



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

**| Monthly Report |**

**SALA Pension Fund**

May 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 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

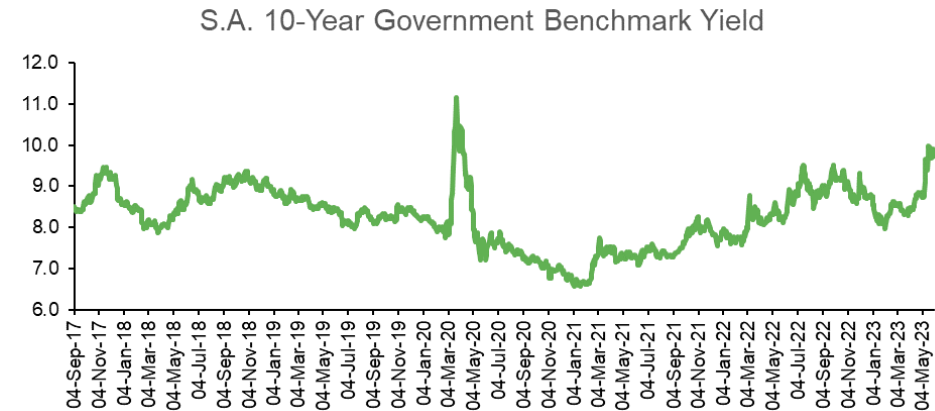
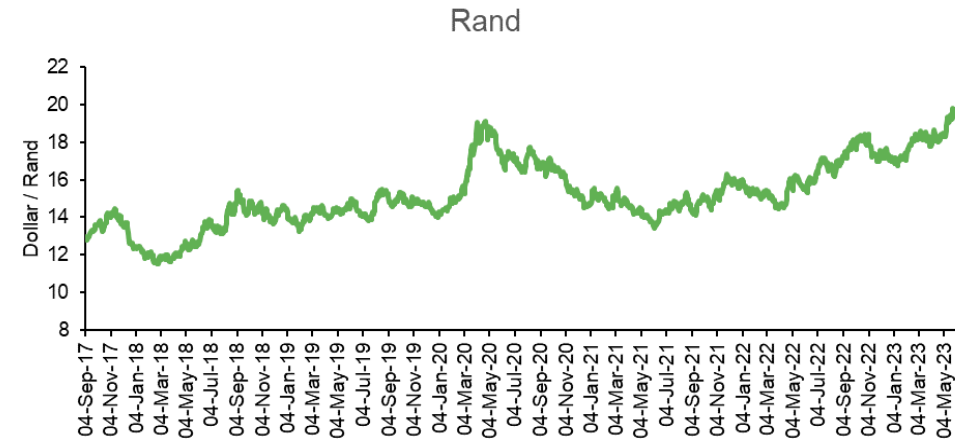


The FTSE JSE All Share Index closed the month with a decline of 3.9%, marking the fourth negative month out of the past six. The performance was somewhat influenced by a weakened local currency. When measured in US dollar terms, the JSE was the poorest-performing major equity market in May, with the ALSI declining by -10.3%.

Local retailers experienced significant share price declines, both in the discretionary and general retail sectors, due to a combination of constrained consumer spending and rising costs, particularly related to electricity generation.

Companies such as Spar, Tiger Brands, and Pick 'n Pay saw their market values drop by approximately 25% in May as earnings announcements and trading updates revealed the extent of the earnings damage.

The local currency experienced weakness in May, making it the weakest major currency with a -7.3% month-on-month decline. Year-to-date, the currency has depreciated by 13.5% against the US dollar, with only the Argentine peso performing worse.



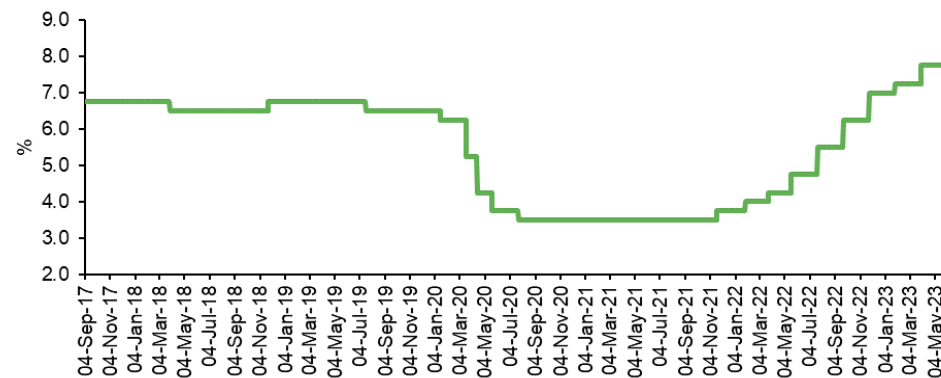
# DOMESTIC MARKET VIEW

The currency's weakness was primarily driven by plummeting investor confidence, triggered by accusations from the US ambassador that South Africa had supplied weapons to Russia. The government's borrowing costs also increased, with the 10-year government bond yield rising by over 1% during the month to reach 12.4%, matching levels seen during the height of the initial COVID-19 panic in March 2020.

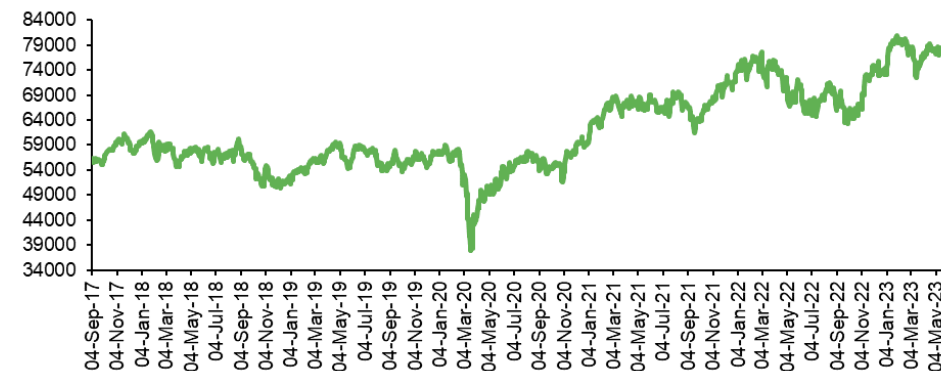
Adding to consumer woes, the South African Reserve Bank implemented an unanticipated 0.5% interest rate hike. This marked the tenth consecutive rate increase in South Africa, resulting in a total rise of 4.75% over the past 18 months.

The rate hike occurred despite clear signs of economic weakness, with the latest retail sales data falling below expectations at 1.6% year-on-year. However, the South African Reserve Bank is under pressure to address inflation, as the latest data shows core inflation up at 5.3% year-on-year, comfortably above the bank's 4.5% target level, with upward risks stemming from the currency weakness.

### Repo Rate



### FTSE/JSE All Share Index



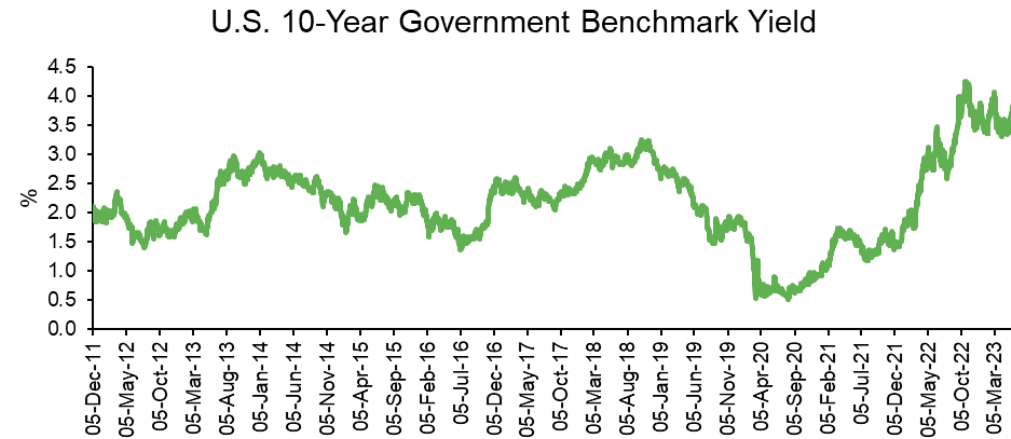
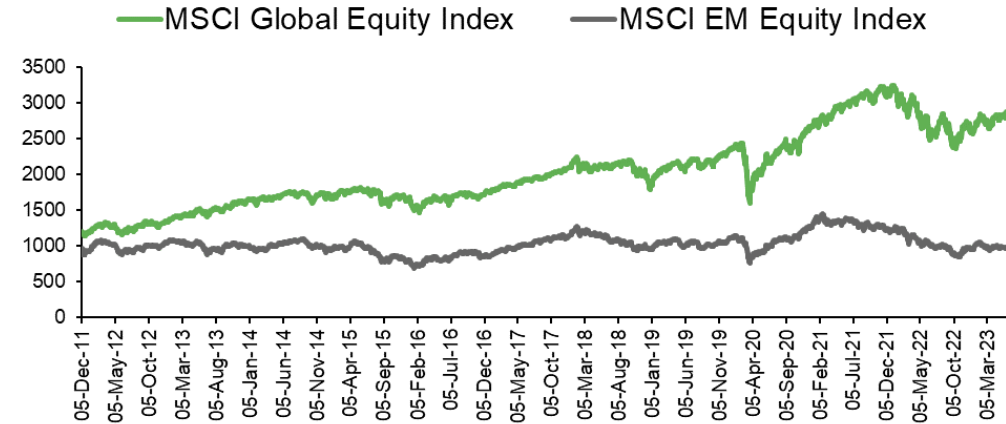
# INTERNATIONAL MARKET VIEW

