



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

| **Monthly Report** |

**SALA Pension Fund**

December 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%

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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

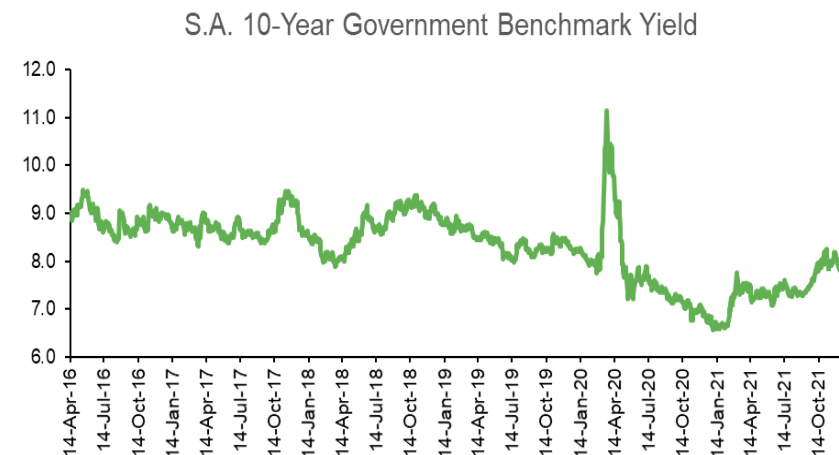
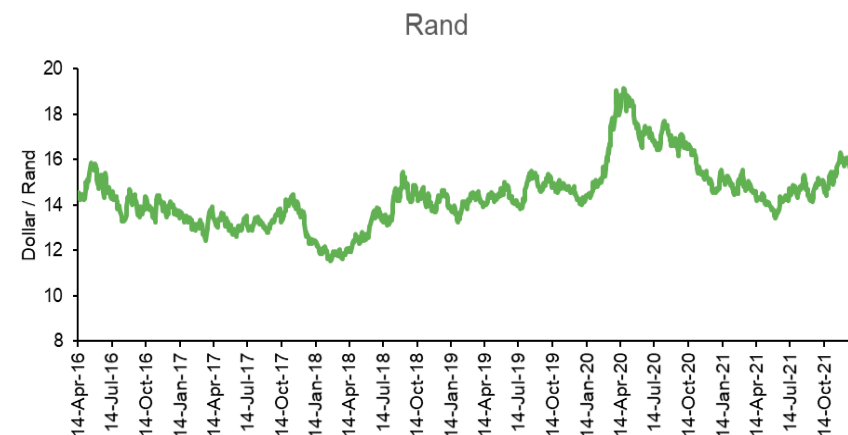


Following a 4.5% gain in November, the FTSE JSE All Share Index rose a further 4.6% in December, with the index ending 2021 with an impressive 24.1% gain. Financials, property, commodity, and platinum group metals (PGMs) counters were the outperformers in December with the Fini-15 rising 8.9% MoM (+22.7% YoY), the SA Listed Property Index up 6.0% MoM (+25.6% YoY), and the Resi-10 advancing 5.5% MoM (+23.3% YoY). The Indi-25 gained 2.5% MoM (+22.5% YoY).

Looking at the best December performers by market capitalisation, large-cap commodities companies outperformed, with Impala Platinum (JO:IMPJ) jumping 11.2%, Anglo American (JO:AMSJ) Platinum (Amplats) soaring 9.6%, and BHP Group (JO:BHPJ) rocketing 8.6%. British American Tobacco (JO:SNHJ) leapt 10.3% and Capitec (JO:CPIJ) bounced 11.9% MoM.

The sale of SA equities by non-residents accelerated to R22.7bn in December. This brings the cumulative equity market outflow for the last 12 months to R154bn. In the fixed income markets the ALBI returned 2.69% during December bringing the total return to 8.40%. The long end of the curve outperformed returning double digits for the year.

The Rand closed the month marginally weaker (-0.4% MoM) against the greenback amid the stronger dollar and uncertainty around the Omicron variant. On a YoY basis, the rand has lost 8.5% of its value vs the US dollar.



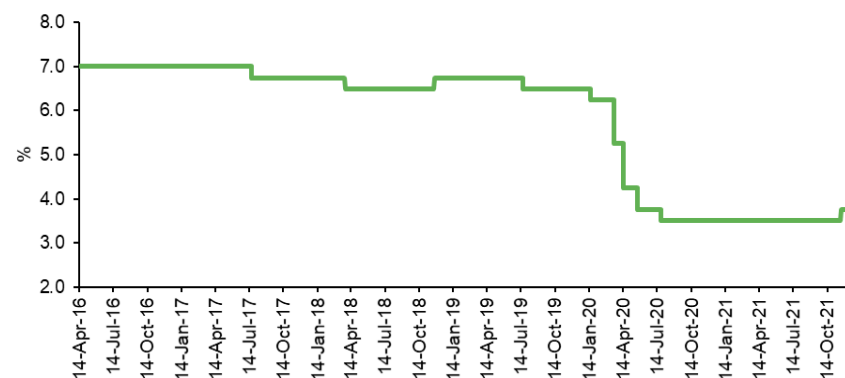
# DOMESTIC MARKET VIEW

In local economic data, November annual headline inflation, as measured by the consumer price index (CPI), accelerated to its highest level since March 2017, coming in at 5.5% YoY vs 5% in October. *Stats SA* said the transport category continued to be the major factor behind inflation, recording an annual increase of 15% in November.

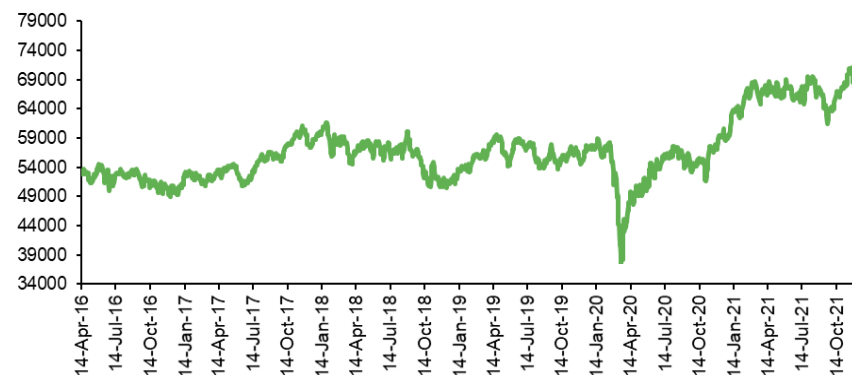
On the pandemic front, the country appeared to have passed the peak of the fourth wave (Omicron) of infections. As at 31 December, *Department of Health* data show that the total number of confirmed COVID-19 cases since the start of the pandemic stood at 3.17mn vs 2.97mn on 30 November.

The curfew that was in place from 12 midnight to 4 AM was lifted with immediate effect resulting in no remaining restrictions on people's hours of movement. In addition, indoor gatherings are now restricted to 1,000 people (previously 750), outdoor gatherings to 2,000, no more than 50% of capacity of an indoor venue to be used and establishments selling alcohol with a licence to operate beyond 11 PM will revert to their full licence conditions.

Repo Rate



FTSE/JSE All Share Index



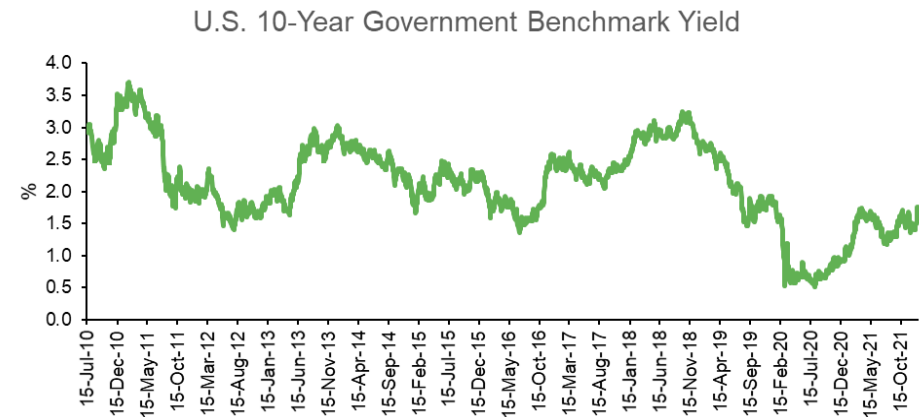
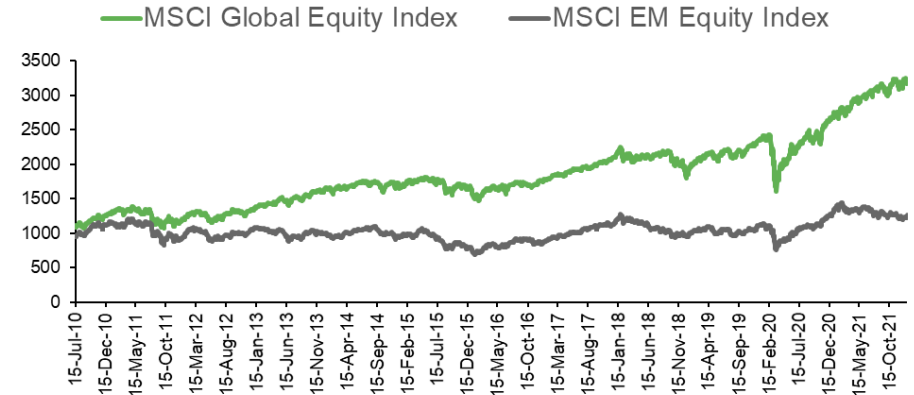
# INTERNATIONAL MARKET VIEW

Despite a multitude of uncertainties, 2021 was a solid year for financial markets, as the economy's ability to adapt to the pandemic, the rollout of vaccines, the passing of additional fiscal stimulus and easy monetary policy all supported strong developed market equity and commodity performance.

In the fourth quarter, developed market equities continued to rally, providing investors with the third calendar year in a row of strong positive returns. Strong earnings growth drove equities higher. Fixed income performance over the quarter was flattish, as markets had to digest rising inflation and less easy policy from central banks.

The emergence of the highly infectious Omicron variant led to a spike in equity market volatility at the end of November, but markets quickly recovered as data from South Africa and the UK indicated a lower risk of severe disease.

The rapid increase in infections due to seasonality and the new Omicron variant began to take its toll on global growth. The recent fall in December flash services purchasing managers' indices (PMIs) in the US, the eurozone and the UK is a clear indication that the service sector is losing some of its positive momentum. However, global manufacturing sentiment is relatively resilient despite supply constraints and rising input prices.





# INTERNATIONAL MARKET VIEW

With regards to monetary policy, China is heading the opposite way. The People's Bank of China showed more easing bias in its operations, while staying cautious on the aggregate level of leverage in the economy. In early December, after cutting the reserve requirement ratio (RRR) by 50 basis points (bps), the PBOC lowered the re-lending rate by 25 bps to support agricultural and small enterprises. In 2022, there may be more cuts to the RRR and the short-term loan prime rate (LPR) to reduce lending costs.

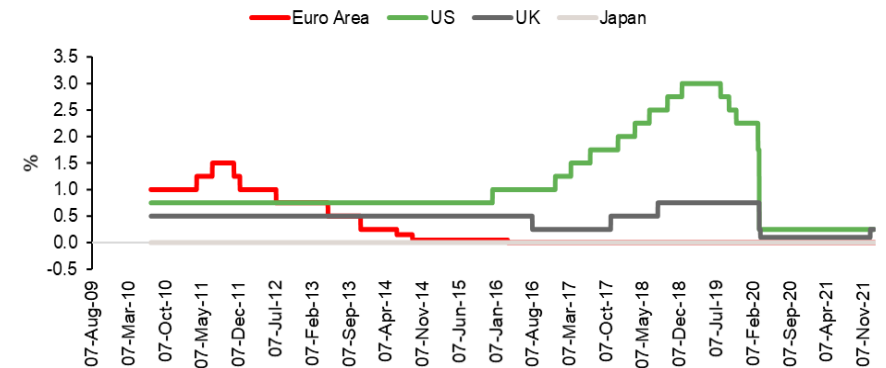
In 2021, Chinese equities significantly underperformed global equities contributing to the 25% underperformance of emerging market equities vs. developed markets. More supportive fiscal and monetary policy and a less restrictive regulatory environment should provide a better backdrop for the region in 2022.

The S&P 500 ended the year up 28.7% with Europe following close behind with return of 24.4%. Emerging markets ended the year down by 2.2%. Global government bond indices ended the year down across the board with Global bond indices down by 5.8%.

