



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

**| Monthly Report |**

**SALA Pension Fund**

August 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 an Authorised Financial Service Provider in terms of the Financial Advisory and Intermediary Services Act, 37 of 2002. **FSP No. 815.**

NAC is approved by the Financial Services Board in terms of Section 13B of the Pension Funds Act, 24 of 1956, as an Investment Administrator: 24/ 456.

# Section A

Market Overview



# DOMESTIC MARKET VIEW

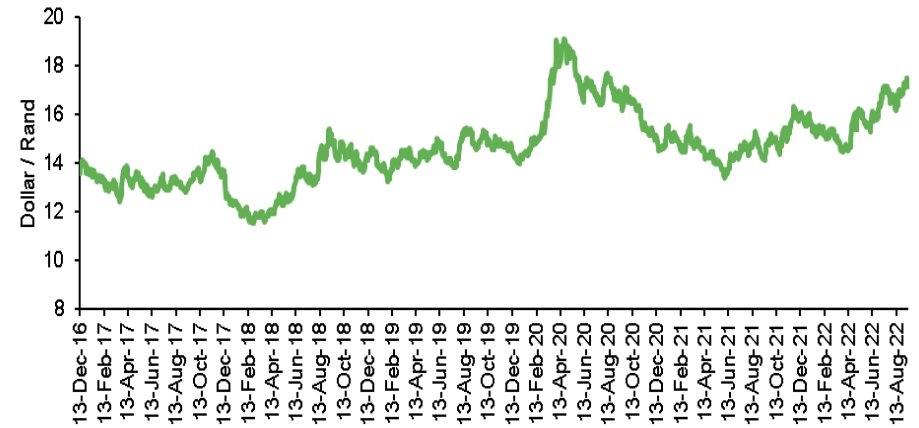


Similar to how other markets performed globally in August, the South African stock market rose 5% at the beginning of the month on the strength of positive investor confidence.

However, after a string of hawkish comments from US Federal Reserve (Fed) members, which dampened investor mood worldwide, the JSE sank along with other markets at the end of the month. This resulted in a monthly decline of 1.3% for the FTSE/JSE Capped SWIX.

During the month, Stats SA released some important economic data, with July inflation (+7.8% YoY) printing slightly above June's level (+7.4% YoY) but within expectations, and 2Q22 unemployment (+33.9%) coming in lower than anticipated and below 1Q22's print (34.5%), though still at an unacceptably high level. Core inflation came in slightly over forecasts (+4.6% YoY) but was still well within the 3% to 6% range set by the South African Reserve Bank. It was also only slightly higher than in June (+4.5% YoY).

### Rand



### S.A. 10-Year Government Benchmark Yield

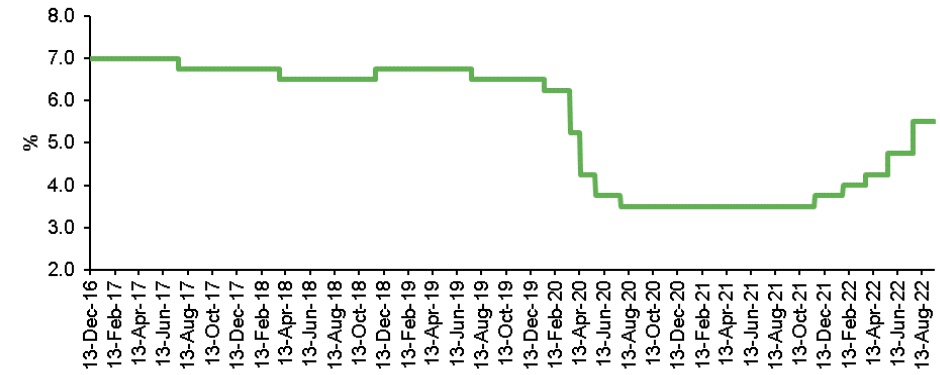


# DOMESTIC MARKET VIEW

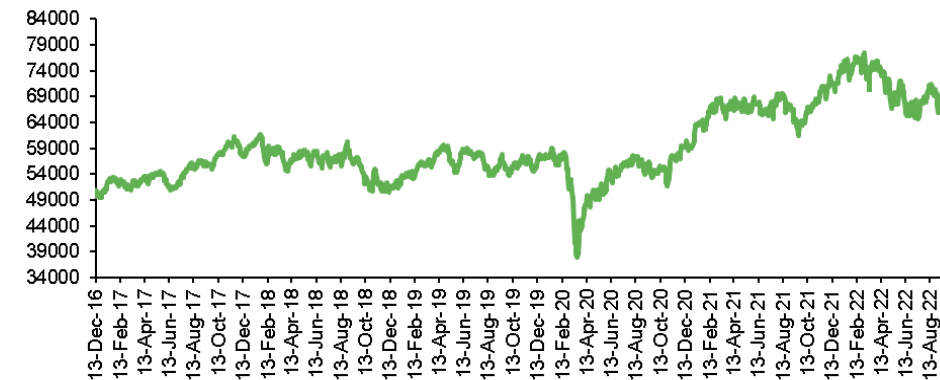
The 10-year government bond yield in South Africa ended the month slightly higher (10.9%), having already been high (10.8%), with the local bond sell-off being much less severe than the 0.6% increase in US 10-year government yields.

The local currency was among the worst-performing in August as it fought against a strong US dollar, ending the month 2.9% worse.

### Repo Rate



### FTSE/JSE All Share Index



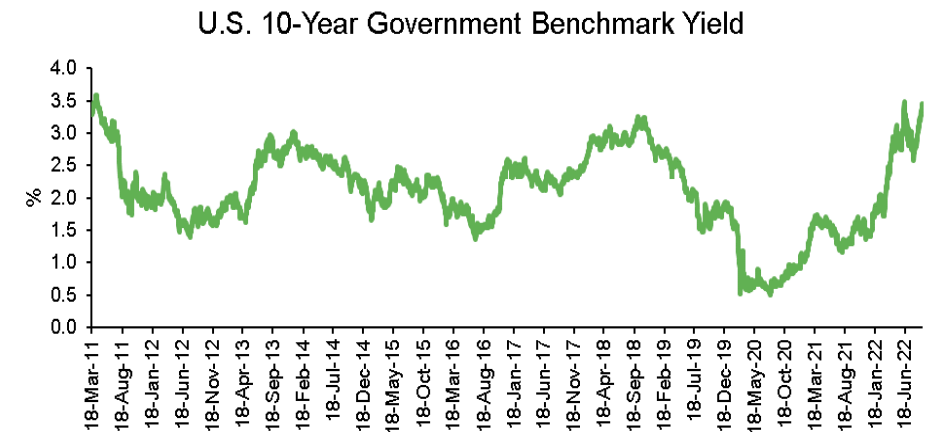
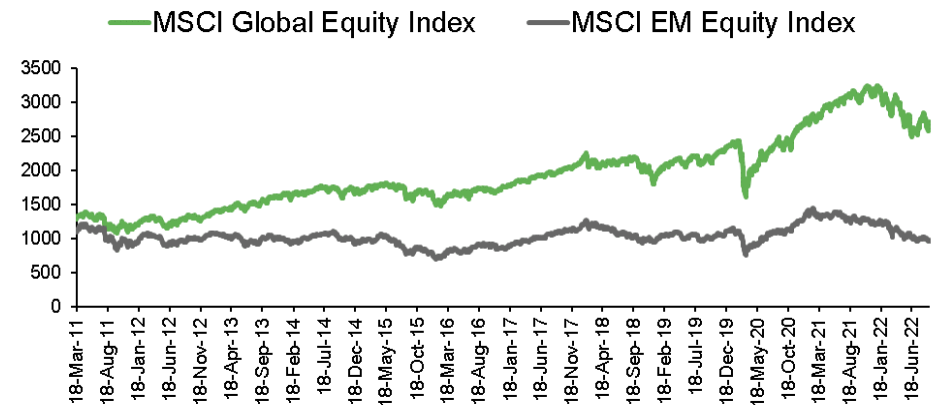


# INTERNATIONAL MARKET VIEW

The MSCI World Index gained 3.5% through mid-month, continuing a 15% rise from its June lows, as global markets began August on a strong note. Sadly, market sentiment quickly changed toward the end of August, causing markets to sharply reverse and conclude the month lower (MSCI World -4.1% MoM). Investor sentiment was boosted by corporate earnings at the beginning of August. The remaining 40 percent of S&P 500 companies reported 2Q22 earnings in the first few weeks of August, continuing a trend of pleasant surprises. Overall, these companies delivered earnings growth that was about 4% higher than forecasts for the 2Q22 US earnings season.

