



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

**| Monthly Report |**

**SALA Pension Fund**

January 2023

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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 + 4.75%

The objective of the DC Growth Portfolio represents the inflation target of CPI + 4.75%

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 + 4.75%

## 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>	25%	Capped SWIX
<b>Domestic Protected Equities</b>	5%	JSE TOP 40
<b>Domestic Fixed Income</b>	7.5%	ALBI
<b>Domestic Property</b>	3.5%	SA Listed Property
<b>Domestic Money Market</b>	6.5%	STeFI Composite Index
<b>Domestic Alternatives</b>	15%	CPI + 3.5%
<b>Africa</b>	3.5%	Actual Fund Returns
<b>International</b>	34%	82.5% MSCI World Equity/ 12.5% Barclays Global AGB/ 5% GRP 250 REIT World

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>	27.5%	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 Composite Index
<b>Domestic Alternatives</b>	15%	CPI + 3.5%
<b>Africa</b>	3.5%	Actual Fund Returns
<b>International</b>	34%	82.5% MSCI World Equity/ 12.5% Barclays Global AGB/ 5% GRP 250 REIT World



# REPORT OVERVIEW

The benchmark performance in this report for the Pensioner portfolio is as follows:

Asset Class	Allocation	Benchmark
Domestic Equities	25%	Capped SWIX
Domestic Protected Equities	5%	JSE TOP 40
Domestic Fixed Income	7.5%	ALBI
Domestic Property	3.5%	SA Listed Property
Domestic Money Market	6.5%	STeFI Composite Index
Domestic Alternatives	15%	CPI + 3.5%
Africa	3.5%	Actual Fund Returns
International	34%	82.5% MSCI World Equity/ Barclays Global AGB/ 5% GRP 250 REIT World

The benchmark performance in this report for the DC Moderate portfolio is as follows:

Asset Class	Allocation	Benchmark
Domestic Equities	5%	Capped SWIX
Domestic Protected Equities	7.5%	JSE TOP 40
Domestic Fixed Income	25%	ALBI
Domestic Money Market	35%	STeFI Composite Index
Domestic Alternatives	12.5%	CPI + 3.5%
International	15%	82.5% MSCI World Equity/ Barclays Global AGB/ 5% GRP 250 REIT World

## TACTICAL LIMITS

DB Portfolio

Asset Class	Lower limit	Upper limit
Domestic Equities	12.5%	45%
Domestic Fixed Income	0%	20%
Domestic Property	0%	15%
Domestic Money Market	0%	60%
Domestic Alternatives	10%	20%
Africa	0%	5%
International	25%	45%

DC Growth

Asset Class	Lower limit	Upper limit
Domestic Equities	20%	45%
Domestic Fixed Income	0%	20%
Domestic Property	0%	15%
Domestic Money Market	0%	60%
Domestic Alternatives	10%	20%
Africa	0%	5%
International	20%	45%

Pensioner Portfolio

Asset Class	Lower limit	Upper limit
Domestic Equities	12.5%	45%
Domestic Fixed Income	0%	20%
Domestic Property	0%	15%
Domestic Money Market	0%	60%
Domestic Alternatives	10%	20%
Africa	0%	5%
International	25%	45%

DC Moderate

Asset Class	Lower limit	Upper limit
Domestic Equities	7.5%	25%
Domestic Fixed Income	15%	35%
Domestic Property	0%	10%
Domestic Money Market	15%	60%
Domestic Alternatives	0%	20%
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



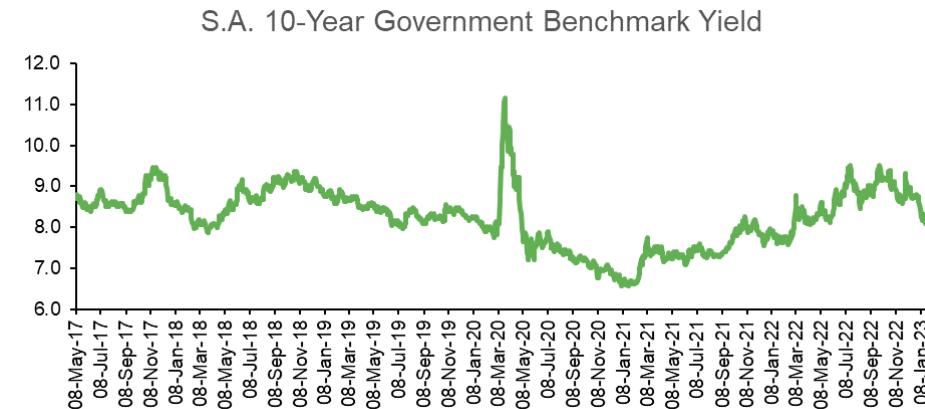
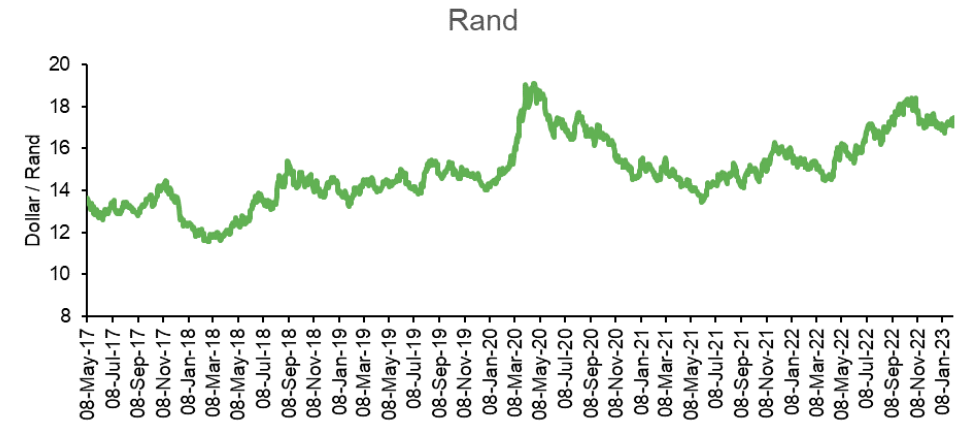
# DOMESTIC MARKET VIEW



Concerns over South Africa's worsening electricity crisis increased at the start of 2023, with rising levels of loadshedding appearing to be a permanent trend and serious effects starting to show in a number of economic sectors.

At its meeting in January, the SARB MPC slowed down the rate of increases, lifting interest rates by only 25bps to 7.25%. Although the statement highlighted the Committee's unease with the recent spike in surveyed inflation expectations and cited a wide variety of upside risks to the inflation outlook, the SARB's projection indicates CPI dropping down towards the 4.5% midpoint later this year.

The SARB also drastically cut its growth predictions, with the increased intensity of load-shedding predicted to subtract a considerable 2% from growth in 2023 despite stronger-than-expected December retail sales and a good tourist season. According to SARB projections, the economy will expand by a meager 0.3% in 2023 (down from 1.1% previously) and barely 0.7% and 1.0% in 2024 and 2025, respectively.

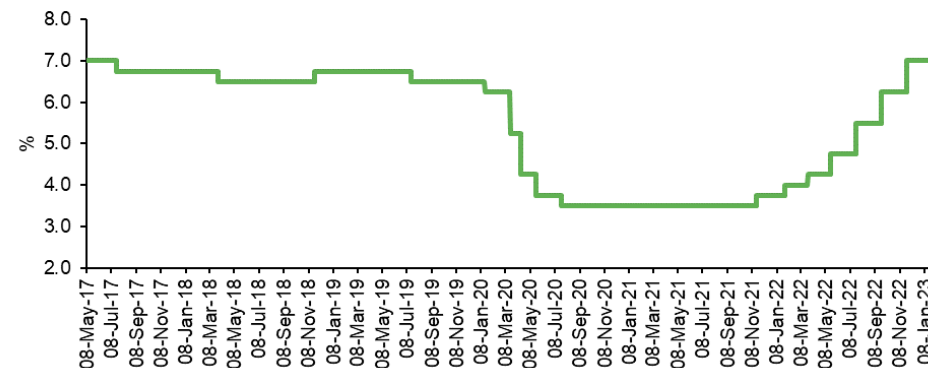


# DOMESTIC MARKET VIEW

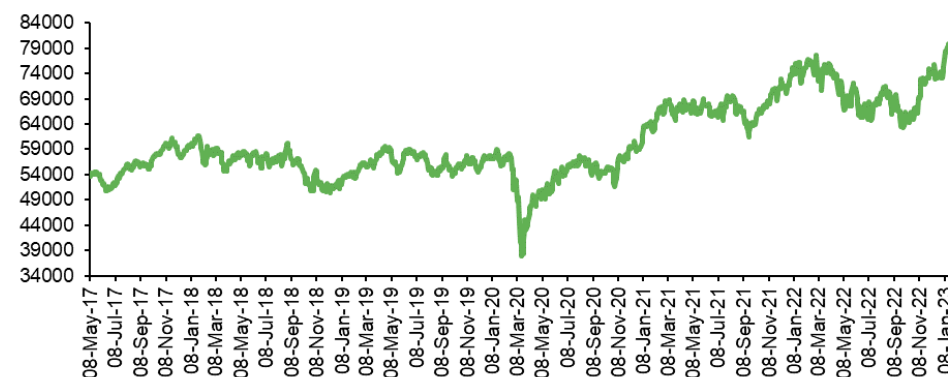
Increased business costs to handle load-shedding are expected to have an inflationary effect, which adds to the uncertainties around inflation as a result of the recent intensity of energy shortages.