### OIL (BRENT)



### G4 Policy Rates



# TACTICAL ASSET ALLOCATION

## RSA BONDS

In the fixed income markets the ALBI returned 2.69% during December bringing the total return to 8.40%. The long end of the curve outperformed returning double digits for the year.

The yield curve shifted lower in December — the anomaly was the very short-dated R2023 which rose 10bp, but a drop in yields was recorded for the shorter-dated R186 (by 18.5bp) and the R2030 (by 41.0bp). At the longer end of the curve, yields also dropped, with that of the R2048 decreasing by 21.5bp. The R2023 bond returned 0.32% m/m, while the R186 returned 1.36% m/m. The R2030 and the R2048 returned 3.12% m/m and 2.8% m/m respectively.

In the SA bond market, non-residents were again net sellers, with the R8bn outflow in December far less than the the previous month's R52bn outflow. This brings the cumulative outflow for the last 12 months to just under R200bn.

We expect that SA bonds will continue to be driven by US rates and global risk Sentiment. We are becoming more constructive on the asset class as we believe a lot of negative news has been priced in. We have recently increased our bond allocation to a neutral position and will be looking to increase that further into any weakness.

## RSA PROPERTY, ALTERNATIVES AND CASH

During November, listed property had a great month, ending up by 7.88%. Due to lockdown restrictions, tenant relief, bad debt increases and general uncertainty, the income return from property has come under pressure as available earnings have

diminished and companies endeavour to retain cash through dividend deferrals and the implementation of pay-out ratios. 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 continued partial lockdown is sure to leave some scars down the road.

We have started to increase our allocation to the asset class as we see some signs of normality returning to the local macro environment and on a basis of probability see more upside than downside risk.

## RSA EQUITIES

Following a 4.5% gain in November, the FTSE JSE All Share Index rose a further 4.6% in December, with the index ending 2021 with an impressive 24.1% gain. Financials, property, commodity, and platinum group metals (PGMs) counters were the outperformers in December with the Fini-15 rising 8.9% MoM (+22.7% YoY), the SA Listed Property Index up 6.0% MoM (+25.6% YoY), and the Resi-10 advancing 5.5% MoM (+23.3% YoY). The Indi-25 gained 2.5% MoM (+22.5% YoY).

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The sale of SA equities by non-residents accelerated to R22.7bn in December. This brings the cumulative equity market outflow for the last 12 months to R154bn.

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

## INTERNATIONAL

In the fourth quarter, developed market equities continued to rally, providing investors with the third calendar year in a row of strong positive returns. Strong earnings growth drove equities higher. Fixed income performance over the quarter was flattish, as markets had to digest rising inflation and less easy policy from central banks.

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With regards to monetary policy, China is heading the opposite way. The People's Bank of China showed more easing bias in its operations, while staying cautious on the aggregate level of leverage in the economy. In early December, after cutting the reserve requirement ratio (RRR) by 50 basis points (bps), the PBOC lowered the re-

lending rate by 25 bps to support agricultural and small enterprises. In 2022, there may be more cuts to the RRR and the short-term loan prime rate (LPR) to reduce lending costs.

### NOVARE HOUSE VIEW: December 2021 TACTICAL POSITIONING\*

	←	ON-WEIGHT	→	
	UNDER-WEIGHT			OVER-WEIGHT
<b>DOMESTIC</b>	Under-weight			
Equities	95%			
Bonds	95%			
Property	95%			
Alternatives		100%		
Cash		Balancing		
<b>OFFSHORE</b>			120%	
Equities	90%			
Bonds	70%			
Alternatives		100%		
<b>AFRICA</b>		100%		
				<b>PREVIOUS</b>
				85%
				95%
				85%
				100%
				100%
				120%
				80%
				70%
				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
-
--

# TACTICAL ASSET ALLOCATION

Global Assets (US\$)	1 month	3 months	YTD	12 months	3 Years	5 Years
MSCI All Countries Equity	4.0%	6.8%	19.0%	19.0%	21.0%	15.0%
MSCI Emerging Markets	1.9%	-1.2%	-2.2%	-2.2%	11.3%	10.3%
Global Bonds (R)	0.2%	5.1%	3.4%	3.4%	7.3%	6.6%

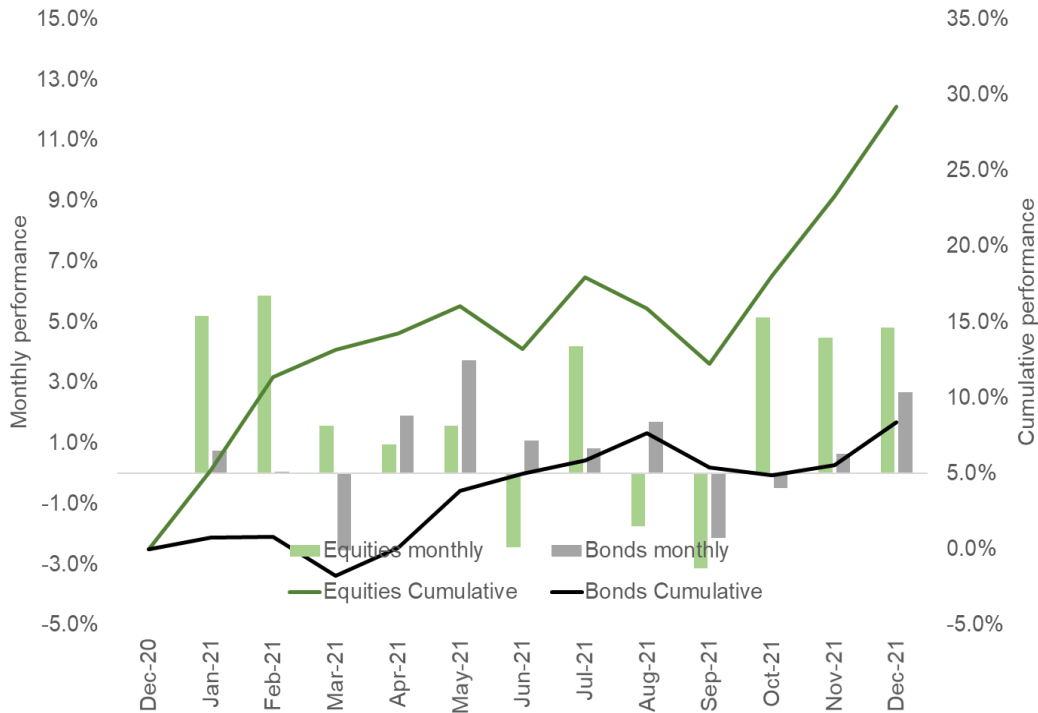
  

Commodity Prices	1 month	3 months	YTD	12 months	3 Years	5 Years
Brent Oil (USD/Barrel)	12.4%	-0.7%	50.2%	50.2%	12.6%	6.5%
Platinum (USD/oz)	1.7%	1.6%	-9.4%	-9.4%	6.9%	1.4%
Gold (USD/oz)	2.0%	6.0%	-3.4%	-3.4%	12.6%	9.7%

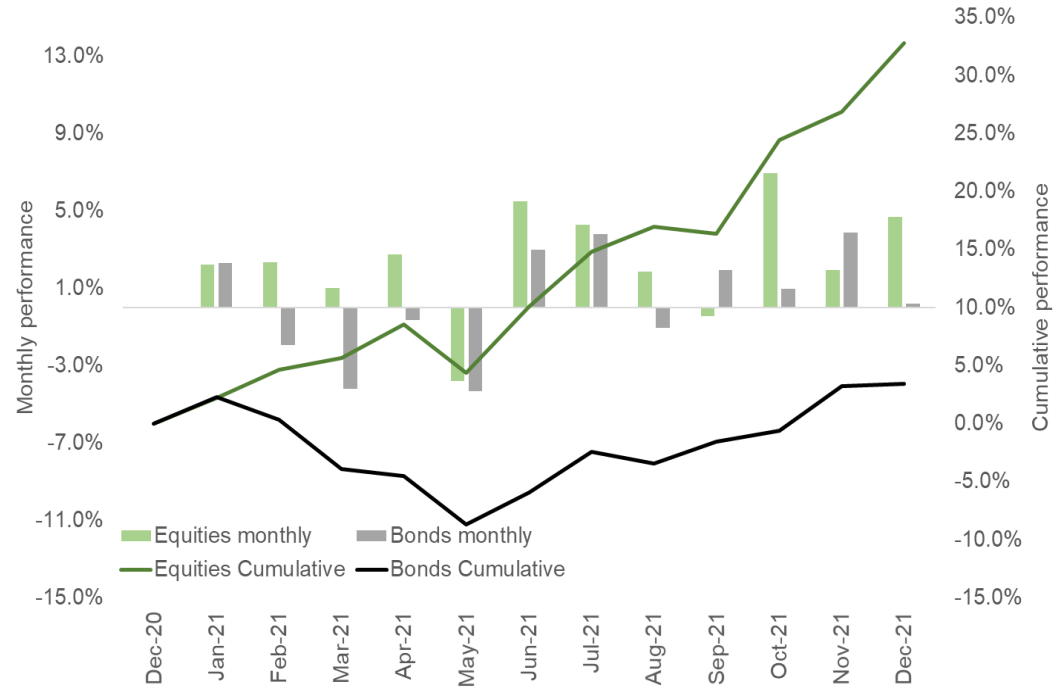
Asset Allocation (Rand)	1 month	3 months	YTD	12 months	3 Year	5 Years
Domestic Equities	4.8%	15.1%	29.2%	29.2%	15.7%	11.4%
Domestic Bonds	2.7%	2.9%	8.4%	8.4%	9.1%	9.1%
Domestic Cash	0.3%	1.0%	3.8%	3.8%	5.5%	6.2%
Domestic Property	7.9%	8.3%	36.9%	36.9%	-2.9%	-4.4%
International Equity	4.7%	14.1%	32.8%	32.8%	26.7%	18.9%
International Bonds	0.2%	5.1%	3.4%	3.4%	7.3%	6.6%
Exchange rate (R / \$)	0.3%	5.8%	8.5%	8.5%	3.6%	3.1%

