



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

| **Monthly Report** |

**SALA Pension Fund**

January 2022

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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

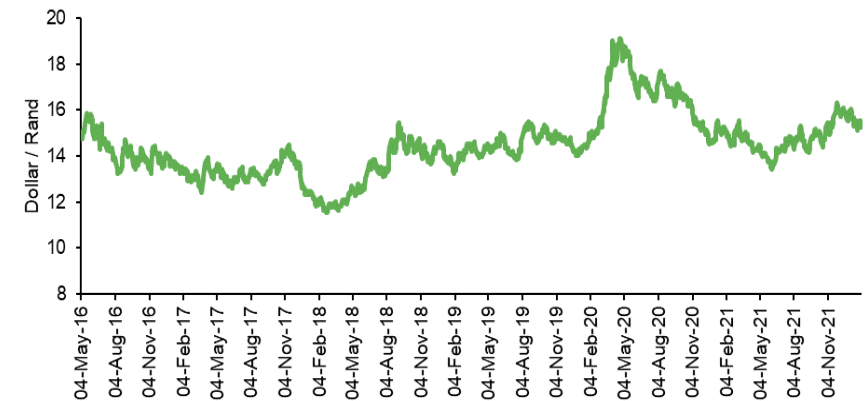


The local market had a relatively better start to 2022, with the FTSE/JSE Capped SWIX up 2.4% for the month. It benefitted from improved sentiment towards emerging markets (EMs) and a rally in commodity prices. Mining shares were amongst the best performers, up roughly 5% for the month.

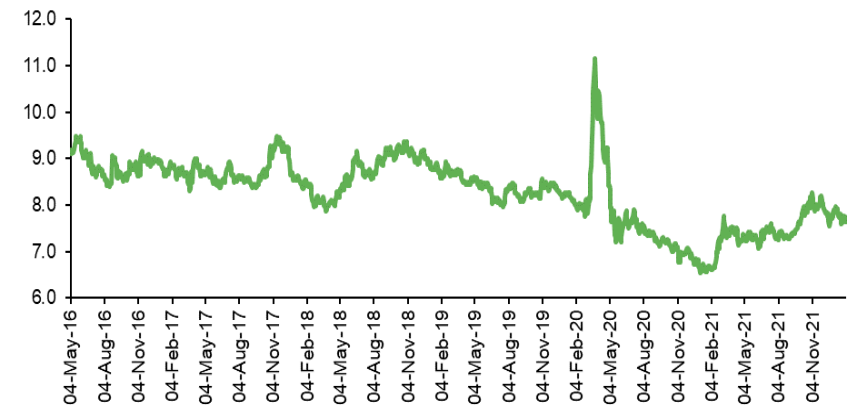
The January meeting of the South African Reserve Bank (SARB) delivered a much anticipated 0.25% rate hike, the second of the current hiking cycle, pushing the repo rate to 4%, still well below the 6.25% level, going into the pandemic.

The hike came after the country's highest inflation print in almost five years of 5.9% YoY, though core inflation for December was much more muted when stripping out the volatile food and energy component's 3.4% YoY increase.

Rand

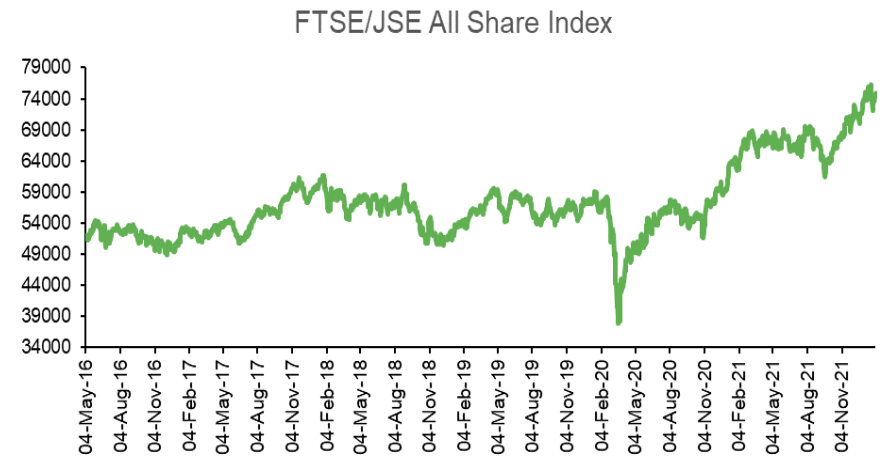
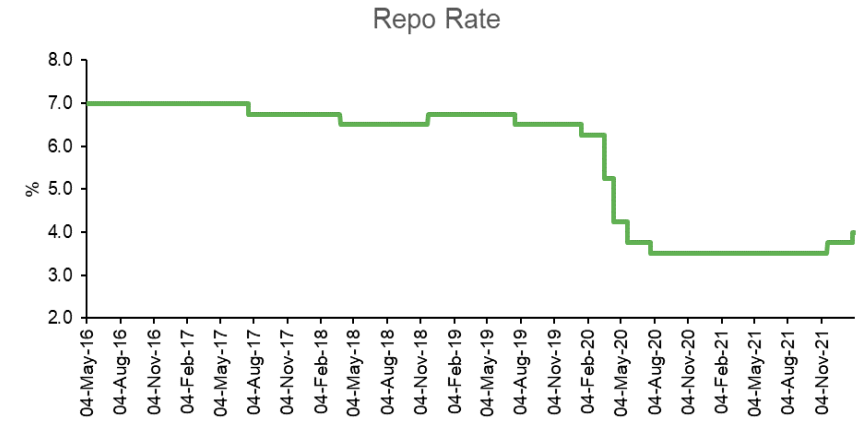


S.A. 10-Year Government Benchmark Yield



# DOMESTIC MARKET VIEW

The tone of the SARB was significantly less hawkish than the market had priced for, with one SARB member even voting to keep rates unchanged. Despite a spike in global bond yields, the SA 10-year government bond yields remained at 9.8%.

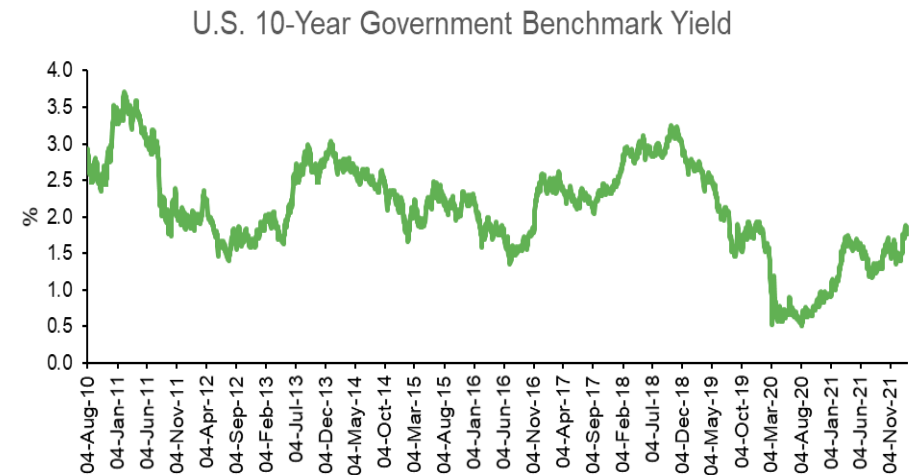
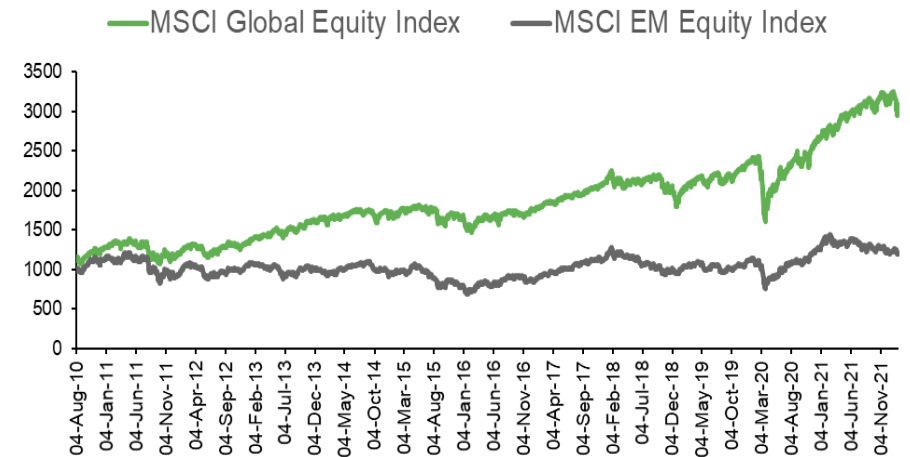


# INTERNATIONAL MARKET VIEW

Developed market stocks had their worst start to a year since 2016, with the MSCI World ending down 5.3% for January. Fears around rising inflation and the prospect of tightening monetary conditions weighed on stocks, particularly growth stocks, which recorded their most significant monthly underperformance relative to value stocks since 1999. By the end of January, markets were anticipating five US rate hikes of 0.25% each in 2022, up from an expectation for three hikes in 2022 at the start of the year.