As several US Federal Reserve (Fed) members gave remarks with an extraordinarily hawkish tone at the end of August, investor sentiment sharply reversed due to worries about the economic impact of tighter US monetary policy. Initially, the release of the Fed's July meeting minutes gave some insight into the Fed's thinking that it would be reasonable to inflict some economic damage to get inflation under control. Over the following few days, several Fed members repeated that message in their public remarks, and by the time the yearly Jackson Hole.

Economic Symposium for central bankers and economists arrived in late August, Fed Chair Jerome Powell was adamantly repeating the idea that "some pain to households and businesses" would be necessary to control inflation. US 10-year government bond rates increased 0.6% in response to the hawkish central bank language, closing the month at 3.2.





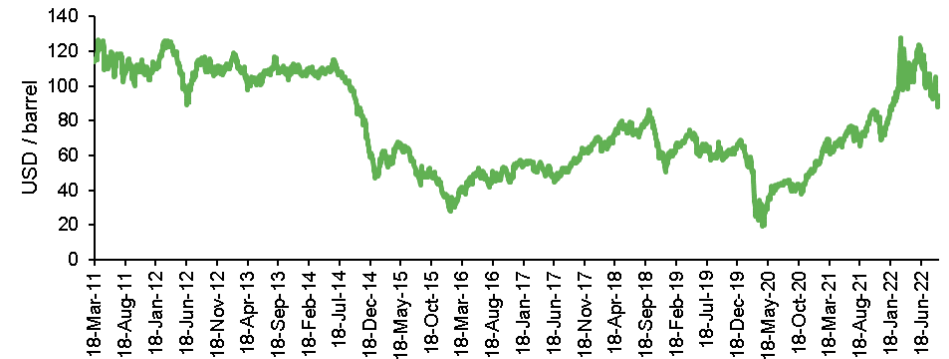
# INTERNATIONAL MARKET VIEW

Markets in Europe and the United Kingdom took the brunt of the sell-off because their economies appear to be most susceptible to the pinch from rising energy prices. The FTSE 250 Index of primarily domestically focused UK-listed companies declined by 5.2% MoM while the Euro Stoxx 50 fell by 5.1% MoM.

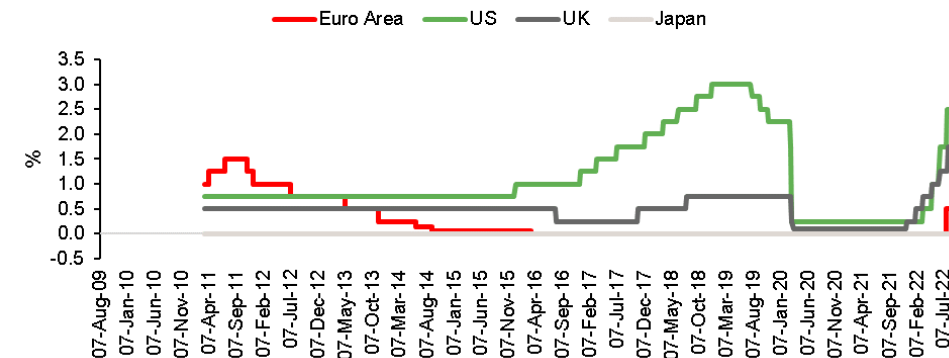
In August, emerging markets (EMs) fared much better (MSCI EM +0.4% MoM), especially Chinese businesses listed in the US, as Chinese and American regulators appeared to be getting closer to an agreement on audit transparency for those companies, allowing them to continue being listed in the US (Nasdaq Golden Dragon China Index +6.2% MoM). The Brazilian stock market, which has a substantial exposure to energy equities, was another noteworthy EM performance in August (+6.2% MoM).

Despite a 12% MoM drop in the price of Brent crude oil, energy shares were also the best-performing US equity sector (+2.8% MoM), as the prospect of slowing economic growth appeared likely to have an impact on oil demand. Gas prices increased by 11% MoM and are still influenced by supply issues brought on by geopolitical tensions between Russia and the EU. The US Dollar Index increased 2.6% MoM as a result of rising investor risk aversion and the expectation that US rates will once more set the pace for higher interest rates.

### OIL (BRENT)



### G4 Policy Rates



# TACTICAL ASSET ALLOCATION

## RSA BONDS

In the fixed income markets the ALBI returned 0.37 % during August. The yield curve shifted higher by the end of August — an increase in yield of 5bp was recorded for the shorter-dated R186, while the R2030 rose by 9.5bp.

Yields at the longer end of the curve also rose, with the R2048 yield higher by 7.5bp. The R186 returned 0.62% m/m, while the R2030 and the R2048 returned 0.40% m/m and 0.37% m/m, respectively.

The quarterly re-constitution of the FTSE/JSE All Bond Index (ALBI), effective 4 August 2022, saw Sanral's NRA028 drop out of the 3- to 7-year sector and Transnet's TN40 join the over 12 years sector.

Non-residents remained net sellers, with the R8.9n outflow during the month. This brings the cumulative outflow for the last 12 months to R304.4bn.

During the month, Stats SA released some important economic data, with July inflation (+7.8% YoY) printing slightly above June's level (+7.4% YoY) but within expectations, and 2Q22 unemployment (+33.9%) coming in lower than anticipated and below 1Q22's print (34.5%), though still at an unacceptably high level. Core inflation came in slightly over forecasts (+4.6% YoY) but was still well within the 3% to 6% range set by the South African Reserve Bank. It was also only slightly higher than in June (+4.5% YoY). 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. The war will lead to higher inflation in SA but, even so, we see nowhere near the hikes that are being priced into the market.

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 August, listed property experienced another big down month, ending down -5.41%.

Sector fundamentals remain challenging but seem to be largely troughing and even turning in some instances. Rental growth will remain under pressure for some time given excess supply, particularly in the office sector. The latest move down has been driven mostly by expectations of rate hikes and a possible move into recession.

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. The SARBs rate hiking cycle also does not warrant an increase in our allocation.

In South Africa's money market, the 3-m JIBAR rate rose by 4bp to end the month at 5.77%, while the 12-m JIBAR rate went up by 16bp to 7.90%. In the last 12 months, the rates are up 210bp and 319bp respectively. The 12-m T-bill average yield declined by 8bp m/m to 7.59% at the end of August.

## RSA EQUITIES

Similar to how other markets performed globally in August, the South African stock market rose 5% at the beginning of the month on the strength

of positive investor confidence. However, after a string of hawkish comments from US Federal Reserve (Fed) members, which dampened investor mood worldwide, the JSE sank along with other markets at the end of the month. This resulted in a monthly decline of 1.3% for the FTSE/JSE Capped SWIX. We have started to reduce our underweight to this asset class and will consider increasing further should the opportunity arise.

## INTERNATIONAL

The MSCI World Index gained 3.5% through mid-month, continuing a 15% rise from its June lows, as global markets began August on a strong note. Sadly, market sentiment quickly changed toward the end of August, causing markets to sharply reverse and conclude the month lower (MSCI World - 4.1% MoM). Investor sentiment was boosted by corporate earnings at the beginning of August.

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households and businesses" would be necessary to control inflation. US 10-year government bond rates increased 0.6% in response to the hawkish central bank language, closing the month at 3.2%. Markets in Europe and the United Kingdom took the brunt of the sell-off because their economies appear to be most susceptible to the pinch from rising energy prices.

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The US Dollar Index increased 2.6% MoM as a result of rising investor risk aversion and the expectation that US rates will once more set the pace for higher interest rates.