Global equity markets experienced a downturn in May, ending a two-month positive streak. Investor sentiment was dampened by concerns about a potential US government debt default, projections of economic slowdown in major developed markets, and disappointing economic data from China.

However, US mega-cap tech shares bucked the trend, with Amazon (+14% MoM), Tesla (+24% MoM), Alphabet (+14% MoM), Netflix (+20% MoM), and Meta (+10% MoM) all posting double-digit gains.

These gains added to the impressive year-to-date share price performance of the US-listed mega-cap grouping, with the NYSE FANG Index showing a +61% increase. Nvidia emerged as the standout performer in May, gaining 36% for the month and up 159% year-to-date. The company's management forecasted second-quarter earnings of US\$11 billion, surpassing analyst expectations by 50%.

Nvidia, which owns approximately 95% of the graphics processing unit market, is well-positioned to capitalize on the hype surrounding the Artificial Intelligence boom.



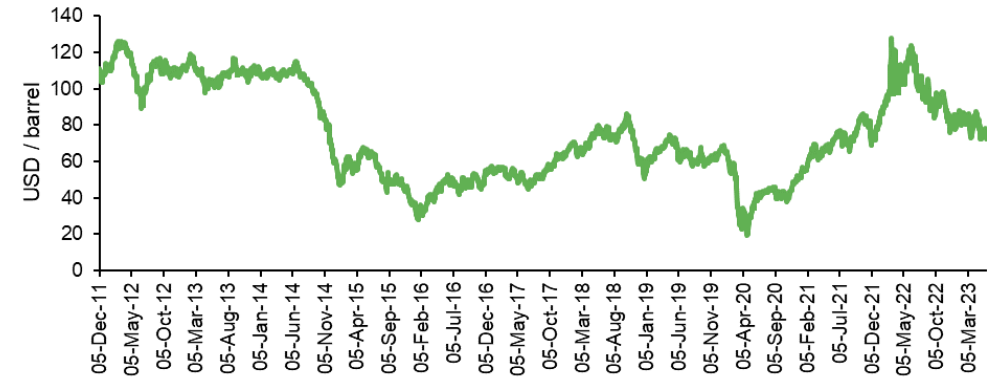


# INTERNATIONAL MARKET VIEW

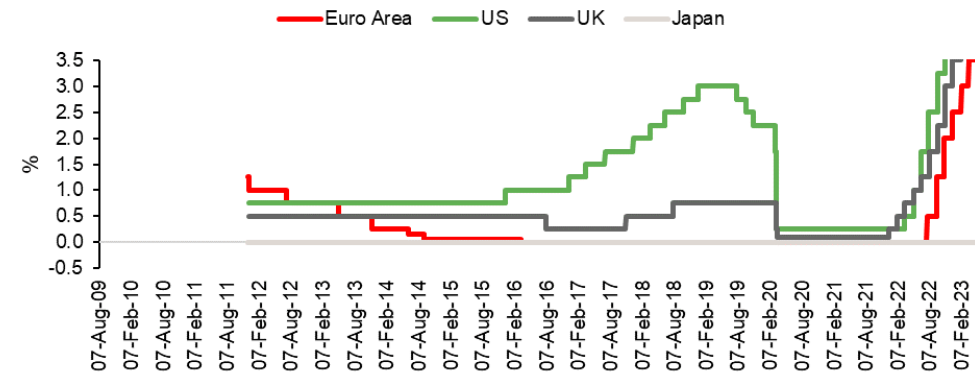
Energy shares were the poorest-performing cohort in the developed markets, with the S&P 500 Energy Index declining by 10% in May, as falling oil prices for the fifth consecutive month raised concerns about weakened global economic activity impacting demand.

Emerging market risk appetite faced challenges amidst a global backdrop that included additional interest rate hikes from both the Fed and the European Central Bank (ECB). The Fed's 0.25% increase brought the cumulative rate hikes in this cycle thus far to 5.00%, returning the Fed rate to levels last seen in 2007. Market anxiety surrounding negotiations on the US debt ceiling, reflected in the short end as Treasury bill yields have been increasing since mid – April.

### OIL (BRENT)



### G4 Policy Rates



# TACTICAL ASSET ALLOCATION

## RSA BONDS

In May, the SARB increased interest rates by 50 basis points (bps) as opposed to the 75 bps that markets had anticipated. The SARB stated that future currency depreciation was probably caused by expectations of additional rate hikes. This marked the tenth consecutive rate increase in South Africa, resulting in a total rise of 4.75% over the past 18 months.

The rate hike occurred despite clear signs of economic weakness, with the latest retail sales data falling below expectations at 1.6% year-on-year. However, the South African Reserve Bank is under pressure to address inflation, as the latest data shows core inflation up at 5.3% year-on-year, comfortably above the bank's 4.5% target level, with upward risks stemming from the currency weakness.

The local currency experienced weakness in May, making it the weakest major currency with a -7.3% month-on-month decline. Year-to-date, the currency has depreciated by 13.5% against the US dollar, with only the Argentine peso performing worse. The currency's weakness was primarily driven by plummeting investor confidence, triggered by accusations from the US ambassador that South Africa had supplied weapons to Russia.

The government's borrowing costs also increased, with the 10-year government bond yield rising by over 1% during the month to reach 12.4%,

matching levels seen during the height of the initial COVID-19 panic in March 2020.

At the end of May, the yield curve bear-flattened; the R2030 yield increased by 112 basis points, while the R2048 yield increased by 88 basis points. The ALBI returned -4.73% m/m, with the biggest contributors occurring in the 7 to 12 year and 12+ year maturities, which gave back, respectively, -5.27% m/m and -5.71% m/m. The returns for the 1- to 3-years and the 3- to 7-years were, respectively, -1.7% m/m and -3.18% m/m.

In the SA bond market, non-residents turned net sellers of R68.4bn in May following being net buyers of R3.4bn in April. The cumulative outflow for the first five months of 2023 is R216bn, and for the last 12 months the amount adds up to R368.3bn.

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 another big sell-off ending the month down by 5.32%.

The sector struggled to withstand the wider forces impacting global property as the asset class continues to face tough questions globally on balance

sheet and debt refinance vulnerability, especially after the US mid-size bank crisis. In addition, loadshedding remains a buzzword for the sector, with key discussion points being diesel cost recovery, trading during load-shedding and potential additional capital outlay required to secure electricity supply.

The forecast for the world economy in 2023 is still unknown, and possible recessionary risk warnings signs along with high rates don't bode well for the sector. 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

The SARB hiked rates by a less-than-expected 50bp in May relative to the 75bp priced by markets. Consequently, South African money market saw a curve steepening at the end of May, as the 3-m JIBAR rate rose by 53bp and ended the month at 8.49%, while the 12-m JIBAR rate rose by 70bp to 10.03%. Over the last 12 months, the repo rate is up 350bp, the 3-m JIBAR and the 12-m JIBAR are up 360bp and 320bp, respectively. The 12-m T-bill average yield rose 48bp m/m to 9.52% at the end of May.

## RSA EQUITIES

The FTSE JSE All Share Index closed the month with a decline of 3.9%, marking the fourth negative month out of the past six. The performance was

somewhat influenced by a weakened local currency. When measured in US dollar terms, the JSE was the poorest-performing major equity market in May, with the ALSI declining by -10.3%. Local retailers experienced significant share price declines, both in the discretionary and general retail sectors, due to a combination of constrained consumer spending and rising costs, particularly related to electricity generation.

