



**NOVARE**<sup>®</sup>  
actuaries & consultants

**| Monthly Report |**

**SALA Pension Fund**

June 2021



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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 1<sup>st</sup> 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 Moderate Portfolio represents the inflation target of CPI + 3%

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:

<b>Asset Class</b>	<b>Allocation</b>	<b>Benchmark</b>
<b>Domestic Equities</b>	26.5%	Capped SWIX
<b>Domestic Protected Equities</b>	5%	JSE TOP 40
<b>Domestic Fixed Income</b>	12.5%	ALBI
<b>Domestic Property</b>	3.5%	SA Listed Property
<b>Domestic Money Market</b>	7.5%	STeFI
<b>Domestic Alternatives</b>	15%	CPI + 3.5%
<b>Africa</b>	5%	Fund Returns
<b>International</b>	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:

<b>Asset Class</b>	<b>Allocation</b>	<b>Benchmark</b>
<b>Domestic Equities</b>	37.5%	Capped SWIX
<b>Domestic Protected Equities</b>	5%	JSE TOP 40
<b>Domestic Fixed Income</b>	7.5%	ALBI
<b>Domestic Property</b>	5%	SA Listed Property
<b>Domestic Money Market</b>	2.5%	STeFI
<b>Domestic Alternatives</b>	12.5%	CPI + 3.5%
<b>Africa</b>	5%	Fund Returns
<b>International</b>	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	26.5%	Capped SWIX
Domestic Protected Equities	5%	JSE TOP 40
Domestic Fixed Income	12.5%	ALBI
Domestic Property	3.5%	SA Listed Property
Domestic Money Market	7.5%	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 Moderate portfolio is as follows:

Asset Class	Allocation	Benchmark
Domestic Equities	7.5%	Capped SWIX
Domestic Protected Equities	5%	JSE TOP 40
Domestic Fixed Income	27.5%	ALBI
Domestic Money Market	35%	STeFI
Domestic Alternatives	10%	CPI + 3.5%
International	15%	International Composite: 60% MSCI World / 40% JP Morgan Global Bond

## 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%	35%

DC Growth

Asset Class	Lower limit	Upper limit
Domestic Equities	20%	55%
Domestic Fixed Income	5%	20%
Domestic Property	0%	15%
Domestic Money Market	0%	60%
Domestic Alternatives	10%	20%
Africa	0%	7.5%
International	0%	35%

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%	35%

DC Moderate

Asset Class	Lower limit	Upper limit
Domestic Equities	7.5%	25%
Domestic Fixed Income	20%	40%
Domestic Property	0%	10%
Domestic Money Market	15%	60%
Domestic Alternatives	2.5%	15%
Africa	0%	0%
International	5%	25%

## DISCLAIMER

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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

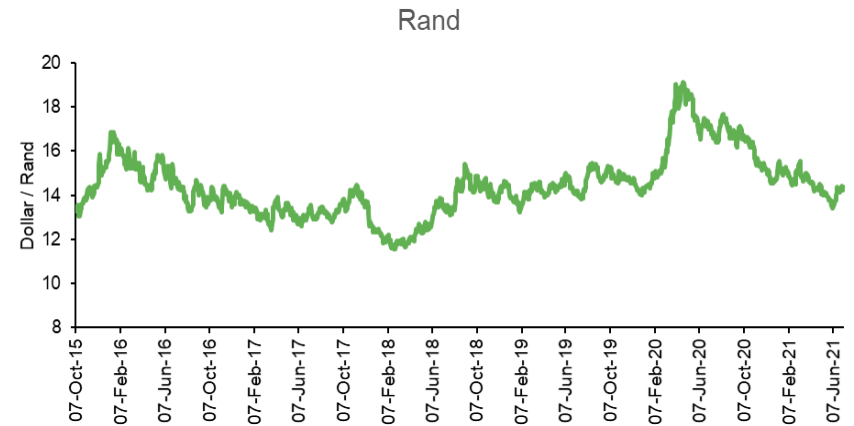


# DOMESTIC MARKET VIEW

On the 28th of June SA was moved to adjusted level 4 for 14 days, placing restrictions on some sectors of the economy. While the rollout of vaccines is slowly picking up momentum, with some of the public servants and the population group aged 50 years and above starting to receive the vaccine, the number of covid-19 cases continue to rise by circa 21 000 cases daily.

Equity markets ended the month on a negative note with the JSE All share total return index returning -2.4%, Financials -2.6% and resources -6.6%.

The Property Index SAPY and the all-bond index (ALBI) were the only sectors that ended the month positive returning 3.4% and 1.1% respectively.



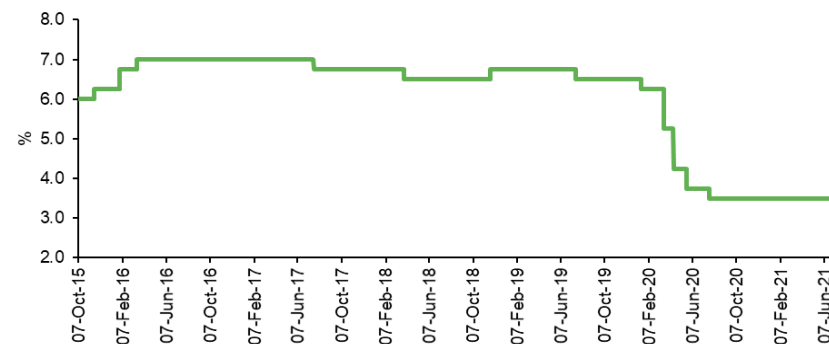
# DOMESTIC MARKET VIEW

Inflation worries are likely to contribute to market jitters, but it will take a lot of bad news to shift the central banks towards a more rapid withdrawal of easy money.

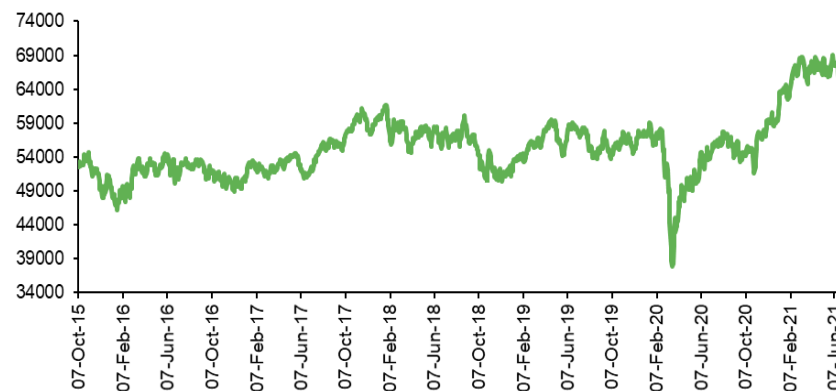
SA inflation rose 8 basis points for May and 4.6% year on year, and the rand took a breather from the one-way move experienced over the last several months, ending June at R14.30.

While this may be around 4% weaker than at the end of May, it is still just over 5.5% stronger than it was at the end of January.

Repo Rate



FTSE/JSE All Share Index





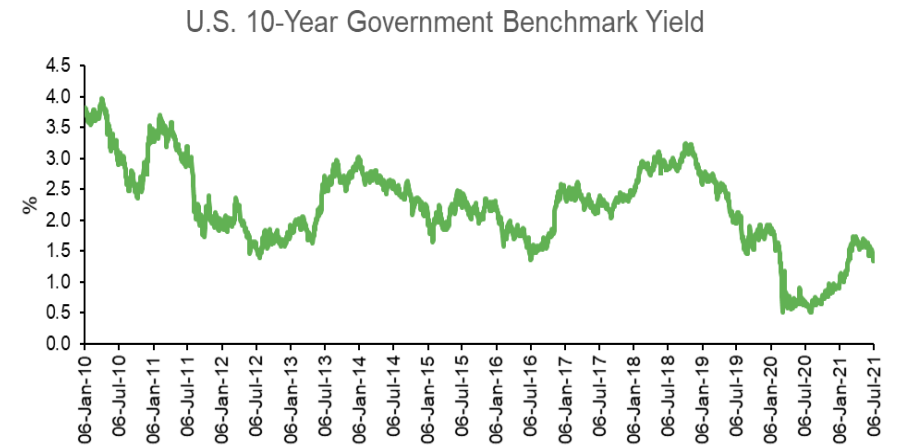
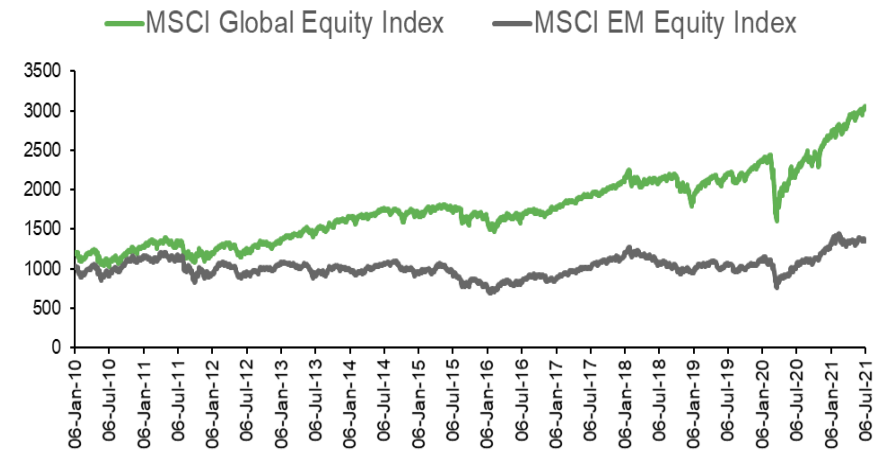
# INTERNATIONAL MARKET VIEW

Global equities rose 1.4% in dollar terms in June, adding to a positive quarter as vaccination campaigns continued to accelerate in most developed economies, especially in Europe, which is now catching up with UK and the US. Governments in most developed markets continued to ease Covid-related mobility restrictions and activity levels picked up.

Economic data over the last three months has generally been very strong, especially in the US, which posted an annualised growth rate of 6.4% in the first quarter. Although the eurozone economy contracted by 0.6% in the first quarter, leading economic indicators, such as purchasing managers' index (PMI) business surveys, have reached multi-year highs in many regions.

These indicators point to a strong economic rebound having taken place in Europe in the second quarter.

Sentiments remains positive that global growth will remain strong in the second half of the year. However, the reopening of economies and the quick rebound in activity that has followed has fuelled inflation in some countries.





# INTERNATIONAL MARKET VIEW

In May, the US consumer price index increased by 5.0% year on year, although some of the underlying details suggest that there are temporary factors at play, such as the rise in used car prices.

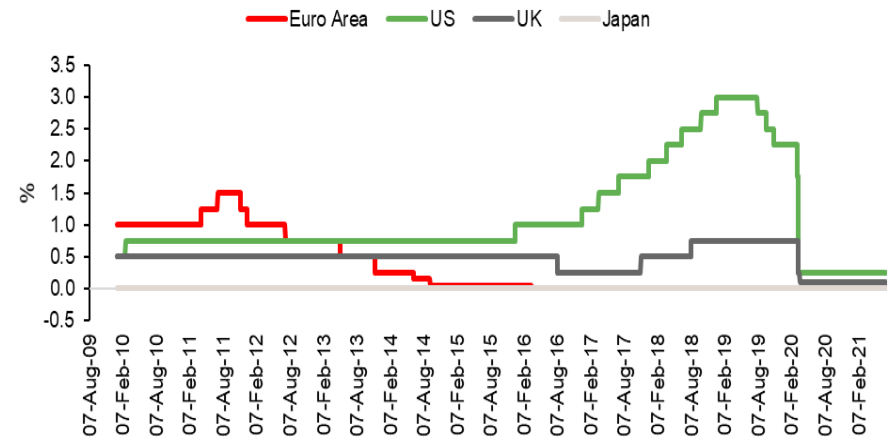
While the Federal Reserve continues to see this inflation increase as transitory, it has become slightly more hawkish, acknowledging that tapering is being discussed. The Barclays all bond index and US 10-years government were both down -0.9% and -6.9% respectively.

Emerging economies continued to lag on vaccination front, but cases remain very low in China and seem to have peaked in India. Emerging market equities finished the month flat returning -0.1% in dollar terms.

### OIL (BRENT)



### G4 Policy Rates



# TACTICAL ASSET ALLOCATION

## RSA BONDS

The yield curve flattened in June as the market adapted to the reduced amount of issuance in the weekly auctions. While the short-dated bonds recorded a rise in yields (the R2023 by 30bp and the R186 by 11bp), yields declined across the rest of the curve with the long end coming down relatively more. At the long end, the yield on the R2048 fell 10.5bp while that on the R2030 fell 1.5bp. The R2023 returned -0.02% m/m while the R186 returned 0.14% m/m. The R2030 returned 0.81% while the ultra-long R2048 returned 1.78% m/m.

