

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

**Monthly Report**

**SALA Pension Fund**

July 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>	20%	Capped SWIX
<b>Domestic Protected Equities</b>	6.5%	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>	2.5%	STeFI Composite Index
<b>Domestic Alternatives</b>	22.5%	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>	20%	Capped SWIX
<b>Domestic Protected Equities</b>	6.5%	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>	2.5%	STeFI Composite Index
<b>Domestic Alternatives</b>	22.5%	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	20%	Capped SWIX
Domestic Protected Equities	6.5%	JSE TOP 40
Domestic Fixed Income	7.5%	ALBI
Domestic Property	3.5%	SA Listed Property
Domestic Money Market	2.5%	STeFI Composite Index
Domestic Alternatives	22.5%	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	7.5%	Capped SWIX
Domestic Protected Equities	7.5%	JSE TOP 40
Domestic Fixed Income	25%	ALBI
Domestic Money Market	32.5%	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%	40%
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%	40%
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

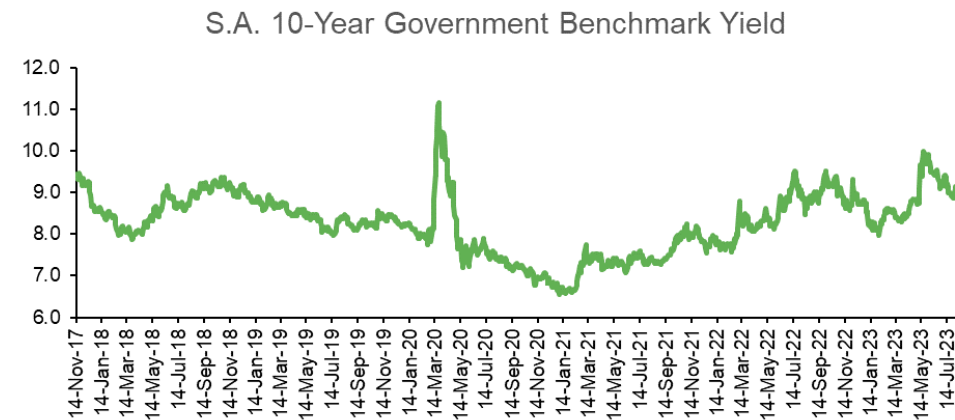
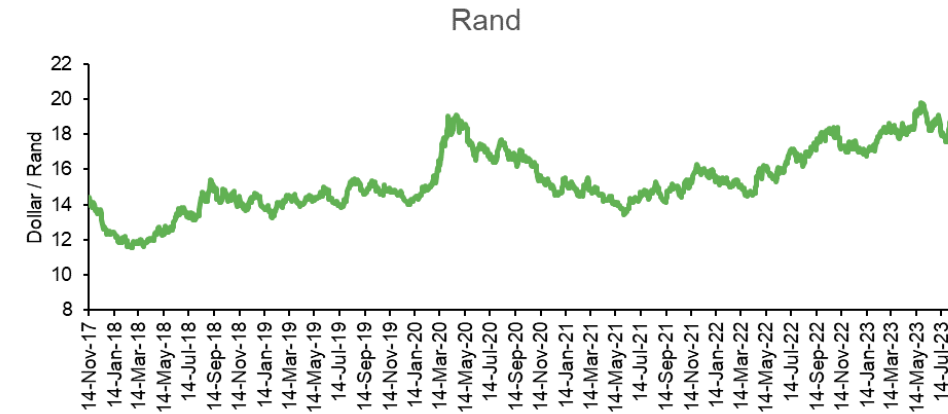


The South African stock market rallied in tandem with global counterparts during July, with the FTSE/JSE Capped SWIX Index gaining 4.1% in the month. This marked the strongest monthly performance since January.

Domestically oriented companies once again led the charge, with discretionary retailers and general retailers achieving double-digit growth for the second consecutive month.

The banking sector and insurers also made significant contributions to the positive trend in July. Elevated commodity prices supported a 3.9% increase for miners, likely influenced in part by the Chinese government's announcement of measures aimed at stimulating economic growth, including adjustments to restrictions on property sector activities.

The local currency continued its recovery from the May decline when it neared R20/US\$1, a movement triggered by US allegations that SA had supplied weapons to Russia. By the end of July, the rand had strengthened to R17.85/US\$1, reflecting a 5.6% month-on-month appreciation against the US dollar. However, the stronger local currency posed challenges for locally listed companies with offshore earnings.



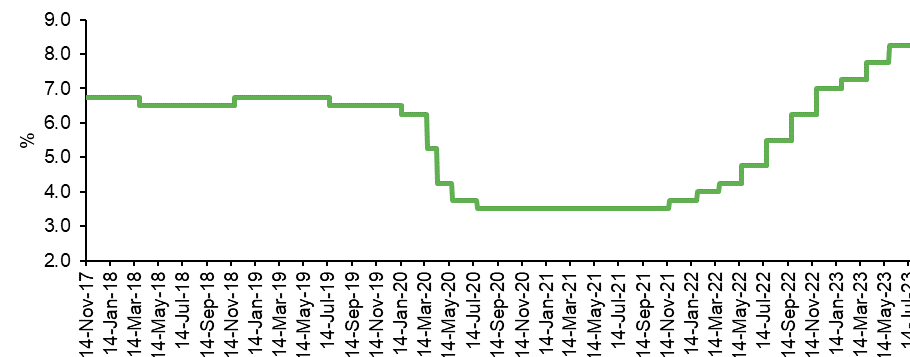
# DOMESTIC MARKET VIEW

Luxury goods company Richemont experienced the most significant impact within this category due to the currency headwind, coupled with slightly disappointing results, including a more pronounced than anticipated slowdown in spending by its US consumers.

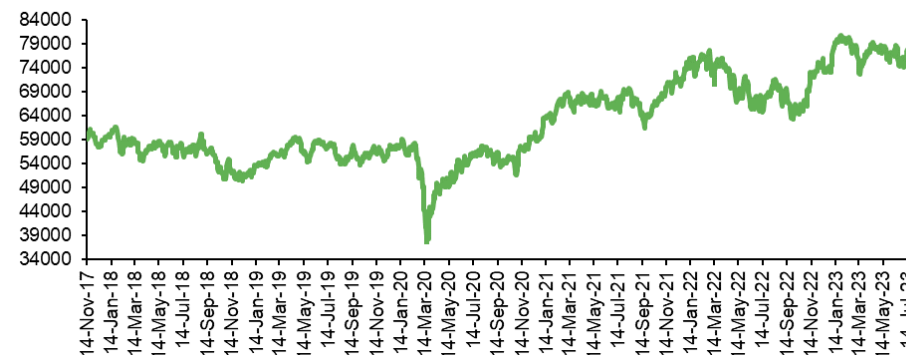
Conversely, investment conglomerates Naspers and Prosus managed to overcome the currency headwind, achieving a combined 3.2% growth. This success was primarily attributed to the robust performance of their largest investment, the Chinese tech conglomerate Tencent (up 7% in Hong Kong dollar terms).

South Africa's latest inflation data for July revealed a lower-than-expected figure for the second consecutive month. Core inflation data moderated towards the midpoint of the South African Reserve Bank's target range of 4.5% for the year. This data, released a day before the SARB's most recent interest rate decision, influenced a slender majority of Monetary Policy Committee (MPC) members (3 vs. 2) to vote against a further increase in the policy rate. In line with the currency's performance, local government bonds experienced a second successive month of gains, with the benchmark 10-year government borrowing rate declining to 11.5% by the end of July, having peaked at 12.5% in May.