Local stocks returned 6.96% m/m overall in January, but listed property had a negative return of 1.0% m/m. The ALBI saw a monthly return of 2.97%. The ZAR trailed developing market peers as global risk appetite recovered, closing the month at 17.43 to the US dollar, reflecting the overhang from this pessimistic mood.

### Repo Rate



### FTSE/JSE All Share Index



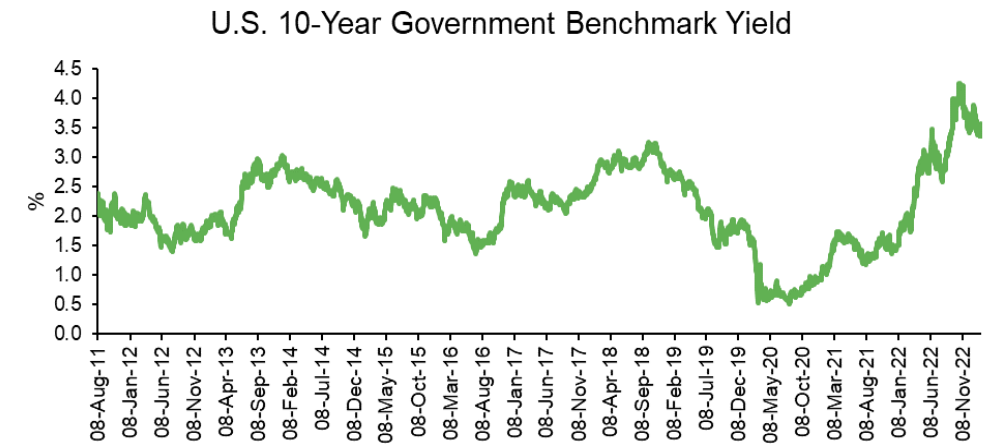
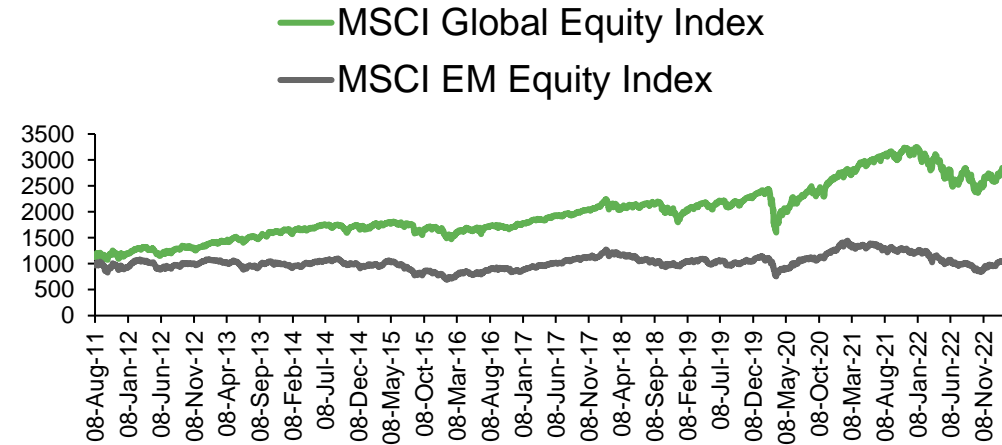


# INTERNATIONAL MARKET VIEW

Markets surged into 2023 as if high inflation and slowing was a distant memory. Hope that interest rate increases by central bank would soon come to an end was sparked by inflation that fell in line with or more than forecast. Lower energy prices contributed to improving inflation estimates, especially in Europe where demand decreased as a result of milder weather.

The US unemployment rate dropped to 3.5%, reaching a 53-year low, and job increases were stronger than anticipated, according to the December labour market report. Although lower than the most recent peak of 5.6% seen in March 2022, average hourly wages increased by 4.6% year over year (yoy). The market has started to anticipate that the Fed might not need to raise rates all that much if wage pressures keep subsiding.

The US earnings reporting season for the fourth quarter was only getting started as the month came to an end. Results so far have been a mixed bag, with both good and bad surprises. Earnings have decreased as the global economy has slowed. In the past quarter, there have also been considerable job cuts, especially at large technology businesses that are dealing with a lockdown staffing overhang.





# INTERNATIONAL MARKET VIEW

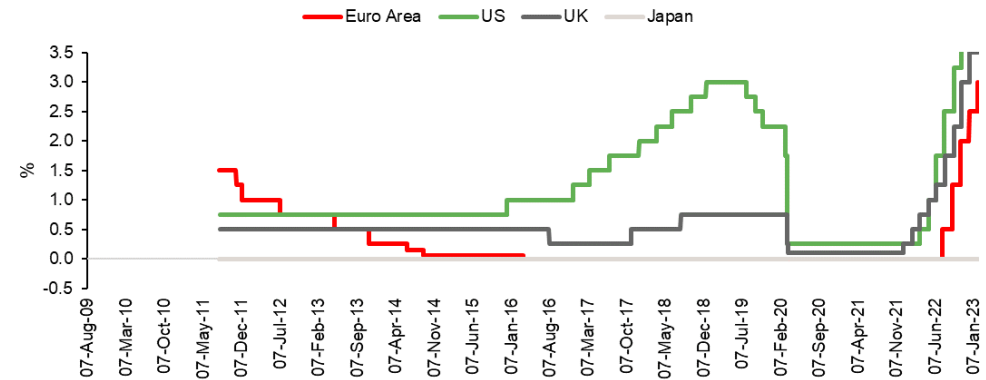
A total Covid policy turnaround in China and reasonably stable energy markets fueled optimism for the new year, printing excellent returns across all market indices. Investors believed that the reopening of the Chinese economy (and the restoration of mobility throughout Asia) would lead to stronger economic growth, unclog supply chains, and counteract the declining growth in the West. This belief was definitely the most significant element driving market gains.

With excellent equities returns across the board, the MSCI ACWI index returned 7.2% for the month. The world's bond markets also performed well. The Bloomberg Global Government Bond index gained 3.2% as investors' optimism about the likely peak in US interest rates increased and inflation fears started to fade a bit.

### OIL (BRENT)



### G4 Policy Rates



# TACTICAL ASSET ALLOCATION

## RSA BONDS

The Reserve Bank's MPC delivered a smaller-than-expected 25bp hike, with the repo rate now at 7.25%.

The yield curve steepened towards the end of January. The yield on the shorter-dated R186 fell by 64 basis points, while the yield on the longer-dated R2030 fell by 51.5 basis points. The R2048 yield was 13 bps lower, reflecting a decline in yields at the longer end of the curve as well. The R186 returned 2.8% m/m, whereas the R2030 and R2048 returned, respectively, 3.46% m/m and 2.06% m/m. The ALBI recorded a total return of 2.97% m/m.

Non-residents remained net sellers, but to a lesser extent than towards the end of 2022, off-loading R9.1bn worth of SA bonds. This brings the cumulative outflow for the last 12 months to R273bn.

## RSA PROPERTY, ALTERNATIVES AND CASH

During January, listed property was the outlier in capital markets, ending down -1%. During 2022, the retail sector's recovery was still going strong, and most merchants saw increases in profits. Retail sales of food and clothing both experienced a significant uptick in trading density over the past year and have increased by 8%.

The overall vacancy rates across the country have continued improve. National retailers have aggressively expanded into places where they do not already have a presence and found new niches for future growth in areas where they do already have a presence to fill the space left by business closures, such as bank branches and movie theaters.

The forecast for the world economy in 2023 is still unknown, and analysts have issued short-term recessionary risk warnings. There is a downside risk to the demand for space in the future since occupiers of physical real estate will typically continue to be reluctant to expand their facilities or recruit new staff in this uncertain environment. The SARBs rate hiking cycle also does not warrant an increase in our allocation.

## RSA MONEY MARKET

In South Africa's money market, the 3-m JIBAR rate increased by 21 bps to close the month at 7.47%, while the 12-m JIBAR rate decreased by 18 bps to 8.51%. These rates have increased by 336bp and 281bp, respectively, over the past year. At the end of January, the average yield on 12-month T-bills decreased by 30bps monthly to 8.09%.

## RSA EQUITIES

Following global trends and perhaps ignoring the chronic electricity shortages that are now a constant part of South Africa's operational

environment, total returns for SA shares were positive. In January, all major industries posted gains, reversing December's dismal performance.

The 14.4% m/m return for the chemicals sub-sector drove the 6.92% m/m return for the basic materials sector (9.56% y/y). Industrial materials (10.18% m/m) and industrial metals and mining (9.5% m/m) were the standout sub-sectors, while precious metals and mining lagged with a 1.64% m/m return. Consumer discretionary recorded a 16.32% m/m return (19.64% y/y) for the consumer-facing sectors, while consumer staples returned 3.01% m/m (6.96% y/y).