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## INTERNATIONAL

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

	←	ON-WEIGHT	→	PREVIOUS
	UNDER-WEIGHT		OVER-WEIGHT	
<b>DOMESTIC</b>				
Equities	Under-weight			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.

++
+
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	-1.0%	3.6%	7.9%	1.4%	10.6%	7.3%
MSCI Emerging Markets	-1.7%	0.2%	1.2%	-8.1%	3.9%	-0.3%
Global Bonds (R)	5.8%	12.5%	21.1%	24.1%	0.1%	8.7%

Commodity Prices	1 month	3 months	YTD	12 months	3 Years	5 Years
Brent Oil (USD/Barrel)	-9.6%	-13.0%	-15.5%	-37.2%	24.3%	-1.4%
Platinum (USD/oz)	-7.4%	4.3%	-7.3%	2.9%	6.1%	1.7%
Gold (USD/oz)	-1.7%	8.0%	7.3%	5.5%	4.4%	8.4%

Asset Allocation (Rand)	1 month	3 months	YTD	12 months	3 Year	5 Years
Domestic Equities	-3.9%	-1.9%	4.5%	8.5%	18.5%	9.9%
Domestic Bonds	-4.8%	-4.6%	-2.7%	0.3%	5.6%	6.2%
Domestic Cash	0.6%	1.9%	3.0%	6.5%	4.9%	5.8%
Domestic Property	-5.3%	-3.6%	-5.3%	-2.3%	15.7%	-4.4%
International Equity	6.9%	11.8%	26.1%	29.4%	16.0%	18.3%
International Bonds	5.8%	12.5%	21.1%	24.1%	0.1%	8.7%
Exchange rate (R / \$)	7.9%	7.5%	15.9%	26.1%	4.0%	9.2%

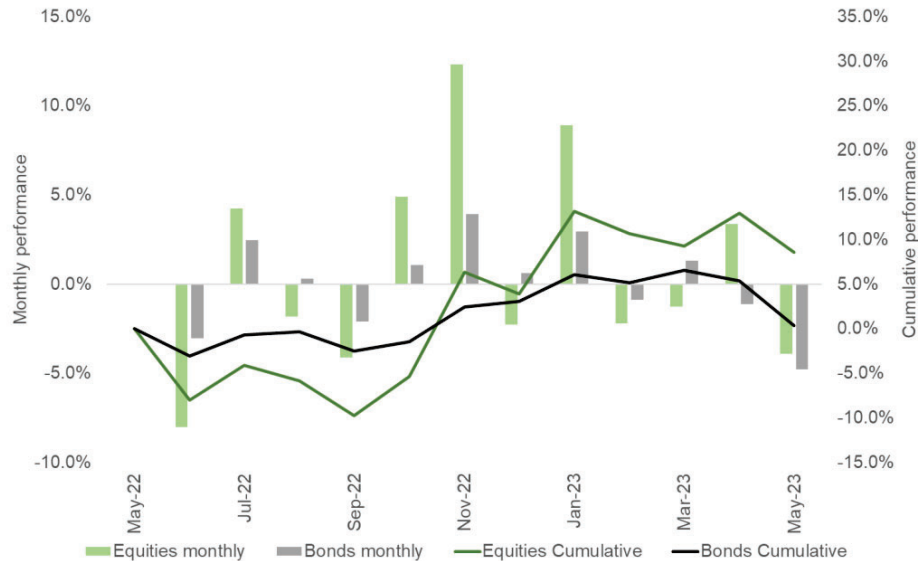
Scale:

Best performing asset class

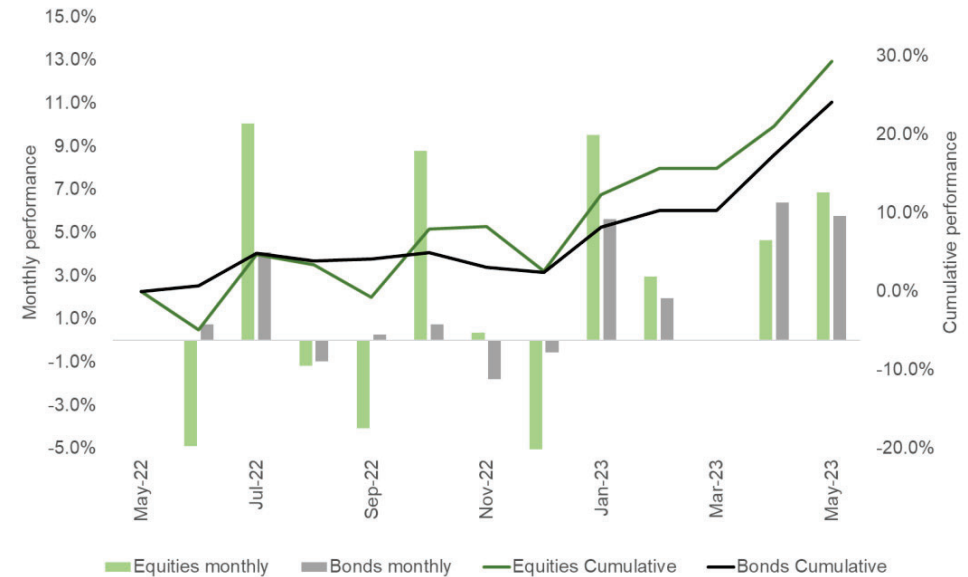
Worst performing asset class



Domestic Markets (R) over the last 12 months



International Markets over the last 12 months



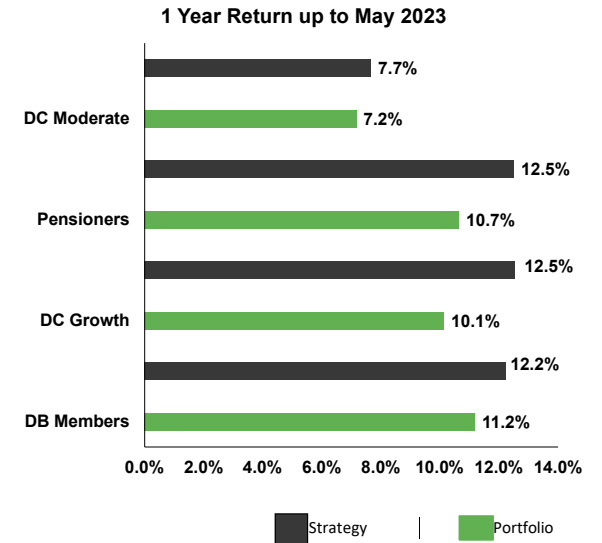
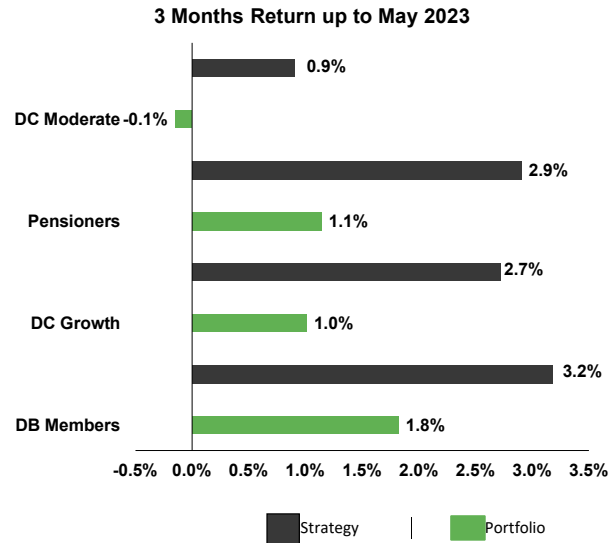
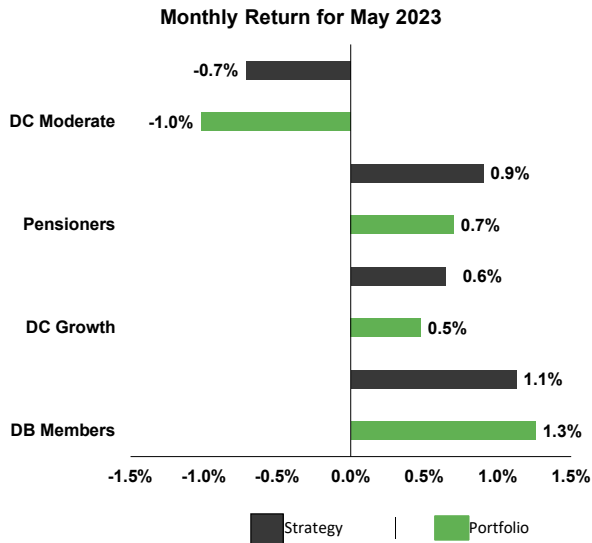
## Section B