### Repo Rate



### FTSE/JSE All Share Index



# INTERNATIONAL MARKET VIEW

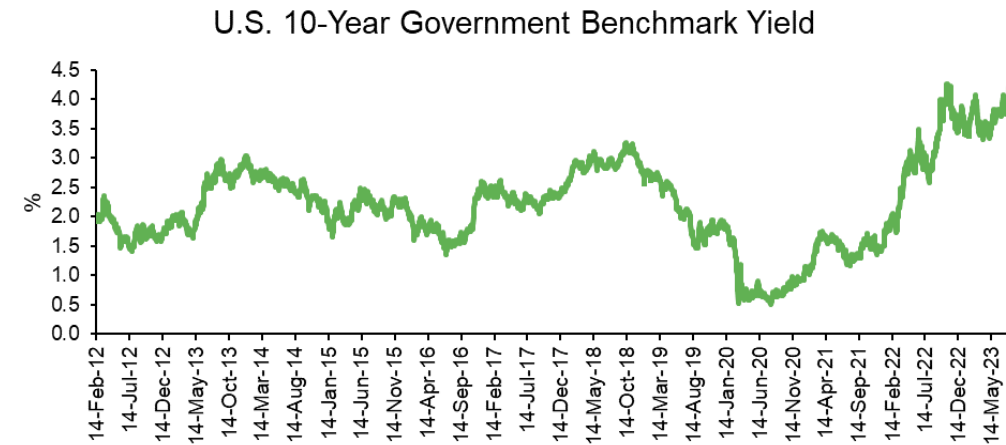
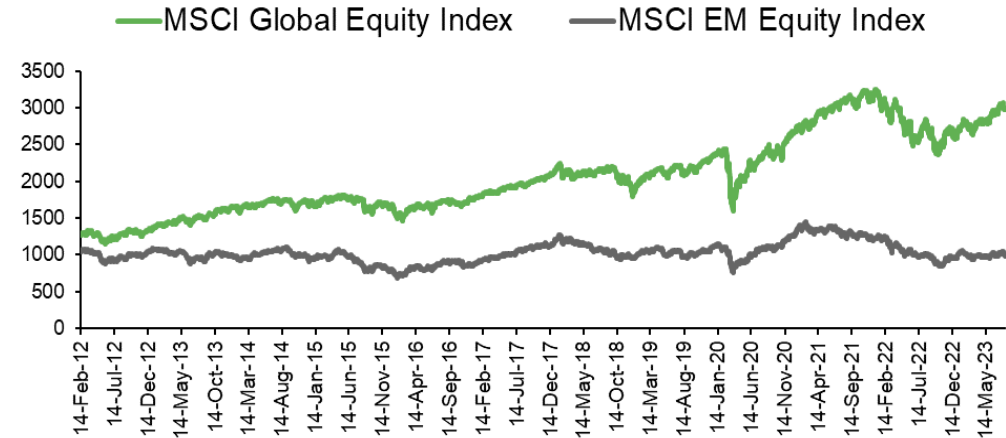
Market sentiment remained positive in July, buoyed by a decline in inflation in developed markets and resilient GDP data. This raised hopes for a gradual economic slowdown and contributed to a widespread rally across various asset classes and regions.

Global stocks performed well, with the MSCI All Country World Index rising by 3.7% during the month in terms of US dollars. Among equities, developed markets gained 3.4% in July, but it was the riskier sectors and regions that showed the strongest performance. Small-cap stocks and the MSCI Emerging Markets Index increased by 4.9% and 6.3% respectively.

Fixed income also posted positive returns overall, with global bonds rallying by 0.7% over the month. A lower-than-expected June consumer price index (CPI) reading in the UK supported Gilts, leading to a slight decrease in 10-year yields to 4.3%. However, US Treasuries and European government bonds faced some pressure due to relatively robust second-quarter GDP data.

Commodity prices reversed some of their year-to-date losses, as the broad Bloomberg Commodity Index suddenly increased by 6.3% in July. The price of oil experienced a rally, and Russia's decision to cancel the Black Sea grain export deal contributed to price increases in specific agricultural commodities. However, European natural gas prices continued to decline as storage inventories reached seasonal highs.

The Federal Reserve (the Fed) implemented a 25-basis point increase in its key policy rate, bringing the fed funds rate to a range of 5.25%-5.50%. This move aligns with market projections.





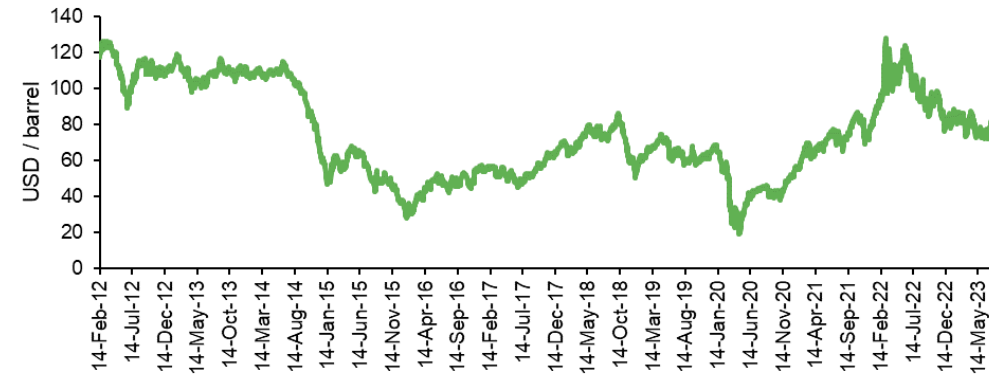
# INTERNATIONAL MARKET VIEW

The statement from the Federal Open Market Committee remained largely unchanged from the previous meeting, retaining the phrase "additional policy firming may be appropriate." Fed Chair Jerome Powell underscored the importance of data dependence for the upcoming September decision. Nonetheless, current market sentiment anticipates that this recent hike will likely mark the pinnacle of the current interest rate cycle. In July, the European Central Bank (ECB) also enacted a rate hike, elevating the deposit rate by 25 -basis points to 3.75% in accordance with its earlier guidance. ECB President Christine Lagarde cautiously alluded to a potential pause in September, while highlighting that maintaining steady rates would not necessarily signify the culmination of the tightening cycle.

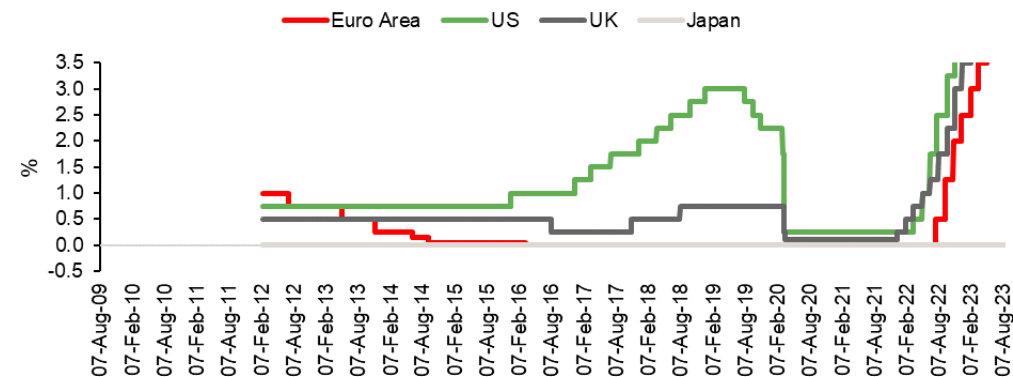
The ECB's shift toward a more dovish stance likely stems from declining eurozone inflation and weakened activity data leading up to its July gathering. The preliminary Eurozone composite purchasing managers' index (PMI) for July dipped to 48.9, suggesting modest economic contraction during the month. The manufacturing PMI further declined to a post-Covid low of 42.7.

In China, second-quarter sequential GDP growth exhibited a slowdown. Nevertheless, the MSCI China Index has yielded positive year-to-date returns, primarily due to a 9.1% increase in local currency performance during July. The gains were propelled by certain policy easing measures and expectations of additional stimulus. The robust performance of China's market, coupled with somewhat tempered rate forecasts in developed economies, contributed to a strong 6.2% return for the MSCI Asia ex Japan Index over the month.

### OIL (BRENT)



### G4 Policy Rates



# TACTICAL ASSET ALLOCATION

## RSA BONDS

South Africa's latest inflation data for July revealed a lower-than-expected figure for the second consecutive month. Core inflation data moderated towards the midpoint of the South African Reserve Bank's target range of 4.5% for the year. This data, released a day before the SARB's most recent interest rate decision, influenced a slender majority of Monetary Policy Committee (MPC) members (3 vs. 2) to vote against a further increase in the policy rate. In line with the currency's performance, local government bonds experienced a second successive month of gains, with the benchmark 10-year government borrowing rate declining to 11.5% by the end of July, having peaked at 12.5% in May.

The local currency continued its recovery from the May decline when it neared R20/US\$1, a movement triggered by US allegations that SA had supplied weapons to Russia. By the end of July, the rand had strengthened to R17.85/US\$1, reflecting a 5.6% month-on-month appreciation against the US dollar.

In the SA bond market, non-residents were net sellers of only R6.5bn in July, after being net sellers of R1.5bn in June. The cumulative outflow YTD is R224.1bn, and for the last 12 months, it adds up to R315.6bn. The yield curve flattened at the end of July, with a decline in yield of 30.1bp for the R2030, while at the longer end of the curve, the R2048 yield fell by

21.4bp. The ALBI returned 2.3%, with the major drivers of this happening around the 7- to 12-year papers, which returned 2.46% and 2.54% in July, respectively. The 1- to 3-year papers and the 3- to 7-year notes returned 1.4% and 1.87%, respectively.

We remain of the view that local bonds offer value due to its relative under-performance and therefore remain over-weight the asset class.

## RSA PROPERTY, ALTERNATIVES AND CASH

During May, listed property experienced a good month following some large drawdowns during the course of the last 12 months. Listed property ended the month higher by 2.30% but remains negative year-to-date.

Results from Q2 2023 revealed that asset valuations, debt-to-asset ratios, and operational performance were all continuing to stabilize. What stuck out is that several corporations are starting to reevaluate their dividend pay-out ratios as the burden of interest costs starts to affect predicted income growth and forecast.

This cancels out increased operational effectiveness. Community shopping facilities should continue to do well, and there are signs that some large regional shopping centres are operationally stabilizing. The SARBs rate hiking cycle also does not warrant an increase in our allocation.