Industrials returned 8.7% m/m (-3.35% y/y), while the financial sector returned 3.93% m/m (8.49% y/y). The return from telecoms increased by 10.62% m/m, bringing the return to -18.31% y/y. Technology had the highest total returns among the major industries over the past 12 months, at 26.4% y/y, and telecoms had the lowest total returns, at -18.31% y/y. The FINI15, which represents the top 15 financial businesses on the FTSE/JSE, has seen total returns of 10.79% year over year (y/y), 9.45% for the RESI10 Index, which represents the top 10 resource companies, and 11.68% for the INDI25, which represents the top 25 industrial companies.

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

## INTERNATIONAL

Markets surged into 2023 as if high inflation and slowing was a distant memory. Hope that interest rate increases by central bank would soon come to an end was sparked by inflation that fell in line with or more than forecast. Lower energy prices contributed to improving inflation estimates, especially in Europe where demand decreased as a result of milder weather.

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The US earnings reporting season for the fourth quarter was only getting started as the month came to an end. Results so far have been a mixed bag, with both good and bad surprises. Earnings have decreased as the global economy has slowed. In the past quarter, there have also been considerable job cuts, especially at large technology businesses that are dealing with a lockdown staffing overhang.

A total Covid policy turnaround in China and reasonably stable energy markets fueled optimism for the new year, printing excellent returns across all market indices. Investors believed that the reopening of the Chinese economy (and the restoration of mobility throughout Asia) would lead to



stronger economic growth, unclog supply chains, and counteract the declining growth in the West. This belief was definitely the most significant element driving market gains.

With excellent equities returns across the board, the MSCI ACWI index returned 7.2% for the month. The world's bond markets also performed well. The Bloomberg Global Government Bond index gained 3.2% as investors' optimism about the likely peak in US interest rates increased and inflation fears started to fade a bit.

On a slightly positive note, US inflation had shown some signs of slowing down in the October and November months. Nevertheless, on December 14, and for the 5th consecutive time, the US Federal Reserve raised its benchmark interest rate, but this time by 0.50%. This brought US rates to the highest level in 15 years.

**NOVARE HOUSE VIEW: January 2023**  
**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				100%
<b>AFRICA</b>		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
-
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# TACTICAL ASSET ALLOCATION

Global Assets (US\$)	1 month	3 months	YTD	12 months	3 Years	5 Years
MSCI All Countries Equity	7.2%	11.1%	7.2%	-7.5%	7.3%	6.1%
MSCI Emerging Markets	7.9%	22.3%	7.9%	-11.7%	1.8%	-1.1%
Global Bonds (R)	5.6%	3.1%	5.6%	-0.1%	1.0%	6.7%

Commodity Prices	1 month	3 months	YTD	12 months	3 Years	5 Years
Brent Oil (USD/Barrel)	-0.5%	-7.9%	-0.5%	-4.3%	13.7%	4.4%
Platinum (USD/oz)	-5.8%	8.2%	-5.8%	-0.7%	1.8%	0.2%
Gold (USD/oz)	4.5%	16.2%	4.5%	6.5%	6.2%	7.3%

Asset Allocation (Rand)	1 month	3 months	YTD	12 months	3 Year	5 Years
Domestic Equities	8.9%	19.6%	8.9%	11.8%	16.6%	9.8%
Domestic Bonds	2.9%	7.6%	2.9%	6.4%	7.7%	8.1%
Domestic Cash	0.6%	1.7%	0.6%	5.5%	4.8%	5.8%
Domestic Property	-1.0%	6.4%	-1.0%	2.4%	-2.7%	-5.5%
International Equity	9.5%	4.1%	9.5%	5.2%	13.6%	15.6%
International Bonds	5.6%	3.1%	5.6%	-0.1%	1.0%	6.7%
Exchange rate (R / \$)	2.3%	-5.1%	2.3%	13.2%	5.1%	8.0%

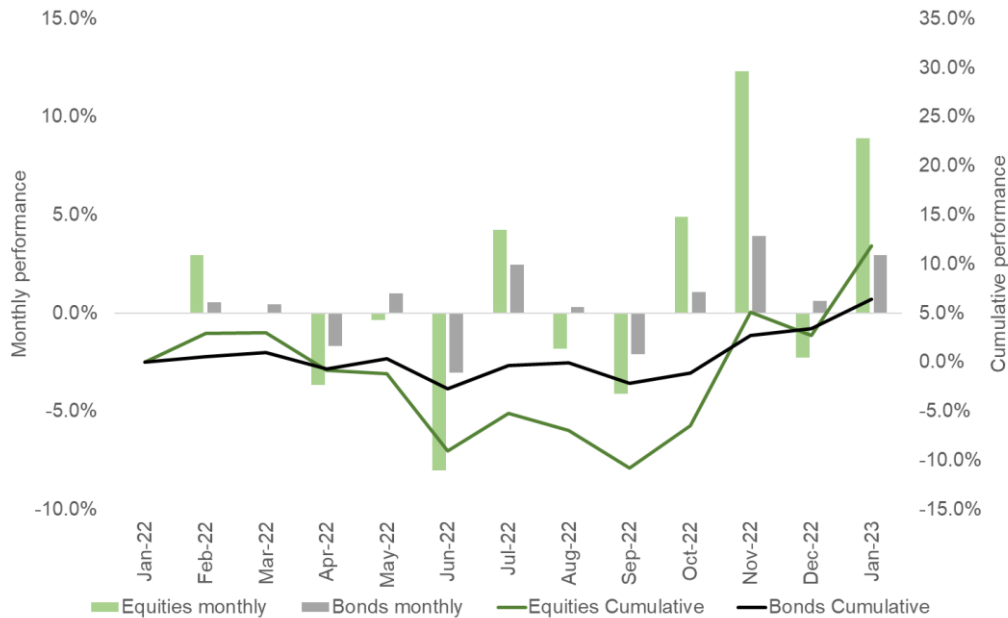
Scale:

