



NOVARE[®]
actuaries & consultants

| Monthly Report |

SALA Pension Fund

February 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



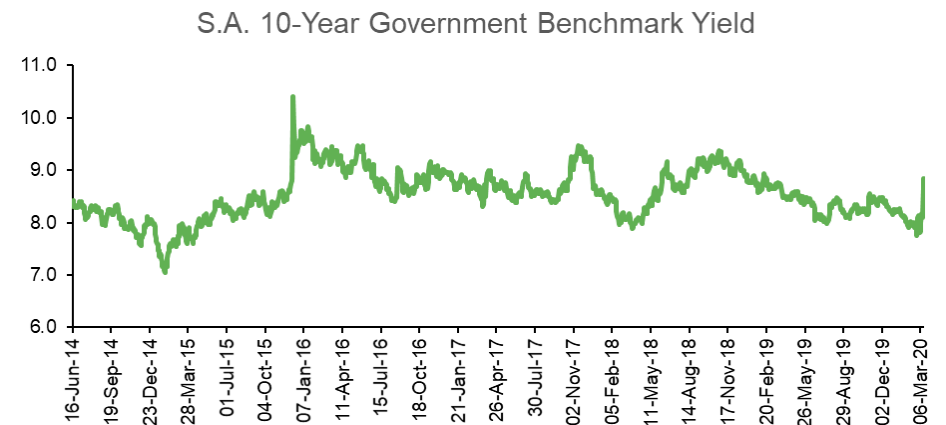
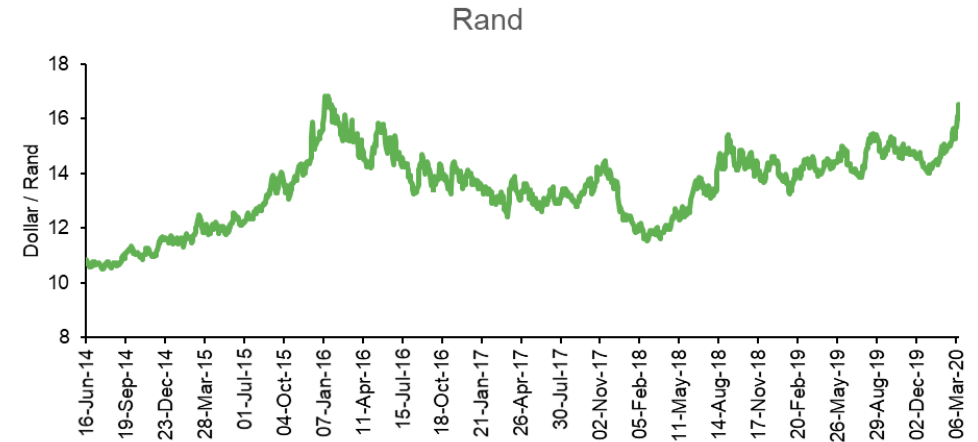
DOMESTIC MARKET VIEW



As expected, local markets were not spared the carnage with the ALSI and the ZAR both taking a beating, even though no cases of COVID-19 had been diagnosed. The ZAR did gain some respite towards the end of the month as Minister of Finance Tito Mboweni delivered his much-anticipated budget speech.

The budget was received positively by the market, although concerns remained about the solution for the country's debt trajectory, which incorporated a notable reduction in the nominal growth of the public sector wage bill, and whether this would be achievable.

The Treasury refrained from major tax hikes in this budget, meaning no increase in the VAT rate while adjustments to the personal income tax brackets to align with inflation were more generous than expected. There were also indications that measures would be introduced to broaden the corporate income tax net, which should support a lower corporate tax rate over time.

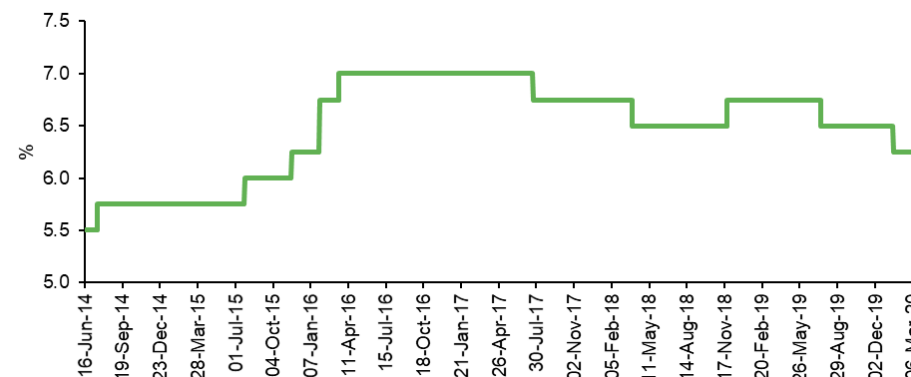


DOMESTIC MARKET VIEW

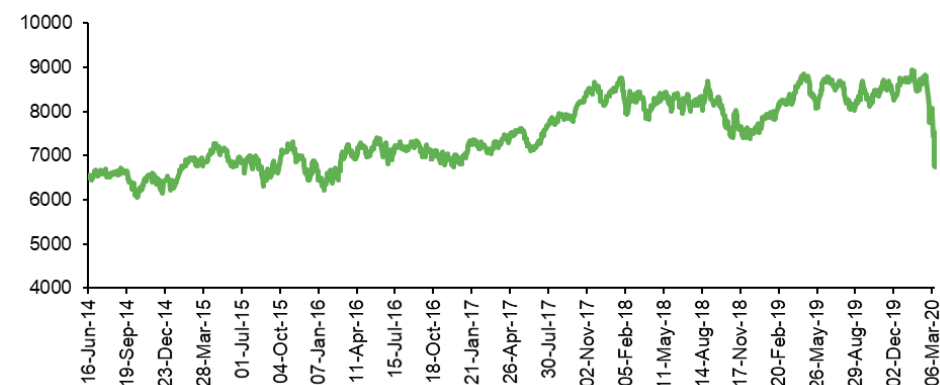
On the local data front, the Q42019 GDP release showed a further contraction, once again placing the local economy in a “technical” recession. In this regard, the Treasury’s implementation of the budget will be key to successfully jumpstarting GDP growth.

The JSE ALSI ended the month down -8.99% with bonds also selling off to the tune of -0.07%. Non-residents were net sellers of both South African bond and equity assets in February. The ZAR remained under pressure into the end of the month ending 4.2% weaker against the USD, with similar declines against the other majors.

Repo Rate



FTSE/JSE All Share Index

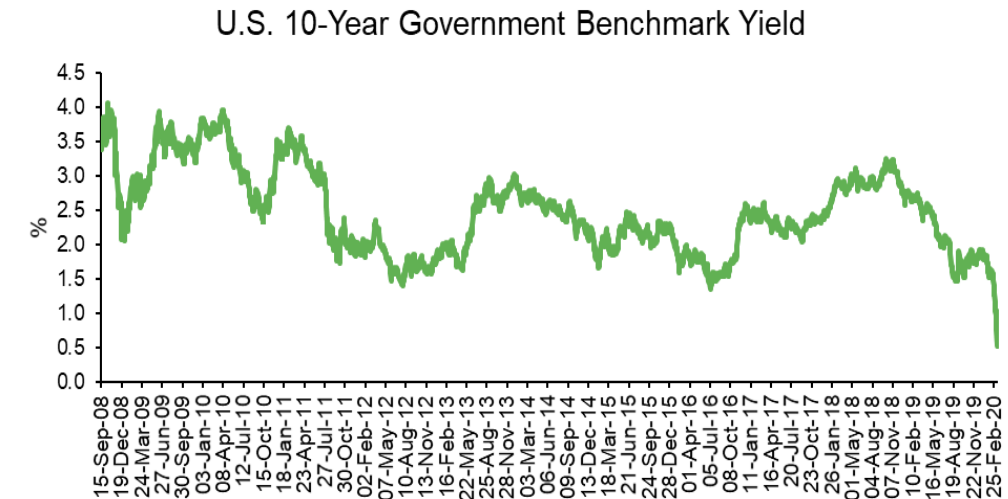
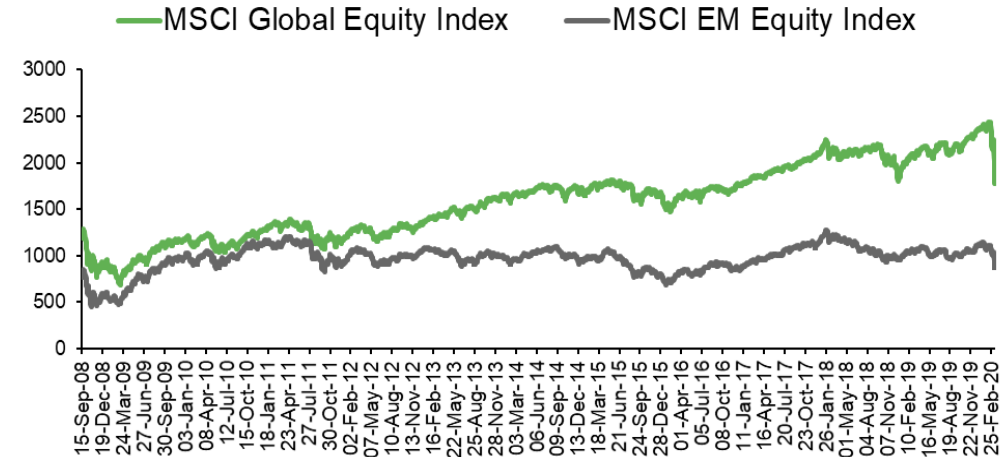


