



NOVARE[®]
actuaries & consultants

| **Monthly Report** |

SALA Pension Fund

March 2020

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REPORT OVERVIEW

SOUTH AFRICAN LOCAL AUTHORITIES PENSION FUND

The Fund comprises of both defined benefit and defined contribution schemes, as such the Fund has 4 investment portfolios.

FUND PERFORMANCE

The performance figures of the Fund represent the performance as calculated by Novare's pricing division and are **net** of manager fees.

The financial year end of the Fund is 30 June. The returns for the financial year reflect returns from the 1st of July.

Year to date ("YTD") performance represents calendar year to date.

MARKET OVERVIEW

The performance figures reflected in Section A of this report have been sourced from Reuters.

PERFORMANCE FOR PERIODS LONGER THAN 12 MONTHS

All performance figures for periods greater than 12 months (1 year) are annualised, unless indicated otherwise.

MANAGER PERFORMANCE

The performance figures of the Fund's underlying managers represent the returns as per the manager monthly reports.

OBJECTIVE

The objective of the DB Portfolio represents the inflation target of CPI + 4.5%

The objective of the DC Growth Portfolio represents the inflation target of CPI + 4.5%

The objective of the DC Money Market Portfolio represents the inflation target of CPI + 1%

The objective of the Pensioner Portfolio represents the inflation target of CPI + 4.5%

BENCHMARK

The benchmark performance in this report for the DB portfolio is as follows:

Asset Class	Allocation	Benchmark
Domestic Equities	32.5%	Capped SWIX
Domestic Protected Equities	5%	JSE TOP 40
Domestic Fixed Income	10%	ALBI
Domestic Property	5%	SA Listed Property
Domestic Money Market	2.5%	STeFI
Domestic Alternatives	15%	CPI + 3.5%
Africa	5%	Fund Returns
International	25%	International Composite: 60% MSCI World / 40% JP Morgan Global Bond

The benchmark performance in this report for the DC Growth portfolio is as follows:

Asset Class	Allocation	Benchmark
Domestic Equities	37.5%	Capped SWIX
Domestic Protected Equities	5%	JSE TOP 40
Domestic Fixed Income	7.5%	ALBI
Domestic Property	5%	SA Listed Property
Domestic Money Market	2.5%	STeFI
Domestic Alternatives	12.5%	CPI + 3.5%
Africa	5%	Fund Returns
International	25%	International Composite: 60% MSCI World / 40% JP Morgan Global Bond

REPORT OVERVIEW

The benchmark performance in this report for the Pensioner portfolio is as follows:

Asset Class	Allocation	Benchmark
Domestic Equities	32.5%	Capped SWIX
Domestic Protected Equities	5%	JSE TOP 40
Domestic Fixed Income	10%	ALBI
Domestic Property	5%	SA Listed Property
Domestic Money Market	2.5%	STeFI
Domestic Alternatives	15%	CPI + 3.5%
Africa	5%	Fund Returns
International	25%	International Composite: 60% MSCI World / 40% JP Morgan Global Bond

The benchmark performance in this report for the DC Money Market Members is as follows:

Asset Class	Allocation	Benchmark
Domestic Money Market	100%	STeFI

TACTICAL LIMITS

DB Portfolio

Asset Class	Lower limit	Upper limit
Domestic Equities	20%	50%
Domestic Fixed Income	5%	20%
Domestic Property	0%	15%
Domestic Money Market	0%	60%
Domestic Alternatives	10%	20%
Africa	0%	7.5%
International	0%	30%

DC Growth

Asset Class	Lower limit	Upper limit
Domestic Equities	20%	45%
Domestic Fixed Income	5%	20%
Domestic Property	0%	15%
Domestic Money Market	0%	60%
Domestic Alternatives	10%	20%
Africa	0%	7.5%
International	0%	30%

Pensioner Portfolio

Asset Class	Lower limit	Upper limit
Domestic Equities	20%	50%
Domestic Fixed Income	5%	20%
Domestic Property	0%	15%
Domestic Money Market	0%	60%
Domestic Alternatives	10%	20%
Africa	0%	7.5%
International	0%	30%

“*The private equity portion under alternatives and the unlisted Africa benchmarks are the returns to approximately strip out the effect of these investments on the portfolio returns by using the weighted actual returns and allocations effective since inception. These asset classes will be measured and reported on in a separate report.”

DISCLAIMER

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NAC is approved by the Financial Services Board in terms of Section 13B of the Pension Funds Act, 24 of 1956, as an Investment Administrator: 24/ 456.

Section A

Market Overview



DOMESTIC MARKET VIEW

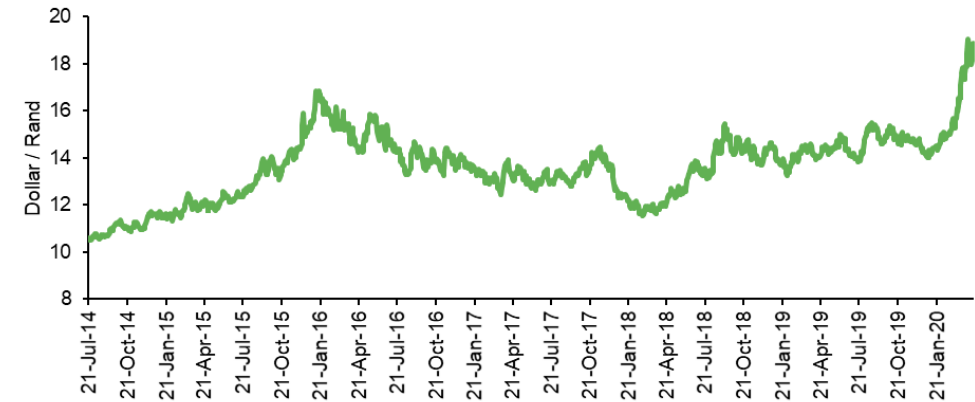


South Africa enforced a nationwide 21-day lockdown on 27 March 2020, with government having taken its cue from the South Koreans by testing aggressively in conjunction with the lockdown. It is interesting to note that the growth in new cases reduced considerably despite the fact that many people live in densely populated informal settlements. Because of the difficulty in these areas for residents to remain indoors and maintain social distancing, it is expected that the number of coronavirus infections might increase considerably as testing efforts continue throughout informal settlements.

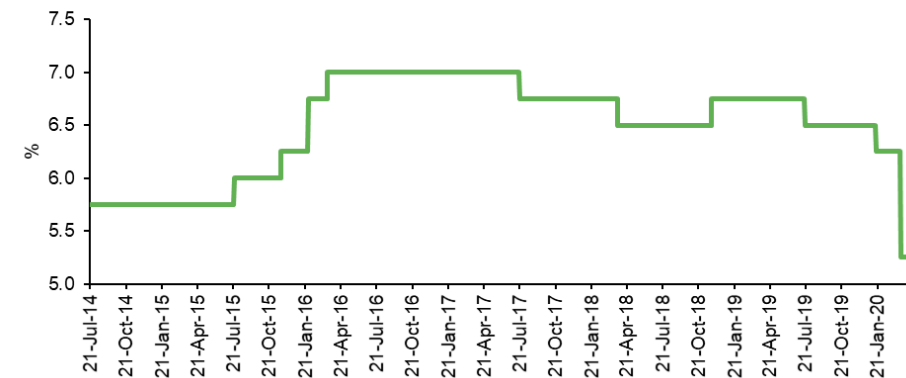
To make matters worse, Moody's decided to downgrade South Africa to Junk status. This move was, of course, not unexpected, but the timing couldn't have been worse. Bonds and the ZAR experienced an initial knee-jerk reaction sell-off but quickly settled back to levels prior to the downgrade. We have argued for some time that a large part of the downgrade had been priced in and were expecting the market's reaction. Foreigners have been continued sellers of SA bonds throughout the year and although we will see some further outflows when the indices are rebalanced, the fact that the real yields in South Africa are among the highest in the world could keep a floor on the sell-off.

The South African Reserve Bank played its part in trying to support the economy by lowering rates by 100bps before subsequently reducing rates again by another 100bps. This will give some respite to consumers but will amount to only limited defence against the expected contraction because of the lockdown.

Rand



Repo Rate



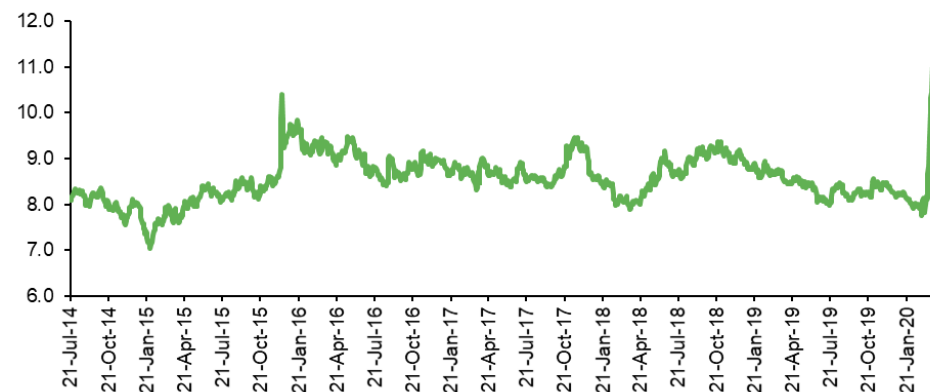
DOMESTIC MARKET VIEW



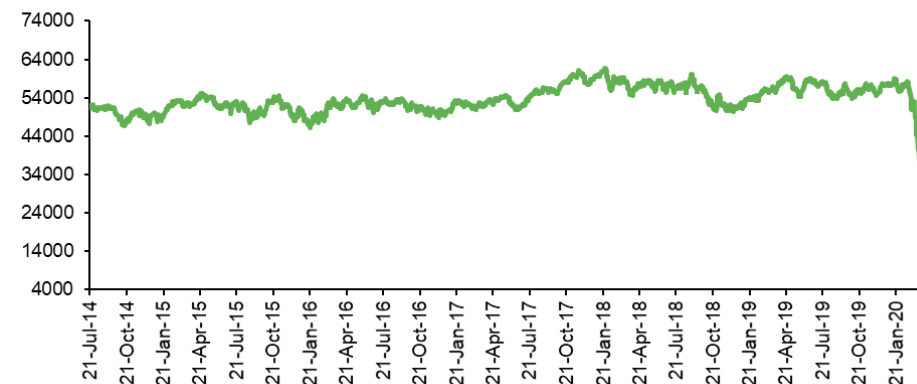
SARB Governor Lesetja Kganyago indicated that the bank now expects South Africa's GDP in 2020 to contract by 6.1%, compared to the 0.2% contraction expected just a few weeks ago. GDP is expected to grow by 2.2% in 2021 and by 2.7% in 2022. Local markets reacted in similar fashion to their global counterparts as the JSE All Share Index lost 12.1% and the All Bond Index was down -9.7%.

Even though we do not believe we will experience a drawn-out global depression as in the 1920s, Novare's view is that the most likely outcome is a recession that is more severe than the Global Financial Crisis, but not as protracted. This outlook could, however, change in an instant as numbers continually being released globally are of an unprecedented magnitude.

S.A. 10-Year Government Benchmark Yield



FTSE/JSE All Share Index

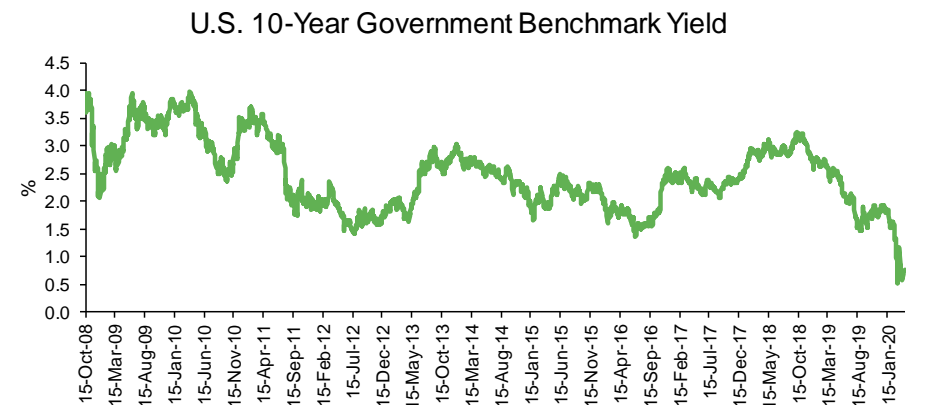
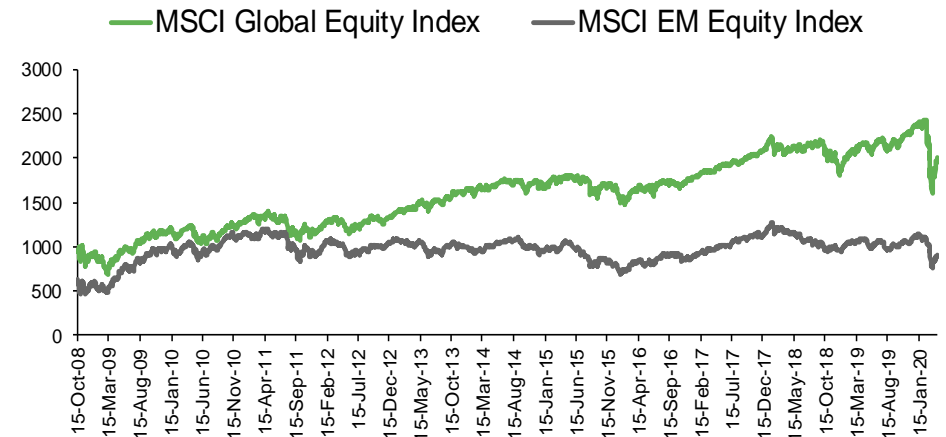


INTERNATIONAL MARKET VIEW

The first quarter of 2020 will go down as one of the most unique in the history of capital markets. All the major indices fell into “correction territory” - down more than 10% from their recent all-time highs, achieved just earlier this year – before bouncing in equally record fashion to claw back some of the losses. We had held the opinion for some time that the business cycle was in its late stages, and that markets were running ahead of themselves. Needless to say, no-one envisaged a new strain of coronavirus being the straw that would break the camel’s back. The big uncertainty now is how this crisis will play out in terms of getting infections under control and, subsequently, how long it will take for some sort of normality to return to the economy. Pundits are speculating over all sorts of consonants and vowels, from L to U to V to W to describe how this recovery may play out. The end result may well be a combination of these.