Best performing asset class

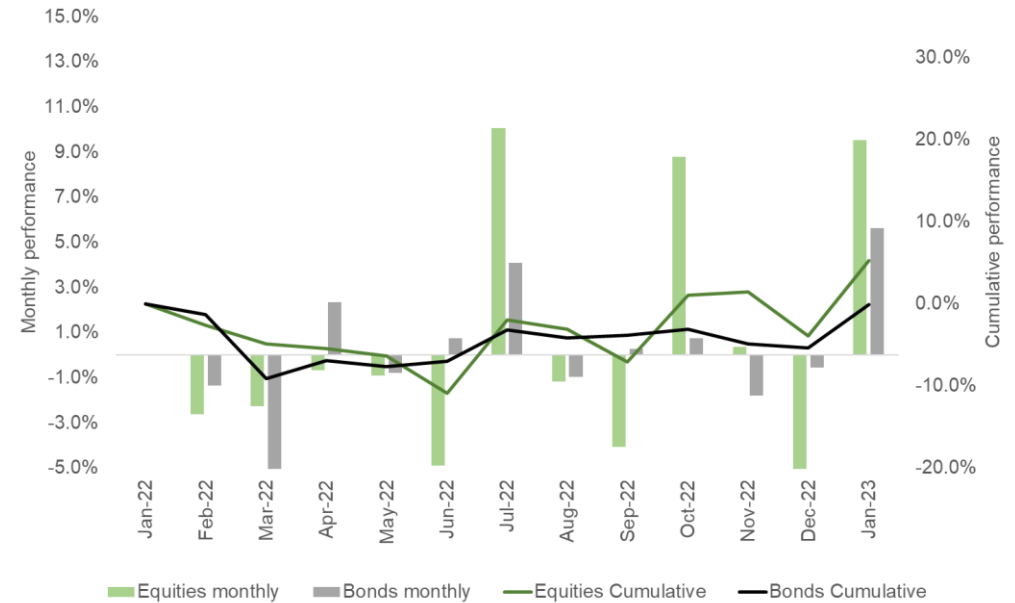
Worst performing asset class



Domestic Markets (R) over the last 12 months



International Markets over the last 12 months



## Section B

Fund Overview



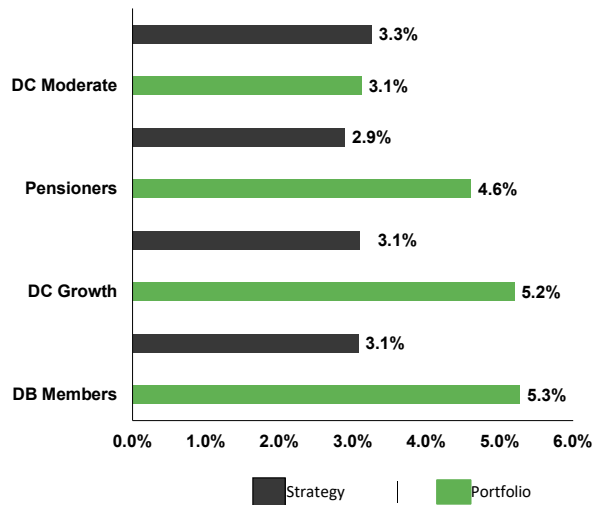


# EXECUTIVE SUMMARY

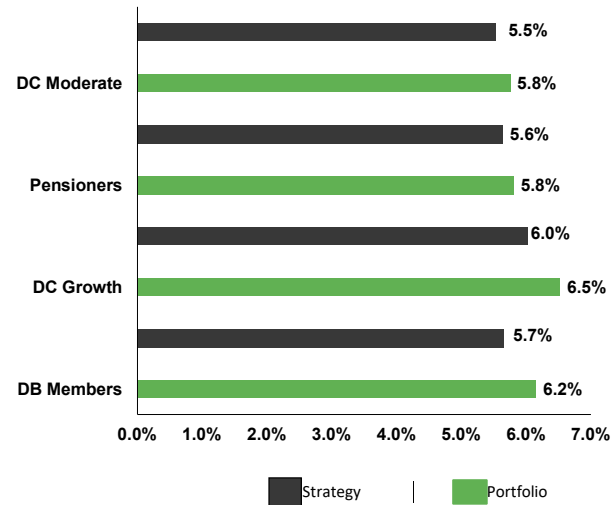
## SHORT TERM RETURNS VERSUS STRATEGIES



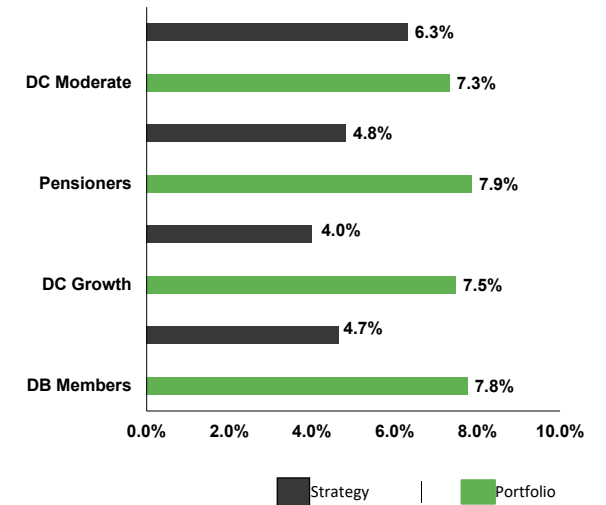
Monthly Return for January 2023



3 Months Return up to January 2023



1 Year Return up to January 2023



# 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.

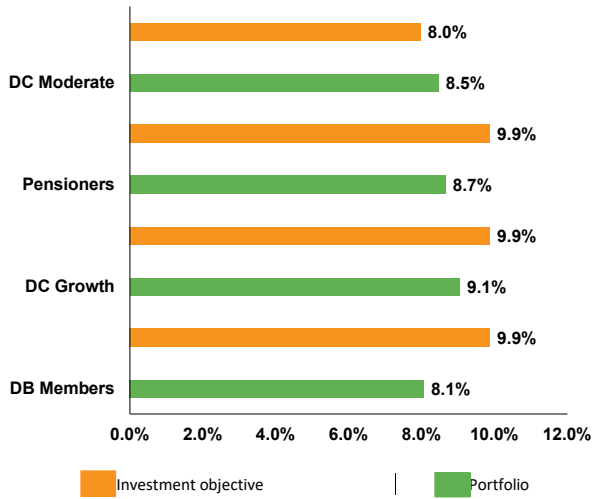
	Market value (R)	Weight (%)	1 month (%)	3 months (%)	YTD (%)	12 months (%)
DB Members Strategy	8 523 560 715	66.0%	5.3%	6.2%	5.3%	7.8%
			3.1%	5.7%	3.1%	4.7%
			2.2%	0.5%	2.2%	3.1%
DC Growth Strategy	2 353 866 520	18.2%	5.2%	6.5%	5.2%	7.5%
			3.1%	6.0%	3.1%	4.0%
			2.1%	0.5%	2.1%	3.5%
DC Moderate Strategy	349 825 727	2.7%	3.1%	5.8%	3.1%	7.3%
			3.3%	5.5%	3.3%	6.3%
			-0.1%	0.2%	-0.1%	1.0%
Pensioner Strategy	1 693 621 802	13.1%	4.6%	5.8%	4.6%	7.9%
			2.9%	5.6%	2.9%	4.8%
			1.7%	0.2%	1.7%	3.1%
	12 920 874 763	100%				