INTERNATIONAL MARKET VIEW

Stocks suffered their worst monthly decline since the December 2018 sell-off as investors reacted to the global spread of the COVID-19 outbreak. All sectors within the S&P 500 suffered major drawdowns, with energy stocks especially hard hit. Risk aversion spread into commodities ending in the WTI oil price falling 13%, adding to the steep fall in January and bringing the total year-to-date decline to 27%.

The market initially shrugged off the spread of the virus, instead preferring to focus on better than expected Q4 earnings data and improving business survey data. It became apparent towards the end of the month, however, that the virus was spreading more rapidly and proving to be more difficult to contain than initially expected. The outbreak had widened to other countries including Iran, Italy and South Korea and appeared to be accelerating, with the first cases diagnosed in the US, France and the UK.

A key question appeared to be whether the Federal Reserve would step in to support markets as COVID-19's impact on growth could potentially derail the global economy. Fed Chair Jerome Powell issued a statement acknowledging that the outbreak was "posing evolving risks," while promising that the Fed would "use our tools and act as appropriate to support the economy."

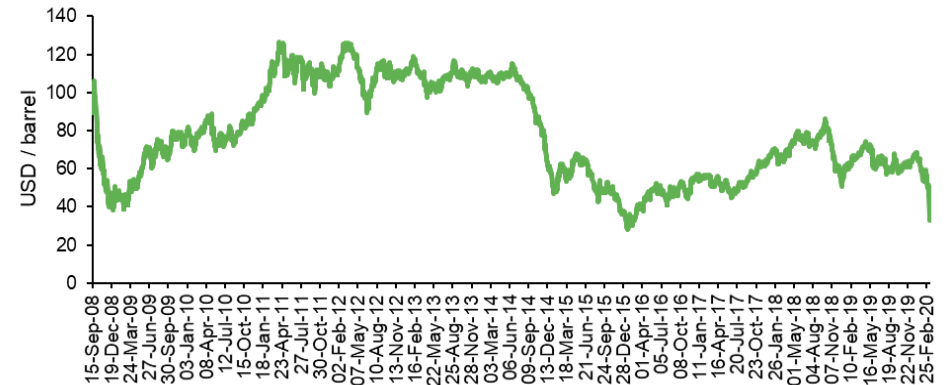


INTERNATIONAL MARKET VIEW

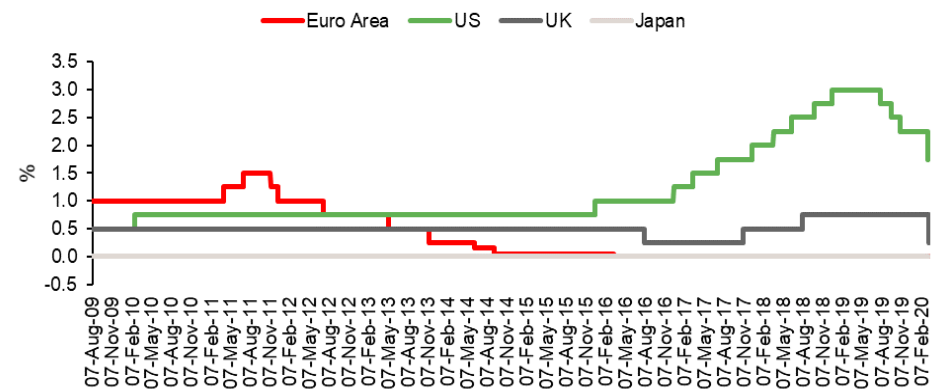
Macro data in the US proved to be a mixed bag as the previously mentioned improving business survey data was offset by weak job openings. Job openings declined by 5.4% month-on-month and were down 14% year-on-year. The data suggested downside risks to growth if the duration of COVID-19 is more protracted than expected. This makes further monetary stimulus by the Federal Reserve more likely in the coming months. At the end of the month markets were pricing three additional cuts this year.

The S&P 500 Index ended the week down -8.29% with the technology-heavy Nasdaq Composite Index down -6.27% - ironically in the same month both had reached record highs. Core government bonds were the only asset class that was spared with the US, UK and Germany ending in positive territory, banking on further stimulus from their respective central banks.

OIL (BRENT)



G4 Policy Rates



TACTICAL ASSET ALLOCATION

RSA BONDS

Local markets were severely impacted by the COVID-19 sell-off towards the end of the month with the ALBI and the ZAR ending negative, even though no cases of COVID-19 had been diagnosed in South Africa. The ZAR did gain some respite towards the end of the month as Minister of Finance Tito Mboweni delivered his much-anticipated budget speech.

The budget was received positively by the market, although concerns remained about the solution for the country's debt trajectory, which incorporates a notable reduction in the nominal growth of the public sector wage bill, and whether this would be achievable.

In general, the Treasury once again made all the right noises, but implementation will be key to successfully jumpstarting GDP growth. The ALBI ended the month down -0.07% with the short end of the curve substantially outperforming the longer end. Non-residents turned net sellers of local bonds, with the R2.1bn outflow in February offsetting some of January's R7.2bn inflow.

Although we believe that a lot of the bad news has been priced into the market, and that the asset class offers pockets of value and high real yields, we have opted for a wait and see approach, maintaining an underweight position in domestic bonds. With the yield on 10-year bonds approaching 10%, we will be looking to increase our weighting should the need arise.

RSA PROPERTY, ALTERNATIVES AND CASH

The SA Listed Property Index (SAPY) bore the brunt of the local market sell-off returning -15.69% for February, with the historic yield of the SAPY ending the month in double-digits.

The weak macro-economic backdrop continued to negatively affect all sectors of the property market. Retail sales have been under severe pressure, leading to weak trading densities and lower occupancy levels. Retailers are starting to negotiate shorter lease terms and lower lease escalations.

We maintained an underweight position in this asset class. In terms of cash, the market is pricing in a benign outlook for local interest rates. However, the state of the fiscus and the possibility of future downgrades remain risk factors for the local economy. In the absence of other options, money market investments provide the best capital protection in the short-term. Cash is, therefore, the balancing item.

RSA EQUITIES

As expected, local markets were not spared the carnage, with the ALSI and the ZAR both taking a beating, even though no cases of COVID-19 had been diagnosed. The ZAR did gain some respite towards the end of the month as Minister of Finance Tito Mboweni delivered his much-anticipated budget speech.

Emerging markets in general were the hardest hit, along with commodity exporters like South Africa. The JSE All Share Index ended the month down -8.99% with the resources and financial sectors leading the way. The best performing sector was the technology sector which ended down only -3.23. For an indication of the extent of divergent performances, industrial metals ended the month down -19.85%.

Non-residents sold off SA equities at a slightly slower pace than January's R7.9bn. We continued to maintain an underweight position in local stocks within an emerging market equity portfolio. However, if the sell-off continues we will consider increasing our weighting as valuations become more favorable.

INTERNATIONAL

Stocks suffered their worst monthly decline since the December 2018 sell-off as investors reacted to the global spread of the COVID-19 outbreak. All sectors within the S&P 500 suffered major drawdowns, with energy stocks especially hard hit. Risk aversion spread into commodities as the WTI oil price dropped 13% - adding to the steep fall in January and bringing the total year-to-date decline to 27%.