The COVID-19 outbreak has now hit the 2,000,000 mark for confirmed cases and almost 130,000 deaths globally. The US has overtaken Italy with the largest number of cases, making up 30% of global cases. The Trump administration has come under sharp criticism for initially downplaying the severity of the virus, and in its slow response to assist states under pressure, including New York, New Jersey and Washington. The world’s largest economy has indeed provided a case study on how not to deal with a pandemic. The situation in Europe has been equally dire, with the number of coronavirus deaths in Italy, Spain, France and Germany surpassing 50,000. These countries remain on almost complete lockdown in their struggle to bring the outbreak under control. While new infections have started to slow in Italy and intensive-care admissions declined in Spain as well as France, officials said it’s still too early to relax restrictions that have brought wide swathes of Europe to a halt.

The S&P 500 Index recorded its fastest correction in history. All sectors within the S&P 500 suffered major drawdowns, with energy stocks especially hard hit as oil prices plunged 50% from year-end highs. The Chicago Board Options Exchange’s CBOE Volatility Index (VIX) spiked to over 80, its highest level since the global financial crisis in 2008. At the same time, the oil market crashed to levels last seen during the dot-com crash. The initial collapse started due to a breakdown in talks between OPEC and Russia regarding supply cuts. Russia refused to cut production, and in an all-out price war, the Russians and Saudis started to flood the market with oil. This was on top of the unprecedented collapse in demand caused by social distancing restrictions imposed by governments around the world. The result was an almost 70% collapse in oil prices since the start of 2020.



INTERNATIONAL MARKET VIEW

Emerging markets were also particularly hard hit, declining more than 30% from their 2020 highs. For some, including the likes of Brazil, Turkey and South Africa, the fall could not have come at a worse time given that they were already struggling with ballooning deficits and stagnant growth. As the initial equity sell-off gained momentum, fixed income markets started to show signs of strain as an investor dash for cash ensued. As opposed to an endogenous variable (like a downgrade or corruption) negatively affecting markets, an exogenous variable (the pandemic) started testing market liquidity. In particular, fixed income investors needing cash due to margin calls and were selling what they could, everything from investment grade credit to treasury bonds (a traditional safe haven asset), in some cases indiscriminately.

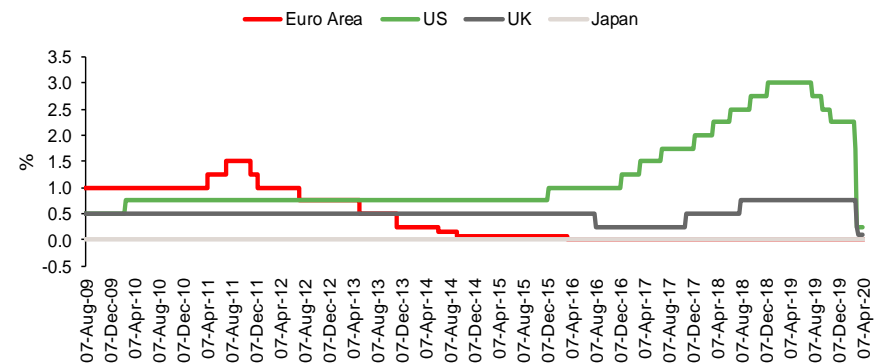
A breakdown of traditional correlations ensued where we saw days when equities were down 5%, yet safe-haven assets like US Treasuries, US Agency RMBS, and gold were also meaningfully lower in price. This suggests investors needed cash for liquidity purposes, for example margin calls. In the midst of the panic, governments and central banks around the world unleashed unprecedented fiscal and monetary stimulus and other support for economies flooded by the coronavirus pandemic. Developed nations responded with fiscal and monetary stimulus packages amounting to between 10% and 20% of GDP. As part of the US's fiscal package, every single citizen will receive a pay-out from the government. The "helicopter money" had finally arrived!

Markets responded to this staggering intervention with great positivity, rallying into month-end and recovering around 20% of the sell-off from the previous week. The S&P500 ended the month down -19.6% from a trough of -33.53% from recent all-time highs. Similar numbers were seen across other developed and emerging markets. US treasuries rallied at breakneck speeds to end the month at around 0.80%, from 1.80% at the start of the year.

OIL (BRENT)



G4 Policy Rates



TACTICAL ASSET ALLOCATION



RSA BONDS

Local markets were severely impacted by the COVID-19 sell-off. The ALBI and the ZAR ended the month in deeply negative territory, suffering a perfect storm as Moody's finally downgraded the country's debt to junk status. This move was, of course, not unexpected, but the timing couldn't have been worse.

Bonds and the ZAR experienced an initial knee-jerk reaction sell-off, but quickly settled back to levels prior to the downgrade. We have argued for some time that a large part of the downgrade had been priced in and were expecting the market's reaction. Foreigners have been continued sellers of SA bonds throughout the course of the year and although we will see some further outflows when the indices are rebalanced, the fact that the real yields in South Africa are among the highest in the world could keep a floor on the sell-off.

Although we believe that a lot of the bad news has been priced into the market, and that the asset class offers pockets of value and very high real yields, we have opted for a wait and see approach, maintaining an underweight position in domestic bonds. With the yield on 10-year bonds hovering around 11%, we will be looking to increase our weighting should the need arise.

RSA PROPERTY, ALTERNATIVES AND CASH

The SA Listed Property Index (SAPY) bore the brunt of the local market sell-off, losing close to 50% over the quarter, with the historic yield of the SAPY ending the quarter in double-digits.

The weak macro-economic backdrop continued to negatively affect all sectors of the property market. Retail sales have been under severe pressure, leading to weak trading densities and lower occupancy levels. Retailers are starting to negotiate shorter lease terms and lower lease escalations. We maintained an underweight position in this asset class.

In terms of cash, the market is pricing in a benign outlook for local interest rates. However, the state of the fiscus and the possibility of future downgrades remain risk factors for the local economy. In the absence of other options, money market investments provide the best capital protection in the short-term. Cash is, therefore, the balancing item.

RSA EQUITIES

As expected, local markets were not spared the carnage, with the ALSI and the ZAR both taking a beating. Emerging markets in general were the hardest hit, along with commodity exporters

like South Africa. The JSE All Share Index ended the quarter down 21.94%. Financials were especially hard hit losing -39.68%. Resources, led by gold, was the best performing sector returning -25.82%. For an indication of the extent of divergent performances, gold miners ended the quarter up 3.41%. Non-residents persisted in selling off SA equities at an accelerated pace.

We continued to maintain an underweight position in local stocks within an emerging market equity portfolio. However, if the sell-off continues we will consider increasing our weighting as valuations become more favourable

INTERNATIONAL

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NOVARE HOUSE VIEW: March 2020 TACTICAL POSITIONING*

	UNDER-WEIGHT	← ON-WEIGHT →	OVER-WEIGHT	PREVIOUS
DOMESTIC	Under-weight			
Equities	85%			95%
Bonds	95%			95%
Property	95%			95%
Alternatives		100%		100%
Cash		Balancing		100%
OFFSHORE			120%	120%
Equities	90%			105%
Bonds	70%			70%
Alternatives		100%		125%
AFRICA		100%		

* positioning is as a % of strategic asset allocation

Summary:

Novare remains underweight domestic equities, domestic bonds and domestic property whilst maintaining an overweight to International assets. Due to the limit of 25% to international assets (30% if a minimum 5% Africa exposure is held), the balance of any domestic assets will be invested in cash.

++
+
Neutral
-
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TACTICAL ASSET ALLOCATION

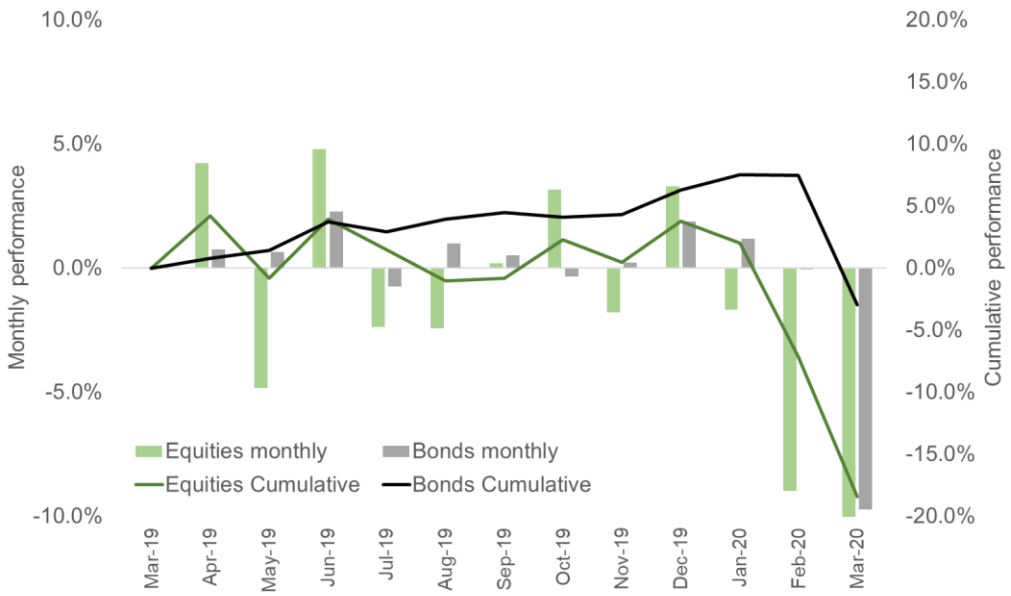
Global Assets (US\$)	1 month	3 months	YTD	12 months	3 Years	5 Years
MSCI All Countries Equity	-13.4%	-21.3%	-21.3%	-10.8%	1.5%	0.9%
MSCI Emerging Markets	-15.4%	-23.6%	-23.6%	-17.4%	-2.0%	-1.2%
Global Bonds (R)	11.5%	27.1%	27.1%	28.4%	13.7%	8.0%

Commodity Prices	1 month	3 months	YTD	12 months	3 Years	5 Years
Brent Oil (USD/Barrel)	-46.9%	-60.2%	-60.2%	-61.0%	-20.3%	-12.7%
Platinum (USD/oz)	-17.7%	-25.3%	-25.3%	-14.2%	-8.4%	-5.1%
Gold (USD/oz)	-1.3%	6.0%	6.0%	25.0%	8.4%	5.0%

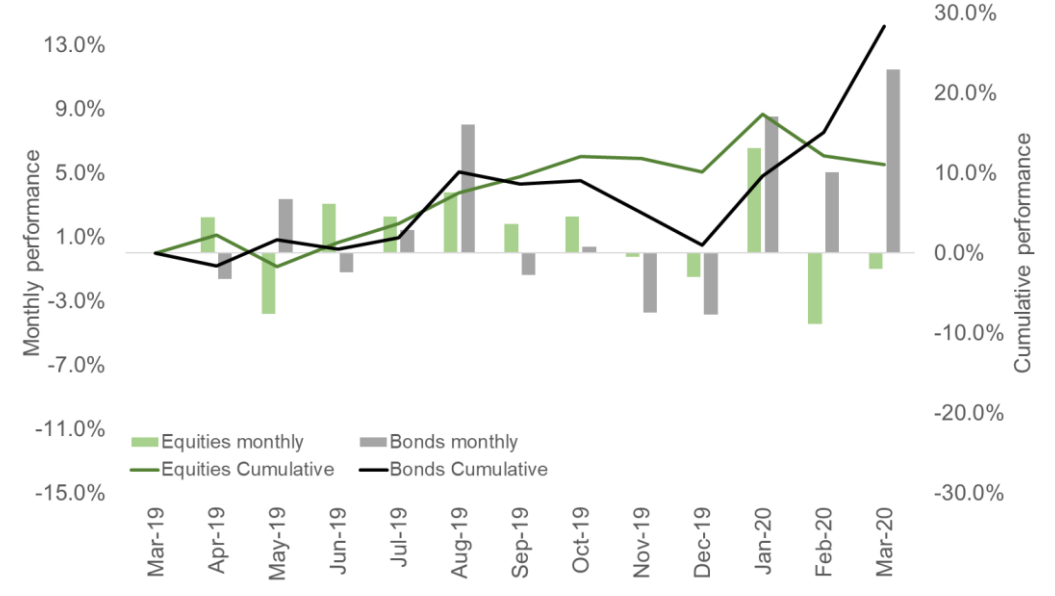
Asset Allocation (Rand)	1 month	3 months	YTD	12 months	3 Year	5 Years
Domestic Equities	-12.1%	-21.4%	-21.4%	-18.4%	-3.2%	-2.0%
Domestic Bonds	-9.7%	-8.7%	-8.7%	-3.0%	4.8%	2.8%
Domestic Cash	0.6%	1.7%	1.7%	7.2%	7.1%	4.2%
Domestic Property	-36.6%	-48.2%	-48.2%	-47.9%	-23.1%	-14.6%
International Equity	-1.0%	0.8%	0.8%	11.0%	12.1%	7.1%
International Bonds	11.5%	27.1%	27.1%	28.4%	13.7%	8.0%
Exchange rate (R / \$)	14.0%	27.5%	27.5%	23.2%	10.1%	6.0%