### 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	8 311 874 673	65.4%	1.3%	1.8%	8.3%	11.2%
			1.1%	3.2%	10.2%	12.2%
			0.1%	-1.4%	-1.9%	-1.0%
DC Growth Strategy	2 469 149 281	19.4%	0.5%	1.0%	7.6%	10.1%
			0.6%	2.7%	10.5%	12.5%
			-0.2%	-1.7%	-2.9%	-2.4%
DC Moderate Strategy	328 032 457	2.6%	-1.0%	-0.1%	3.2%	7.2%
			-0.7%	0.9%	4.2%	7.7%
			-0.3%	-1.1%	-1.1%	-0.5%
Pensioner Strategy	1 591 859 583	12.5%	0.7%	1.1%	7.2%	10.7%
			0.9%	2.9%	9.9%	12.5%
			-0.2%	-1.8%	-2.7%	-1.9%
	12 700 915 994	100%				

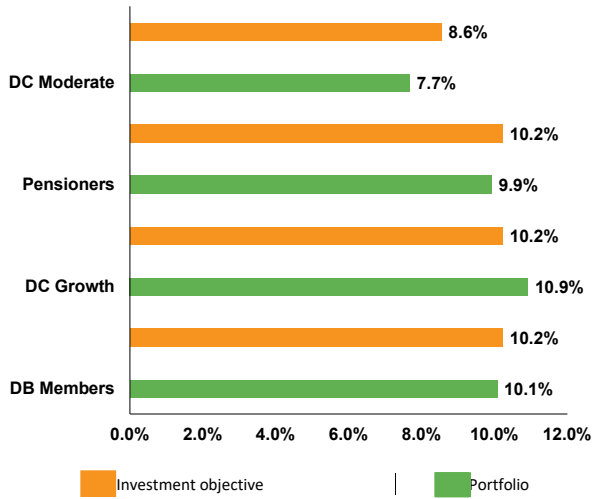


# EXECUTIVE SUMMARY

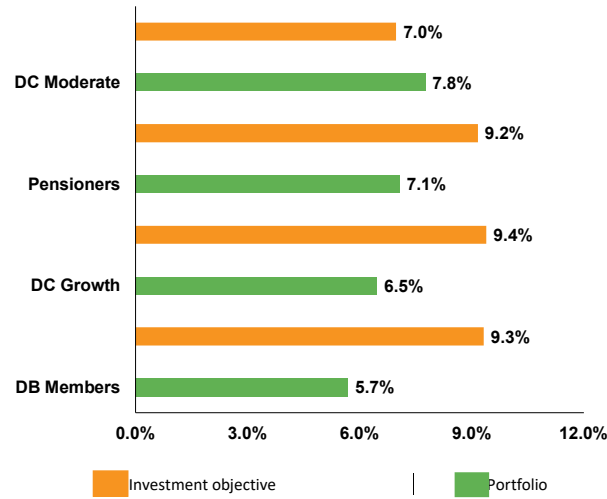
## LONG TERM RETURNS VERSUS OBJECTIVES



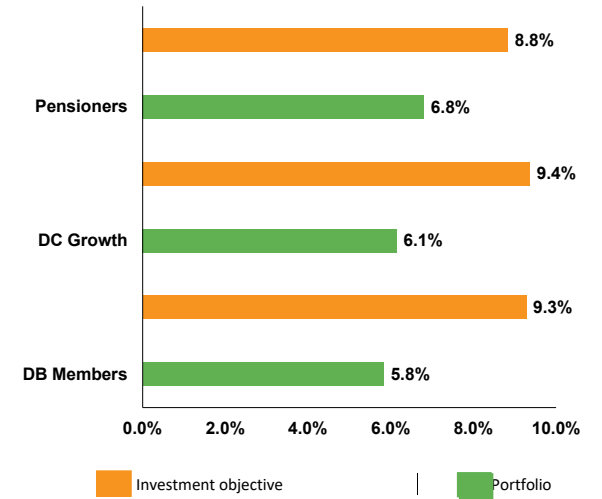
3 Year Return up to May 2023



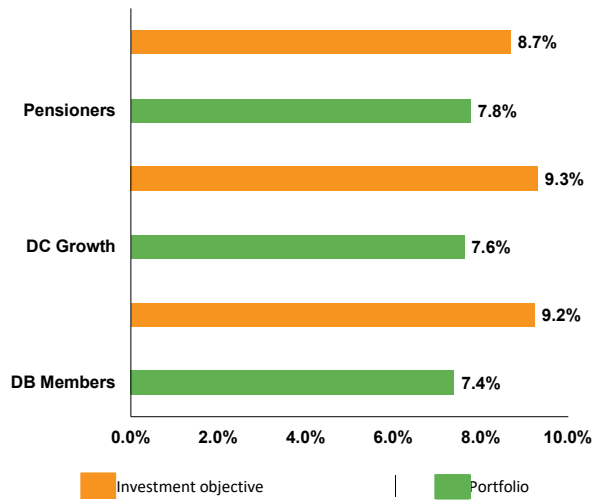
5 Year Return up to May 2023



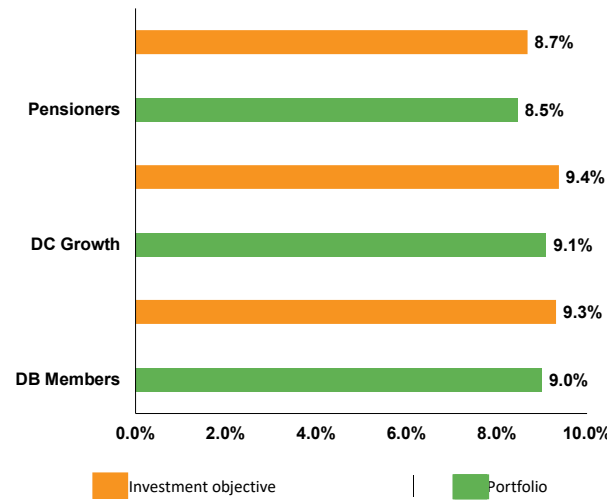
8 Year Return up to May 2023



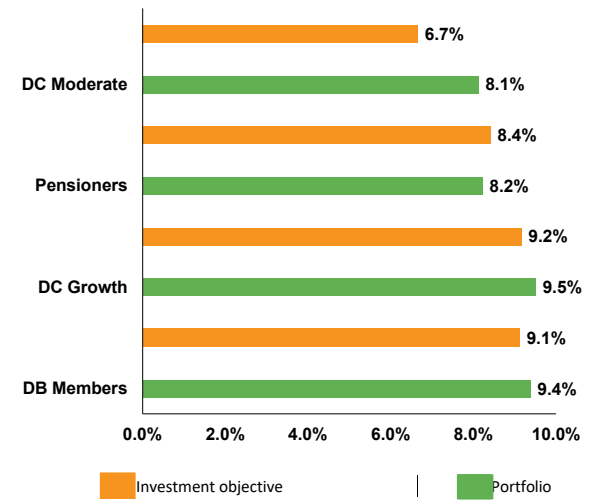
10 Year Return up to May 2023



12 Year Return up to May 2023



Returns Since Inception



# PORTFOLIO MARKET VALUES AND LONG TERM RETURNS

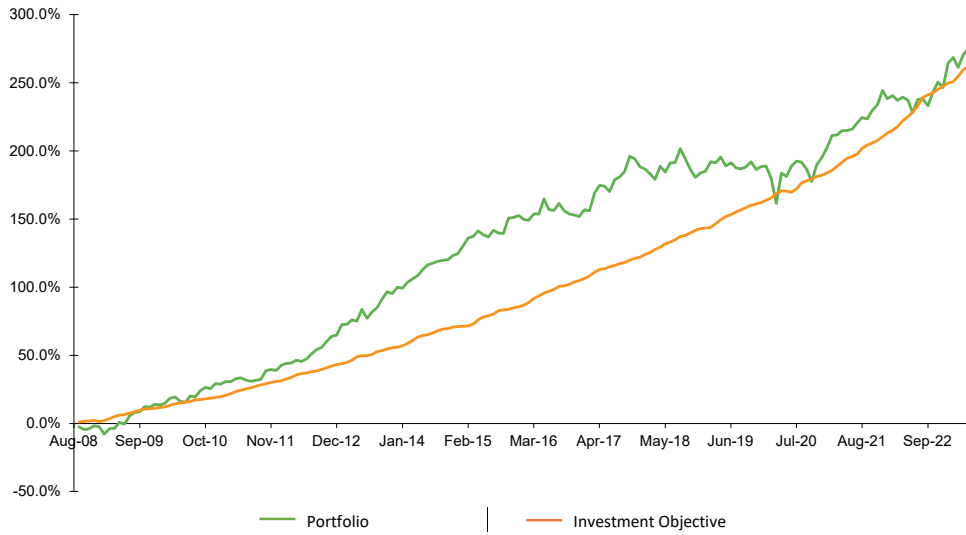
The below sets out the portfolio returns of the funds over the long term periods in comparison with their respective investment objectives.