Fed minutes also showed that members had started discussing the prospect of shrinking the Fed balance sheet once rate hikes had started. As a result, US 10-year government bonds climbed 0.3% to 1.8% during the month.

Emerging markets (EMs) also had a difficult start to 2022. However, they performed significantly better than their DM peers as they started to recover some of the underperformance that they suffered relative to DM equities in 2021.



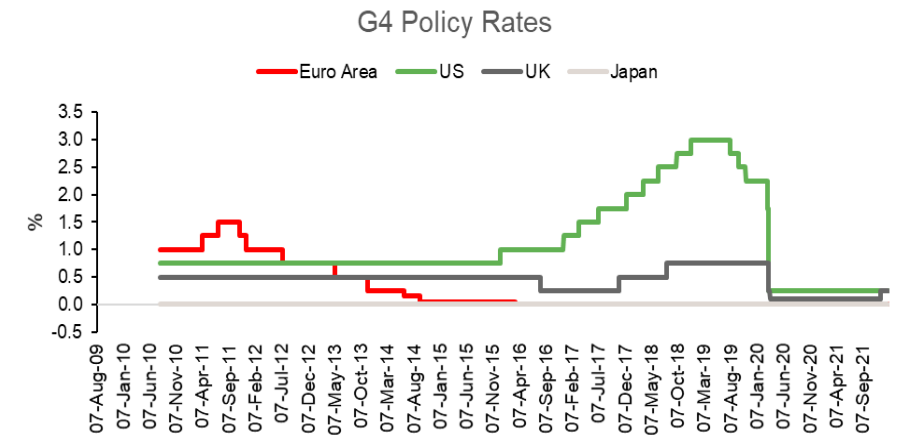
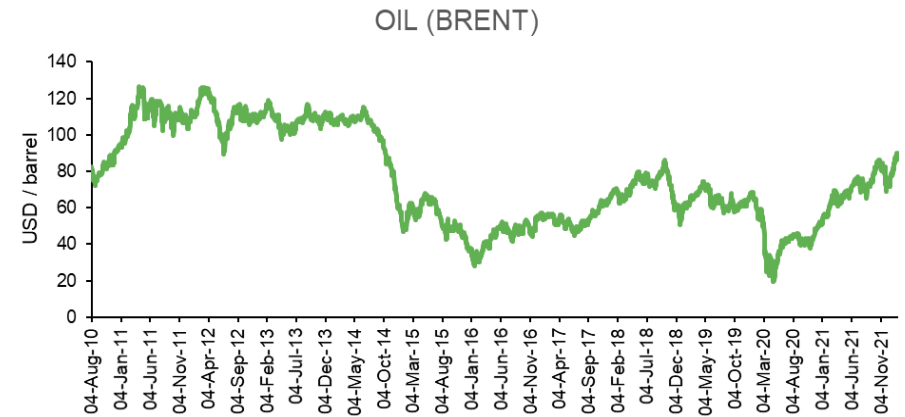


# INTERNATIONAL MARKET VIEW

Chinese equity markets, which have been amongst the worst-performing global markets for the past year, were among the best performing at the start of 2022 with the Hang Seng China Enterprises Index up 1.4% for the month as the Peoples Bank of China (PBOC) moved in the opposite direction to DM central banks, loosening monetary policy in an attempt to reignite sluggish economic growth.

The prospect of a Chinese government looking to stimulate economic activity helped drive industrial metals higher, with iron ore up 12% for the month. This was a boost for commodity-exporting countries and the currencies of commodity exporters, which rallied relative to the US dollar. Unfortunately, geopolitical tension prevented Russian markets from participating in the EM rally, with the MSCI Russia down 8.9% for the month.

Russian troops gathered on the border with Ukraine, introducing the prospect of sanctions on Russia and its leaders. In addition, geopolitical tensions with one of the world's largest oil producers put pressure on already tight global energy markets and saw Brent crude oil end the month 17% higher at US\$91/bbl.



# TACTICAL ASSET ALLOCATION

## RSA BONDS

In the fixed income markets the ALBI returned 0.85% during January with the 3-7 year portion of the curve seeing the largest increase. The yield curve steepened in January; the anomaly was again the very short-dated R2023 which rose 25bp – with a drop in yields recorded for the shorter-dated R186 (by 10.5bp) although the R2030 rose by 4.0bp. At the longer end of the curve, yields fell, with that of the R2048 decreasing by 2bp. The R2023 bond returned 0.18% m/m, while the R186 returned 1.06% m/m. The R2030 and the R2048 returned 0.55% m/m and 1.06% m/m respectively.

Non-residents turned net buyers, with the R5.6bn inflow in January offsetting some of December's R8bn outflow (according to Bloomberg data). This brings the cumulative outflow for the last 12 months to R201.4bn.

We expect that SA bonds will continue to be driven by US rates and global risk sentiment.

We are becoming 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 January, listed property had a weaker month, ending down -2.85%. With the SARB becoming more hawkish on the inflation outlook, investors started pricing in more rate hikes. 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 will possibly make 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 will be looking 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. After the SARB hiked the policy rate by 25bp to 4.0% in January, in South Africa's money market, the 3-m JIBAR rate rose 22.5bp to end the month at 4.11%, while the 12-m JIBAR rate rose 27bp to 5.70%. In the last 12 months, the rates are up 47bp and 147bp respectively. The 12-m T-bill average yield declined by 13bp to 5.71% at the end of January.

## RSA EQUITIES

The local market had a relatively better start to 2022, with the FTSE/JSE Capped SWIX up 2.4% for the month. It benefitted from improved sentiment towards emerging markets (EMs) and a rally in commodity prices. Mining shares were amongst the best performers, up roughly 5% for the month. Basic materials (3.58% m/m) rose, with the chemicals sub-sector leading (28.46% m/m), largely driven by Sasol's performance, while the industrial materials sub-sector lagged (-6.16% m/m). The consumer-facing sectors' returns were also mixed, with the consumer staples still delivering a positive return (3.02% m/m) while consumer discretionary returned -7.11 m/m.

The financial sector stayed positive, delivering 2.46% m/m, but the healthcare sector was back in the red, returning -6.06% m/m. Industrials returned -2.44% m/m, while technology recorded -1.67% m/m, but telecoms delivered 10.13% m/m. Following December's R22.7bn outflow, the sale of SA equities by non-residents slowed dramatically to -R1.1bn in January. We have started to reduce our underweight to this asset class and will consider increasing further should the opportunity arise.

Developed market stocks had their worst start to a year since 2016, with the MSCI World ending down 5.3% for January. Fears around rising inflation and the prospect of tightening monetary conditions weighed on stocks, particularly growth stocks, which recorded their most significant monthly underperformance relative to value stocks since 1999.

By the end of January, markets were anticipating five US rate hikes of 0.25% each in 2022, up from an expectation for three hikes in 2022 at the start of the year. Fed minutes also showed that members had started discussing the prospect of shrinking the Fed balance sheet once rate hikes had started. As a result, US 10-year government bonds climbed 0.3% to 1.8% during the month.

Emerging markets (EMs) also had a difficult start to 2022.

However, they performed significantly better than their DM peers as they started to recover some of the underperformance that they suffered relative to DM equities in 2021. Chinese equity markets, which have been amongst the worst-performing global markets for the past year, were among the best performing at the start of 2022 with the Hang Seng China Enterprises Index up 1.4% for the month as the Peoples Bank of China (PBOC) moved in the opposite direction to DM central banks, loosening monetary policy to reignite sluggish economic growth.

The prospect of a Chinese government looking to stimulate economic activity helped drive industrial metals higher, with iron ore up 12% for the month. This was a boost for commodity-exporting countries and the currencies of commodity exporters, which rallied relative to the US dollar. Unfortunately, geopolitical tension prevented Russian markets from participating in the EM rally, with the MSCI Russia down 8.9% for the month. Russian troops gathered on the border with Ukraine, introducing the prospect of sanctions on Russia and its leaders. In addition, geopolitical tensions with one of the world's largest oil producers put pressure on already tight global energy markets and saw Brent crude oil end the month 17% higher at US\$91/bbl.

**NOVARE HOUSE VIEW: January 2022  
TACTICAL POSITIONING\***

	←	ON-WEIGHT	→	PREVIOUS
	UNDER-WEIGHT		OVER-WEIGHT	
<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.