## RSA MONEY MARKET

South Africa's money market saw the curve flattening at the end of July, as the 3-m JIBAR rate declined by 5bp and ended the month at 8.45%, while the 12-m JIBAR rate declined by 30bp to 9.30%. The 12-m T-bill average yield declined by 38bp to 9.13% at the end of July.

## RSA EQUITIES

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The banking sector and insurers also made significant contributions to the positive trend in July. Elevated commodity prices supported a 3.9% increase for miners, likely influenced in part by the Chinese government's announcement of measures aimed at stimulating economic growth, including adjustments to restrictions on property sector activities.

## INTERNATIONAL

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gradual economic slowdown and contributed to a widespread rally across various asset classes and regions.

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**NOVARE HOUSE VIEW: July 2023**  
**TACTICAL POSITIONING\***

	← UNDER-WEIGHT	ON-WEIGHT	→ OVER-WEIGHT	PREVIOUS
<b>DOMESTIC</b>	Under-weight			
Equities		100%		95%
Bonds		100%		100%
Property	95%			95%
Alternatives		100%		100%
Cash		Balancing		
<b>OFFSHORE</b>			110%	120%
Equities	90%			90%
Bonds	90%			80%
Property	90%			90%
Alternatives			115%	125%
<b>AFRICA</b>		100%		100%

\* positioning is as a % of strategic asset allocation

**Summary:**

Novare remains onweight domestic equities, domestic bonds and underweight domestic property: whilst maintaining an overweight to international assets. Due to the limit of 45% to international assets, the balance of any domestic assets will be invested in cash.

++
+
<b>Neutral</b>
-
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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	1.1%	5.9%	15.5%	10.6%	10.0%	8.2%
MSCI Emerging Markets	6.3%	8.6%	11.7%	8.8%	1.9%	2.1%
Global Bonds (R)	-4.5%	-3.4%	10.7%	8.1%	-3.2%	5.8%

Commodity Prices	1 month	3 months	YTD	12 months	3 Years	5 Years
Brent Oil (USD/Barrel)	13.3%	6.3%	-0.6%	-17.8%	25.2%	2.9%
Platinum (USD/oz)	5.5%	-11.5%	-11.4%	5.7%	1.5%	2.9%
Gold (USD/oz)	1.8%	-1.8%	7.2%	10.7%	-0.4%	9.9%

Asset Allocation (Rand)	1 month	3 months	YTD	12 months	3 Year	5 Years
Domestic Equities	4.0%	1.3%	10.1%	19.3%	16.7%	10.5%
Domestic Bonds	2.3%	1.9%	4.1%	8.1%	8.2%	7.4%
Domestic Cash	0.7%	2.0%	4.4%	7.0%	5.1%	5.8%
Domestic Property	2.3%	-2.3%	-2.2%	3.4%	13.4%	-3.0%
International Equity	-4.4%	3.5%	22.1%	19.7%	13.0%	15.8%
International Bonds	-4.5%	-3.4%	10.7%	8.1%	-3.2%	5.8%
Exchange rate (R / \$)	-5.2%	-2.3%	5.0%	7.7%	1.6%	6.1%

Scale:

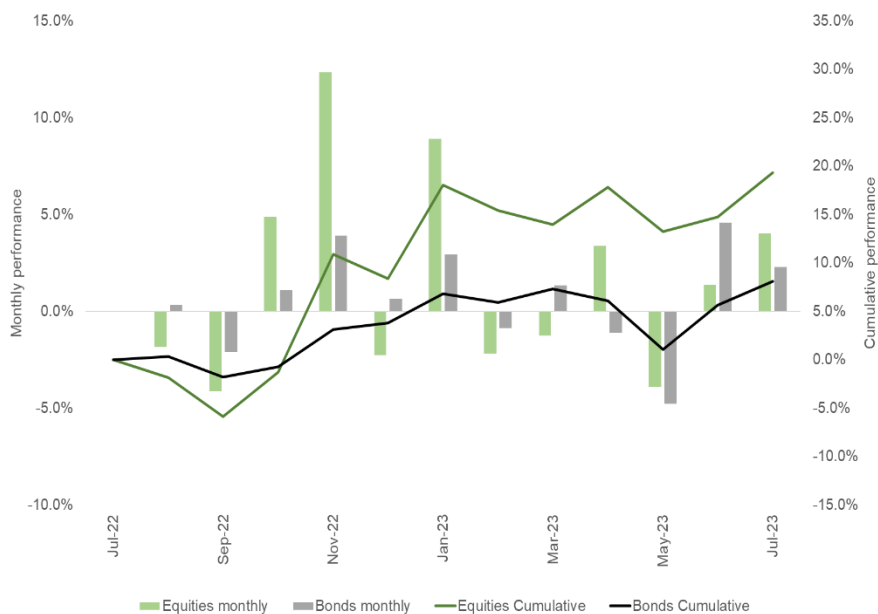
Best performing asset class



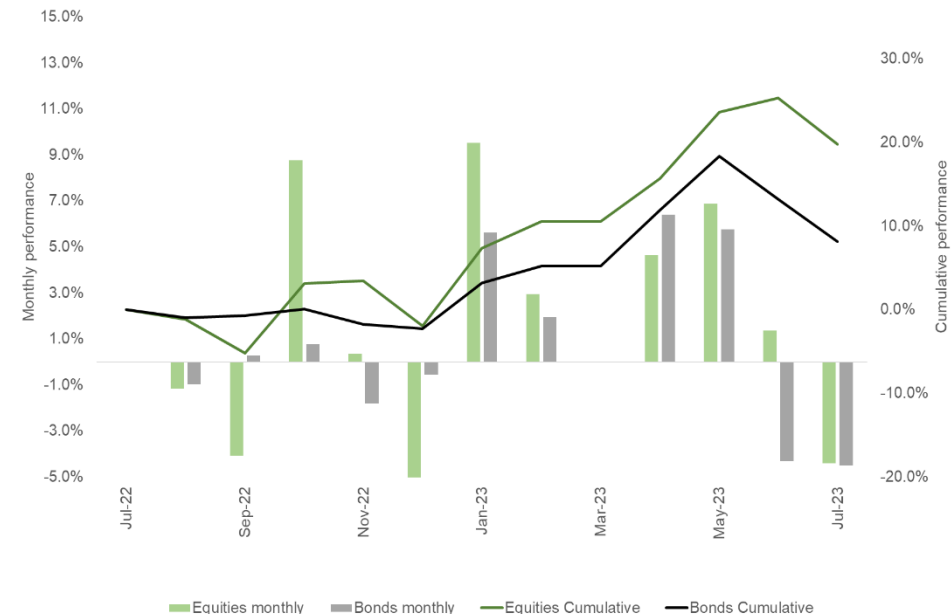
Worst performing asset class



Domestic Markets (R) over the last 12 months



International Markets over the last 12 months



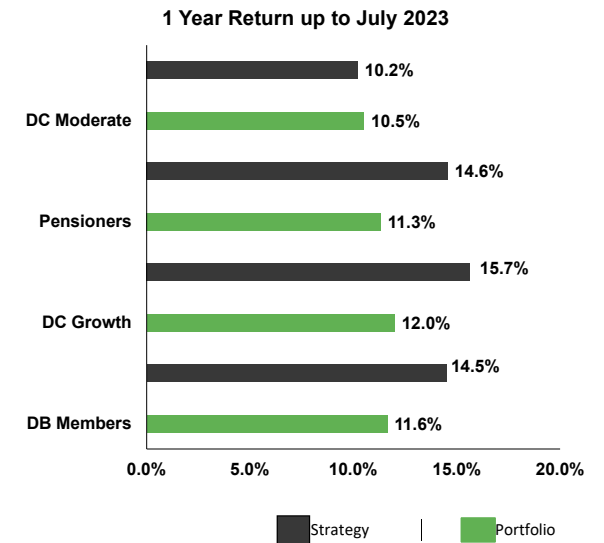
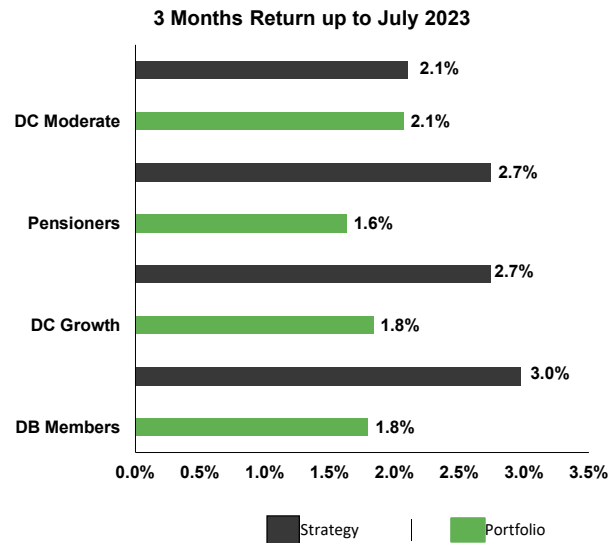
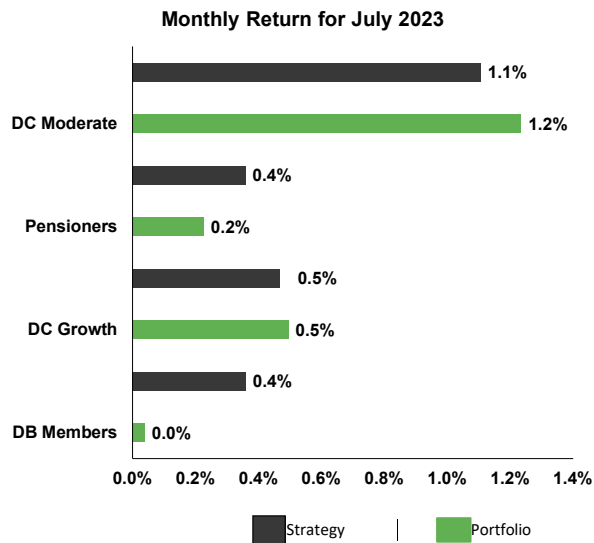
## Section B