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

Domestic Markets (R) over the last 12 months



International Markets over the last 12 months



## Section B

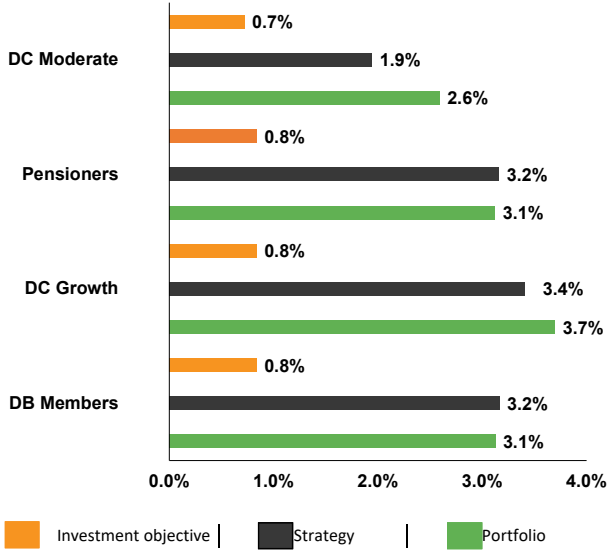
Fund Overview



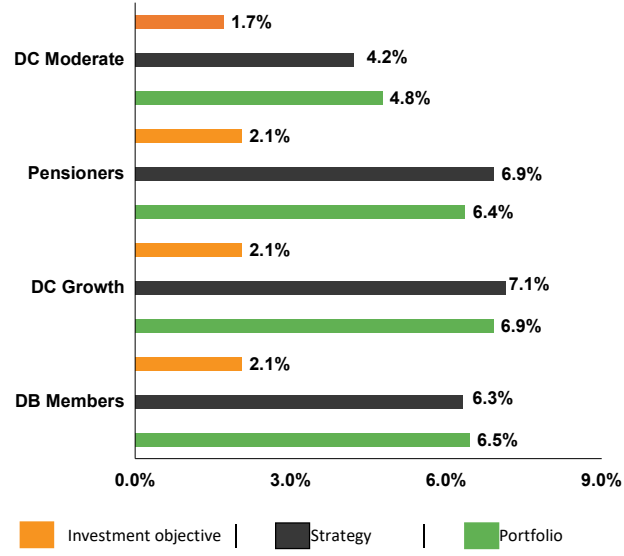
# EXECUTIVE SUMMARY



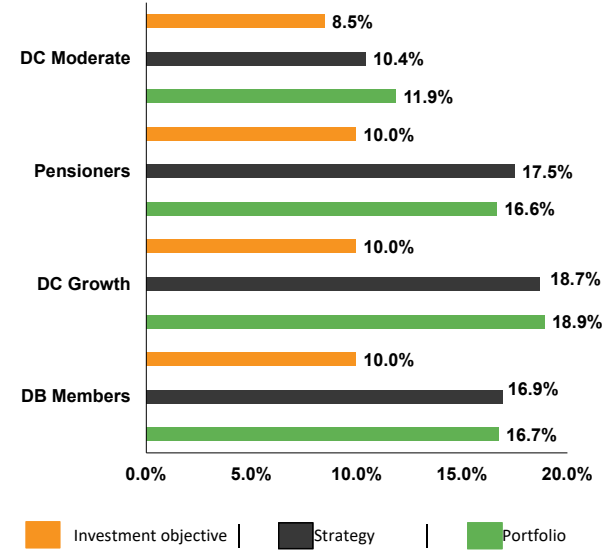
Monthly Return for December 2021



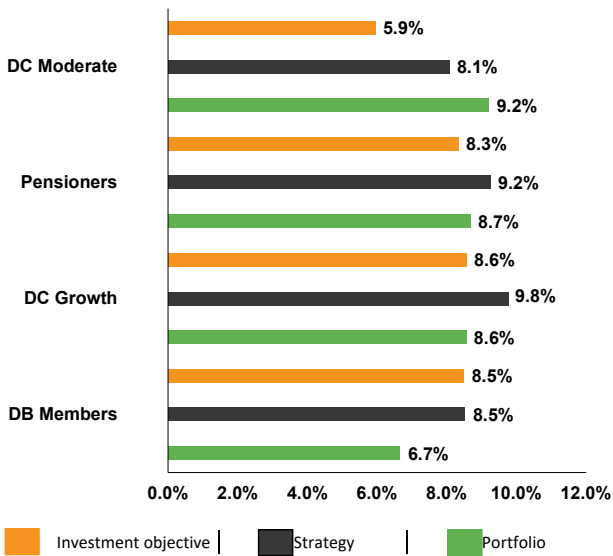
3 Months Return up to December 2021



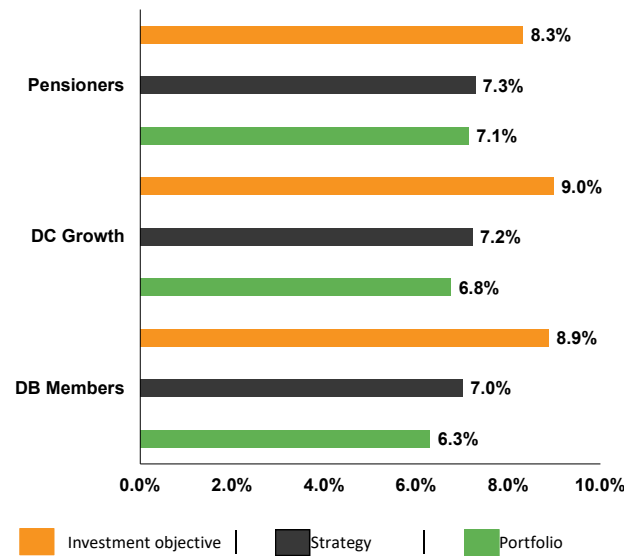
1 Year Return up to December 2021



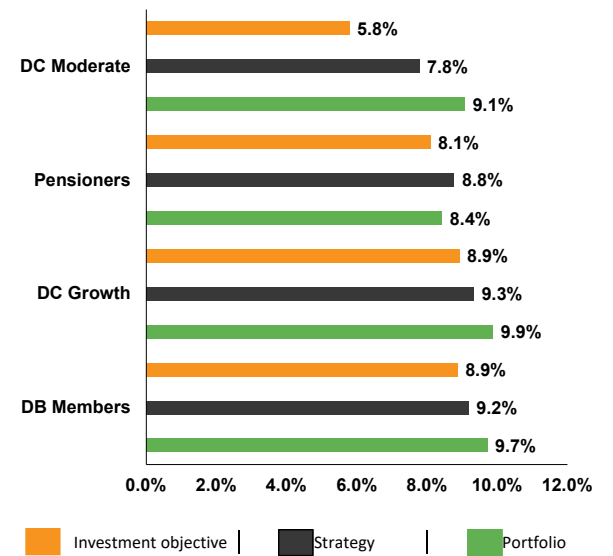
3 Year Return up to December 2021



7 Year Return up to December 2021



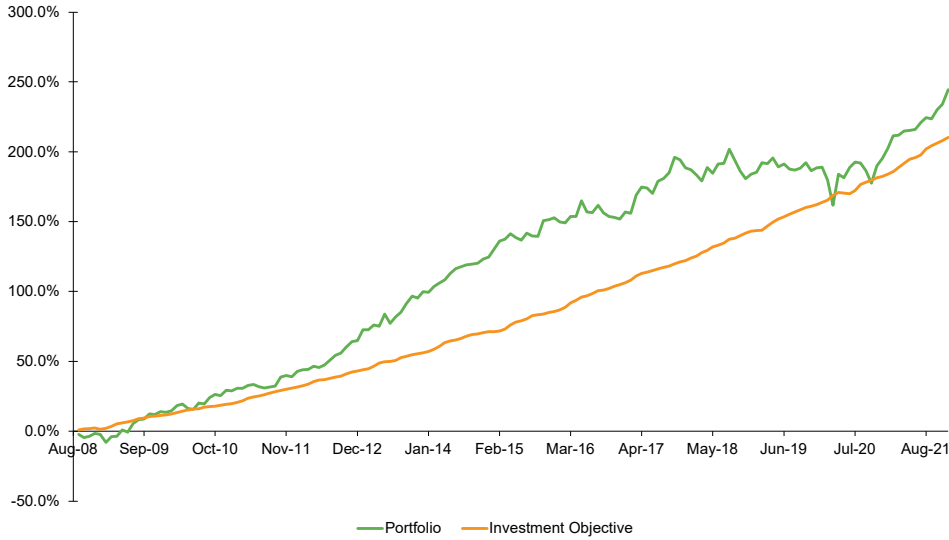
Returns Since Inception



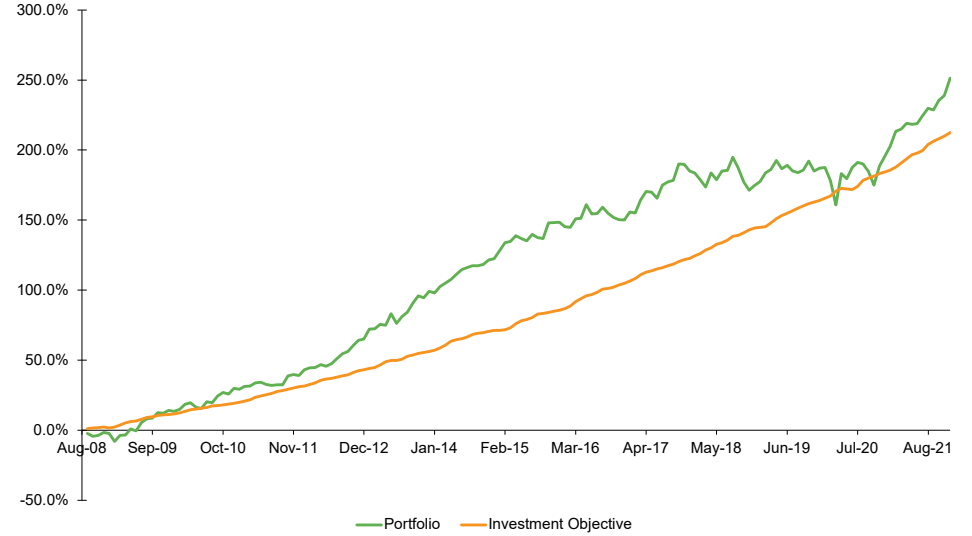
# LONG TERM RETURNS

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

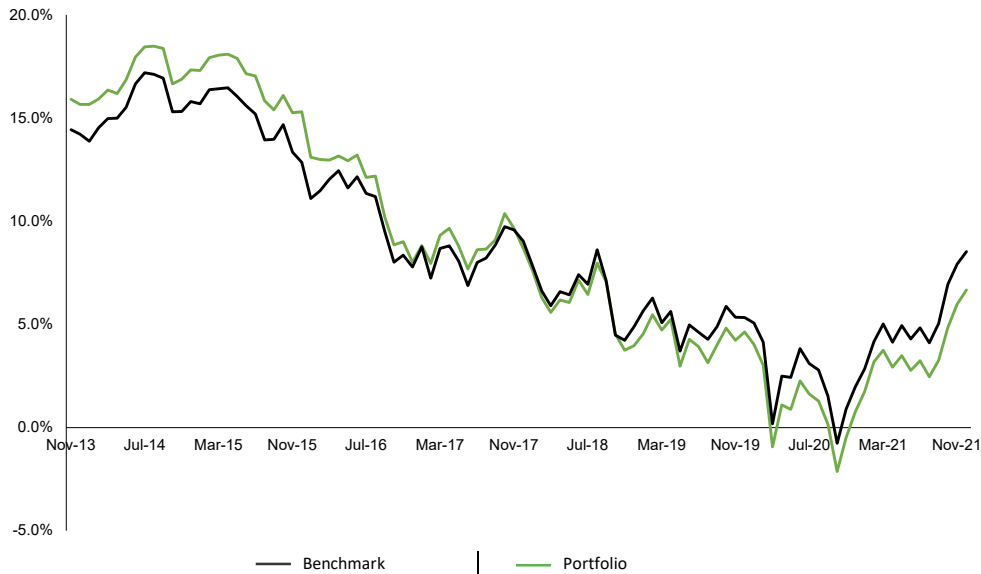
**DB Members - Cumulative return since 30 September 2009**



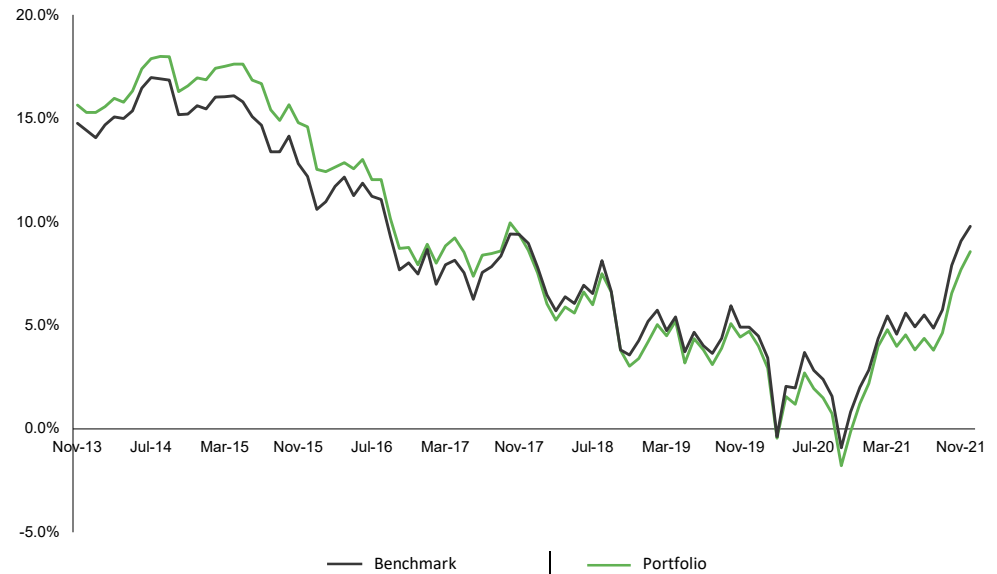
**DC Growth - Cumulative return since 30 September 2009**



