET VIEW



Lockdowns were further eased during the month on the local front, which allowed all industries to open, subject to continued protocols. The active cases in South Africa have continued to decline and were at just under 75, 000 as at the end of the month vs 170,000 the previous month.

As the national expenditure growth continued to ease, the main budget deficit release for April to June was printed at a massive R245bn, which is almost R100bn less than a year ago. The data does not come as a surprise, but it does further indicate the massive task that lies ahead for the National Treasury.

The CPI numbers increased to a 4-month high during the month but remains at the lower end of the SARB's target band at 3.2%. Annual PPI numbers of final manufactured goods also accelerated to 1.9% in July, from 0.5% in June 2020. Despite both numbers accelerating the SARB's stance of keeping rates on hold into year-end remains the most probable outcome.



DOMESTIC MARKET VIEW



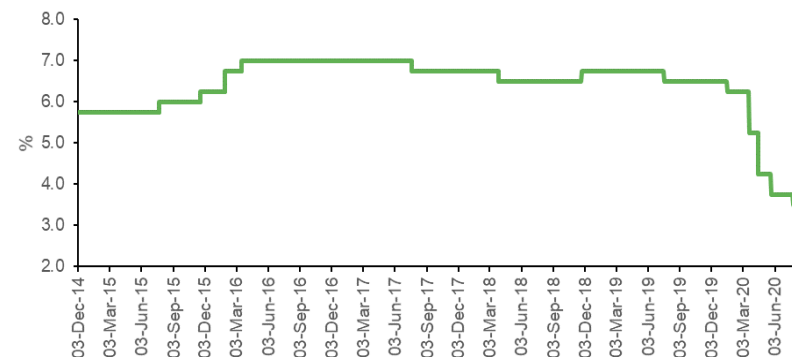
Local equities bucked the global trend and ended the month down -0.26% with the local listed property and financial sectors once again dragging the index down, despite good performances from the other sectors as economic activity resumed.

The property sector ended the month down -8.59% and the financials index was down -4.21. Non-resident has continued to remain net sellers of local stocks, with the trend accelerating during the month.

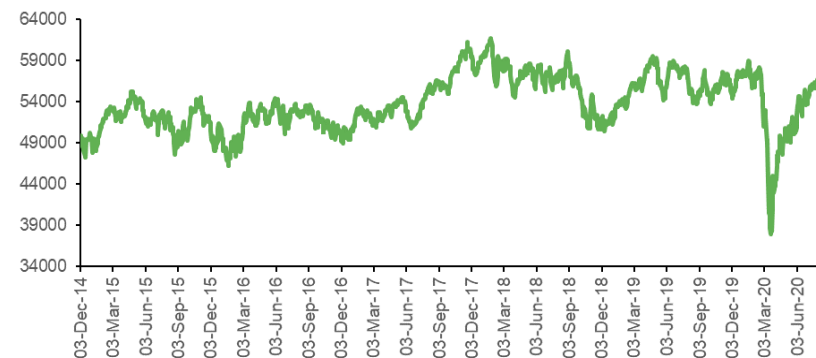
On the fixed income side, local bonds managed to eck out a 0.89% return for the month as the curve steepened further during the month. The SARB continued to provide liquidity in the local market with purchases of government bonds in the secondary market.

Non-residents reversed course during the month as they were marginal net-sellers of local bonds.

Repo Rate



FTSE/JSE All Share Index

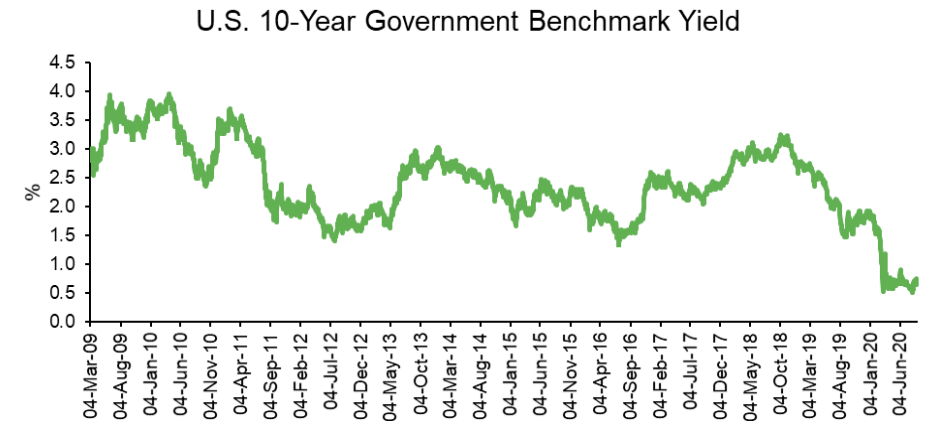
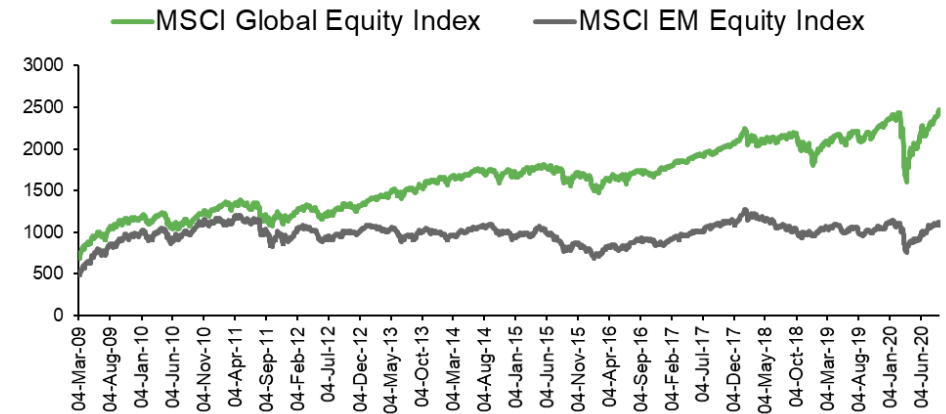


INTERNATIONAL MARKET VIEW

As lockdown was gradually lifted during the course of the summer the hope existed that the Covid-19 pandemic would recede during the warmer summer months. However, even though record temperatures were registered in August, the virus has unfortunately continued to spread unabated. As at the end of August, there have now been just under 25 million cases globally. This is an increase of almost 10 million since the start of the month. The rate of increase in the number of positive cases is still clearly rising exponentially.

Even though there has been a decline in the new daily cases in the US, some regions— including Europe—are now facing a second wave. So far, better testing and tracing capacity has allowed European policymakers to treat this second wave with targeted measures, including travel restrictions or the requirement to wear a face mask in public, instead of national lockdowns. New infections in France have been particularly worrisome, as daily new cases now pretty much match the numbers seen in April.

On the economic front, high-frequency data, including travel and services data, point to continued global growth during the start of the third quarter, albeit at a more moderate pace, particularly in the US. However, these challenges haven't dented investors' enthusiasm, which was also lifted by better-than-expected second-quarter earnings season and by the potential for a viable Covid-19 vaccine before the end of the year.



INTERNATIONAL MARKET VIEW

On the political front, the negotiations for an extended Corona virus relief bill have remained a thorn in the Republican's side as the race for the presidency in November heats up.