# EXECUTIVE SUMMARY

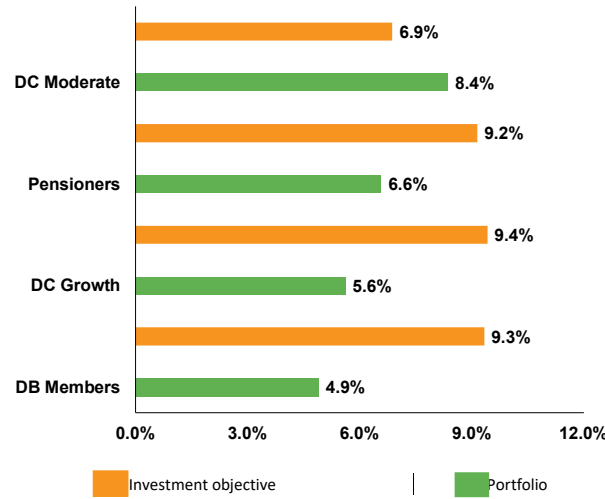
## LONG TERM RETURNS VERSUS OBJECTIVES



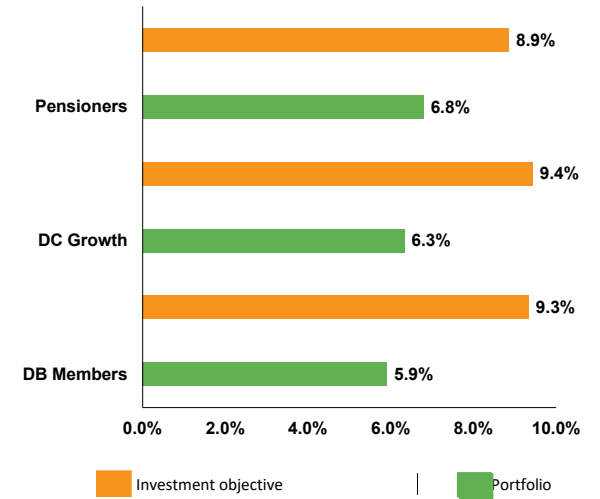
3 Year Return up to January 2023



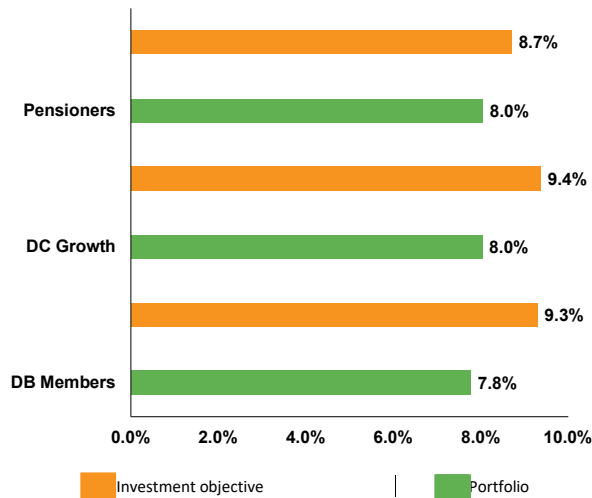
5 Year Return up to January 2023



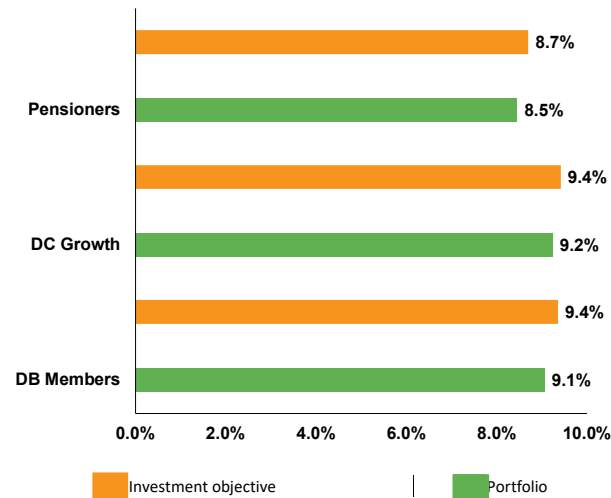
8 Year Return up to January 2023



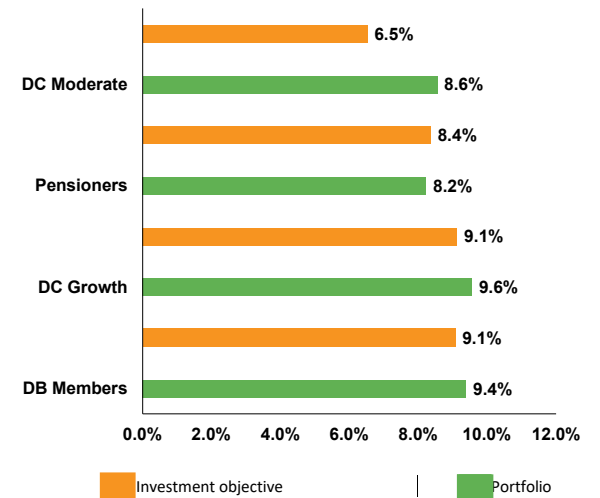
10 Year Return up to January 2023



12 Year Return up to January 2023



Returns Since Inception





# PORTFOLIO MARKET VALUES AND LONG TERM RETURNS

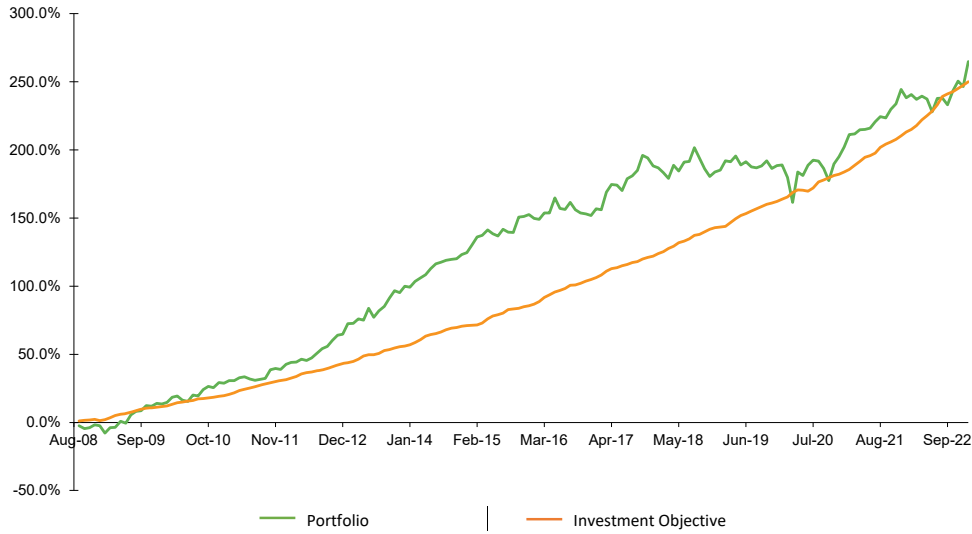
The below sets out the portfolio returns of the funds over the long term periods in comparison with their respective investment objectives.

	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 Objective</b>	8 523 560 715	66.0%	8.1% 9.9% -1.8%	4.9% 9.3% -4.4%	5.9% 9.3% -3.4%	7.8% 9.3% -1.5%	9.1% 9.4% -0.3%	9.4% 9.1% 0.3%
<b>DC Growth Objective</b>	2 353 866 520	18.2%	9.1% 9.9% -0.8%	5.6% 9.4% -3.8%	6.3% 9.4% -3.1%	8.0% 9.4% -1.3%	9.2% 9.4% -0.2%	9.6% 9.1% 0.4%
<b>DC Moderate Objective</b>	349 825 727	2.7%	8.5% 8.0% 0.5%	8.4% 6.9% 1.5%	- - -	- - -	- - -	8.6% 6.5% 2.0%
<b>Pensioner Objective</b>	1 693 621 802	13.1%	8.7% 9.9% -1.2%	6.6% 9.2% -2.6%	6.8% 8.9% -2.1%	8.0% 8.7% -0.7%	8.5% 8.7% -0.2%	8.2% 8.4% -0.1%
	<b>12 920 874 763</b>	<b>100%</b>						

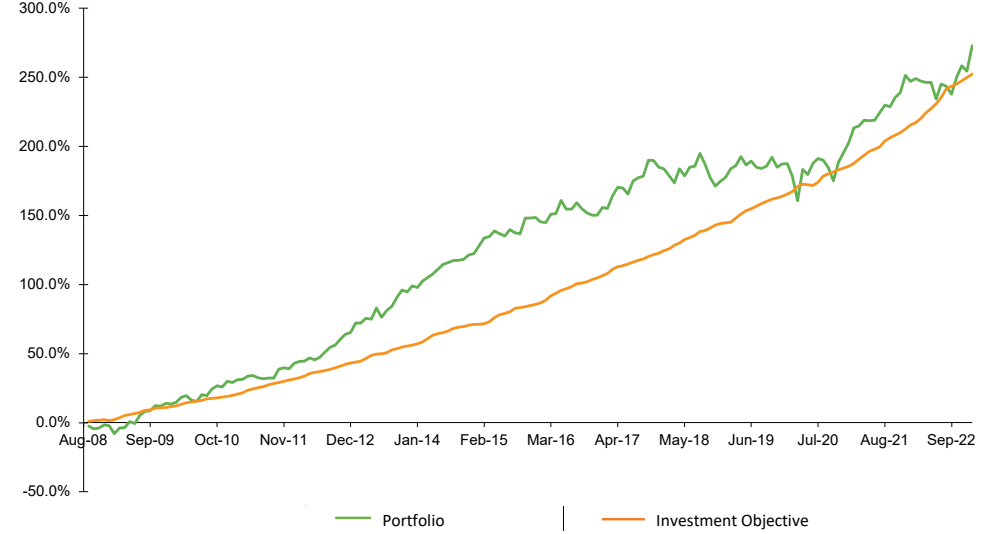
# LONG TERM RETURNS

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.

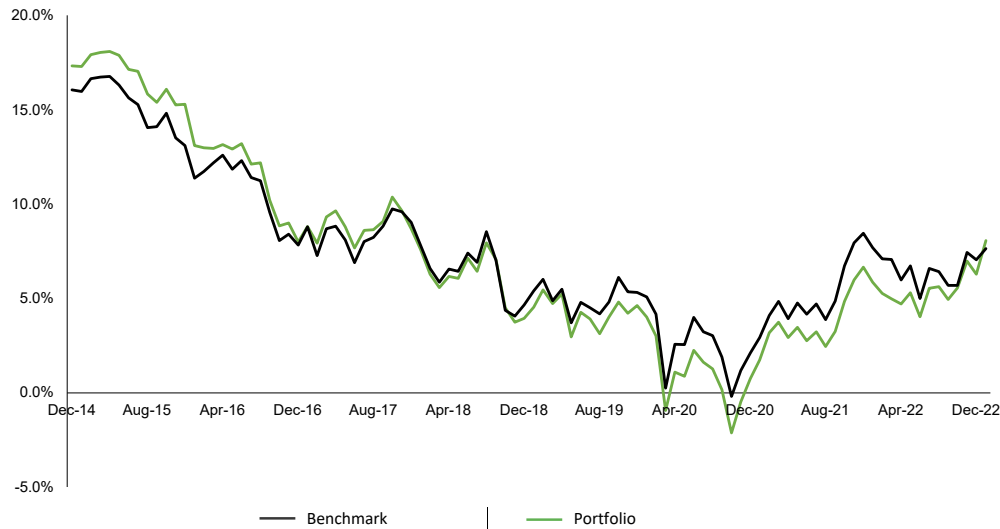
**DB Members - Cumulative return since 30 September 2009**



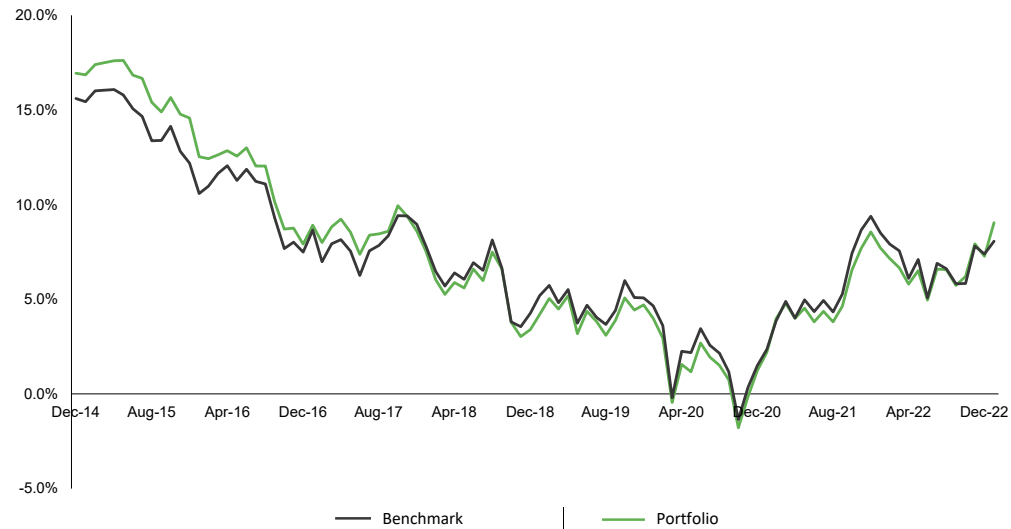
**DC Growth - Cumulative return since 30 September 2009**