Fund Overview



# EXECUTIVE SUMMARY

## SHORT TERM RETURNS VERSUS STRATEGIES



# 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	8 173 954 408	65.0%	0.0%	1.8%	8.9%	11.6%
			0.4%	3.0%	12.3%	14.5%
			-0.3%	-1.2%	-3.4%	-2.9%
DC Growth Strategy	2 529 424 926	20.1%	0.5%	1.8%	9.1%	12.0%
			0.5%	2.7%	12.8%	15.7%
			0.0%	-0.9%	-3.7%	-3.6%
DC Moderate Strategy	330 846 415	2.6%	1.2%	2.1%	6.4%	10.5%
			1.1%	2.1%	7.2%	10.2%
			0.1%	0.0%	-0.8%	0.3%
Pensioner Strategy	1 549 803 412	12.3%	0.2%	1.6%	8.2%	11.3%
			0.4%	2.7%	11.9%	14.6%
			-0.1%	-1.1%	-3.7%	-3.2%
	12 584 029 162	100%				

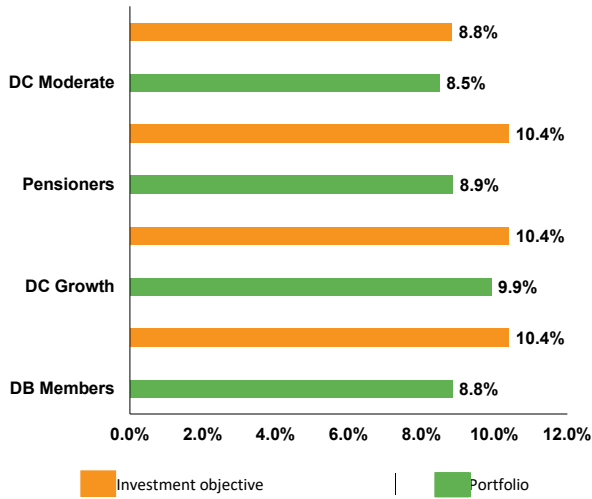


# EXECUTIVE SUMMARY

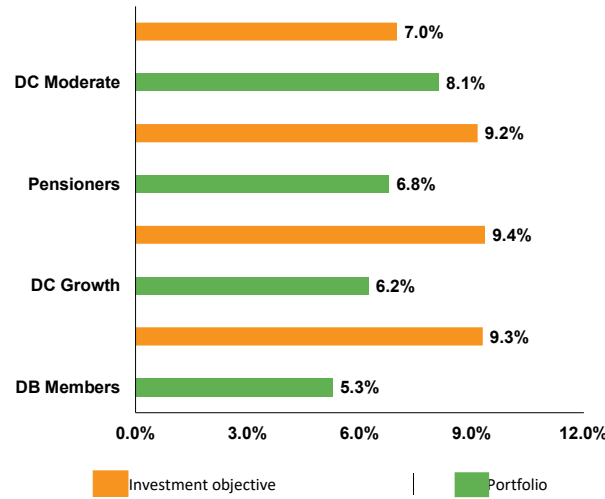
## LONG TERM RETURNS VERSUS OBJECTIVES



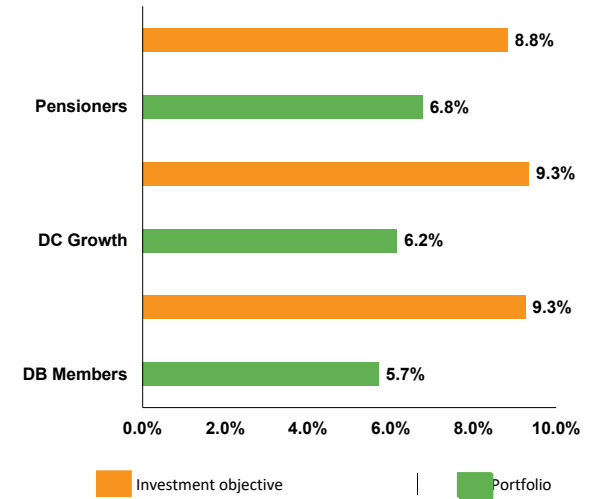
3 Year Return up to July 2023



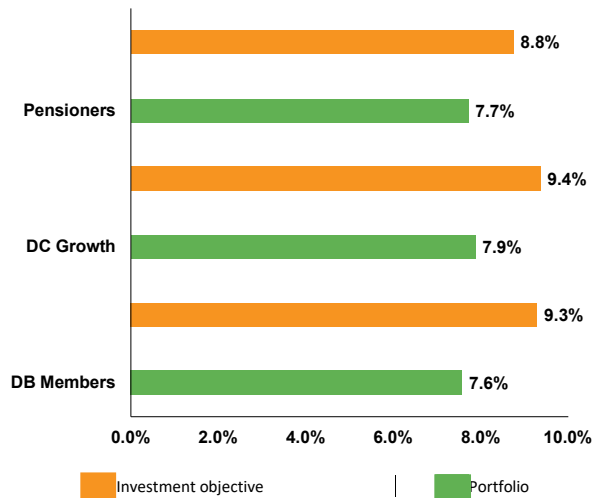
5 Year Return up to July 2023



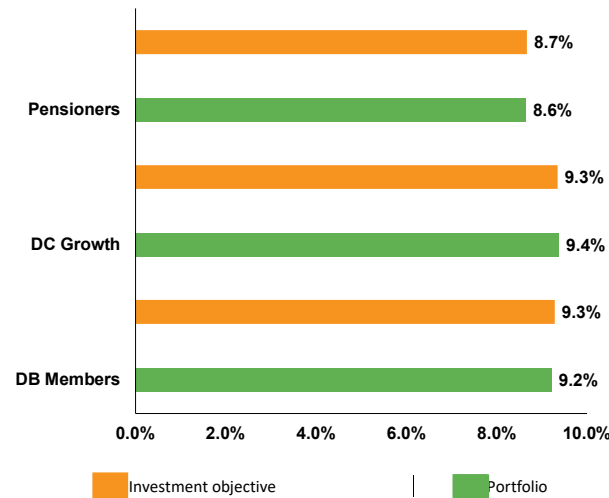
8 Year Return up to July 2023



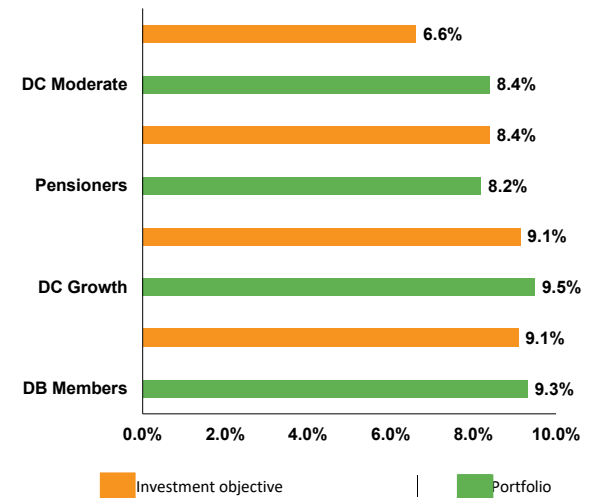
10 Year Return up to July 2023



12 Year Return up to July 2023



Returns Since Inception



# PORTFOLIO MARKET VALUES AND LONG TERM RETURNS

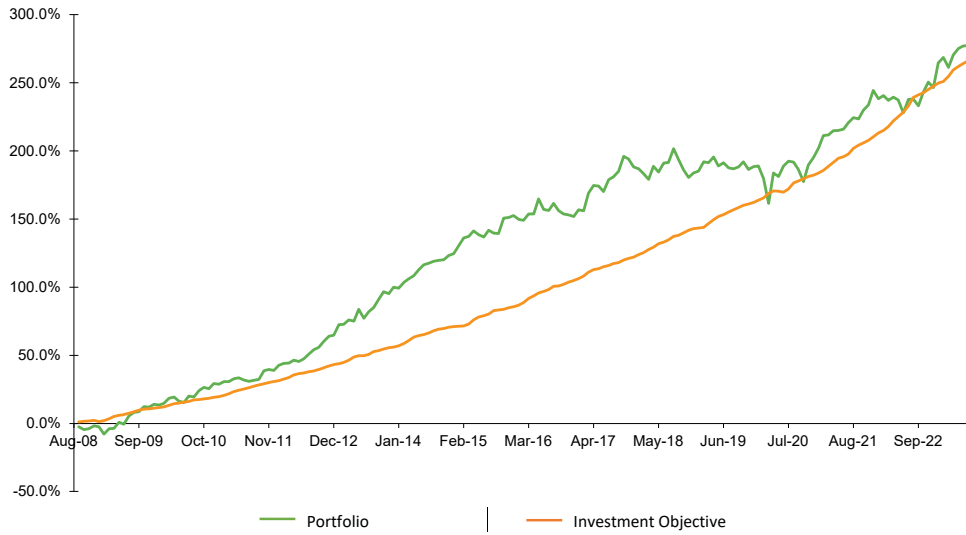
The below sets out the portfolio returns of the funds over the long term periods in comparison with their respective investment objectives.