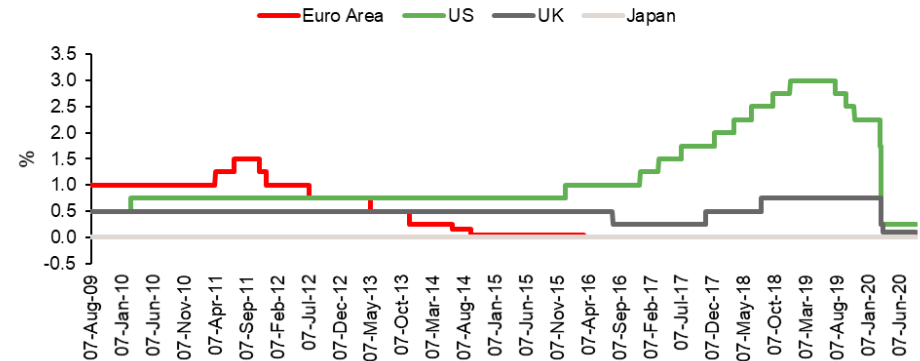
The Democratic campaign received a boost with the nomination of Kamala Harris as Vice-president Biden's running mate and the bookies currently still favor a democratic victory.

With the risk-on trade still taking centre stage, the S&P500 rose by 7% during August with the tech-focused NASDAQ up 11%. Emerging Markets also ended the month higher, returning 4%. Fixed income markets have continued to price in less optimism than equity markets as the US 10-yr ended the month at 0.70% with European sovereigns still trading in negative territory.

OIL (BRENT)



G4 Policy Rates



TACTICAL ASSET ALLOCATION

RSA BONDS

Local fixed income markets remained fairly muted during the month, as the yield curve continued to steepen further. The entire curve has shifted lower with the front end moving down more than the longer end. Most of the points across the FRA curve increased (with the 1x4 being a notable exception), as the market continues to discount another cut by the SARB for the September meeting.

Headline inflation returned to within the inflation target band in July, printing at 3.2% y/y. The increase was driven primarily by higher contributions to inflation from the transport and miscellaneous goods and services categories. Despite the recent increase, we expect inflation to remain sticky, and trending towards the lower end of the target band by year end.

The SARB continued to provide liquidity in the market with purchases of government bonds in the secondary market. Non-residents reversed course during the month as they were marginal net-sellers of local bonds.

As the steepening yield curve is characterised by the possibility of the front end moving lower on further potential interest rate cuts, while the back end is under pressure due to a deteriorating fiscal situation, we maintain our cautious view of the asset class.

RSA PROPERTY, ALTERNATIVES AND CASH

The property sector continued its dismal performance, losing -8.59% during the month. The sector is now down more than 40% on a year-to-date basis. While valuations are becoming more attractive due to the depressed market conditions, recent company results indicate the severe impact that the Covid pandemic has had on the sector. Although there have been large decreases in distributions, we believe the speed of the economic recovery will determine performance into year-end.

The weak macro-economic backdrop continues to negatively affect all sectors of the property market. Retail sales remain under severe pressure, leading to weak trading densities and lower occupancy levels. Retailers were starting to negotiate shorter lease terms and lower lease escalations. We maintain an underweight position in this asset class.

The yield curve remained relatively steep in August with the 5v30 yields at around 400bp versus a pre-Covid spread of 183bp. The 10-yr remained flat over the month, at 9.26%. The curve is expected to remain steep as the SARB continues to anchor rates at the short end, but bonds keep the longer end elevated due to uncertainty around the fiscal situation. Credit spreads remain wide and are mainly driven by large credit uncertainty and the benchmarking to the government yield curves for institutional investors. FRAs continue to price in a benign interest rate environment as the market expects rates to remain on hold into 2021. This is in line with our view.

RSA EQUITIES

Local equities also ended the month in the red returning -0.26%, with the best performer over the month returning 2.56%. Resources once again led the charge, with gold and platinum returning in excess of 20%, driven mostly by a strong bounce in commodities globally. Emerging market equities continued their high rally, driven mostly by the Asian markets. Non-residents persisted in selling off SA equities at double the amount that was sold last month.

Already fragile, South African consumers and businesses will not experience the financial support offered to those in more prosperous nations, and we believe SA Inc. will remain under pressure. We therefore maintain a preference for companies with strong business models capable of earnings resilience in what will be an even more challenging environment than we expected heading into 2020.

Traditional valuation metrics indicate that local equities are not particularly cheap, given the latest economic data, but are not overly expensive either. We continue with an underweight position in local stocks within an emerging market equity portfolio.

INTERNATIONAL

As lockdown was gradually lifted during the course of the summer, hope existed that the Covid-19 pandemic would recede during the warmer summer months. However, even though record temperatures were registered in August, the virus has unfortunately continued to spread unabated. At the end of August, there have been just under 25 million cases globally. This is an increase of almost 10 million since the start of the month. Clearly, the rate of increase in the number of positive cases is still rising exponentially.

Though there has been a decline in the new daily cases in the US, some regions — including Europe — are now facing a second wave. So far, better testing and tracing capacity has allowed European policymakers to treat this second wave with targeted measures, including travel restrictions or the requirement to wear a face mask in public, instead of national lockdowns. New infections in France and Spain have been particularly worrisome, as daily new cases are matching numbers seen in April.

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On the political front, negotiations for an extended Corona Virus Relief Bill have remained a thorn in the Republican party's side, as the race for the presidency in November heats up. The Democratic campaign received a boost with the nomination of Kamala Harris as Biden's running mate and Vice-President, and the bookies currently still favour a Democrat victory.

With the risk on trade still taking centre stage, the S&P500 rose by 7% during August with the tech-focused NASDAQ up 11%. Emerging Markets also ended the month higher, returning 4%. Fixed income markets have continued to price in less optimism than equity markets as the US 10-yr ended the month at 0.70% with European sovereigns still trading in negative territory.

NOVARE HOUSE VIEW: August 2020
TACTICAL POSITIONING*

	UNDER-WEIGHT ←	ON-WEIGHT	→ OVER-WEIGHT	PREVIOUS
DOMESTIC	Under-weight			
Equities	85%			95%
Bonds	95%			95%
Property	85%			95%
Alternatives		100%		100%
Cash		Balancing		100%
OFFSHORE			120%	120%
Equities	80%			100%
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