SA inflation rose 8 basis points for May and 4.6% year on year, and the rand took a breather from the one-way move experienced over the last several months, ending June at R14.30. While this may be around 4% weaker than at the end of May, it is still just over 5.5% stronger than it was at the end of January. At the May meeting, the SARB kept interest rates steady at 3.5%, with domestic inflation forecasts inside the bank's target range.

However, economic, and financial conditions are expected to remain volatile for the foreseeable future, therefore policy decisions are expected to continue to be data dependent and sensitive to the balance of risks to the outlook. The yield curve bull-steepened in May as the reduced amount of issuance in the weekly auctions met ample demand. With the exception of the R2023, which recorded a 30bp rise, yields declined across the curve, with the long end coming down more than the short. At the long end, the yield on the R2048 fell 57.5bp while that on the R2023 fell 38bp. The R2023 returned -0.09% m/m while the R186 returned 0.87% m/m. The R2030 returned 3.06% while the ultra-long R2048 returned 6.08% m/m. In the SA bond market, non-residents were net sellers of South African bonds in June.

We maintain a cautious view of the asset class and retain a slightly underweight position.

## RSA PROPERTY, ALTERNATIVES AND CASH

In June, listed property, bounced back to rise by 3.37% for the month.

The re-set of property companies' earnings and balance sheets is very favourable for the sector's re-rating potential. The property sector has therefore turned attractive by historic standards and as such we made use of the pullback to add to our property exposure. The full impact of Covid-19 is still very much lingering and the recent return to Level 4 lockdown is sure to leave some scars down the road.

We prefer to remain under-weight the asset class, albeit less so than previously.

## RSA EQUITIES

SA total returns were mostly negative across sectors in June as basic materials gave up a lot of their gains from earlier in the year, losing -6.69% for the month. All sub-sectors ended in the red, with precious metals and mining suffering the most, down -13.62%. The consumer-facing sectors managed to stay in positive territory with consumer discretionary gaining 3.3% for the month.

Consumer staples returned 1.2%, while healthcare returned -0.88% m/m and telecoms declined 0.47% m/m. Financials declined 2.08% as the banks sub-sector generated a -3.24% m/m return. SA has seen a material improvement in its outlook, especially in relation to many other emerging markets; this could see some upside from the financials and resources sectors as inflation expectation start to increase.

We have started to reduce our underweight to this asset class and will consider increasing further should the opportunity arise.

## INTERNATIONAL

Global equities rose 1.4% in dollar terms in June, adding to a positive quarter as vaccination campaigns continued to accelerate in most developed economies, especially in Europe, which is now catching up with UK and the US. Governments in most developed markets continued to ease Covid-related mobility restrictions and activity levels picked up.

Economic data over the last three months has generally been very strong, especially in the US, which posted an annualised growth rate of 6.4% in the first quarter. Although the eurozone economy contracted by 0.6% in the first quarter, leading economic indicators, such as purchasing managers' index (PMI) business surveys, have reached multi-year highs in many regions.

These indicators point to a strong economic rebound having taken place in Europe in the second quarter. Sentiments remains positive that global growth will remain strong in the second half of the year. However, the reopening of economies and the quick rebound in activity that has followed has fuelled inflation in some countries.

In May, the US consumer price index increased by 5.0% year on year, although some of the underlying details suggest that there are temporary factors at play, such as the rise in used car prices. While the Federal Reserve continues to see this inflation increase as transitory, it has become slightly more hawkish, acknowledging that tapering is being discussed.

The Barclays all bond index and US 10-years government were both down -0.9% and -6.9% respectively. Emerging economies continued to lag on vaccination front, but cases remain very low in China and seem to have peaked in India. Emerging market equities finished the month flat returning -0.1% in dollar terms.

**NOVARE HOUSE VIEW: June 2021**  
TACTICAL POSITIONING\*

	UNDER-WEIGHT	← ON-WEIGHT →	OVER-WEIGHT	PREVIOUS
<b>DOMESTIC</b>	Under-weight			
Equities	95%			85%
Bonds	95%			95%
Property	95%			85%
Alternatives		100%		100%
Cash	Balancing			100%
<b>OFFSHORE</b>			120%	120%
Equities	90%			80%
Bonds	70%			70%
Alternatives		100%		100%
<b>AFRICA</b>		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 30% to international assets, 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
<b>MSCI All Countries Equity</b>	1.4%	7.5%	12.6%	39.9%	15.1%	15.2%
<b>MSCI Emerging Markets</b>	0.2%	5.1%	7.6%	41.4%	11.7%	13.4%
<b>Global Bonds (R)</b>	3.0%	-2.1%	-6.0%	-15.6%	5.6%	1.3%

Commodity Prices	1 month	3 months	YTD	12 months	3 Years	5 Years
<b>Brent Oil (USD/Barrel)</b>	4.4%	18.9%	44.1%	80.8%	-2.0%	8.3%
<b>Platinum (USD/oz)</b>	-9.3%	-7.4%	0.2%	32.1%	8.1%	0.9%
<b>Gold (USD/oz)</b>	-7.2%	4.5%	-7.0%	-0.7%	12.0%	5.9%

Asset Allocation (Rand)	1 month	3 months	YTD	12 months	3 Year	5 Years
Domestic Equities	-2.4%	0.0%	13.2%	25.1%	8.1%	8.1%
Domestic Bonds	1.1%	6.9%	5.0%	13.7%	9.2%	9.2%
Domestic Cash	0.3%	0.9%	1.8%	4.0%	6.0%	6.6%
Domestic Property	3.4%	12.1%	19.3%	25.2%	-8.9%	-6.9%
International Equity	5.5%	4.2%	10.1%	14.9%	17.1%	14.2%
International Bonds	3.0%	-2.1%	-6.0%	-15.6%	5.6%	1.3%
Exchange rate (R / \$)	3.9%	-3.4%	-2.9%	-17.7%	1.3%	-0.6%

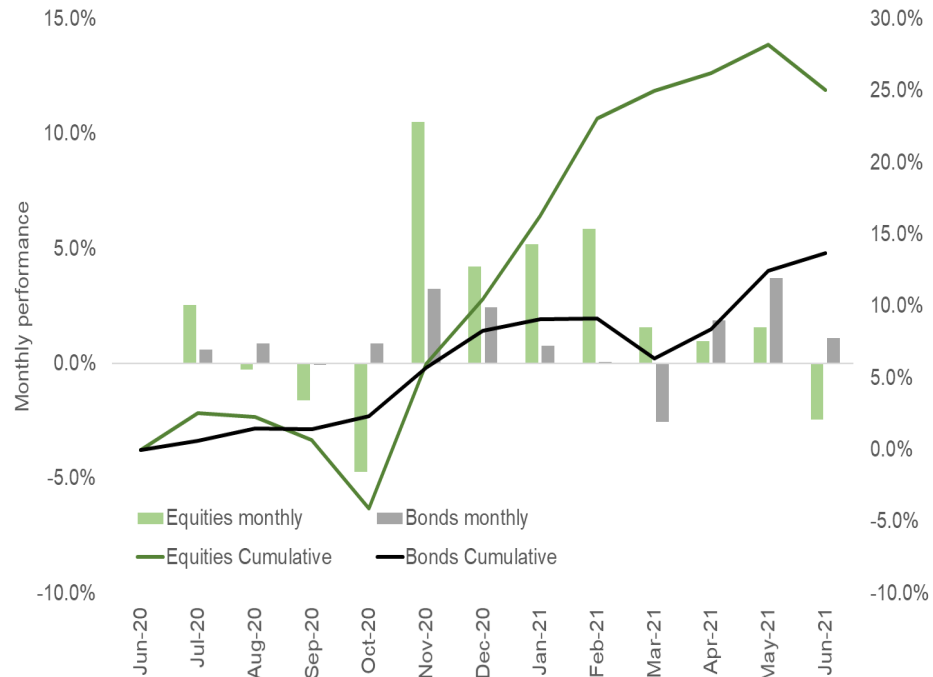
Scale:

Best performing asset class

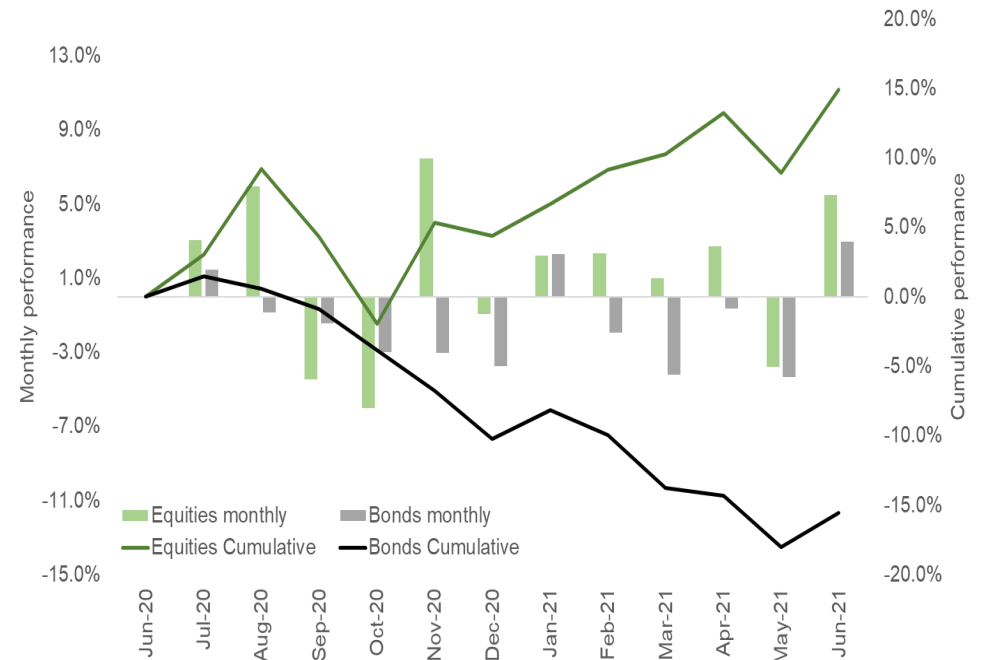
Worst performing asset class



Domestic Markets (R) over the last 12 months



International Markets over the last 12 months



# MARKET PERFORMANCE

## Section B

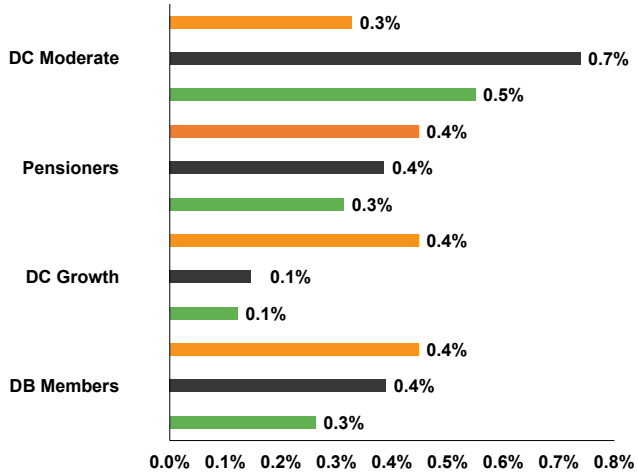
Fund Overview



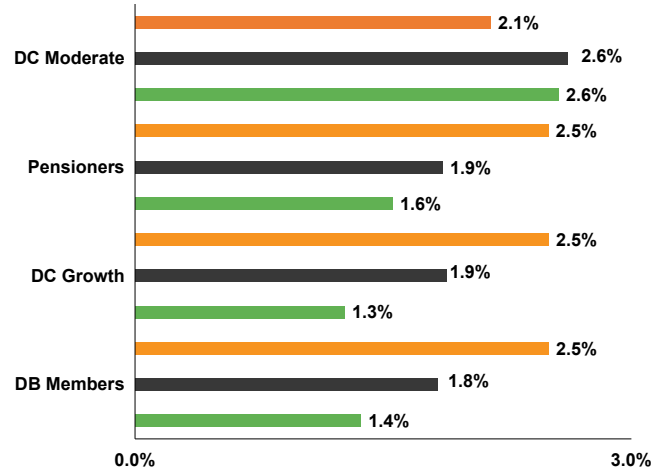
# EXECUTIVE SUMMARY



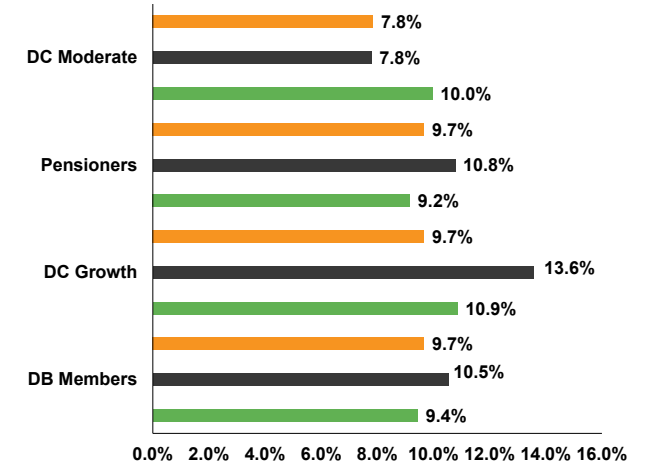
Monthly Return for June 2021



3 Months Return up to June 2021



1 Year Return up to June 2021

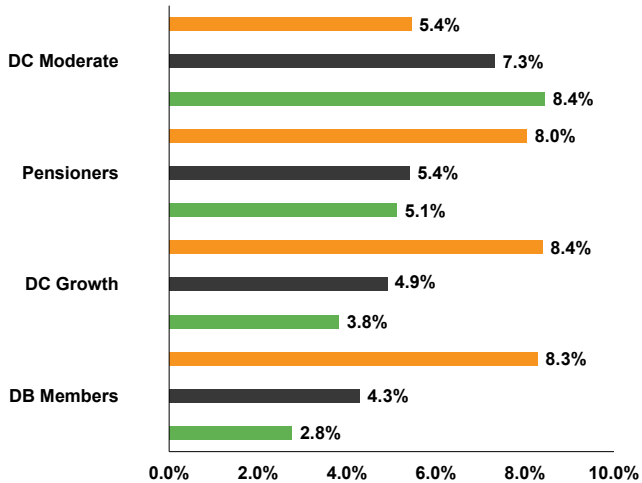


Investment objective | Benchmark | Portfolio

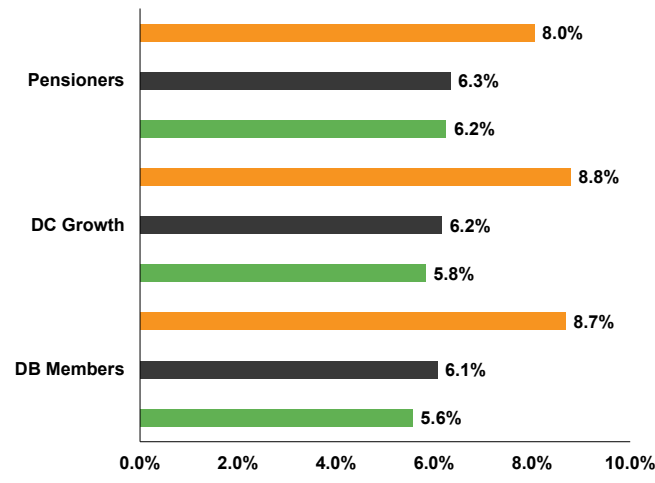
Investment objective | Benchmark | Portfolio

Investment objective | Benchmark | Portfolio

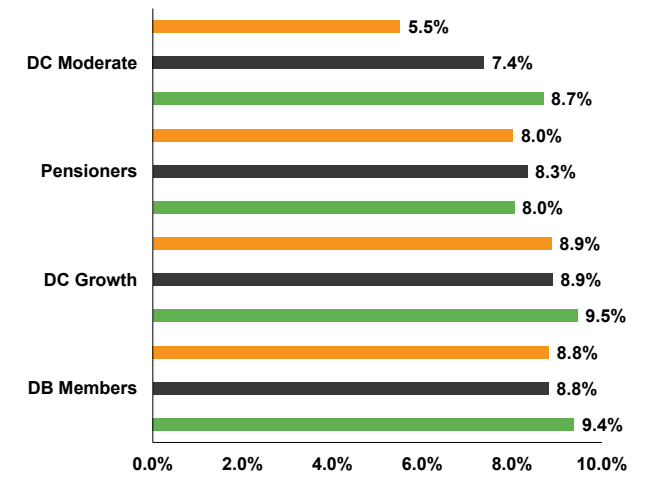
3 Year Return up to June 2021



7 Year Return up to June 2021



Returns Since Inception



Investment objective | Benchmark | Portfolio

Investment objective | Benchmark | Portfolio

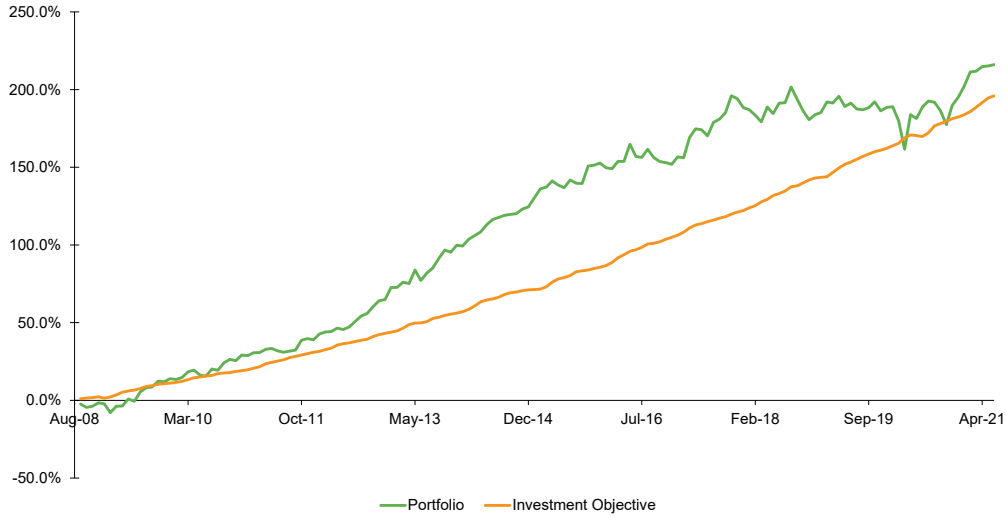
Investment objective | Benchmark | Portfolio



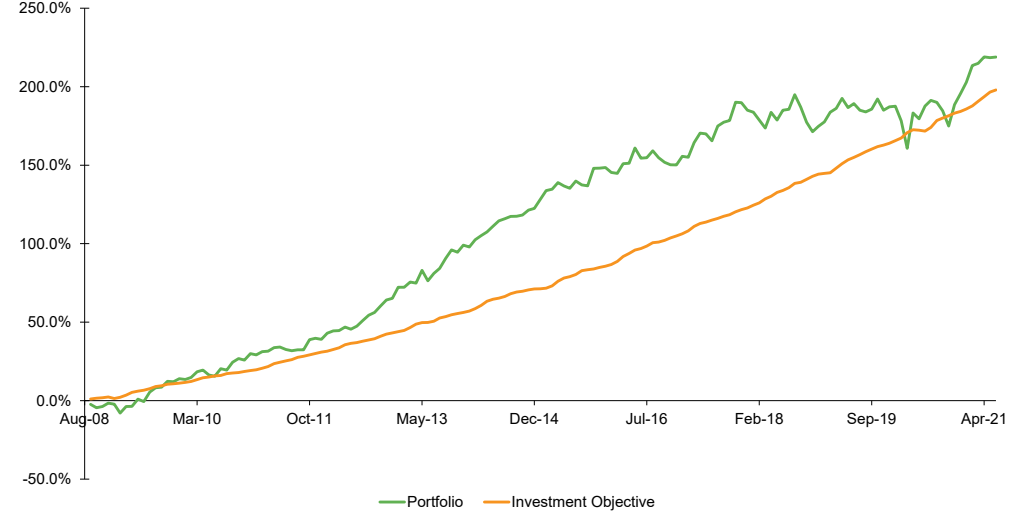
# LONG TERM RETURNS

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.

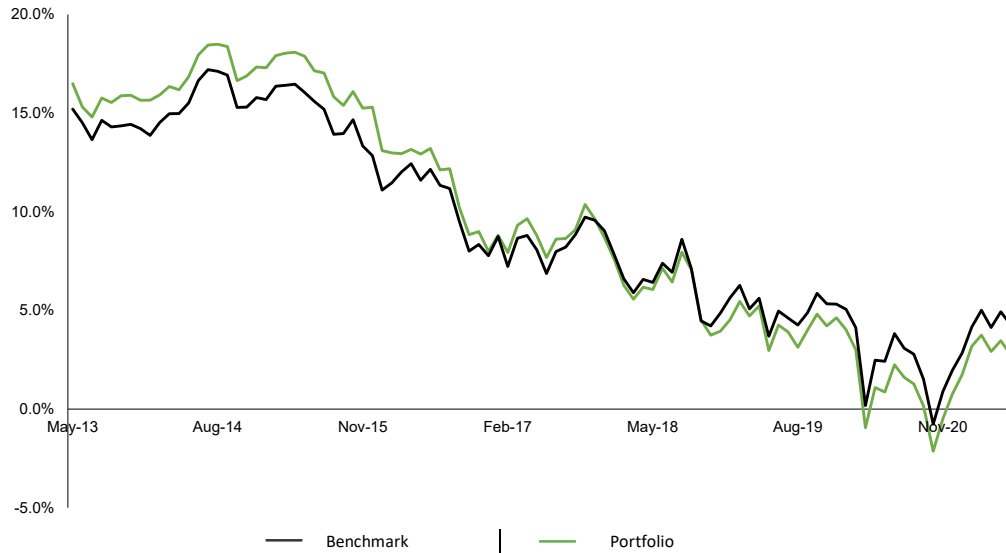
**DB Members - Cumulative return since 30 September 2009**



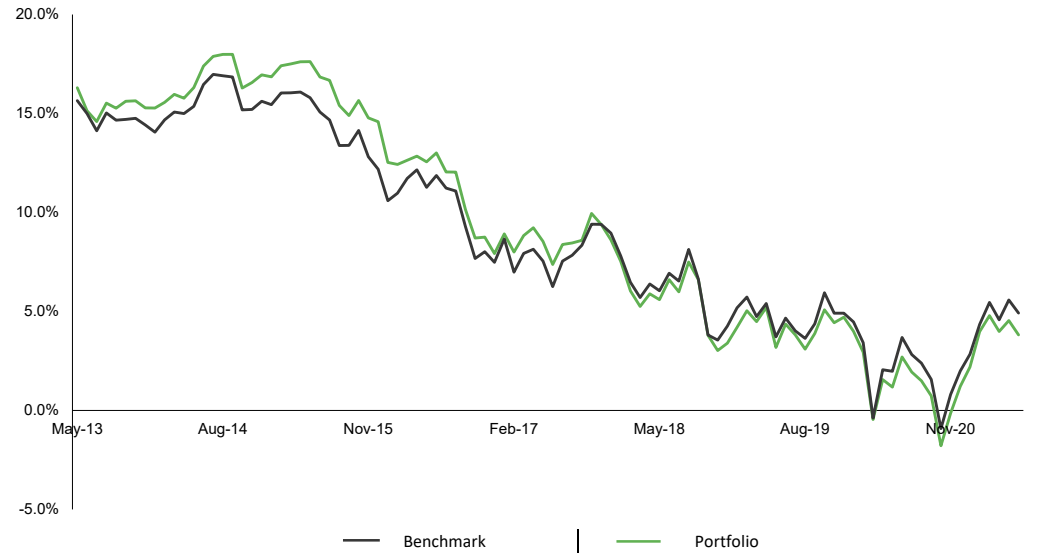
**DC Growth - Cumulative return since 30 September 2009**