	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>	8 173 954 408	65.0%	8.8% 10.4% -1.6%	5.3% 9.3% -4.0%	5.7% 9.3% -3.5%	7.6% 9.3% -1.7%	9.2% 9.3% -0.1%	9.3% 9.1% 0.2%
<b>DC Growth Objective</b>	2 529 424 926	20.1%	9.9% 10.4% -0.5%	6.2% 9.4% -3.1%	6.2% 9.3% -3.2%	7.9% 9.4% -1.5%	9.4% 9.3% 0.0%	9.5% 9.1% 0.3%
<b>DC Moderate Objective</b>	330 846 415	2.6%	8.5% 8.8% -0.3%	8.1% 7.0% 1.1%	- - -	- - -	- - -	8.4% 6.6% 1.8%
<b>Pensioner Objective</b>	1 549 803 412	12.3%	8.9% 10.4% -1.5%	6.8% 9.2% -2.4%	6.8% 8.8% -2.1%	7.7% 8.8% -1.0%	8.6% 8.7% 0.0%	8.2% 8.4% -0.2%
	<b>12 584 029 162</b>	<b>100%</b>						

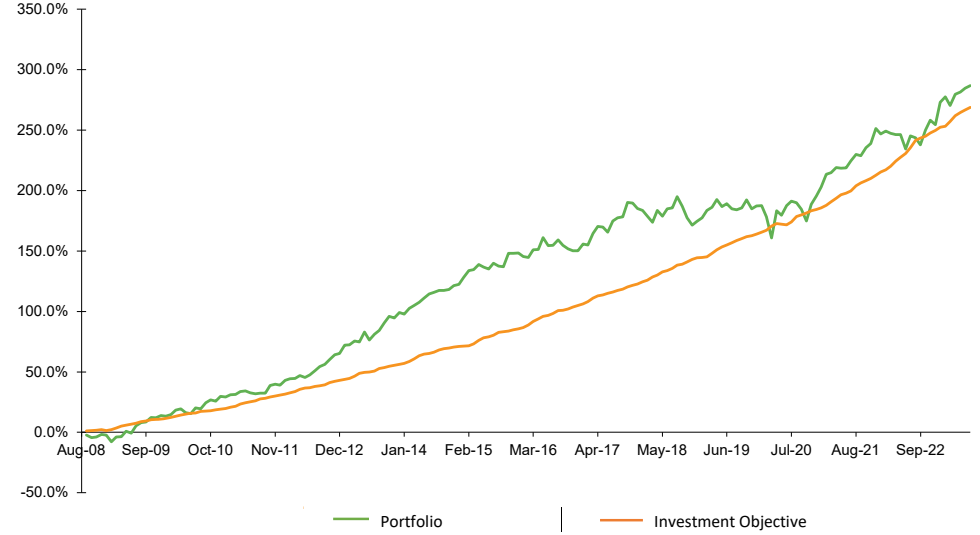
# LONG TERM RETURNS

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.

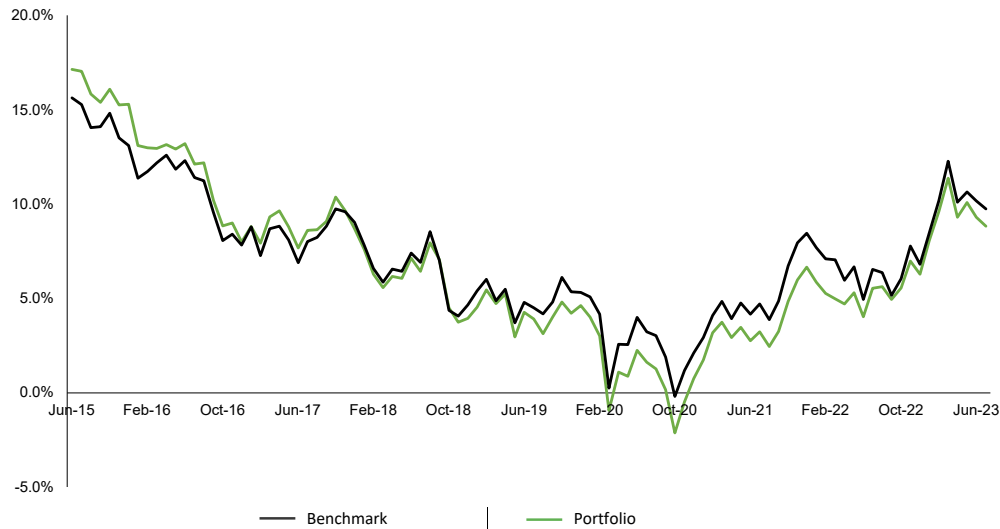
**DB Members - Cumulative return since 30 September 2009**



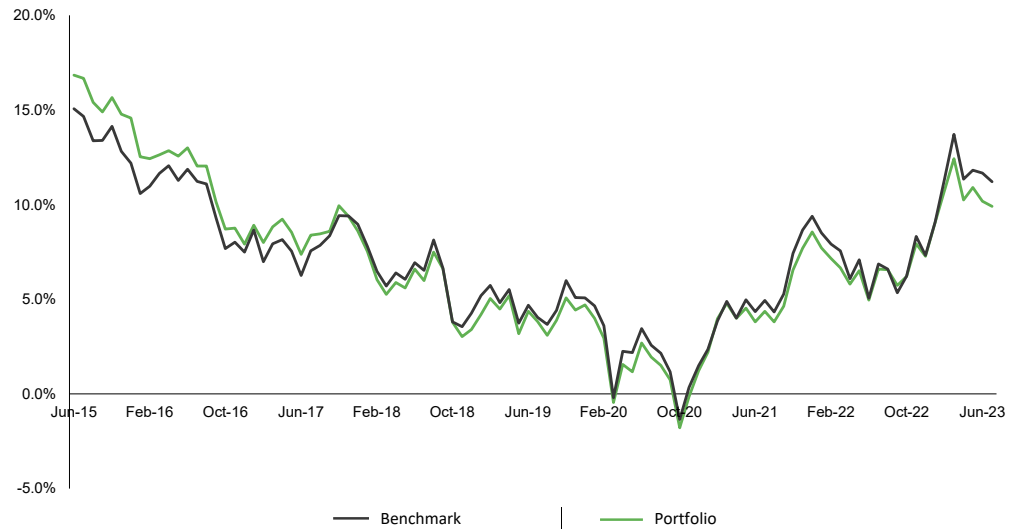
**DC Growth - Cumulative return since 30 September 2009**



