

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 837 657 012 as at the end of January 2016. For the 12 months up to January the Active Members' portion of the total Fund returned 8.44%, DC Members returned 7.52% whilst the Pensioners Members' portion returned 8.46% p.a. Over the past 5 years to 31 January 2016 the total Fund returned 13.80% p.a.

FINANCIAL MARKET OVERVIEW

The local financial market was not spared from the global sell-off and amidst expectations of slower global growth, it came as no surprise that domestic economic growth forecasts were revised down substantially. In its latest World Economic Outlook, the International Monetary Fund lowered its GDP growth outlook on South Africa down to 0.7% for this year – in line with the World Bank's own forecast. Compounding the problem of weak growth was the decision by the Reserve Bank to hike interest rates aggressively by 0.5% to 6.75%. The rate hike was a split decision amongst Monetary Policy Committee members. It was the fifth increase in the current hiking cycle and only the second time that rates were increased by 0.5%. The rate hike came amidst a worsening inflation outlook and it helped to calm some currency nerves following the rand's blowout to its weakest level on record earlier the month.

The rand touched an all-time low of R16.97 against the US dollar, but closed the month only 2.6% lower at R15.86. At month-end, the rand was supported by positive trade data which showed a surplus, but only because imports were deteriorating at a faster pace than exports. Global credit rating agencies issued stern warnings over policy stability during the month which was met with supportive comments from Finance Minister Gordhan. The FTSE/JSE All Share Index lost 3% during the month. It was a broad based sell-off as the resources sector lost 4.5%, financial shares were down 3.5% and industrial shares lost 2.6% of their value. Gold mining companies bucked the trend due to the weaker currency and strong gold price and the sub-sector was up 35%.

Consumer price inflation for December rose to 5.2% with the headline number the same as core inflation. The drought effects have not yet filtered through into higher food prices, but remained a major concern as the maize harvest was estimated to be 25% lower than last year. The bond market recovered from its December sell-off and the All Bond Index gained 4.6% during the month. Despite lower bond yields, the listed property market followed the equity market lower and the sector was down 3% for the month.

Global Equity (US\$)	Level	1 Month	3 Months	6 Months	YTD	12 Months
S&P 500	1 940.2	-5.1%	-6.7%	-7.8%	-5.1%	-2.7%
Nasdaq	4 614.0	-7.9%	-8.7%	-10.0%	-7.9%	-0.5%
MSCI Global Equity	1 562.2	-6.1%	-8.4%	-11.5%	-6.1%	-6.9%
MSCI Emerging Mkt	742.4	-6.5%	-12.4%	-17.7%	-6.5%	-22.8%
Global Bond (US\$)						
Global Bonds	501.3	1.8%	1.2%	2.7%	1.8%	-0.9%
Commodity Prices						
Brent Oil (USD/Barrel)	36.0	-3.5%	-27.4%	-31.1%	-3.5%	-27.2%
Platinum (USD/oz)	871.0	-2.2%	-11.6%	-11.5%	-2.2%	-29.9%
Gold (USD/oz)	1 117.7	5.4%	-2.1%	2.0%	5.4%	-13.0%
South African Mkt (Rand)						
Africa All Share	6 604.1	-3.0%	-8.3%	-4.0%	-3.0%	-1.1%
Africa Top 40	5 919.8	-3.8%	-8.5%	-3.7%	-3.8%	0.8%
Africa Resource 20	1 450.0	-4.5%	-27.4%	-30.9%	-4.5%	-39.4%
Africa Financial 15	7 276.5	-3.4%	-13.0%	-12.3%	-3.4%	-6.7%
Africa Industrial 25	12 823.7	-2.6%	-3.7%	4.7%	-2.6%	11.2%
Africa Mid Cap	12 797.4	2.7%	-5.8%	-4.0%	2.7%	-10.1%
Africa Small Cap	16 108.7	-4.6%	-13.4%	-11.9%	-4.6%	-12.4%
All Bond Index	483.4	4.6%	-3.4%	-2.0%	4.6%	-5.6%
Stefi Composite	333.5	0.6%	1.6%	3.3%	0.6%	6.5%
Africa SA Listed Property - (SAPY)	1 851.7	-3.0%	-9.4%	-6.5%	-3.0%	-2.4%
MSCI Global Equity (R)		-3.6%	5.3%	11.0%	-3.6%	27.0%
Global Bonds (R)		4.5%	16.3%	28.8%	4.5%	35.2%
Rand Dollar Exchange Rate	15.86	2.6%	15.0%	25.4%	2.6%	36.4%