The market initially shrugged off the spread of the virus, focussing instead preferred on better than expected Q4 earnings data and improving business survey data. It became apparent towards the end of the month that the virus was spreading more rapidly, proving to be more difficult to contain than initially expected. The outbreak widened to other countries including Iran, Italy and South Korea and appeared to be accelerating, with the first cases diagnosed in the US, France and the UK.

A key question for markets appeared to be whether the Federal Reserve would step in to support markets as COVID-19's impact on growth could potentially derail the global economy. Fed Chair Jerome Powell issued a statement acknowledging that the outbreak was "posing evolving risks," while promising that the Fed would "use our tools and act as appropriate to support the economy".

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on further stimulus from their respective central banks. At the end of January, we decided to reduce our global exposure to a neutral weighting. This served our portfolios well as the timing from a macro point of view was perfect.

NOVARE HOUSE VIEW: February 2020 TACTICAL POSITIONING*

	UNDER-WEIGHT	← ON-WEIGHT →	OVER-WEIGHT	PREVIOUS
DOMESTIC	Under-weight			
Equities	95%			95%
Bonds	95%			95%
Property	95%			95%
Alternatives		100%		100%
Cash		Balancing		100%
OFFSHORE			120%	120%
Equities		100%		105%
Bonds		70%		70%
Alternatives		100%		100%
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	6 months	YTD	12 months
MSCI All Countries Equity	-8.0%	-5.8%	1.4%	-9.0%	4.5%
MSCI Emerging Markets	-5.3%	-2.9%	3.1%	-9.7%	-1.5%
Global Bonds (R)	5.0%	9.6%	4.5%	14.0%	19.9%

Commodity Prices	1 month	3 months	6 months	YTD	12 months
Brent Oil (USD/Barrel)	-14.6%	-20.5%	-15.7%	-24.9%	-25.2%
Platinum (USD/oz)	-7.9%	-1.6%	-5.3%	-9.2%	1.1%
Gold (USD/oz)	3.0%	12.4%	7.7%	7.4%	23.7%

Asset Allocation (Rand)	1 month	3 months	6 months	YTD	12 months
Domestic Equities	-9.0%	-7.6%	-6.2%	-10.5%	-5.7%
Domestic Bonds	0.0%	3.0%	3.4%	1.1%	8.9%
Domestic Cash	0.5%	1.7%	3.5%	1.1%	7.3%
Domestic Property	-15.7%	-20.0%	-17.5%	-18.3%	-19.1%
International Equity	-4.4%	0.3%	4.2%	1.8%	16.9%
International Bonds	5.0%	9.6%	4.5%	14.0%	19.9%
Exchange rate (R / \$)	4.3%	6.9%	3.1%	11.8%	11.1%

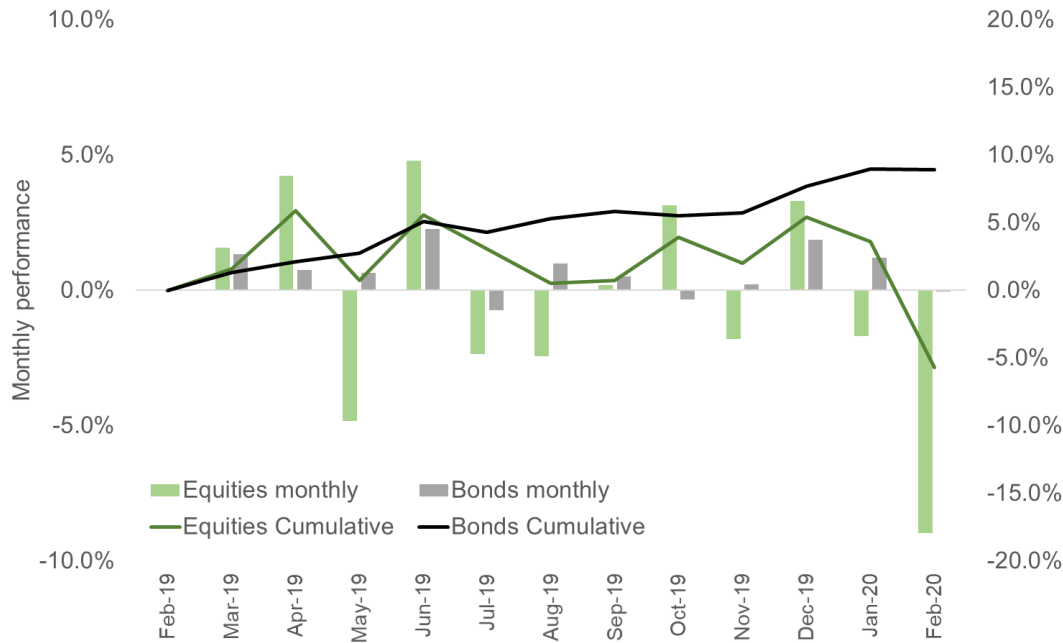
Scale:

Best performing asset class

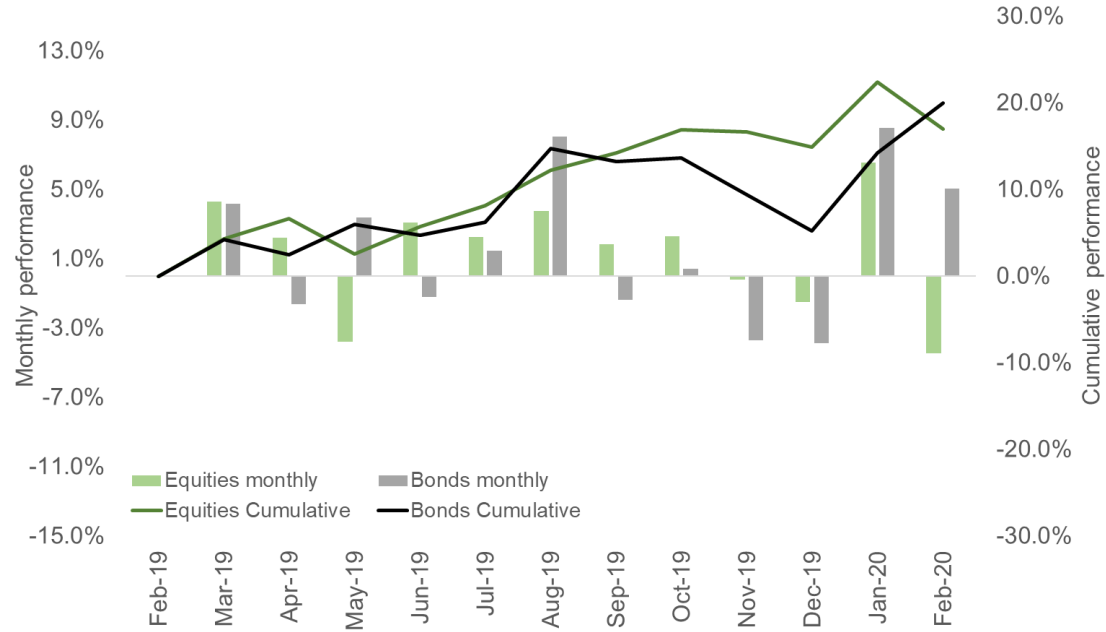
Worst performing asset class



Domestic Markets (R) over the last 12 months



International Markets over the last 12 months



MARKET PERFORMANCE

Section B

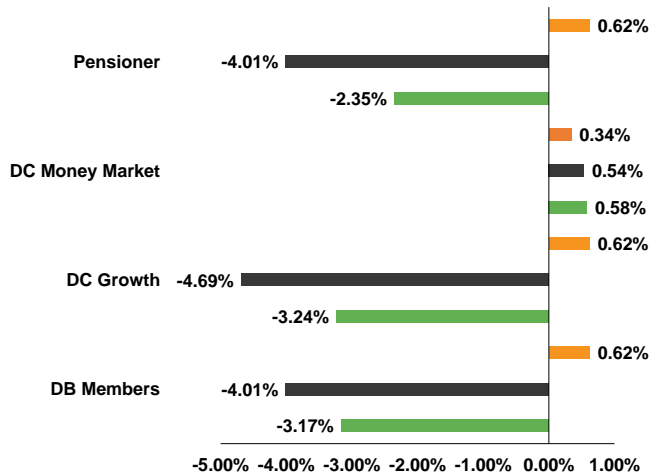
Fund Overview



EXECUTIVE SUMMARY

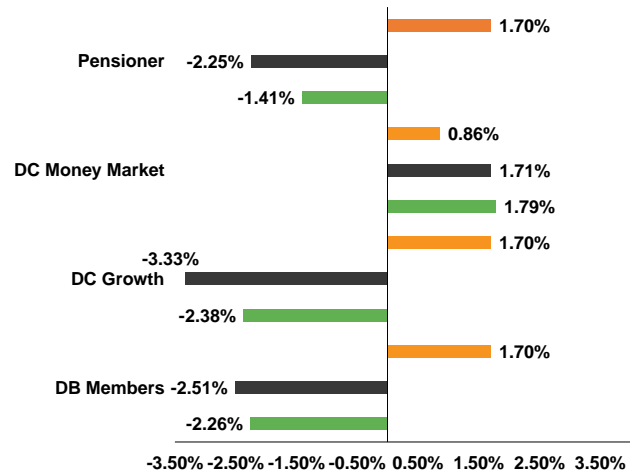


Monthly Return for February 2020



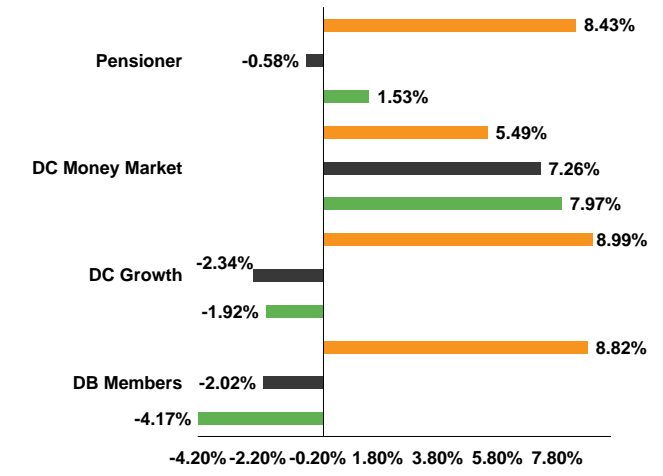
Investment objective | Benchmark | Portfolio

3 Months Return up to February 2020



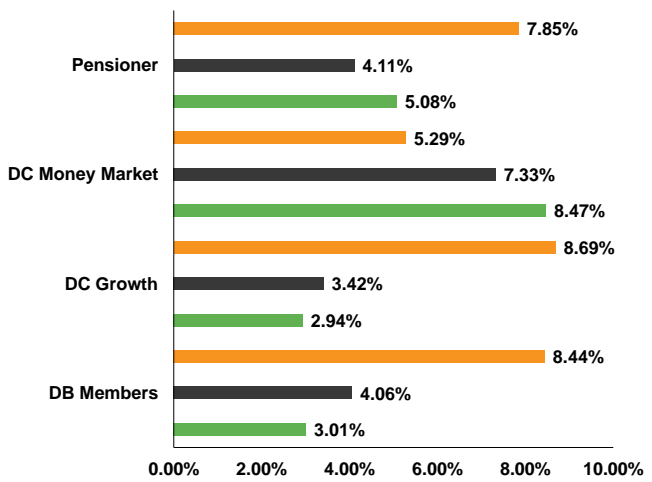
Investment objective | Benchmark | Portfolio

1 Year Return up to February 2020



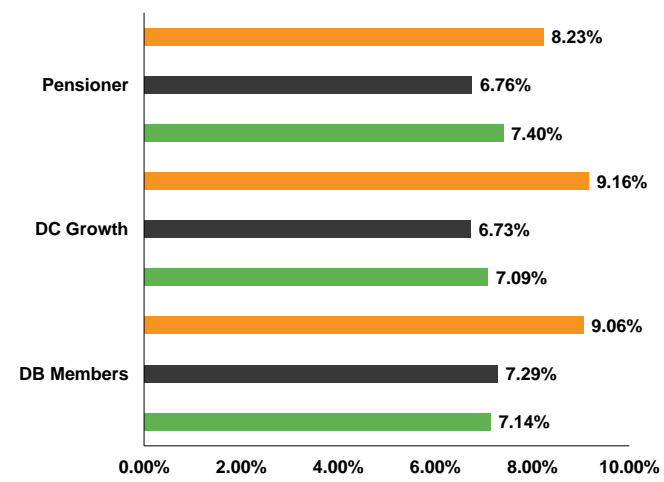
Investment objective | Benchmark | Portfolio

3 Year Return up to February 2020



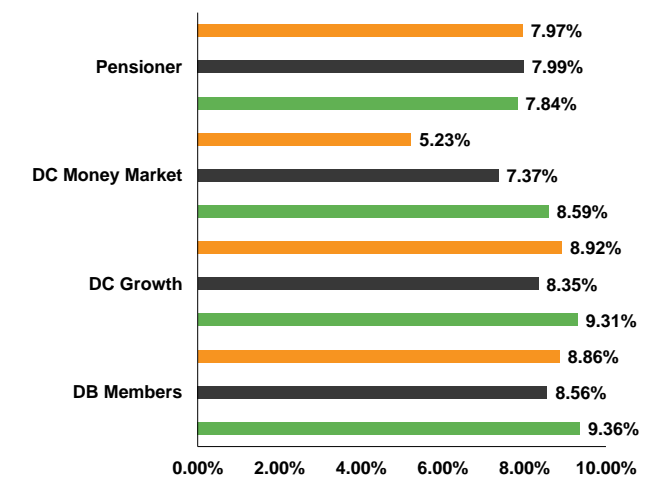
Investment objective | Benchmark | Portfolio

7 Year Return up to February 2020



Investment objective | Benchmark | Portfolio

Returns Since Inception



Investment objective | Benchmark | Portfolio

PORTFOLIO MARKET VALUES AND RETURNS

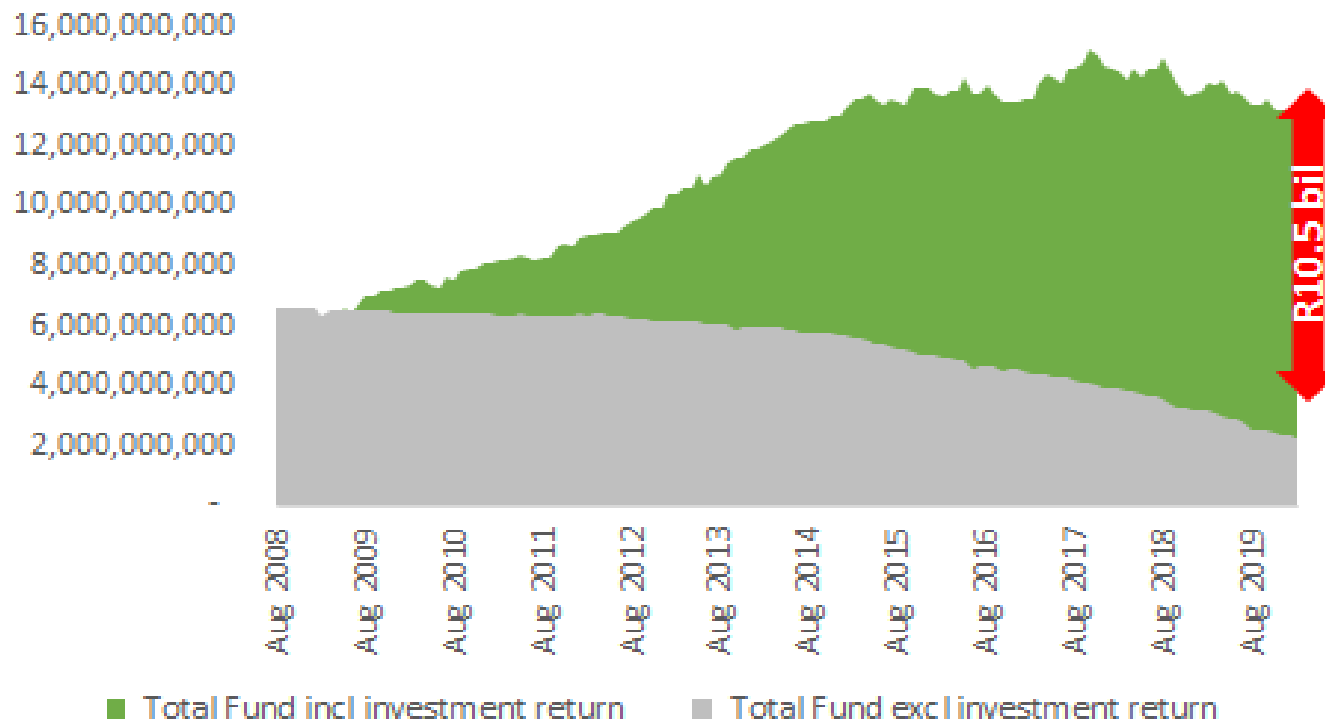
The table below sets out the portfolio returns of the funds over the various periods in comparison with their respective benchmarks.