++
+
<b>Neutral</b>
-
--

# TACTICAL ASSET ALLOCATION

Global Assets (US\$)	1 month	3 months	YTD	12 months	3 Years	5 Years
MSCI All Countries Equity	-4.9%	-3.4%	-4.9%	13.7%	16.0%	13.2%
MSCI Emerging Markets	-1.9%	-4.1%	-1.9%	-6.9%	7.6%	8.7%
Global Bonds (R)	-5.4%	-1.6%	-5.4%	-4.4%	7.6%	5.7%

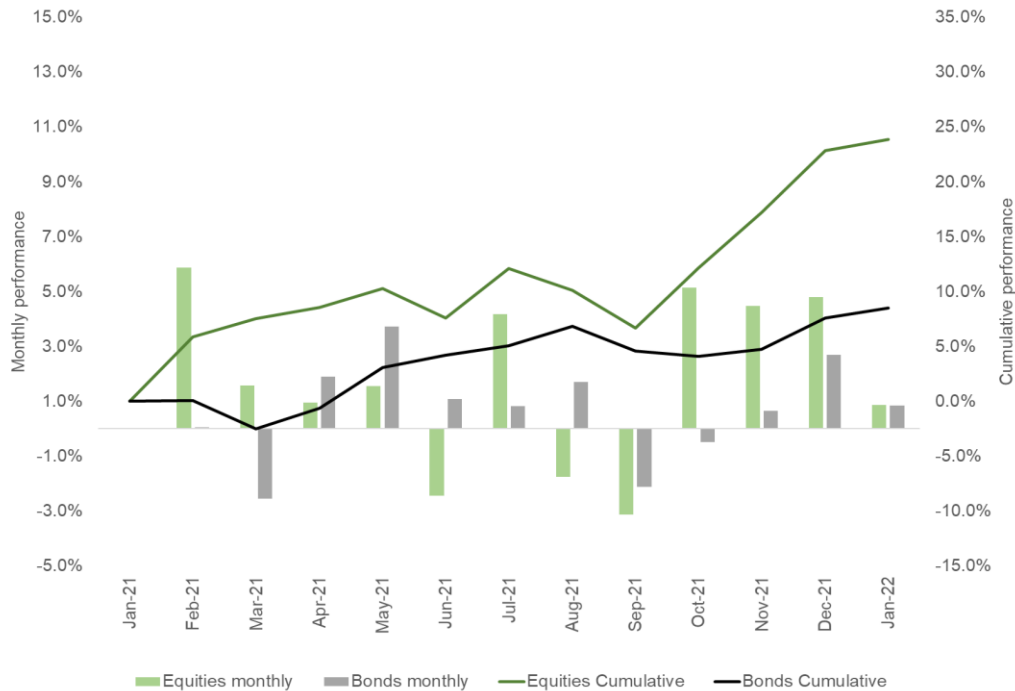
  

Commodity Prices	1 month	3 months	YTD	12 months	3 Years	5 Years
Brent Oil (USD/Barrel)	14.8%	6.6%	14.8%	62.2%	13.5%	9.7%
Platinum (USD/oz)	5.1%	-0.4%	5.1%	-6.0%	7.6%	0.5%
Gold (USD/oz)	-2.1%	0.4%	-2.1%	-3.1%	10.7%	8.1%

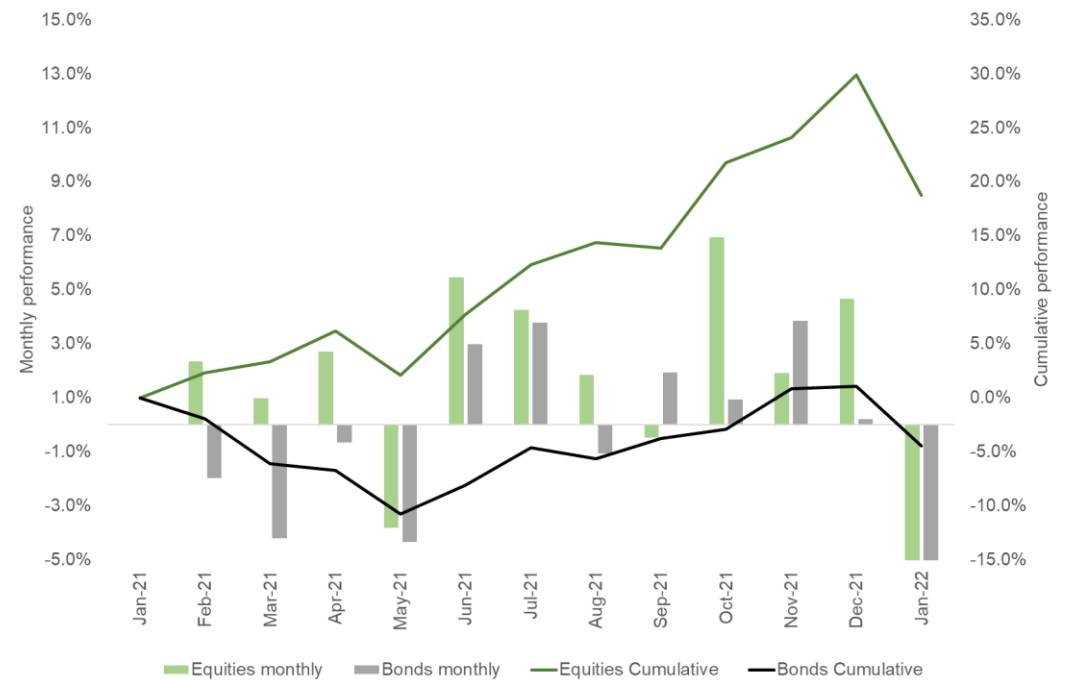
Asset Allocation (Rand)	1 month	3 months	YTD	12 months	3 Year	5 Years
Domestic Equities	0.9%	10.4%	0.9%	23.9%	15.0%	10.6%
Domestic Bonds	0.8%	4.2%	0.8%	8.5%	8.4%	8.9%
Domestic Cash	0.3%	1.0%	0.3%	3.8%	5.4%	6.2%
Domestic Property	-2.9%	7.1%	-2.9%	37.4%	-6.6%	-5.2%
International Equity	-8.6%	-2.5%	-8.6%	18.8%	23.2%	16.6%
International Bonds	-5.4%	-1.6%	-5.4%	-4.4%	7.6%	5.7%
Exchange rate (R / \$)	-3.5%	0.9%	-3.5%	1.5%	5.1%	2.7%

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

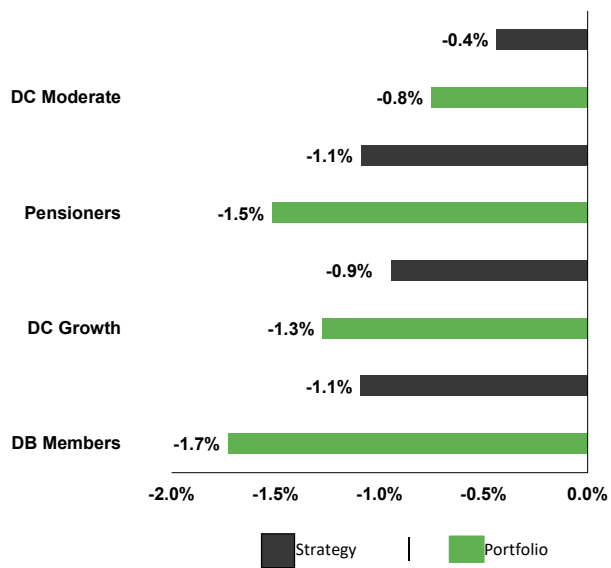


# EXECUTIVE SUMMARY

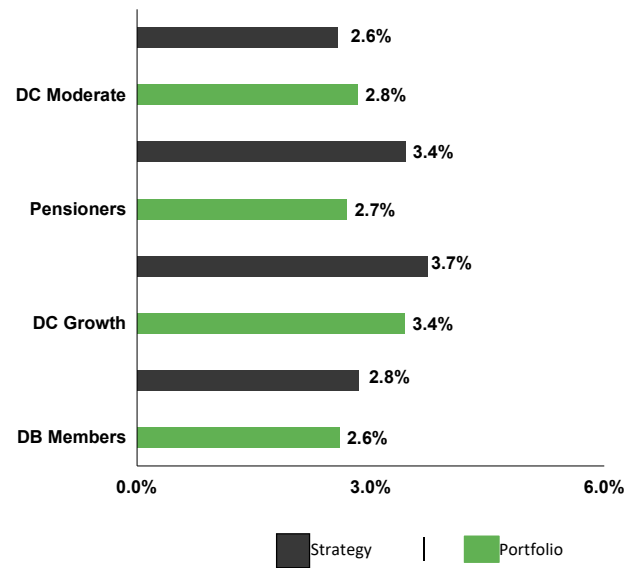
## SHORT TERM RETURNS VERSUS STRATEGIES



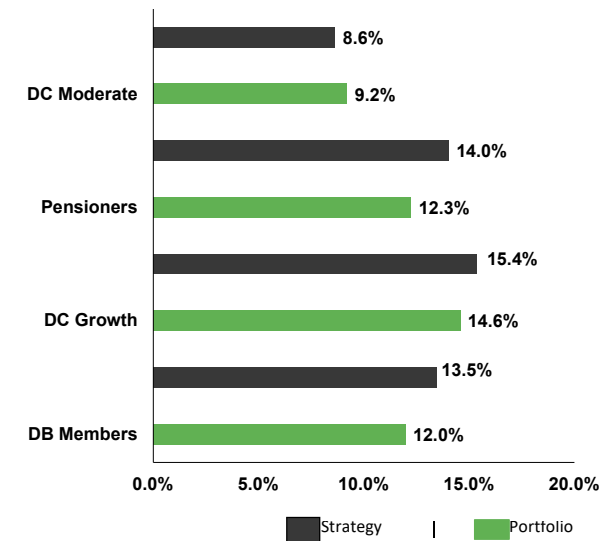
Monthly Return for January 2022



3 Months Return up to January 2022



1 Year Return up to January 2022



# PORTFOLIO MARKET VALUES AND SHORT TERM RETURNS

The below sets out the portfolio returns of the funds over the short term periods in comparison with their respective strategies.