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

	UNDER-WEIGHT	← ON-WEIGHT →	OVER-WEIGHT	PREVIOUS
<b>DOMESTIC</b>	Under-weight			
Equities	95%			90%
Bonds		100%		95%
Property	95%			85%
Alternatives		100%		100%
Cash		Balancing		100%
<b>OFFSHORE</b>			120%	120%
Equities	90%			80%
Bonds	80%			70%
Property	90%			
Alternatives			125%	
<b>AFRICA</b>		100%		100%

\* positioning is as a % of strategic asset allocation

**Summary:**

Novare remains underweight domestic equities, domestic property and onweight domestic bonds: 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
<b>MSCI All Countries Equity</b>	-3.6%	-5.5%	-17.5%	-15.5%	8.5%	7.5%
<b>MSCI Emerging Markets</b>	0.5%	-6.3%	-17.2%	-21.5%	3.1%	1.0%
<b>Global Bonds (R)</b>	-1.0%	3.9%	-9.3%	-2.9%	-0.5%	4.2%

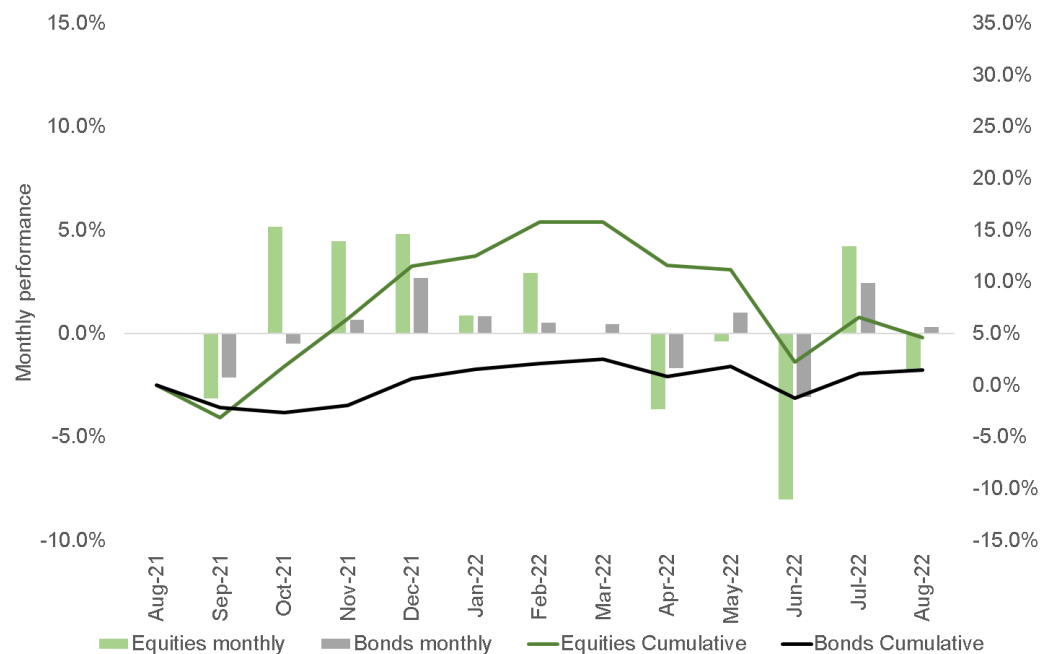
  

Commodity Prices	1 month	3 months	YTD	12 months	3 Years	5 Years
<b>Brent Oil (USD/Barrel)</b>	-8.0%	-17.3%	23.0%	33.5%	17.5%	12.6%
<b>Platinum (USD/oz)</b>	-5.2%	-11.8%	-12.0%	-15.7%	-2.9%	-3.1%
<b>Gold (USD/oz)</b>	-2.6%	-7.2%	-5.9%	-5.0%	4.2%	5.4%

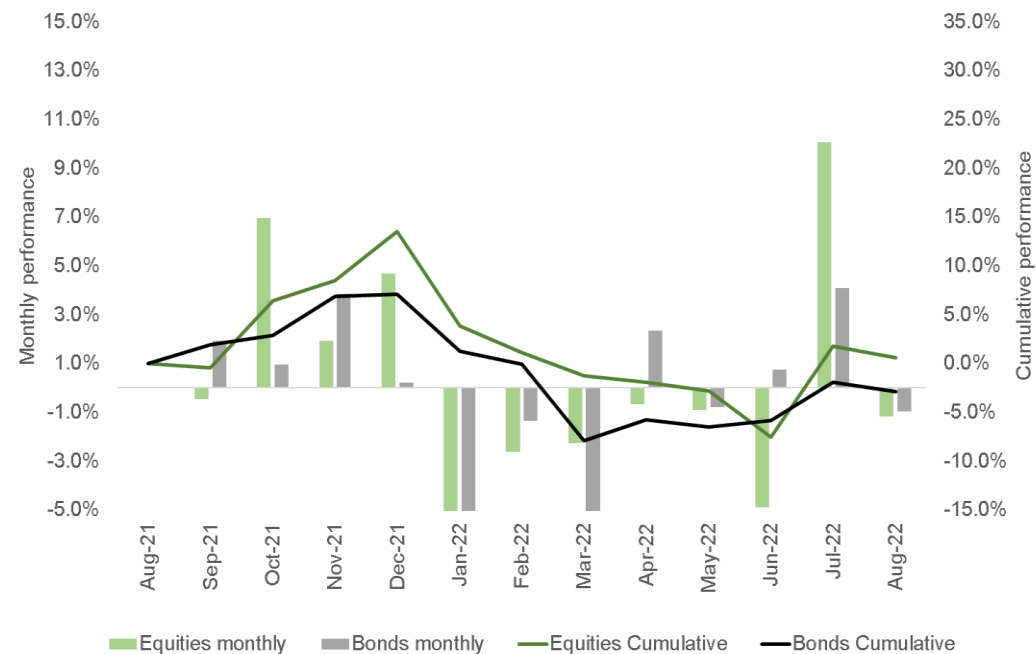
Asset Allocation (Rand)	1 month	3 months	YTD	12 months	3 Year	5 Years
Domestic Equities	-1.8%	-5.9%	-6.2%	4.6%	10.8%	7.2%
Domestic Bonds	0.3%	-0.4%	0.8%	1.5%	6.7%	7.8%
Domestic Cash	0.5%	1.3%	3.1%	4.4%	4.9%	5.9%
Domestic Property	-5.4%	-7.7%	-10.1%	-3.4%	-6.7%	-7.6%
International Equity	-1.2%	3.4%	-11.4%	0.6%	13.7%	14.5%
International Bonds	-1.0%	3.9%	-9.3%	-2.9%	-0.5%	4.2%
Exchange rate (R / \$)	3.1%	9.4%	7.4%	17.8%	4.1%	5.6%