**DB Members - 3 Year Rolling Returns**



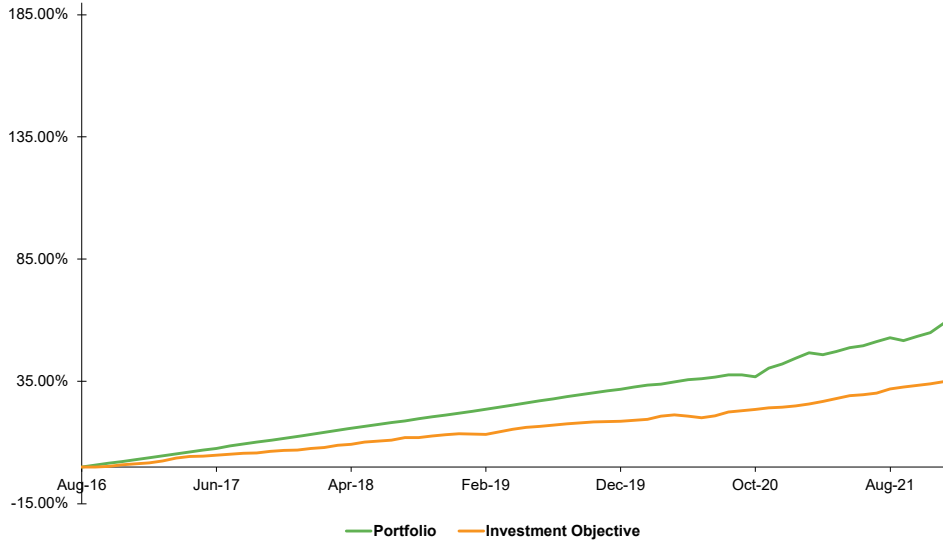
**DC Growth - 3 Year Rolling Returns**



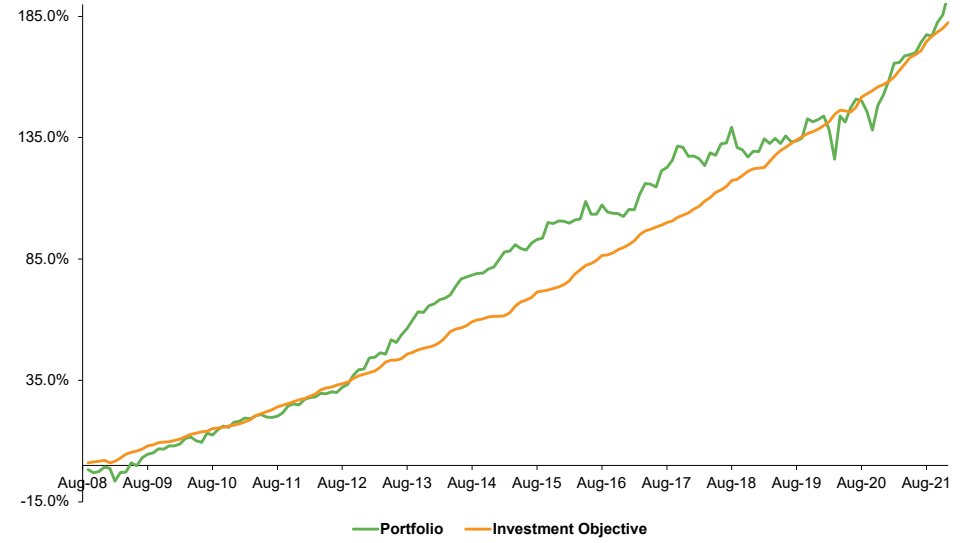
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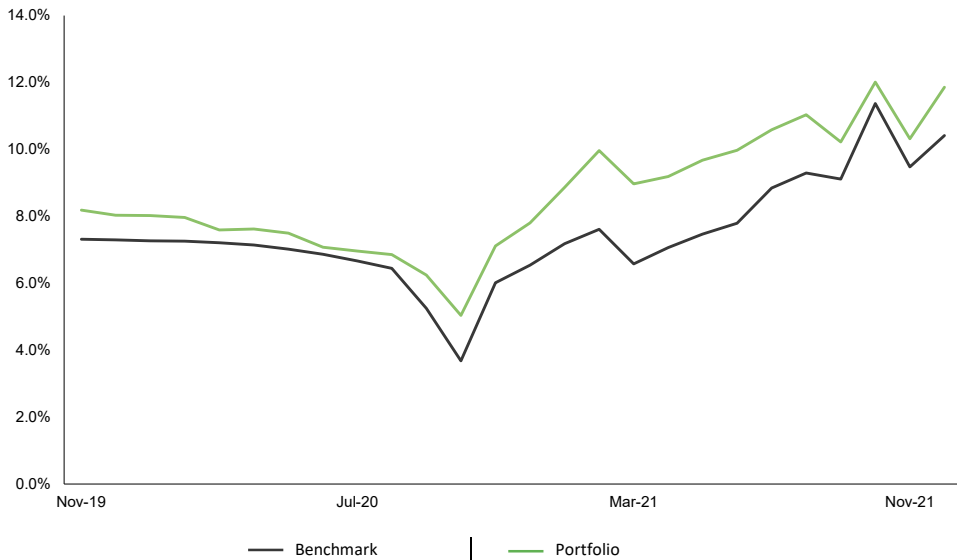
**DC Moderate - Cumulative return since 30 September 2016**



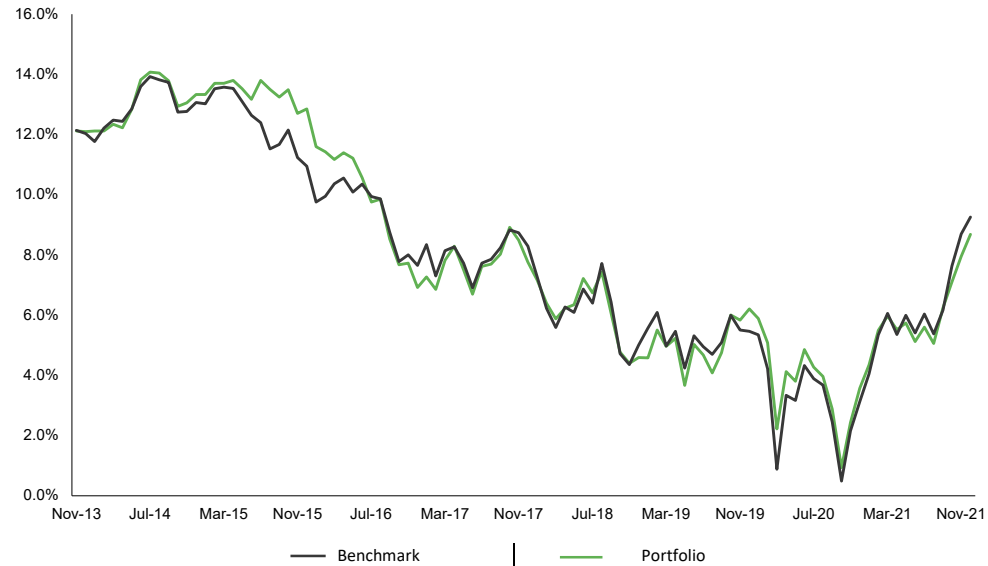
**Pensioner - Cumulative return since 30 September 2016**



**DC Moderate - 1 Year Rolling Returns**



**Pensioner - 3 Year Rolling Returns**





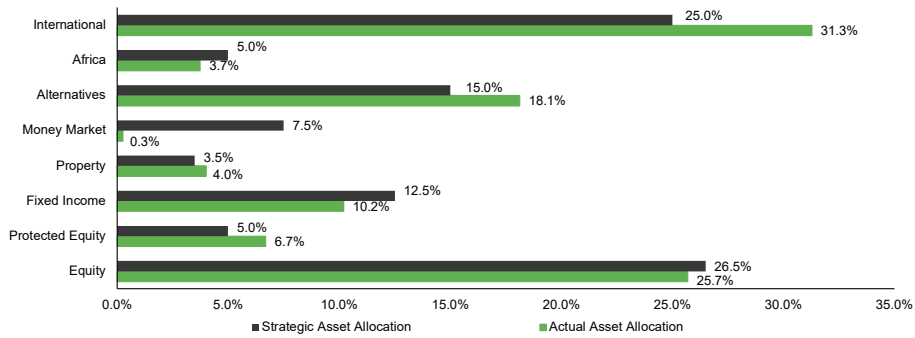
# PORTFOLIO MARKET VALUES AND RETURNS

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

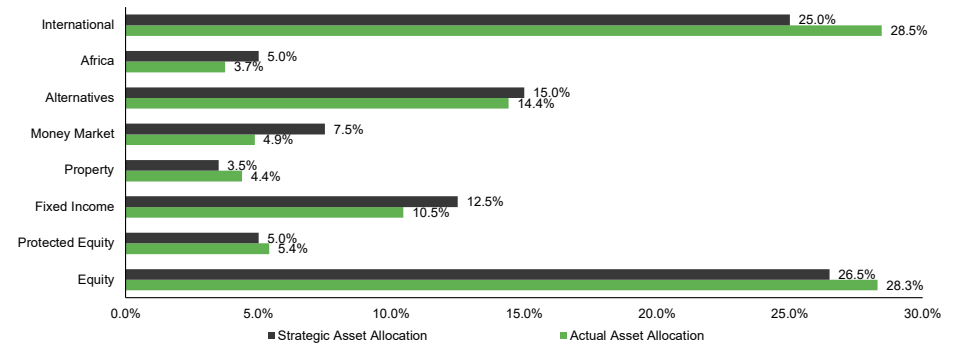
	Market value (R)	Weight (%)	1 month (%)	3 months (%)	YTD (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)	
<b>DB Members Strategy</b>	9 280 535 938	68.6%	3.1%	6.5%	16.7%	16.7%	6.7%	6.5%	
			3.2%	6.3%	16.9%	16.9%	8.5%	7.4%	
			0.0%	0.1%	-0.2%	-0.2%	-1.9%	-1.0%	
<b>DC Growth Strategy</b>	2 091 779 184	15.5%	3.7%	6.9%	18.9%	18.9%	8.6%	7.0%	
			3.4%	7.1%	18.7%	18.7%	9.8%	7.8%	
			0.3%	-0.2%	0.2%	0.2%	-1.2%	-0.8%	
<b>DC Moderate Strategy</b>	330 997 193	2.4%	2.6%	4.8%	11.9%	11.9%	9.2%	9.1%	
			1.9%	4.2%	10.4%	10.4%	8.1%	7.8%	
			0.6%	0.5%	1.4%	1.4%	1.1%	1.3%	
<b>Pensioner Strategy</b>	1 831 861 662	13.5%	3.1%	6.4%	16.6%	16.6%	8.7%	7.8%	
			3.2%	6.9%	17.5%	17.5%	9.2%	7.7%	
			0.0%	-0.6%	-0.9%	-0.9%	-0.6%	0.1%	
<b>DB Members Objective</b>			3.1%	6.5%	16.7%	16.7%	6.7%	6.5%	
			0.8%	2.1%	10.0%	10.0%	8.5%	8.7%	
			2.3%	4.4%	6.8%	6.8%	-1.8%	-2.2%	
<b>DC Growth Objective</b>			3.7%	6.9%	18.9%	18.9%	8.6%	7.0%	
			0.8%	2.1%	10.0%	10.0%	8.6%	8.8%	
			2.9%	4.8%	8.9%	8.9%	0.0%	-1.8%	
<b>DC Moderate Objective</b>			2.6%	4.8%	11.9%	11.9%	9.2%	9.1%	
			0.7%	1.7%	8.5%	8.5%	5.9%	5.9%	
			1.9%	3.1%	3.4%	3.4%	3.3%	3.1%	
<b>Pensioner Objective</b>			3.1%	6.4%	16.6%	16.6%	8.7%	7.8%	
			0.8%	2.1%	10.0%	10.0%	8.3%	8.3%	
			2.3%	4.3%	6.7%	6.7%	0.3%	-0.5%	
		13 535 173 977	100%						