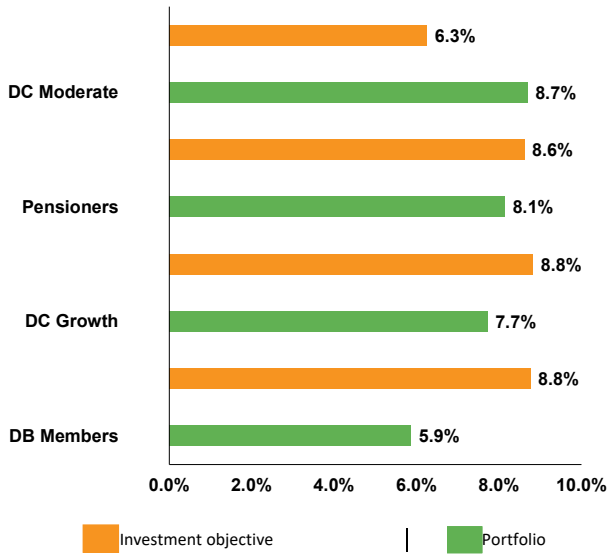
	Market value (R)	Weight (%)	1 month (%)	3 months (%)	YTD (%)	12 months (%)
<b>DB Members</b> Strategy	9 026 417 793	68.4%	-1.7%	2.6%	-1.7%	12.0%
			-1.1%	2.8%	-1.1%	13.5%
			-0.6%	-0.3%	-0.6%	-1.5%
<b>DC Growth</b> Strategy	2 070 485 374	15.7%	-1.3%	3.4%	-1.3%	14.6%
			-0.9%	3.7%	-0.9%	15.4%
			-0.3%	-0.3%	-0.3%	-0.8%
<b>DC Moderate</b> Strategy	323 403 340	2.5%	-0.8%	2.8%	-0.8%	9.2%
			-0.4%	2.6%	-0.4%	8.6%
			-0.3%	0.3%	-0.3%	0.6%
<b>Pensioner</b> Strategy	1 779 245 479	13.5%	-1.5%	2.7%	-1.5%	12.3%
			-1.1%	3.4%	-1.1%	14.0%
			-0.4%	-0.7%	-0.4%	-1.8%
	<b>13 199 551 985</b>	<b>100%</b>				

