

**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 R13 727 831 253 as at the end of February 2016. For the 12 months up to February the Active Members' portion of the total Fund returned 5.53%, DC Members returned 4.69% whilst the Pensioners Members' portion returned 6.33% p.a. Over the past 5 years to 29 February 2016 the total Fund returned 13.66% p.a.**

**FINANCIAL MARKET OVERVIEW**

The government took centre stage this month as it tried to persuade investors and the credit rating agencies that it is on track to reform the domestic economy and avert a credit rating downgrade to junk status. In particular, the President's State of the Nation Address and the Finance Minister's Budget Speech were focused on. The budget speech was probably as good as it could get, treading a thin line between austerity and being supportive of growth. It lacked bold action and an ambitious budget deficit target of 3.2% was set for this fiscal year. With the main risk to the target being the economic growth outlook, many market participants viewed it as insufficient to prevent a credit rating downgrade.

The FTSE/JSE All Share Index gained 0.6% during the month on the back of a very strong performance from resources companies that benefitted from the rise in commodity prices. The spot gold price was up 10.8% and the oil price rose by 8.3%. The domestic equity market suffered from a net outflow of R10.4bn during the month which was evident in the industrial sector which was down 2.6% and financial shares which lost 2.9%. The unemployment rate for the final quarter of last year decreased to 24.5% from 25.5% the previous quarter, but GDP growth came in at a disappointing 0.6% for full year growth of 1.3% - the lowest rate of growth since the financial crisis. The agriculture and manufacturing sectors were the biggest detractors to growth during the quarter.

Consumer price inflation accelerated more than expected to 6.2% in January, breaching the Reserve Bank's upper target. It was a broad based increase and showed that the drought and weaker currency filtered through to prices. Producer price inflation also showed a sharp increase. The All Bond Index lost 0.8% after the strong rally from the previous month as the yield on the 10 year benchmark bond rose by 20 basis points. Listed property experienced a strong month and the sector rose by 3.7%. The rand appreciated marginally against the US dollar and closed the month at R15.87 against the greenback.

<b>Global Equity (US\$)</b>	<b>Level</b>	<b>1 Month</b>	<b>3 Months</b>	<b>6 Months</b>	<b>YTD</b>	<b>12 Months</b>
S&P 500	1,932.2	-0.4%	-7.1%	-2.0%	-5.5%	-8.2%
Nasdaq	4,558.0	-1.2%	-10.8%	-4.6%	-9.0%	-8.2%
MSCI Global Equity	1,547.2	-1.0%	-8.7%	-6.0%	-7.0%	-12.7%
MSCI Emerging Mkt	740.3	-0.3%	-9.1%	-9.6%	-6.8%	-25.2%
<b>Global Bond (US\$)</b>						
Global Bonds	516.7	3.1%	5.5%	4.4%	4.9%	3.2%
<b>Commodity Prices</b>						
Brent Oil (USD/Barrel)	36.6	1.6%	-18.2%	-31.4%	-1.9%	-41.6%
Platinum (USD/oz)	934.5	7.3%	12.4%	-7.5%	4.9%	-21.4%
Gold (USD/oz)	1,237.7	10.7%	16.3%	9.1%	16.7%	2.1%
<b>South African Mkt (Rand)</b>						
Africa All Share	6,643.2	0.6%	-4.1%	0.2%	-2.4%	-4.4%
Africa Top 40	5,885.7	-0.6%	-5.4%	0.0%	-4.3%	-4.1%
Africa Resource 20	1,641.3	13.2%	6.0%	-21.6%	8.1%	-36.9%
Africa Financial 15	7,067.4	-2.9%	-12.0%	-11.3%	-6.2%	-12.3%
Africa Industrial 25	12,490.9	-2.6%	-5.3%	6.9%	-5.1%	5.0%
Africa Mid Cap	13,645.7	6.6%	4.9%	1.9%	9.5%	-5.9%
Africa Small Cap	17,371.2	7.8%	-6.3%	-3.8%	2.9%	-6.3%
All Bond Index	479.7	-0.8%	-3.1%	-2.9%	3.8%	-3.7%
Stefi Composite	335.2	0.5%	1.6%	3.3%	1.1%	6.6%
Africa SA Listed Property - (SAPY)	1,919.2	3.6%	-5.6%	-3.3%	0.6%	-2.0%
MSCI Global Equity (R)		-1.1%	0.2%	12.3%	-4.7%	18.6%
Global Bonds (R)		2.9%	15.8%	24.7%	2.9%	40.2%
Rand Dollar Exchange Rate	15.84	-0.2%	9.8%	19.4%	2.4%	35.9%