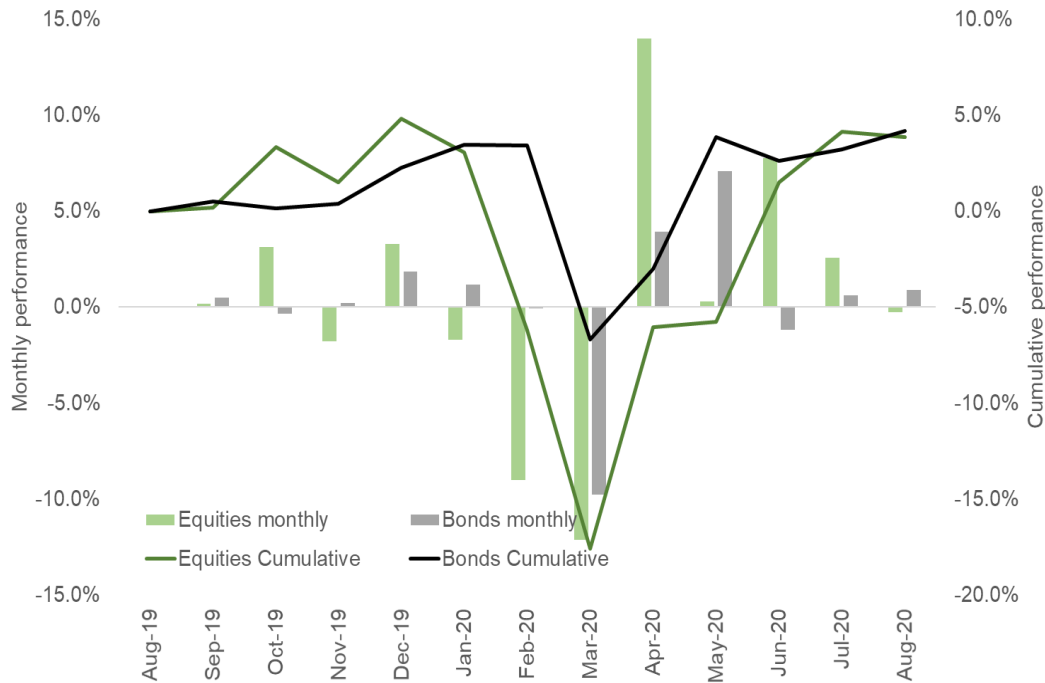
Global Assets (US\$)	1 month	3 months	YTD	12 months	3 Years	5 Years
MSCI All Countries Equity	6.2%	15.4%	5.1%	17.1%	9.6%	10.8%
MSCI Emerging Markets	2.2%	19.7%	0.7%	14.9%	3.2%	9.1%
Global Bonds (R)	-0.9%	0.4%	28.4%	17.7%	13.6%	9.2%

Commodity Prices	1 month	3 months	YTD	12 months	3 Years	5 Years
Brent Oil (USD/Barrel)	4.0%	19.7%	-31.5%	-23.2%	-5.0%	-3.2%
Platinum (USD/oz)	2.4%	11.8%	-4.2%	0.0%	-2.3%	-1.6%
Gold (USD/oz)	-0.9%	13.8%	28.5%	28.8%	14.0%	11.5%

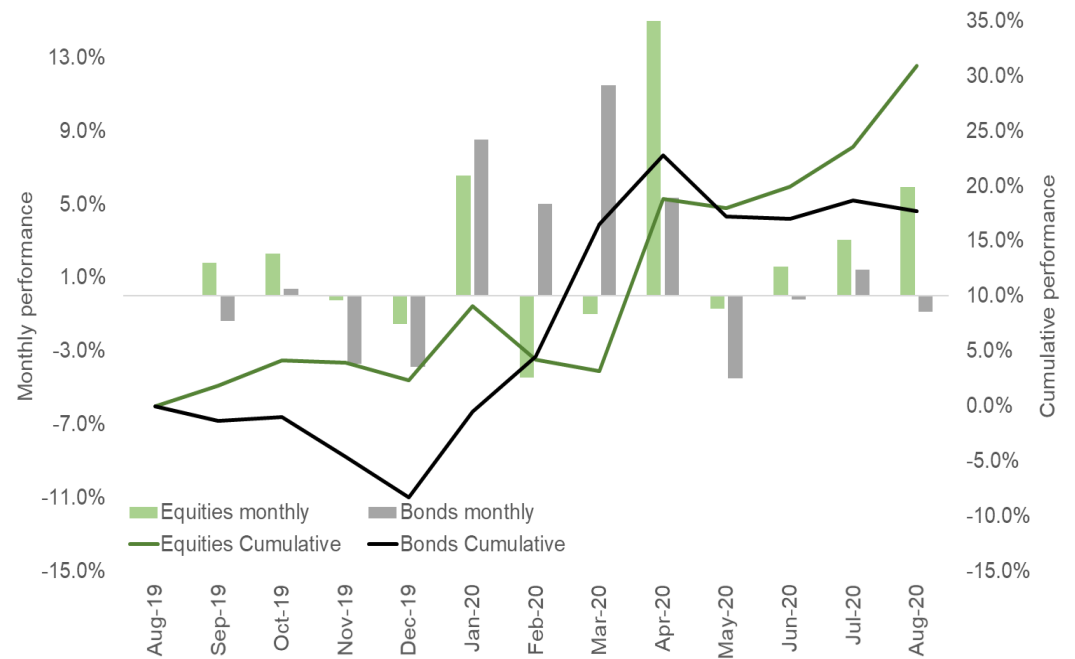
Asset Allocation (Rand)	1 month	3 months	YTD	12 months	3 Year	5 Years
Domestic Equities	-0.3%	10.2%	-0.9%	3.9%	2.6%	5.3%
Domestic Bonds	0.9%	0.3%	1.9%	4.2%	7.7%	7.6%
Domestic Cash	0.4%	1.3%	4.0%	6.4%	7.0%	7.1%
Domestic Property	-8.6%	0.4%	-44.7%	-44.3%	-22.7%	-12.2%
International Equity	6.0%	10.9%	27.9%	31.0%	20.6%	15.5%
International Bonds	-0.9%	0.4%	28.4%	17.7%	13.6%	9.2%
Exchange rate (R / \$)	-0.7%	-3.4%	21.0%	11.5%	9.2%	5.0%