# ASSET ALLOCATION

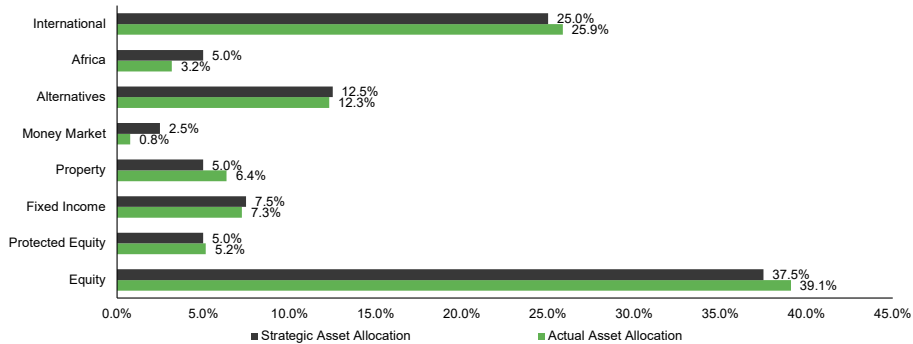
### DB Members



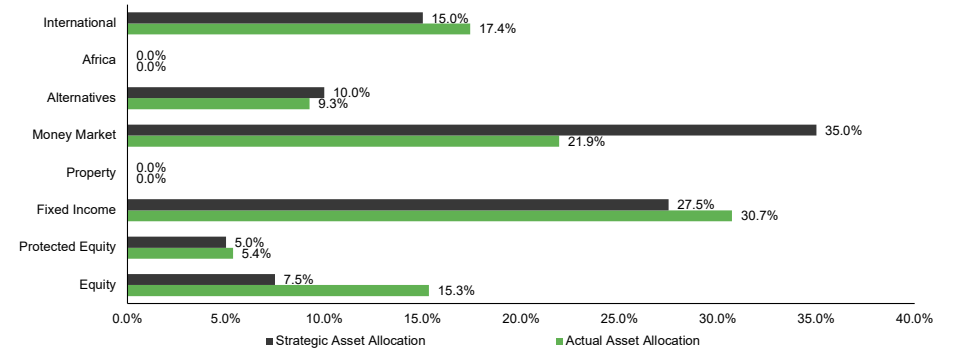
### Pensioner



### DC Growth



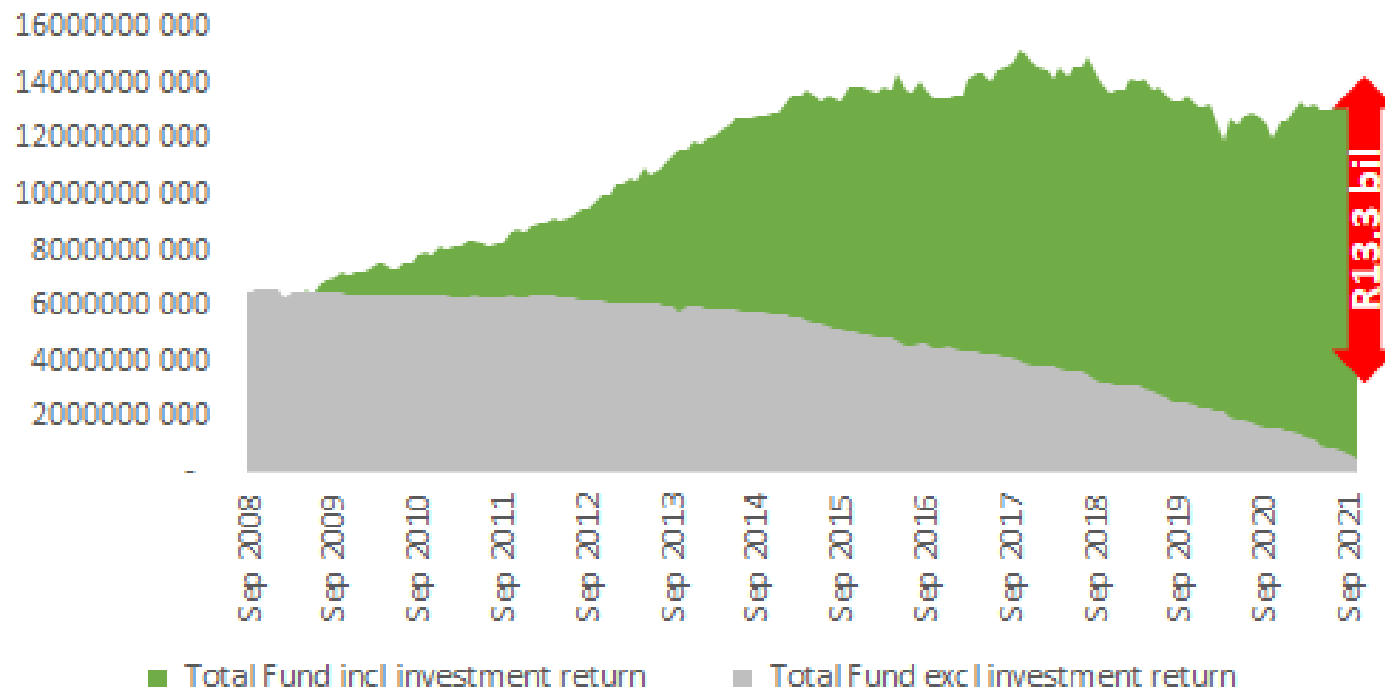
### DC Moderate



# 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



# 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	615 342 935.15	4.5%	4.9%	10.0%	33.8%	11.8%	-	11.3%	
	JSE Capped Share Weighted Index				4.9%	8.7%	27.1%	10.9%	-	10.6%	
					0.1%	1.3%	6.7%	0.9%	-	0.7%	
	<b>Aluwani Capital Equity</b>	2018/10/31	600 289 245.99	4.4%	4.3%	6.8%	24.2%	10.2%	-	10.0%	
	JSE Capped Share Weighted Index				4.9%	8.7%	27.1%	10.9%	-	10.6%	
					-0.5%	-1.9%	-2.9%	-0.7%	-	-0.6%	
Equity	<b>Argon Equity</b>	2018/10/31	359 386 458.74	2.7%	5.0%	7.3%	26.1%	10.8%	-	9.9%	
	JSE Capped Share Weighted Index				4.9%	8.7%	27.1%	10.9%	-	10.6%	
					0.2%	-1.4%	-1.0%	-0.1%	-	-0.7%	
	<b>Satrix Equity</b>	2018/10/31	341 170 315.02	2.5%	4.8%	8.7%	27.3%	11.6%	-	11.4%	
	JSE Capped Share Weighted Index				4.9%	8.7%	27.1%	10.9%	-	10.6%	
					0.0%	0.0%	0.2%	0.6%	-	0.8%	
Equity	<b>Vunani Equity</b>	2018/10/31	819 770 351.72	6.1%	4.7%	8.6%	26.4%	10.6%	-	10.3%	
	JSE Capped Share Weighted Index				4.9%	8.7%	27.1%	10.9%	-	10.6%	
					-0.2%	-0.1%	-0.7%	-0.3%	-	-0.3%	
	Equity Incubation	<b>Mianzo Equity</b>	2018/10/31	609 579 818.51	4.5%	4.4%	9.1%	31.9%	11.7%	-	11.7%
		JSE Capped Share Weighted Index				4.9%	8.7%	27.1%	10.9%	-	10.6%
						-0.5%	0.4%	4.8%	0.8%	-	1.1%
Equity Incubation	<b>Balondolozzi Equity</b>	2018/10/31	425 069 861.14	3.1%	5.0%	8.5%	24.3%	9.6%	-	9.7%	
	JSE Capped Share Weighted Index				4.9%	8.7%	27.1%	10.9%	-	10.6%	
					0.1%	-0.2%	-2.7%	-1.3%	-	-0.9%	
Protected Equity	<b>Mergence Structured Product</b>	2019/11/01	846 168 422.36	6.3%	3.3%	13.0%	24.4%	-	-	21.6%	
	JSE All Share Index Top 40				4.7%	15.9%	22.8%	-	-	14.1%	
					-1.3%	-2.8%	1.6%	-	-	7.4%	

# 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	<b>Futuregrowth Infrastructure Bond</b> All Bond Index	2008/08/31	1 080 579 807.00	8.0%	3.0%	3.6%	11.8%	10.3%	10.3%	11.0%
					2.7%	2.9%	8.4%	9.1%	9.1%	8.9%
					0.4%	0.7%	3.4%	1.2%	1.2%	2.1%
	<b>Stanlib Bond</b> All Bond Index	2008/08/31	310 586 190.09	2.3%	2.9%	3.2%	9.0%	9.8%	9.9%	9.7%
					2.7%	2.9%	8.4%	9.1%	9.1%	8.9%
					0.2%	0.3%	0.6%	0.7%	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	425 978 942.89	3.1%	7.9%	8.9%	39.3%	-2.2%	-3.5%	4.2%
					7.9%	8.3%	36.9%	-1.6%	-3.6%	3.3%
					0.0%	0.5%	2.3%	-0.6%	0.1%	0.9%
Money Market	<b>Sanlam Cash</b> STEFI Composite	2010/09/30	91 036 194.71	0.7%	0.5%	1.3%	4.6%	6.1%	7.3%	7.2%
					0.3%	1.0%	3.8%	5.5%	6.2%	6.1%
					0.1%	0.3%	0.8%	0.6%	1.0%	1.1%
	<b>Transition Account</b>	2009/02/28	2 338 304.28	0.0%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
Money Market Incubation	<b>Cartesian Capital Money Market</b> STEFI Composite	2018/10/31	108 685 631.67	0.8%	0.4%	1.1%	4.6%	5.7%	-	5.7%
					0.3%	1.0%	3.8%	5.5%	-	5.6%
					0.0%	0.2%	0.8%	0.2%	-	0.1%
Alternatives	<b>Mayibentsha Focused</b> CPI + 4.5%	2011/07/31	539 967 488.79	4.0%	2.9%	2.5%	12.7%	10.9%	7.8%	8.3%
					0.8%	2.1%	10.0%	8.6%	8.9%	9.5%
					2.0%	0.5%	2.7%	2.4%	-1.1%	-1.3%
	<b>Mayibentsha Market Neutral</b> CPI + 2.5%	2011/07/31	439 104 057.28	3.2%	1.7%	1.7%	8.4%	8.6%	7.7%	7.8%
					0.7%	1.6%	8.0%	6.6%	6.9%	7.5%
					1.1%	0.1%	0.4%	2.0%	0.8%	0.3%
<b>Mayibentsha Moderate</b> CPI + 3.5%	2008/08/31	354 439 810.64	2.6%	2.3%	2.0%	10.9%	10.5%	8.5%	8.7%	
				0.8%	1.8%	9.0%	7.6%	7.9%	8.4%	
				1.5%	0.1%	2.0%	2.9%	0.6%	0.3%	