# EXECUTIVE SUMMARY

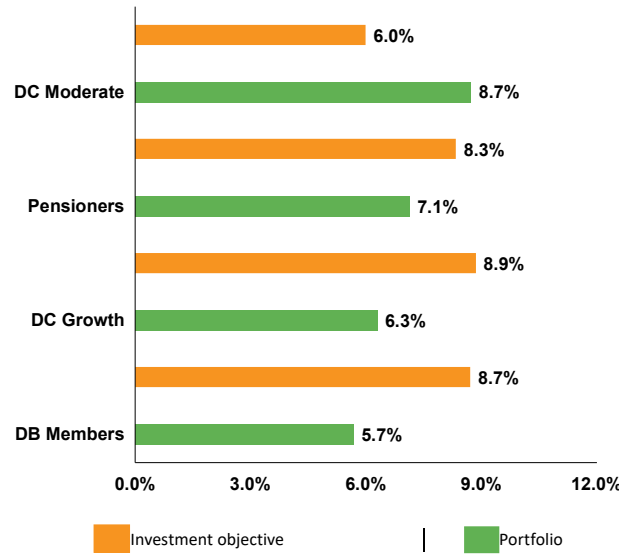
## LONG TERM RETURNS VERSUS OBJECTIVES



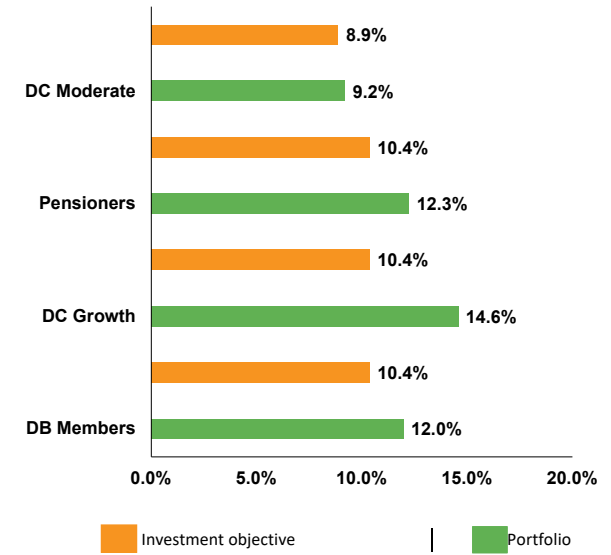
3 Year Return up to January 2022



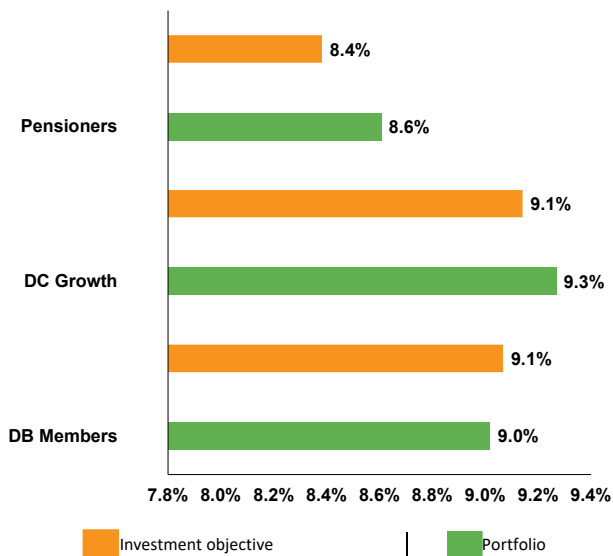
5 Year Return up to January 2022



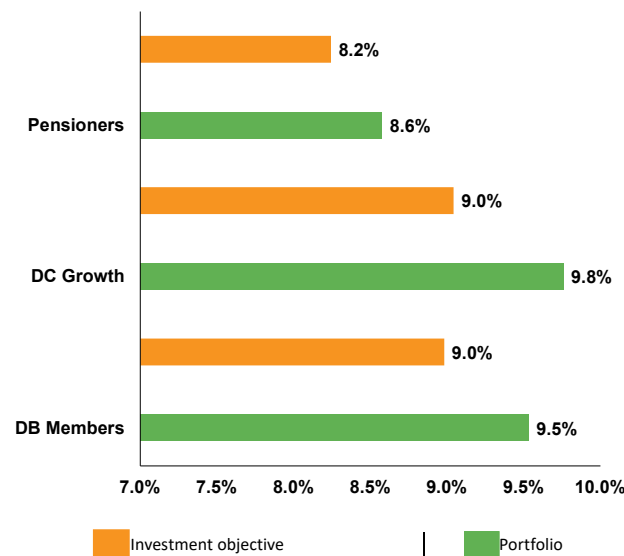
8 Year Return up to January 2022



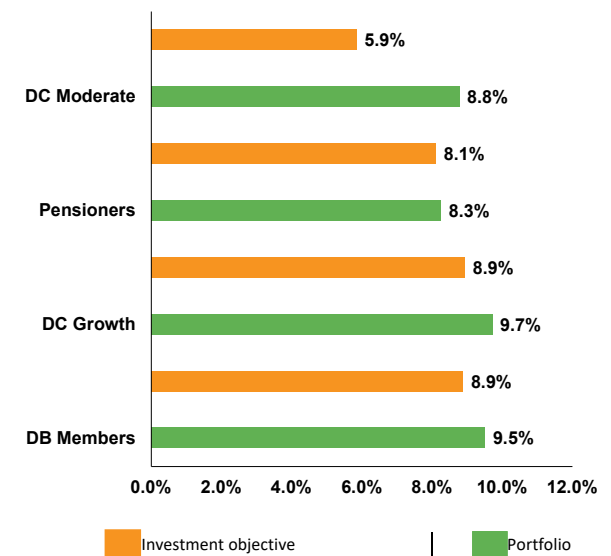
10 Year Return up to January 2022



12 Year Return up to January 2022



Returns Since Inception





# PORTFOLIO MARKET VALUES AND LONG TERM RETURNS

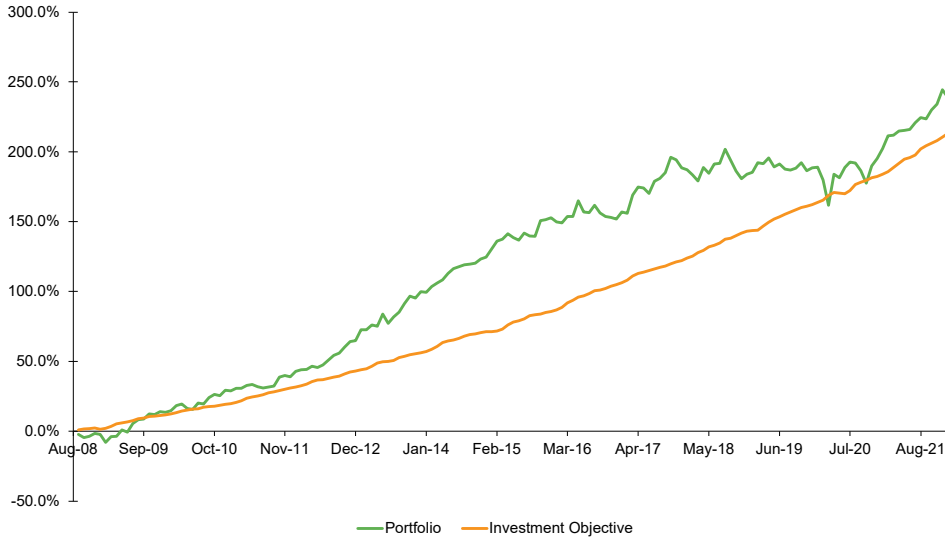
The below sets out the portfolio returns of the funds over the long term periods in comparison with their respective investment objectives.

	Market value (R)	Weight (%)	3 years (% p.a.)	5 years (% p.a.)	8 years (% p.a.)	10 years (% p.a.)	12 years (% p.a.)	Since Inception
<b>DB Members</b>								
Objective	9 026 417 793	68.4%	5.9%	5.7%	6.8%	9.0%	9.5%	9.5%
			8.8%	8.7%	9.0%	9.1%	9.0%	8.9%
			-2.9%	-3.0%	-2.2%	-0.1%	0.6%	0.6%
<b>DC Growth</b>								
Objective	2 070 485 374	15.7%	7.7%	6.3%	7.3%	9.3%	9.8%	9.7%
			8.8%	8.9%	9.1%	9.1%	9.0%	8.9%
			-1.1%	-2.6%	-1.8%	0.1%	0.7%	0.8%
<b>DC Moderate</b>								
Objective	323 403 340	2.5%	8.7%	8.7%	-	-	-	8.8%
			6.3%	6.0%	-	-	-	5.9%
			2.4%	2.7%	-	-	-	2.9%
<b>Pensioner</b>								
Objective	1 779 245 479	13.5%	8.1%	7.1%	7.2%	8.6%	8.6%	8.3%
			8.6%	8.3%	8.4%	8.4%	8.2%	8.1%
			-0.5%	-1.2%	-1.2%	0.2%	0.3%	0.1%
	<b>13 199 551 985</b>	<b>100%</b>						

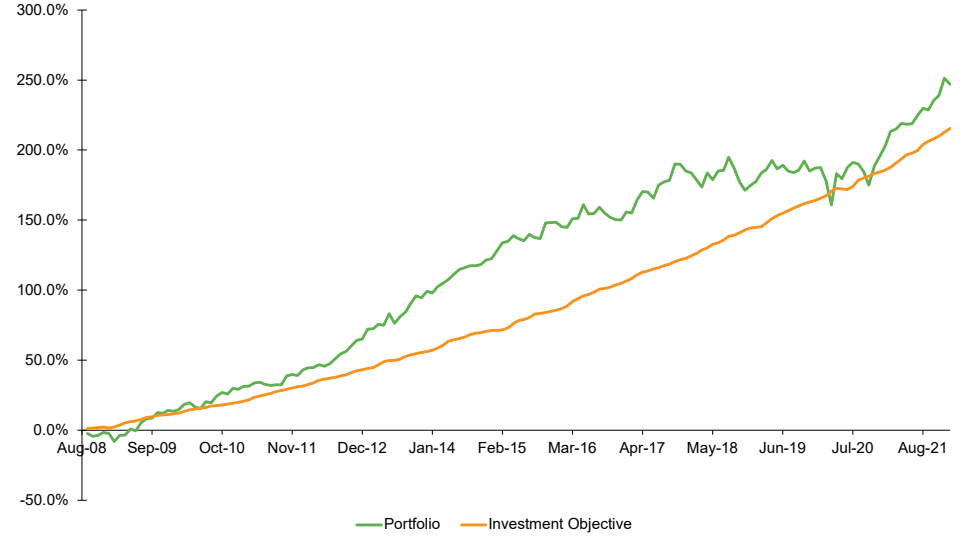
# LONG TERM RETURNS

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.

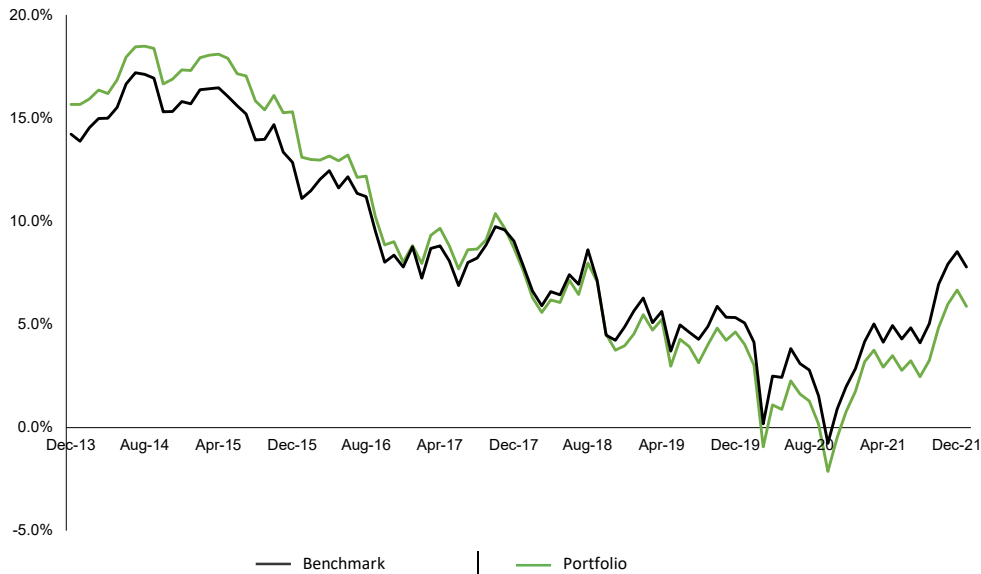
**DB Members - Cumulative return since 30 September 2009**



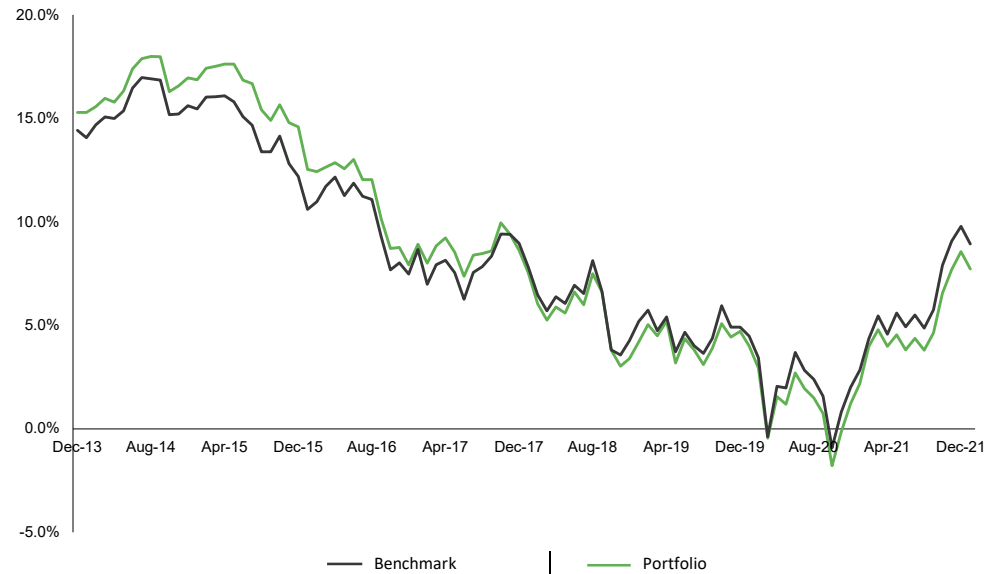
**DC Growth - Cumulative return since 30 September 2009**