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

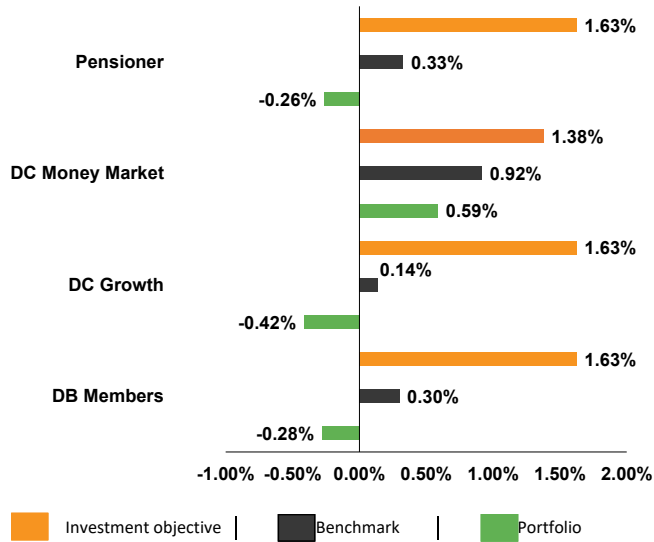
Section B

Fund Overview

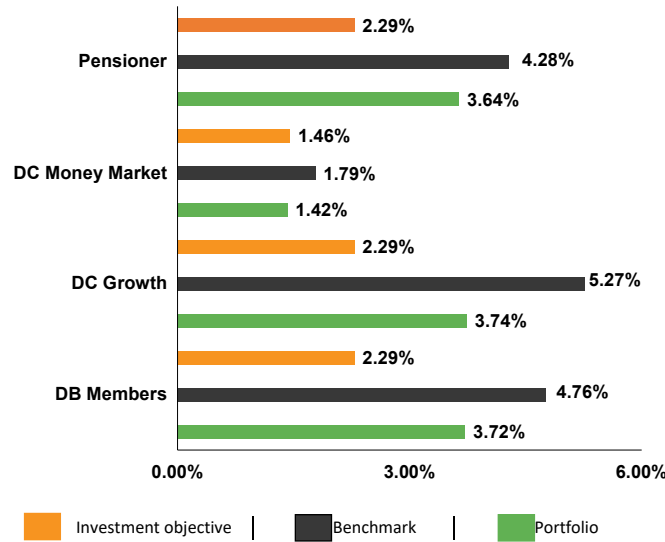


EXECUTIVE SUMMARY

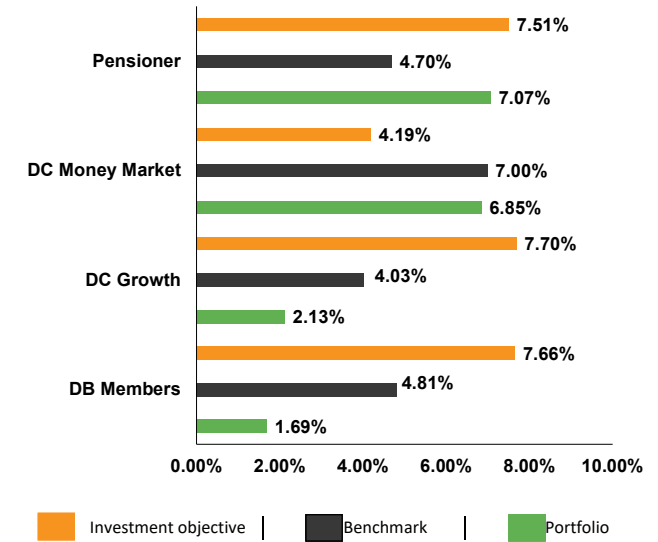
Monthly Return for August 2020



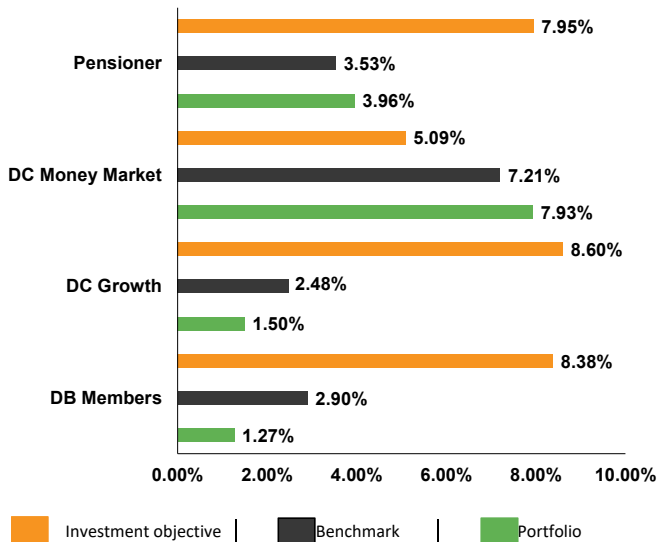
3 Months Return up to August 2020



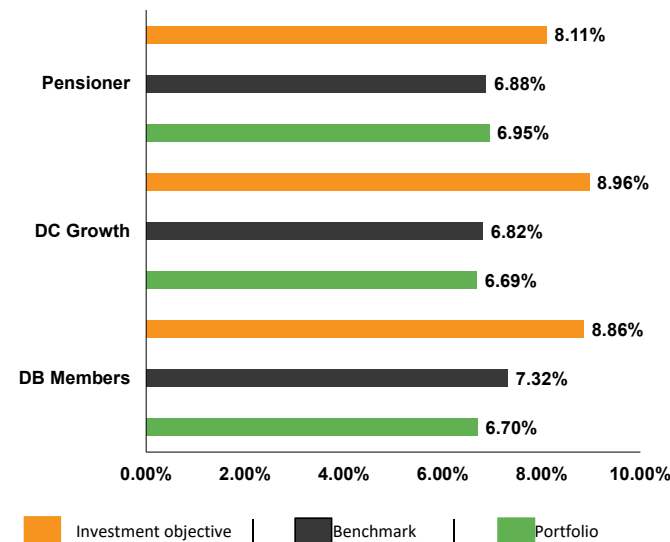
1 Year Return up to August 2020



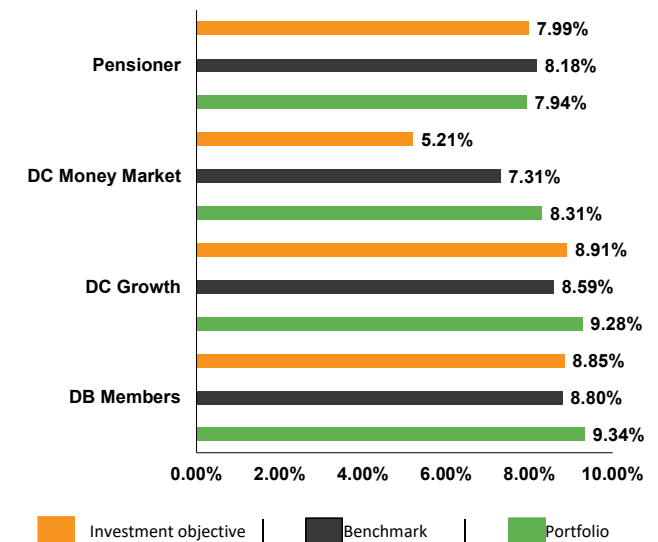
3 Year Return up to August 2020



7 Year Return up to August 2020



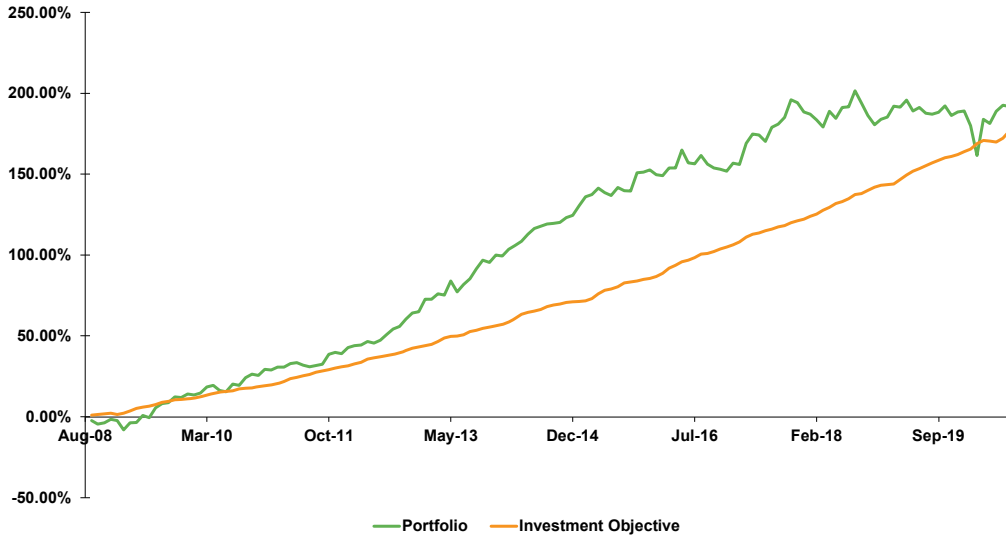