Scale:
 Best performing asset class █
 Worst performing asset class █

Domestic Markets (R) over the last 12 months



International Markets over the last 12 months



MARKET PERFORMANCE

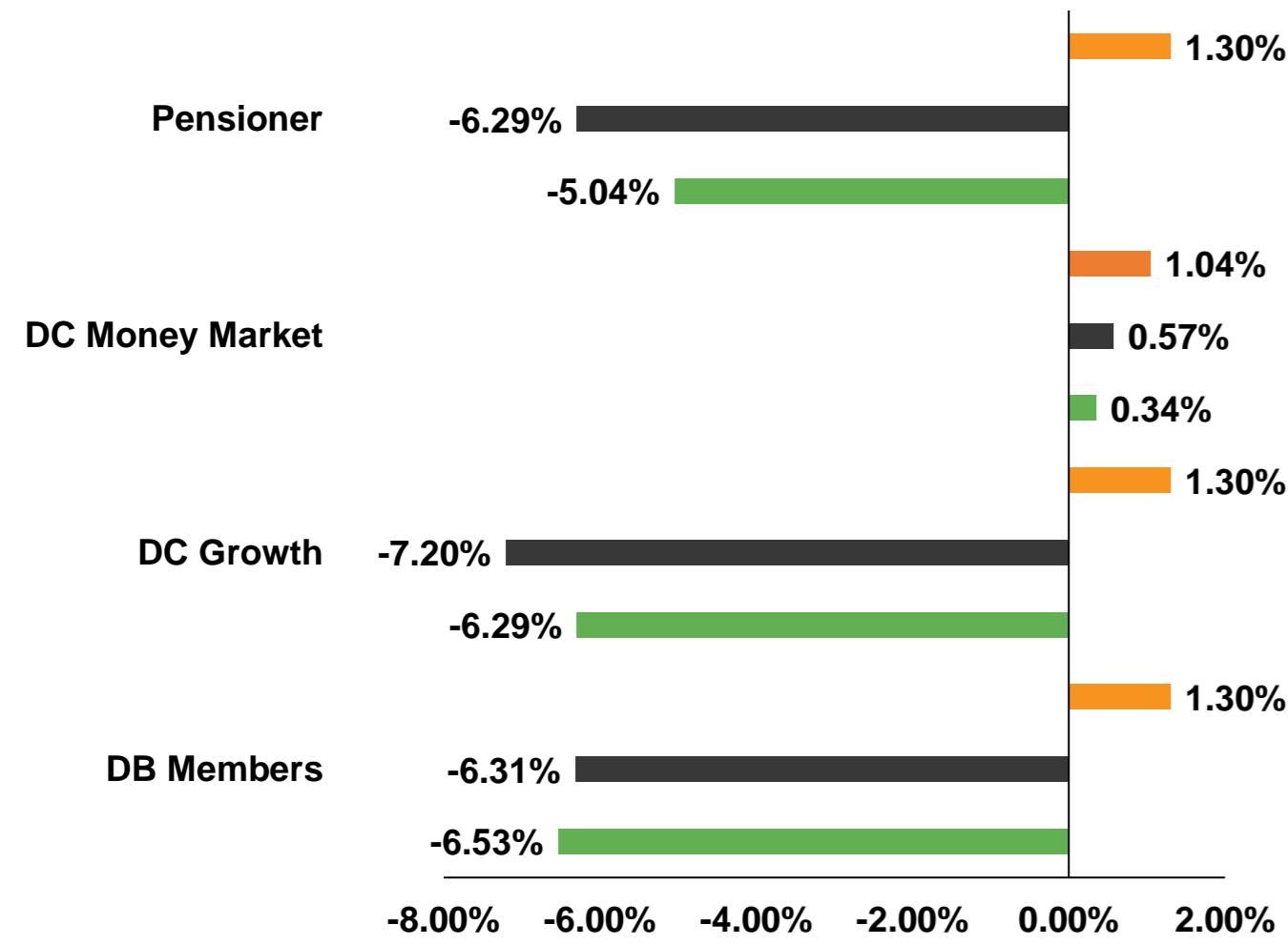
Section B

Fund Overview



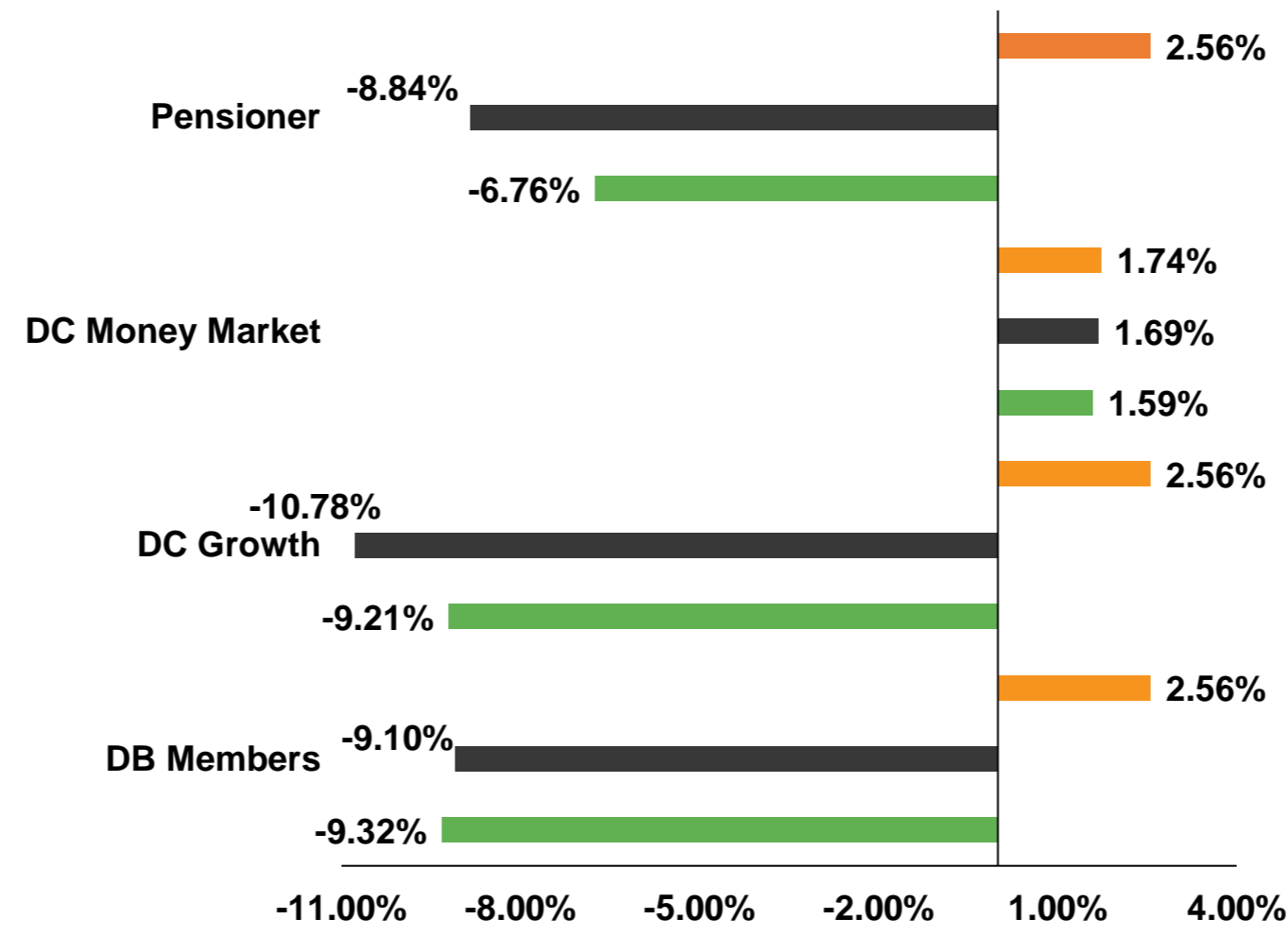
EXECUTIVE SUMMARY

Monthly Return for March 2020



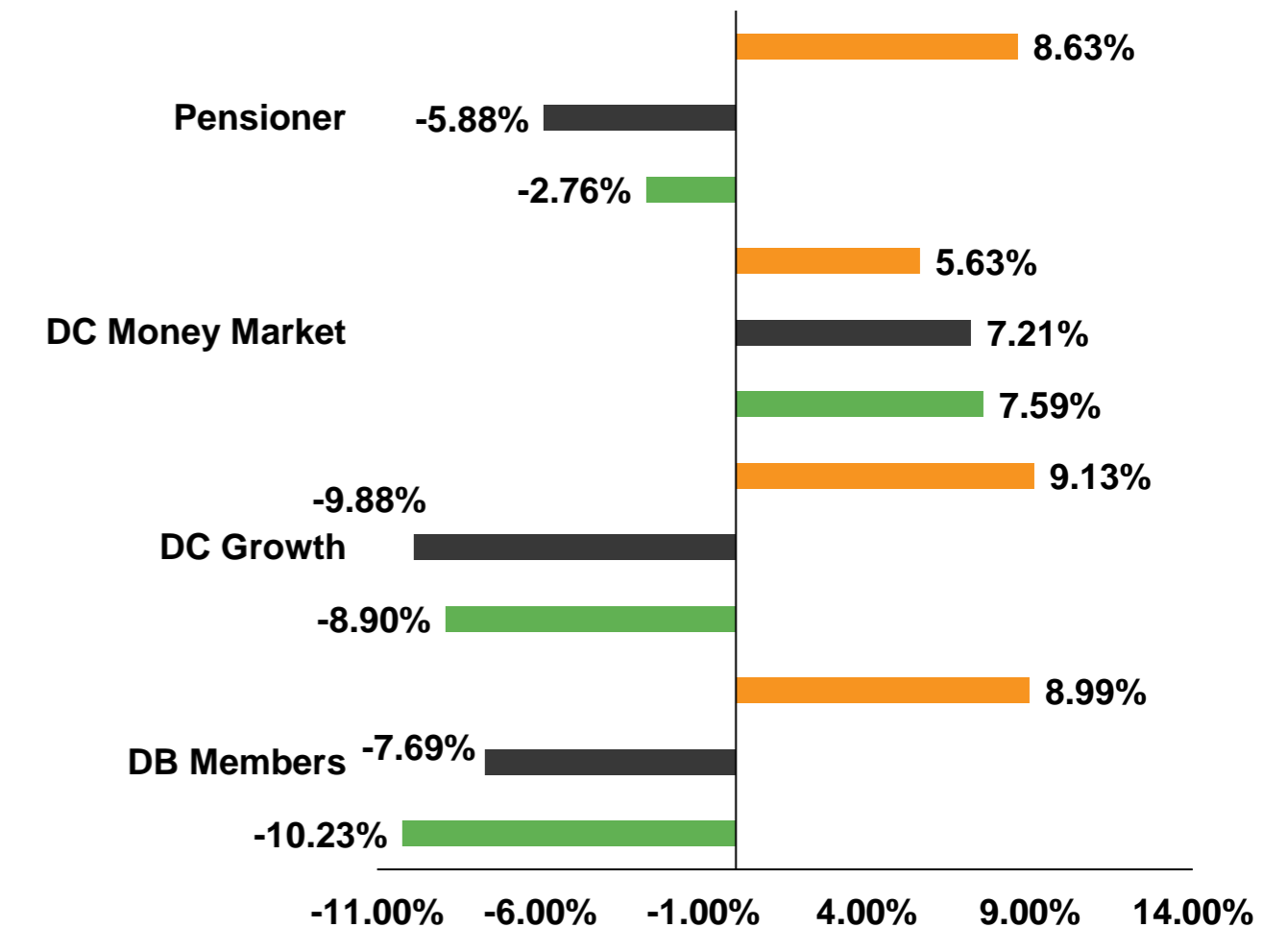
Investment objective | Benchmark | Portfolio

3 Months Return up to March 2020



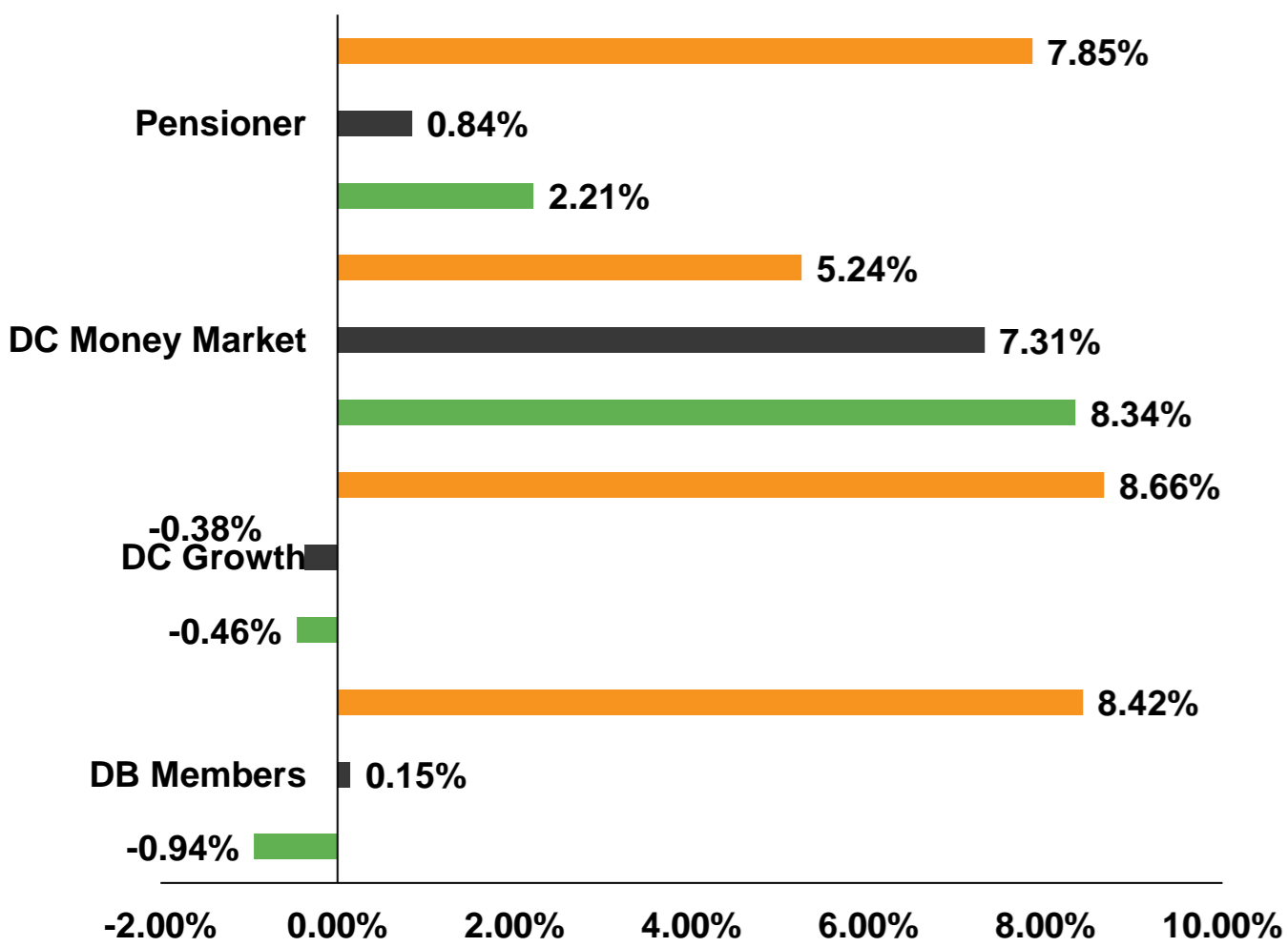
Investment objective | Benchmark | Portfolio