	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
DB Members Objective	8 311 874 673	65.4%	10.1%	5.7%	5.8%	7.4%	9.0%	9.4%
			10.2%	9.3%	9.3%	9.2%	9.3%	9.1%
			-0.1%	-3.6%	-3.4%	-1.8%	-0.3%	0.3%
DC Growth Objective	2 469 149 281	19.4%	10.9%	6.5%	6.1%	7.6%	9.1%	9.5%
			10.2%	9.4%	9.4%	9.3%	9.4%	9.2%
			0.7%	-2.9%	-3.2%	-1.7%	-0.3%	0.3%
DC Moderate Objective	328 032 457	2.6%	7.7%	7.8%	-	-	-	8.1%
			8.6%	7.0%	-	-	-	6.7%
			-0.9%	0.8%	-	-	-	1.5%
Pensioner Objective	1 591 859 583	12.5%	9.9%	7.1%	6.8%	7.8%	8.5%	8.2%
			10.2%	9.2%	8.8%	8.7%	8.7%	8.4%
			-0.3%	-2.1%	-2.0%	-0.9%	-0.2%	-0.2%
	12 700 915 994	100%						

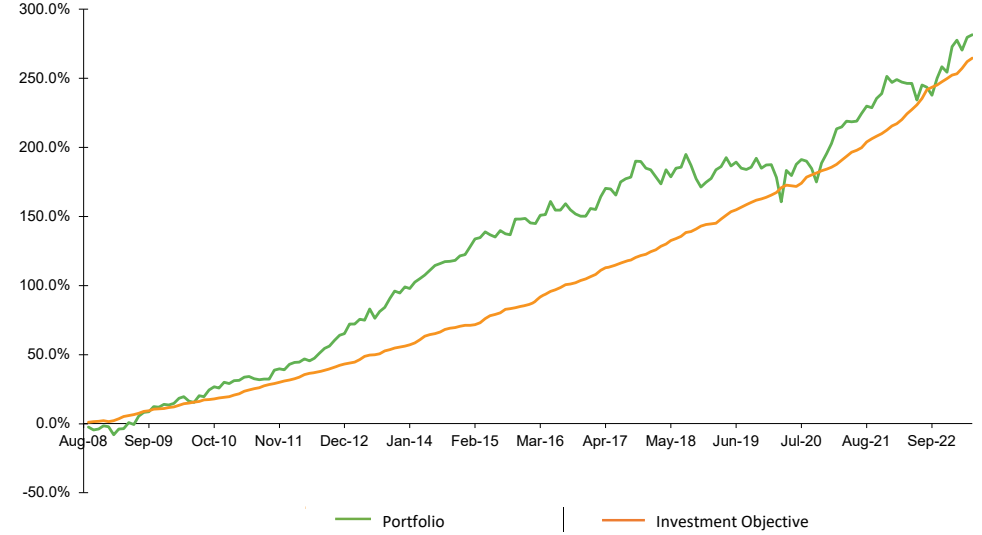
# LONG TERM RETURNS

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.

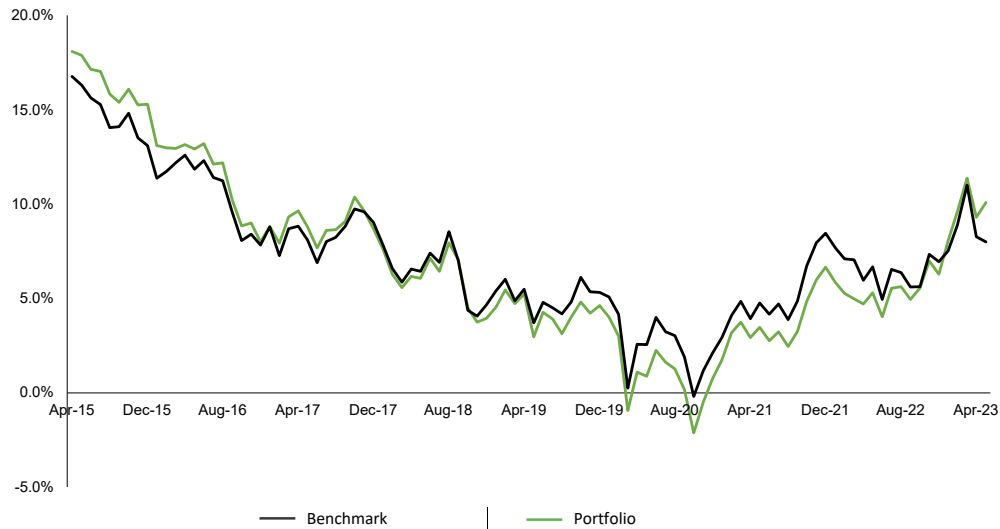
**DB Members - Cumulative return since 30 September 2009**



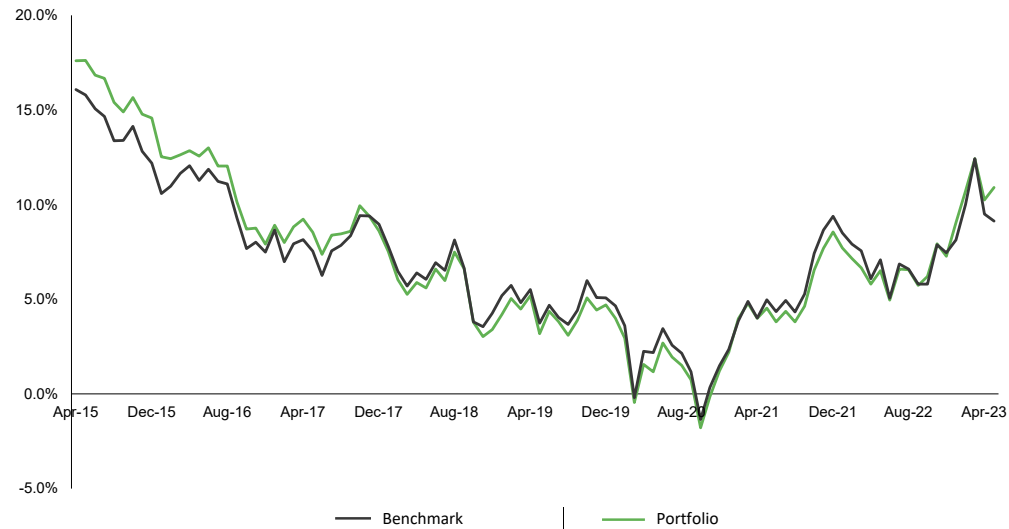
**DC Growth - Cumulative return since 30 September 2009**