**DB Members - 3 Year Rolling Returns**



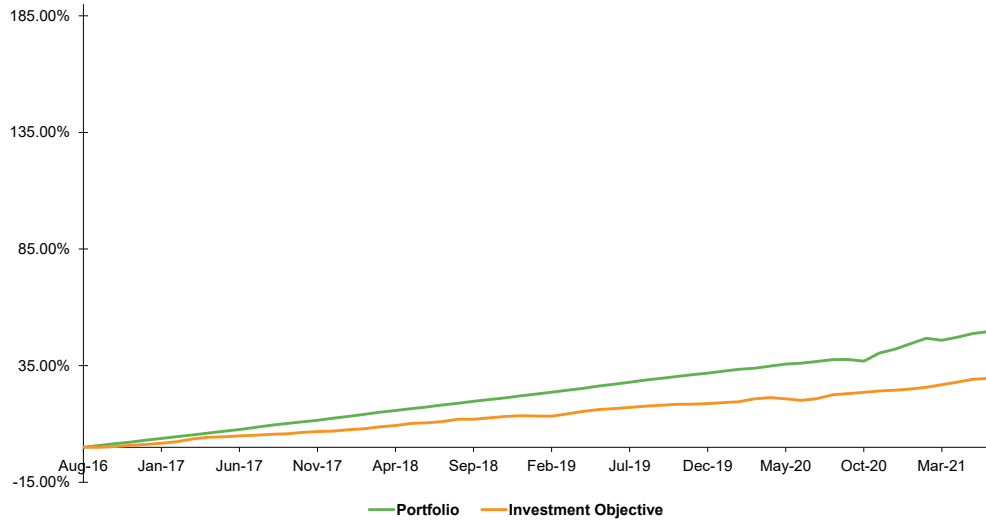
**DC Growth - 3 Year Rolling Returns**



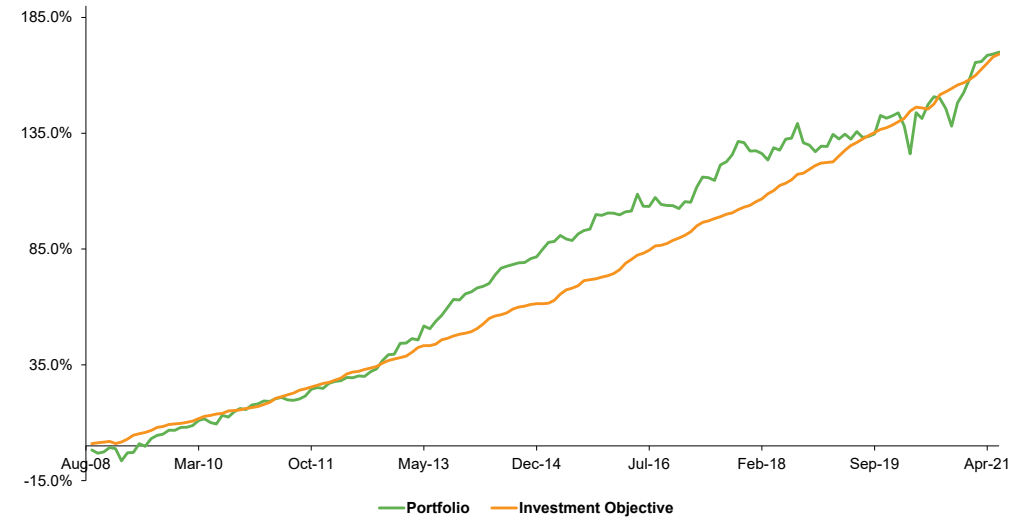
# LONG TERM RETURNS

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.

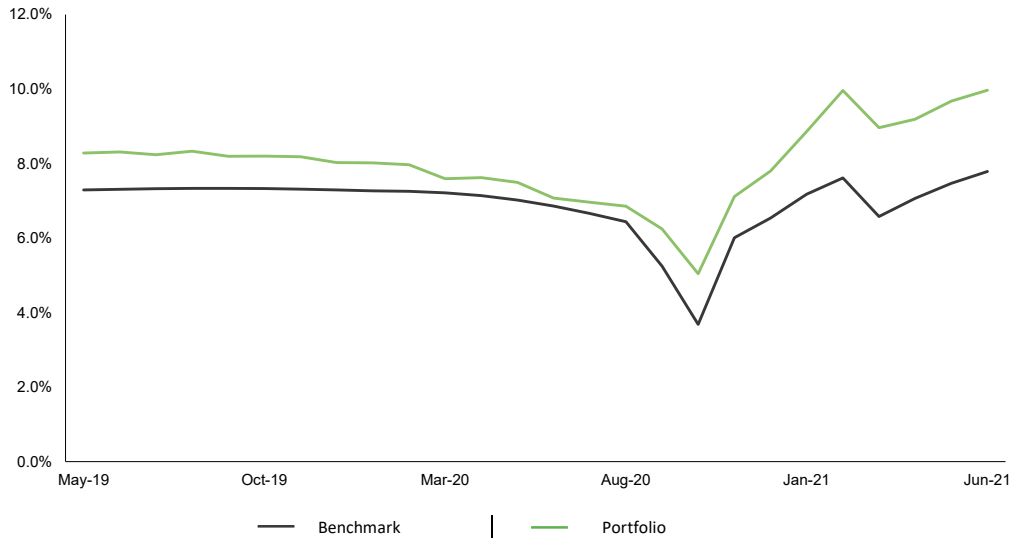
**DC Moderate - Cumulative return since 30 September 2016**



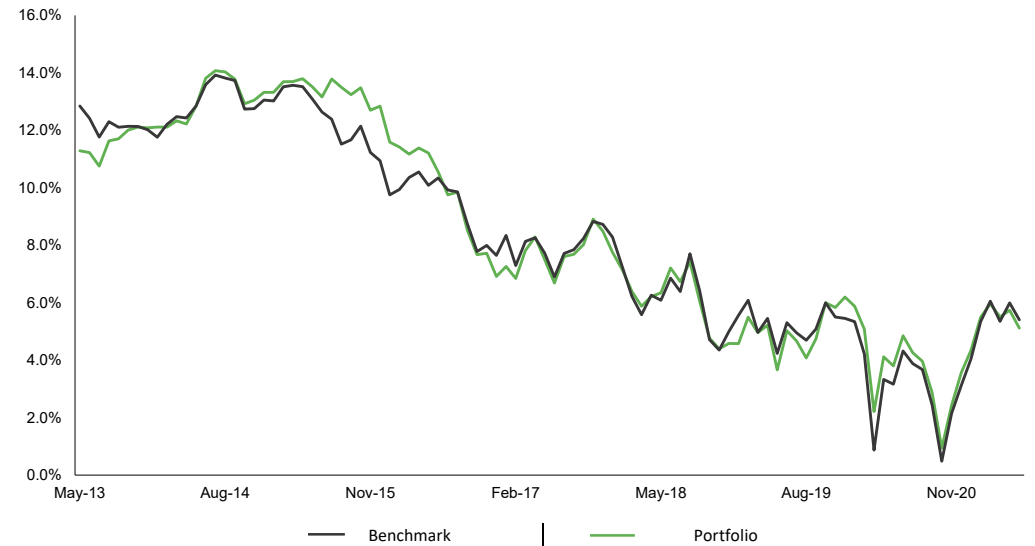
**Pensioner - Cumulative return since 30 September 2016**



**DC Moderate - 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.

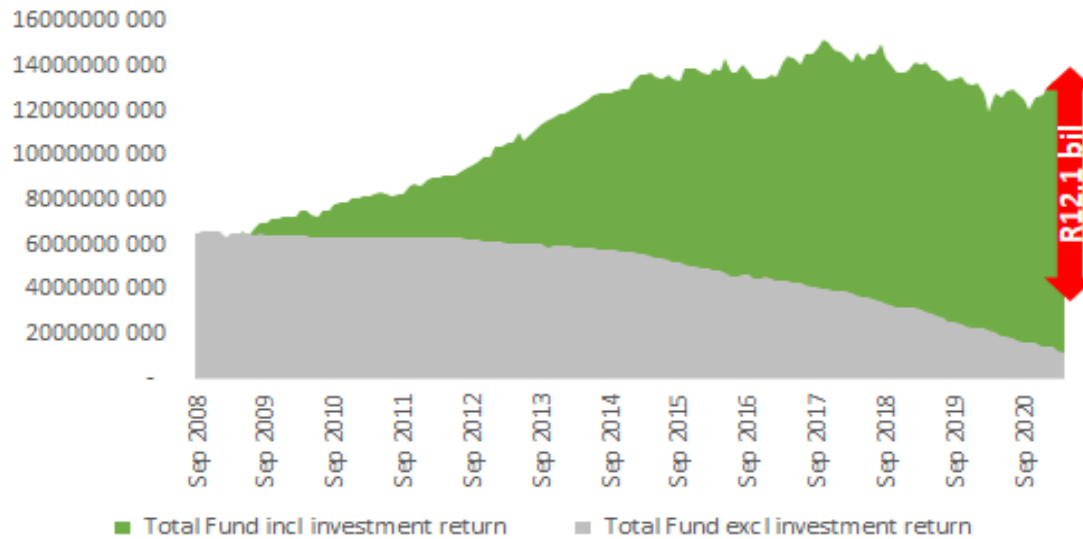
	Market value (R)	Weight (%)	1 month (%)	3 months (%)	YTD (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)
<b>DB Members</b>	9 135 337 951	70.1%	0.3%	1.4%	7.1%	9.4%	2.8%	4.2%
Strategic Benchmark			0.4%	1.8%	7.0%	10.5%	4.3%	5.3%
			-0.1%	-0.5%	0.1%	-1.1%	-1.5%	-1.1%
<b>DC Growth</b>	1 822 491 024	14.0%	0.1%	1.3%	7.9%	10.9%	3.8%	4.6%
Strategic Benchmark			0.1%	1.9%	7.9%	13.6%	4.9%	5.5%
			0.0%	-0.6%	0.0%	-2.7%	-1.1%	-0.9%
<b>DC Moderate</b>	285 901 809	2.2%	0.5%	2.6%	5.3%	10.0%	8.4%	-
Strategic Benchmark			0.7%	2.6%	4.4%	7.8%	7.3%	-
			-0.2%	-0.1%	0.9%	2.2%	1.1%	-
<b>Pensioner</b>	1 792 157 312	13.7%	0.3%	1.6%	7.0%	9.2%	5.1%	5.8%
Strategic Benchmark			0.4%	1.9%	7.0%	10.8%	5.4%	5.8%
			-0.1%	-0.3%	0.0%	-1.6%	-0.3%	0.1%
<b>DB Members</b>			0.3%	1.4%	7.1%	9.4%	2.8%	4.2%
Objective			0.4%	2.5%	4.8%	9.7%	8.3%	8.5%
			-0.2%	-1.1%	2.3%	-0.2%	-5.5%	-4.3%
<b>DC Growth</b>			0.1%	1.3%	7.9%	10.9%	3.8%	4.6%
Objective			0.4%	2.5%	4.8%	9.7%	8.4%	8.6%
			-0.3%	-1.2%	3.1%	1.2%	-4.6%	-4.0%
<b>DC Moderate</b>			0.5%	2.6%	5.3%	10.0%	8.4%	-
Objective			0.3%	2.1%	4.1%	7.8%	5.4%	-
			0.2%	0.4%	1.2%	2.1%	3.0%	-
<b>Pensioner</b>			0.3%	1.6%	7.0%	9.2%	5.1%	5.8%
Objective			0.4%	2.5%	4.8%	9.7%	8.0%	8.0%
			-0.1%	-0.9%	2.1%	-0.5%	-2.9%	-2.2%
	13 035 888 096	100%						



# LONG TERM RETURNS

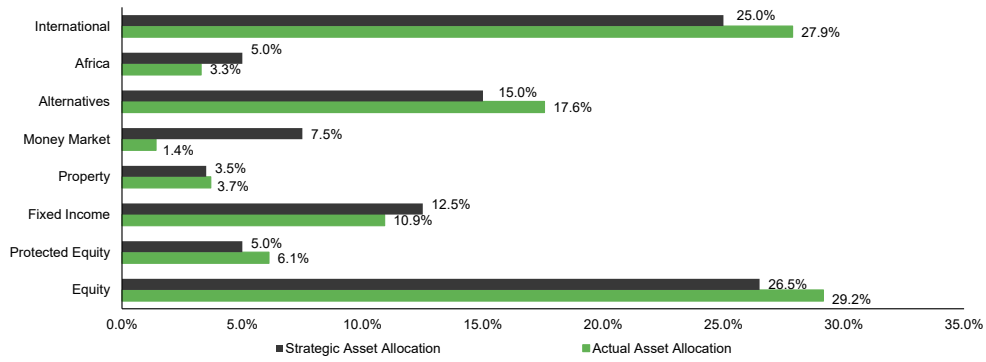
Longer term returns should be used to assess the Fund's performance when compared to the benchmark as short term volatility may distort short term performance measurement.