**DB Members - 3 Year Rolling Returns**



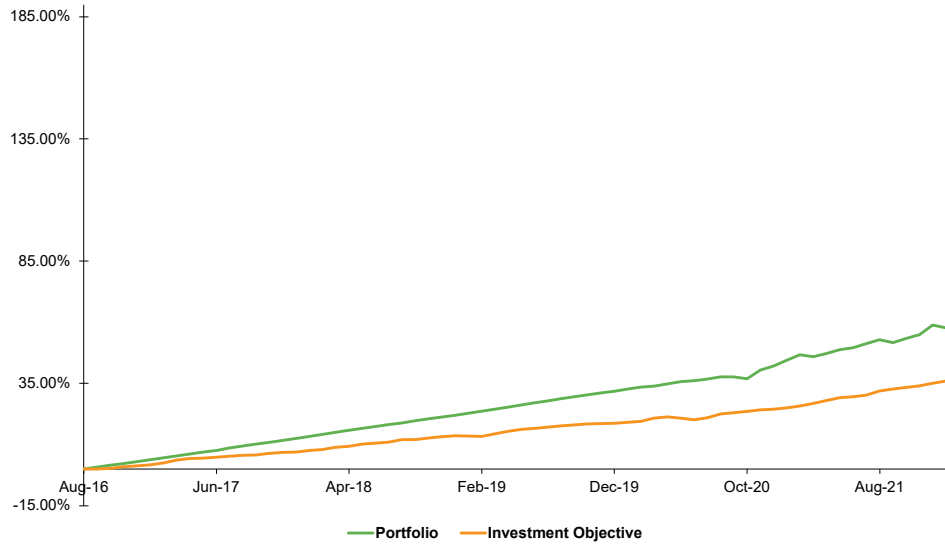
**DC Growth - 3 Year Rolling Returns**



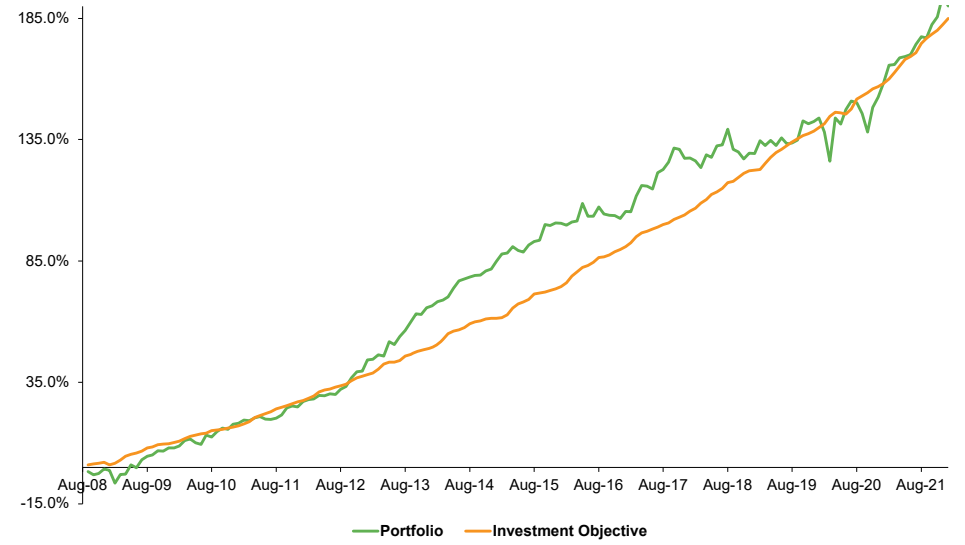
# LONG TERM RETURNS

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.

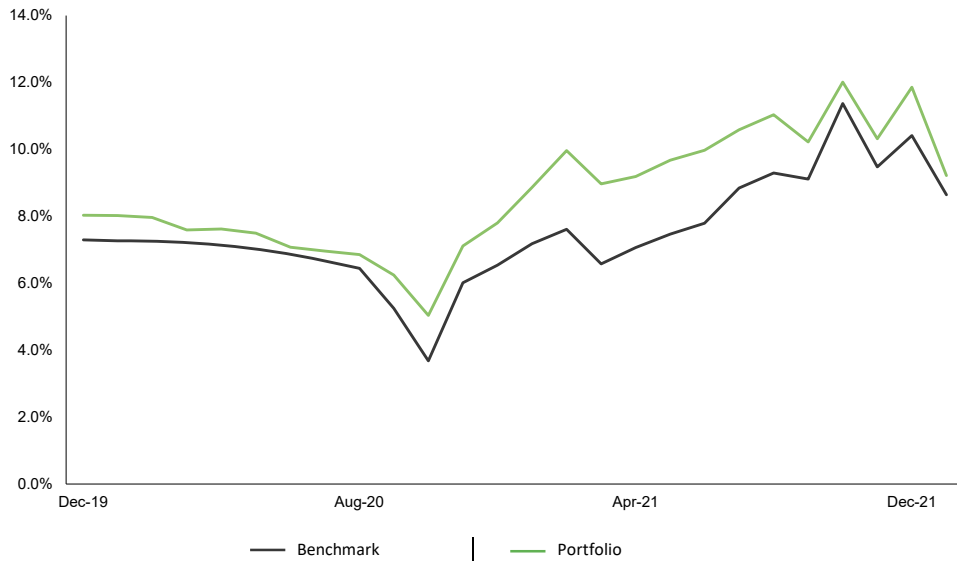
**DC Moderate - Cumulative return since 30 September 2016**



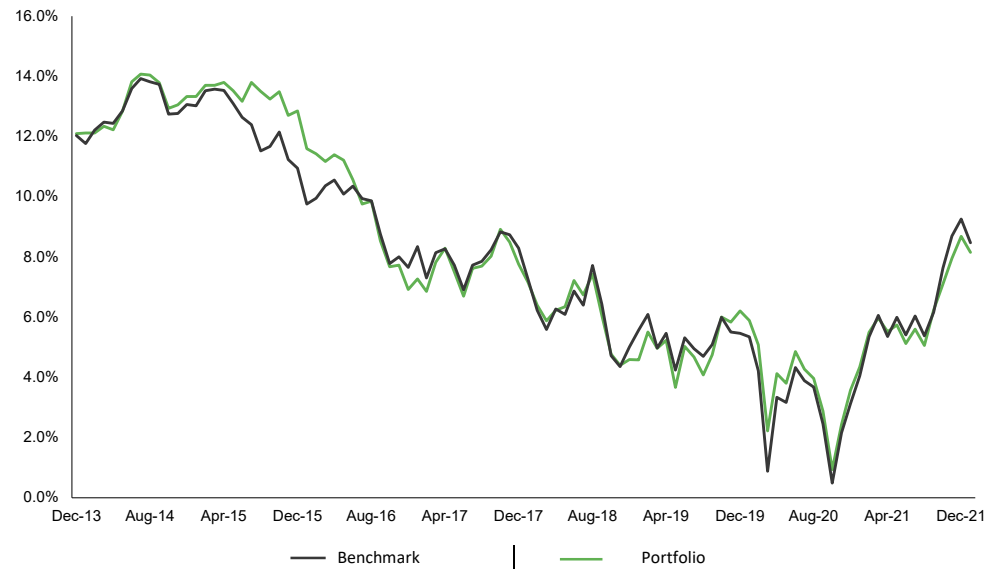
**Pensioner - Cumulative return since 30 September 2016**