**DB Members - 3 Year Rolling Returns**



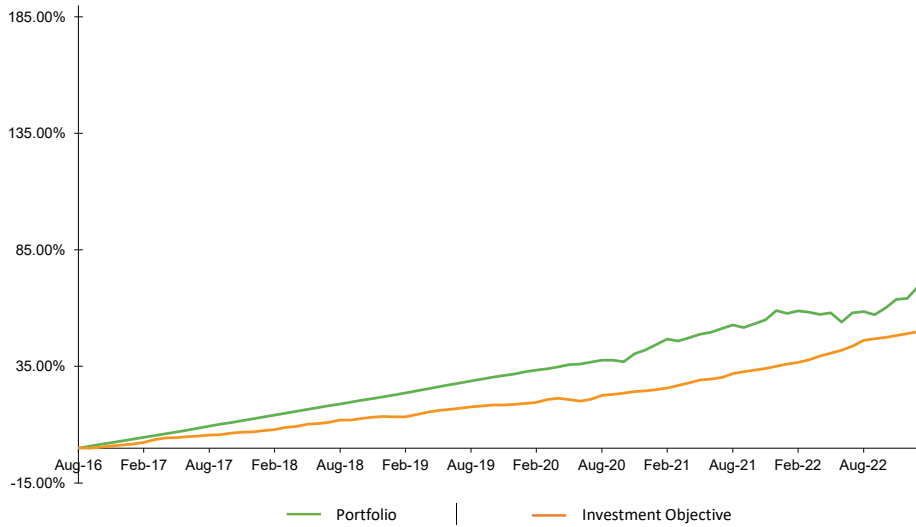
**DC Growth - 3 Year Rolling Returns**



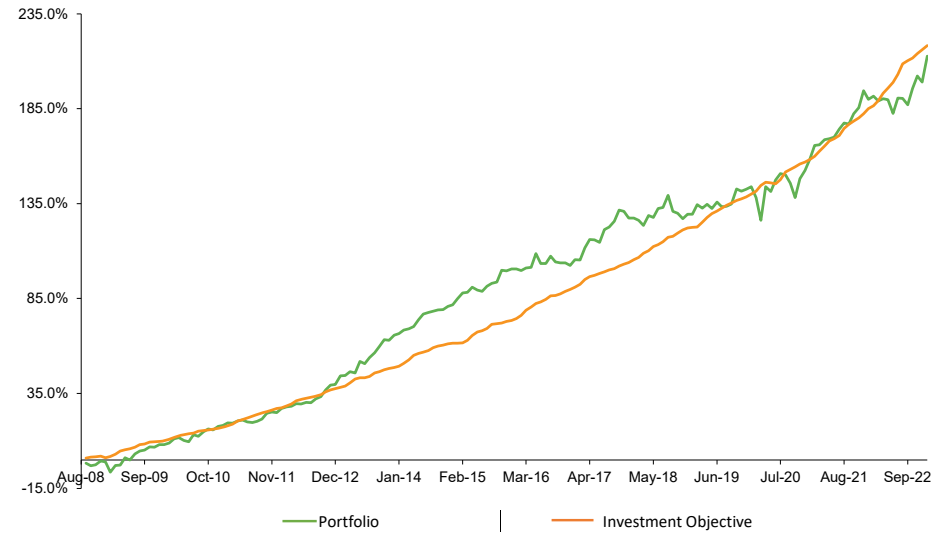
# LONG TERM RETURNS

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**



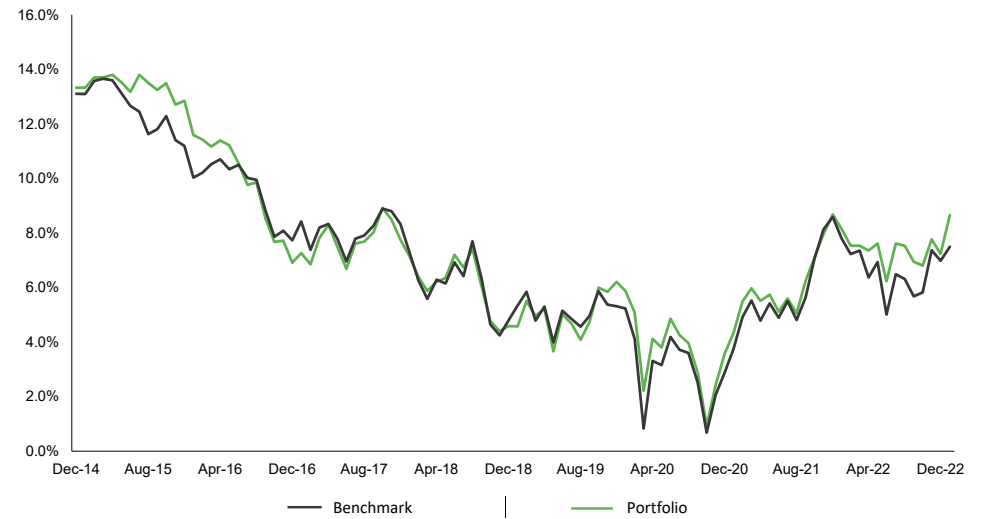
**Pensioner - Cumulative return since 31 August 2008**