## Estimate Value Added through Investment Returns since Inception

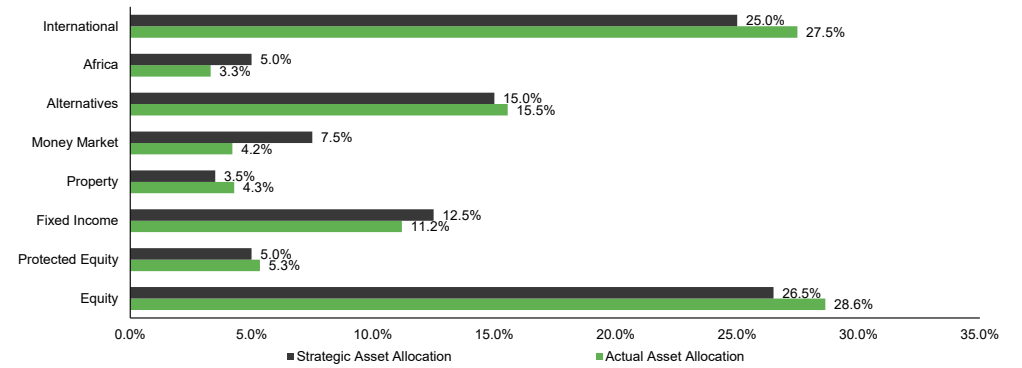


# ASSET ALLOCATION

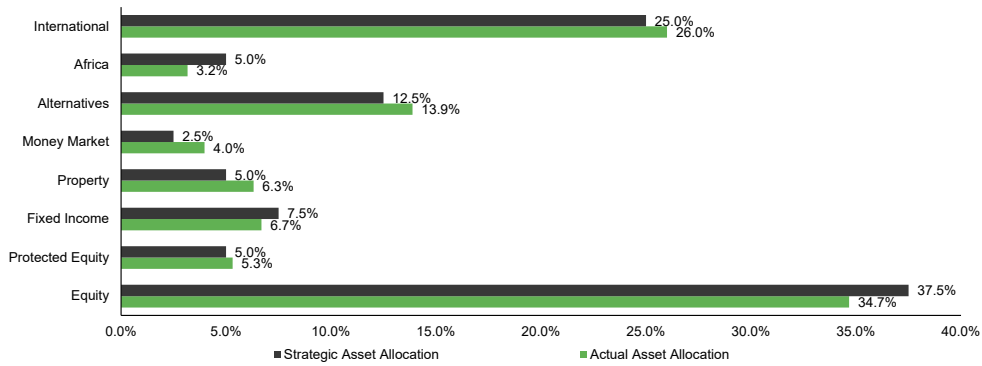
### DB Members



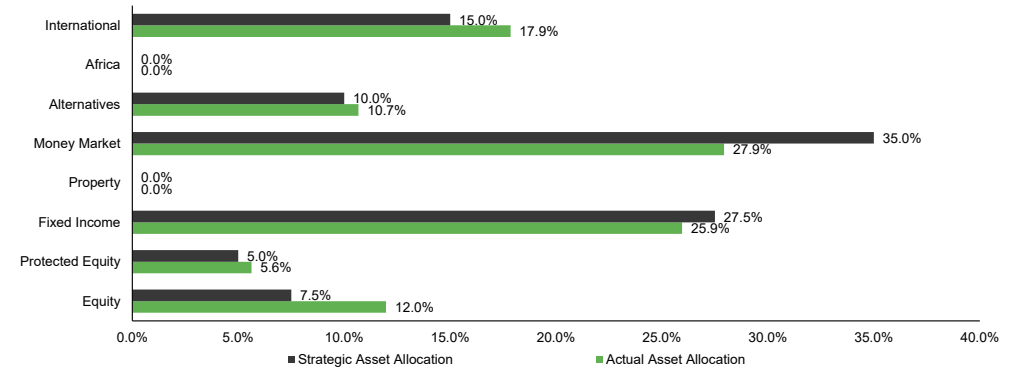
### Pensioner



### DC Growth



### DC Moderate



# 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	<b>All Weather Equity</b>	2018/10/31	566 486 089.50	4.3%	-2.9%	0.5%	29.7%	-	-	7.3%	
	JSE Capped Share Weighted Index				-3.0%	0.6%	27.6%	-	-	8.0%	
					0.1%	-0.1%	2.1%	-	-	-0.6%	
	<b>Aluwani Capital Equity</b>	2018/10/31	638 479 302.18	4.9%	-3.2%	-0.8%	23.9%	-	-	8.1%	
	JSE Capped Share Weighted Index				-3.0%	0.6%	27.6%	-	-	8.0%	
					-0.2%	-1.4%	-3.7%	-	-	0.2%	
Equity	<b>Argon Equity</b>	2018/10/31	379 799 103.59	2.9%	-2.8%	-0.8%	24.3%	-	-	7.1%	
	JSE Capped Share Weighted Index				-3.0%	0.6%	27.6%	-	-	8.0%	
					0.2%	-1.4%	-3.3%	-	-	-0.9%	
	<b>Satrix Equity</b>	2018/10/31	405 436 021.67	3.1%	-3.4%	0.6%	27.8%	-	-	8.8%	
	JSE Capped Share Weighted Index				-3.0%	0.6%	27.6%	-	-	8.0%	
					-0.4%	0.0%	0.2%	-	-	0.9%	
Equity	<b>Vunani Equity</b>	2018/10/31	865 279 725.34	6.6%	-2.9%	0.8%	26.8%	-	-	7.7%	
	JSE Capped Share Weighted Index				-3.0%	0.6%	27.6%	-	-	8.0%	
					0.1%	0.2%	-0.8%	-	-	-0.2%	
	Equity Incubation	<b>Mianzo Equity</b>	2018/10/31	576 683 774.51	4.4%	-2.7%	0.6%	32.5%	-	-	8.8%
		JSE Capped Share Weighted Index				-3.0%	0.6%	27.6%	-	-	8.0%
						0.4%	0.0%	4.9%	-	-	0.8%
Equity Incubation	<b>Balondolozzi Equity</b>	2018/10/31	410 196 432.74	3.1%	-3.2%	-1.8%	23.6%	-	-	7.0%	
	JSE Capped Share Weighted Index				-3.0%	0.6%	27.6%	-	-	8.0%	
					-0.1%	-2.4%	-4.0%	-	-	-0.9%	
Protected Equity	<b>Mergence Structured Product</b>	2020/02/29	766 848 982.23	5.9%	-1.6%	1.7%	25.1%	-	-	25.7%	
	JSE All Share Index Top 40				-2.6%	-1.2%	19.9%	-	-	13.8%	
					1.1%	2.9%	5.2%	-	-	11.9%	

# 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	<b>Futuregrowth Infrastructure Bond</b> All Bond Index	2008/08/31	1 039 005 948.16	8.0%	1.3%	8.4%	17.3%	10.2%	10.4%	11.1%	
					1.1%	6.9%	13.7%	9.2%	9.2%	9.0%	
						0.2%	1.5%	3.6%	1.0%	1.3%	2.1%
	<b>Stanlib Bond</b> All Bond Index	2008/08/31	354 926 398.13	2.7%	0.9%	6.9%	15.2%	9.7%	9.9%	9.7%	
1.1%					6.9%	13.7%	9.2%	9.2%	9.0%		
					-0.2%	0.0%	1.5%	0.5%	0.8%	0.8%	
Property	<b>Direct Property</b> NO BENCHMARK	2008/08/31	159 700 023.25	1.2%	-	-	-	-	-	-	
					-	-	-	-	-	-	
					-	-	-	-	-	-	
	<b>Meago Property</b> Listed Property	2012/08/31	369 354 059.37	2.8%	3.9%	12.9%	26.9%	-8.1%	-6.2%	2.7%	
3.4%					12.1%	25.2%	-7.6%	-6.1%	1.9%		
					0.5%	0.8%	1.7%	-0.5%	-0.1%	0.9%	
Money Market	<b>Sanlam Cash</b> STEFI Composite	2010/09/30	156 603 535.40	1.2%	0.4%	1.0%	4.5%	6.6%	7.7%	7.3%	
					0.3%	0.9%	4.0%	6.0%	6.6%	6.2%	
					0.1%	0.1%	0.5%	0.6%	1.1%	1.0%	
	<b>Transition Account</b>	2009/02/28	2 326 501.05	0.0%	-	-	-	-	-	-	
-					-	-	-	-	-		
-					-	-	-	-	-		
Money Market Incubation	<b>Cartesian Capital Money Market</b> STEFI Composite	2018/10/31	197 839 715.35	1.5%	0.3%	1.1%	4.9%	-	-	5.9%	
					0.3%	0.9%	4.0%	-	-	5.9%	
					0.0%	0.2%	0.8%	-	-	0.0%	
Alternatives	<b>Mayibentsha Focused</b> CPI + 4.5%	2011/07/31	521 041 113.88	4.0%	0.8%	3.5%	18.5%	10.4%	6.8%	8.3%	
					0.4%	2.5%	9.7%	8.4%	8.8%	9.5%	
					0.3%	1.0%	8.8%	2.1%	-2.0%	-1.2%	
	<b>Mayibentsha Market Neutral</b> CPI + 2.5%	2011/07/31	427 298 369.50	3.3%	0.6%	2.0%	10.7%	9.1%	7.6%	7.9%	
					0.3%	2.0%	7.7%	6.4%	6.8%	7.5%	
					0.3%	-0.1%	3.0%	2.7%	0.8%	0.4%	
<b>Mayibentsha Moderate</b> CPI + 3.5%	2008/08/31	344 125 928.23	2.6%	0.7%	2.9%	15.9%	10.6%	8.1%	8.8%		
				0.4%	2.3%	8.7%	7.4%	7.8%	8.4%		
				0.4%	0.6%	7.2%	3.2%	0.3%	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	
Alternatives Incubation	<b>Terebinth Capital</b> STEFI	2020/01/31	62 900 170.51	0.5%	0.7%	1.3%	24.4%	-	-	17.6%	
					0.3%	0.9%	4.0%	-	-	4.7%	
					0.4%	0.4%	20.4%	-	-	12.9%	
	<b>Sampada Private Equity</b> NO BENCHMARK	2015/09/30	248 252 838.06	1.9%	-	-	-	-	-	-	-
					-	-	-	-	-	-	
					-	-	-	-	-	-	
	<b>Sampada Private Equity 2</b> NO BENCHMARK	2019/01/31	285 570 379.09	2.2%	-	-	-	-	-	-	-
					-	-	-	-	-	-	
					-	-	-	-	-	-	
	<b>Legacy Africa</b> Hurdle Rate	2020/01/31	153 761 563.50	1.2%	-	-	-	-	-	-	-
-					-	-	-	-	-		
-					-	-	-	-	-		
<b>Tamela Capital</b> NO BENCHMARK	2020/01/31	-	0.0%	-	-	-	-	-	-	-	
				-	-	-	-	-	-		
				-	-	-	-	-	-		
<b>Boxwood Property Fund</b> Hurdle Rate (CPI +3%)	2020/03/31	60 869 434.96	0.5%	-	-	-	-	-	-	-	
				-	-	-	-	-	-		
				-	-	-	-	-	-		
<b>Summit Africa</b> Hurdle Rate (CPI +5%)	2019/11/30	62 416 850.01	0.5%	-	-	-	-	-	-	-	
				-	-	-	-	-	-		
				-	-	-	-	-	-		
Africa	<b>Novare Africa Property Fund 1</b> 10% in USD	2010/07/31	310 323 980.30	2.4%	-	-	-	-	-	-	
					-	-	-	-	-	-	
Africa	<b>Novare Africa Property Fund 2</b> 10% in USD	2014/07/31	107 038 512.96	0.8%	-	-	-	-	-	-	
					-	-	-	-	-	-	
International	<b>Novare Global Balanced</b> 60% Equity / 40% Bonds	2008/08/31	3 563 323 342.51	27.3%	3.2%	-0.2%	-2.0%	6.6%	6.2%	10.7%	
					4.4%	1.3%	0.7%	11.3%	8.0%	10.6%	
					-1.2%	-1.5%	-2.7%	-4.7%	-1.8%	0.1%	
			<b>13 035 888 096</b>	<b>100%</b>							