# MANAGER PERFORMANCE

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

Asset Class	Manager	Inception Date	Market value (R)	Weight (%)	1 month (%)	3 months (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)	Since Inception
Alternatives Incubation	<b>Terebinth Capital</b>	2020/01/31	58 269 226.67	0.4%	0.7%	-2.4%	1.8%	-	-	8.3%
	STEFI				0.3%	1.0%	3.8%	-	-	4.5%
					0.4%	-3.3%	-2.0%	-	-	3.8%
	<b>Sampada Private Equity</b>	2015/09/30	207 669 392.47	1.5%	-	-	-	-	-	-
	NO BENCHMARK				-	-	-	-	-	-
					-	-	-	-	-	-
	<b>Sampada Private Equity 2</b>	2019/01/31	290 458 502.79	2.1%	-	-	-	-	-	-
	NO BENCHMARK				-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
Africa	<b>Legacy Africa</b>	2020/01/31	230 367 245.34	1.7%	-	-	-	-	-	-
	Hurdle Rate				-	-	-	-	-	-
					-	-	-	-	-	-
	<b>Tamela Capital</b>	2020/01/31	8 700 875.01	0.1%	-	-	-	-	-	-
	NO BENCHMARK				-	-	-	-	-	-
					-	-	-	-	-	-
Africa	<b>Boxwood Property Fund</b>	2020/03/31	64 423 705.45	0.5%	-	-	-	-	-	-
	Hurdle Rate (CPI +3%)				-	-	-	-	-	-
					-	-	-	-	-	-
	<b>Summit Africa</b>	2019/11/30	40 623 914.98	0.3%	-	-	-	-	-	-
Hurdle Rate (CPI +5%)				-	-	-	-	-	-	
				-	-	-	-	-	-	
Africa	<b>Novare Africa Property Fund 1</b>	2010/07/31	365 174 866.61	2.7%	-	-	-	-	-	-
	10% in USD				-	-	-	-	-	-
					-	-	-	-	-	-
Africa	<b>Novare Africa Property Fund 2</b>	2014/07/31	117 255 474.53	0.9%	-	-	-	-	-	-
	10% in USD				-	-	-	-	-	-
					-	-	-	-	-	-
International	<b>Novare Global Balanced</b>	2008/08/31	4 023 036 913.78	29.7%	3.1%	8.3%	15.6%	11.8%	9.6%	11.3%
	60% Equity / 40% Bonds				2.8%	10.2%	19.0%	17.4%	12.8%	11.4%
					0.2%	-1.9%	-3.4%	-5.7%	-3.1%	-0.1%
			13 535 173 977	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 Moderate	Pensioner	Total Fund	
Equity	All Weather Equity	222 663 525.6	265 800 214.7	8 661 433.8	118 217 761.1	615 342 935.2	
	Aluwani Capital Equity	374 011 707.8	207 748 796.5	136 551.6	18 392 190.1	600 289 246.0	
	Argon Equity	206 399 535.4	134 036 801.6	1 391 208.6	17 558 913.1	359 386 458.7	
	Balondolozzi Equity	311 807 149.0	92 595 668.0	1 244 259.7	19 422 784.5	425 069 861.1	
	Mianza Equity	428 015 014.5	58 090 575.2	1 865 640.4	121 608 588.5	609 579 818.5	
	Satrix Equity	231 160 519.3	22 881 329.7	1 196 732.9	85 931 733.1	341 170 315.0	
	Vunani Equity	609 626 379.1	36 583 852.7	36 203 435.5	137 356 684.4	819 770 351.7	
Protected Equity	Mergence Structured Product	621 548 389.6	107 959 156.2	17 737 070.0	98 923 806.6	846 168 422.4	
Fixed Income	Futuregrowth Infrastructure Bond	755 470 673.5	97 552 399.2	65 322 106.8	162 234 627.5	1 080 579 807.0	
	Stanlib Bond	190 829 498.9	54 139 699.6	36 366 999.8	29 249 991.8	310 586 190.1	
Property	Direct Property	127 317 543.5			32 382 479.8	159 700 023.3	
	Meago Property	244 911 508.6	133 228 226.7		47 839 207.7	425 978 942.9	
Money Market	Cartesian Capital Money Market	13 951 737.8	1 527 938.6	62 708 016.9	30 497 938.4	108 685 631.7	
	Sanlam Cash	8 110 761.3	14 563 910.3	9 907 768.5	58 453 754.6	91 036 194.7	
	Transition Account	2 338 304.3				2 338 304.3	
Alternatives	Mayibentsha Focused	404 374 667.0	64 042 492.2	8 058 460.2	63 491 869.5	539 967 488.8	
	Mayibentsha Market Neutral	326 072 478.8	52 257 950.6	7 353 971.3	53 419 656.6	439 104 057.3	
	Mayibentsha Moderate	227 840 230.3	61 621 145.7	7 750 110.3	57 228 324.4	354 439 810.6	
	Terebinth Capital	45 738 114.4	1 549 738.8	7 471 163.4	3 510 210.1	58 269 226.7	
	Tamela Capital	3 305 358.5	3 493 963.7		1 901 552.9	8 700 875.0	
	Legacy Africa	209 344 521.5	6 942 838.4		14 079 885.4	230 367 245.3	
	Sampada Private Equity	164 162 595.4	20 169 371.5		23 337 425.6	207 669 392.5	
	Sampada Private Equity 2	225 826 391.4	30 913 497.6		33 718 613.7	290 458 502.8	
	Boxwood Property Fund	56 266 684.9	3 992 385.3		4 164 635.3	64 423 705.5	
	Summit Africa	19 207 843.1	12 299 607.0		9 116 464.9	40 623 915.0	
	Africa	Novare Africa Property Fund 1	262 383 077.4	50 958 200.7		51 833 588.5	365 174 866.6
		Novare Africa Property Fund 2	84 721 798.6	15 783 476.3		16 750 199.7	117 255 474.5
	International	Novare Global Balanced	2 903 129 928.5	541 045 947.7	57 622 263.3	521 238 774.2	4 023 036 913.8
<b>Total Fund</b>		<b>9 280 535 937.8</b>	<b>2 091 779 184.1</b>	<b>330 997 193.2</b>	<b>1 831 861 661.9</b>	<b>13 535 173 976.9</b>	

# PORTFOLIO RISK STATISTICS OVERVIEW

	DB Members	DC Growth	DC Moderate	Pensioner
Best 1 Month Period	8.5%	8.6%	2.6%	7.9%
Worst 1 Month Period	-6.5%	-6.3%	-0.7%	-5.3%
Standard Deviation	7.5%	7.6%	1.7%	5.8%
Gain Deviation	5.8%	5.9%	1.9%	4.4%
Loss Deviation	4.8%	4.9%	0.7%	3.9%
Max Drawdown	13.3%	11.6%	0.7%	7.3%
Sharpe Ratio	0.42	0.43	1.59	0.32

\*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
	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
Best 1 Month Period	15.0%	13.1%	16.7%	13.9%	14.1%	14.2%
Worst 1 Month Period	-16.5%	-15.0%	-17.9%	-16.5%	-16.4%	-17.6%
Standard Deviation	17.8%	17.2%	19.2%	17.7%	17.6%	18.5%
Gain Deviation	12.9%	12.3%	13.4%	12.5%	12.3%	13.0%
Loss Deviation	12.4%	12.0%	13.7%	12.5%	12.6%	13.2%
Max Drawdown	29.4%	25.8%	28.6%	26.5%	27.7%	29.1%
Sharpe Ratio	0.32	0.26	0.22	0.33	0.27	0.33

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

## MANAGER RISK STATISTICS OVERVIEW

	Balondolozzi Equity	Mergence Structured Product	Futuregrowth Infrastructure Bond	Stanlib Bond	Meago Property	Sanlam Cash
Inception Date	2018/10/31	2019/11/01	2008/08/31	2008/08/31	2012/08/31	2010/09/30
Benchmark	JSE Capped Share Weighted Index	JSE All Share Index Top 40	All Bond Index	All Bond Index	Listed Property	STEFI Composite
Best 1 Month Period	15.5%	11.1%	7.4%	7.1%	17.8%	0.9%
Worst 1 Month Period	-15.6%	-11.5%	-11.1%	-9.3%	-36.4%	0.0%
Standard Deviation	18.3%	16.3%	7.4%	7.5%	21.7%	0.5%
Gain Deviation	13.0%	13.8%	5.7%	5.6%	13.5%	0.4%
Loss Deviation	12.9%	9.5%	5.0%	5.1%	17.0%	0.2%
Max Drawdown	29.3%	11.5%	11.2%	9.3%	62.7%	0.0%
Sharpe Ratio	0.23	1.03	0.59	0.41	0.09	2.09

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

## MANAGER RISK STATISTICS OVERVIEW

	Cartesian Capital Money Market	Mayibentsha Focused	Mayibentsha Market Neutral	Mayibentsha Moderate	Terebinth Capital	Novare Global Balanced
Inception Date	2018/10/31	2011/07/31	2011/07/31	2008/08/31	2020/01/31	2008/08/31
Benchmark	STEFI Composite	CPI + 4.5%	CPI + 2.5%	CPI + 3.5%	STEFI	60% Equity / 40% Bonds
Best 1 Month Period	0.6%	6.2%	4.6%	4.9%	18.0%	11.6%
Worst 1 Month Period	0.3%	-4.2%	-4.2%	-3.5%	-11.7%	-9.2%
Standard Deviation	0.4%	4.9%	2.8%	3.7%	18.7%	12.3%
Gain Deviation	0.2%	3.9%	2.1%	2.9%	14.3%	9.8%
Loss Deviation	0.2%	3.3%	1.9%	2.6%	11.6%	7.7%
Max Drawdown	0.0%	5.9%	4.4%	6.0%	11.7%	16.5%
Sharpe Ratio	0.45	0.44	0.60	0.58	0.21	0.38

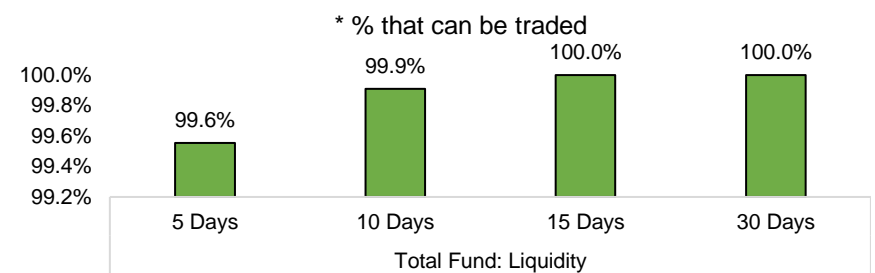
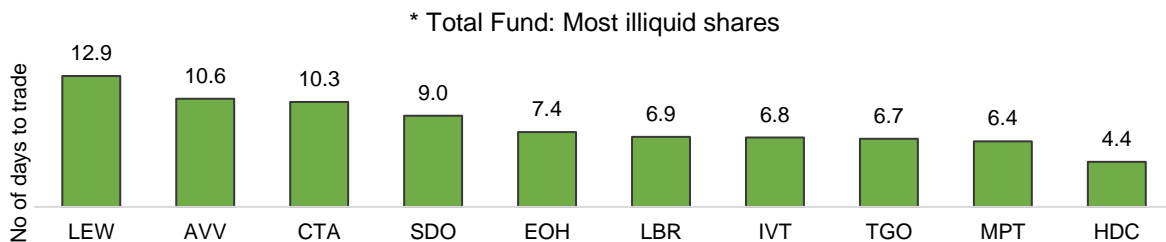
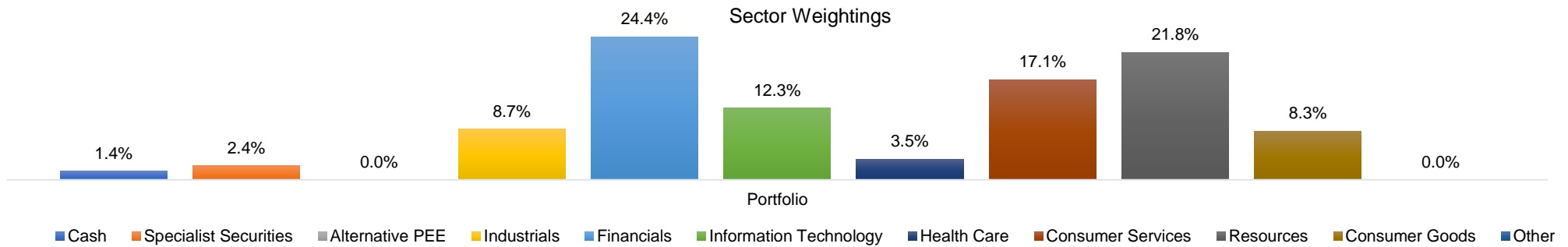
\*Displayed risk statistics are calculated on actual portfolio/investment returns since inception of initial investment.

# 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
PRX	6.2%	9.1%	24.9
MTN	6.1%	20.8%	24.6
FSR	5.8%	-5.8%	12.7
NPN	5.8%	-0.8%	18.2
AGL	5.1%	22.3%	7.0
SBK	3.4%	-2.2%	11.2
IMP	3.2%	31.1%	4.9
BTI	3.2%	10.5%	9.8
BHP	2.6%	24.5%	10.8
SOL	2.6%	-9.3%	6.6

Total Fund: Top5 & Bottom5 estimate active contributors		
Share	Contribution	Quarterly Return
MTN	1.3%	20.8%
AGL	1.1%	22.3%
CFR	1.1%	55.2%
IMP	1.0%	31.1%
GFI	0.6%	41.3%
SLM	-0.2%	-7.1%
SOL	-0.2%	-9.3%
OMU	-0.2%	-20.9%
APN	-0.3%	-17.2%
FSR	-0.3%	-5.8%



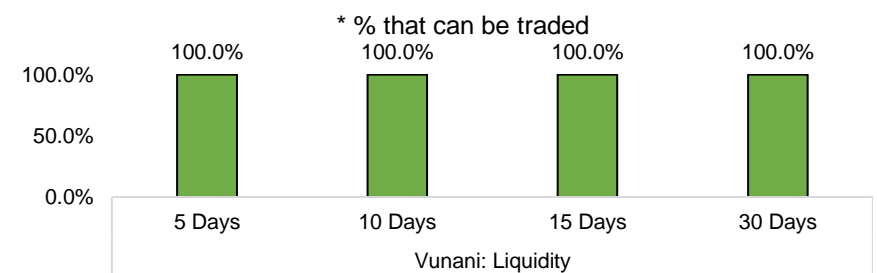
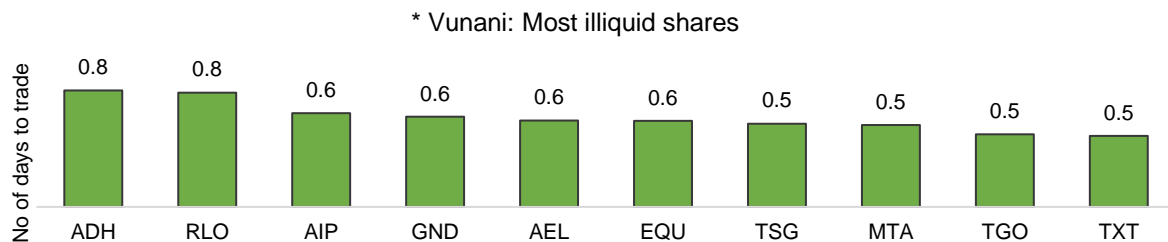
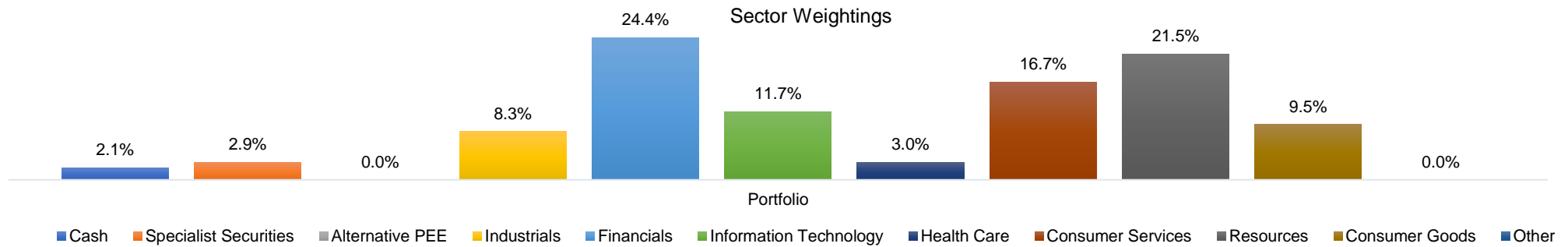
\* estimate liquidity based on participating in no more than 25% of the average daily traded volume over the previous 3 months