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

Domestic Markets (R) over the last 12 months



International Markets over the last 12 months



## Section B

### Fund Overview

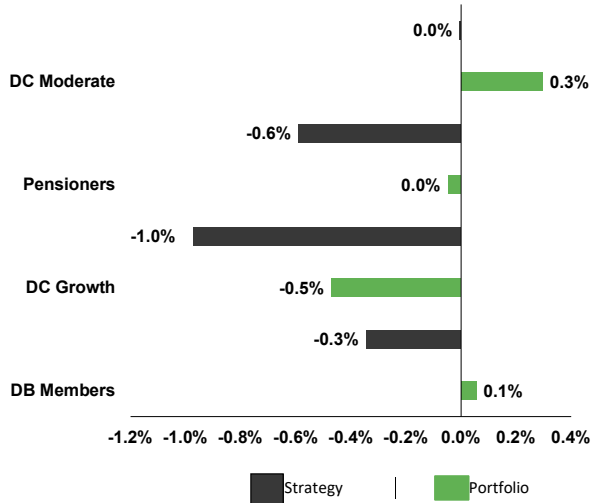


# EXECUTIVE SUMMARY

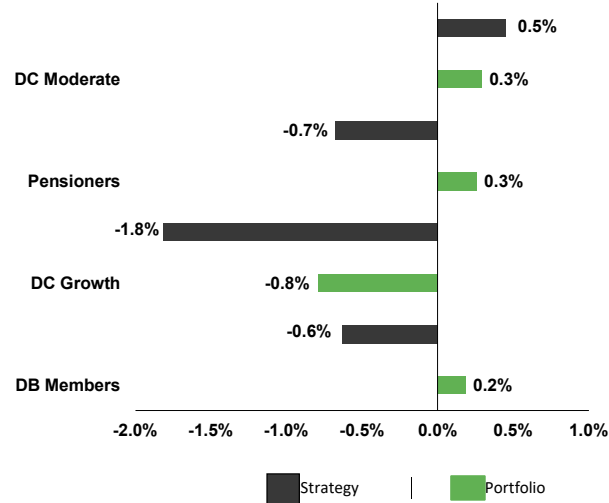
## SHORT TERM RETURNS VERSUS STRATEGIES



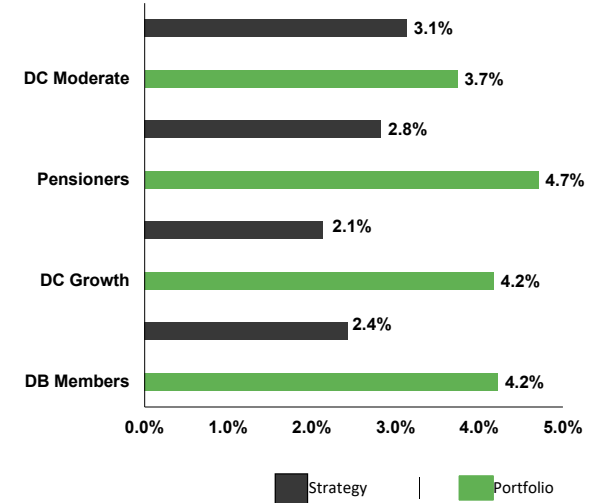
Monthly Return for August 2022



3 Months Return up to August 2022



1 Year Return up to August 2022



# PORTFOLIO MARKET VALUES AND SHORT TERM RETURNS

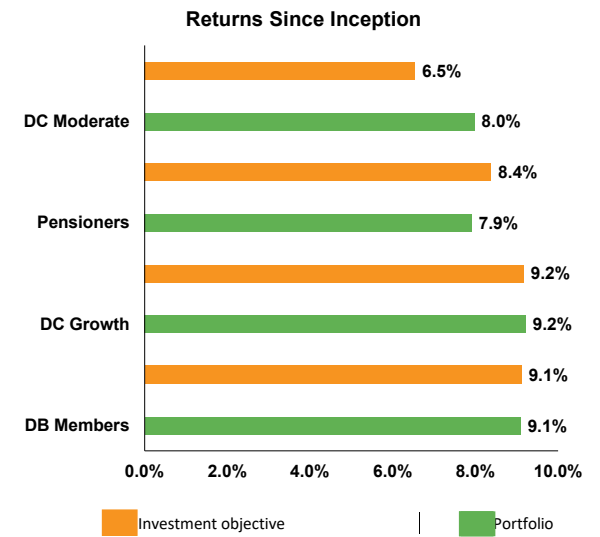
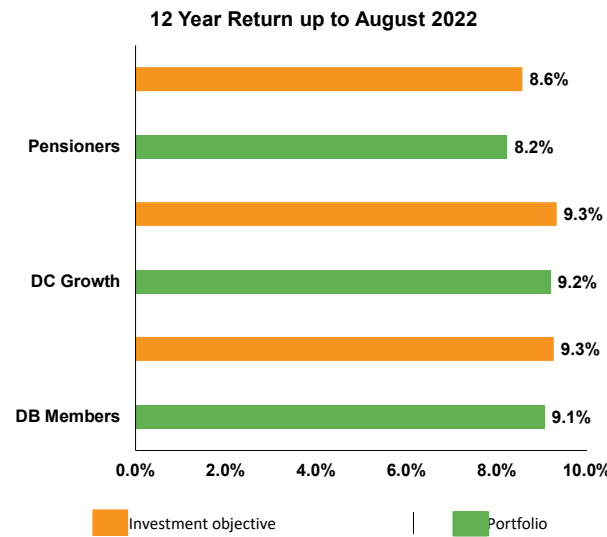
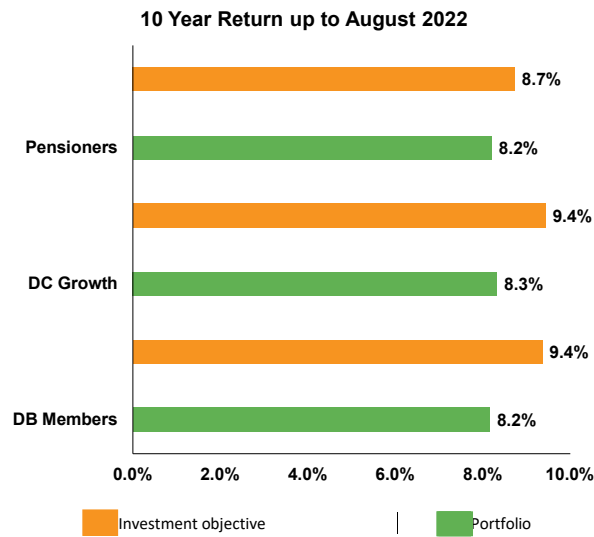
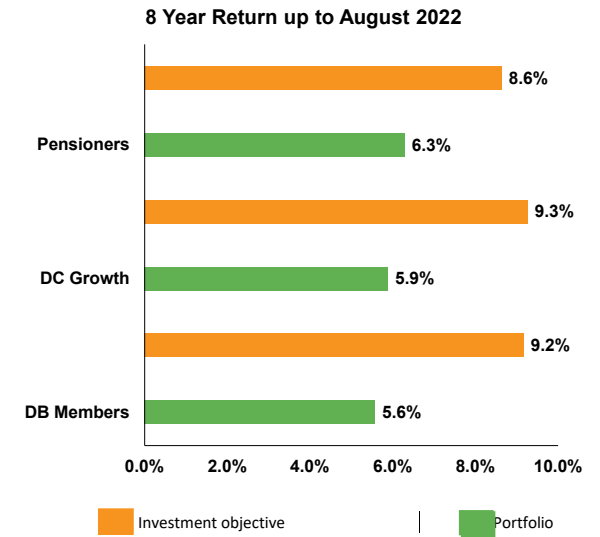
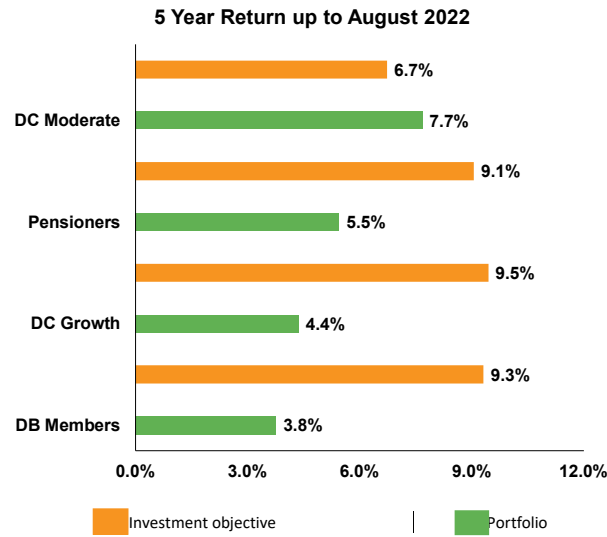
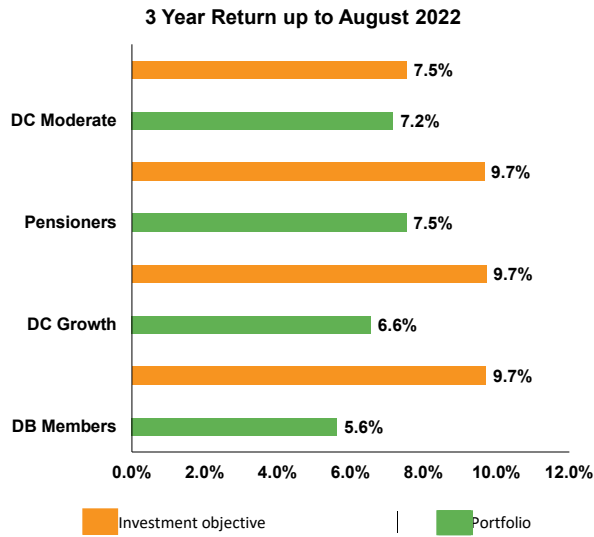
The below sets out the portfolio returns of the funds over the short term periods in comparison with their respective strategies.

