

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 R11 817 225 086 as at the end of October 2013. For the month of October the Active Members' portion of the total Fund returned 2.80%, DC Members returned 2.83% whilst the Pensioners Members' portion returned 2.16% p.a. Over the past 5 years to 31 October 2013 the total Fund returned 14.72% p.a.

FINANCIAL MARKET OVERVIEW

The South African equity market experienced its fourth consecutive month of gains in October as global investor sentiment remained buoyant amidst rampant global liquidity conditions. Labour tensions have not dissipated, however, and the International Monetary Fund issued a stern warning that labour unions need to be reined in. The Minister of Finance delivered his Medium Term Budget Policy statement that showed a budget deficit which improved from 4.6% of GDP to 4.2%. But the improvement was due to technical changes to the accounting rules and the pace of fiscal consolidation slowed over the longer term, resulting in larger government borrowing requirements. The budget statement held few surprises and showed a sharp crack-down on excessive government spending.

The official third quarter unemployment rate declined from 25.6% to 24.7% and consumer price inflation for September decelerated from 6.4% to 6.0%. The slowdown in the rate of inflation was helped along by lower fuel price inflation. Retail sales grew stronger than expected, but at 3% growth from a year earlier, the rate of growth was low. The FTSE/JSE All Share Index gained 3.6% with the financial sector being the best performing as it advanced by a stellar 7.5%. Resources and industrial shares delivered returns of 2.9% and 2.6% respectively.

The trade deficit remained wider than expected as the slowdown in export growth outpaced that of import growth. The export of vehicles were severely impacted by the recent labour disruptions in that sector. The large trade deficit and speculation over when the US Fed will taper caused the rand to depreciate towards the end of the month and it closed above the R10 a dollar level. The rand remained the worst performing currency in the world for the year to date. Foreigners were initially firm buyers of domestic bonds, but turned sellers towards month end and the All Bond Index only managed a 0.4% gain. Listed property gained 3.0%.

Global Equity (US\$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1,756.5	4.5%	4.2%	10.0%	23.2%	24.4%
Nasdaq	3,919.7	3.9%	8.1%	17.8%	29.8%	31.7%
MSCI Global Equity	1,602.9	3.8%	6.3%	8.6%	19.8%	23.2%
MSCI Emerging Mkt	1,034.4	4.8%	9.2%	-0.5%	-2.0%	3.9%
Global Bond (US\$)						
Global Bonds	513.3	0.9%	2.4%	-0.6%	-2.4%	-3.6%
Commodity Prices						
Brent Oil (USD/Barrel)	108.7	0.8%	0.7%	6.1%	-2.2%	-1.4%
Platinum (USD/oz)	1,451.0	3.3%	1.0%	-3.7%	-5.7%	-7.6%
Gold (USD/oz)	1,322.7	-0.5%	-0.2%	-10.4%	-21.0%	-23.1%
South African Mkt (Rand)						
Africa All Share	5,734.0	3.6%	11.7%	19.3%	19.2%	26.2%
Africa Top 40	5,128.0	3.3%	11.9%	21.2%	20.2%	26.8%
Africa Resource 20	2,816.9	2.9%	12.6%	19.4%	3.1%	3.9%
Africa Financial 15	5,849.7	7.5%	13.7%	13.9%	20.2%	31.0%
Africa Industrial 25	9,130.4	2.6%	11.0%	24.2%	32.3%	43.1%
Africa Mid Cap	11,242.7	5.5%	10.0%	10.1%	12.8%	21.0%
Africa Small Cap	14,590.7	4.0%	12.7%	15.5%	26.4%	36.5%
All Bond Index	437.8	0.4%	2.9%	-4.0%	0.9%	4.1%
Stefi Composite	291.7	0.4%	1.3%	2.6%	4.3%	5.2%
Africa SA Listed Property - (SAPY)	1,423.9	3.0%	6.1%	-5.6%	10.6%	18.5%
MSCI Global Equity (R)		4.2%	8.5%	21.6%	43.4%	42.9%
Global Bonds (R)		1.2%	4.5%	11.4%	1.2%	11.9%
Rand Dollar Exchange Rate	10.06	0.3%	2.1%	12.0%	19.7%	16.0%