

WEBSITE MONTHLY REPORTS

SALA PENSION FUND

FINANCIAL POSITION AND PERFORMANCE

As a result of the movements in the financial markets the SALA Fund's total assets is R12 353 140 024 as at the end of April 2014. For the month of April the Active Members' portion of the total Fund returned 1.16%, DC Members returned 1.18% whilst the Pensioners Members' portion returned 0.74% p.a. Over the past 5 years to 30 April 2014 the total Fund returned 15.80% p.a.

FINANCIAL MARKET OVERVIEW

Disappointing manufacturing and mining data points to softer GDP growth of around 1% in Q1 2014. This will have the effect of full year growth being closer to 2.4% y/y than the previously expected 2.7%. In mining, the impact of strikes in the platinum sector weighed heavily due to its sector wide nature, which started in January and shows no sign of being resolved. The most recent releases of both CPI and PPI surprised negatively, adding upside risk to the near-term inflation estimate of 6.7% for June. Headline inflation rose to 6% in March, up from 5.9% in February as food inflation accelerated to 7.2%. While the slight recovery in the Rand during April took some immediate pressure off the SARB, the anticipated interest rate hikes are unlikely to be scaled back. Expectations are for another 0.5% rate hike this year with another 1.0% in hikes during 2015. Private sector credit extension (PSCE) growth rose to 8.84% in March from 8.67% in February. At the same time M3 money supply growth rose to 7.86% from 5.93% the month before.

S&P is scheduled to give country ratings updates in early June with South Africa running the risk of a one-notch downgrade to our debt rating. This would place South Africa on a BBB- rating. Previously S&P cited large-scale mining strikes, worsening debt metrics and structurally weak economic growth as risks to our rating.

Domestic equities continued their recent good run in April, with the FTSE/JSE All Share Index posting a return of 2.7% for the month. The index also recorded a new record high of 48,935 on the 29th of April. Consumer Goods (+6.6%) was the best performing industry group while Consumer Services (-6.8%) was the main detractor. At the sector level, Financials and Resources both produced returns of around 4% for the month while Industrials lagged with a return of 1.5% in April. In dollars the MSCI SA index was down -0.2% in April, marginally underperforming the emerging market peers that gained 0.4% (also in USD terms). Bonds had returns in line with cash with the ALBI yielding 0.3% in April and bond yields were supported by a firmer Rand.

Global Equity (US\$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1,884.0	0.6%	5.7%	7.3%	1.9%	17.9%
Nasdaq	4,114.6	-2.0%	0.3%	5.0%	-1.5%	23.6%
MSCI Global Equity	1,687.7	0.8%	5.6%	5.3%	1.6%	14.3%
MSCI Emerging Mkt	995.3	0.1%	6.3%	-3.8%	-0.7%	-4.2%
Global Bond (US\$)						
Global Bonds	519.9	0.5%	2.0%	1.3%	3.6%	0.7%
Commodity Prices						
Brent Oil (USD/Barrel)	107.8	0.0%	0.7%	-0.8%	-2.7%	5.3%
Platinum (USD/oz)	1,426.0	0.6%	3.5%	-1.7%	3.9%	-5.3%
Gold (USD/oz)	1,291.2	0.6%	3.7%	-2.4%	7.1%	-12.6%
South African Mkt (Rand)						
Africa All Share	6,251.9	2.7%	9.6%	9.0%	7.1%	30.1%
Africa Top 40	5,608.8	2.3%	9.4%	9.4%	7.0%	32.5%
Africa Resource 20	3,218.3	3.8%	8.5%	14.2%	14.6%	36.4%
Africa Financial 15	6,486.8	3.8%	19.7%	10.9%	11.2%	26.3%
Africa Industrial 25	9,749.1	1.3%	7.6%	6.8%	2.3%	32.6%
Africa Mid Cap	12,050.0	5.1%	11.4%	7.2%	7.0%	18.1%
Africa Small Cap	15,640.5	2.6%	8.8%	7.2%	7.3%	23.8%
All Bond Index	442.0	0.3%	4.6%	1.0%	1.2%	-3.0%
Stefi Composite	299.4	0.5%	1.3%	2.7%	1.8%	5.3%
Africa SA Listed Property - (SAPY)	1,453.9	2.3%	12.2%	2.1%	4.2%	-3.6%
MSCI Global Equity (R)		0.6%	-0.1%	10.1%	3.2%	33.9%
Global Bonds (R)		0.3%	-3.5%	5.9%	5.2%	17.9%
Rand Dollar Exchange Rate	10.51	-0.2%	-5.4%	4.5%	1.6%	17.1%