"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 Moderate	Pensioner	Total Fund
Equity	All Weather Equity	353 575 374.3	139 922 357.0	1 738 621.3	71 249 737.0	566 486 089.5
	Aluwani Capital Equity	457 199 665.0	159 643 978.2	1 511 022.6	20 124 636.5	638 479 302.2
	Argon Equity	217 194 808.6	141 239 778.7	1 492 175.6	19 872 340.8	379 799 103.6
	Balondolozzi Equity	299 832 358.7	89 131 195.9	1 200 722.5	20 032 155.7	410 196 432.7
	Mianzo Equity	422 731 428.4	29 185 618.4	1 786 797.3	122 979 930.4	576 683 774.5
	Satrix Equity	265 523 914.4	26 196 281.9	1 432 737.3	112 283 088.1	405 436 021.7
	Vunani Equity	646 965 778.8	46 602 179.5	25 076 360.3	146 635 406.8	865 279 725.3
Protected Equity	Mergence Structured Product	558 255 752.3	96 779 384.8	16 074 405.2	95 739 440.0	766 848 982.2
	Futuregrowth Infrastructure Bond	735 387 298.9	97 826 361.9	39 040 053.6	166 752 233.8	1 039 005 948.2
Fixed Income	Stanlib Bond	261 950 872.9	24 001 970.4	35 143 655.6	33 829 899.1	354 926 398.1
	Direct Property	127 317 543.5			32 382 479.8	159 700 023.3
Property	Meago Property	210 007 709.5	115 023 357.3		44 322 992.6	369 354 059.4
	Cartesian Capital Money Market	89 904 407.7	30 346 062.3	50 924 366.4	26 664 878.9	197 839 715.4
Money Market	Sanlam Cash	36 779 058.6	42 145 031.4	28 921 360.3	48 758 085.1	156 603 535.4
	Transition Account	2 326 501.1				2 326 501.1
Alternatives	Mayibentsha Focused	386 763 192.5	61 073 036.4	7 776 003.4	65 428 881.6	521 041 113.9
	Mayibentsha Market Neutral	314 390 742.1	50 238 427.0	7 156 253.5	55 512 946.8	427 298 369.5
	Mayibentsha Moderate	218 096 582.4	59 171 621.1	7 524 589.0	59 333 135.6	344 125 928.2
	Terebinth Capital	49 156 682.1	1 627 255.8	8 064 933.7	4 051 298.9	62 900 170.5
	Tamela Capital	-	-	-	-	-
	Legacy Africa	139 316 786.9	4 548 010.8		9 896 765.8	153 761 563.5
	Sampada Private Equity	194 668 548.7	23 778 843.3		29 805 446.1	248 252 838.1
	Sampada Private Equity 2	220 160 434.5	30 000 003.5		35 409 941.1	285 570 379.1
	Boxwood Property Fund	52 944 426.6	3 726 184.9		4 198 823.5	60 869 435.0
	Summit Africa	28 670 791.9	18 719 964.1		15 026 094.0	62 416 850.0
Africa	Novare Africa Property Fund 1	222 971 974.2	43 304 052.7		44 047 953.4	310 323 980.3
	Novare Africa Property Fund 2	77 339 632.7	14 408 195.8		15 290 684.5	107 038 513.0
International	Novare Global Balanced	2 545 905 684.4	473 851 870.9	51 037 750.9	492 528 036.3	3 563 323 342.5
<b>Total Fund</b>		<b>9 135 337 951.4</b>	<b>1 822 491 023.8</b>	<b>285 901 808.6</b>	<b>1 792 157 312.1</b>	<b>13 035 888 096.0</b>

# PORTFOLIO RISK STATISTICS OVERVIEW

	DB Members	DC Growth	DC Moderate	Pensioner
Best 1 Month Period	8.49%	8.65%	2.55%	7.86%
Worst 1 Month Period	-6.53%	-6.29%	-0.57%	-5.30%
Standard Deviation	7.58%	7.66%	1.43%	5.83%
Gain Deviation	5.86%	5.92%	1.53%	4.39%
Loss Deviation	4.94%	5.01%	0.59%	3.96%
Max Drawdown	13.28%	11.59%	0.57%	7.28%
Sharpe Ratio	0.35	0.36	1.48	0.23

\*Displayed risk statistics are calculated on actual portfolio/investment returns since inception of initial investment.

## MANAGER RISK STATISTICS OVERVIEW

Inception Date Benchmark	All Weather Equity		Aluwani Capital Equity		Argon Equity		Satrix Equity		Vunani Equity		Mianzo Equity		Balondolozl Equity		Mergence Structured Product
	2018/10/31 JSE Capped Share Weighted Index	2018/10/31 JSE Capped Share Weighted Index	2018/10/31 JSE Capped Share Weighted Index	2018/10/31 JSE Capped Share Weighted Index	2018/10/31 JSE Capped Share Weighted Index	2018/10/31 JSE Capped Share Weighted Index	2018/10/31 JSE Capped Share Weighted Index	2018/10/31 JSE Capped Share Weighted Index	2018/10/31 JSE Capped Share Weighted Index	2018/10/31 JSE Capped Share Weighted Index	2018/10/31 JSE Capped Share Weighted Index	2018/10/31 JSE Capped Share Weighted Index	2018/10/31 JSE Capped Share Weighted Index	2020/02/29 JSE All Share Index Top 40	
Best 1 Month Period	15.01%	13.07%	16.74%	13.87%	14.05%	14.23%	15.45%	11.14%							
Worst 1 Month Period	-16.48%	-15.01%	-17.89%	-16.48%	-16.36%	-17.64%	-15.58%	-11.55%							
Standard Deviation	19.12%	18.34%	20.73%	18.94%	18.97%	19.96%	19.63%	18.96%							
Gain Deviation	13.38%	12.88%	14.18%	13.07%	12.96%	13.73%	13.61%	15.93%							
Loss Deviation	13.51%	12.91%	14.90%	13.57%	13.70%	14.37%	13.94%	11.14%							
Max Drawdown	29.44%	25.82%	28.63%	26.50%	27.71%	29.08%	29.28%	11.55%							
Sharpe Ratio	0.08	0.12	0.06	0.16	0.10	0.15	0.06	1.11							

\*Displayed risk statistics are calculated on actual portfolio/investment returns since inception of initial investment.



## MANAGER RISK STATISTICS OVERVIEW

	Futuregrowth Infrastructure Bond	Stanlib Bond	Meago Property	Sanlam Cash	Cartesian Capital Money Market	Mayibentsha Focused	Mayibentsha Market Neutral	Mayibentsha Moderate
Inception Date	2008/08/31	2008/08/31	2012/08/31	2010/09/30	2018/10/31	2011/07/31	2011/07/31	2008/08/31
Benchmark	All Bond Index	All Bond Index	Listed Property	STEFI Composite	STEFI Composite	CPI + 4.5%	CPI + 2.5%	CPI + 3.5%
Best 1 Month Period	7.37%	7.10%	17.77%	0.88%	0.65%	6.18%	4.64%	4.85%
Worst 1 Month Period	-11.08%	-9.26%	-36.44%	0.00%	0.28%	-4.24%	-4.21%	-3.50%
Standard Deviation	7.51%	7.60%	22.01%	0.51%	0.36%	4.98%	2.77%	3.67%
Gain Deviation	5.71%	5.61%	13.43%	0.42%	0.23%	3.87%	2.10%	2.85%
Loss Deviation	5.03%	5.17%	17.43%	0.18%	0.23%	3.33%	1.95%	2.62%
Max Drawdown	11.15%	9.26%	62.68%	0.00%	0.00%	5.92%	4.42%	6.05%
Sharpe Ratio	0.58	0.40	0.16	2.08	0.08	0.42	0.60	0.58

\*Displayed risk statistics are calculated on actual portfolio/investment returns since inception of initial investment.

## MANAGER RISK STATISTICS OVERVIEW

Inception Date Benchmark	Terebinth Capital	Novare Global Balanced
	2020/01/31 STEFI	2008/08/31 60% Equity / 40% Bonds
Best 1 Month Period	17.95%	11.64%
Worst 1 Month Period	-11.66%	-9.18%
Standard Deviation	20.90%	12.55%
Gain Deviation	16.58%	9.89%
Loss Deviation	12.43%	7.85%
Max Drawdown	11.66%	16.53%
Sharpe Ratio	0.62	0.32

\*Displayed risk statistics are calculated on actual portfolio/investment returns since inception of initial investment.

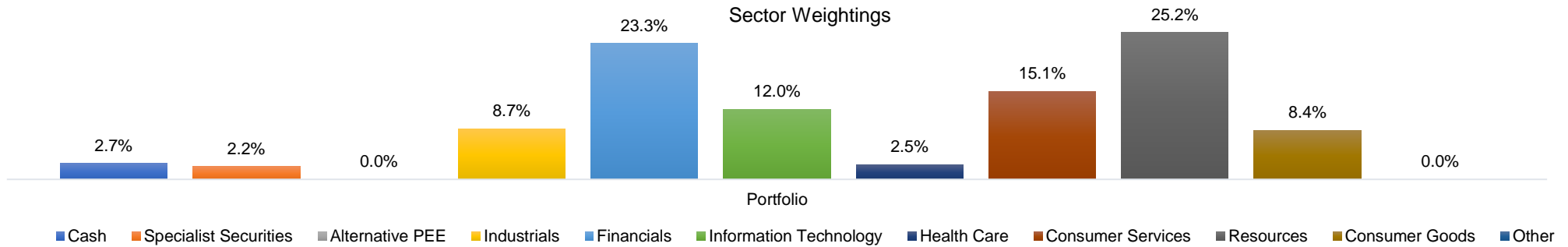
# EQUITY HOLDINGS

The tables and graphs below set out the portfolio's holdings as a percentage of the portfolio's equity holdings

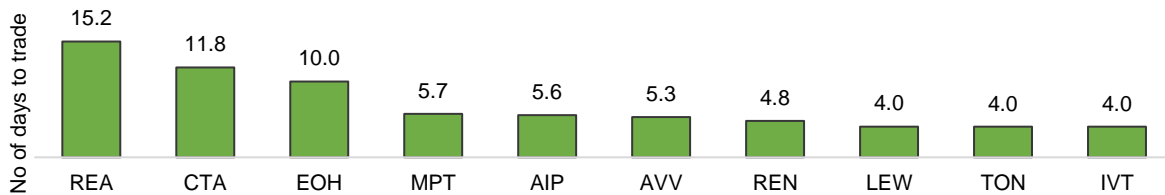
Total Fund: Top10 holdings			
Share	Weight	Return	PE Ratio
NPN	9.5%	-15.1%	19.6
AGL	5.5%	-2.0%	14.2
FSR	5.4%	3.8%	20.8
IMP	4.1%	-14.0%	7.3
SSW	3.7%	-8.2%	5.7
SBK	3.7%	1.7%	12.8
BTI	3.6%	-1.3%	8.9
MTN	3.6%	18.9%	13.9
BHP	2.8%	-1.2%	16.0
CASH	2.7%	0.0%	0.0

Total Fund: Top5 & Bottom5 estimate active contributors		
Share	Contribution	Quarterly Return
MTN	0.7%	18.9%
CFR	0.4%	21.9%
NED	0.3%	22.1%
CPI	0.2%	18.8%
TFG	0.2%	29.5%
SSW	-0.3%	-8.2%
PRX	-0.3%	-14.5%
AMS	-0.4%	-23.4%
IMP	-0.6%	-14.0%
NPN	-1.4%	-15.1%

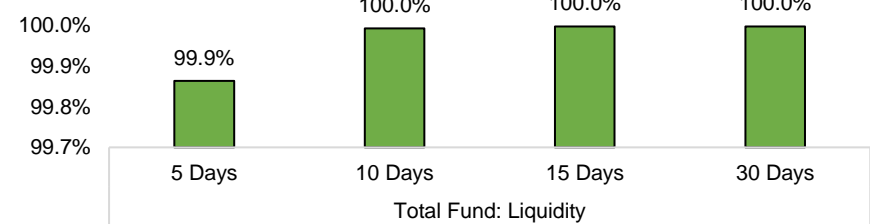
Sector Weightings



\* Total Fund: Most illiquid shares



\* % that can be traded



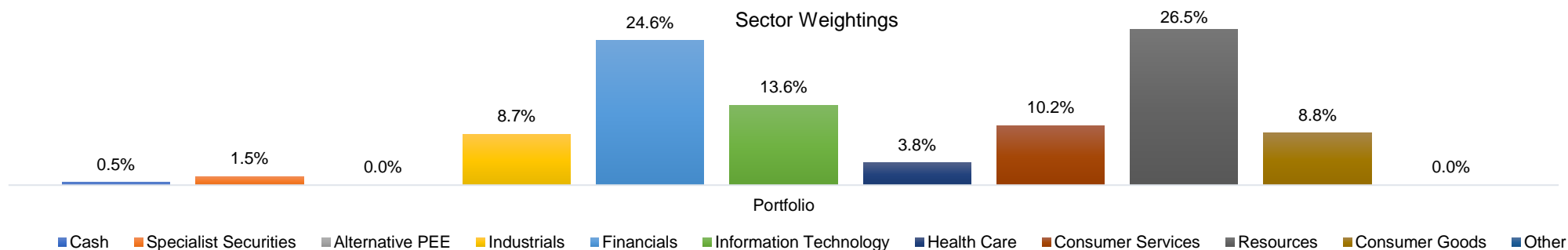
\* estimate liquidity based on participating in no more than 25% of the average daily traded volume over the previous 3 months

# EQUITY HOLDINGS

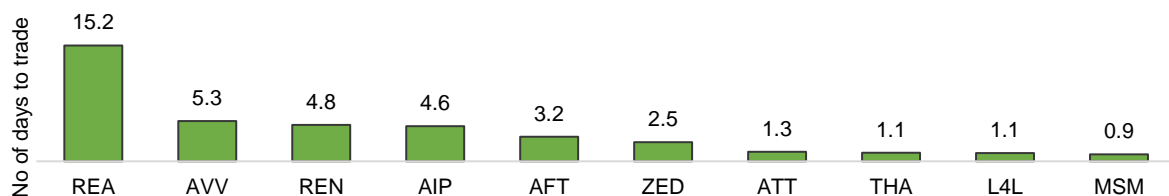
The tables and graphs below set out the portfolio's holdings as a percentage of the portfolio's equity holdings