**DC Moderate - 1 Year Rolling Returns**



**Pensioner - 3 Year Rolling Returns**

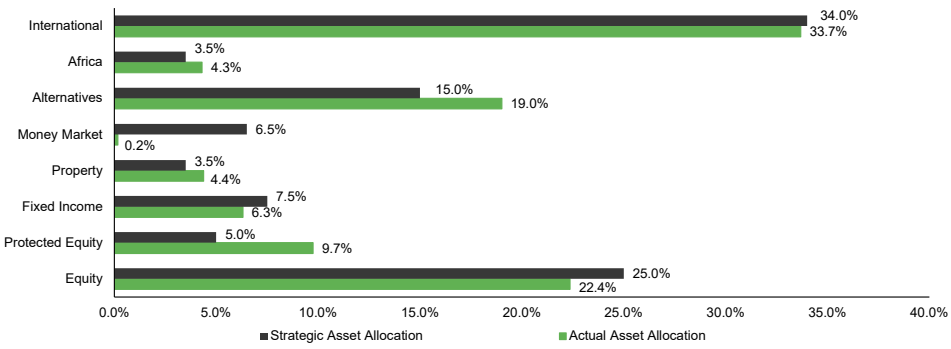




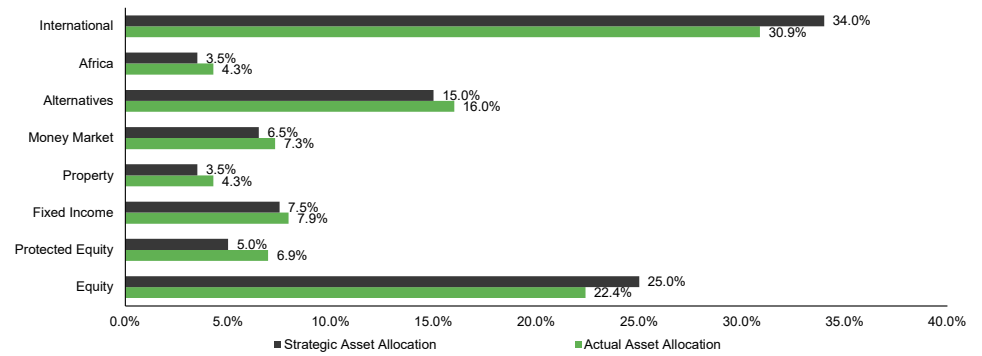
# ASSET ALLOCATION



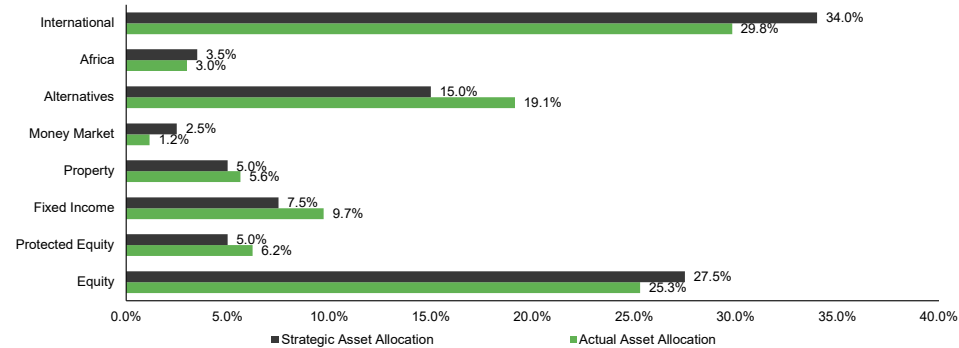
### DB Members



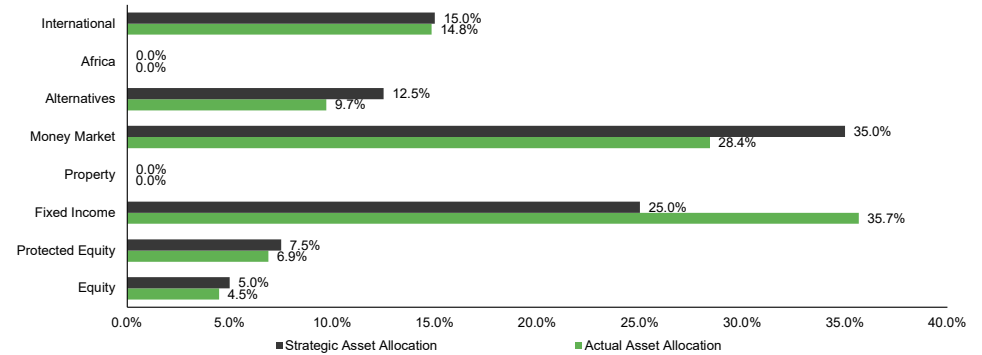
### Pensioner



### DC Growth



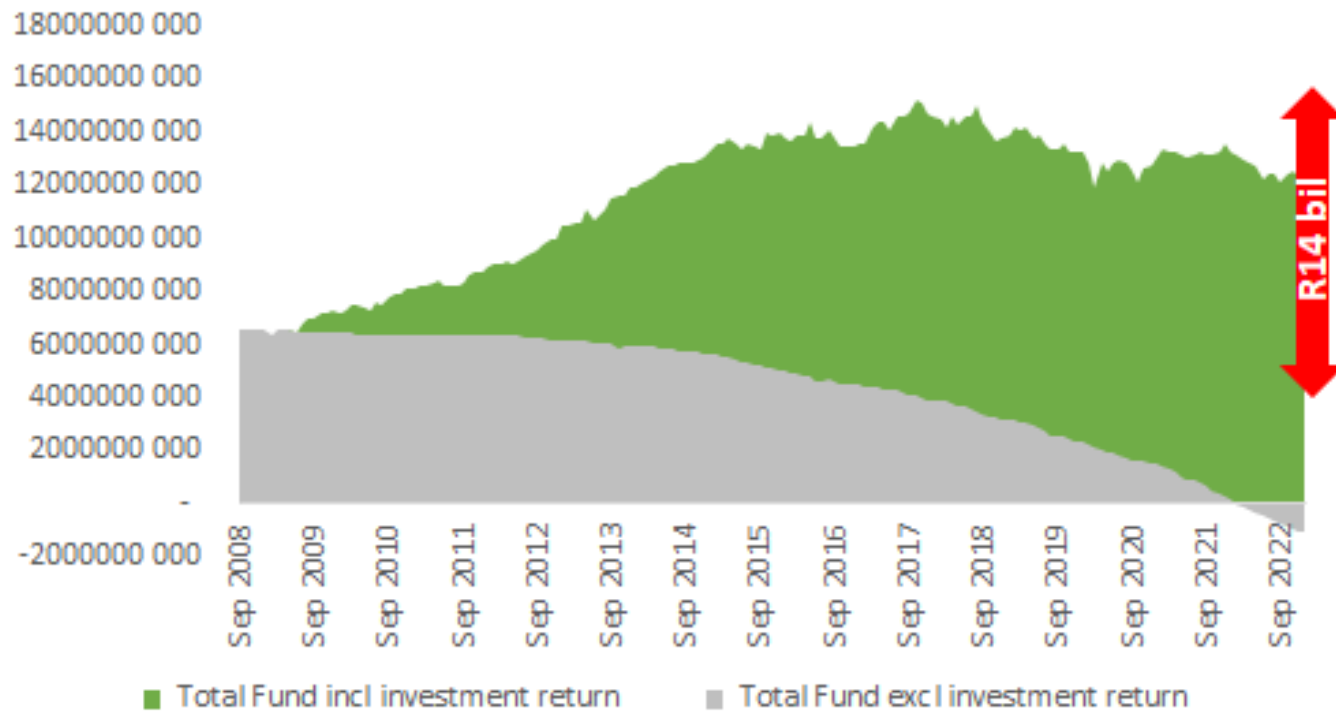
### DC Moderate



# 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	512 766 699.77	4.0%	7.2% 7.0% 0.3%	14.7% 14.0% 0.7%	15.6% 9.1% 6.5%	18.0% 13.6% 4.4%	- - -	12.7% 10.6% 2.1%
	<b>Aluwani Capital Equity</b> JSE Capped Share Weighted Index	2018/10/31	513 597 535.06	4.0%	7.5% 7.0% 0.6%	14.5% 14.0% 0.5%	7.1% 9.1% -2.0%	11.8% 13.6% -1.7%	- - -	9.7% 10.6% -0.9%
	<b>Argon Equity</b> JSE Capped Share Weighted Index	2018/10/31	323 227 163.80	2.5%	7.0% 7.0% 0.0%	13.5% 14.0% -0.5%	10.9% 9.1% 1.8%	14.0% 13.6% 0.4%	- - -	10.9% 10.6% 0.2%
	<b>Satrix Equity</b> JSE Capped Share Weighted Index	2018/10/31	298 027 599.12	2.3%	6.6% 7.0% -0.3%	13.7% 14.0% -0.3%	8.2% 9.1% -0.8%	13.8% 13.6% 0.2%	- - -	11.2% 10.6% 0.5%
	<b>Vunani Equity</b> JSE Capped Share Weighted Index	2018/10/31	269 441 147.03	2.1%	7.0% 7.0% 0.0%	14.2% 14.0% 0.2%	8.5% 9.1% -0.6%	13.0% 13.6% -0.6%	- - -	10.3% 10.6% -0.3%
	<b>Mianza Equity</b> JSE Capped Share Weighted Index	2018/10/31	543 561 255.82	4.2%	6.9% 7.0% 0.0%	13.8% 14.0% -0.2%	10.5% 9.1% 1.4%	15.1% 13.6% 1.6%	- - -	11.9% 10.6% 1.3%
	<b>Balondolozzi Equity</b> JSE Capped Share Weighted Index	2018/10/31	378 969 244.81	2.9%	7.1% 7.0% 0.2%	13.8% 14.0% -0.1%	11.2% 9.1% 2.1%	14.0% 13.6% 0.4%	- - -	10.6% 10.6% 0.0%
	Equity Incubation	<b>LIMA Mbeu Equity</b> JSE Capped Share Weighted Index	2022/07/31	57 227 350.01	0.4%	6.6% 7.0% -0.3%	13.7% 14.0% -0.3%	- - -	- - -	- - -
<b>Protected Equity</b>		<b>Mergence Structured Product</b> JSE All Share Index Top 40	2019/11/01	676 295 550.81	5.2%	8.3% 9.7% -1.3%	19.1% 22.3% -3.2%	16.4% 8.3% 8.1%	19.9% 13.5% 6.5%	- - -
	<b>MAC Dynamic Protected Equity</b> SALA_MAC_Dynamic_Custom 80% DTop, 20% SteFi	2022/06/01	279 087 738.80	2.2%	4.3% 7.9% -3.5%	12.4% 18.1% -5.7%	- - -	- - -	- - -	11.2% 10.9% 0.3%
Protected Equity Incubation	<b>REGIVE Protected Equity</b> SALA REGIVE SP Custom	2022/02/01	163 957 649.99	1.3%	7.6% 9.7% -2.1%	17.5% 22.3% -4.8%	9.3% 8.3% 1.1%	- - -	- - -	9.3% 8.3% 1.1%