**DC Moderate - 1 Year Rolling Returns**

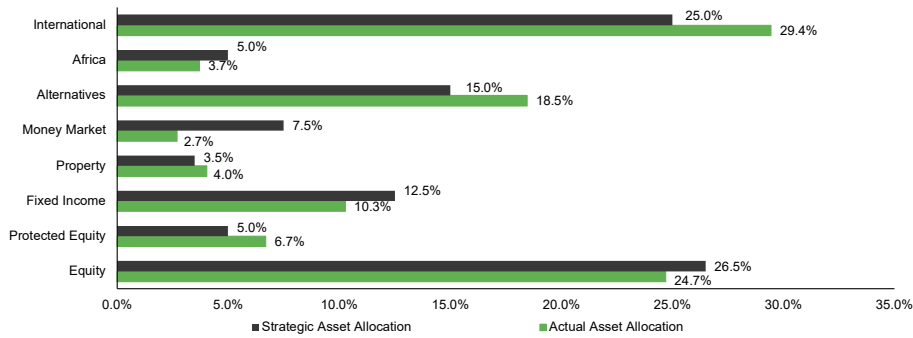


**Pensioner - 3 Year Rolling Returns**

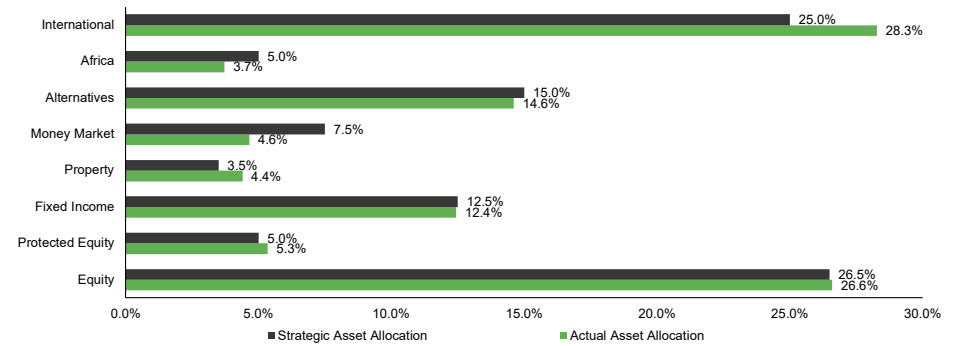


# ASSET ALLOCATION

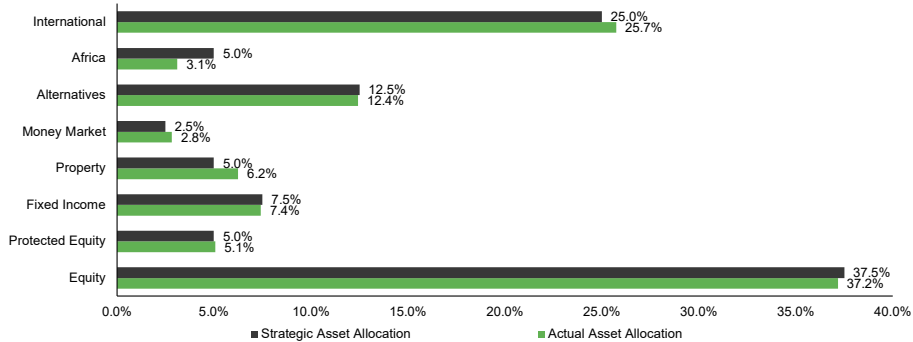
## DB Members



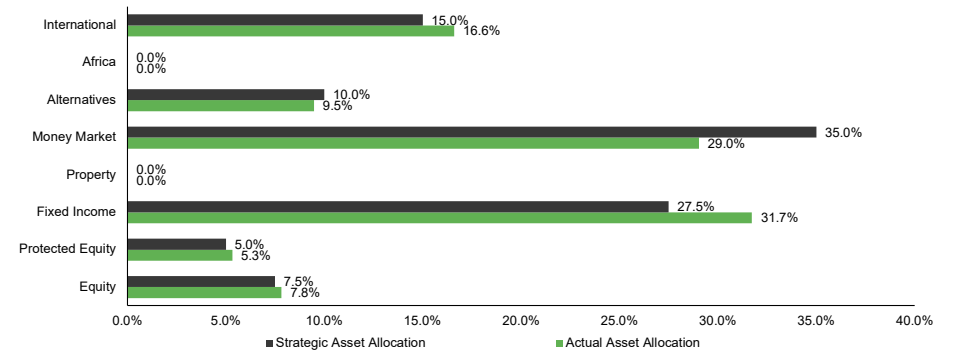
## Pensioner



## DC Growth



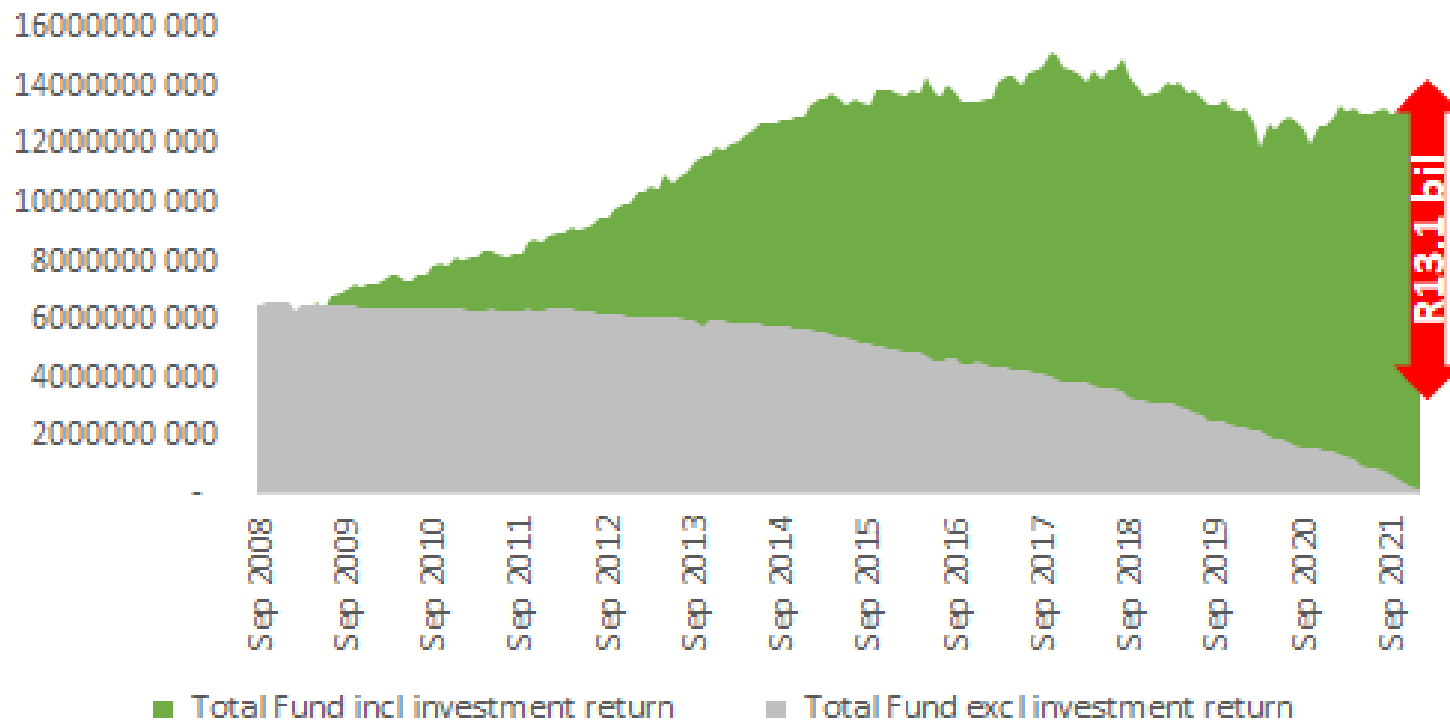
## DC Moderate



# 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	630 673 284.76	4.8%	2.5%	8.9%	32.2%	11.7%	-	11.8%
	JSE Capped Share Weighted Index				2.4%	8.4%	26.2%	10.8%	-	11.1%
					0.1%	0.5%	5.9%	0.9%	-	0.7%
	<b>Aluwani Capital Equity</b>	2018/10/31	614 685 475.43	4.7%	2.4%	7.2%	22.8%	9.8%	-	10.5%
	JSE Capped Share Weighted Index				2.4%	8.4%	26.2%	10.8%	-	11.1%
					0.0%	-1.1%	-3.4%	-1.0%	-	-0.6%
Equity	<b>Argon Equity</b>	2018/10/31	372 474 793.24	2.8%	3.7%	9.0%	25.5%	10.9%	-	10.8%
	JSE Capped Share Weighted Index				2.4%	8.4%	26.2%	10.8%	-	11.1%
					1.3%	0.6%	-0.7%	0.1%	-	-0.3%
	<b>Satrix Equity</b>	2018/10/31	351 149 204.99	2.7%	2.9%	9.3%	27.4%	11.6%	-	12.1%
	JSE Capped Share Weighted Index				2.4%	8.4%	26.2%	10.8%	-	11.1%
					0.5%	0.9%	1.2%	0.8%	-	0.9%
Equity	<b>Vunani Equity</b>	2018/10/31	463 538 787.23	3.5%	2.4%	8.4%	25.8%	10.4%	-	10.9%
	JSE Capped Share Weighted Index				2.4%	8.4%	26.2%	10.8%	-	11.1%
					0.0%	0.0%	-0.4%	-0.3%	-	-0.3%
	<b>Mianzo Equity</b>	2018/10/31	627 101 996.31	4.8%	2.9%	8.7%	30.1%	12.0%	-	12.4%
	JSE Capped Share Weighted Index				2.4%	8.4%	26.2%	10.8%	-	11.1%
					0.5%	0.4%	3.8%	1.2%	-	1.2%
Equity	<b>Balondolzi Equity</b>	2018/10/31	437 153 564.65	3.3%	2.9%	9.1%	24.1%	9.8%	-	10.4%
	JSE Capped Share Weighted Index				2.4%	8.4%	26.2%	10.8%	-	11.1%
					0.5%	0.7%	-2.1%	-0.9%	-	-0.7%
	<b>Mergence Structured Product</b>	2019/11/01	822 080 640.76	6.2%	-2.8%	4.6%	12.8%	-	-	19.1%
	JSE All Share Index Top 40				1.1%	11.5%	17.8%	-	-	14.1%
					-4.0%	-6.9%	-5.1%	-	-	5.0%