**DB Members - 3 Year Rolling Returns**



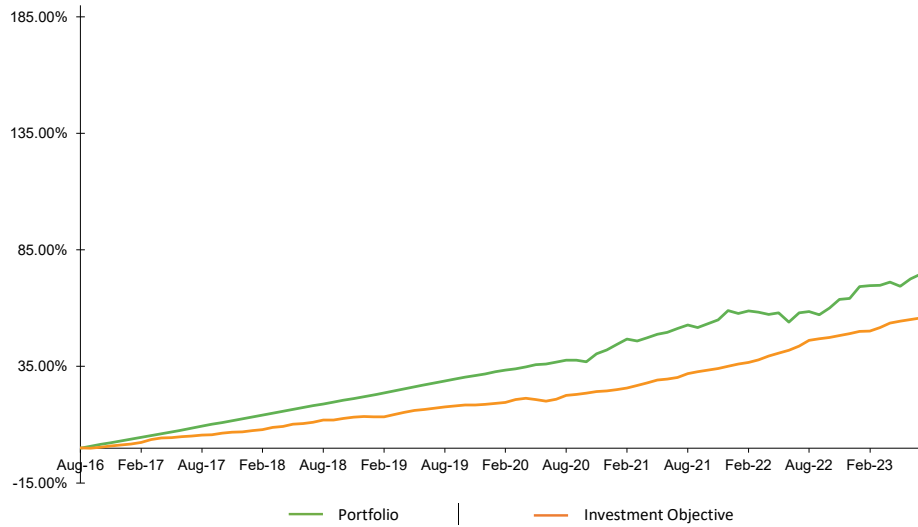
**DC Growth - 3 Year Rolling Returns**



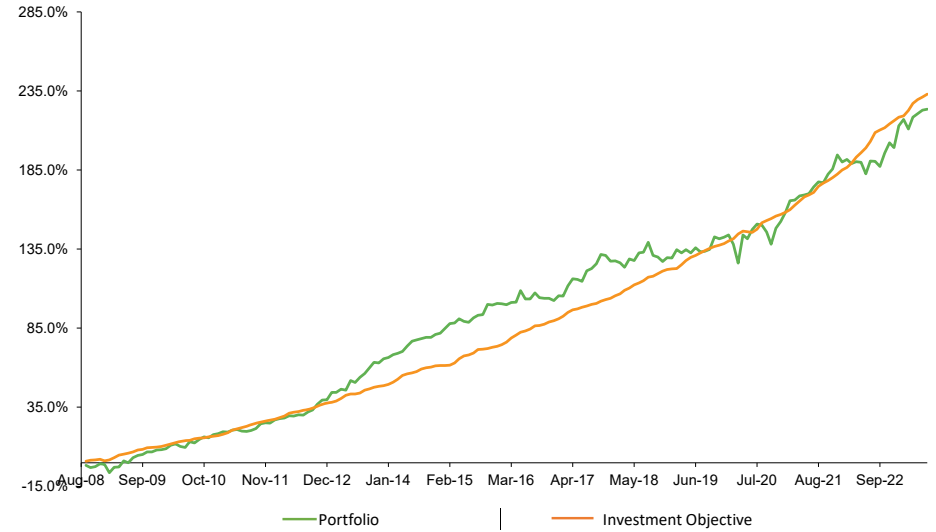
# LONG TERM RETURNS

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.

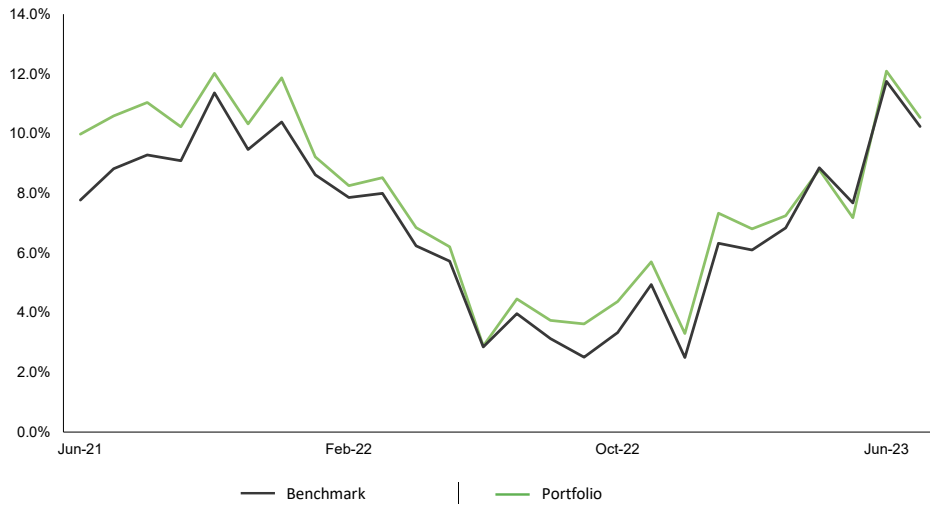
**DC Moderate - Cumulative return since 30 September 2016**



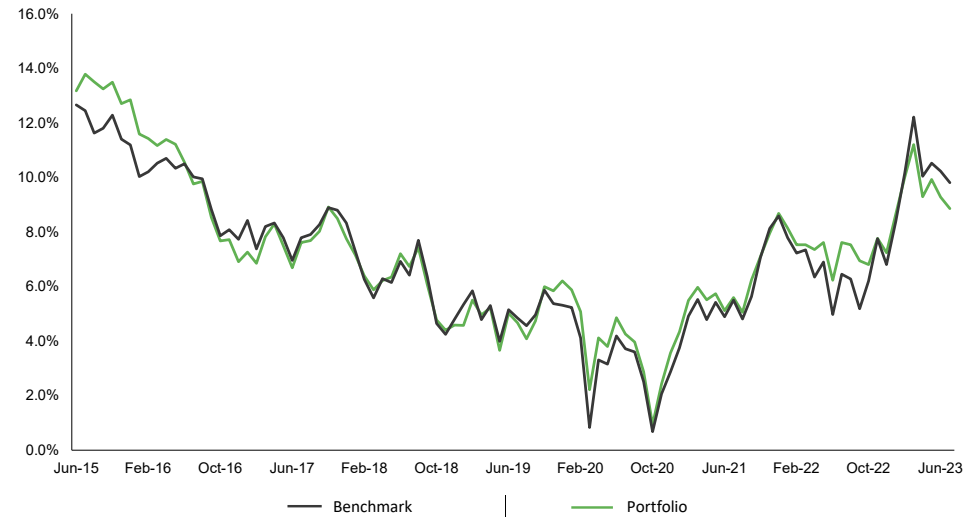
**Pensioner - Cumulative return since 31 August 2008**



**DC Moderate - 1 Year Rolling Returns**



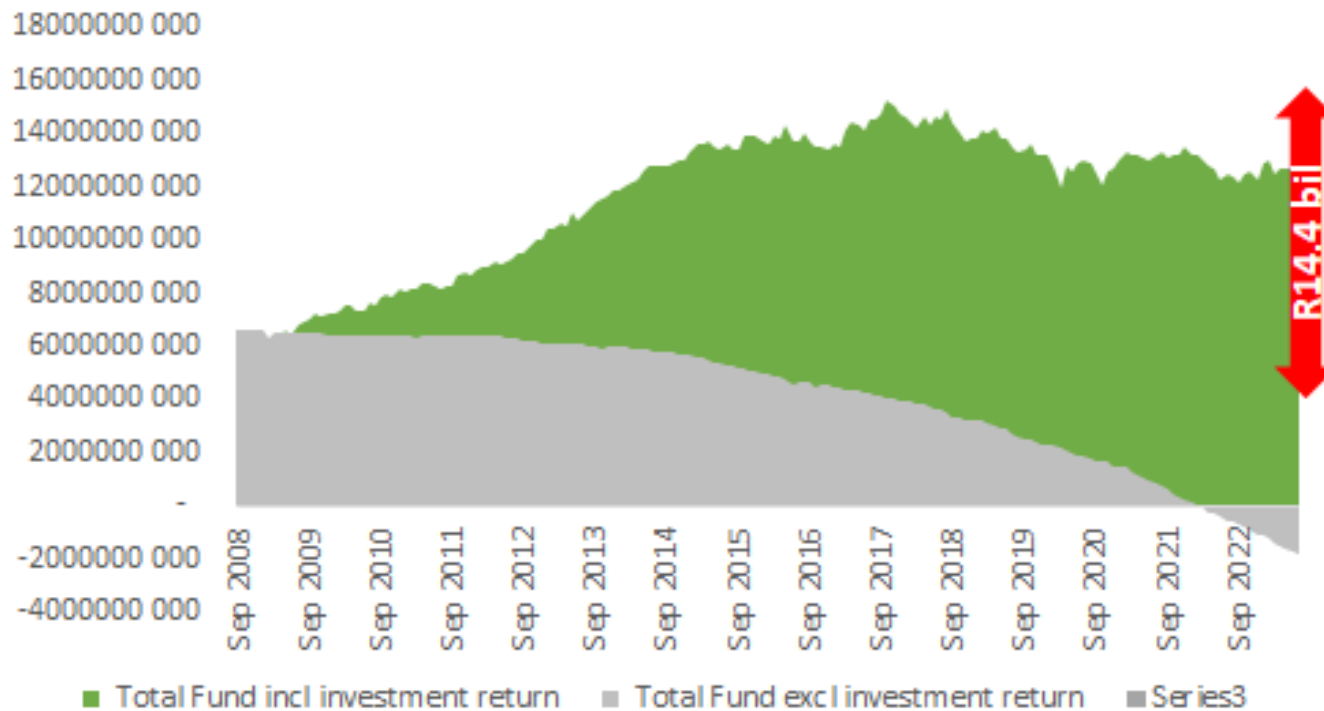
**Pensioner - 3 Year Rolling Returns**



# LONG TERM RETURNS

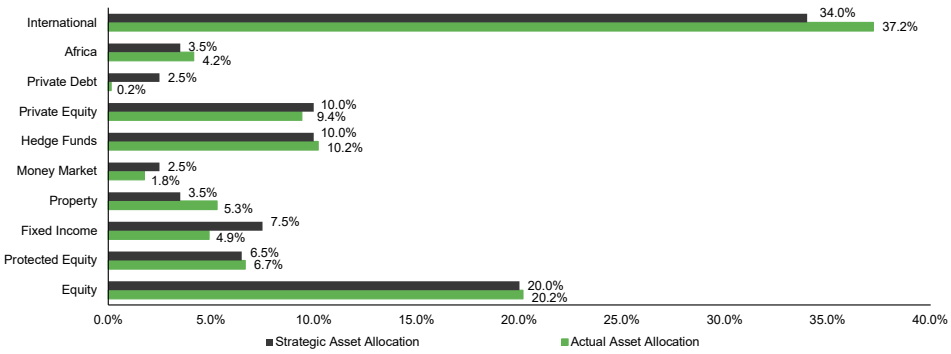
Longer term returns should be used to assess the Fund's performance when compared to the benchmark as short term volatility may distort short term performance measurement.

