

## 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 531 648 053 as at the end of September 2013. For the month of September the Active Members' portion of the total Fund returned 3.30%, DC Members returned 3.44% whilst the Pensioners Members' portion returned 2.21% p.a. Over the past 5 years to 30 September 2013 the total Fund returned 13.65% p.a.

### FINANCIAL MARKET OVERVIEW

The local financial market benefitted from renewed risk appetite that was driven by abundant global liquidity and the news that the US Fed delayed tapering its monthly asset purchases. This was despite lingering industrial action that tarnished South Africa's global image as a reliable exporter and impacted negatively on domestic growth conditions. The strikes in the auto sector was particularly damaging with thousands of cars' in lost production and vehicles sales that declined by 1.5% during the month from levels a year earlier. The excessive wage demands have in some parts been met with above-inflationary agreements. The Reserve Bank came out with a more hawkish tone at their bi-monthly meeting as they tried to confirm their inflation targeting credibility and to anchor lofty inflation expectations.

The FTSE/JSE All Share Index rose 5.1% during the month. The financial and industrial sectors were the strongest performing sectors with returns of 6.5% respectively. The resources sector gained 2% as it was held back by a firmer currency and weaker commodity prices. Despite the strong equity market returns, the underlying economic data was weak. Business and consumer confidence for the third quarter of this year fell. On the consumer side, sentiment was depressed on account of slowing employment growth, rising inflation, moderate income growth and the looming strike action.

Consumer price inflation for August rose to 6.4% from a year earlier and was in line with expectations. The increase was driven by higher food and fuel prices. Broader based pass-through effects from the depreciation in the currency became more evident. The Reserve Bank also announced that their inflation outlook worsened further. The All Bond Index benefitted from foreign investor interest and rose by 3.9%. Despite the current account deficit which showed further deterioration during the second quarter as it ballooned to 6.5% of GDP, the currency appreciated sharply to as low as R9.58 against the dollar before settling back just above the R10 a dollar level by month-end. The necessity to fund the shortfall of the current account deficit through foreign portfolio inflows will keep the currency on the back foot.

Global Equity (US\$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1,681.6	3.0%	4.7%	7.2%	17.9%	16.7%
Nasdaq	3,771.5	5.1%	10.8%	15.4%	24.9%	21.0%
MSCI Global Equity	1,543.7	4.8%	7.7%	7.6%	15.3%	17.7%
MSCI Emerging Mkt	987.5	6.2%	5.0%	-4.6%	-6.4%	-1.5%
<b>Global Bond (US\$)</b>						
Global Bonds	508.7	1.8%	2.7%	-0.5%	-3.3%	-5.1%
<b>Commodity Prices</b>						
Brent Oil (USD/Barrel)	107.8	-5.7%	5.0%	-2.0%	-2.9%	-4.8%
Platinum (USD/oz)	1,404.0	-7.7%	4.7%	-10.6%	-8.8%	-15.5%
Gold (USD/oz)	1,328.7	-4.8%	7.7%	-16.8%	-20.6%	-25.0%
<b>South African Mkt (Rand)</b>						
Africa All Share	5,534.0	5.1%	12.5%	12.3%	15.1%	27.0%
Africa Top 40	4,963.6	5.1%	13.9%	13.7%	16.3%	28.9%
Africa Resource 20	2,737.6	2.0%	19.4%	6.2%	0.2%	7.3%
Africa Financial 15	5,439.3	6.5%	8.2%	6.0%	11.7%	24.2%
Africa Industrial 25	8,897.9	6.4%	12.0%	20.9%	29.0%	46.0%
Africa Mid Cap	10,661.3	4.9%	4.8%	4.1%	6.9%	15.2%
Africa Small Cap	14,033.5	6.2%	12.0%	12.4%	21.6%	31.3%
All Bond Index	436.1	3.9%	1.9%	-0.5%	0.5%	3.1%
Stefi Composite	290.4	0.4%	1.3%	2.6%	3.8%	5.2%
Africa SA Listed Property - (SAPY)	1,381.9	6.7%	-1.3%	-1.7%	7.3%	10.3%
MSCI Global Equity (R)		2.3%	9.4%	16.8%	37.7%	42.1%
Global Bonds (R)		-0.6%	4.3%	8.0%	-0.6%	14.6%
Rand Dollar Exchange Rate	10.03	-2.4%	1.6%	8.6%	19.4%	20.7%