# 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	1 090 652 149.63	8.3%	1.0%	5.0%	11.8%	9.6%	10.2%	11.0%	
					0.8%	4.2%	8.5%	8.4%	8.9%	8.9%	
						0.1%	0.7%	3.3%	1.2%	1.2%	2.1%
	<b>Stanlib Bond</b> All Bond Index	2008/08/31	313 317 009.28	2.4%	0.9%	4.4%	9.1%	9.1%	9.7%	9.7%	
0.8%					4.2%	8.5%	8.4%	8.9%	8.9%		
					0.1%	0.2%	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	412 801 090.27	3.1%	-3.1%	7.2%	39.2%	-6.0%	-4.4%	3.8%		
				-2.9%	7.1%	37.4%	-5.3%	-4.4%	3.0%		
				-0.2%	0.2%	1.8%	-0.7%	0.0%	0.9%		
Money Market	<b>Sanlam Cash</b> STEFI Composite	2010/09/30	331 219 298.09	2.5%	0.4%	1.3%	4.5%	6.0%	7.2%	7.2%	
					0.3%	1.0%	3.8%	5.4%	6.2%	6.1%	
						0.0%	0.3%	0.7%	0.6%	1.0%	1.1%
	<b>Transition Account</b>	2009/02/28	2 341 147.25	0.0%	-	-	-	-	-	-	
					-	-	-	-	-	-	
					-	-	-	-	-	-	
Money Market Incubation	<b>Cartesian Capital Money Market</b> STEFI Composite	2018/10/31	145 103 501.95	1.1%	0.4%	1.2%	4.6%	5.6%	-	5.7%	
					0.3%	1.0%	3.8%	5.4%	-	5.5%	
					0.0%	0.2%	0.8%	0.2%	-	0.1%	
Alternatives	<b>Mayibentsha Focused</b> CPI + 4.5%	2011/07/31	539 232 301.18	4.1%	-0.1%	2.3%	9.9%	10.3%	7.3%	8.2%	
					0.9%	2.4%	10.4%	8.8%	8.9%	9.5%	
					-1.1%	-0.1%	-0.5%	1.5%	-1.6%	-1.3%	
	<b>Mayibentsha Market Neutral</b> CPI + 2.5%	2011/07/31	440 908 816.32	3.3%	0.4%	1.9%	7.0%	8.3%	7.5%	7.8%	
					0.8%	1.9%	8.4%	6.8%	6.9%	7.5%	
						-0.4%	0.0%	-1.4%	1.5%	0.6%	0.2%
<b>Mayibentsha Moderate</b> CPI + 3.5%	2008/08/31	354 558 707.86	2.7%	0.0%	1.9%	8.6%	10.1%	8.0%	8.7%		
				0.8%	2.1%	9.4%	7.8%	7.9%	8.4%		
					-0.8%	-0.2%	-0.8%	2.2%	0.1%	0.2%	

# 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	58 249 019.68	0.4%	0.0%	1.7%	-2.0%	-	-	7.9%
	STEFI				0.3%	1.0%	3.8%	-	-	4.5%
					-0.4%	0.7%	-5.8%	-	-	3.5%
	<b>Sampada Private Equity</b>	2015/09/30	204 604 514.05	1.6%	-	-	-	-	-	-
	NO BENCHMARK				-	-	-	-	-	-
					-	-	-	-	-	-
	<b>Sampada Private Equity 2</b>	2019/01/31	292 502 607.20	2.2%	-	-	-	-	-	-
	NO BENCHMARK				-	-	-	-	-	-
					-	-	-	-	-	-
Africa	<b>Legacy Africa</b>	2020/01/31	209 370 995.34	1.6%	-	-	-	-	-	-
	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	64 664 914.19	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	352 247 030.82	2.7%	-	-	-	-	-	-
	10% in USD				-	-	-	-	-	-
					-	-	-	-	-	-
Africa	<b>Novare Africa Property Fund 2</b>	2014/07/31	112 894 444.02	0.9%	-	-	-	-	-	-
	10% in USD				-	-	-	-	-	-
					-	-	-	-	-	-
International	<b>Novare Global Balanced</b>	2008/08/31	3 747 001 877.76	28.4%	-6.9%	-2.3%	5.2%	10.4%	8.0%	10.7%
	60% Equity / 40% Bonds				-7.4%	-2.3%	7.9%	15.6%	11.1%	10.7%
					0.5%	0.0%	-2.7%	-5.2%	-3.1%	-0.1%
			<b>13 199 551 986</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	229 352 646.1	252 181 482.6	8 877 220.5	140 261 935.6	630 673 284.8	
	Aluwani Capital Equity	383 158 791.9	212 771 088.7	139 826.4	18 615 768.4	614 685 475.4	
	Argon Equity	245 180 358.3	107 864 350.5	1 441 874.4	17 988 210.1	372 474 793.2	
	Balondolozzi Equity	320 859 303.9	95 270 393.4	1 279 631.0	19 744 236.4	437 153 564.7	
	Mianza Equity	467 215 719.0	60 026 269.9	1 919 267.6	97 940 739.8	627 101 996.3	
	Satrix Equity	238 755 204.4	23 738 569.8	1 231 736.2	87 423 694.7	351 149 205.0	
	Vunani Equity	344 341 290.8	17 751 959.4	10 417 108.4	91 028 428.6	463 538 787.2	
Protected Equity	Mergence Structured Product	604 760 522.9	105 090 164.6	17 232 150.8	94 997 802.5	822 080 640.8	
Fixed Income	Futuregrowth Infrastructure Bond	764 056 354.3	98 809 891.7	65 930 989.8	161 854 913.8	1 090 652 149.6	
	Stanlib Bond	162 521 650.7	54 678 436.8	36 686 755.5	59 430 166.3	313 317 009.3	
Property	Direct Property	127 317 543.5			32 382 479.8	159 700 023.3	
	Meago Property	237 771 930.3	129 205 284.3		45 823 875.7	412 801 090.3	
Money Market	Cartesian Capital Money Market	18 054 359.4	2 019 522.0	79 509 940.4	45 519 680.1	145 103 502.0	
	Sanlam Cash	223 052 988.0	56 547 396.8	14 415 278.6	37 203 634.7	331 219 298.1	
	Transition Account	2 341 147.3				2 341 147.3	
Alternatives	Mayibentsha Focused	404 416 091.6	64 088 816.2	8 047 488.2	62 679 905.1	539 232 301.2	
	Mayibentsha Market Neutral	327 913 207.4	52 585 629.5	7 384 196.9	53 025 782.5	440 908 816.3	
	Mayibentsha Moderate	228 451 966.5	61 762 551.6	7 752 710.1	56 591 479.6	354 558 707.9	
	Terebinth Capital	45 754 374.2	1 556 446.3	7 468 572.5	3 469 626.7	58 249 019.7	
	Tamela Capital	3 305 358.5	3 493 963.7		1 901 552.9	8 700 875.0	
	Legacy Africa	190 384 925.4	6 337 249.1		12 648 820.9	209 370 995.3	
	Sampada Private Equity	161 956 487.2	19 920 572.7		22 727 454.2	204 604 514.1	
	Sampada Private Equity 2	227 735 633.9	31 203 222.0		33 563 751.3	292 502 607.2	
	Boxwood Property Fund	56 516 744.9	4 016 218.3		4 131 951.0	64 664 914.2	
	Summit Africa	19 293 753.1	12 318 982.9		9 011 178.9	40 623 915.0	
	Africa	Novare Africa Property Fund 1	253 094 252.7	49 154 190.3		49 998 587.9	352 247 030.8
		Novare Africa Property Fund 2	81 570 778.6	15 196 448.5		16 127 217.0	112 894 444.0
	International	Novare Global Balanced	2 657 284 408.3	532 896 272.0	53 668 592.5	503 152 605.0	3 747 001 877.8
<b>Total Fund</b>		<b>9 026 417 793.0</b>	<b>2 070 485 373.6</b>	<b>323 403 339.8</b>	<b>1 779 245 479.1</b>	<b>13 199 551 985.5</b>	

## Section C

Glossary



# INVESTMENT GLOSSARY

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

## ALTERNATIVE INVESTMENTS

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

## ANNUALISED RETURN

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

## ASSET CLASS

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

## BENCHMARK

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

## BENCHMARK PERFORMANCE

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

## BOND

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

## CPI

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

## CREDIT RATING

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

## CRISA

Code of Responsible Investing in South Africa.

## CUMULATIVE RETURN

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

## DERIVATIVES

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

## EQUITY

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

## FUND OBJECTIVE

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

# INVESTMENT GLOSSARY

A hand in a dark suit sleeve points towards a document. The document features several charts and tables. On the left, there are two pie charts. The first pie chart has three segments, with the largest being blue. The second pie chart has four segments, with the largest being blue. To the right of the pie charts is a table with columns and rows of data. The background is a light blue color.

## HEDGE FUND

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

## INDEX

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

## INFLATION

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

## INTERNATIONAL

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

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY STATEMENT (IPS)

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

## MONTHLY RETURN

The performance return over a month.

## MANDATE

An investment manager's portfolio and objective.

## OVERWEIGHT

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

## PERFORMANCE

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

## PRIVATE EQUITY

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

## PROPERTY

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

## PROTECTED EQUITY

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

# INVESTMENT GLOSSARY

## REGULATION 28

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

## REPO RATE

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

## SHARPE RATIO

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

## STRATEGIC ASSET ALLOCATION

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

## TACTICAL ASSET ALLOCATION

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

## TRACKING ERROR

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

## TRADITIONAL ASSET CLASS

This generally refers to equities, bonds, cash and property

## UNDERWEIGHT

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

## VOLATILITY

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

## YEAR-TO-DATE ("YTD")

The performance return since the beginning of the latest calendar year

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## CONTACT US

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