	Market value (R)	Weight (%)	1 month (%)	3 months (%)	YTD (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)
DB Members	10 841 665 198	84.7%	-3.2%	-2.3%	-3.0%	-4.2%	3.0%	3.5%
Strategic Benchmark			-4.0%	-2.5%	-3.0%	-2.0%	4.1%	4.0%
			0.8%	0.3%	0.0%	-2.2%	-1.0%	-0.5%
DC Growth	442 250 390	3.5%	-3.2%	-2.4%	-3.1%	-1.9%	2.9%	3.5%
Strategic Benchmark			-4.7%	-3.3%	-3.9%	-2.3%	3.4%	3.5%
			1.5%	0.9%	0.7%	0.4%	-0.5%	0.1%
DC Money Market	507 098 013	4.0%	0.6%	1.8%	1.2%	8.0%	8.5%	-
Strategic Benchmark			0.5%	1.7%	1.1%	7.3%	7.3%	-
			0.0%	0.1%	0.1%	0.7%	1.1%	-
Pensioner	1 002 723 984	7.8%	-2.4%	-1.4%	-1.8%	1.5%	5.1%	4.9%
Strategic Benchmark			-4.0%	-2.2%	-2.7%	-0.6%	4.1%	4.4%
			1.7%	0.8%	0.9%	2.1%	1.0%	0.5%
DB Members			-3.2%	-2.3%	-3.0%	-4.2%	3.0%	3.5%
Objective			0.6%	1.7%	1.2%	8.8%	8.4%	9.1%
			-3.8%	-4.0%	-4.2%	-13.0%	-5.4%	-5.7%
DC Growth			-3.2%	-2.4%	-3.1%	-1.9%	2.9%	3.5%
Objective			0.6%	1.7%	1.2%	9.0%	8.7%	9.3%
			-3.9%	-4.1%	-4.4%	-10.9%	-5.7%	-5.7%
DC Money Market			0.6%	1.8%	1.2%	8.0%	8.5%	-
Objective			0.3%	0.9%	0.7%	5.5%	5.3%	-
			0.2%	0.9%	0.6%	2.5%	3.2%	-
Pensioner			-2.4%	-1.4%	-1.8%	1.5%	5.1%	4.9%
Objective			0.6%	1.7%	1.2%	8.4%	7.9%	8.4%
			-3.0%	-3.1%	-3.1%	-6.9%	-2.8%	-3.5%
	12 793 737 586	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.

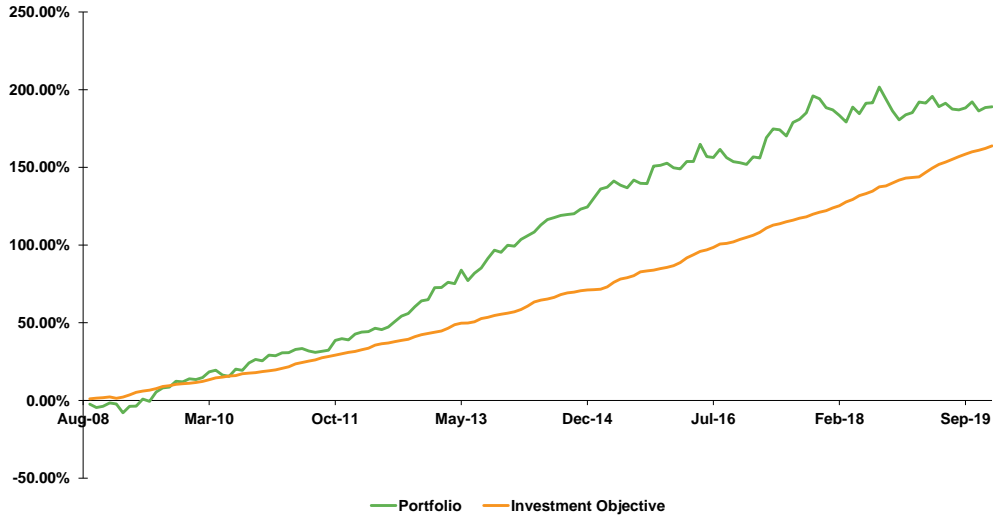
Estimate Value Added through Investment Returns since Inception



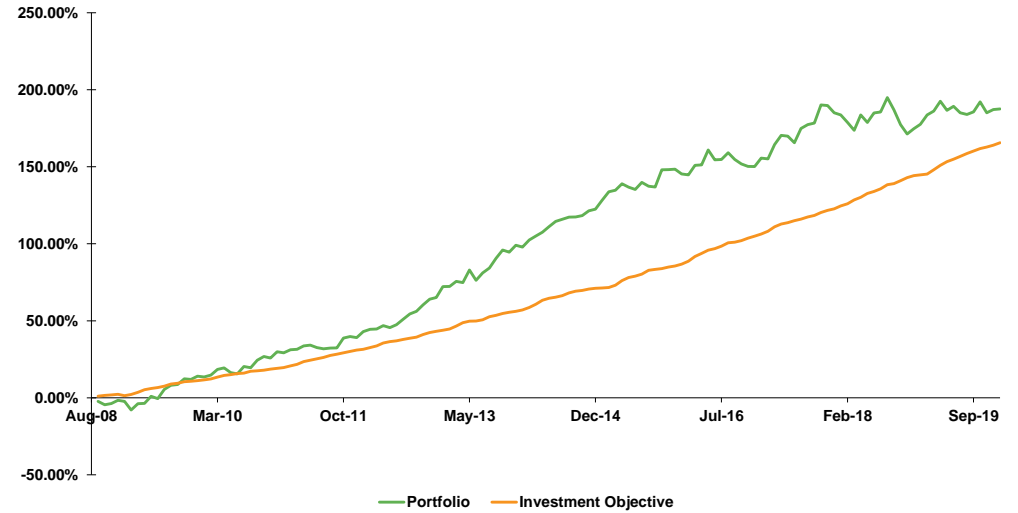
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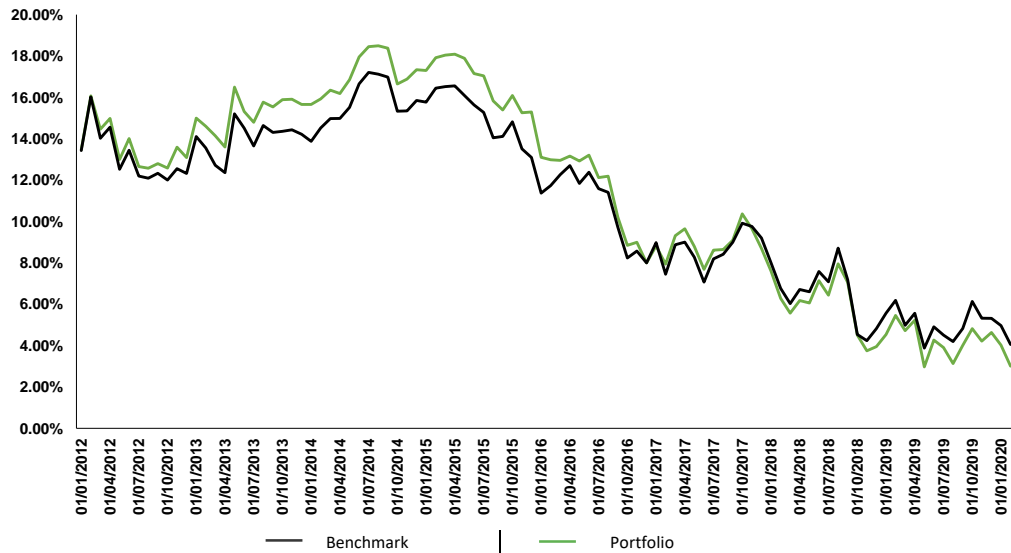
DB Members - Cumulative return since 30 September 2009