**DB Members - 3 Year Rolling Returns**



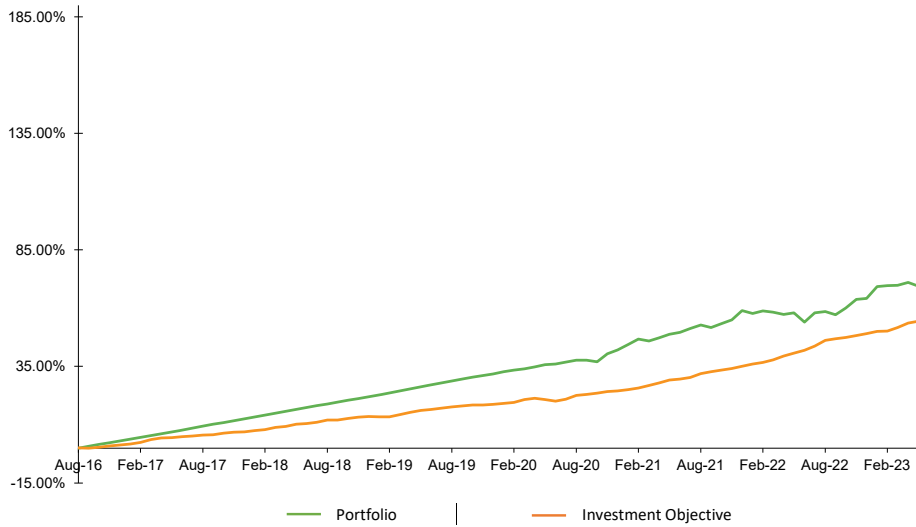
**DC Growth - 3 Year Rolling Returns**



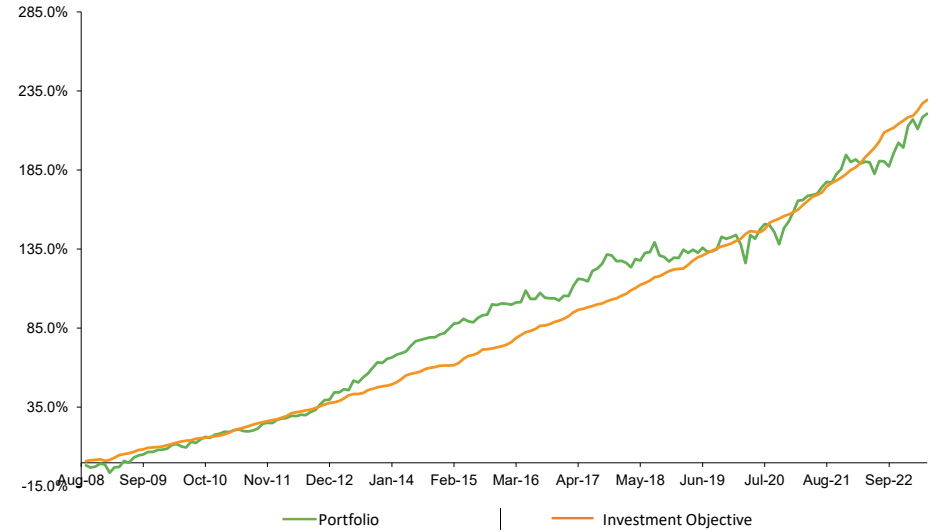
# LONG TERM RETURNS

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**



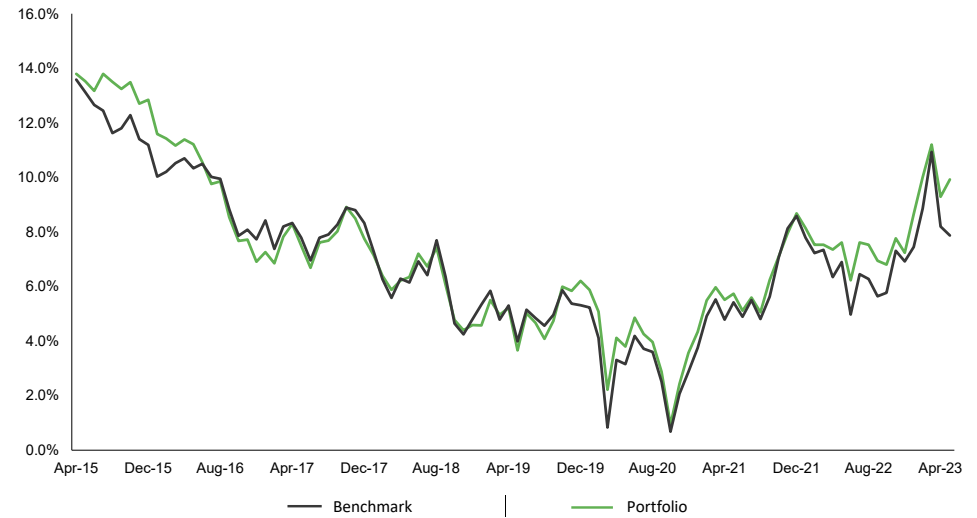
**Pensioner - Cumulative return since 31 August 2008**