Returns Since Inception



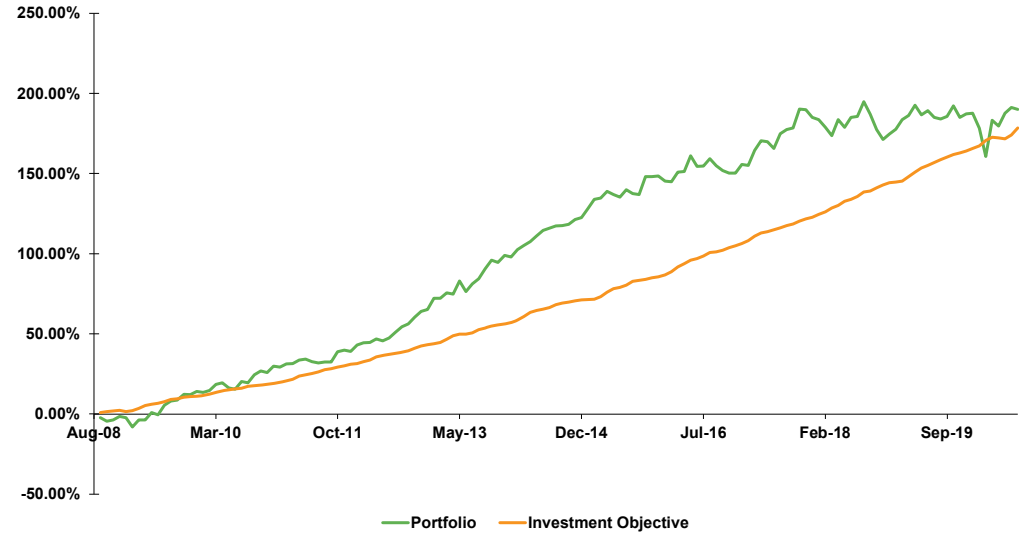
LONG TERM RETURNS

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.

DB Members - Cumulative return since 30 September 2009



DC Growth - Cumulative return since 30 September 2009



DB Members - 3 Year Rolling Returns



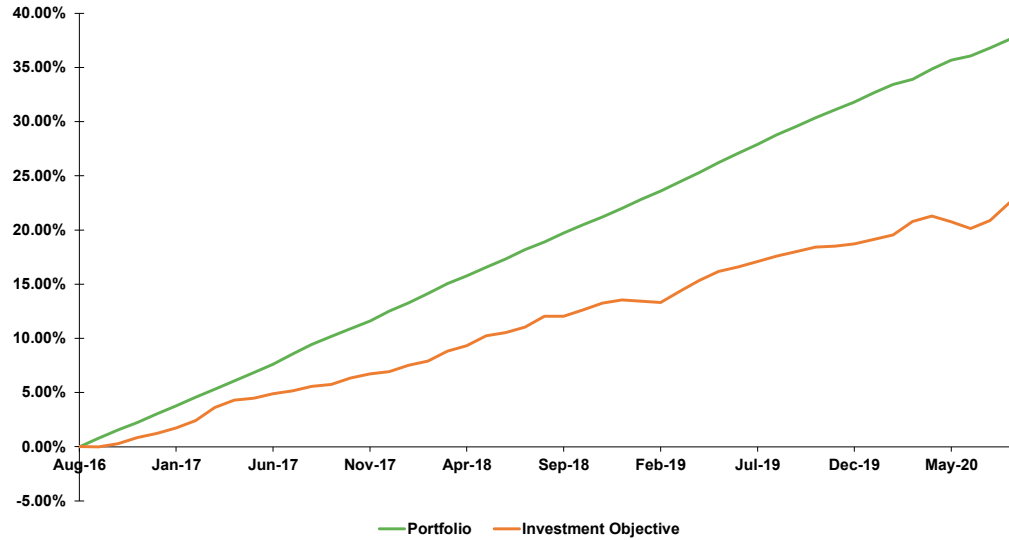
DC Growth - 3 Year Rolling Returns



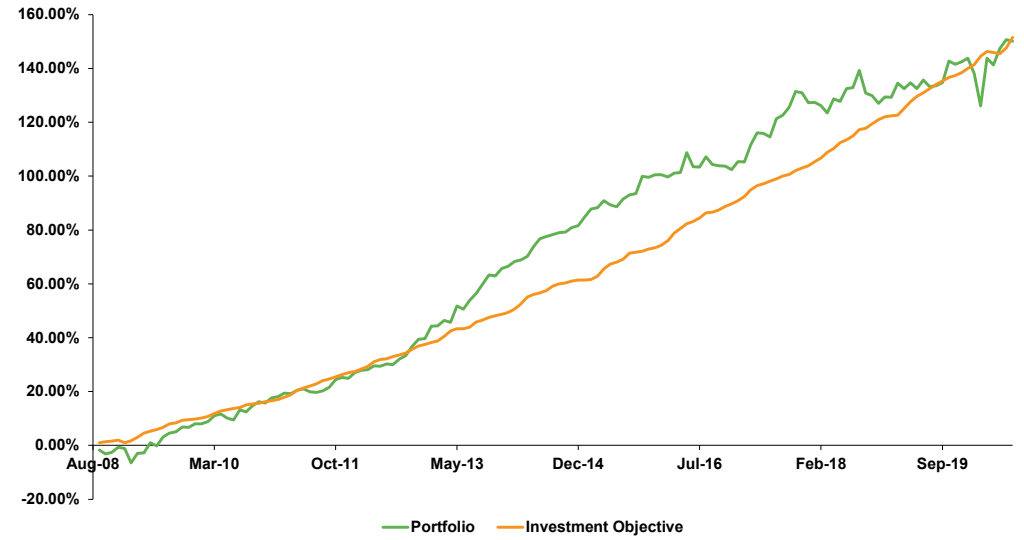
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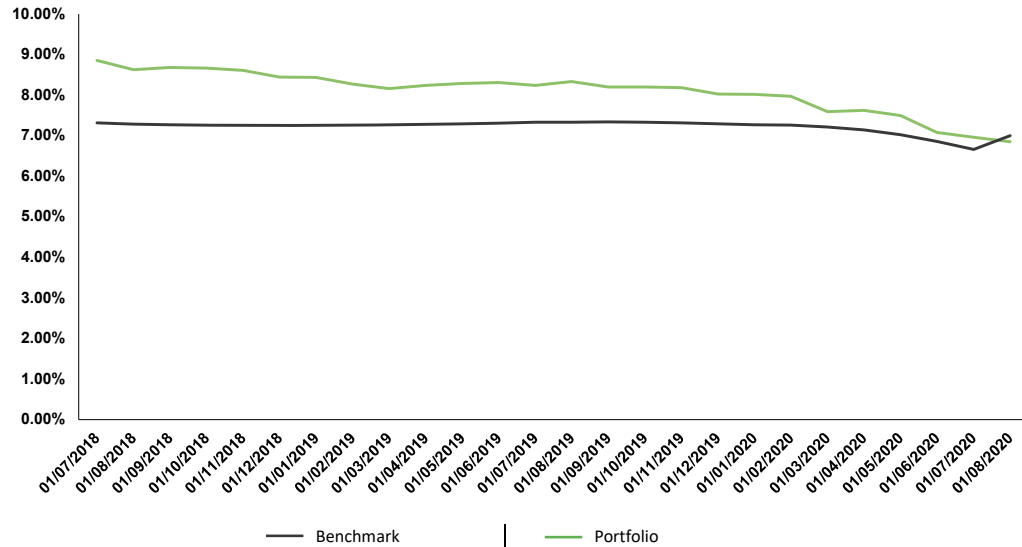
DC Money Market - Cumulative return since 30 September 2016