1 Year Return up to March 2020



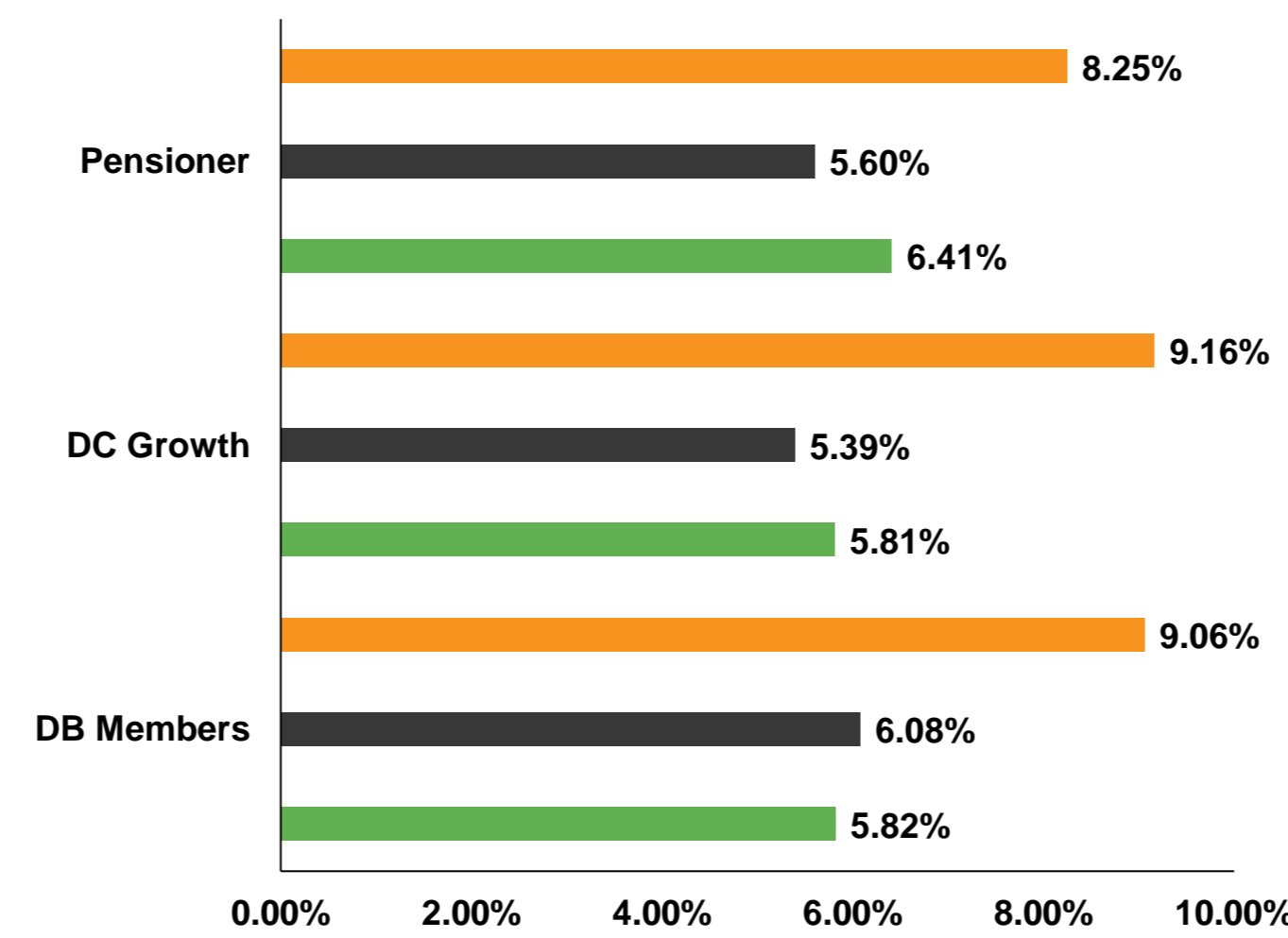
Investment objective | Benchmark | Portfolio

3 Year Return up to March 2020



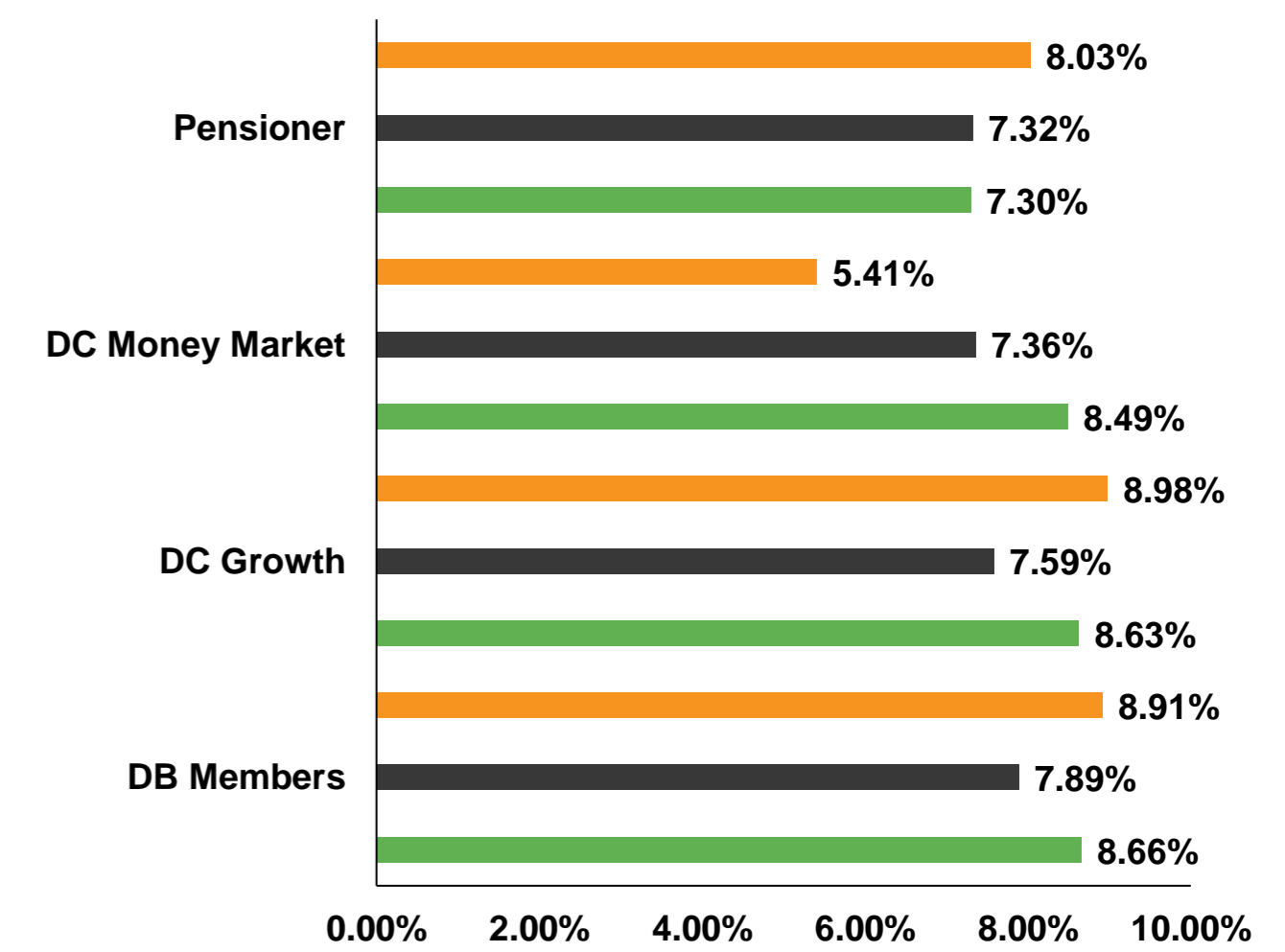
Investment objective | Benchmark | Portfolio

7 Year Return up to March 2020



Investment objective | Benchmark | Portfolio

Returns Since Inception



Investment objective | Benchmark | Portfolio

PORTFOLIO MARKET VALUES AND RETURNS

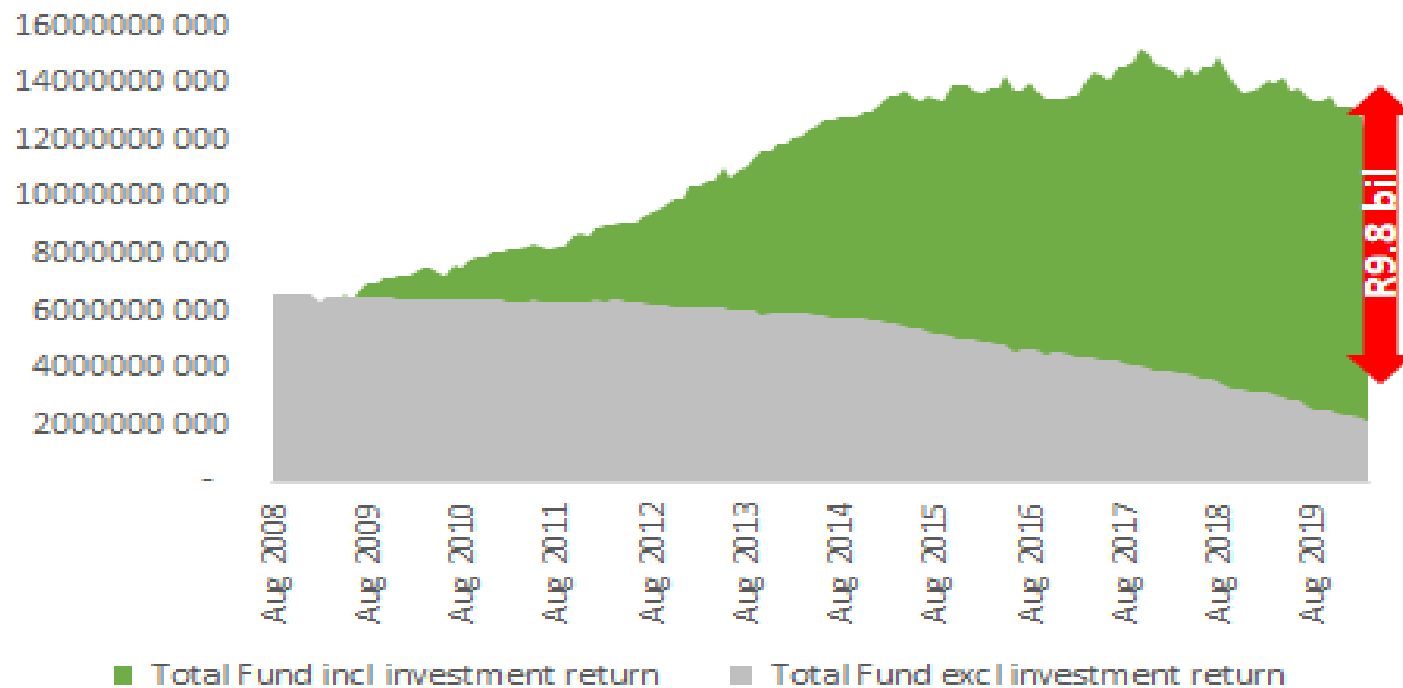
The table below sets out the portfolio returns of the funds over the various periods in comparison with their respective benchmarks.

	Market value (R)	Weight (%)	1 month (%)	3 months (%)	YTD (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)
DB Members	10 095 363 411	84.5%	-6.5%	-9.3%	-9.3%	-10.2%	-0.9%	2.0%
Strategic Benchmark			-6.3%	-9.1%	-9.1%	-7.7%	0.1%	2.6%
			-0.2%	-0.2%	-0.2%	-2.5%	-1.1%	-0.7%
DC Growth	411 337 415	3.4%	-6.3%	-9.2%	-9.2%	-8.9%	-0.5%	2.1%
Strategic Benchmark			-7.2%	-10.8%	-10.8%	-9.9%	-0.4%	2.0%
			0.9%	1.6%	1.6%	1.0%	-0.1%	0.2%
DC Money Market	509 140 505	4.3%	0.3%	1.6%	1.6%	7.6%	8.3%	-
Strategic Benchmark			0.6%	1.7%	1.7%	7.2%	7.3%	-
			-0.2%	-0.1%	-0.1%	0.4%	1.0%	-
Pensioner	936 709 488	7.8%	-5.0%	-6.8%	-6.8%	-2.8%	2.2%	3.7%
Strategic Benchmark			-6.3%	-8.8%	-8.8%	-5.9%	0.8%	3.0%
			1.3%	2.1%	2.1%	3.1%	1.4%	0.8%
DB Members			-6.5%	-9.3%	-9.3%	-10.2%	-0.9%	2.0%
Objective			1.3%	2.6%	2.6%	9.0%	8.4%	9.2%
			-7.8%	-11.9%	-11.9%	-19.2%	-9.4%	-7.2%
DC Growth			-6.3%	-9.2%	-9.2%	-8.9%	-0.5%	2.1%
Objective			1.3%	2.6%	2.6%	9.1%	8.7%	9.4%
			-7.6%	-11.8%	-11.8%	-18.0%	-9.1%	-7.2%
DC Money Market			0.3%	1.6%	1.6%	7.6%	8.3%	-
Objective			1.0%	1.7%	1.7%	5.6%	5.2%	-
			-0.7%	-0.1%	-0.1%	2.0%	3.1%	-
Pensioner			-5.0%	-6.8%	-6.8%	-2.8%	2.2%	3.7%
Objective			1.3%	2.6%	2.6%	8.6%	7.9%	8.5%
			-6.3%	-9.3%	-9.3%	-11.4%	-5.6%	-4.7%
	11 952 550 819	100%						

LONG TERM RETURNS

Longer term returns should be used to assess the Fund's performance when compared to the benchmark as short term volatility may distort short term performance measurement.