# 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
NPN	5.7%	-0.8%	18.2
PRX	5.7%	9.1%	24.9
MTN	5.2%	20.8%	24.6
FSR	5.0%	-5.8%	12.7
AGL	4.7%	22.3%	7.0
IMP	3.1%	31.1%	4.9
SBK	3.0%	-2.2%	11.2
CPI	2.8%	12.1%	29.8
CFR	2.7%	55.2%	31.8
BTI	2.6%	10.5%	9.8

Vunani: Top5 & Bottom5 estimate active contributors		
Share	Contribution	Quarterly Return
CFR	1.5%	55.2%
MTN	1.1%	20.8%
AGL	1.1%	22.3%
IMP	1.0%	31.1%
AMS	0.7%	39.3%
SLM	-0.1%	-7.1%
OMU	-0.2%	-20.9%
SOL	-0.2%	-9.3%
APN	-0.3%	-17.2%
FSR	-0.3%	-5.8%



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

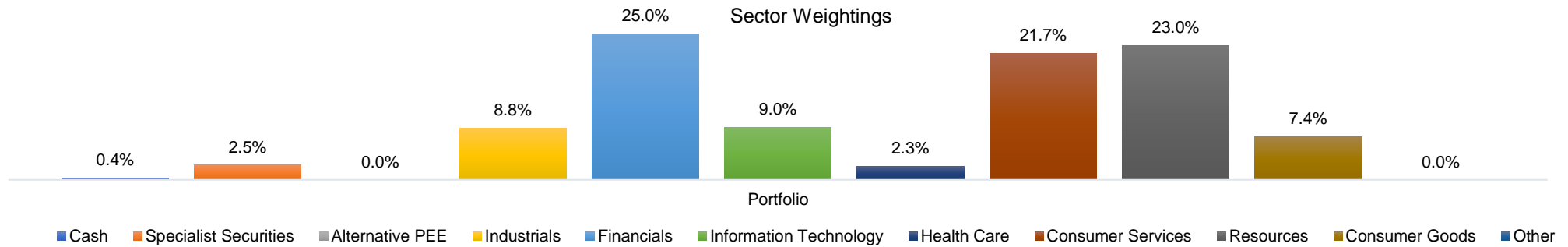
Vunani: Liquidity

# EQUITY HOLDINGS

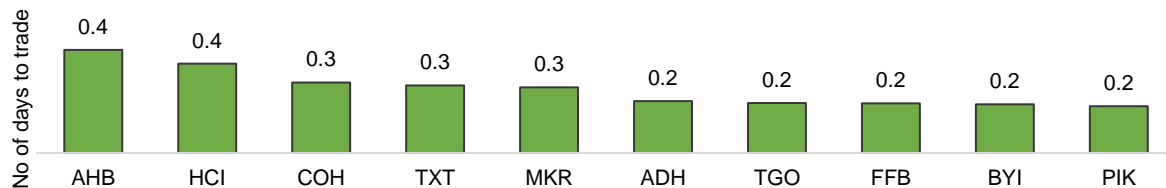
The tables and graphs below set out the portfolio's holdings as a percentage of the portfolio's equity holdings

Sanlam Satrix: Top10 holdings			
Share	Weight	Return	PE Ratio
MTN	6.6%	20.8%	24.6
AGL	6.4%	22.3%	7.0
FSR	5.9%	-5.8%	12.7
PRX	4.7%	9.1%	24.9
NPN	4.0%	-0.8%	18.2
IMP	2.7%	31.1%	4.9
BTI	2.5%	10.5%	9.8
SSW	2.5%	5.5%	3.2
SOL	2.4%	-9.3%	6.6
GFI	2.4%	41.3%	10.4

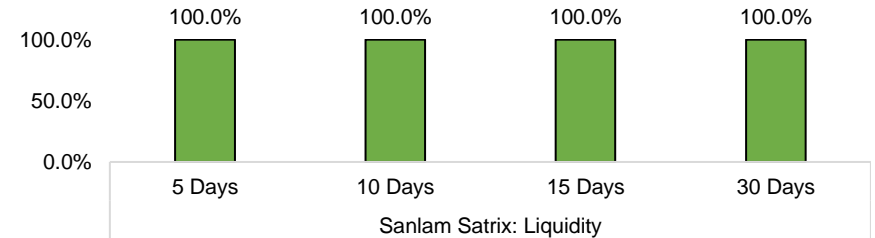
Sanlam Satrix: Top5 & Bottom5 estimate active contributors		
Share	Contribution	Quarterly Return
AGL	1.4%	22.3%
MTN	1.4%	20.8%
CFR	1.0%	55.2%
GFI	1.0%	41.3%
RBP	0.9%	110.6%
WHL	-0.2%	-12.2%
SOL	-0.2%	-9.3%
APN	-0.2%	-17.2%
OMU	-0.2%	-20.9%
FSR	-0.3%	-5.8%



\* 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

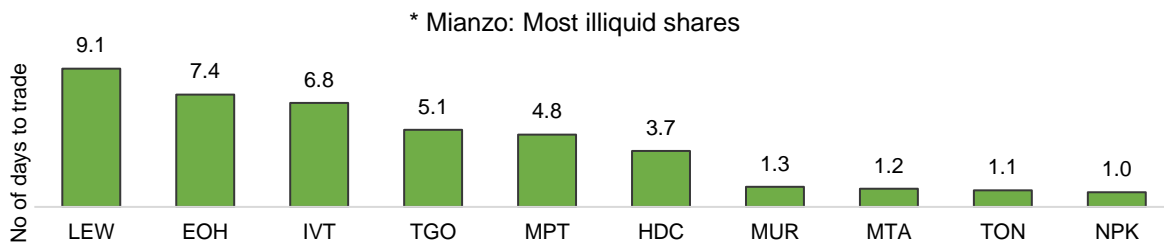
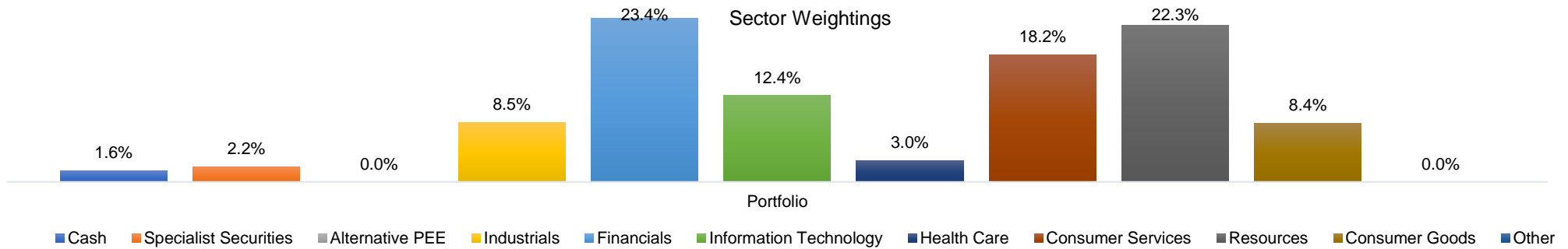
The tables and graphs below set out the portfolio's holdings as a percentage of the portfolio's equity holdings

Mianzo: Top10 holdings

Share	Weight	Return	PE Ratio
NPN	6.0%	-0.8%	18.2
PRX	5.5%	9.1%	24.9
MTN	5.3%	20.8%	24.6
AGL	5.1%	22.3%	7.0
FSR	4.7%	-5.8%	12.7
SBK	3.9%	-2.2%	11.2
BTI	3.3%	10.5%	9.8
IMP	3.2%	31.1%	4.9
SOL	2.8%	-9.3%	6.6
ABG	2.7%	-0.1%	9.3

Mianzo: Top5 & Bottom5 estimate active contributors

Share	Contribution	Quarterly Return
AGL	1.1%	22.3%
MTN	1.1%	20.8%
IMP	1.0%	31.1%
CFR	0.8%	55.2%
AMS	0.8%	39.3%
WHL	-0.2%	-12.2%
APN	-0.2%	-17.2%
SOL	-0.3%	-9.3%
OMU	-0.3%	-20.9%
FSR	-0.3%	-5.8%



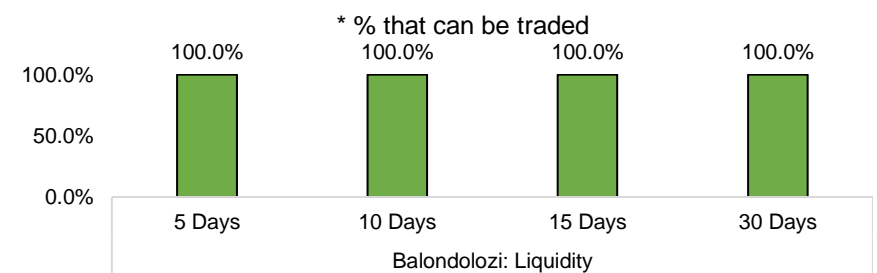
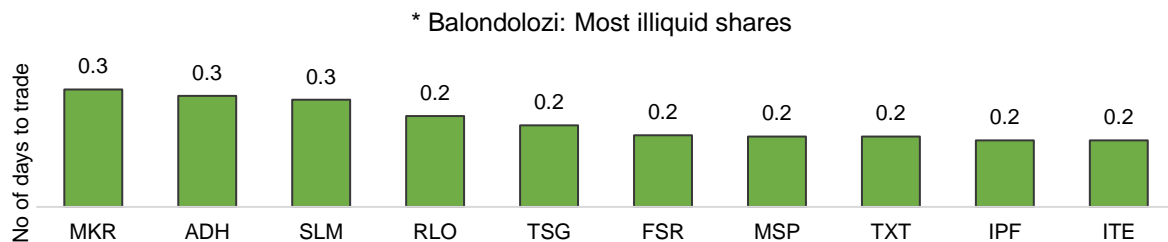
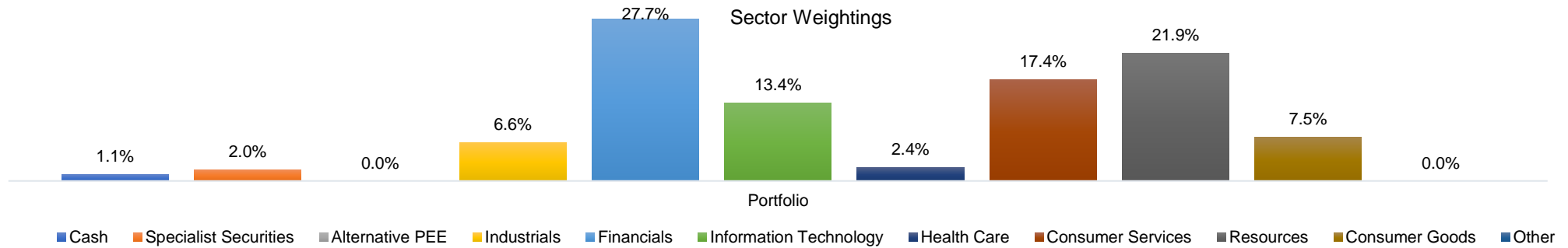
\* estimate liquidity based on participating in no more than 25% of the average daily traded volume over the previous 3 months

