

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 R10 693 896 597 as at the end of June 2013. For the month of June the Active Members' portion of the total Fund returned -3.69%, DC Members returned -3.63% whilst the Pensioners Members' portion returned -2.38% p.a. Over the past 5 years to 30 June 2013 the total Fund returned 11.67% p.a.

FINANCIAL MARKET OVERVIEW

The domestic market was not spared the carnage that was afflicted upon most emerging markets as investors grew concerned over the end of quantitative easing and investments that benefitted from the search for yield. Fundamental factors for South Africa also deteriorated. Consumer spending slowed down and this was reflected by retail sales growth which slowed faster than expected to 1.9% from a year earlier and vehicle sales that grew by a mere 3.3%. The expenditure slowdown has been driven by weak consumer confidence, slowing income and employment growth and tighter bank lending standards. Business confidence also slowed down.

The FTSE/JSE All Share Index lost 5.7% during the month. The resources sector tumbled by 13.5% as commodity prices retreated. This compared to the financial and industrial sectors which lost 4.2% and 3.1% respectively. The expectation of higher interest rates grew over the month as the currency experienced extreme volatility and depreciated to R10.36 against the dollar at one stage. The rand recovered on the back of a better than expected current account deficit which came in at 5.8% of GDP and narrowed from 6.5% during the previous quarter.

The domestic bond market suffered from foreign portfolio repatriation and closed 1.5% lower for the month. Foreigners sold R10.6bn worth of domestic bonds and caused a rapid spike in bond yields. Dovish comments from the Reserve Bank Governor and better than expected inflation helped the bond market to improve towards month-end. Consumer price inflation for May slowed to 5.6% from a year earlier and surprised by showing little foreign exchange pass through effects. Following the previous month's sell-off, listed property rebounded by 4.4%. Despite experiencing a volatile month, the rand ended firmer at R9.87 against the dollar.

Global Equity (US\$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1,606.3	-1.5%	2.4%	12.6%	12.6%	17.9%
Nasdaq	3,403.3	-1.5%	4.2%	12.7%	12.7%	16.0%
MSCI Global Equity	1,433.5	-2.6%	-0.1%	7.1%	7.1%	16.0%
MSCI Emerging Mkt	940.3	-6.8%	-9.1%	-10.9%	-10.9%	0.3%
Global Bond (US\$)						
Global Bonds	495.5	-0.7%	-3.1%	-5.8%	-5.8%	-5.0%
Commodity Prices						
Brent Oil (USD/Barrel)	102.8	2.6%	-6.6%	-7.5%	-7.5%	5.9%
Platinum (USD/oz)	1,341.0	-9.4%	-14.6%	-12.9%	-12.9%	-7.4%
Gold (USD/oz)	1,234.2	-11.1%	-22.7%	-26.3%	-26.3%	-22.7%
South African Mkt (Rand)						
Africa All Share	4,917.6	-5.7%	-0.2%	2.3%	2.3%	21.0%
Africa Top 40	4,357.2	-6.7%	-0.2%	2.1%	2.1%	21.8%
Africa Resource 20	2,293.7	-13.5%	-11.1%	-16.0%	-16.0%	-7.3%
Africa Financial 15	5,024.8	-4.2%	-2.1%	3.2%	3.2%	20.9%
Africa Industrial 25	7,946.5	-3.1%	8.0%	15.2%	15.2%	45.8%
Africa Mid Cap	10,171.0	-0.4%	-0.7%	2.0%	2.0%	15.8%
Africa Small Cap	12,532.6	-1.1%	0.4%	8.6%	8.6%	24.6%
All Bond Index	428.1	-1.5%	-2.3%	-1.3%	-1.3%	6.3%
Stefi Composite	286.7	0.4%	1.3%	2.5%	2.5%	5.3%
Africa SA Listed Property - (SAPY)	1,400.2	4.4%	-0.4%	8.8%	8.8%	24.0%
MSCI Global Equity (R)		-4.6%	6.8%	25.9%	25.9%	40.7%
Global Bonds (R)		-2.7%	3.6%	10.7%	-2.7%	15.2%
Rand Dollar Exchange Rate	9.87	-2.1%	6.9%	17.5%	17.5%	21.3%