Pensioner - Cumulative return since 30 September 2016



DC Money Market - 1 Year Rolling Returns



Pensioner - 3 Year Rolling Returns



PORTFOLIO MARKET VALUES AND RETURNS

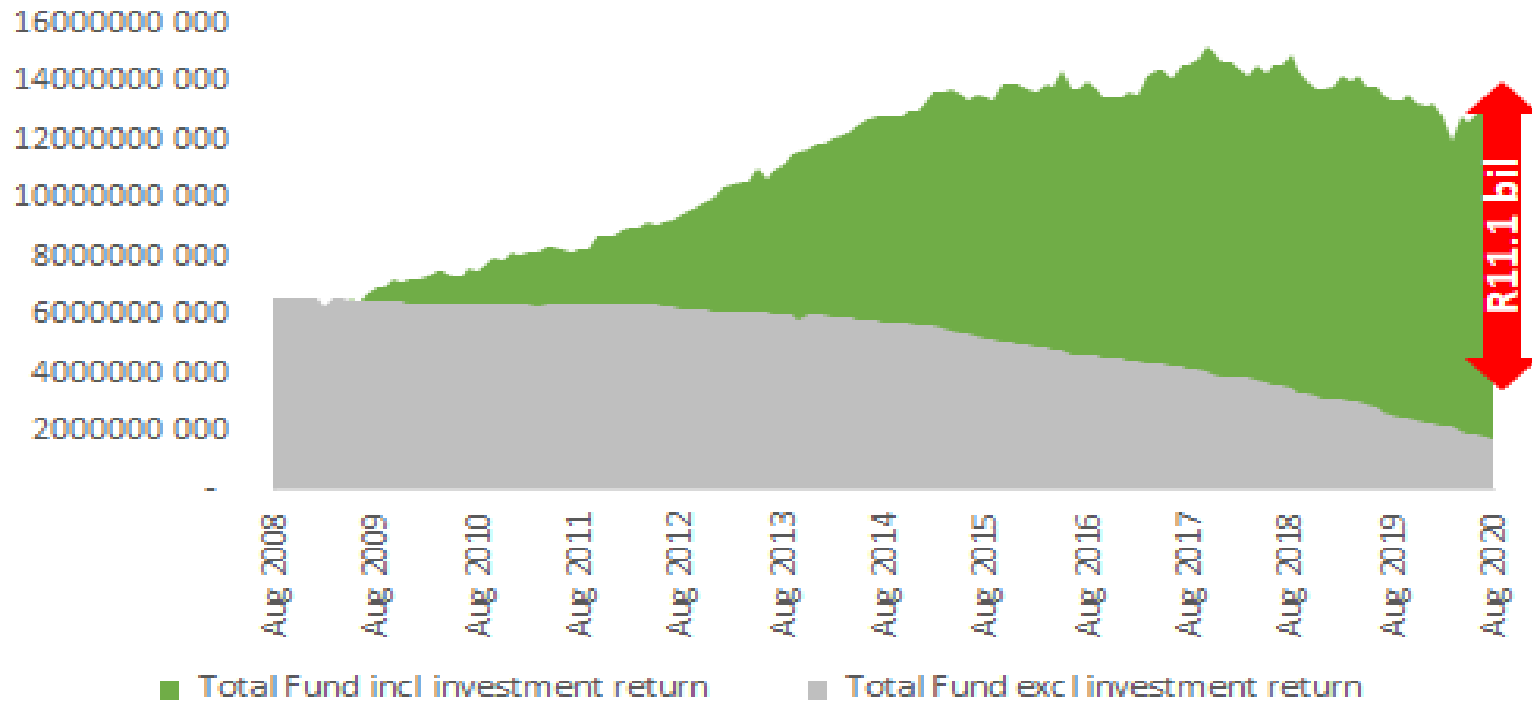
The table below sets out the portfolio returns of the funds over the various periods in comparison with their respective benchmarks.

	Market value (R)	Weight (%)	1 month (%)	3 months (%)	YTD (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)
DB Members	9 171 033 709	71.4%	-0.3%	3.7%	1.2%	1.7%	1.3%	4.0%
Strategic Benchmark			0.3%	4.8%	3.7%	4.8%	2.9%	5.4%
			-0.6%	-1.0%	-2.6%	-3.1%	-1.6%	-1.3%
DC Growth	1 739 276 622	13.5%	-0.4%	3.7%	1.0%	2.1%	1.5%	4.1%
Strategic Benchmark			0.1%	5.3%	2.8%	4.0%	2.5%	4.8%
			-0.6%	-1.5%	-1.8%	-1.9%	-1.0%	-0.8%
DC Money Market	119 448 377	0.9%	0.6%	1.4%	4.4%	6.9%	7.9%	-
Strategic Benchmark			0.9%	1.8%	4.6%	7.0%	7.2%	-
			-0.3%	-0.4%	-0.2%	-0.1%	0.7%	-
Pensioner	1 813 841 468	14.1%	-0.3%	3.6%	3.2%	7.1%	4.0%	5.3%
Strategic Benchmark			0.3%	4.3%	3.3%	4.7%	3.5%	5.4%
			-0.6%	-0.6%	-0.1%	2.4%	0.4%	0.0%
			-0.3%	3.7%	1.2%	1.7%	1.3%	4.0%
			1.6%	2.3%	5.5%	7.7%	8.4%	8.6%
			-1.9%	1.4%	-4.4%	-6.0%	-7.1%	-4.6%
			-0.4%	3.7%	1.0%	2.1%	1.5%	4.1%
			1.6%	2.3%	5.5%	7.7%	8.6%	8.8%
			-2.0%	1.5%	-4.5%	-5.6%	-7.1%	-4.7%
			0.6%	1.4%	4.4%	6.9%	7.9%	-
			1.4%	1.5%	3.2%	4.2%	5.1%	-
			-0.8%	0.0%	1.2%	2.7%	2.8%	-
			-0.3%	3.6%	3.2%	7.1%	4.0%	5.3%
			1.6%	2.3%	5.5%	7.5%	8.0%	8.0%
			-1.9%	1.4%	-2.3%	-0.4%	-4.0%	-2.7%
	12 843 600 176	100%						

LONG TERM RETURNS

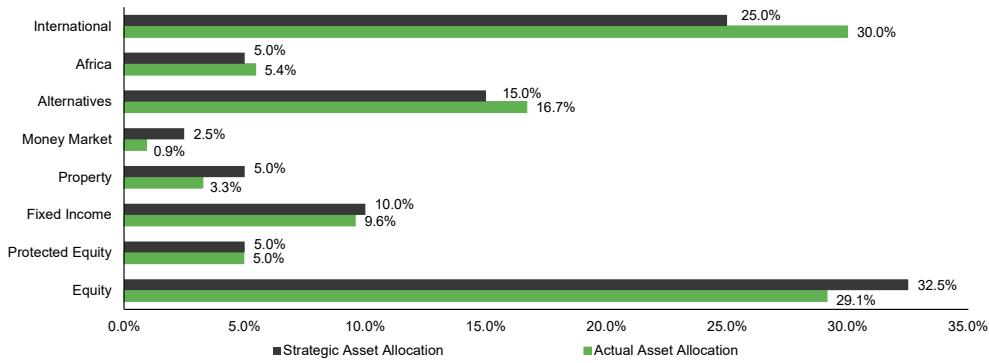
Longer term returns should be used to assess the Fund's performance when compared to the benchmark as short term volatility may distort short term performance measurement.