# 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	8.6%	-0.8%	18.2
MTN	8.1%	20.8%	24.6
FSR	8.1%	-5.8%	12.7
BHP	5.8%	24.5%	10.8
SLM	5.4%	-7.1%	13.2
PRX	4.7%	9.1%	24.9
AGL	4.0%	22.3%	7.0
IMP	2.6%	31.1%	4.9
SBK	2.5%	-2.2%	11.2
CPI	2.4%	12.1%	29.8

Balondolozzi: Top5 & Bottom5 estimate active contributors		
Share	Contribution	Quarterly Return
MTN	1.7%	20.8%
BHP	1.4%	24.5%
CFR	1.2%	55.2%
AGL	0.9%	22.3%
IMP	0.8%	31.1%
OMU	-0.2%	-20.9%
SOL	-0.2%	-9.3%
APN	-0.2%	-17.2%
SLM	-0.4%	-7.1%
FSR	-0.5%	-5.8%



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

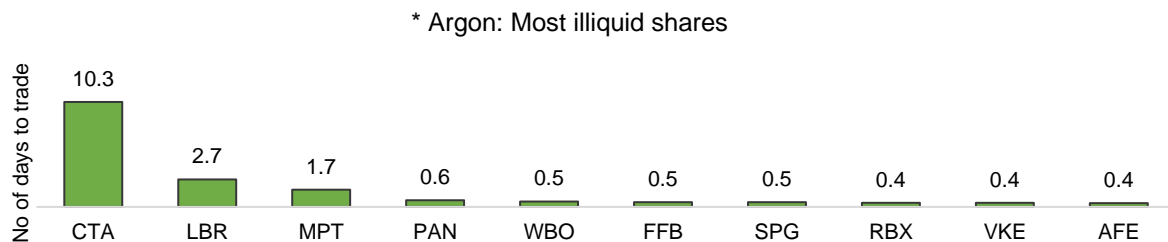
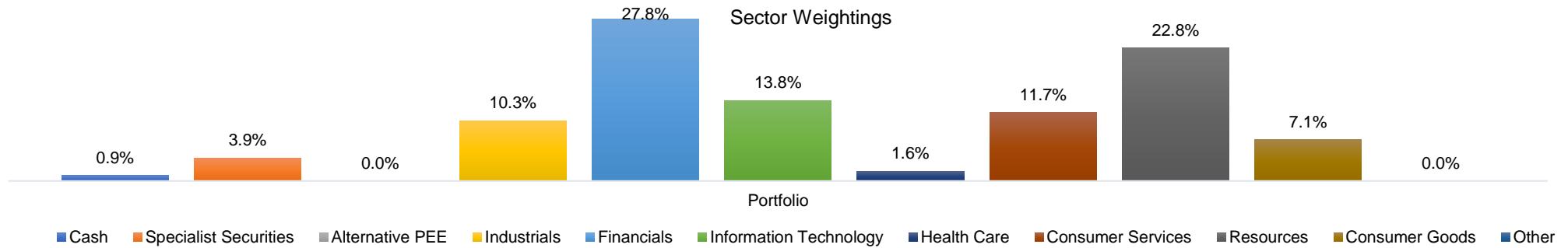


# EQUITY HOLDINGS

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
PRX	9.2%	9.1%	24.9
BTI	6.4%	10.5%	9.8
FSR	5.7%	-5.8%	12.7
AGL	5.4%	22.3%	7.0
NPN	4.6%	-0.8%	18.2
SBK	4.4%	-2.2%	11.2
MTN	4.2%	20.8%	24.6
IMP	3.9%	31.1%	4.9
ABG	3.4%	-0.1%	9.3
SOL	3.3%	-9.3%	6.6

Argon: Top5 & Bottom5 estimate active contributors		
Share	Contribution	Quarterly Return
IMP	1.2%	31.1%
AGL	1.2%	22.3%
MTN	0.9%	20.8%
PRX	0.8%	9.1%
BTI	0.7%	10.5%
APN	-0.2%	-17.2%
SPP	-0.2%	-14.9%
SOL	-0.3%	-9.3%
FSR	-0.3%	-5.8%
OMU	-0.3%	-20.9%



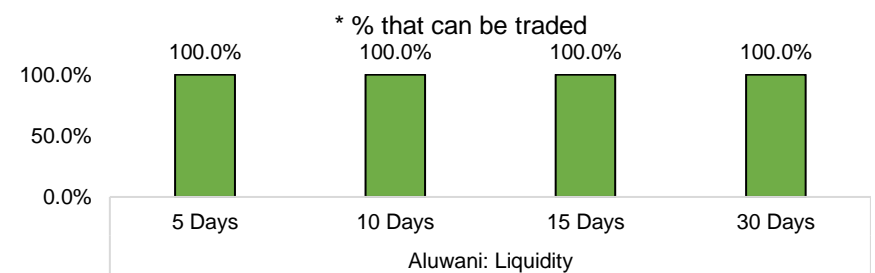
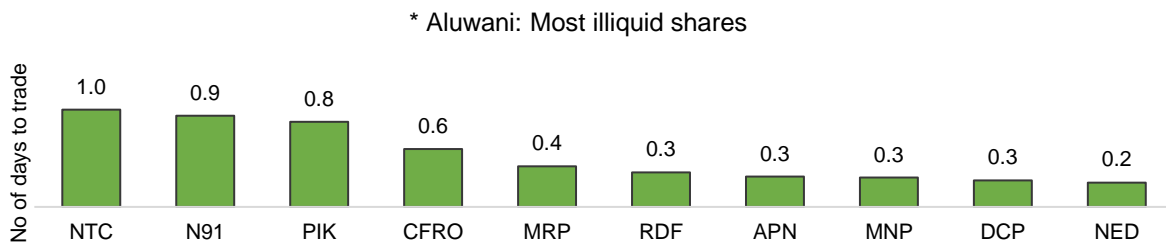
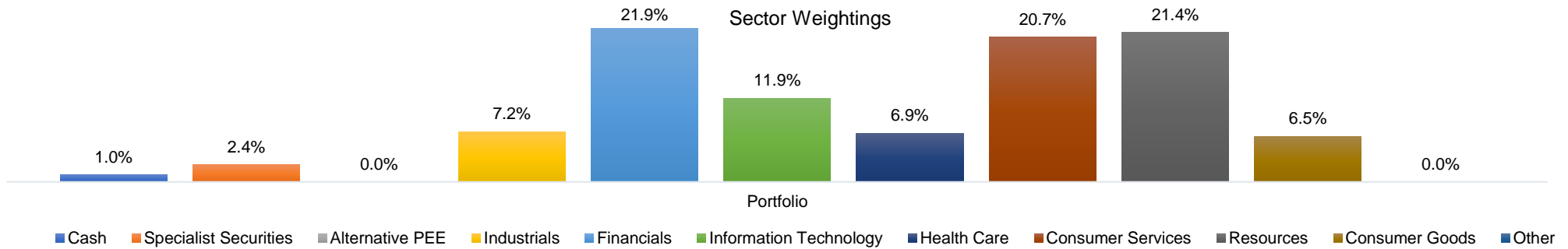
\* estimate liquidity based on participating in no more than 25% of the average daily traded volume over the previous 3 months

# 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
MTN	8.1%	20.8%	24.6
FSR	6.9%	-5.8%	12.7
PRX	6.0%	9.1%	24.9
NPN	5.9%	-0.8%	18.2
AGL	5.6%	22.3%	7.0
APN	4.5%	-17.2%	20.1
SBK	4.0%	-2.2%	11.2
IMP	3.7%	31.1%	4.9
MRP	3.6%	-0.9%	17.2
BHP	3.4%	24.5%	10.8

Aluwani: Top5 & Bottom5 estimate active contributors		
Share	Contribution	Quarterly Return
MTN	1.7%	20.8%
AGL	1.2%	22.3%
IMP	1.1%	31.1%
CFR	1.0%	55.2%
BHP	0.8%	24.5%
SLM	-0.2%	-7.1%
SOL	-0.2%	-9.3%
OMU	-0.3%	-20.9%
FSR	-0.4%	-5.8%
APN	-0.8%	-17.2%



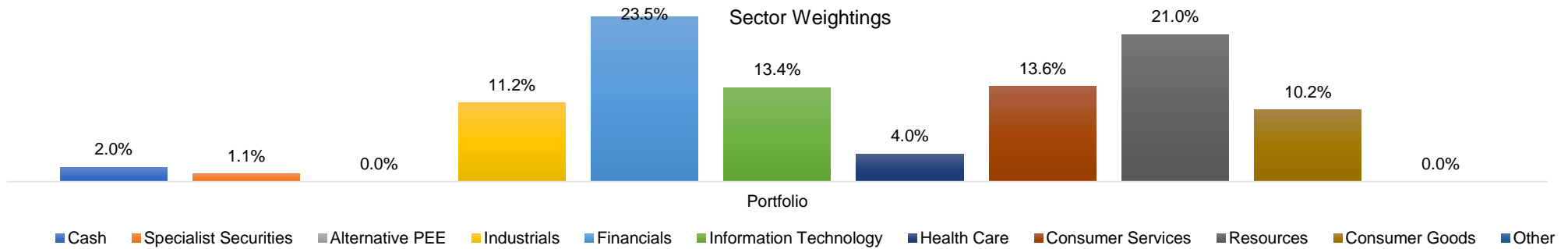
\* estimate liquidity based on participating in no more than 25% of the average daily traded volume over the previous 3 months

# EQUITY HOLDINGS

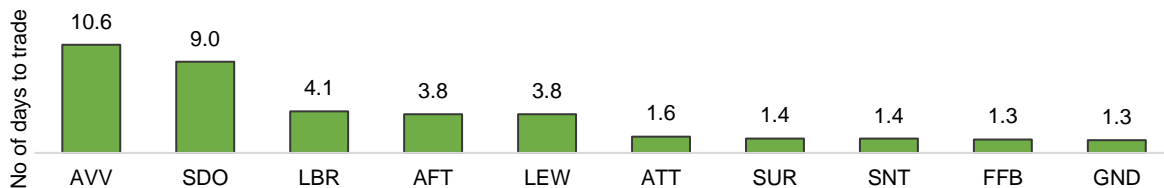
The tables and graphs below set out the portfolio's holdings as a percentage of the portfolio's equity holdings

All Weather: Top10 holdings			
Share	Weight	Return	PE Ratio
PRX	8.0%	9.1%	24.9
MTN	5.2%	20.8%	24.6
NPN	5.1%	-0.8%	18.2
FSR	5.0%	-5.8%	12.7
AGL	4.8%	22.3%	7.0
SBK	3.7%	-2.2%	11.2
BTI	3.6%	10.5%	9.8
IMP	2.9%	31.1%	4.9
SSW	2.9%	5.5%	3.2
SOL	2.8%	-9.3%	6.6

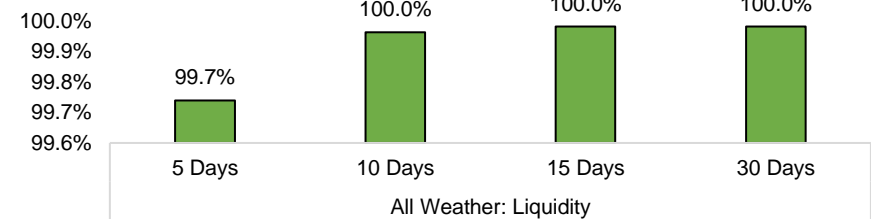
All Weather: Top5 & Bottom5 estimate active contributors		
Share	Contribution	Quarterly Return
CFR	1.3%	55.2%
MTN	1.1%	20.8%
AGL	1.1%	22.3%
IMP	0.9%	31.1%
PRX	0.7%	9.1%
SLM	-0.1%	-7.1%
APN	-0.2%	-17.2%
SOL	-0.3%	-9.3%
OMU	-0.3%	-20.9%
FSR	-0.3%	-5.8%



\* 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

## Section C

Glossary



# INVESTMENT GLOSSARY

## ALTERNATIVE INVESTMENTS

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

## ANNUALISED RETURN

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

## ASSET CLASS

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

## BENCHMARK

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

## BENCHMARK PERFORMANCE

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

## BOND

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

## CPI

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

## CREDIT RATING

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

## CRISA

Code of Responsible Investing in South Africa.

## CUMULATIVE RETURN

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

## DERIVATIVES

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

## EQUITY

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

## FUND OBJECTIVE

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

# INVESTMENT GLOSSARY

## 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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