



NOVARE[®]
actuaries & consultants

| Monthly Report |

SALA Pension Fund

December 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 Moderate Portfolio represents the inflation target of CPI + 3%

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	26.5%	Capped SWIX
Domestic Protected Equities	5%	JSE TOP 40
Domestic Fixed Income	12.5%	ALBI
Domestic Property	3.5%	SA Listed Property
Domestic Money Market	7.5%	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	26.5%	Capped SWIX
Domestic Protected Equities	5%	JSE TOP 40
Domestic Fixed Income	12.5%	ALBI
Domestic Property	3.5%	SA Listed Property
Domestic Money Market	7.5%	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 Moderate portfolio is as follows:

Asset Class	Allocation	Benchmark
Domestic Equities	7.5%	Capped SWIX
Domestic Protected Equities	5%	JSE TOP 40
Domestic Fixed Income	27.5%	ALBI
Domestic Money Market	35%	STeFI
Domestic Alternatives	10%	CPI + 3.5%
International	15%	International Composite: 60% MSCI World / 40% JP Morgan Global Bond

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%	35%

DC Growth

Asset Class	Lower limit	Upper limit
Domestic Equities	20%	55%
Domestic Fixed Income	5%	20%
Domestic Property	0%	15%
Domestic Money Market	0%	60%
Domestic Alternatives	10%	20%
Africa	0%	7.5%
International	0%	35%

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%	35%

DC Moderate

Asset Class	Lower limit	Upper limit
Domestic Equities	7.5%	25%
Domestic Fixed Income	20%	40%
Domestic Property	0%	10%
Domestic Money Market	15%	60%
Domestic Alternatives	2.5%	15%
Africa	0%	0%
International	5%	25%

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NAC is an Authorised Financial Service Provider in terms of the Financial Advisory and Intermediary Services Act, 37 of 2002. **FSP No. 815.**

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



On the local front the economy has continued its slow recovery. Despite some positive data points being released, the quarter as a whole was fairly stagnant as far as the recovery is concerned. The country experienced a renewed uptick in Covid cases as a mutated strain of the original virus proved to be more infectious and deadly than the initial strain.

Government therefore decided to move the country from Level 2 to Level 3 lockdown, once again banning the sale of alcohol and restricting movement of people.

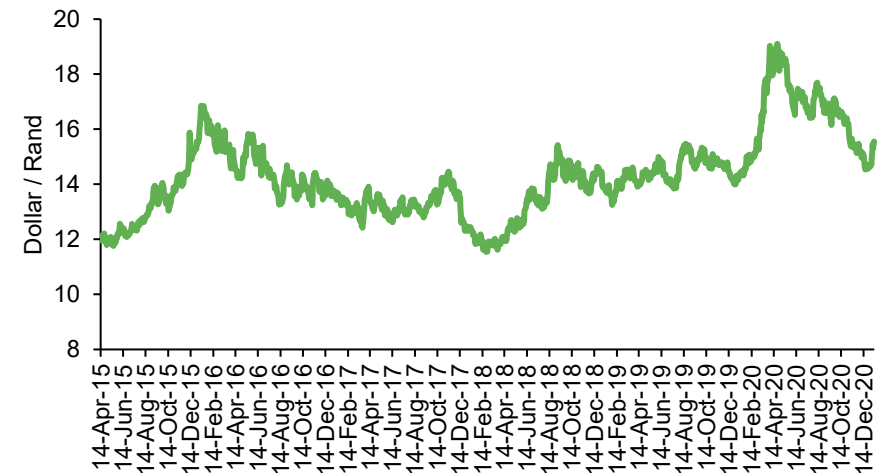
Government however failed to timeously secure a bulk supply of vaccines and this risks a possibly more negative outlook for the economy in 2021.

This development suggest that SA is running the risk of not fully participating in the widely expected vaccine-induced global growth acceleration in the latter stages of the year.

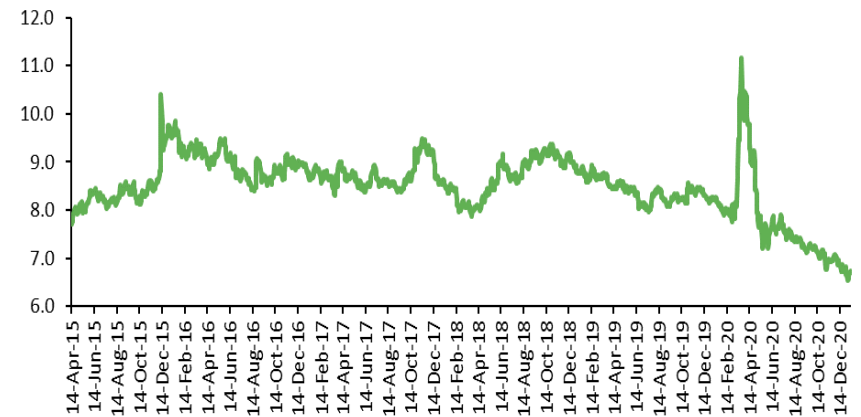
The JSE All Share Index was up 9.75% for the quarter, slightly underperforming its EM peers. Positive returns were evident across most sectors with the best performers being the financials and industrials returning 19.54% and 18.99% respectively.