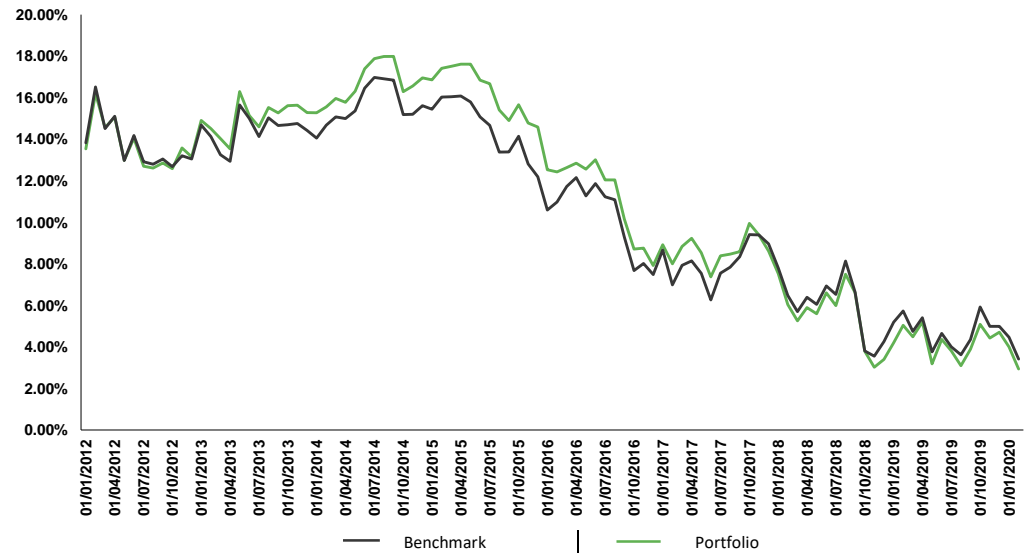
DC Growth - Cumulative return since 30 September 2009



DB Members - 3 Year Rolling Returns



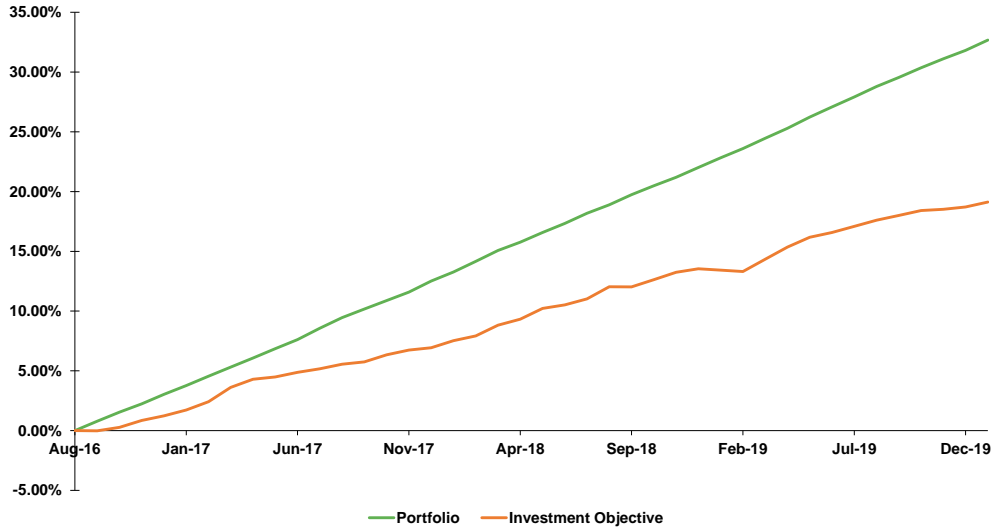
DC Growth - 3 Year Rolling Returns



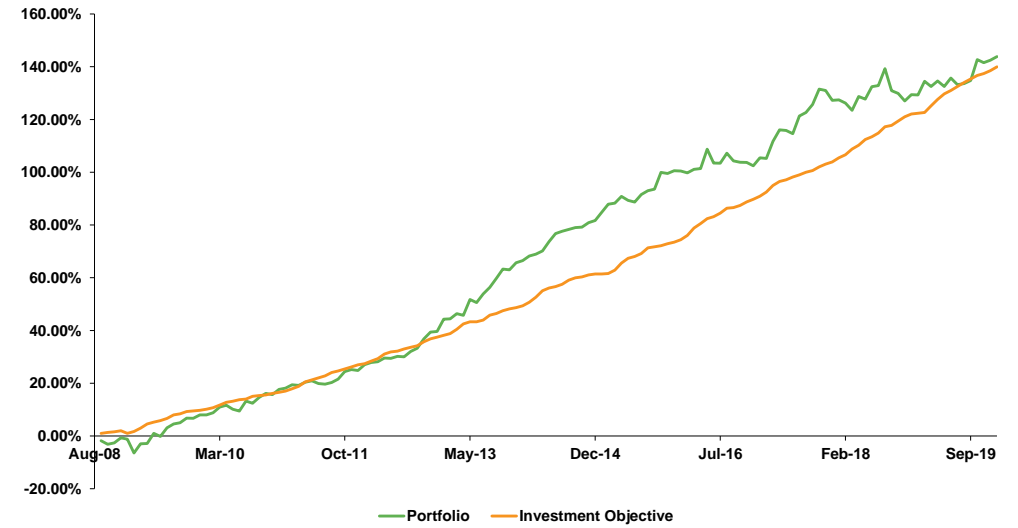
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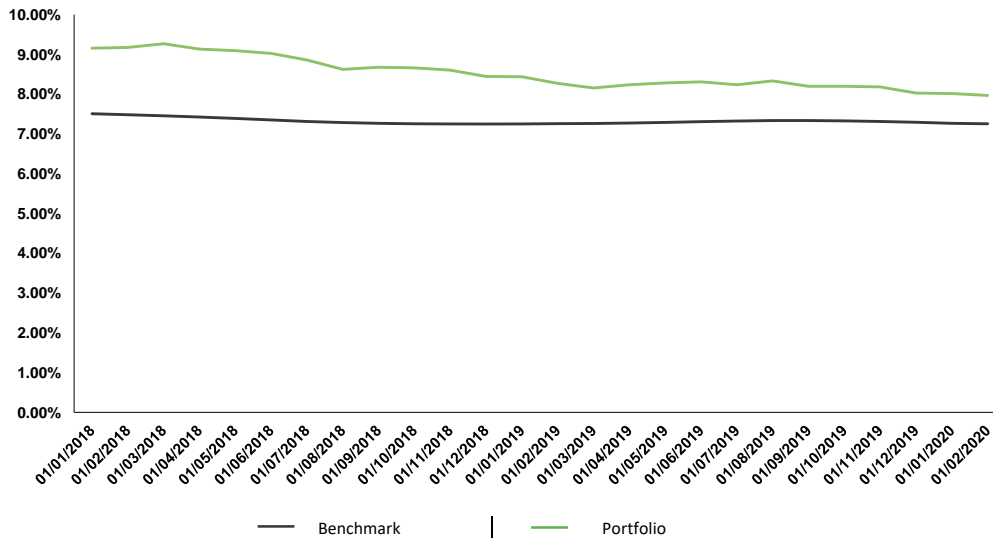
DC Money Market - Cumulative return since 30 September 2016



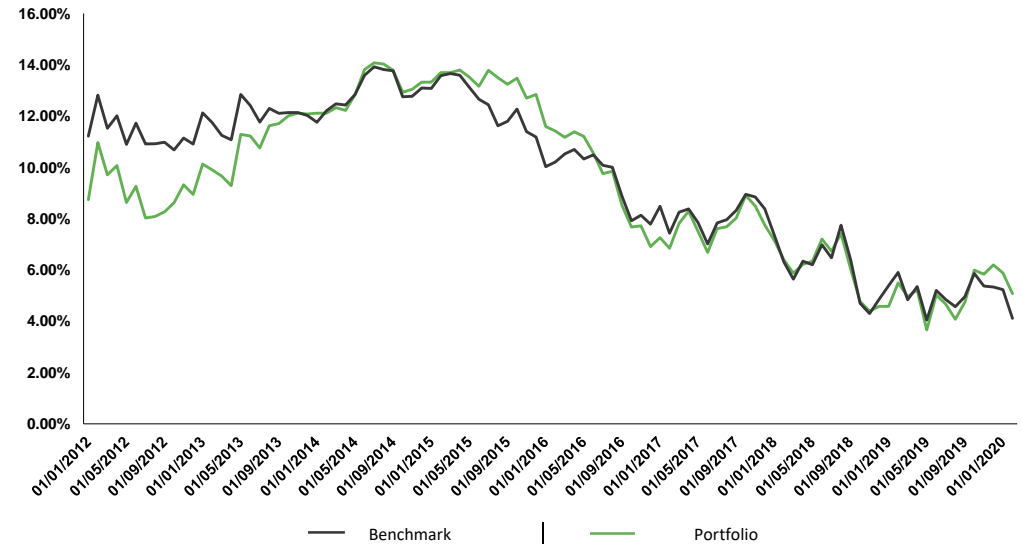
Pensioner - Cumulative return since 30 September 2016