**DC Moderate - 1 Year Rolling Returns**

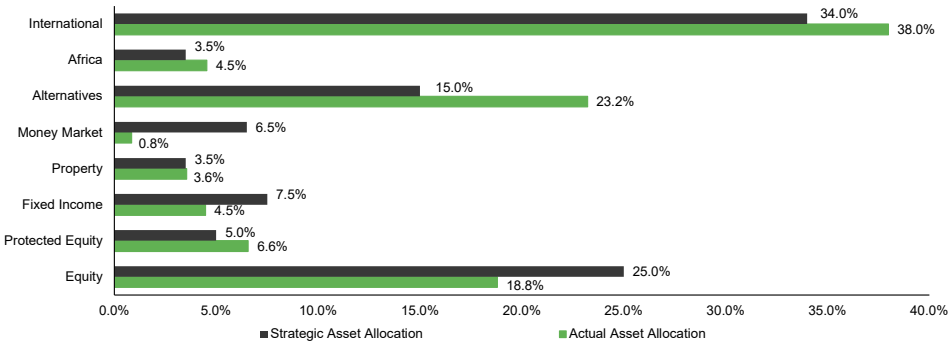


**Pensioner - 3 Year Rolling Returns**

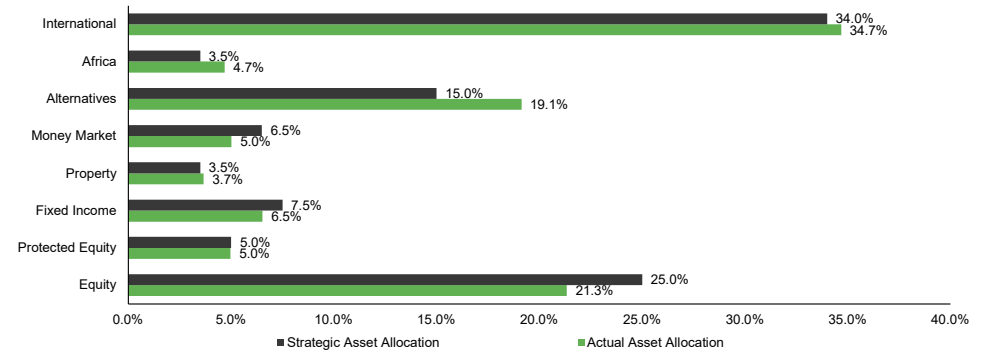


# ASSET ALLOCATION

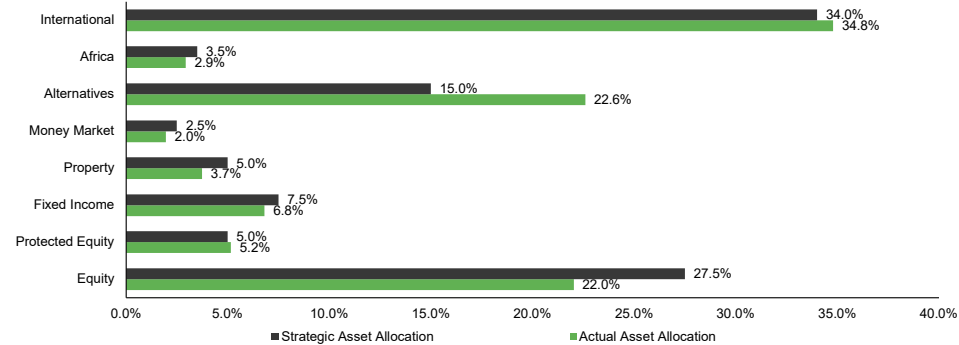
### DB Members



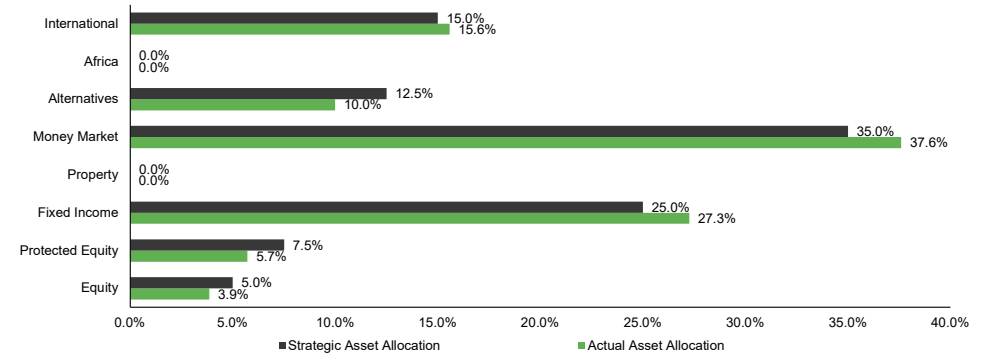
### Pensioner



### DC Growth



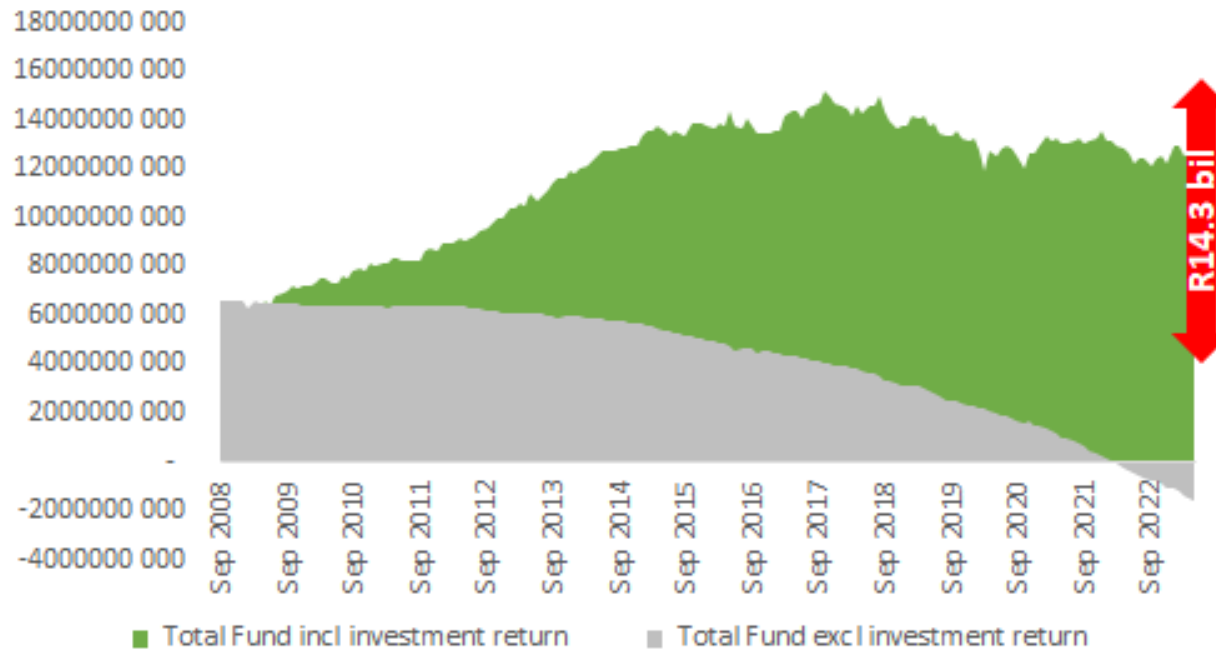
### DC Moderate



# 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>	2018/10/31	412 183 695.17	3.2%	-5.9%	-6.3%	3.9%	20.3%	-	9.7%
	JSE Capped Share Weighted Index				-5.8%	-4.5%	1.1%	16.8%	-	8.2%
					-0.1%	-1.8%	2.8%	3.4%	-	1.5%
	<b>Aluwani Capital Equity</b>	2018/10/31	412 545 429.37	3.2%	-6.4%	-5.2%	-0.6%	13.6%	-	7.1%
	JSE Capped Share Weighted Index				-5.8%	-4.5%	1.1%	16.8%	-	8.2%
					-0.5%	-0.7%	-1.7%	-3.2%	-	-1.1%
	<b>Argon Equity</b>	2018/10/31	284 825 781.75	2.2%	-6.1%	-5.2%	1.3%	16.6%	-	8.3%
	JSE Capped Share Weighted Index				-5.8%	-4.5%	1.1%	16.8%	-	8.2%
				-0.3%	-0.7%	0.2%	-0.2%	-	0.1%	
Equity	<b>Satrix Equity</b>	2018/10/31	269 174 753.53	2.1%	-5.9%	-5.0%	-1.3%	16.2%	-	8.4%
	JSE Capped Share Weighted Index				-5.8%	-4.5%	1.1%	16.8%	-	8.2%
					-0.1%	-0.6%	-2.4%	-0.7%	-	0.2%
	<b>Vunani Equity</b>	2018/10/31	234 398 648.49	1.8%	-5.8%	-4.4%	0.7%	16.0%	-	7.9%
	JSE Capped Share Weighted Index				-5.8%	-4.5%	1.1%	16.8%	-	8.2%
					0.1%	0.1%	-0.4%	-0.8%	-	-0.3%
	<b>Mianzo Equity</b>	2018/10/31	463 594 865.43	3.7%	-5.8%	-4.6%	1.7%	19.3%	-	9.3%
	JSE Capped Share Weighted Index				-5.8%	-4.5%	1.1%	16.8%	-	8.2%
				0.0%	-0.1%	0.6%	2.5%	-	1.1%	
Equity Incubation	<b>Balondolozzi Equity</b>	2018/10/31	329 482 061.59	2.6%	-5.5%	-4.3%	4.1%	16.2%	-	8.2%
	JSE Capped Share Weighted Index				-5.8%	-4.5%	1.1%	16.8%	-	8.2%
					0.3%	0.2%	3.0%	-0.6%	-	0.0%
Equity Incubation	<b>LIMA Mbeu Equity</b>	2022/07/31	52 466 150.01	0.4%	-6.1%	-5.5%	-	-	-	5.1%
	JSE Capped Share Weighted Index				-5.8%	-4.5%	-	-	-	6.3%
					-0.3%	-1.0%	-	-	-	-1.2%
Protected Equity	<b>Mergence Structured Product</b>	2019/11/01	333 399 290.82	2.6%	-3.1%	0.6%	14.3%	19.9%	-	16.3%
	JSE All Share Index Top 40				-3.6%	-2.4%	7.0%	14.4%	-	9.6%
					0.4%	2.9%	7.3%	5.5%	-	6.6%
Protected Equity	<b>MAC Dynamic Protected Equity</b>	2022/06/01	281 364 318.15	2.2%	-0.6%	1.2%	12.1%	-	-	12.1%
	SALA_MAC_Dynamic_Custom 80% DTop, 20% SteFi				-2.7%	-1.5%	7.3%	-	-	7.3%
					2.1%	2.7%	4.8%	-	-	4.8%
Protected Equity Incubation	<b>REGIVE Protected Equity</b>	2022/02/01	156 551 400.00	1.2%	-1.4%	-3.5%	8.2%	-	-	3.3%
	SALA REGIVE SP Custom				-3.6%	-2.4%	7.0%	-	-	2.4%
					2.2%	-1.1%	1.2%	-	-	0.9%