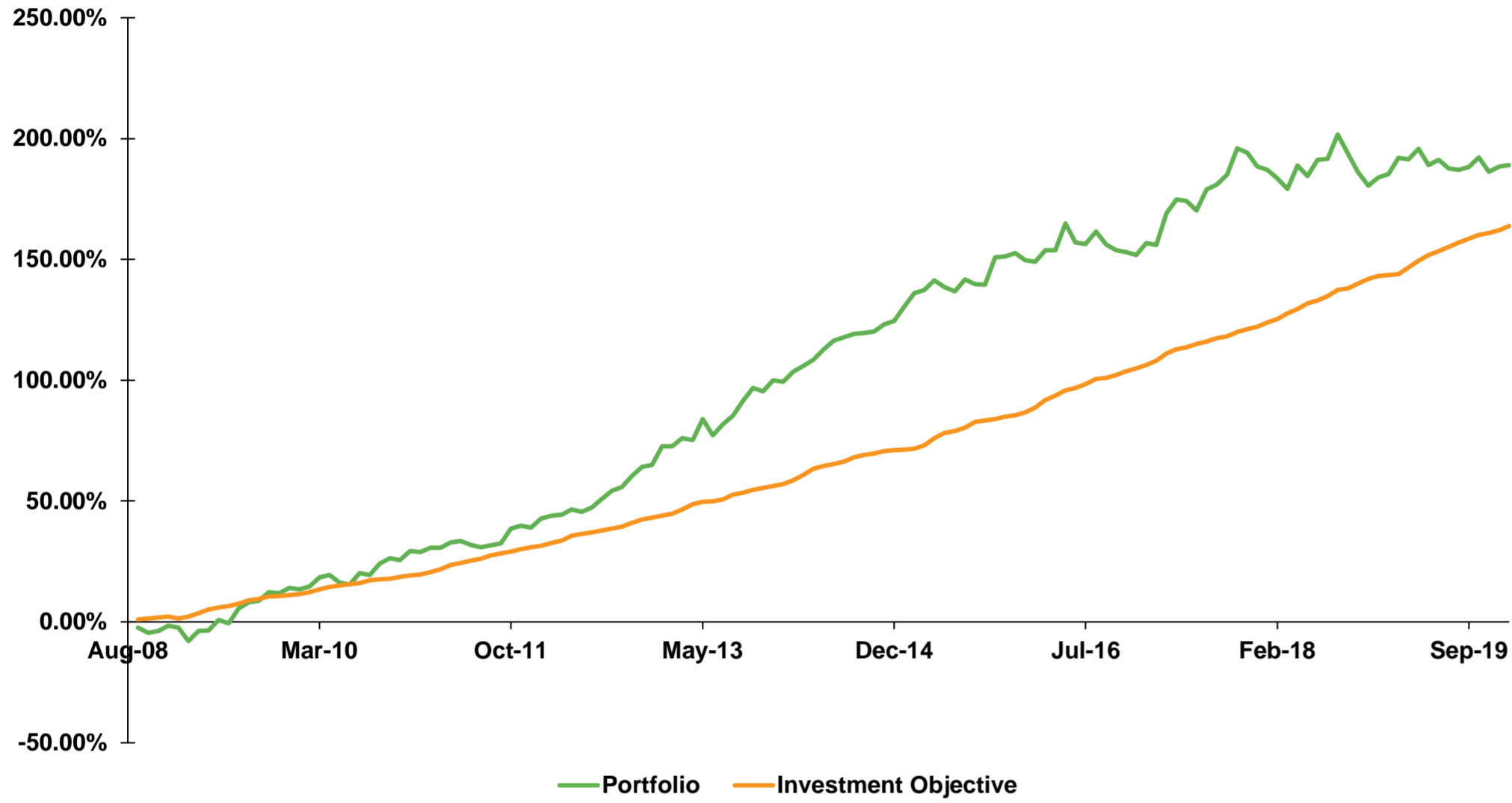
Estimate Value Added through Investment Returns since Inception



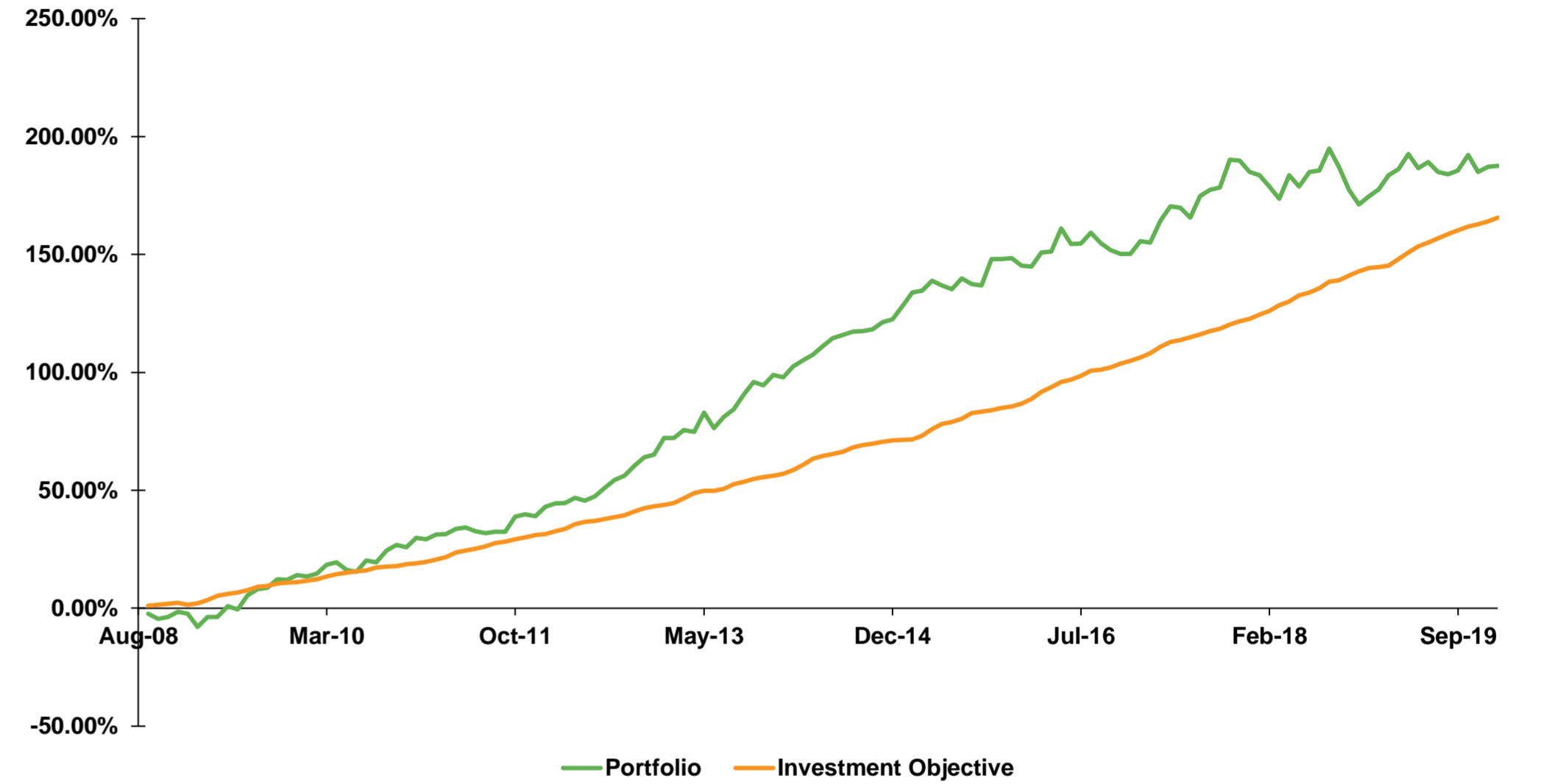
LONG TERM RETURNS

Longer term returns should be used to assess the Fund's performance when compared to the benchmark as short term volatility may distort short term performance measurement.

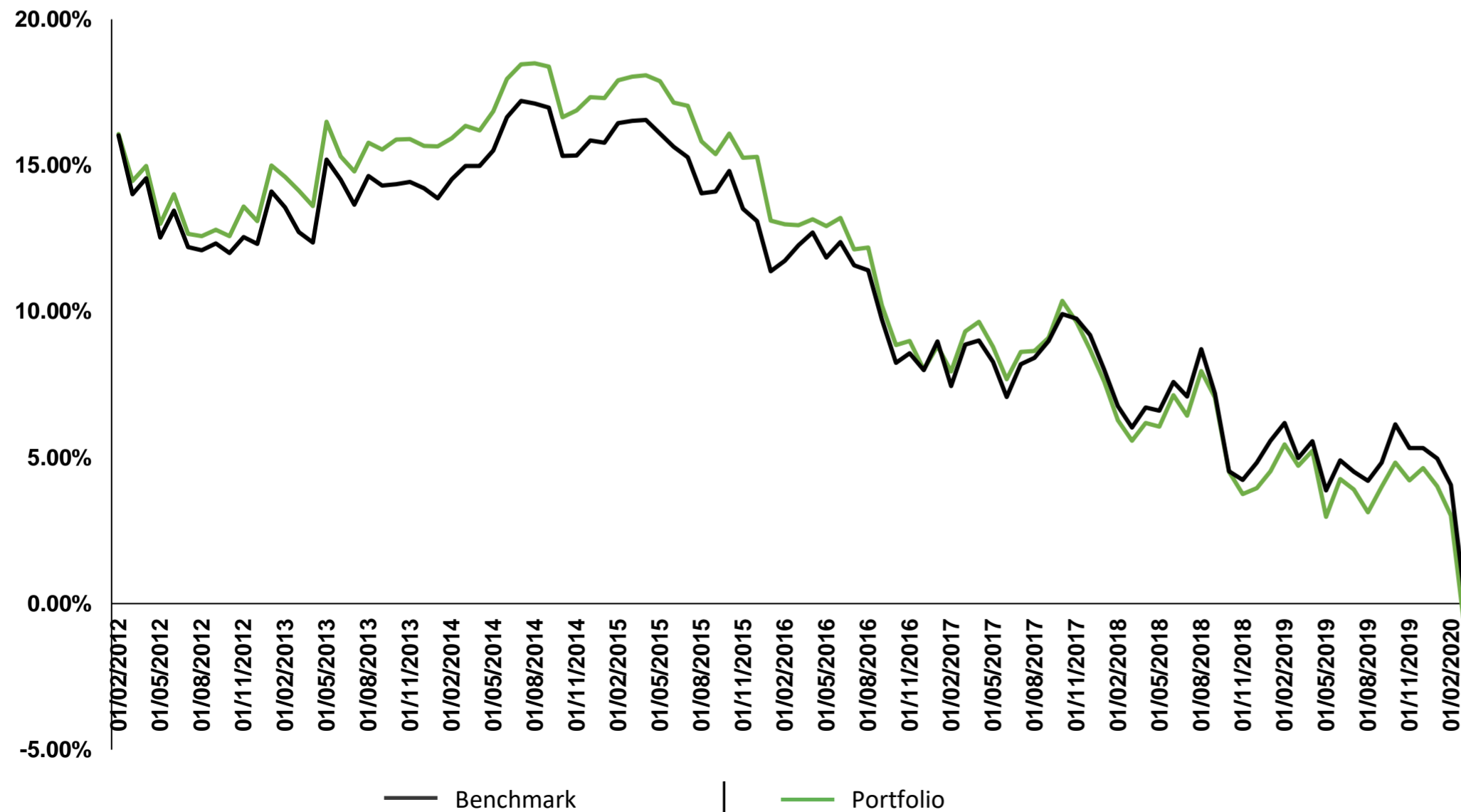
DB Members - Cumulative return since 30 September 2009