Estimate Value Added through Investment Returns since Inception

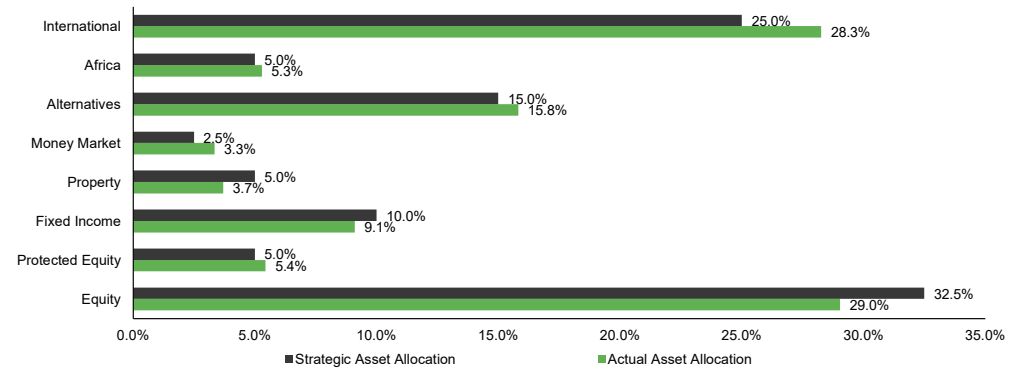


ASSET ALLOCATION

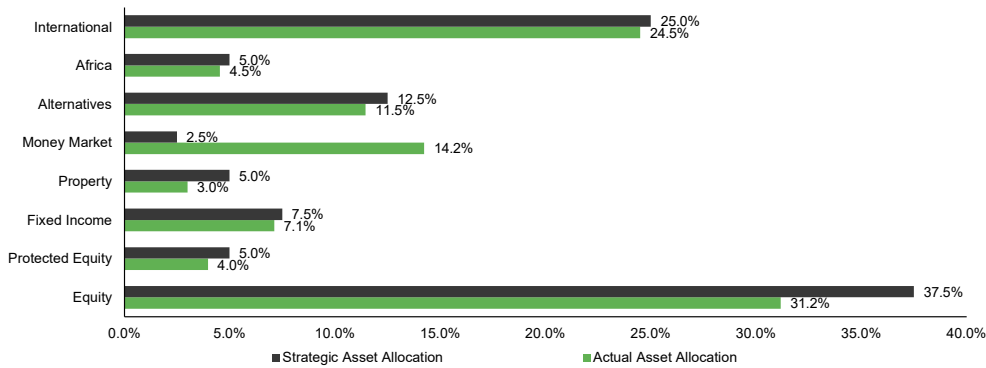
DB Members



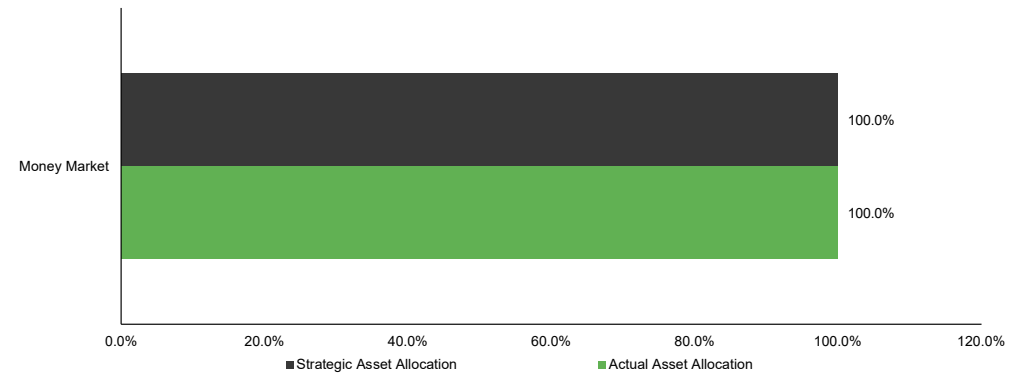
Pensioner



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	475 460 509.97	3.7%	-1.0%	7.4%	-5.9%	-	-	-3.1%	
	JSE Capped Share Weighted Index				-0.9%	9.2%	-3.4%	-	-	-1.0%	
					-0.1%	-1.8%	-2.6%	-	-	-2.1%	
	Aluwani Capital Equity	2018/10/31	647 697 932.61	5.0%	-1.6%	6.4%	-4.9%	-	-	-0.3%	
	JSE Capped Share Weighted Index				-0.9%	9.2%	-3.4%	-	-	-1.0%	
					-0.7%	-2.8%	-1.5%	-	-	0.7%	
Equity	Argon Equity	2018/10/31	377 983 742.69	2.9%	-0.9%	8.0%	-0.9%	-	-	-1.1%	
	JSE Capped Share Weighted Index				-0.9%	9.2%	-3.4%	-	-	-1.0%	
					0.0%	-1.3%	2.5%	-	-	-0.1%	
	Satrix Equity	2018/10/31	405 614 325.58	3.2%	-1.1%	8.3%	-3.1%	-	-	0.0%	
	JSE Capped Share Weighted Index				-0.9%	9.2%	-3.4%	-	-	-1.0%	
					-0.3%	-0.9%	0.2%	-	-	1.0%	
Equity	Vunani Equity	2018/10/31	855 300 517.42	6.7%	-1.1%	8.3%	-3.8%	-	-	-1.0%	
	JSE Capped Share Weighted Index				-0.9%	9.2%	-3.4%	-	-	-1.0%	
	Equity Incubation	Mianza Equity	2018/10/31	476 408 866.38	3.7%	-0.1%	9.1%	-6.3%	-	-	-1.9%
		JSE Capped Share Weighted Index				-0.9%	9.2%	-3.4%	-	-	-1.0%
						0.8%	-0.1%	-2.9%	-	-	-0.9%
Balondolzi Equity		2018/10/31	502 511 201.61	3.9%	-0.5%	9.2%	-0.5%	-	-	-0.1%	
JSE Capped Share Weighted Index					-0.9%	9.2%	-3.4%	-	-	-1.0%	
					0.4%	0.0%	2.9%	-	-	0.9%	
Protected Equity	Mergence Structured Product	2020/02/29	622 414 793.50	4.8%	0.3%	14.0%	-	-	-	10.5%	
	JSE All Share Index Top 40				-0.3%	10.1%	-	-	-	0.2%	
					0.5%	3.9%	-	-	-	10.3%	