The embattled property sector also performed well returning 22.19% for the quarter, bringing the performance for the year to -34.5%.

Rand



S.A. 10-Year Government Benchmark Yield



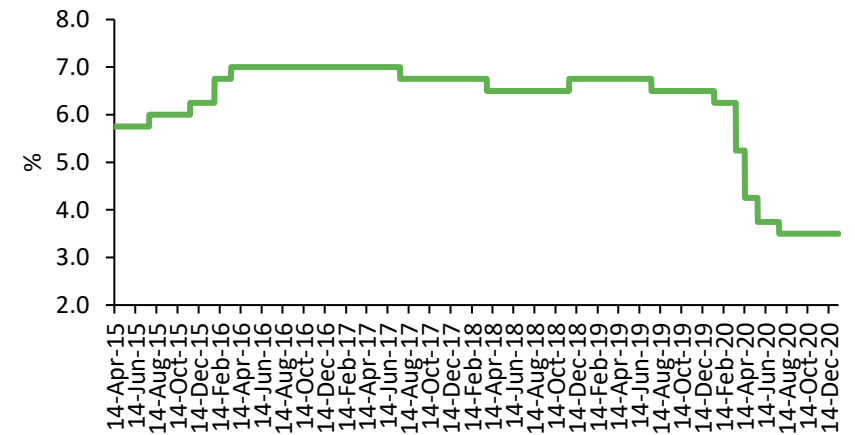
DOMESTIC MARKET VIEW



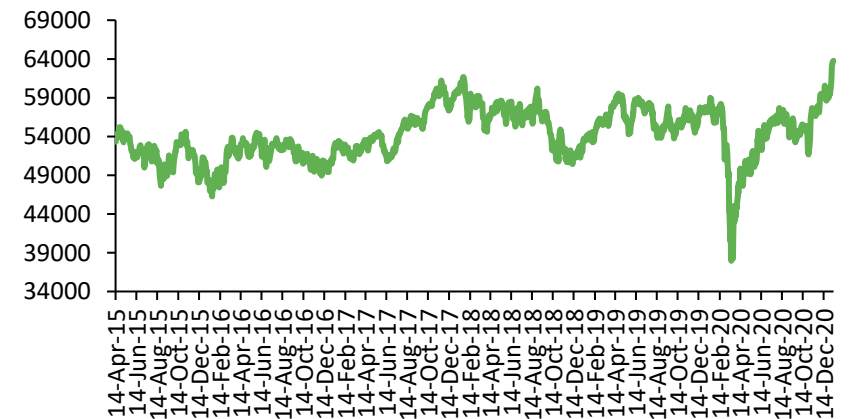
The positive risk-on environment also ensured foreign interest in the domestic markets as buyers bought R15bn worth of local equities. The All-Bonds Index (ALBI) was also up 6.71% for the quarter, producing similar performance to the global fixed income indices.

Performance was mostly attributable to the very strong performance from the longer end of the curve as the yield curve flattened further. Foreign residents continued to remain buyers of the local paper to the tune of R20bn.

Repo Rate



FTSE/JSE All Share Index



INTERNATIONAL MARKET VIEW

Equity markets globally continued their rally during the fourth quarter, marking three consecutive quarters of positive returns in a year mired by the greatest pandemic in living memory, massive slumps in GDP and an unprecedented US election.