# 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	829 418 573.85	6.4%	3.0%	9.1%	9.3%	9.6%	9.7%	10.9%	
					2.9%	7.6%	6.4%	7.7%	8.1%	8.7%	
					0.1%	1.4%	2.9%	1.9%	1.6%	2.2%	
	<b>Stanlib Bond</b> All Bond Index	2008/08/31	196 467 496.93	1.5%	2.8%	7.7%	7.3%	8.7%	8.8%	9.5%	
2.9%					7.6%	6.4%	7.7%	8.1%	8.7%		
				-0.1%	0.1%	0.9%	1.0%	0.7%	0.8%		
Property	<b>Direct Property</b> NO BENCHMARK	2008/08/31	159 700 023.25	1.2%	-	-	-	-	-	-	
					-	-	-	-	-	-	
					-	-	-	-	-	-	
Money Market	<b>Meago Property</b> Listed Property	2012/08/31	419 329 871.49	3.2%	-0.9%	6.6%	2.0%	-2.0%	-5.1%	3.6%	
					-1.0%	6.4%	2.4%	-2.7%	-4.7%	2.9%	
					0.1%	0.1%	-0.4%	0.7%	-0.4%	0.7%	
Money Market	<b>Sanlam Cash</b> STEFI Composite	2010/09/30	109 310 831.01	0.8%	0.8%	2.1%	6.5%	5.4%	6.7%	7.1%	
					0.6%	1.7%	5.5%	4.8%	5.8%	6.1%	
						0.2%	0.4%	1.0%	0.6%	0.9%	1.0%
	<b>Transition Account</b>	2009/02/28	2 406 768.93	0.0%	-	-	-	-	-	-	
-					-	-	-	-	-		
					-	-	-	-	-	-	
Money Market Incubation	<b>Cartesian Capital Money Market</b> STEFI Composite	2018/10/31	153 935 470.20	1.2%	0.6%	1.9%	5.7%	5.3%	-	5.7%	
					0.6%	1.7%	5.5%	4.8%	-	5.5%	
					0.0%	0.2%	0.3%	0.5%	-	0.2%	
Alternatives	<b>Mayibentsha Focused</b> CPI + 4.5%	2011/07/31	508 622 347.21	3.9%	2.4%	5.0%	9.8%	11.5%	9.3%	8.3%	
					0.7%	2.1%	11.7%	9.9%	9.4%	9.7%	
						1.7%	2.8%	-1.9%	1.6%	-0.2%	-1.4%
	<b>Mayibentsha Market Neutral</b> CPI + 2.5%	2011/07/31	419 306 308.83	3.2%	1.9%	4.0%	10.4%	8.9%	8.5%	8.0%	
					0.6%	1.6%	9.7%	7.9%	7.4%	7.7%	
						1.3%	2.4%	0.7%	1.0%	1.0%	0.3%
<b>Mayibentsha Moderate</b> CPI + 3.5%	2008/08/31	335 012 120.00	2.6%	1.9%	4.4%	9.8%	10.8%	9.3%	8.8%		
				0.7%	1.9%	10.7%	8.9%	8.4%	8.6%		
					1.2%	2.5%	-0.9%	1.9%	0.9%	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	70 592 511.00	0.5%	3.3%	4.6%	21.2%	12.2%	-	12.2%
	STEFI				0.6%	1.7%	5.5%	4.8%	-	4.8%
					2.7%	2.9%	15.7%	7.4%	-	7.4%
	<b>Sampada Private Equity</b>	2015/09/30	250 921 757.85	1.9%	-	-	-	-	-	-
	NO BENCHMARK				-	-	-	-	-	-
					-	-	-	-	-	-
	<b>Sampada Private Equity 2</b>	2019/01/31	301 888 323.32	2.3%	-	-	-	-	-	-
	NO BENCHMARK				-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	<b>Umthombo IF1</b>	2022/12/01	50 000 000.00	0.4%	-	-	-	-	-	-
	NO BENCHMARK				-	-	-	-	-	-
					-	-	-	-	-	-
	<b>REAL Fund</b>	2022/03/01	10 065 509.52	0.1%	0.5%	0.5%	-	-	-	0.3%
	STEFI				0.6%	1.7%	-	-	-	5.1%
					-0.1%	-1.2%	-	-	-	-4.8%
	<b>Legacy Africa</b>	2020/01/31	226 812 985.63	1.8%	-	-	-	-	-	-
	Hurdle Rate				-	-	-	-	-	-
					-	-	-	-	-	-
	<b>Tamela Capital</b>	2020/01/31	21 205 693.57	0.2%	-	-	-	-	-	-
	NO BENCHMARK				-	-	-	-	-	-
					-	-	-	-	-	-
	<b>Boxwood Property Fund</b>	2020/03/31	78 435 083.86	0.6%	-	-	-	-	-	-
	Hurdle Rate (CPI +3%)				-	-	-	-	-	-
					-	-	-	-	-	-
	<b>Summit Africa</b>	2019/11/30	103 091 198.98	0.8%	-	-	-	-	-	-
	Hurdle Rate (CPI +5%)				-	-	-	-	-	-
					-	-	-	-	-	-
Africa	<b>Novare Africa Property Fund 1</b>	2010/07/31	386 268 431.15	3.0%	-	-	-	-	-	-
	10% in USD				-	-	-	-	-	-
					-	-	-	-	-	-
	<b>Novare Africa Property Fund 2</b>	2014/07/31	123 858 407.02	1.0%	-	-	-	-	-	-
	10% in USD				-	-	-	-	-	-
					-	-	-	-	-	-
International	<b>Novare Global Balanced</b>	2008/08/31	3 104 202 340.84	24.0%	5.5%	0.6%	4.3%	6.7%	7.7%	10.2%
	SALA NBAUIS Fund				6.9%	3.7%	-2.0%	6.1%	9.9%	9.8%
					-1.4%	-3.1%	6.3%	0.6%	-2.3%	0.4%
	<b>SALA Global Fund</b>	2022/04/01	1 043 863 773.97	8.1%	9.3%	3.4%	-	-	-	8.2%
	SALA Global Fund				10.1%	5.5%	-	-	-	9.0%
					-0.7%	-2.1%	-	-	-	-0.8%
			12 920 874 763	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	300 847 917.2	129 767 961.7	6 780 278.6	75 370 542.3	512 766 699.8	
	Aluwani Capital Equity	302 851 643.0	153 525 060.5	2 408 306.6	54 812 524.9	513 597 535.1	
	Argon Equity	214 511 514.5	94 039 827.5	1 251 233.6	13 424 588.2	323 227 163.8	
	Balondolozzi Equity	280 072 401.0	83 069 738.3	1 109 314.5	14 717 791.1	378 969 244.8	
	Mianzo Equity	361 432 557.5	87 083 019.6	1 164 717.9	93 880 960.7	543 561 255.8	
	Satrix Equity	211 002 742.7	22 238 542.1	1 045 400.0	63 740 914.3	298 027 599.1	
	Vunani Equity	205 302 528.5	9 145 332.0	538 273.7	54 455 012.8	269 441 147.0	
	Lima Equity	30 501 239.2	16 618 987.2	1 375 084.1	8 732 039.6	57 227 350.0	
Protected Equity	Mergence Structured Product	506 586 036.2	88 720 342.5	14 176 257.6	66 812 914.5	676 295 550.8	
	MAC Dynamic Protected Equity	190 786 975.5	47 251 477.6	6 472 011.0	34 577 274.7	279 087 738.8	
	Regive Protected Equity	133 668 536.9	10 559 650.5	3 436 819.7	16 292 642.9	163 957 650.0	
Fixed Income	Futuregrowth Infrastructure Bond	459 901 689.7	180 069 502.2	83 654 259.6	105 793 122.3	829 418 573.9	
	Stanlib Bond	77 697 732.2	48 886 670.0	41 111 676.9	28 771 417.8	196 467 496.9	
Property	Direct Property	127 317 543.5			32 382 479.8	159 700 023.3	
	Meago Property	246 753 902.4	132 553 949.2		40 022 019.9	419 329 871.5	
Money Market	Cartesian Capital Money Market	7 098 849.0	4 709 769.8	32 648 753.5	109 478 098.0	153 935 470.2	
	Sanlam Cash	6 027 446.6	22 650 489.2	66 732 272.6	13 900 622.6	109 310 831.0	
Alternatives	Transition Account	2 406 768.9				2 406 768.9	
	Mayibentsha Focused	322 847 380.4	103 189 556.6	7 750 146.9	74 835 263.3	508 622 347.2	
	Mayibentsha Market Neutral	311 985 754.3	55 274 535.1	7 022 405.1	45 023 614.4	419 306 308.8	
	Mayibentsha Moderate	204 495 239.6	72 859 260.3	10 024 352.7	47 633 267.4	335 012 120.0	
	Terebinth Capital	55 918 714.1	2 003 369.8	9 051 230.3	3 619 196.8	70 592 511.0	
	Tamela Capital	8 353 444.0	8 412 236.1		4 440 013.5	21 205 693.6	
	Legacy Africa	158 397 346.9	56 785 432.0		11 630 206.8	226 812 985.6	
	Sampada Private Equity	184 641 420.5	50 086 397.4		16 193 940.0	250 921 757.9	
	Sampada Private Equity 2	210 769 109.0	53 448 946.1		37 670 268.3	301 888 323.3	
	Umthombo IF1	34 743 749.7	10 315 332.1		4 940 918.1	50 000 000.0	
	Boxwood Property Fund	69 121 867.1	5 013 824.6		4 299 392.2	78 435 083.9	
	Summit Africa	51 513 740.5	31 899 475.1		19 677 983.4	103 091 199.0	
	Real Fund	7 660 361.1	1 241 680.2		1 025 520.2	10 065 509.5	
	Africa	Novare Africa Property Fund 1	277 539 088.7	53 901 694.9		54 827 647.6	386 268 431.2
		Novare Africa Property Fund 2	89 586 355.6	16 560 088.6		17 711 962.8	123 858 407.0
International	Novare Global Balanced	2 115 255 732.8	549 609 521.0	36 985 271.1	402 351 816.0	3 104 202 340.8	
	SALA Global Fund	755 963 386.5	152 374 849.9	14 949 712.6	120 575 825.1	1 043 863 774.0	
<b>Total Fund</b>		<b>8 523 560 715.3</b>	<b>2 353 866 519.5</b>	<b>349 825 726.6</b>	<b>1 693 621 802.0</b>	<b>12 920 874 763.4</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

A hand in a dark suit sleeve points towards a document. The document features several charts, including pie charts and a table. One pie chart is labeled with 'Energy', 'Industrial', 'Oil', and 'Agriculture'. Another pie chart shows '73%' and '27%'. A table in the background has columns for 'Global Equities', 'Global Bonds', and 'Global Commodities'.

## 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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