	Market value (R)	Weight (%)	1 month (%)	3 months (%)	YTD (%)	12 months (%)
DB Members Strategy	8 297 748 486	66.9%	0.1%	0.2%	-1.8%	4.2%
			-0.3%	-0.6%	-2.8%	2.4%
			0.4%	0.8%	1.0%	1.8%
DC Growth Strategy	2 087 807 838	16.8%	-0.5%	-0.8%	-2.2%	4.2%
			-1.0%	-1.8%	-3.9%	2.1%
			0.5%	1.0%	1.7%	2.0%
DC Moderate Strategy	350 030 779	2.8%	0.3%	0.3%	-0.3%	3.7%
			0.0%	0.5%	-0.3%	3.1%
			0.3%	-0.2%	0.1%	0.6%
Pensioner Strategy	1 672 685 551	13.5%	0.0%	0.3%	-1.4%	4.7%
			-0.6%	-0.7%	-2.9%	2.8%
			0.5%	0.9%	1.6%	1.9%
	12 408 272 653	100%				



# EXECUTIVE SUMMARY

## LONG TERM RETURNS VERSUS OBJECTIVES



# PORTFOLIO MARKET VALUES AND LONG TERM RETURNS

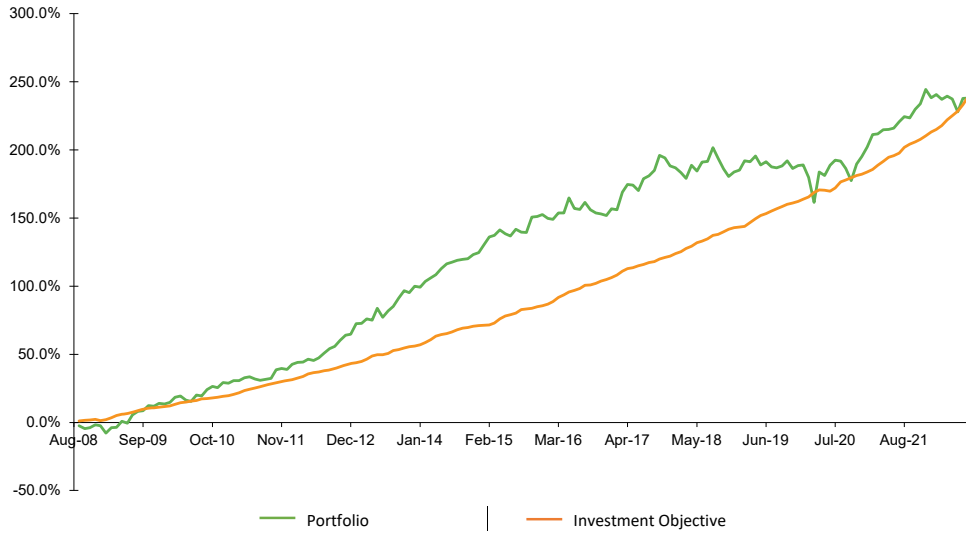
The below sets out the portfolio returns of the funds over the long term periods in comparison with their respective investment objectives.

	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 Objective</b>	8 297 748 486	66.9%	5.6% 9.7% -4.1%	3.8% 9.3% -5.5%	5.6% 9.2% -3.6%	8.2% 9.4% -1.2%	9.1% 9.3% -0.2%	9.1% 9.1% 0.0%
<b>DC Growth Objective</b>	2 087 807 838	16.8%	6.6% 9.7% -3.2%	4.4% 9.5% -5.1%	5.9% 9.3% -3.4%	8.3% 9.4% -1.1%	9.2% 9.3% -0.1%	9.2% 9.2% 0.0%
<b>DC Moderate Objective</b>	350 030 779	2.8%	7.2% 7.5% -0.4%	7.7% 6.7% 1.0%	- - -	- - -	- - -	8.0% 6.5% 1.4%
<b>Pensioner Objective</b>	1 672 685 551	13.5%	7.5% 9.7% -2.1%	5.5% 9.1% -3.6%	6.3% 8.6% -2.3%	8.2% 8.7% -0.5%	8.2% 8.6% -0.3%	7.9% 8.4% -0.5%
	<b>12 408 272 653</b>	<b>100%</b>						

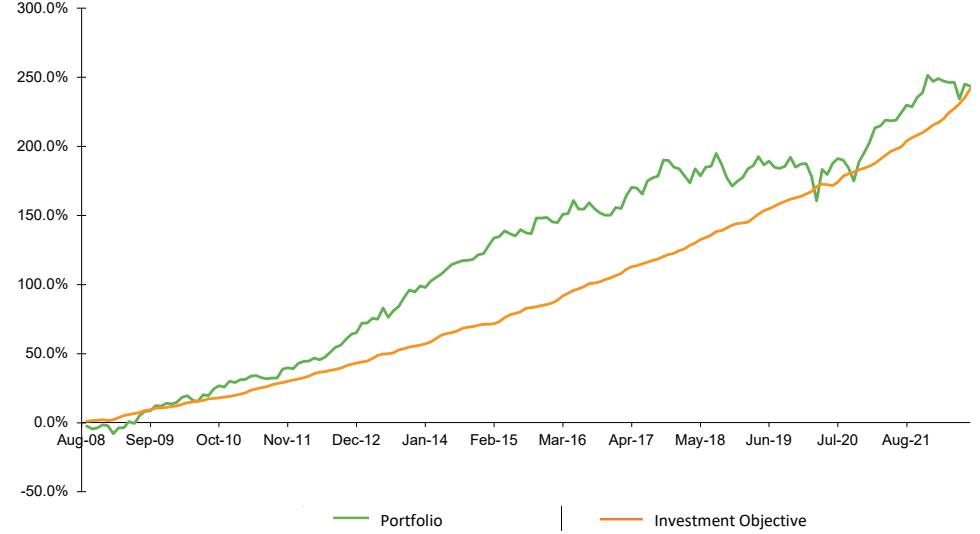
# LONG TERM RETURNS

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.

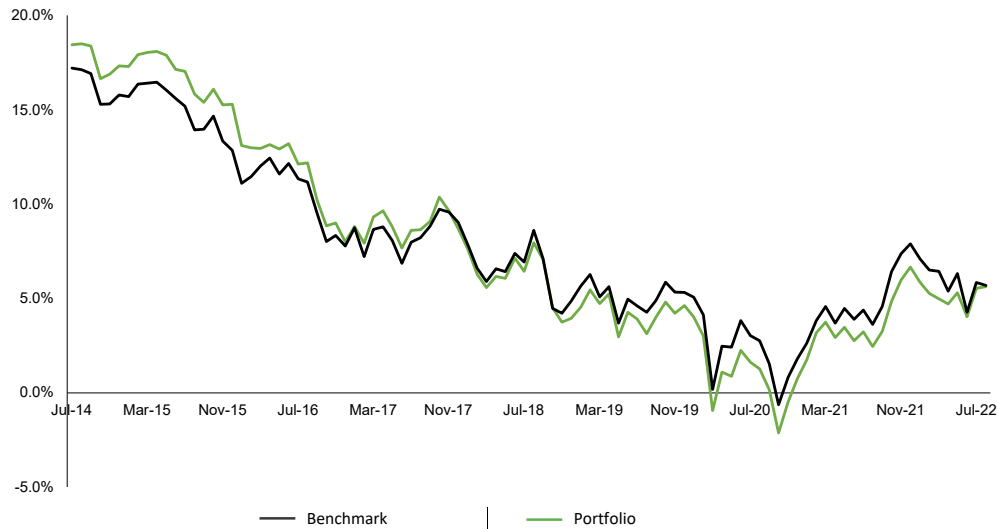
**DB Members - Cumulative return since 30 September 2009**



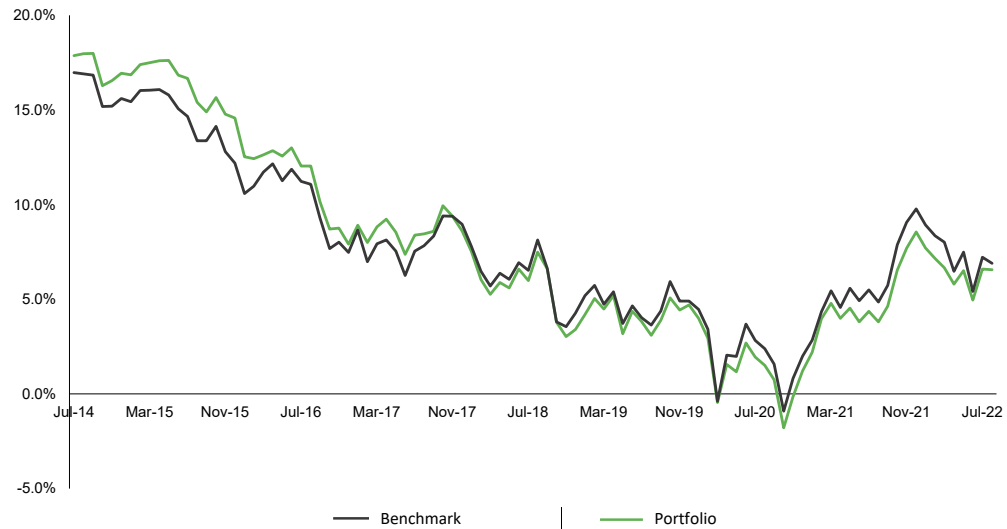
**DC Growth - Cumulative return since 30 September 2009**