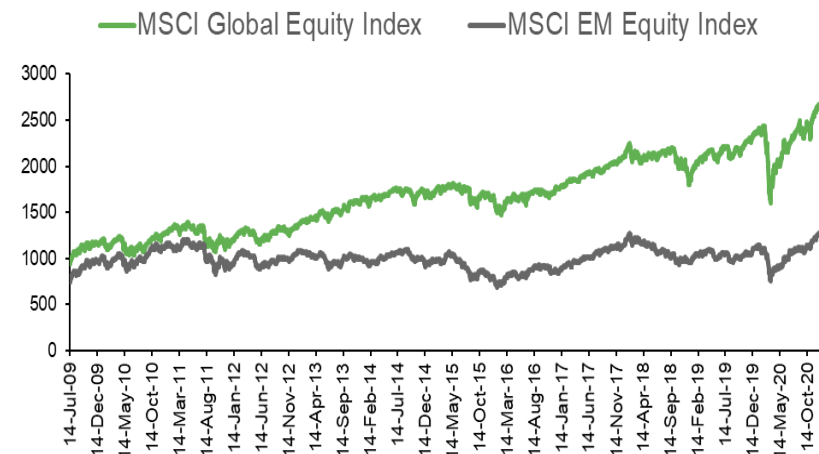
Despite the positive sentiment the pandemic continued to wreak havoc globally as the US and Europe hit a second wave of infections much worse than the initial wave in March and April, forcing further hard lock-downs. The vaccine roll-outs did however start in certain countries but the roll-out has proved to be fairly slow.

US lawmakers finally agreed on additional support packages that will extend relief to many of the CARES act support measures. Despite hopes of these measures proving positive for economic growth, bond yields have remained low as central banks continued their monetary support measures.

These historically low yields have been a large driver to recent equity market returns, which are now trading at very stretched valuations, especially when considering that we just came out of the largest recession in almost 100 years.

Recent economic data has remained mixed and the first quarter of 2021 will remain challenging as new lockdown measures will weigh on local economies.

Most of the equity markets experienced double digit returns during the quarter including some of the biggest losers of 2020 gaining the most due to sector rotation. The S&P500 returned 12.2% for the quarter and Asia ex-Japan was up 18.0% for the quarter.

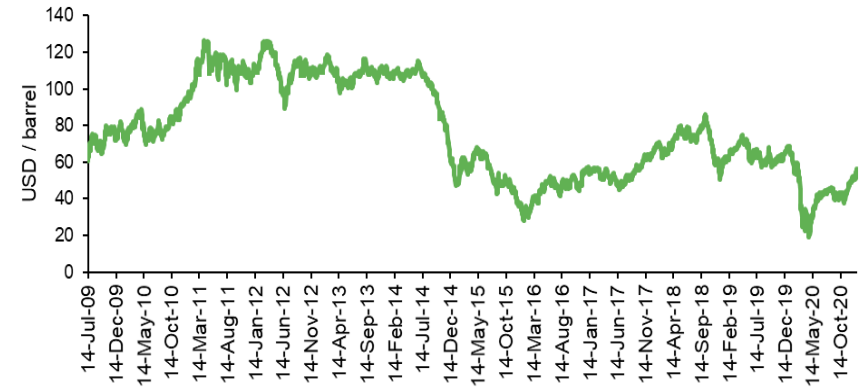


INTERNATIONAL MARKET VIEW

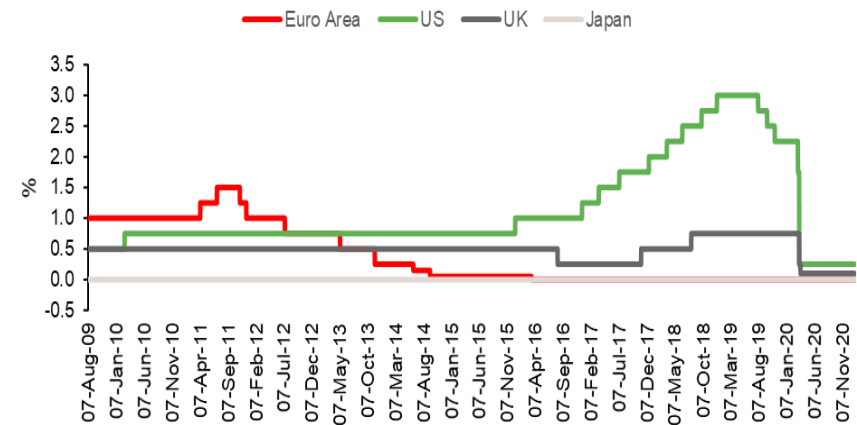
Emerging market equities indices led the pack as the MSCI EM Index ended the quarter 19.8% higher.

Similarly, bonds also responded positively to the positive environment with the HY debt and the EM Debt both up for the quarter, 6.5% and 5.5% respectively.

OIL (BRENT)



G4 Policy Rates



TACTICAL ASSET ALLOCATION

RSA BONDS

In line with the risk-on trade globally, foreigners continued to be net buyers of local paper to the tune of some R20bn. Local bonds managed to end the month up 2.44% bringing the year to date return to 8.65% as the curve reversed its recent steepening with yields on the short end rising and the long end declining.

The SARB has started to withdraw the additional liquidity in the local market with purchases of government bonds in the secondary market.