## Estimate Value Added through Investment Returns since Inception

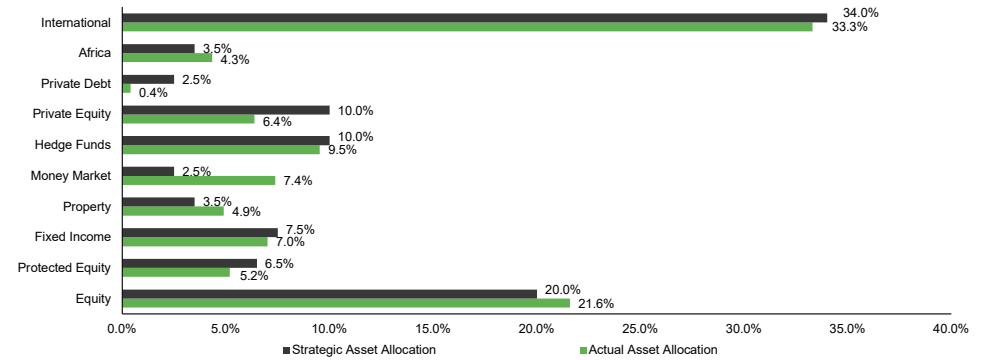


# ASSET ALLOCATION

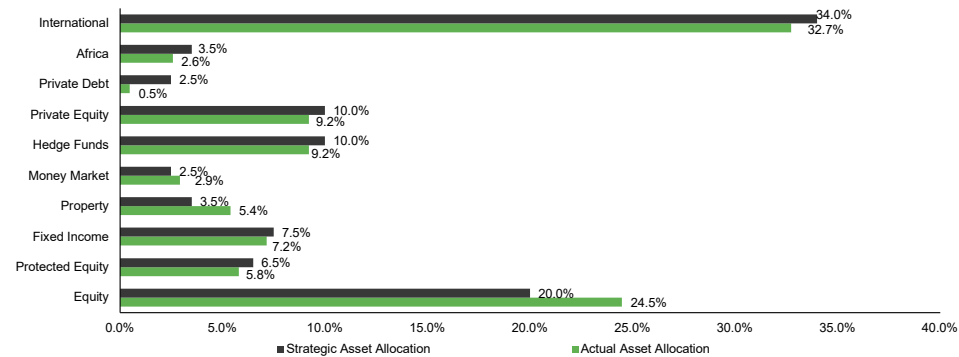
DB Members



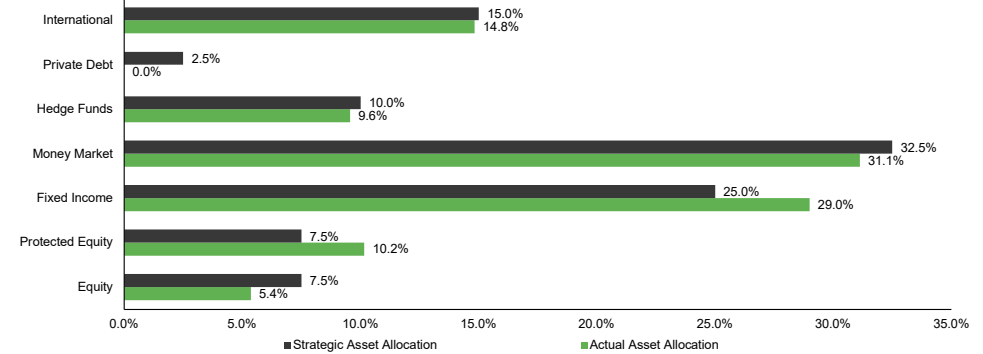
Pensioner



DC Growth



DC Moderate



# MANAGER PERFORMANCE

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

Asset Class	Manager	Inception Date	Market value (R)	Weight (%)	1 month (%)	3 months (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)	Since Inception
Equity	<b>All Weather Equity</b>	2018/10/31	437 180 609.56	3.5%	3.0%	-0.1%	12.8%	19.4%	-	10.7%
	JSE Capped Share Weighted Index				4.1%	1.8%	14.9%	16.1%	-	9.7%
					-1.1%	-1.9%	-2.1%	3.3%	-	1.1%
	<b>Aluwani Capital Equity</b>	2018/10/31	448 256 388.19	3.6%	4.3%	1.8%	13.9%	13.8%	-	8.8%
	JSE Capped Share Weighted Index				4.1%	1.8%	14.9%	16.1%	-	9.7%
					0.2%	0.0%	-1.0%	-2.3%	-	-0.9%
	<b>Argon Equity</b>	2018/10/31	339 869 037.65	2.7%	4.5%	1.9%	14.7%	16.4%	-	9.8%
	JSE Capped Share Weighted Index				4.1%	1.8%	14.9%	16.1%	-	9.7%
				0.3%	0.0%	-0.2%	0.3%	-	0.2%	
Equity	<b>Satrix Equity</b>	2018/10/31	298 255 700.55	2.4%	4.5%	2.3%	13.7%	15.8%	-	10.0%
	JSE Capped Share Weighted Index				4.1%	1.8%	14.9%	16.1%	-	9.7%
					0.3%	0.4%	-1.2%	-0.3%	-	0.3%
	<b>Vunani Equity</b>	2018/10/31	73 537 824.30	0.6%	4.1%	1.8%	15.1%	15.5%	-	9.4%
	JSE Capped Share Weighted Index				4.1%	1.8%	14.9%	16.1%	-	9.7%
					0.0%	0.0%	0.2%	-0.6%	-	-0.3%
Equity	<b>Mianzo Equity</b>	2018/10/31	500 492 297.23	4.0%	4.2%	1.8%	14.6%	18.9%	-	10.7%
	JSE Capped Share Weighted Index				4.1%	1.8%	14.9%	16.1%	-	9.7%
					0.1%	-0.1%	-0.3%	2.8%	-	1.1%
	<b>Balondolozzi Equity</b>	2018/10/31	402 078 588.83	3.2%	4.6%	3.4%	17.1%	16.1%	-	10.0%
JSE Capped Share Weighted Index				4.1%	1.8%	14.9%	16.1%	-	9.7%	
				0.4%	1.5%	2.2%	0.0%	-	0.3%	
Equity Incubation	<b>LIMA Mbeu Equity</b>	2022/07/31	121 294 281.01	1.0%	5.7%	3.3%	15.6%	-	-	15.6%
	JSE Capped Share Weighted Index				4.1%	1.8%	14.9%	-	-	14.9%
					1.6%	1.5%	0.7%	-	-	0.7%
Protected Equity	<b>Mergence Structured Product</b>	2019/11/01	349 752 243.80	2.8%	4.1%	1.6%	23.1%	16.8%	-	17.0%
	JSE All Share Index Top 40				4.1%	1.4%	17.9%	12.6%	-	10.6%
					0.0%	0.2%	5.3%	4.2%	-	6.3%
Protected Equity	<b>MAC Dynamic Protected Equity</b>	2022/06/01	294 999 188.04	2.3%	3.5%	4.2%	20.0%	-	-	14.8%
	SALA_MAC_Dynamic_Custom 80% DTop, 20% SteFi				3.5%	1.6%	15.9%	-	-	10.2%
					0.0%	2.6%	4.0%	-	-	4.6%
Protected Equity Incubation	<b>REGIVE Protected Equity</b>	2022/02/01	161 394 900.01	1.3%	4.3%	1.7%	15.1%	-	-	5.0%
	SALA REGIVE SP Custom				4.1%	1.4%	17.9%	-	-	5.6%
					0.1%	0.3%	-2.7%	-	-	-0.6%