**DB Members - 3 Year Rolling Returns**



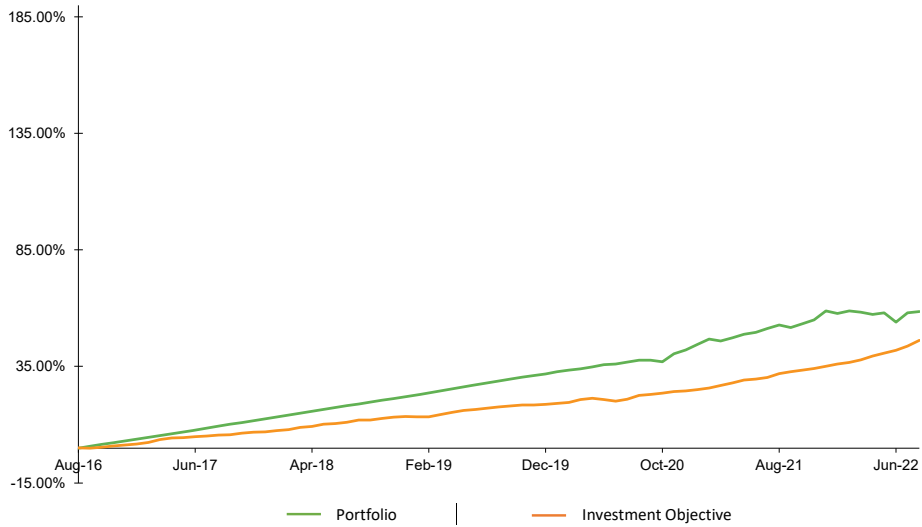
**DC Growth - 3 Year Rolling Returns**



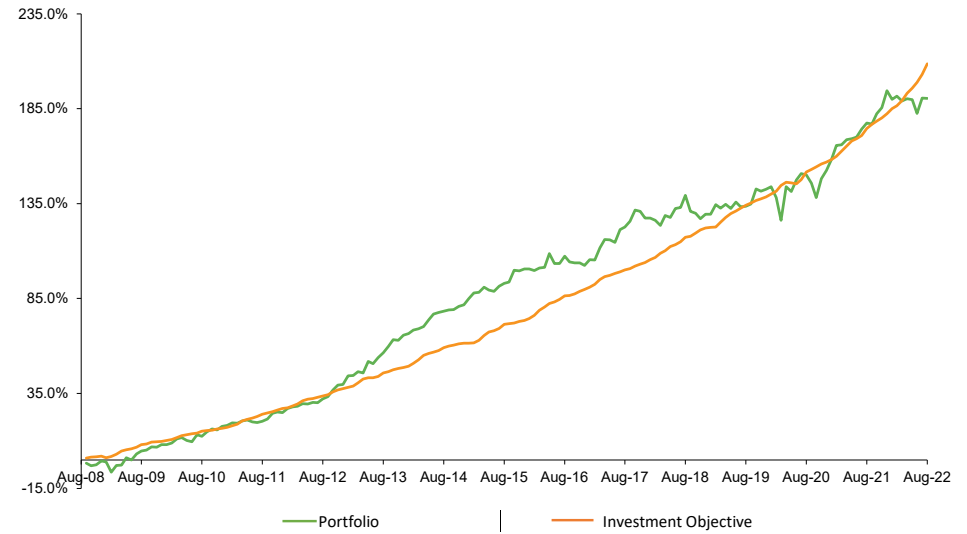
# LONG TERM RETURNS

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**



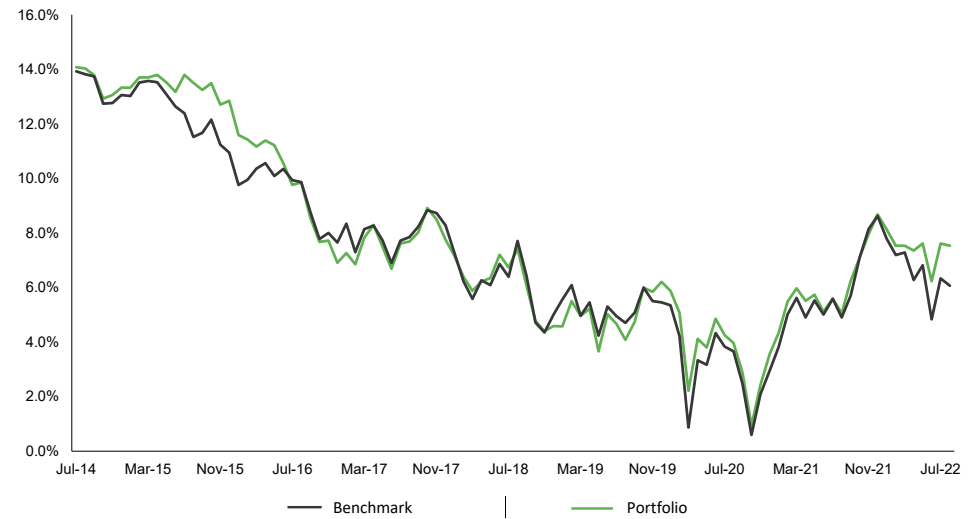
**Pensioner - Cumulative return since 31 August 2008**