# 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>	2008/08/31	587 218 521.28	4.6%	-5.9%	-5.9%	1.0%	7.7%	7.4%	10.2%
	All Bond Index				-4.8%	-4.6%	0.3%	5.6%	6.2%	8.1%
					-1.1%	-1.3%	0.7%	2.1%	1.2%	2.1%
Fixed Income	<b>Stanlib Bond</b>	2008/08/31	146 109 186.81	1.2%	-4.7%	-4.6%	0.5%	6.4%	6.8%	8.9%
	All Bond Index				-4.8%	-4.6%	0.3%	5.6%	6.2%	8.1%
					0.0%	0.0%	0.2%	0.9%	0.6%	0.8%
Property	<b>Direct Property</b>	2008/08/31	159 700 023.25	1.3%	-	-	-	-	-	-
	NO BENCHMARK				-	-	-	-	-	-
					-	-	-	-	-	-
Property	<b>Meago Property</b>	2012/08/31	286 268 685.59	2.3%	-5.2%	-4.2%	-3.1%	15.9%	-4.0%	3.0%
	Listed Property				-5.3%	-3.6%	-2.3%	15.7%	-3.6%	2.4%
					0.2%	-0.6%	-0.8%	0.1%	-0.4%	0.6%
Unlisted Property	<b>Umthombo IF1</b>	2022/12/01	371 141 035.01	2.9%	-	-	-	-	-	-
	NO BENCHMARK				-	-	-	-	-	-
					-	-	-	-	-	-
Money Market	<b>Sanlam Cash</b>	2010/09/30	161 831 565.64	1.3%	1.0%	2.3%	8.1%	5.7%	6.6%	7.2%
	STEFI Composite				0.6%	1.9%	6.5%	4.9%	5.8%	6.1%
					0.3%	0.4%	1.6%	0.8%	0.8%	1.1%
Money Market	<b>Transition Account</b>	2009/02/28	2 446 460.99	0.0%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
Money Market Incubation	<b>Cartesian Capital Money Market</b>	2018/10/31	157 643 704.20	1.2%	0.6%	1.8%	6.6%	5.4%	-	5.8%
	STEFI Composite				0.6%	1.9%	6.5%	4.9%	-	5.7%
					0.0%	0.0%	0.1%	0.4%	-	0.2%
Hedge Funds	<b>Mayibentsha Focused</b>	2011/07/31	497 575 317.62	3.9%	-1.8%	-2.0%	4.1%	10.5%	8.5%	7.9%
	CPI + 4.5%				0.7%	3.2%	11.3%	10.2%	9.4%	9.8%
					-2.5%	-5.1%	-7.3%	0.2%	-0.9%	-1.9%
Hedge Funds	<b>Mayibentsha Market Neutral</b>	2011/07/31	419 589 134.73	3.3%	-0.9%	-0.3%	7.2%	8.5%	8.1%	7.8%
	CPI + 2.5%				0.6%	2.7%	9.3%	8.2%	7.4%	7.8%
					-1.5%	-3.0%	-2.1%	0.3%	0.7%	0.0%
Hedge Funds	<b>Mayibentsha Moderate</b>	2008/08/31	329 331 198.69	2.6%	-1.6%	-1.6%	4.6%	9.6%	8.6%	8.4%
	CPI + 3.5%				0.6%	3.0%	10.3%	9.2%	8.4%	8.6%
					-2.3%	-4.6%	-5.7%	0.3%	0.2%	-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
Hedge Funds	Terebinth Capital STEFI	2020/01/31	63 767 647.17	0.5%	-4.2%	-3.2%	8.6%	12.2%	-	10.4%
					0.6%	1.9%	6.5%	4.9%	-	5.1%
					-4.9%	-5.1%	2.1%	7.2%	-	5.3%
Private Equity	Sampada Private Equity NO BENCHMARK	2015/09/30	279 166 696.35	2.2%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Sampada Private Equity 2 NO BENCHMARK	2019/01/31	334 922 035.10	2.6%	-	-	-	-	-	-
					-	-	-	-	-	-
Boxwood Property Fund Hurdle Rate (CPI +3%)	2020/03/31	80 634 545.97	0.6%	-	-	-	-	-	-	
				-	-	-	-	-	-	
Summit Africa Hurdle Rate (CPI +5%)	2019/11/30	157 611 013.95	1.2%	-	-	-	-	-	-	
				-	-	-	-	-	-	
Private Equity Incubation	Legacy Africa Hurdle Rate	2020/01/31	250 914 965.38	2.0%	-	-	-	-	-	-
Other	REAL Fund STEFI	2022/03/01	10 085 797.05	0.1%	0.0%	0.0%	-0.3%	-	-	0.2%
					0.6%	1.9%	6.5%	-	-	6.1%
					-0.6%	-1.9%	-6.8%	-	-	-5.9%
Other Incubation	Tamela Capital NO BENCHMARK	2020/01/31	30 630 904.65	0.2%	-	-	-	-	-	-
Africa	Novare Africa Property Fund 1 10% in USD	2010/07/31	386 945 561.33	3.0%	-	-	-	-	-	-
					-	-	-	-	-	-
Novare Africa Property Fund 2 10% in USD	2014/07/31	137 762 791.76	1.1%	-	-	-	-	-	-	
				-	-	-	-	-	-	
International	Novare Global Balanced SALA NBAUIS Fund	2008/08/31	3 455 686 318.20	27.2%	6.8%	8.3%	22.5%	6.8%	9.7%	10.8%
					6.6%	13.0%	28.8%	9.1%	13.8%	11.0%
					0.2%	-4.7%	-6.3%	-2.3%	-4.1%	-0.3%
SALA Global Fund SALA Global Fund	2022/04/01	1 163 946 488.56	9.2%	5.7%	8.6%	22.7%	-	-	16.2%	
				6.2%	9.4%	24.1%	-	-	17.2%	
					-0.5%	-0.9%	-1.4%	-	-	-0.9%
			12 700 915 994	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	243 887 034.1	106 331 683.3	1 710 464.5	60 254 513.3	412 183 695.2
	Aluwani Capital Equity	236 708 719.2	128 959 137.5	994 181.1	45 883 391.6	412 545 429.4
	Argon Equity	189 206 386.7	84 060 022.3	1 156 944.6	10 402 428.2	284 825 781.8
	Balondolozzi Equity	244 780 837.8	72 458 508.0	808 549.4	11 434 166.4	329 482 061.6
	Mianzo Equity	245 432 006.5	111 286 714.3	5 603 648.0	101 272 496.6	463 594 865.4
	Satrix Equity	192 684 069.3	19 951 911.1	789 046.1	55 749 727.0	269 174 753.5
	Vunani Equity	181 544 381.1	5 493 696.9	335 287.8	47 025 282.7	234 398 648.5
	Lima Equity	28 287 026.3	15 327 911.8	1 260 679.9	7 590 532.1	52 466 150.0
Protected Equity	Mergence Structured Product	224 174 750.5	69 048 911.7	8 945 809.2	31 229 819.5	333 399 290.8
	MAC Dynamic Protected Equity	193 751 608.0	48 035 737.9	6 524 804.6	33 052 167.6	281 364 318.2
	Regive Protected Equity	128 258 999.3	10 260 634.2	3 281 572.6	14 750 193.9	156 551 400.0
Fixed Income	Futuregrowth Infrastructure Bond	323 393 081.7	130 334 670.8	53 251 998.1	80 238 770.7	587 218 521.3
	Stanlib Bond	48 459 149.8	37 777 061.0	36 157 640.3	23 715 335.7	146 109 186.8
Property	Direct Property	127 317 543.5			32 382 479.8	159 700 023.3
	Meago Property	168 221 335.6	92 238 573.6		25 808 776.4	286 268 685.6
Unlisted Property	Umthombo IF1	255 186 956.2	79 821 660.7		36 132 418.1	371 141 035.0
	Cartesian Capital Money Market	9 837 080.8	11 620 760.3	90 853 837.9	45 332 025.3	157 643 704.2
Money Market	Sanlam Cash	58 177 599.5	36 676 207.8	32 489 212.1	34 488 546.3	161 831 565.6
	Transition Account	2 446 461.0				2 446 461.0
Hedge Funds	Mayibentsha Focused	318 793 023.1	101 785 912.0	7 581 817.5	69 414 565.1	497 575 317.6
	Mayibentsha Market Neutral	314 016 404.2	55 827 273.8	7 027 141.8	42 718 314.9	419 589 134.7
	Mayibentsha Moderate	202 919 324.7	72 159 482.4	9 854 366.1	44 398 025.5	329 331 198.7
Private Equity	Terebinth Capital	50 644 589.7	1 847 088.5	8 176 160.0	3 099 808.9	63 767 647.2
	Summit Africa	79 985 829.5	49 117 464.8		28 507 719.7	157 611 014.0
	Boxwood Property Fund	71 238 741.5	5 204 988.1		4 190 816.4	80 634 546.0
	Sampada Private Equity	206 153 424.3	55 930 484.9		17 082 787.2	279 166 696.4
	Sampada Private Equity 2	235 520 665.3	59 775 661.2		39 625 708.6	334 922 035.1
Private Equity Incubation	Legacy Africa	175 797 319.2	62 992 379.0		12 125 267.2	250 914 965.4
	Other	Real Fund	7 717 296.6	1 255 932.8	138 226.1	974 341.6
Other Incubation	Tamela Capital	12 288 410.1	12 153 137.6		6 189 357.0	30 630 904.7
	Africa	Novare Africa Property Fund 1	278 025 615.8	53 996 184.8		54 923 760.7
International	Novare Africa Property Fund 2	99 643 348.8	18 419 129.5		19 700 313.4	137 762 791.8
	Novare Global Balanced	2 309 016 950.5	687 558 616.8	34 421 590.2	424 689 160.7	3 455 686 318.2
	SALA Global Fund	848 358 703.3	171 441 741.3	16 669 479.2	127 476 564.8	1 163 946 488.6
<b>Total Fund</b>		<b>8 311 874 673.2</b>	<b>2 469 149 280.5</b>	<b>328 032 457.0</b>	<b>1 591 859 582.9</b>	<b>12 700 915 993.6</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 blue sleeve points towards a document. The document features several charts and tables. On the left, there are two pie charts with legends. The first pie chart has a legend with 'Energy', 'Industrial', and 'Agriculture'. The second pie chart has a legend with 'Energy', 'Industrial', and 'Agriculture'. To the right, there is a table with columns for 'Global Equities', 'Global Bonds', and 'Global Commodities'. The table has rows for 'Jan-18', 'Jan-17', and 'Jan-16'. The values in the table are: Jan-18 (2.8, 4.8, 4.3), Jan-17 (2.8, 4.8, 4.3), and Jan-16 (2.8, 4.8, 4.3).

## 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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