

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 797 999 051 as at the end of July 2014. For the month of July the Active Members' portion of the total Fund returned 0.64%, DC Members returned 0.63% whilst the Pensioners Members' portion returned 0.53% p.a. Over the past 5 years to 31 July 2014 the total Fund returned 14.84% p.a.

FINANCIAL MARKET OVERVIEW

The domestic economy was caught in the shackles of industrial action for another month, but fortunately the NUMSA metal and engineering sector strike was resolved in its fourth week. The agreement that was struck will see the lowest paid workers receive a 10% increase per annum over the next 3 years. Unsustainable wage hikes have put employment prospects in jeopardy and the government's Labour Force Survey for the second quarter showed that the unemployment rate edged up to 25.5% from 25.2% the previous quarter. There were noticeable job losses in the manufacturing and agricultural sectors. The Reserve Bank warned over the impact of wage inflation when they hiked interest rates by 0.25% to 5.75%. The interest rate decision had to content with upside risks to inflation and the Reserve Bank's downward revision to their GDP growth estimates for this year. The Bank now sees the economy expanding by a meagre 1.7% in 2014 – in line with the International Monetary Fund's revised forecast.

The FTSE/JSE All Share Index gained 0.9% during the month and hit a record new high in the process, but underperformed other emerging markets in dollar terms. The advance was led by a 5.1% jump in the resource sector. Financial shares gained 0.6% and the industrial sector lost 1.4%. Data on domestic activity remained weak. Manufacturing data contracted and vehicle sales declined by 1.5% from a year ago. Vehicle exports slumped 16%, reflecting the impact of strikes on the manufacturing sector. Retail sales were better than expected, but growth of 2.4% over the past year was indicative of a consumer under strain from dwindling real disposable income growth.

Consumer price inflation for June remained unchanged at 6.6% from the previous month. Food price inflation rose to 9.2%, but it wasn't enough to offset the better than expected headline number. Towards month-end, there was some uncertainty over Eskom funding and whether it will come from a further increase in tariffs. Together with a pull-back in all emerging market fixed interest assets, it caused the All Bond Index to relinquish some of its strong gains for the month. The Index still managed to increase by 1%. The listed property sector gained 1.9%. The rand moved sideways for most of the month, but towards month-end it depreciated slightly to close at R10.70 against the US dollar.

Global Equity (US\$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1,930.7	-1.5%	2.5%	8.3%	4.5%	14.5%
Nasdaq	4,369.8	-0.9%	6.2%	6.5%	4.6%	20.5%
MSCI Global Equity	1,714.3	-1.7%	1.6%	7.2%	3.2%	13.7%
MSCI Emerging Mkt	1,065.8	1.4%	7.1%	13.8%	6.3%	12.5%
Global Bond (US\$)						
Global Bonds	523.2	-0.5%	0.7%	2.6%	4.3%	4.4%
Commodity Prices						
Brent Oil (USD/Barrel)	105.6	-6.2%	-2.1%	-1.4%	-4.7%	-2.2%
Platinum (USD/oz)	1,460.5	-1.8%	2.4%	6.0%	6.5%	1.7%
Gold (USD/oz)	1,282.1	-3.4%	-0.7%	3.0%	6.4%	-3.2%
South African Mkt (Rand)						
Africa All Share	6,587.9	0.9%	5.4%	15.5%	12.8%	28.3%
Africa Top 40	5,923.0	0.6%	5.6%	15.5%	13.0%	29.3%
Africa Resource 20	3,350.6	5.1%	4.1%	12.9%	19.3%	33.9%
Africa Financial 15	6,829.3	0.6%	5.3%	26.0%	17.1%	32.8%
Africa Industrial 25	10,391.5	-1.3%	6.6%	14.7%	9.0%	26.3%
Africa Mid Cap	12,545.6	3.2%	4.1%	16.0%	11.4%	22.8%
Africa Small Cap	16,338.0	1.0%	4.5%	13.7%	12.1%	26.2%
All Bond Index	456.0	1.0%	3.2%	7.9%	4.4%	7.2%
Stefi Composite	303.8	0.5%	1.5%	2.8%	3.3%	5.5%
Africa SA Listed Property - (SAPY)	1,512.2	1.9%	4.0%	16.7%	8.4%	12.7%
MSCI Global Equity (R)		-1.0%	3.4%	3.3%	6.7%	23.5%
Global Bonds (R)		0.2%	2.4%	-1.1%	7.8%	13.4%
Rand Dollar Exchange Rate	10.70	0.7%	1.8%	-3.7%	3.4%	8.6%