**DC Moderate - 1 Year Rolling Returns**



**Pensioner - 3 Year Rolling Returns**

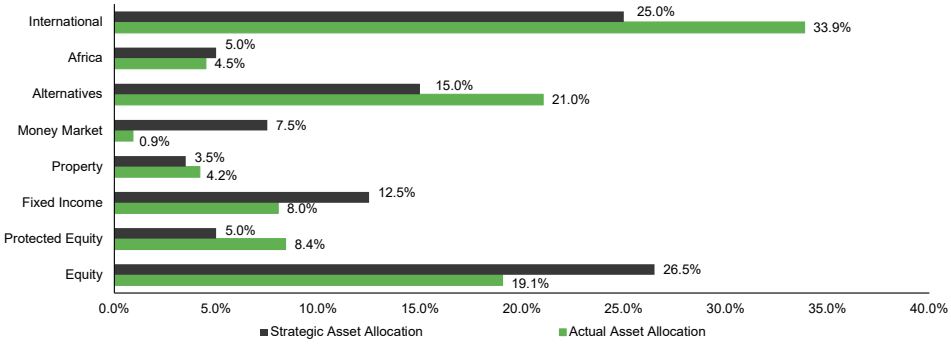




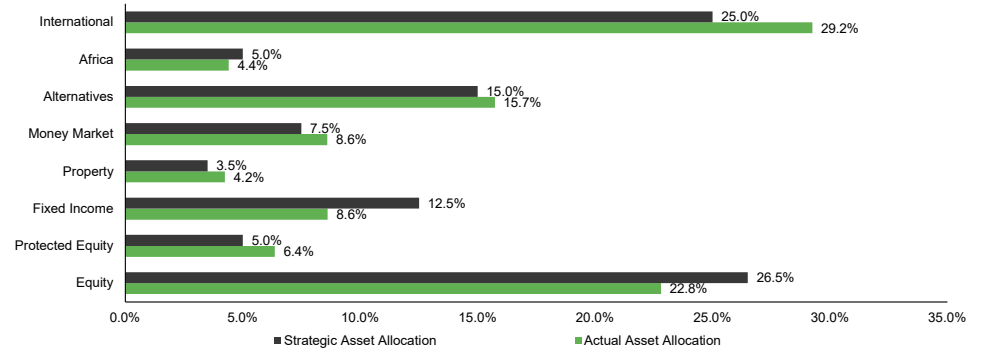
# ASSET ALLOCATION



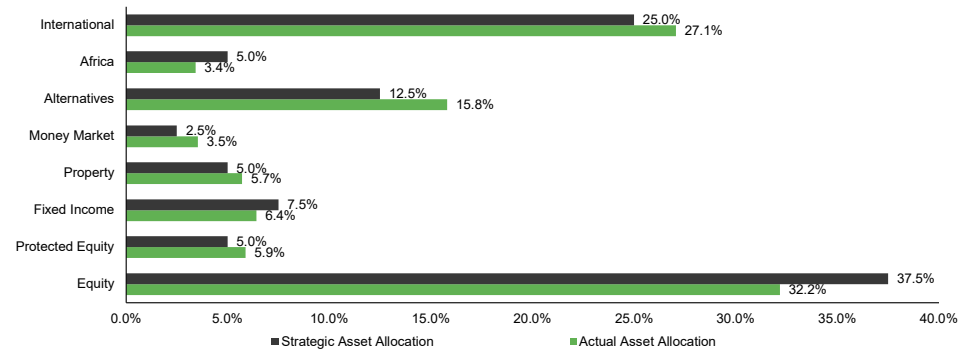
**DB Members**



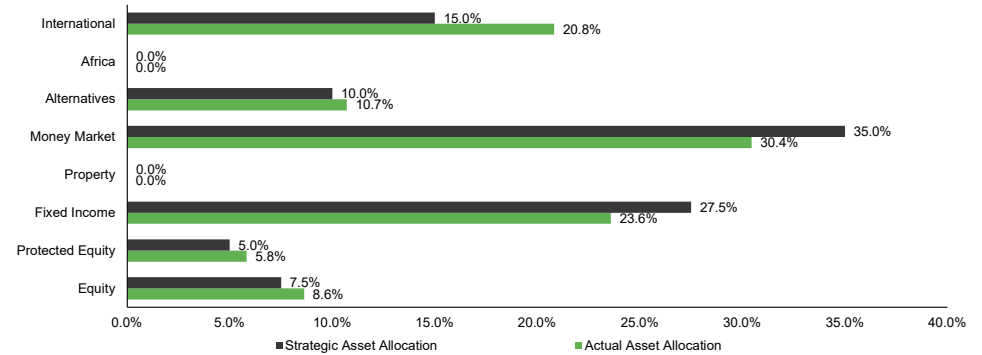
**Pensioner**



**DC Growth**



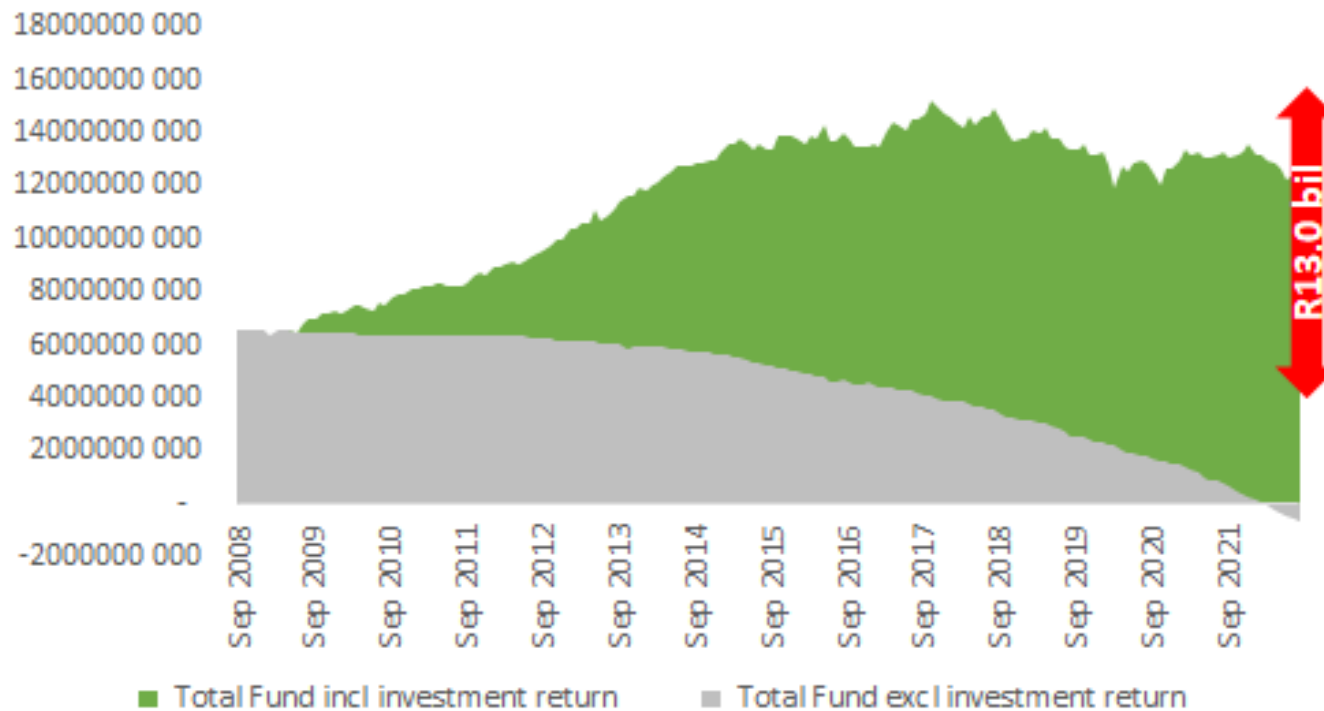
**DC Moderate**



# 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> JSE Capped Share Weighted Index	2018/10/31	508 647 374.41	4.1%	-1.5%	-3.6%	10.9%	12.2%	-	9.6%	
					-1.3%	-6.1%	3.7%	9.4%	-	7.8%	
					-0.1%	2.5%	7.2%	2.8%	-	1.8%	
	<b>Aluwani Capital Equity</b> JSE Capped Share Weighted Index	2018/10/31	466 838 550.50	3.8%	-1.5%	-6.4%	-1.4%	7.2%	-	6.9%	
					-1.3%	-6.1%	3.7%	9.4%	-	7.8%	
					-0.1%	-0.3%	-5.1%	-2.2%	-	-0.9%	
Equity	<b>Argon Equity</b> JSE Capped Share Weighted Index	2018/10/31	292 869 869.52	2.4%	-1.5%	-5.6%	6.2%	10.7%	-	8.0%	
					-1.3%	-6.1%	3.7%	9.4%	-	7.8%	
					-0.1%	0.5%	2.5%	1.3%	-	0.2%	
	<b>Satrix Equity</b> JSE Capped Share Weighted Index	2018/10/31	268 923 489.38	2.2%	-1.9%	-7.5%	2.2%	9.5%	-	8.3%	
					-1.3%	-6.1%	3.7%	9.4%	-	7.8%	
					-0.6%	-1.4%	-1.4%	0.1%	-	0.5%	
Equity	<b>Vunani Equity</b> JSE Capped Share Weighted Index	2018/10/31	242 607 354.37	2.0%	-1.4%	-6.8%	2.6%	8.7%	-	7.3%	
					-1.3%	-6.1%	3.7%	9.4%	-	7.8%	
					-0.1%	-0.7%	-1.0%	-0.7%	-	-0.4%	
	Equity Incubation	<b>Mianzo Equity</b> JSE Capped Share Weighted Index	2018/10/31	491 734 159.09	4.0%	-1.0%	-5.1%	6.5%	10.8%	-	9.2%
						-1.3%	-6.1%	3.7%	9.4%	-	7.8%
						0.3%	1.0%	2.9%	1.4%	-	1.5%
<b>Balondolozzi Equity</b> JSE Capped Share Weighted Index		2018/10/31	342 506 353.58	2.8%	-1.0%	-3.6%	5.1%	9.8%	-	7.7%	
				-1.3%	-6.1%	3.7%	9.4%	-	7.8%		
				0.4%	2.5%	1.5%	0.4%	-	-0.1%		
Equity Incubation	<b>LIMA Mbeu Equity</b> JSE Capped Share Weighted Index	2022/07/31	50 038 500.00	0.4%	0.1%	-	-	-	-	0.1%	
					-1.3%	-	-	-	-	-1.3%	
					1.4%	-	-	-	-	1.4%	
Protected Equity	<b>Mergence Structured Product</b> JSE All Share Index Top 40	2019/11/01	564 535 419.18	4.5%	-1.4%	-4.0%	2.8%	-	-	13.7%	
					-2.8%	-7.2%	-0.5%	-	-	6.8%	
					1.3%	3.2%	3.3%	-	-	6.9%	
Protected Equity	<b>MAC Dynamic Protected Equity</b> SALA_MAC_Dynamic_Custom 80% DTop, 20% SteFi	2022/06/01	243 194 516.27	2.0%	-1.1%	-3.1%	-	-	-	-3.1%	
					-2.1%	-5.5%	-	-	-	-5.5%	
					1.0%	2.3%	-	-	-	2.3%	
Protected Equity Incubation	<b>REGIVE Protected Equity</b> SALA REGIVE SP Custom	2022/02/01	139 801 800.00	1.1%	-0.3%	-3.4%	-	-	-	-6.8%	
					-2.8%	-7.2%	-	-	-	-10.4%	
					2.5%	3.8%	-	-	-	3.7%	