DC Money Market - 1 Year Rolling Returns

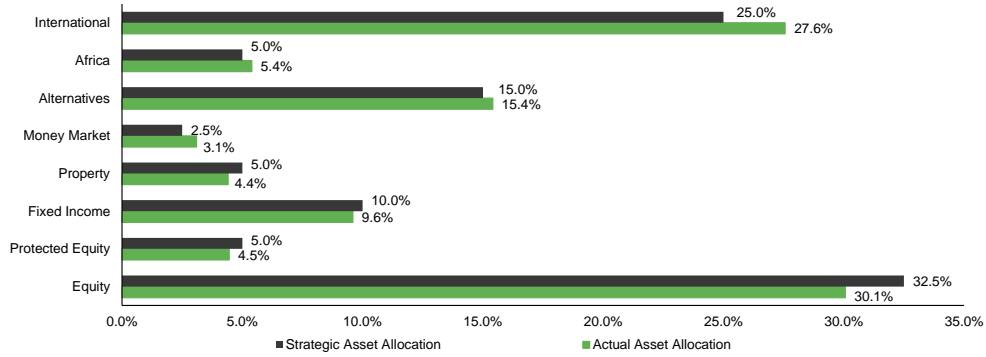


Pensioner - 3 Year Rolling Returns

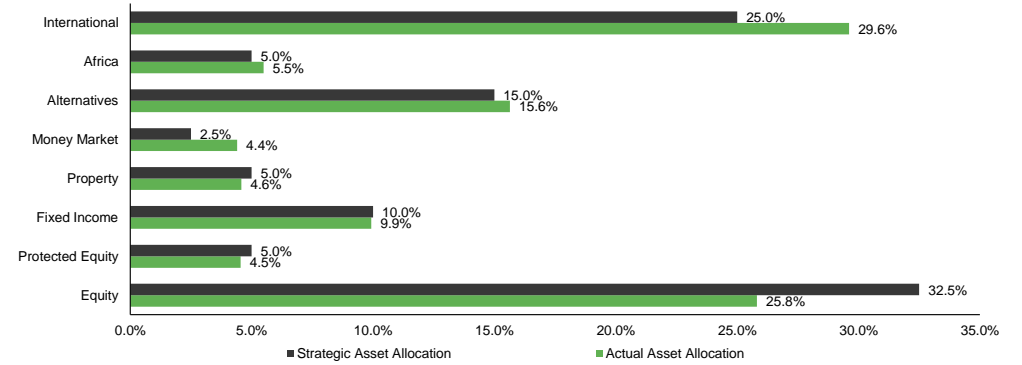


ASSET ALLOCATION

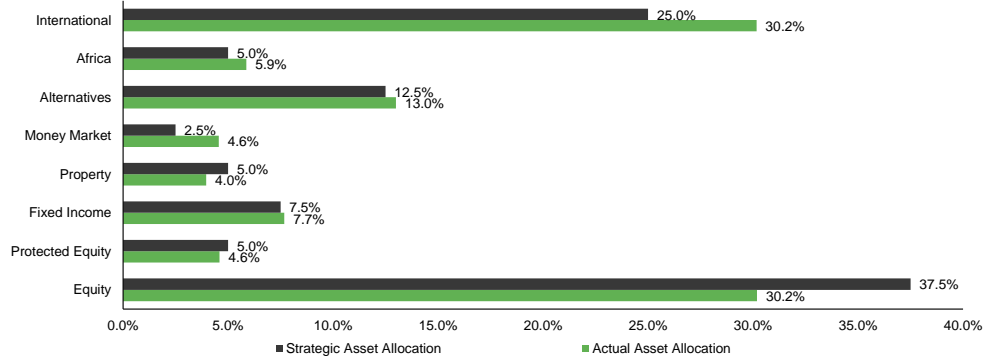
DB Members



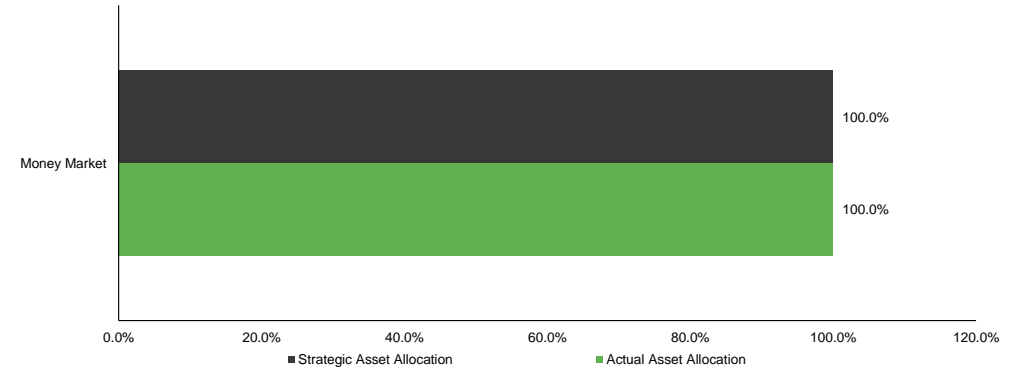
Pensioner



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	326 478 446.64	2.6%	-8.6%	-7.4%	-11.5%	-	-	-5.8%
	JSE Capped Share Weighted Index				-9.5%	-9.1%	-9.6%	-	-	-3.9%
					0.9%	1.8%	-2.0%	-	-	-1.9%
	Aluwani Capital Equity	2018/10/31	634 927 731.96	5.0%	-8.3%	-7.4%	-8.1%	-	-	-2.1%
	JSE Capped Share Weighted Index				-9.5%	-9.1%	-9.6%	-	-	-3.9%
					1.3%	1.7%	1.5%	-	-	1.8%
	Argon Equity	2018/10/31	366 333 333.81	2.9%	-9.4%	-9.1%	-9.1%	-	-	-4.0%
	JSE Capped Share Weighted Index				-9.5%	-9.1%	-9.6%	-	-	-3.9%
					0.1%	0.1%	0.4%	-	-	-0.1%
	Balondolozzi Equity	2018/10/31	337 250 174.86	2.6%	-9.4%	-8.1%	-11.1%	-	-	-4.6%
JSE Capped Share Weighted Index				-9.5%	-9.1%	-9.6%	-	-	-3.9%	
				0.1%	1.0%	-1.5%	-	-	-0.8%	
Mazi Equity	2016/09/30	553 385 599.40	4.3%	-6.2%	-5.3%	-10.2%	-1.9%	-	-2.6%	
JSE Capped Share Weighted Index				-9.5%	-9.1%	-9.6%	0.3%	-	-0.4%	
				3.3%	3.8%	-0.6%	-2.2%	-	-2.2%	
Mianza Equity	2018/10/31	317 186 805.49	2.5%	-10.4%	-10.6%	-9.7%	-	-	-3.9%	
JSE Capped Share Weighted Index				-9.5%	-9.1%	-9.6%	-	-	-3.9%	
				-0.8%	-1.4%	-0.1%	-	-	0.0%	
Satrix Equity	2018/10/31	393 430 067.76	3.1%	-9.0%	-9.1%	-8.1%	-	-	-2.3%	
JSE Capped Share Weighted Index				-9.5%	-9.1%	-9.6%	-	-	-3.9%	
				0.6%	0.0%	1.4%	-	-	1.5%	
Vunani Equity	2018/10/31	722 710 381.39	5.6%	-9.4%	-9.3%	-9.4%	-	-	-3.5%	
JSE Capped Share Weighted Index				-9.5%	-9.1%	-9.6%	-	-	-3.9%	
				0.2%	-0.1%	0.2%	-	-	0.3%	
Protected Equity	Mergence Structured Product	2020/02/29	549 206 092.79	4.3%	0.0%	-	-	-	-	0.0%
	JSE All Share Index Top 40				-8.4%	-	-	-	-	-8.4%
					8.4%	-	-	-	-	8.4%