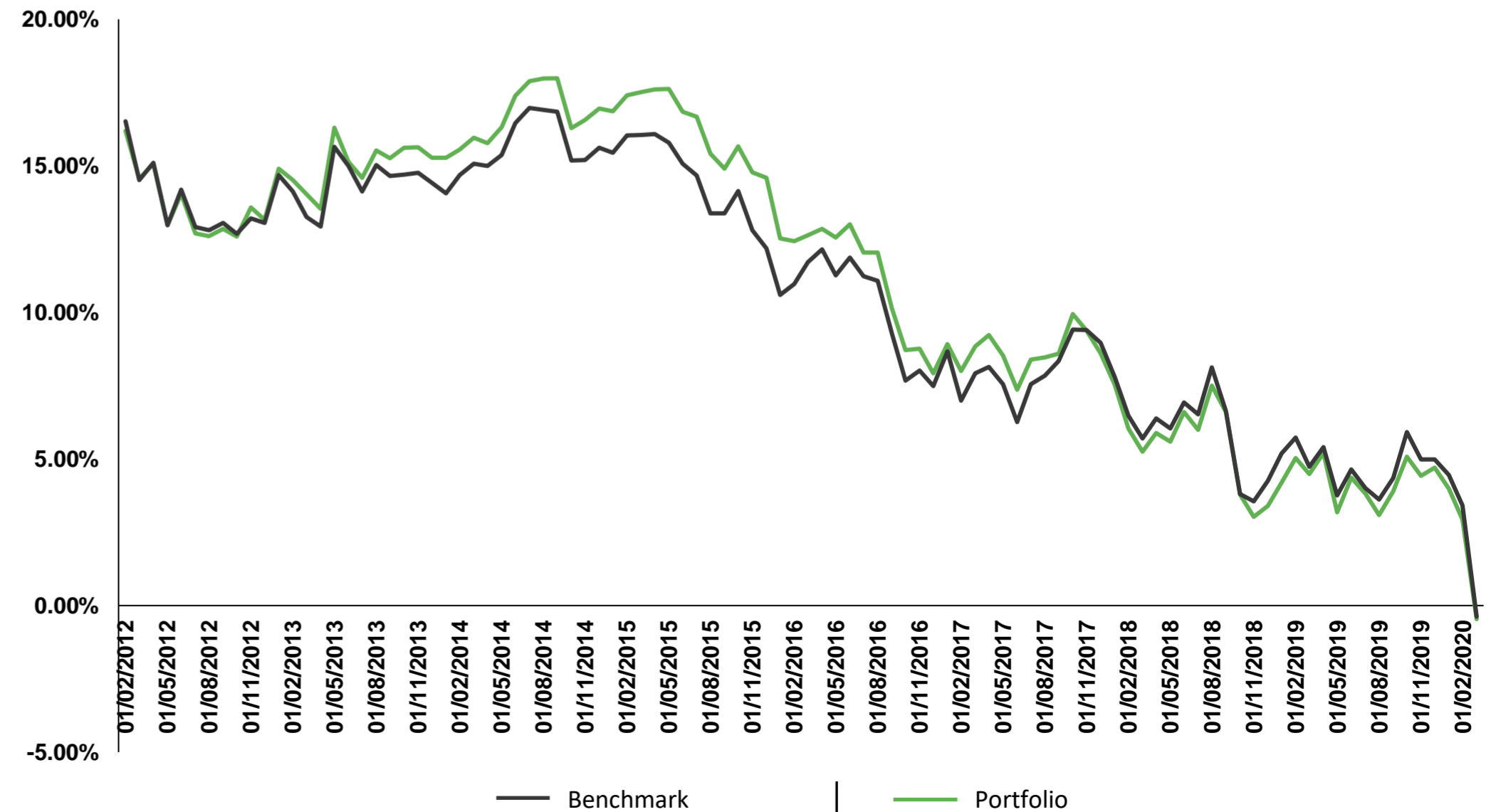
DC Growth - Cumulative return since 30 September 2009



DB Members - 3 Year Rolling Returns



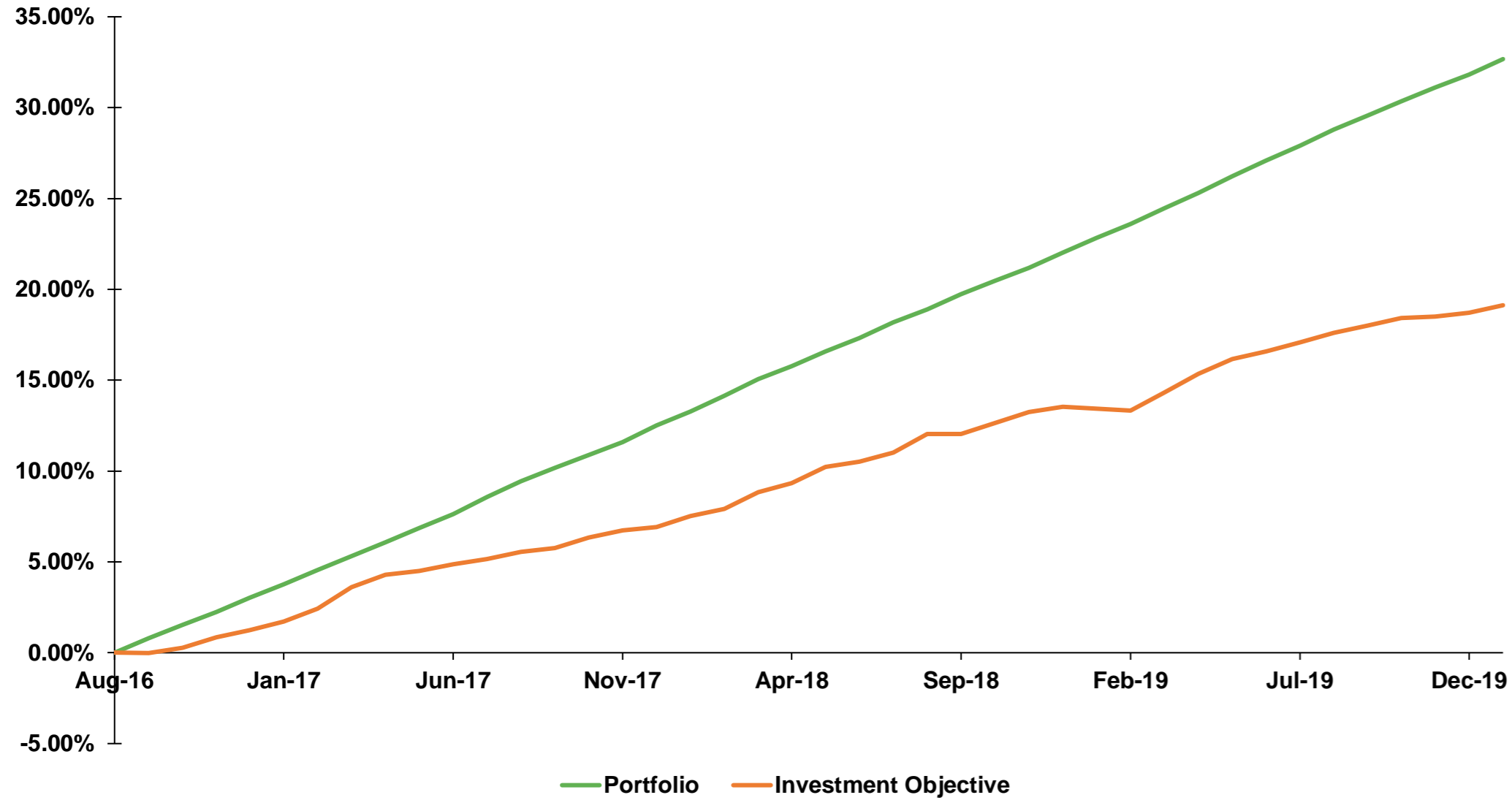
DC Growth - 3 Year Rolling Returns



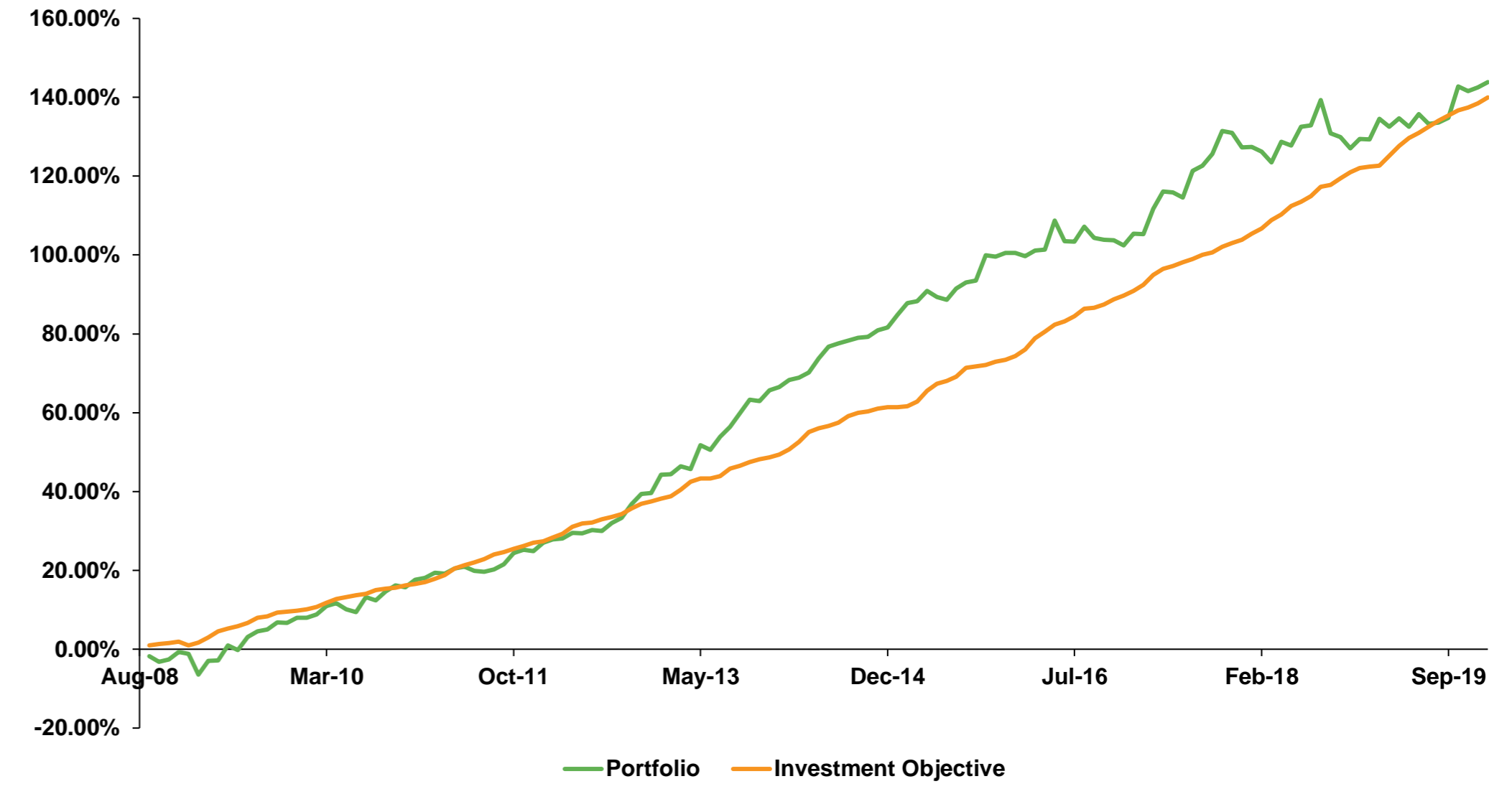
LONG TERM RETURNS

Longer term returns should be used to assess the Fund's performance when compared to the benchmark as short term volatility may distort short term performance measurement.

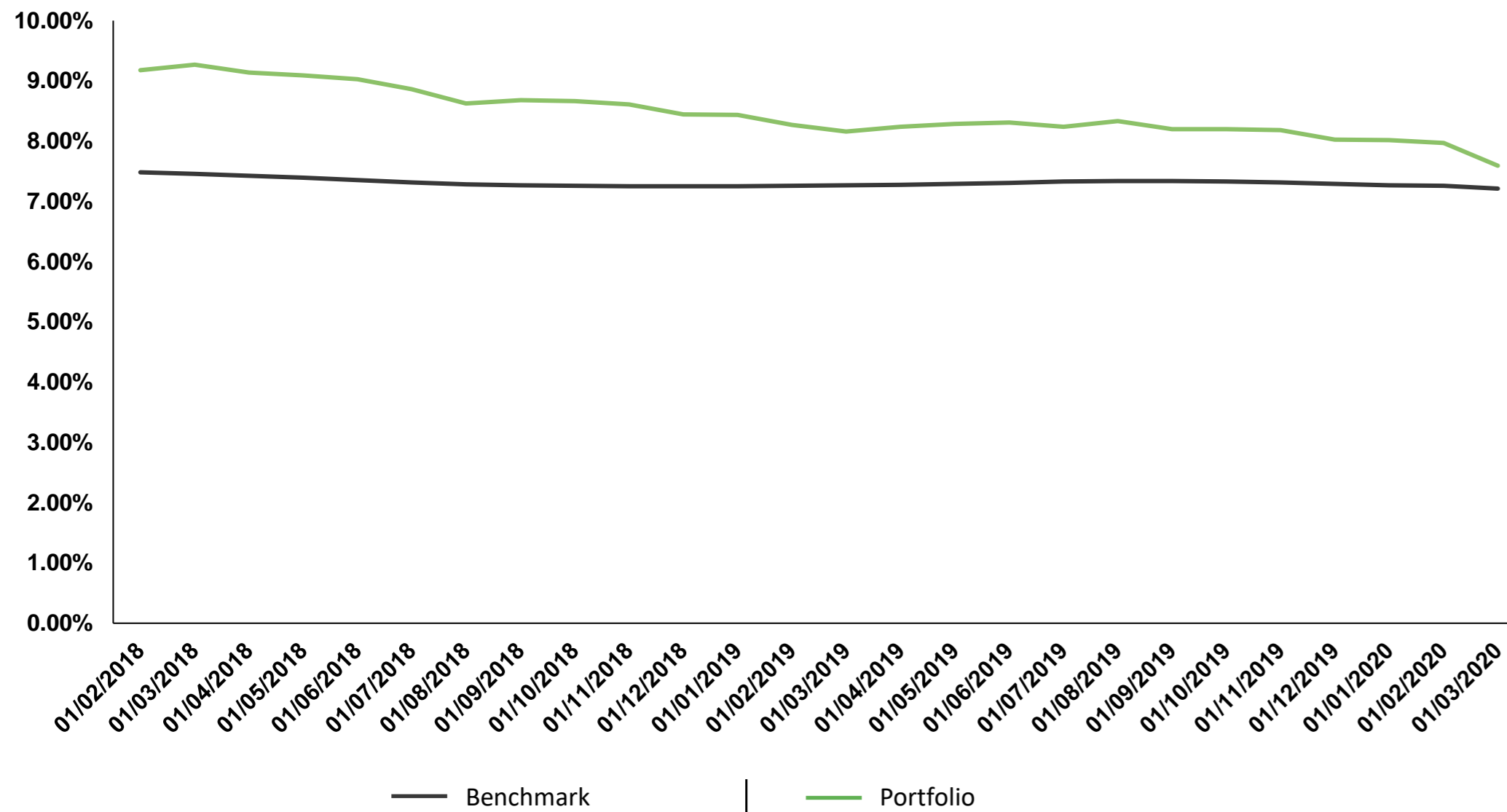
DC Money Market - Cumulative return since 30 September 2016