# 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	817 433 387.83	6.6%	0.5%	0.4%	4.3%	8.4%	9.3%	10.7%
					0.3%	-0.4%	1.5%	6.7%	7.8%	8.5%
					0.2%	0.7%	2.8%	1.7%	1.5%	2.2%
	<b>Stanlib Bond</b> All Bond Index	2008/08/31	209 784 819.08	1.7%	0.6%	0.1%	2.7%	7.8%	8.7%	9.3%
					0.3%	-0.4%	1.5%	6.7%	7.8%	8.5%
					0.3%	0.5%	1.2%	1.1%	0.9%	0.8%
Property	<b>Direct Property</b> NO BENCHMARK	2008/08/31	159 700 023.25	1.3%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	<b>Meago Property</b> Listed Property	2012/08/31	378 931 984.70	3.1%	-5.5%	-8.0%	-3.4%	-6.1%	-7.2%	2.7%
					-5.4%	-7.7%	-3.4%	-5.4%	-6.8%	2.0%
					-0.1%	-0.3%	0.0%	-0.7%	-0.4%	0.7%
Money Market	<b>Sanlam Cash</b> STEFI Composite	2010/09/30	247 559 949.56	2.0%	0.7%	1.8%	5.3%	5.4%	6.8%	7.1%
					0.5%	1.3%	4.4%	4.9%	5.9%	6.1%
					0.2%	0.5%	0.9%	0.5%	0.9%	1.0%
	<b>Transition Account</b>	2009/02/28	2 368 343.17	0.0%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
Money Market Incubation	<b>Cartesian Capital Money Market</b> STEFI Composite	2018/10/31	149 441 504.40	1.2%	0.5%	1.0%	4.6%	5.2%	-	5.5%
					0.5%	1.3%	4.4%	4.9%	-	5.4%
					0.0%	-0.3%	0.1%	0.3%	-	0.1%
Alternatives	<b>Mayibentsha Focused</b> CPI + 4.5%	2011/07/31	562 552 903.35	4.5%	0.2%	1.1%	7.5%	10.8%	7.9%	8.2%
					1.8%	4.3%	12.4%	9.7%	9.5%	9.8%
					-1.7%	-3.2%	-4.9%	1.1%	-1.5%	-1.6%
	<b>Mayibentsha Market Neutral</b> CPI + 2.5%	2011/07/31	466 174 428.46	3.8%	1.2%	2.5%	8.5%	8.8%	7.9%	7.9%
					1.7%	3.9%	10.4%	7.7%	7.5%	7.8%
					-0.6%	-1.3%	-1.9%	1.0%	0.5%	0.1%
<b>Mayibentsha Moderate</b> CPI + 3.5%	2008/08/31	371 453 790.72	3.0%	0.1%	1.5%	7.7%	10.3%	8.3%	8.7%	
				1.8%	4.1%	11.4%	8.7%	8.5%	8.6%	
				-1.6%	-2.6%	-3.7%	1.6%	-0.1%	0.0%	





# ASSET ALLOCATION

Asset Class	Manager	DB Members	DC Growth	DC Moderate	Pensioner	Total Fund
Equity	All Weather Equity	155 714 167.8	231 041 495.0	18 110 271.9	103 781 439.8	508 647 374.4
	Aluwani Capital Equity	266 850 125.1	161 887 560.8	106 194.8	37 994 669.8	466 838 550.5
	Argon Equity	193 719 688.4	85 039 322.0	1 133 718.5	12 977 140.6	292 869 869.5
	Balondolozzi Equity	252 419 581.2	74 893 012.2	1 002 580.7	14 191 179.4	342 506 353.6
	Mianza Equity	321 437 083.6	77 604 490.7	2 083 734.1	90 608 850.8	491 734 159.1
	Satrix Equity	187 347 046.8	19 270 813.8	943 310.7	61 362 318.2	268 923 489.4
	Vunani Equity	177 113 332.4	7 555 958.4	5 627 534.2	52 310 529.4	242 607 354.4
	Lima Equity	26 264 811.6	14 425 657.3	1 202 347.2	8 145 684.0	50 038 500.0
Protected Equity	Mergence Structured Product	419 913 416.8	73 287 140.9	11 833 583.0	59 501 278.4	564 535 419.2
	MAC Dynamic Protected Equity	164 652 235.1	40 757 513.8	5 639 651.5	32 145 115.9	243 194 516.3
	Regive Protected Equity	113 238 474.8	8 811 634.7	2 930 473.7	14 821 216.8	139 801 800.0
Fixed Income	Futuregrowth Infrastructure Bond	543 566 518.0	104 635 478.0	57 945 543.4	111 285 848.5	817 433 387.8
	Stanlib Bond	123 284 298.4	29 160 513.4	24 564 017.1	32 775 990.2	209 784 819.1
Property	Direct Property	127 317 543.5			32 382 479.8	159 700 023.3
Money Market	Meago Property	221 063 953.2	119 283 282.6		38 584 748.9	378 931 984.7
	Cartesian Capital Money Market	28 804 540.2	3 317 238.0	31 695 611.4	85 624 114.9	149 441 504.4
	Sanlam Cash	43 950 905.6	70 500 331.6	74 873 492.9	58 235 219.4	247 559 949.6
Alternatives	Transition Account	2 368 343.2				2 368 343.2
	Mayibentsha Focused	395 728 648.5	95 299 739.4	9 588 467.7	61 936 047.8	562 552 903.4
	Mayibentsha Market Neutral	344 207 218.2	60 761 085.1	7 807 337.1	53 398 788.1	466 174 428.5
	Mayibentsha Moderate	223 942 141.2	80 054 627.1	11 114 773.4	56 342 249.0	371 453 790.7
	Terebinth Capital	54 408 168.7	1 907 446.2	8 836 796.0	3 767 680.7	68 920 091.5
	Tamela Capital	5 641 321.6	5 791 644.4		3 128 694.0	14 561 660.0
	Legacy Africa	188 583 023.7	6 456 022.9		11 411 109.9	206 450 156.5
	Sampada Private Equity	200 242 991.3	24 851 101.0		25 537 802.6	250 631 895.0
	Sampada Private Equity 2	233 859 106.2	32 281 705.9		31 308 749.4	297 449 561.4
	Boxwood Property Fund	65 149 364.7	4 685 045.4		4 337 584.2	74 171 994.4
	Summit Africa	26 320 311.3	16 490 818.4		10 935 119.2	53 746 248.9
	Real Fund	7 660 629.1	1 236 298.9		1 102 073.3	10 137 942.0
	Africa	Novare Africa Property Fund 1	285 244 097.4	55 398 107.6	138 940.7	56 349 766.6
Novare Africa Property Fund 2		87 034 307.9	16 088 341.1		17 207 401.9	120 330 050.9
International	Novare Global Balanced	2 108 828 324.8	423 911 904.9	58 854 084.1	368 862 204.4	2 960 456 518.2
	SALA Global Fund	701 872 765.8	141 122 506.3	13 998 315.1	120 332 454.9	977 326 042.2
<b>Total Fund</b>		<b>8 297 748 485.8</b>	<b>2 087 807 837.7</b>	<b>350 030 779.2</b>	<b>1 672 685 550.7</b>	<b>12 408 272 653.4</b>

## 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 35% per Regulation 28 of the Pension Fund Act, or 45% subject to 10% 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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