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	913 014 549.09	7.1%	-0.1%	3.0%	9.7%	10.2%	8.7%	11.2%
					0.0%	3.0%	8.9%	9.1%	7.2%	8.9%
					0.0%	-0.1%	0.8%	1.1%	1.4%	2.2%
	Stanlib Bond All Bond Index	2008/08/31	260 946 911.02	2.0%	0.2%	3.2%	9.1%	9.8%	8.1%	9.7%
0.0%					3.0%	8.9%	9.1%	7.2%	8.9%	
				0.2%	0.2%	0.2%	0.7%	0.8%	0.8%	
Property	Direct Property NO BENCHMARK	2008/08/31	159 200 023.25	1.2%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Meago Property Listed Property	2012/08/31	382 365 127.12	3.0%	-15.4%	-19.8%	-19.2%	-9.7%	-3.2%	3.6%
-15.7%					-16.6%	-15.7%	-9.1%	-4.0%	2.8%	
				0.3%	-3.3%	-3.5%	-0.6%	0.8%	0.8%	
Money Market	Cartesian Capital Money Market STEFI Composite	2018/10/31	164 035 800.00	1.3%	0.5%	1.8%	6.8%	-	-	6.7%
					0.5%	1.7%	7.3%	-	-	7.2%
					0.0%	0.1%	-0.4%	-	-	-0.5%
	Sanlam Cash STEFI Composite	2010/09/30	741 707 502.31	5.8%	0.5%	1.6%	8.1%	8.7%	8.6%	7.7%
0.5%					1.7%	7.3%	7.3%	7.2%	6.5%	
				-0.1%	-0.1%	0.8%	1.4%	1.4%	1.2%	
	Transition Account	2009/02/28	1 683 950.26	0.0%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
Alternatives	Mayibentsha Focused CPI + 4.5%	2011/07/31	438 143 866.02	3.4%	-1.8%	0.5%	3.4%	3.7%	2.6%	6.9%
					0.6%	1.7%	9.0%	8.8%	9.6%	9.7%
					-2.4%	-1.2%	-5.6%	-5.1%	-7.0%	-2.7%
	Mayibentsha Market Neutral CPI + 2.5%	2011/07/31	402 892 046.89	3.1%	-0.2%	2.2%	7.6%	6.9%	7.0%	7.6%
					0.5%	1.2%	7.0%	6.8%	7.6%	7.7%
					-0.7%	1.0%	0.6%	0.1%	-0.6%	-0.1%
Mayibentsha Moderate CPI + 3.5%	2008/08/31	300 108 918.73	2.3%	-0.7%	1.6%	5.8%	5.6%	5.9%	8.1%	
				0.5%	1.5%	8.0%	7.8%	8.6%	8.5%	
				-1.3%	0.1%	-2.2%	-2.2%	-2.7%	-0.4%	

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	2020/01/31	51 061 028.91	0.4%	2.1%	-	-	-	-	2.1%
	STEFI				0.5%	-	-	-	-	0.5%
					1.6%	-	-	-	-	1.6%
	Tamela Capital	2020/01/31	770 782.94	0.0%	-	-	-	-	-	-
	NO BENCHMARK				-	-	-	-	-	-
					-	-	-	-	-	-
	Legacy Africa	2020/01/31	148 267 639.63	1.2%	-	-	-	-	-	-
	Hurdle Rate				-	-	-	-	-	-
					-	-	-	-	-	-
	Sampada Private Equity	2015/09/30	250 916 139.07	2.0%	-	-	-	-	-	-
NO BENCHMARK	-				-	-	-	-	-	
	-				-	-	-	-	-	
Sampada Private Equity 2	2019/01/31	278 253 426.50	2.2%	-	-	-	-	-	-	
NO BENCHMARK				-	-	-	-	-	-	
				-	-	-	-	-	-	
Summit Africa	2019/11/30	14 627 119.09	0.1%	-	-	-	-	-	-	
Hurdle Rate (CPI +5%)				-	-	-	-	-	-	
				-	-	-	-	-	-	
Novare Africa Property Fund 1	2010/07/31	519 077 370.40	4.1%	-	-	-	-	-	-	
10% in USD				-	-	-	-	-	-	
				-	-	-	-	-	-	
Novare Africa Property Fund 2	2014/07/31	147 059 463.59	1.1%	-	-	-	-	-	-	
10% in USD				-	-	-	-	-	-	
				-	-	-	-	-	-	
International	Novare Global Balanced	2008/08/31	3 418 697 285.69	26.7%	2.4%	3.5%	9.6%	8.7%	8.7%	11.3%
	60% Equity / 40% Bonds				-0.8%	3.8%	16.7%	11.6%	10.0%	10.6%
					3.2%	-0.3%	-7.1%	-2.9%	-1.3%	0.7%
			12 793 737 585	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	248 026 235.3	12 967 477.2		65 484 734.2	326 478 446.6
	Aluwani Capital Equity	575 037 166.1	29 009 965.8		30 880 600.1	634 927 732.0
	Argon Equity	334 461 922.6	16 164 810.6		15 706 600.6	366 333 333.8
	Balondolozzi Equity	308 112 441.5	10 348 208.1		18 789 525.2	337 250 174.9
	Mazi Equity	504 129 851.8	5 961 814.8		43 293 932.8	553 385 599.4
	Mianzo Equity	287 629 565.4	19 965 369.1		9 591 871.0	317 186 805.5
	Satrix Equity	351 463 190.2	23 794 596.3		18 172 281.2	393 430 067.8
	Vunani Equity	650 482 277.3	15 286 818.7		56 941 285.4	722 710 381.4
Protected Equity	Mergence Structured Product	483 301 361.7	20 320 625.4		45 584 105.7	549 206 092.8
	Futuregrowth Infrastructure Bond	803 234 827.6	32 371 281.8		77 408 439.7	913 014 549.1
Fixed Income	Stanlib Bond	237 246 382.2	1 583 015.2		22 117 513.6	260 946 911.0
	Direct Property	126 918 928.8			32 281 094.5	159 200 023.3
Property	Meago Property	351 286 334.9	17 509 011.1		13 569 781.1	382 365 127.1
	Cartesian Capital Money Market	2 443 652.8	592 374.0	154 816 282.6	6 183 490.6	164 035 800.0
Money Market	Sanlam Cash	331 921 165.8	19 554 057.7	352 281 730.6	37 950 548.2	741 707 502.3
	Transition Account	1 683 950.3				1 683 950.3
Alternatives	Mayibentsha Focused	394 151 583.2	10 035 897.9		33 956 384.9	438 143 866.0
	Mayibentsha Market Neutral	366 921 024.5	5 624 129.9		30 346 892.5	402 892 046.9
	Mayibentsha Moderate	259 840 780.2	10 347 684.6		29 920 453.9	300 108 918.7
	Terebinth Capital	44 995 475.0	2 044 971.9		4 020 582.0	51 061 028.9
	Tamela Capital	273 271.0	269 917.0		227 594.9	770 782.9
	Legacy Africa	131 643 337.8	4 949 602.7		11 674 699.2	148 267 639.6
	Sampada Private Equity	221 205 537.4	9 041 164.7		20 669 437.0	250 916 139.1
	Sampada Private Equity 2	246 579 937.0	10 019 793.5		21 653 696.0	278 253 426.5
	Summit Africa	5 184 879.4	5 122 170.7		4 320 070.1	14 627 119.1
	Africa	Novare Africa Property Fund 1	476 621 321.6			42 456 048.8
Novare Africa Property Fund 2		108 508 082.6	25 956 539.1		12 594 841.9	147 059 463.6
Novare Global Balanced		2 988 360 714.5	133 409 091.9		296 927 479.3	3 418 697 285.7
International						
Total Fund		10 841 665 198.3	442 250 389.8	507 098 013.2	1 002 723 984.3	12 793 737 584.6

Section C

Glossary



INVESTMENT GLOSSARY

A hand is pointing to a document that features several charts and tables. The charts include pie charts and bar graphs, and the tables contain numerical data. The document appears to be a financial or investment report.

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 and tables. On the left, there's a pie chart with three segments. In the center, another pie chart is visible. On the right, a table with columns and rows is partially visible. The background is a light blue color.

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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