

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 591 473 246 as at the end of May 2014. For the month of May the Active Members' portion of the total Fund returned 2.17%, DC Members returned 1.74% whilst the Pensioners Members' portion returned 2.09% p.a. Over the past 5 years to 31 May 2014 the total Fund returned 15.26% p.a.

FINANCIAL MARKET OVERVIEW

Deteriorating cracks in the local economy's fundamentals became more evident by month-end, but it was not enough to make a serious dent to financial market returns. The FTSE/JSE All Share Index followed other emerging market equity indices higher and briefly broke through the 50,000 level. The Index gained 1.6% for the month as industrial and financial shares pushed it up with returns of 5.1% and 1.9% respectively. The resources sector was the laggard with a loss of 4.3%. For the year to date, the FTSE/JSE All Share Index has returned 8.8%. The sentiment in the market slowed with the release of weaker than expected GDP data. The economy contracted by 0.6% during the first quarter of the year as declining activity within the manufacturing and mining sectors detracted from overall growth. Year on year GDP growth moderated to 1.6%. The economy is now flirting with recession and the Reserve Bank's leading indicator pointed to a continued loss in momentum.

The most recent manufacturing data indicated that the production side of the economy is unable to take advantage of stronger global growth conditions and the weakness within the currency. The industrial action in the platinum mining sector remained unresolved and has now extended into its 19th consecutive week. Its effects have spilled over to other sectors of the economy as well. The Reserve Bank left interest rates unchanged at their meeting during the month. They revised their growth estimate lower for this year and now expect the economy to grow by a mere 2.1%. This is still above most economists' forecasts, however. Their lower growth outlook trumped concerns over inflation that breached their targeted band. Consumer price inflation inched higher to 6.1% in April. The increase was driven by higher food prices.

Renewed foreign portfolio inflows and a decline in expectations for the cumulative rate hikes by the Reserve Bank helped the All Bond Index to gain 1.1%. The sub-trend growth outlook and elevated inflation has made not only the Reserve Bank's job difficult, but it will also put the fiscal deficit under pressure at the same time that a new finance minister was appointed. President Jacob Zuma followed on the ANC's convincing general election victory by announcing a substantial cabinet reshuffle. By mid-month, the rand appreciated to its best level for the year, but gave it all back towards month-end to close at R10.57 against the dollar. Listed property declined by 1.3% during the month.

Global Equity (US\$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1,923.6	2.1%	3.4%	6.5%	4.1%	18.0%
Nasdaq	4,242.6	3.1%	-1.5%	4.5%	1.6%	22.8%
MSCI Global Equity	1,715.2	1.6%	2.4%	5.3%	3.3%	16.5%
MSCI Emerging Mkt	1,027.7	3.3%	6.3%	0.9%	2.5%	1.9%
Global Bond (US\$)						
Global Bonds	524.2	0.8%	1.7%	3.3%	4.4%	5.1%
Commodity Prices						
Brent Oil (USD/Barrel)	109.5	1.6%	0.4%	-1.4%	-1.2%	9.3%
Platinum (USD/oz)	1,451.5	1.8%	0.4%	6.6%	5.8%	-1.9%
Gold (USD/oz)	1,251.0	-3.1%	-5.6%	-0.2%	3.8%	-9.9%
South African Mkt (Rand)						
Africa All Share	6,351.8	1.6%	6.2%	12.0%	8.8%	21.8%
Africa Top 40	5,716.0	1.9%	5.8%	12.7%	9.1%	22.4%
Africa Resource 20	3,080.9	-4.3%	-0.5%	11.7%	9.7%	16.2%
Africa Financial 15	6,612.9	1.9%	12.6%	16.6%	13.4%	26.1%
Africa Industrial 25	10,246.7	5.1%	7.6%	12.1%	7.5%	24.9%
Africa Mid Cap	11,957.0	-0.8%	8.3%	7.4%	6.1%	17.1%
Africa Small Cap	16,190.5	3.5%	9.2%	11.8%	11.0%	27.7%
All Bond Index	447.1	1.2%	3.3%	3.5%	2.4%	2.9%
Stefi Composite	300.8	0.5%	1.4%	2.7%	2.3%	5.4%
Africa SA Listed Property - (SAPY)	1,435.5	-1.3%	5.8%	3.9%	2.9%	7.0%
MSCI Global Equity (R)		2.2%	0.6%	9.7%	5.5%	22.2%
Global Bonds (R)		1.4%	-0.1%	7.6%	6.7%	10.2%
Rand Dollar Exchange Rate	10.57	0.6%	-1.7%	4.1%	2.1%	4.9%