All Weather: Top10 holdings			
Share	Weight	Return	PE Ratio
NPN	9.3%	-15.1%	19.6
AGL	5.5%	-2.0%	14.2
FSR	5.3%	3.8%	20.8
SBK	4.3%	1.7%	12.8
PRX	3.7%	-14.5%	24.4
SSW	3.6%	-8.2%	5.7
IMP	3.4%	-14.0%	7.3
SOL	3.3%	3.0%	160.3
ABG	3.0%	7.6%	18.6
BTI	2.8%	-1.3%	8.9

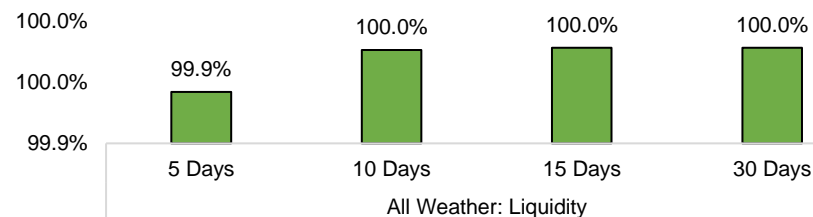
All Weather: Top5 & Bottom5 estimate active contributors		
Share	Contribution	Quarterly Return
CFR	0.5%	21.9%
AFT	0.4%	27.9%
MTN	0.3%	18.9%
TFG	0.3%	29.5%
PPC	0.3%	62.1%
SSW	-0.3%	-8.2%
IMP	-0.5%	-14.0%
PRX	-0.5%	-14.5%
AMS	-0.6%	-23.4%
NPN	-1.4%	-15.1%



\* All Weather: Most illiquid shares



\* % that can be traded



\* estimate liquidity based on participating in no more than 25% of the average daily traded volume over the previous 3 months



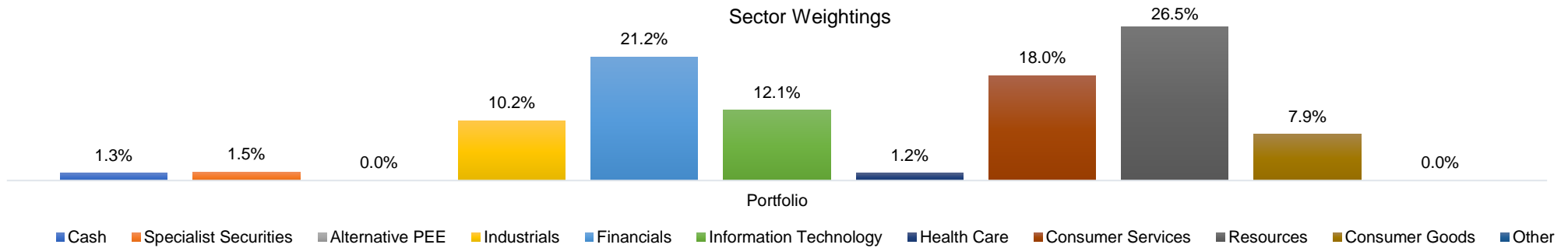
# EQUITY HOLDINGS

The tables and graphs below set out the portfolio's holdings as a percentage of the portfolio's equity holdings

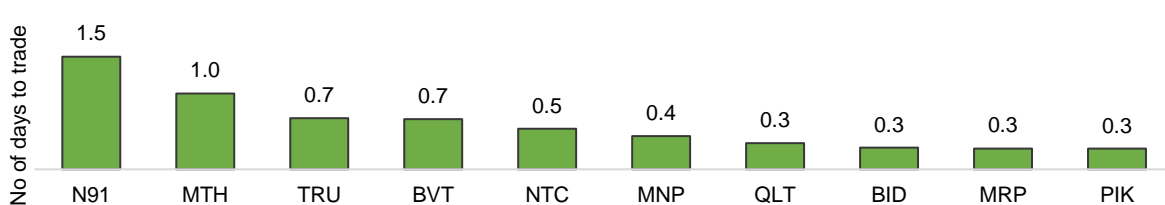
Aluwani: Top10 holdings			
Share	Weight	Return	PE Ratio
NPN	10.4%	-15.1%	19.6
AGL	7.4%	-2.0%	14.2
FSR	6.7%	3.8%	20.8
IMP	5.0%	-14.0%	7.3
MTN	5.0%	18.9%	13.9
SBK	4.9%	1.7%	12.8
BVT	4.4%	11.8%	44.8
BHP	4.0%	-1.2%	16.0
SSW	3.8%	-8.2%	5.7
MRP	3.6%	8.7%	20.1

Aluwani: Top5 & Bottom5 estimate active contributors		
Share	Contribution	Quarterly Return
MTN	0.9%	18.9%
BVT	0.5%	11.8%
TRU	0.5%	20.6%
CFR	0.5%	21.9%
NED	0.4%	22.1%
PRX	-0.2%	-14.5%
SSW	-0.3%	-8.2%
NHM	-0.4%	-15.7%
IMP	-0.7%	-14.0%
NPN	-1.6%	-15.1%

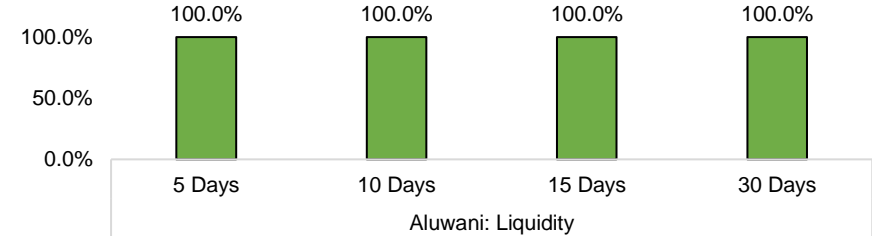
Sector Weightings



\* Aluwani: Most illiquid shares



\* % that can be traded



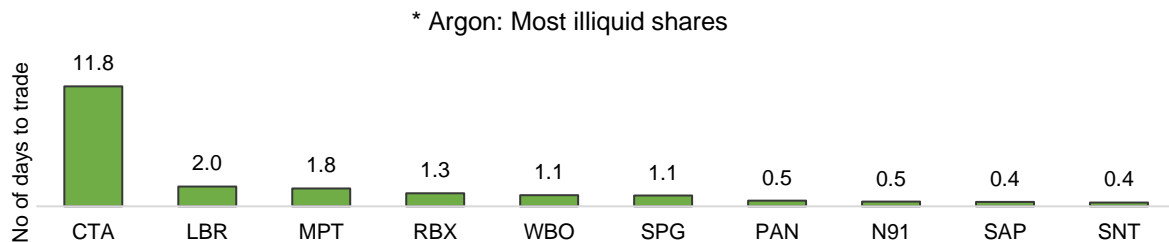
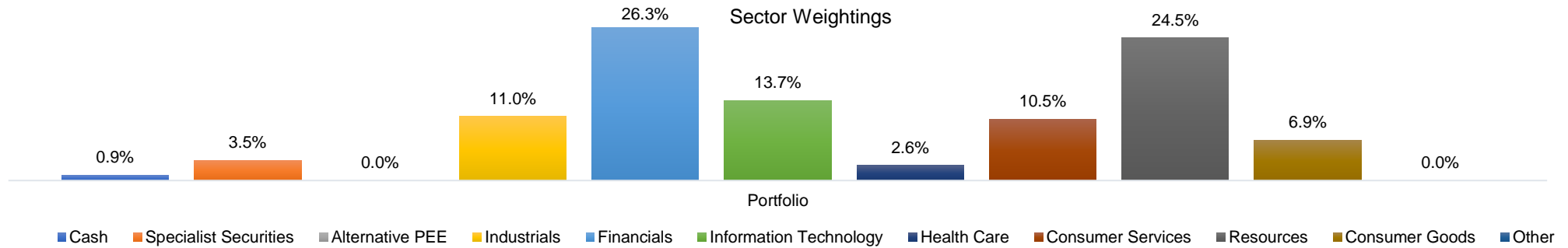
\* estimate liquidity based on participating in no more than 25% of the average daily traded volume over the previous 3 months

# EQUITY HOLDINGS

The tables and graphs below set out the portfolio's holdings as a percentage of the portfolio's equity holdings

Argon: Top10 holdings			
Share	Weight	Return	PE Ratio
NPN	10.1%	-15.1%	19.6
BTI	6.5%	-1.3%	8.9
FSR	5.3%	3.8%	20.8
AGL	5.3%	-2.0%	14.2
SBK	4.3%	1.7%	12.8
IMP	3.8%	-14.0%	7.3
SSW	3.7%	-8.2%	5.7
PRX	3.7%	-14.5%	24.4
MTN	3.5%	18.9%	13.9
SOL	3.3%	3.0%	160.3

Argon: Top5 & Bottom5 estimate active contributors		
Share	Contribution	Quarterly Return
MTN	0.7%	18.9%
INP	0.5%	26.4%
APN	0.3%	12.3%
GRT	0.3%	12.9%
NED	0.3%	22.1%
SSW	-0.3%	-8.2%
NHM	-0.4%	-15.7%
IMP	-0.5%	-14.0%
PRX	-0.5%	-14.5%
NPN	-1.5%	-15.1%



\* estimate liquidity based on participating in no more than 25% of the average daily traded volume over the previous 3 months

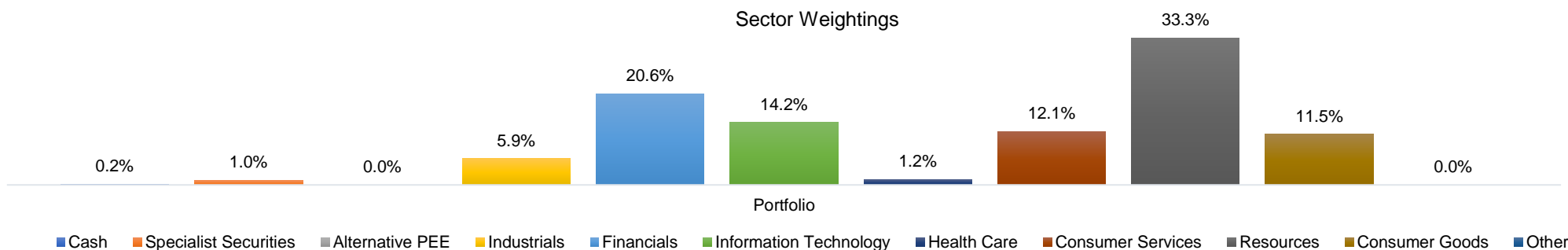
# EQUITY HOLDINGS

The tables and graphs below set out the portfolio's holdings as a percentage of the portfolio's equity holdings

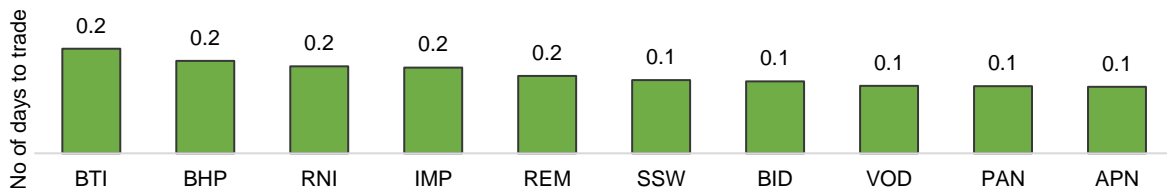
Balondolozzi: Top10 holdings			
Share	Weight	Return	PE Ratio
NPN	12.2%	-15.1%	19.6
IMP	6.9%	-14.0%	7.3
BTI	6.4%	-1.3%	8.9
SSW	6.4%	-8.2%	5.7
BHP	6.1%	-1.2%	16.0
FSR	5.3%	3.8%	20.8
AGL	5.1%	-2.0%	14.2
MTN	3.7%	18.9%	13.9
SBK	3.3%	1.7%	12.8
CPI	3.0%	18.8%	42.6

Balondolozzi: Top5 & Bottom5 estimate active contributors		
Share	Contribution	Quarterly Return
MTN	0.7%	18.9%
CPI	0.6%	18.8%
CFR	0.5%	21.9%
TFG	0.3%	29.5%
NED	0.3%	22.1%
PRX	-0.3%	-14.5%
AMS	-0.5%	-23.4%
SSW	-0.5%	-8.2%
IMP	-1.0%	-14.0%
NPN	-1.8%	-15.1%