Pensioner - Cumulative return since 30 September 2016



DC Money Market - 1 Year Rolling Returns

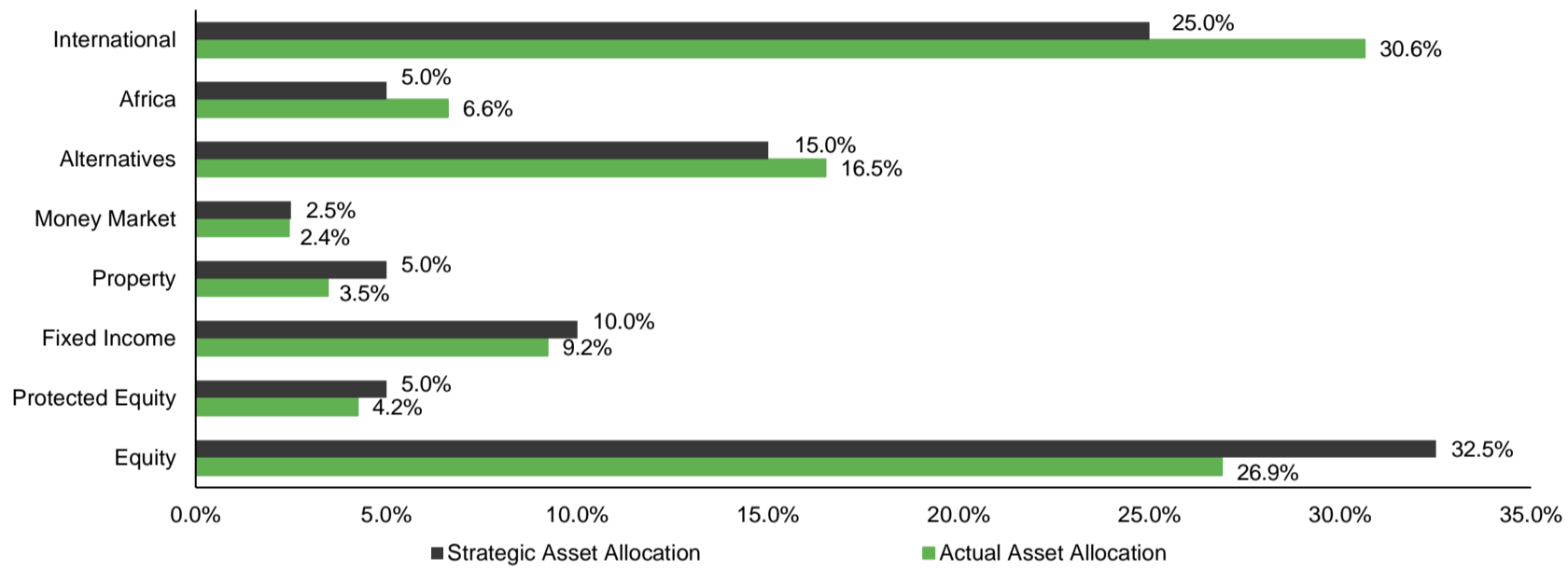


Pensioner - 3 Year Rolling Returns

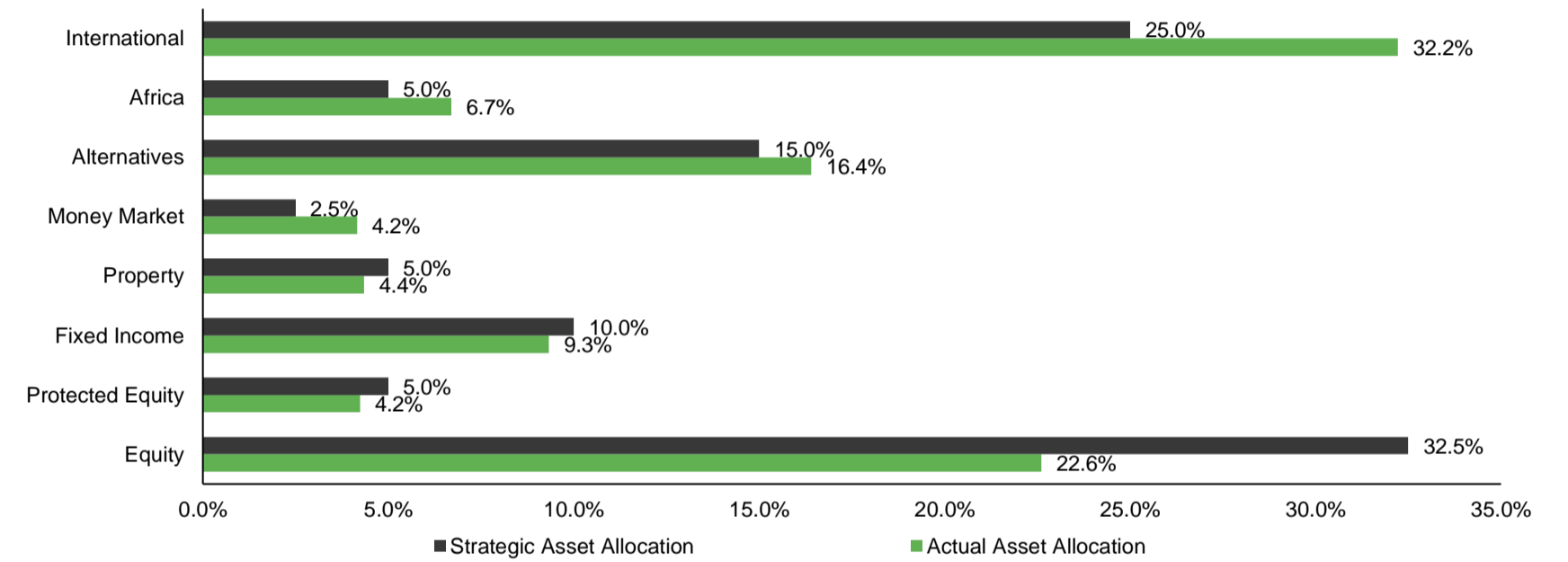


ASSET ALLOCATION

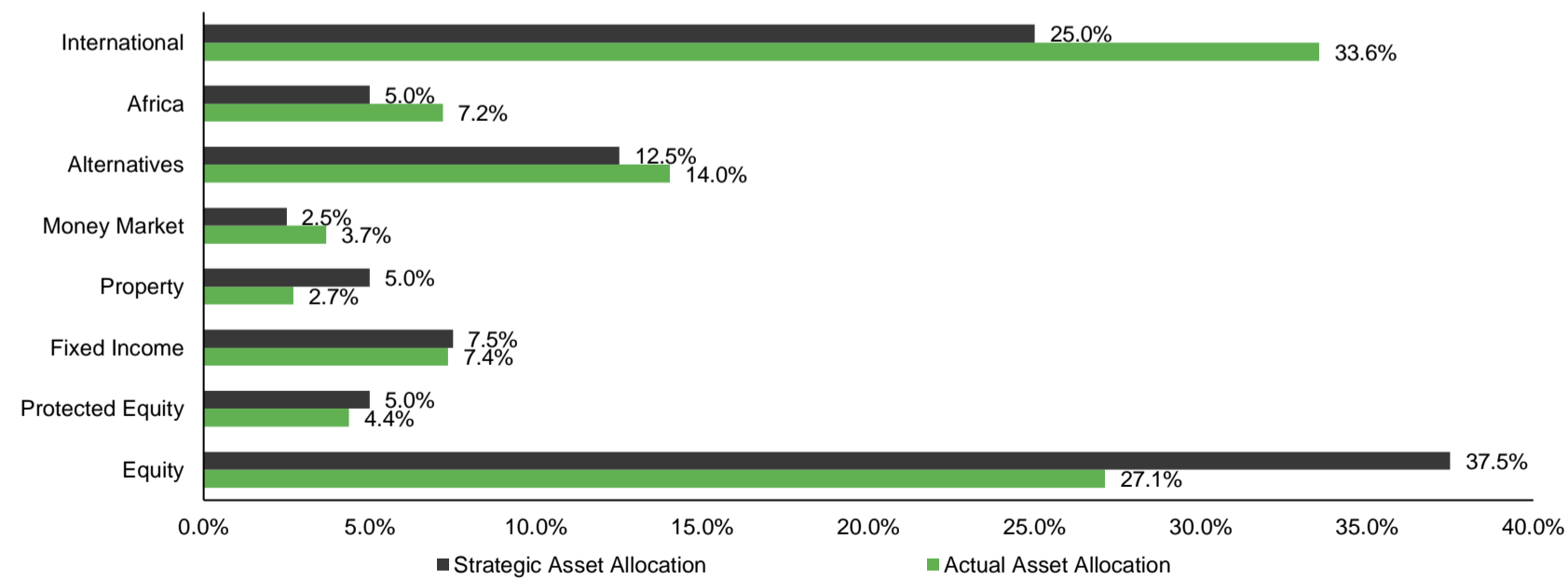
DB Members



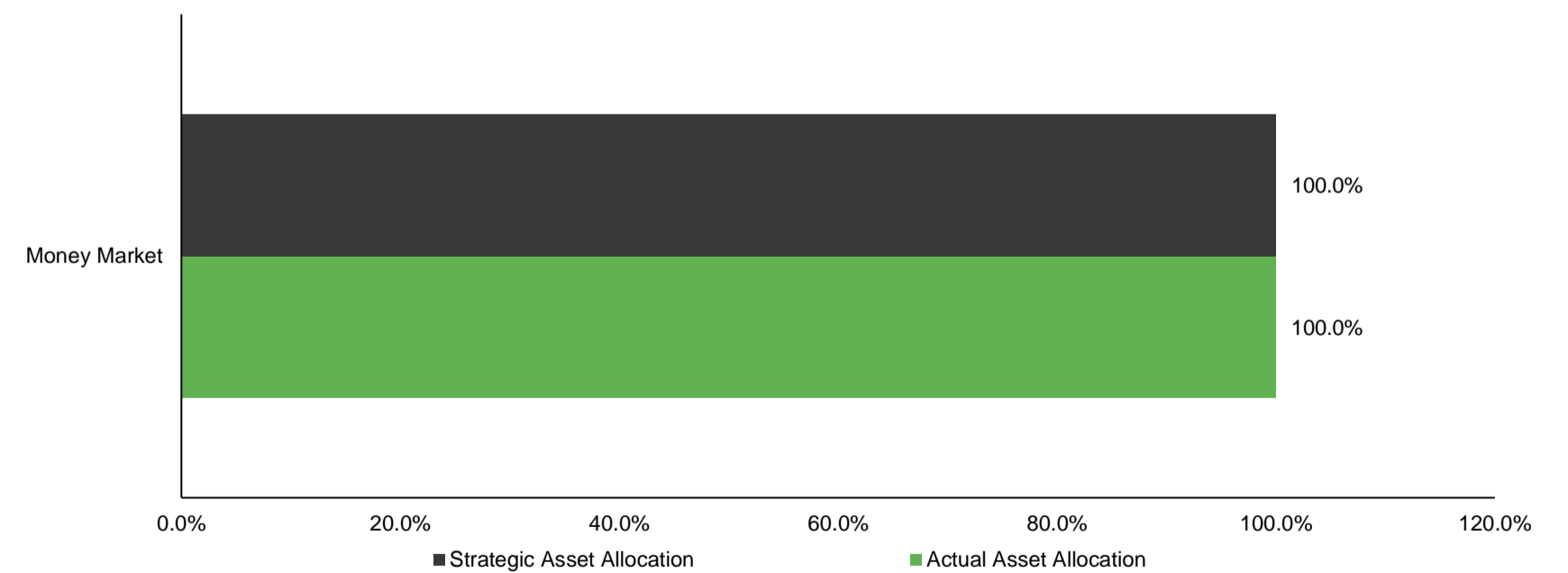
Pensioner



DC Growth



DC Money Market



MANAGER PERFORMANCE

The table below sets out the individual manager returns for funds and compares them with their respective benchmarks.

Asset Class	Manager	Inception Date	Market value (R)	Weight (%)	1 month (%)	3 months (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)	Since Inception
Equity	All Weather Equity	2018/10/31	272 540 971.77	2.3%	-16.5%	-25.4%	-25.6%	-	-	-16.7%
	JSE Capped Share Weighted Index				-16.7%	-26.6%	-24.5%	-	-	-15.3%
					0.2%	1.2%	-1.1%	-	-	-1.4%
	Aluwani Capital Equity	2018/10/31	539 313 664.75	4.5%	-15.0%	-24.1%	-22.2%	-	-	-12.6%
	JSE Capped Share Weighted Index				-16.7%	-26.6%	-24.5%	-	-	-15.3%
					1.7%	2.5%	2.3%	-	-	2.7%
	Argon Equity	2018/10/31	300 656 583.60	2.5%	-17.9%	-28.1%	-25.6%	-	-	-16.3%
	JSE Capped Share Weighted Index				-16.7%	-26.6%	-24.5%	-	-	-15.3%
					-1.2%	-1.5%	-1.1%	-	-	-1.0%
	Balondolozzi Equity	2018/10/31	284 572 453.65	2.4%	-15.6%	-25.4%	-24.9%	-	-	-15.2%
JSE Capped Share Weighted Index				-16.7%	-26.6%	-24.5%	-	-	-15.3%	
				1.1%	1.2%	-0.4%	-	-	0.1%	
Mazi Equity	2016/09/30	446 590 102.00	3.7%	-19.3%	-26.2%	-28.5%	-9.0%	-	-8.3%	
JSE Capped Share Weighted Index				-16.7%	-26.6%	-24.5%	-6.3%	-	-5.4%	
				-2.6%	0.3%	-4.0%	-2.7%	-	-2.9%	
Mianzo Equity	2018/10/31	261 146 522.31	2.2%	-17.6%	-28.4%	-25.5%	-	-	-16.0%	
JSE Capped Share Weighted Index				-16.7%	-26.6%	-24.5%	-	-	-15.3%	
				-1.0%	-1.8%	-1.0%	-	-	-0.7%	
Satrix Equity	2018/10/31	328 558 283.37	2.7%	-16.5%	-26.1%	-22.9%	-	-	-13.9%	
JSE Capped Share Weighted Index				-16.7%	-26.6%	-24.5%	-	-	-15.3%	
				0.2%	0.5%	1.6%	-	-	1.4%	
Vunani Equity	2018/10/31	604 418 276.46	5.1%	-16.4%	-26.1%	-24.1%	-	-	-14.8%	
JSE Capped Share Weighted Index				-16.7%	-26.6%	-24.5%	-	-	-15.3%	
				0.3%	0.4%	0.4%	-	-	0.5%	
Protected Equity	Mergence Structured Product	2020/02/29	485 780 478.68	4.1%	-11.5%	-	-	-	-	-11.5%
	JSE All Share Index Top 40				-11.2%	-	-	-	-	-11.2%
					-0.4%	-	-	-	-	-0.4%

MANAGER PERFORMANCE

The table below sets out the individual manager returns for funds and compares them with their respective benchmarks.