# 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	630 999 587.66	5.0%	2.4%	1.2%	8.8%	10.4%	8.6%	10.6%
					2.3%	1.9%	8.1%	8.2%	7.4%	8.5%
					0.1%	-0.6%	0.7%	2.2%	1.3%	2.1%
	<b>Stanlib Bond</b> All Bond Index	2008/08/31	156 333 448.21	1.2%	2.4%	2.0%	8.1%	9.1%	7.9%	9.3%
					2.3%	1.9%	8.1%	8.2%	7.4%	8.5%
					0.1%	0.1%	0.1%	0.9%	0.5%	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	294 873 700.51	2.3%	2.1%	-2.2%	2.6%	13.5%	-2.7%	3.3%
					2.3%	-2.3%	3.4%	13.4%	-2.2%	2.7%
					-0.2%	0.0%	-0.8%	0.1%	-0.5%	0.6%
Unlisted Property	<b>Umthombo IF1</b> NO BENCHMARK	2022/12/01	191 141 035.01	1.5%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
Money Market	<b>Sanlam Cash</b> STEFI Composite	2010/09/30	262 117 759.81	2.1%	0.8%	2.6%	8.7%	6.0%	6.7%	7.2%
					0.7%	2.0%	7.0%	5.1%	5.8%	6.1%
					0.1%	0.6%	1.7%	0.9%	0.9%	1.1%
	<b>Transition Account</b>	2009/02/28	2 469 945.96	0.0%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
<b>REAL Fund</b> STEFI	2022/03/01	10 165 404.64	0.00	0.0%	0.0%	0.0%	-	-	0.2%	
				0.7%	2.0%	7.0%	-	-	6.4%	
				-0.7%	-2.0%	-7.0%	-	-	-6.1%	
Money Market Incubation	<b>Cartesian Capital Money Market</b> STEFI Composite	2018/10/31	160 205 752.40	1.3%	0.9%	2.3%	7.8%	5.7%	-	6.0%
					0.7%	2.0%	7.0%	5.1%	-	5.8%
					0.2%	0.3%	0.8%	0.6%	-	0.2%
Hedge Funds	<b>Mayibentsha Focused</b> CPI + 4.5%	2011/07/31	473 045 438.62	3.8%	2.0%	1.7%	6.8%	10.2%	9.0%	8.1%
					0.5%	1.8%	9.9%	10.4%	9.4%	9.7%
					1.5%	-0.1%	-3.1%	-0.2%	-0.3%	-1.6%
	<b>Mayibentsha Market Neutral</b> CPI + 2.5%	2011/07/31	395 994 426.70	3.1%	1.4%	1.9%	8.8%	8.7%	8.5%	7.9%
					0.4%	1.3%	7.9%	8.4%	7.4%	7.7%
					1.0%	0.6%	0.9%	0.3%	1.1%	0.2%
<b>Mayibentsha Moderate</b> CPI + 3.5%	2008/08/31	312 749 619.75	2.5%	2.0%	2.0%	7.0%	9.4%	9.1%	8.6%	
				0.5%	1.6%	8.9%	9.4%	8.4%	8.6%	
				1.5%	0.4%	-1.9%	0.1%	0.7%	0.0%	



# 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
Hedge Funds	<b>Terebinth Capital</b> STEFI	2020/01/31	65 618 698.92	0.5%	-0.1%	-1.5%	5.2%	11.5%	-	10.8%
					0.7%	2.0%	7.0%	5.1%	-	5.2%
					-0.8%	-3.5%	-1.8%	6.5%	-	5.5%
Private Equity	<b>Sampada Private Equity</b> NO BENCHMARK	2015/09/30	279 166 696.35	2.2%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	<b>Sampada Private Equity 2</b> NO BENCHMARK	2019/01/31	334 922 034.99	2.7%	-	-	-	-	-	-
					-	-	-	-	-	-
<b>Boxwood Property Fund</b> Hurdle Rate (CPI +3%)	2020/03/31	81 451 339.86	0.6%	-	-	-	-	-	-	
				-	-	-	-	-	-	
				-	-	-	-	-	-	
<b>Summit Africa</b> Hurdle Rate (CPI +5%)	2019/11/30	157 611 013.94	1.3%	-	-	-	-	-	-	
				-	-	-	-	-	-	
				-	-	-	-	-	-	
Private Equity Incubation	<b>Legacy Africa</b> Hurdle Rate	2020/01/31	248 813 192.82	2.0%	-	-	-	-	-	-
Private Debt Incubation	<b>Tamela Capital</b> NO BENCHMARK	2020/01/31	30 897 034.81	0.2%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
Africa	<b>Novare Africa Property Fund 1</b> 10% in USD	2010/07/31	347 997 317.84	2.8%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
<b>Novare Africa Property Fund 2</b> 10% in USD	2014/07/31	125 269 322.75	1.0%	-	-	-	-	-	-	
				-	-	-	-	-	-	
				-	-	-	-	-	-	
International	<b>Novare Global Balanced</b> SALA NBAUIS Fund	2008/08/31	3 123 252 406.18	24.8%	-2.8%	2.5%	12.6%	4.2%	7.5%	10.3%
					-2.2%	4.3%	20.3%	7.2%	11.9%	10.7%
					-0.6%	-1.8%	-7.7%	-2.9%	-4.4%	-0.4%
					-	-	-	-	-	-
<b>SALA Global Fund</b> SALA Global Fund	2022/04/01	1 312 122 901.56	10.4%	-3.1%	1.9%	14.1%	-	-	11.2%	
				-1.9%	4.8%	17.1%	-	-	13.9%	
				-1.2%	-3.0%	-3.1%	-	-	-2.7%	
			12 584 029 162	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	259 996 074.9	113 176 370.0	1 814 195.8	62 193 968.9	437 180 609.6	
	Aluwani Capital Equity	258 227 371.8	140 431 231.1	1 080 239.9	48 517 545.4	448 256 388.2	
	Argon Equity	241 539 334.6	84 869 490.1	1 380 526.8	12 079 686.1	339 869 037.7	
	Balondolozzi Equity	284 722 737.5	100 264 053.3	3 512 657.6	13 579 140.5	402 078 588.8	
	Mianzo Equity	267 221 527.6	120 821 796.5	6 049 641.4	106 399 331.8	500 492 297.2	
	Satrix Equity	214 391 974.4	22 451 362.7	872 708.8	60 539 654.7	298 255 700.6	
	Vunani Equity	57 260 242.1	1 814 996.4	105 189.8	14 357 396.1	73 537 824.3	
	Lima Equity	65 757 618.5	35 544 741.9	2 914 512.6	17 077 408.0	121 294 281.0	
Protected Equity	Mergence Structured Product	232 867 621.7	65 849 510.0	19 152 498.9	31 882 613.3	349 752 243.8	
	MAC Dynamic Protected Equity	180 040 162.2	70 181 202.4	11 053 725.1	33 724 098.4	294 999 188.0	
	Regive Protected Equity	132 540 892.9	10 672 356.1	3 383 100.3	14 798 550.7	161 394 900.0	
Fixed Income	Futuregrowth Infrastructure Bond	349 283 781.3	140 586 737.3	57 222 290.5	83 906 778.5	630 999 587.7	
	Stanlib Bond	52 373 675.1	40 577 888.9	38 687 838.2	24 694 046.0	156 333 448.2	
Property	Direct Property	127 317 543.5			32 382 479.8	159 700 023.3	
	Meago Property	173 826 401.5	95 176 001.8		25 871 297.2	294 873 700.5	
Unlisted Property	Umthombo IF1	132 355 970.8	41 142 973.2		17 642 091.0	191 141 035.0	
Money Market	Cartesian Capital Money Market	10 947 394.9	12 095 219.2	92 330 407.6	44 832 730.8	160 205 752.4	
	Sanlam Cash	122 462 194.0	60 616 294.6	10 476 933.5	68 562 337.8	262 117 759.8	
	Real Fund	7 798 389.6	1 271 910.5	139 317.1	955 787.4	10 165 404.6	
	Transition Account	2 469 946.0				2 469 946.0	
Hedge Funds	Mayibentsha Focused	292 074 759.1	109 534 841.7	7 208 042.8	64 227 795.0	473 045 438.6	
	Mayibentsha Market Neutral	297 186 040.6	52 936 640.3	6 631 985.3	39 239 760.5	395 994 426.7	
	Mayibentsha Moderate	193 567 713.9	68 786 281.8	9 358 206.2	41 037 417.9	312 749 619.8	
	Terebinth Capital	52 180 512.9	1 920 480.1	8 413 498.2	3 104 207.8	65 618 698.9	
Private Equity	Summit Africa	80 573 969.5	49 294 193.7		27 742 850.7	157 611 013.9	
	Boxwood Property Fund	72 047 695.7	5 283 956.3		4 119 687.8	81 451 339.9	
	Sampada Private Equity	206 505 857.3	56 036 386.9		16 624 452.2	279 166 696.4	
	Sampada Private Equity 2	236 338 179.3	60 021 314.2		38 562 541.6	334 922 035.0	
Private Equity Incubation	Legacy Africa	174 572 447.9	62 539 153.9		11 701 591.0	248 813 192.8	
Private Debt Incubation	Tamela Capital	12 402 002.6	12 259 489.9		6 235 542.4	30 897 034.8	
	Africa	Novare Africa Property Fund 1	250 040 776.5	48 561 165.6		49 395 375.8	347 997 317.8
	Novare Africa Property Fund 2	90 606 866.1	16 748 730.5		17 913 726.1	125 269 322.8	
International	Novare Global Balanced	2 094 810 443.1	623 795 624.4	31 110 264.2	373 536 074.5	3 123 252 406.2	
	SALA Global Fund	947 646 289.2	204 162 530.9	17 948 634.6	142 365 446.9	1 312 122 901.6	
<b>Total Fund</b>		<b>8 173 954 408.4</b>	<b>2 529 424 926.1</b>	<b>330 846 414.9</b>	<b>1 549 803 412.4</b>	<b>12 584 029 161.7</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 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 Cash' with rows for 'Jan-04', 'Jan-05', and 'Jan-06'.

## 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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