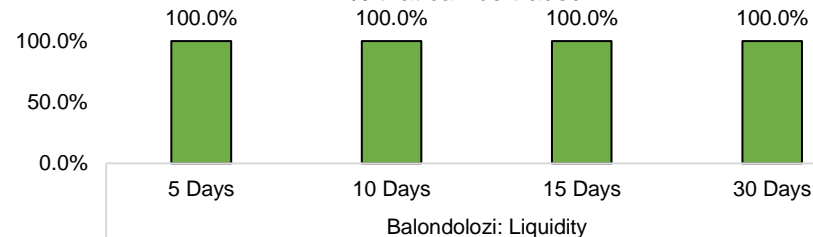
Sector Weightings



\* Balondolozzi: Most illiquid shares



\* % that can be traded



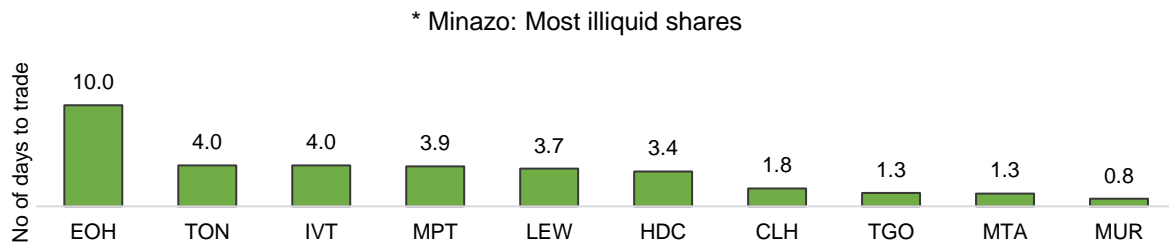
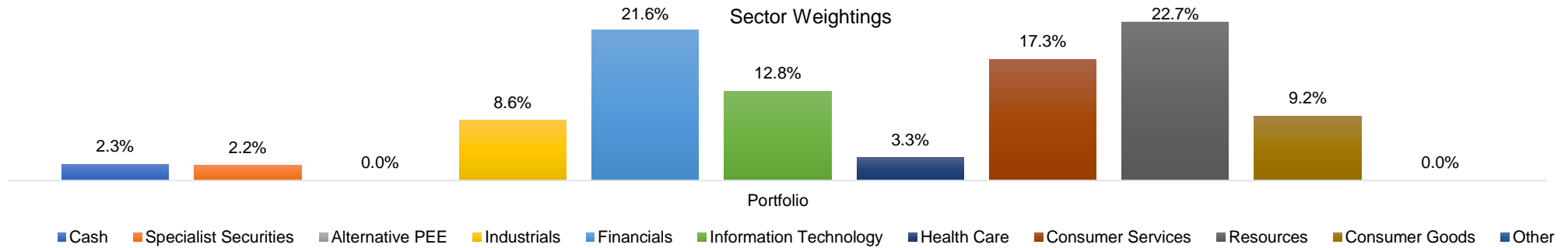
\* estimate liquidity based on participating in no more than 25% of the average daily traded volume over the previous 3 months

# EQUITY HOLDINGS

The tables and graphs below set out the portfolio's holdings as a percentage of the portfolio's equity holdings

Mianzo: Top10 holdings			
Share	Weight	Return	PE Ratio
NPN	9.7%	-15.1%	19.6
AGL	4.9%	-2.0%	14.2
FSR	4.6%	3.8%	20.8
MTN	4.2%	18.9%	13.9
IMP	3.7%	-14.0%	7.3
SBK	3.4%	1.7%	12.8
BTI	3.4%	-1.3%	8.9
SSW	3.1%	-8.2%	5.7
SOL	2.6%	3.0%	160.3
BHP	2.4%	-1.2%	16.0

Mianzo: Top5 & Bottom5 estimate active contributors		
Share	Contribution	Quarterly Return
MTN	0.8%	18.9%
CFR	0.4%	21.9%
NED	0.4%	22.1%
TFG	0.4%	29.5%
INP	0.3%	26.4%
ANG	-0.3%	-17.5%
PRX	-0.3%	-14.5%
AMS	-0.4%	-23.4%
IMP	-0.5%	-14.0%
NPN	-1.5%	-15.1%



\* estimate liquidity based on participating in no more than 25% of the average daily traded volume over the previous 3 months

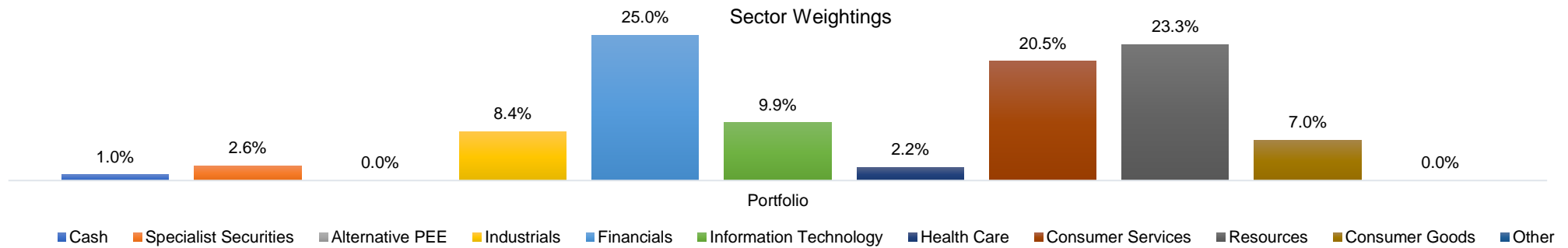


# EQUITY HOLDINGS

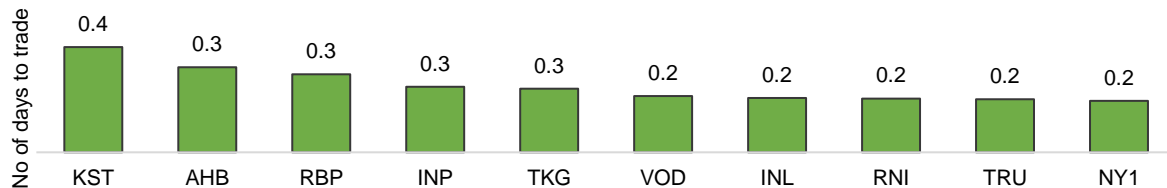
The tables and graphs below set out the portfolio's holdings as a percentage of the portfolio's equity holdings

Sanlam Satrix: Top10 holdings			
Share	Weight	Return	PE Ratio
NPN	8.7%	-15.1%	19.6
AGL	5.8%	-2.0%	14.2
FSR	5.8%	3.8%	20.8
MTN	4.2%	18.9%	13.9
SSW	3.8%	-8.2%	5.7
IMP	3.1%	-14.0%	7.3
BTI	2.7%	-1.3%	8.9
VOD	2.6%	2.0%	13.5
SOL	2.3%	3.0%	160.3
SBK	2.3%	1.7%	12.8

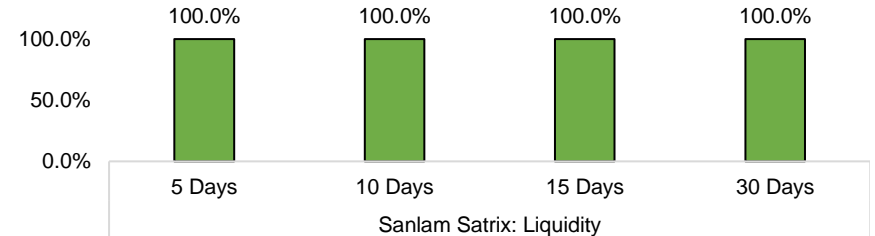
Sanlam Satrix: Top5 & Bottom5 estimate active contributors		
Share	Contribution	Quarterly Return
MTN	0.8%	18.9%
NED	0.5%	22.1%
CPI	0.4%	18.8%
INP	0.4%	26.4%
CFR	0.3%	21.9%
SSW	-0.3%	-8.2%
ANG	-0.3%	-17.5%
AMS	-0.4%	-23.4%
IMP	-0.4%	-14.0%
NPN	-1.3%	-15.1%



\* Sanlam Satrix: Most illiquid shares



\* % that can be traded



\* estimate liquidity based on participating in no more than 25% of the average daily traded volume over the previous 3 months

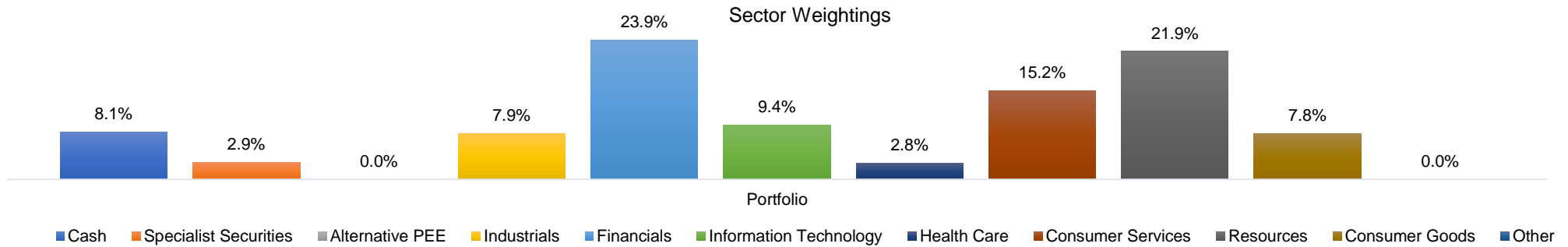
# EQUITY HOLDINGS

The tables and graphs below set out the portfolio's holdings as a percentage of the portfolio's equity holdings

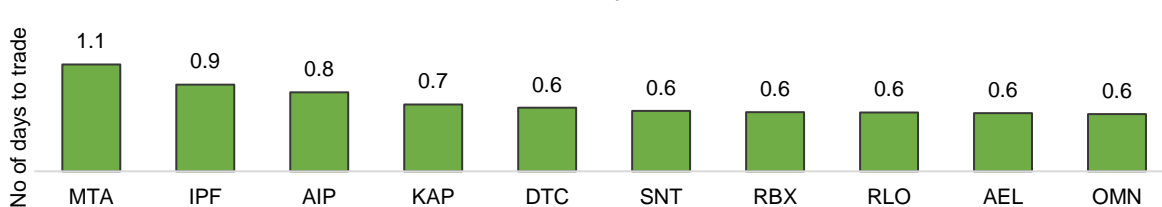
Vunani: Top10 holdings			
Share	Weight	Return	PE Ratio
CASH	8.1%	0.0%	0.0
NPN	7.5%	-15.1%	19.6
FSR	4.9%	3.8%	20.8
AGL	4.4%	-2.0%	14.2
IMP	3.5%	-14.0%	7.3
SBK	3.1%	1.7%	12.8
MTN	3.1%	18.9%	13.9
SSW	2.8%	-8.2%	5.7
CPI	2.5%	18.8%	42.6
BTI	2.4%	-1.3%	8.9

Vunani: Top5 & Bottom5 estimate active contributors		
Share	Contribution	Quarterly Return
MTN	0.6%	18.9%
CPI	0.5%	18.8%
TFG	0.3%	29.5%
CFR	0.3%	21.9%
NED	0.2%	22.1%
PRX	-0.2%	-14.5%
ANG	-0.3%	-17.5%
AMS	-0.4%	-23.4%
IMP	-0.5%	-14.0%
NPN	-1.1%	-15.1%

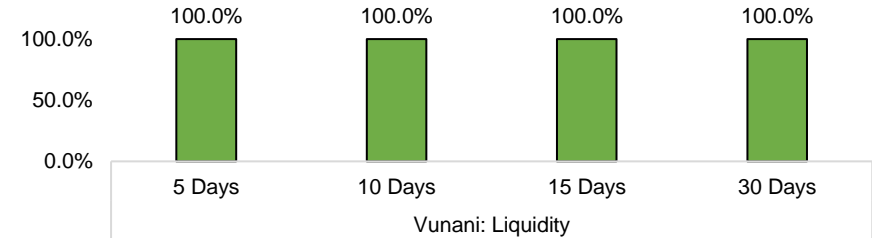
Sector Weightings



\* Vunani: Most illiquid shares



\* % that can be traded



\* estimate liquidity based on participating in no more than 25% of the average daily traded volume over the previous 3 months

## Section C

### Glossary



# INVESTMENT GLOSSARY

A hand in a dark suit sleeve points to a document featuring several charts and tables. The charts include pie charts and a bar chart, with labels like 'Energy', 'Industrial', 'CO2', and 'Agriculture'. The tables show data for 'Global Equities' and 'Global Bonds' across different periods.

## 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 are two pie charts with legends for 'Energy', 'Industrial', 'Oil', and 'Agriculture'. On the right, there is a table with columns for 'Global Equities', 'Global Bonds', and 'Global Commodities', and rows for 'Jan-04', 'Jan-05', 'Jan-06', and 'Jan-07'. The background is a blurred office setting.

## 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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## CONTACT US

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