Asset Class	Manager	Inception Date	Market value (R)	Weight (%)	1 month (%)	3 months (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)	Since Inception	
Fixed Income	Futuregrowth Infrastructure Bond All Bond Index	2008/08/31	811 481 693.27	6.8%	-11.1%	-10.2%	-3.7%	5.9%	6.3%	9.9%	
					-9.7%	-8.7%	-3.0%	5.3%	5.2%	7.9%	
						-1.3%	-1.5%	-0.7%	0.6%	1.1%	2.1%
	Stanlib Bond All Bond Index	2008/08/31	236 716 515.94	2.0%	-9.3%	-8.1%	-2.4%	6.0%	6.1%	8.7%	
-9.7%					-8.7%	-3.0%	5.3%	5.2%	7.9%		
					0.5%	0.6%	0.6%	0.8%	0.9%	0.8%	
Property	Direct Property NO BENCHMARK	2008/08/31	159 200 023.25	1.3%	-	-	-	-	-	-	
					-	-	-	-	-	-	
						-	-	-	-	-	
	Meago Property Listed Property	2012/08/31	242 928 207.14	2.0%	-36.4%	-48.0%	-47.8%	-22.4%	-12.0%	-2.4%	
					-36.6%	-48.2%	-45.7%	-21.9%	-12.8%	-3.2%	
					0.1%	0.2%	-2.1%	-0.5%	0.8%	0.8%	
Money Market	Cartesian Capital Money Market STEFI Composite	2018/10/31	164 891 850.01	1.4%	0.5%	1.7%	6.8%	-	-	6.7%	
					0.6%	1.7%	7.2%	-	-	7.2%	
						0.0%	0.0%	-0.4%	-	-	-0.5%
	Sanlam Cash STEFI Composite	2010/09/30	642 578 544.57	5.4%	0.3%	1.4%	7.7%	8.5%	8.6%	7.6%	
0.6%					1.7%	7.2%	7.3%	7.2%	6.5%		
					-0.2%	-0.3%	0.5%	1.2%	1.3%	1.1%	
	Transition Account	2009/02/28	1 688 719.46	0.0%	-	-	-	-	-	-	
					-	-	-	-	-	-	
					-	-	-	-	-	-	
Alternatives	Mayibentsha Focused CPI + 4.5%	2011/07/31	419 549 081.22	3.5%	-4.2%	-4.8%	-1.9%	1.9%	1.7%	6.3%	
					1.3%	2.6%	9.1%	8.7%	9.7%	9.7%	
					-5.5%	-7.3%	-11.0%	-6.9%	-8.0%	-3.4%	
	Mayibentsha Market Neutral CPI + 2.5%	2011/07/31	385 883 049.35	3.2%	-4.2%	-2.9%	1.9%	5.3%	5.9%	7.0%	
					1.1%	2.1%	7.1%	6.7%	7.7%	7.7%	
					-5.4%	-5.0%	-5.3%	-1.5%	-1.8%	-0.8%	
Mayibentsha Moderate CPI + 3.5%	2008/08/31	289 599 727.13	2.4%	-3.5%	-2.9%	0.9%	4.2%	5.0%	7.7%		
				1.2%	2.3%	8.1%	7.7%	8.7%	8.6%		
				-4.7%	-5.2%	-7.2%	-3.6%	-3.7%	-0.8%		

MANAGER PERFORMANCE

The table below sets out the individual manager returns for funds and compares them with their respective benchmarks.

Asset Class	Manager	Inception Date	Market value (R)	Weight (%)	1 month (%)	3 months (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)	Since Inception
Africa	Terebinth Capital STEFI	2020/01/31	45 105 642.16	0.4%	-11.7%	-	-	-	-	-9.8%
					0.6%	-	-	-	-	1.1%
					-12.2%	-	-	-	-	-10.9%
	Tamela Capital NO BENCHMARK	2020/01/31	770 782.94	0.0%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Legacy Africa Hurdle Rate	2020/01/31	151 194 013.87	1.3%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Sampada Private Equity NO BENCHMARK	2015/09/30	250 916 139.07	2.1%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Sampada Private Equity 2 NO BENCHMARK	2019/01/31	278 253 426.04	2.3%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Boxwood Property Fund Hurdle Rate (CPI +3%)	2020/03/31	41 247 547.32	0.3%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Summit Africa Hurdle Rate (CPI +5%)	2019/11/30	14 730 276.50	0.1%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Novare Africa Property Fund 1 10% in USD	2010/07/31	592 168 072.65	5.0%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Novare Africa Property Fund 2 10% in USD	2014/07/31	167 604 695.01	1.4%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
International	Novare Global Balanced 60% Equity / 40% Bonds	2008/08/31	3 532 465 476.31	29.6%	3.3%	8.6%	9.0%	8.5%	8.9%	11.5%
					3.9%	10.7%	16.6%	12.0%	10.2%	10.9%
					-0.6%	-2.0%	-7.6%	-3.4%	-1.4%	0.6%
			11 952 550 820	100%						

"The private equity and unlisted property portfolios will be measured and reported on in a separate report."

ASSET ALLOCATION



Asset Class	Manager	DB Members	DC Growth	DC Money Market	Pensioner	Total Fund
Equity	All Weather Equity	207 910 416.6	10 860 273.6		53 770 281.5	272 540 971.8
	Aluwani Capital Equity	488 854 975.2	24 658 208.1		25 800 481.5	539 313 664.8
	Argon Equity	274 702 053.4	13 275 050.1		12 679 480.1	300 656 583.6
	Balondolozzi Equity	260 235 558.9	8 742 036.0		15 594 858.7	284 572 453.7
	Mazi Equity	407 390 028.8	4 833 737.2		34 366 336.0	446 590 102.0
	Mianzo Equity	236 935 749.8	16 442 983.6		7 767 788.9	261 146 522.3
	Satrix Equity	293 750 133.1	19 880 918.9		14 927 231.4	328 558 283.4
	Vunani Equity	544 762 026.6	12 815 318.9		46 840 931.0	604 418 276.5
Protected Equity	Mergence Structured Product	428 121 551.1	17 999 804.6		39 659 123.0	485 780 478.7
Fixed Income	Futuregrowth Infrastructure Bond	714 993 689.1	28 815 655.5		67 672 348.6	811 481 693.3
	Stanlib Bond	215 532 567.4	1 448 924.7		19 735 023.8	236 716 515.9
Property	Direct Property	126 918 928.8			32 281 094.5	159 200 023.3
	Meago Property	223 318 624.1	11 129 551.8		8 480 031.3	242 928 207.1
Money Market	Cartesian Capital Money Market	2 554 256.4	599 462.1	155 624 218.9	6 113 912.5	164 891 850.0
	Sanlam Cash	241 671 883.4	14 545 962.2	353 516 286.5	32 844 412.5	642 578 544.6
	Transition Account	1 688 719.5				1 688 719.5
Alternatives	Mayibentsha Focused	377 935 695.3	9 630 883.7		31 982 502.3	419 549 081.2
	Mayibentsha Market Neutral	351 888 224.5	5 405 386.2		28 589 438.7	385 883 049.4
	Mayibentsha Moderate	251 196 220.1	10 003 896.5		28 399 610.6	289 599 727.1
	Terebinth Capital	39 803 442.2	1 808 744.8		3 493 455.2	45 105 642.2
	Tamela Capital	276 854.0	270 063.0		223 865.9	770 782.9
	Legacy Africa	134 429 011.9	5 054 948.7		11 710 053.4	151 194 013.9
	Sampada Private Equity	221 530 924.4	9 054 455.7		20 330 759.0	250 916 139.1
	Sampada Private Equity 2	246 920 818.0	10 033 717.1		21 298 891.0	278 253 426.0
	Boxwood Property Fund	36 710 317.1	1 237 426.4		3 299 803.8	41 247 547.3
	Summit Africa	5 290 921.0	5 161 132.1		4 278 222.9	14 730 276.5
Africa	Novare Africa Property Fund 1	543 733 835.3			48 434 237.4	592 168 072.7
	Novare Africa Property Fund 2	123 668 017.9	29 582 873.0		14 353 804.1	167 604 695.0
International	Novare Global Balanced	3 092 637 967.2	138 046 000.2		301 781 508.9	3 532 465 476.3
Total Fund		10 095 363 410.9	411 337 414.5	509 140 505.4	936 709 488.4	11 952 550 819.8

Section C

Glossary



INVESTMENT GLOSSARY

ALTERNATIVE INVESTMENTS

Any non-traditional asset class. Investing in these generally provides a portfolio with greater diversification.

ANNUALISED RETURN

Where a cumulative return is over a period greater than a year, an annualised return is what the return is when converted into annual periods. For example, if the cumulative return over a 3-year period was 6%, the annualised return would be approximately 2% p.a. It means the investment earned an effective return of around 2% each year over the 3-year period (to arrive at the 6%).

ASSET CLASS

A type of investment, such as equities, bonds, cash, private equity etc.

BENCHMARK

What a portfolio, asset class or investment manager is judged against.

BENCHMARK PERFORMANCE

The performance return of an investment manager's benchmark or a Fund's strategic asset allocation.

BOND

A bond is issued by a company or country where it borrows money from the market, with a promise to repay it back. Bonds are characterised by what interest is paid back each year, and how long the term of the bond is.

CPI

Consumer price index. It is commonly used to identify periods of inflation or deflation.

CREDIT RATING

The rating given by a credit-rating agency, based on its view of the financial wellbeing of a company or country and the likelihood of default (i.e. inability to meet debt obligations). The highest rating is usually AAA, and the lowest is D.

CRISA

Code of Responsible Investing in South Africa.

CUMULATIVE RETURN

The aggregated return of an investment over a particular time-period.

DERIVATIVES

A derivative is a security of which the price is dependent upon or derived from one or more underlying assets.

EQUITY

Referring to the asset class, equity describes the ownership of a company. An individual or financial institution can own part of the company by buying equity shares or stocks. These are generally traded on a stock exchange, such as the Johannesburg Stock Exchange.

FUND OBJECTIVE

The investment objective that a Fund portfolio is trying to achieve. This is generally a return in excess of CPI. E.g. CPI + 3% per annum.

INVESTMENT GLOSSARY

A hand in a dark suit sleeve points towards a document. The document features several charts, including pie charts and a table. One pie chart is labeled with 'Energy', 'Industrial', 'Oil', and 'Agriculture'. Another pie chart shows '73%' and '27%'. A table in the background has columns for 'Global Equities', 'Global Bonds', and 'Global Commodities'.

HEDGE FUND

A type of alternative asset class. Here the investment manager generally invests in traditional asset classes, but has more tools to express their view of the market. Hedge funds look to protect capital in times of market falls and offer diversification from traditional asset classes.

INDEX

A benchmark measure to gauge how an asset class has performed. For example, the JSE All Share index is a measure to gauge how South African equities have performed.

INFLATION

The increase (or decrease) in the price of goods. For example, if inflation over the year was 5%, this means that prices rose by 5% over the period.

INTERNATIONAL

The assets of a Fund that are invested outside of South Africa. Exposure is limited to 25% per Regulation 28 of the Pension Fund, or 30% subject to 5% being invested in Africa.

INVESTMENT OBJECTIVE

The target that an investment fund or portfolio is trying to achieve.

INVESTMENT POLICY STATEMENT (IPS)

A document which sets out the investment aspects of the Fund, including its Fund objectives and describes the various strategies followed to meet them.

MONTHLY RETURN

The performance return over a month.

MANDATE

An investment manager's portfolio and objective.

OVERWEIGHT

To have a higher allocation in a particular asset class or security than what the comparable benchmark indicates.

PERFORMANCE

How much the value of a portfolio or instrument has grown by over a particular period.

PRIVATE EQUITY

An alternative asset class where investors buy equity ownership of a company but where the equity is not listed on a stock exchange.

PROPERTY

An asset class where one invests in property either directly (i.e. buying a property) or indirectly (i.e. buying property shares on the stock exchange).

PROTECTED EQUITY

An asset class giving the investor exposure to equities, but whilst also offering protection against market falls.

INVESTMENT GLOSSARY

REGULATION 28

Refers to regulation 28 of the Pension Funds Act, i.e. the guidelines for South African retirement funds which is aimed at ensuring Funds are not taking on too much risk, by limiting the excessive use of specific investment instruments, markets and asset classes.

REPO RATE

The interest rate which the Reserve Bank lends money to the commercial banks. An increase in the repo rates puts pressure on commercial banks to increase the prime rate.

SHARPE RATIO

A statistical measure indicating the reward for taking on an additional unit of risk. A high positive value is ideal as it indicates that for the risk taken, positive returns were achieved.

STRATEGIC ASSET ALLOCATION

This is the target that a Fund portfolio should be invested in over the long term across various asset classes. The strategic asset allocations are designed to help meet the Fund objective.

TACTICAL ASSET ALLOCATION

These are deviations made away from the strategic asset allocation with the aim of enhancing performance based on views of the investment markets.

TRACKING ERROR

A statistical measure indicating the deviation or difference of a portfolio's return compared to its benchmark return.

TRADITIONAL ASSET CLASS

This generally refers to equities, bonds, cash and property

UNDERWEIGHT

To have a lower allocation in a particular asset class or security than what the comparable benchmark indicates.

VOLATILITY

A risk measure characterised by the standard deviation of portfolio returns. The higher the value, the higher expected risk.

YEAR-TO-DATE ("YTD")

The performance return since the beginning of the latest calendar year

CONTACT US

Novare Actuaries and Consultants (Pty) Ltd

Registration No: 2001/008015/07

Third Floor, The Cliffs Office Block I

Niagara Way, Tyger Falls

Carl Cronje Drive, Bellville, 7530

South Africa

P O Box 4742, Tyger Valley, 7536