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 All Bond Index	2008/08/31	905 339 808.71	7.0%	0.9%	0.7%	3.3%	8.1%	8.5%	10.6%
					0.9%	0.3%	4.2%	7.7%	7.6%	8.6%
					0.0%	0.4%	-0.9%	0.4%	0.9%	2.0%
Fixed Income	Stanlib Bond All Bond Index	2008/08/31	262 370 305.92	2.0%	1.1%	0.4%	4.7%	8.3%	8.3%	9.3%
					0.9%	0.3%	4.2%	7.7%	7.6%	8.6%
					0.2%	0.1%	0.5%	0.5%	0.7%	0.7%
Property	Direct Property NO BENCHMARK	2008/08/31	159 200 023.25	1.2%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
Property	Meago Property Listed Property	2012/08/31	259 781 907.97	2.0%	-8.5%	0.4%	-43.7%	-22.4%	-10.9%	-1.4%
					-8.6%	0.4%	-41.9%	-21.7%	-11.4%	-2.2%
					0.0%	0.0%	-1.8%	-0.7%	0.6%	0.8%
Money Market	Sanlam Cash STEFI Composite	2010/09/30	339 570 246.16	2.6%	0.7%	1.7%	7.0%	8.2%	8.5%	7.6%
					0.4%	1.3%	6.4%	7.0%	7.1%	6.4%
					0.4%	0.4%	0.5%	1.2%	1.4%	1.2%
Money Market	Transition Account	2009/02/28	5 299 960.23	0.0%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
Money Market Incubation	Cartesian Capital Money Market STEFI Composite	2018/10/31	168 544 854.11	1.3%	0.4%	1.1%	6.3%	-	-	6.5%
					0.4%	1.3%	6.4%	-	-	6.9%
					0.0%	-0.1%	-0.1%	-	-	-0.4%
Alternatives	Mayibentsha Focused CPI + 4.5%	2011/07/31	471 871 683.36	3.7%	0.7%	5.1%	9.2%	5.6%	3.9%	7.4%
					1.6%	2.3%	7.7%	8.6%	9.1%	9.6%
					-0.9%	2.9%	1.5%	-3.0%	-5.2%	-2.2%
Alternatives	Mayibentsha Market Neutral CPI + 2.5%	2011/07/31	420 905 405.60	3.3%	0.9%	3.1%	8.6%	7.3%	7.2%	7.7%
					1.5%	1.8%	5.7%	6.6%	7.1%	7.6%
					-0.6%	1.2%	2.9%	0.7%	0.1%	0.1%
Alternatives	Mayibentsha Moderate CPI + 3.5%	2008/08/31	322 250 812.73	2.5%	0.9%	5.0%	10.5%	7.1%	6.6%	8.4%
					1.6%	2.1%	6.7%	7.6%	8.1%	8.5%
					-0.6%	2.9%	3.8%	-0.5%	-1.5%	-0.1%

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
Alternatives Incubation	Terebinth Capital STEFI	2020/01/31	52 325 911.35	0.4%	1.5%	6.2%	-	-	-	4.7%
					0.4%	1.3%	-	-	-	3.4%
					1.1%	4.9%	-	-	-	1.2%
	Sampada Private Equity NO BENCHMARK	2015/09/30	249 108 214.45	1.9%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Sampada Private Equity 2 NO BENCHMARK	2019/01/31	290 008 854.14	2.3%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
Africa	Legacy Africa Hurdle Rate	2020/01/31	152 328 353.00	1.2%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Tamela Capital NO BENCHMARK	2020/01/31	1 229 234.92	0.0%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
Africa	Boxwood Property Fund Hurdle Rate (CPI +3%)	2020/03/31	41 852 574.55	0.3%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Summit Africa Hurdle Rate (CPI +5%)	2019/11/30	14 720 820.94	0.1%	-	-	-	-	-	-
				-	-	-	-	-	-	
				-	-	-	-	-	-	
International	Novare Africa Property Fund 1 10% in USD	2010/07/31	514 503 924.48	4.0%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Novare Africa Property Fund 2 10% in USD	2014/07/31	160 184 014.39	1.2%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
International	Novare Global Balanced 60% Equity / 40% Bonds	2008/08/31	3 688 811 376.05	28.7%	0.1%	3.3%	15.3%	10.3%	9.7%	11.8%
					3.1%	6.4%	24.6%	16.5%	12.3%	11.9%
					-3.0%	-3.0%	-9.3%	-6.2%	-2.6%	0.0%
			12 843 600 176	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	291 156 793.4	113 265 316.6		71 038 400.0	475 460 510.0	
	Aluwani Capital Equity	491 093 030.3	127 834 762.5		28 770 139.9	647 697 932.6	
	Argon Equity	246 968 752.5	116 214 131.7		14 800 858.5	377 983 742.7	
	Balondolozzi Equity	361 902 196.3	111 769 602.4		28 839 403.0	502 511 201.6	
	Mianzo Equity	336 467 893.7	25 038 932.9		114 902 039.8	476 408 866.4	
	Satrix Equity	265 797 932.3	27 741 359.5		112 075 033.8	405 614 325.6	
	Vunani Equity	678 665 066.6	20 384 298.0		156 251 152.8	855 300 517.4	
Protected Equity	Mergence Structured Product	454 680 626.5	69 042 043.6		98 692 123.4	622 414 793.5	
	Futuregrowth Infrastructure Bond	648 762 365.3	111 712 116.9		144 865 326.4	905 339 808.7	
Fixed Income	Stanlib Bond	229 960 970.8	12 099 478.5		20 309 856.7	262 370 305.9	
	Direct Property	126 918 928.8			32 281 094.5	159 200 023.3	
Property	Meago Property	172 825 321.7	52 126 313.9		34 830 272.4	259 781 908.0	
	Cartesian Capital Money Market	2 953 076.7	101 468 832.2	58 371 627.8	5 751 317.3	168 544 854.1	
Money Market	Sanlam Cash	77 487 229.9	146 096 886.9	61 076 748.7	54 909 380.7	339 570 246.2	
	Transition Account	5 299 960.2				5 299 960.2	
Alternatives	Mayibentsha Focused	359 767 852.6	45 281 452.2		66 822 378.6	471 871 683.4	
	Mayibentsha Market Neutral	319 576 503.2	39 623 096.4		61 705 806.1	420 905 405.6	
	Mayibentsha Moderate	214 075 510.7	45 481 100.5		62 694 201.6	322 250 812.7	
	Terebinth Capital	46 444 421.9	2 118 575.5		3 762 913.9	52 325 911.4	
	Tamela Capital	461 009.4	432 250.5		335 975.1	1 229 234.9	
	Legacy Africa	136 222 006.1	5 151 960.3		10 954 386.6	152 328 353.0	
	Sampada Private Equity	191 554 460.4	24 138 003.6		33 415 750.5	249 108 214.5	
	Sampada Private Equity 2	219 198 766.5	30 632 389.1		40 177 698.5	290 008 854.1	
	Boxwood Property Fund	37 417 080.7	1 270 268.7		3 165 225.1	41 852 574.6	
	Summit Africa	5 614 430.8	5 181 514.3		3 924 875.9	14 720 820.9	
	Africa	Novare Africa Property Fund 1	384 000 093.4	57 474 203.0		73 029 628.1	514 503 924.5
		Novare Africa Property Fund 2	115 739 396.0	21 561 983.4		22 882 635.0	160 184 014.4
	International	Novare Global Balanced	2 750 022 032.6	426 135 749.3		512 653 594.2	3 688 811 376.1
Total Fund		9 171 033 709.2	1 739 276 622.1	119 448 376.6	1 813 841 468.2	12 843 600 176.1	

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

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