The shorter end of the curve traded higher by a few basis points while the long-end (10+ years) generated a 8.73% return for the quarter.

We maintain a cautious view of the asset class despite the recent bullishness as we still see a possible further deterioration of the local economy due to negative second-round COVID effects that has started to increase rapidly.

RSA PROPERTY, ALTERNATIVES AND CASH

The property sector continued its recent rally due to an overall positive market sentiment, generating the second month of double digit returns in a row. The sector returned 13.68% for the month and ending 22.19% up for the quarter. The sector did however still end the year down by almost 34.5%. We view the recent bullishness to have been more concerned with the general positive sentiment than a change in idiosyncratic factors or an increase in local sentiment. Depressed market conditions and the most recent company results indicate the severe impact that the Covid pandemic had on the sector.

Although there have been large decreases in distributions. We believe the speed of the economic recovery will determine performance into year-end. The weak macro-economic backdrop continues to negatively affect all sectors of the property market. Even though we have seen slight improvements in retail sales we believe the sector will remain under severe pressure, leading to weak trading densities and lower occupancy levels. We maintained an underweight position in this asset class.

As mentioned earlier, the yield curve reversed course during the month and started to flatten due to global events and the 2v10 spread decreased while the swap curve also continued its shift up further since October. Credit spreads have contracted but we remain uncomfortable by the large uncertainty that the potential second round effects of Covid could have on SA Inc.

Over December, the rand rallied on the continued risk-on environment and gained against the dollar by 5% m/m. This has helped the local unit retrace its YTD depreciation to only 5% despite the large sell-offs in Q1.

We believe that we have potentially reached the end of the rate cutting cycle and expect rates to stay on hold over the medium term. Cash remains the balancing item.

Since the November MPC meeting both swap (up to the 10-year point) and FRA rates have increased by between 17bp and 24bp across their respective curves, indicating that the market is still pricing in higher rates.

RSA EQUITIES

The JSE All Share Index was up 9.75% for the quarter, slightly underperforming its EM peers. Positive returns were evident across most sectors with the best performers being the financials and industrials returning 19.54% and 18.99% respectively. The embattled property sector also performed well returning 22.19% for the quarter, bringing the performance for the year to -34.5%. The positive risk-on environment also ensured foreign interest in the domestic markets as buyers bought R15bn worth of local equities.

Already fragile South African consumers and businesses will not experience the financial support offered to those in more prosperous nations, and we believe SA Inc. will remain under pressure. We therefore maintain a preference for companies with strong business models capable of earnings resilience in what will be an even more challenging environment than we expected heading into 2020.

Traditional valuation metrics indicate that local equities are slightly cheap, given the latest economic data, but are not at bargain basement valuations by any stretch of the imagination. We continued to maintain an underweight position in local stocks within an emerging market equity portfolio.

INTERNATIONAL

Globally, despite the positive sentiment the pandemic continued to wreak havoc globally as the US and Europe hit a second wave of infections much worse than the initial wave in March and April, forcing further hard lock-downs. The vaccine roll-outs did however start in certain countries but the roll-out has proved to be fairly slow.

US lawmakers finally agreed on additional support packages that will extend relief to many of the CARES act support measures. Despite hopes of these measures proving positive for economic growth, bond yields have remained low as central banks continued their monetary support measures.

These historically low yields have been a large driver to recent equity market returns, which are now trading at very stretched valuations, especially when considering that we just came out of the largest recession almost 100 years.

Recent economic data has remained mixed and the first quarter of 2021 will remain challenging as new lockdown measures will weigh on local economies.

Most of the equity markets experienced double digits returns during the quarter including some of the biggest losers of 2020 gaining the most due to sector rotation. The S&P500 returned 12.2% for the quarter and Asia ex-Japan was up 18.0% for the quarter. Emerging market equities indices led the pack as the MSCI EM Index ended the quarter 19.8% higher.

Similarly, bonds also responded positively to the positive environment with the HY debt and the EM Debt both up for the quarter, 6.5% and 5.5% respectively.

NOVARE HOUSE VIEW: December 2020 TACTICAL POSITIONING*

	UNDER-WEIGHT	← ON-WEIGHT →	OVER-WEIGHT	PREVIOUS
DOMESTIC	Under-weight			
Equities	85%			95%
Bonds	95%			95%
Property	85%			95%
Alternatives		100%		100%
Cash		Balancing		100%
OFFSHORE			120%	120%
Equities	80%			100%
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 30% to international assets, the balance of any domestic assets will be invested in cash.

++
+
Neutral
-
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TACTICAL ASSET ALLOCATION

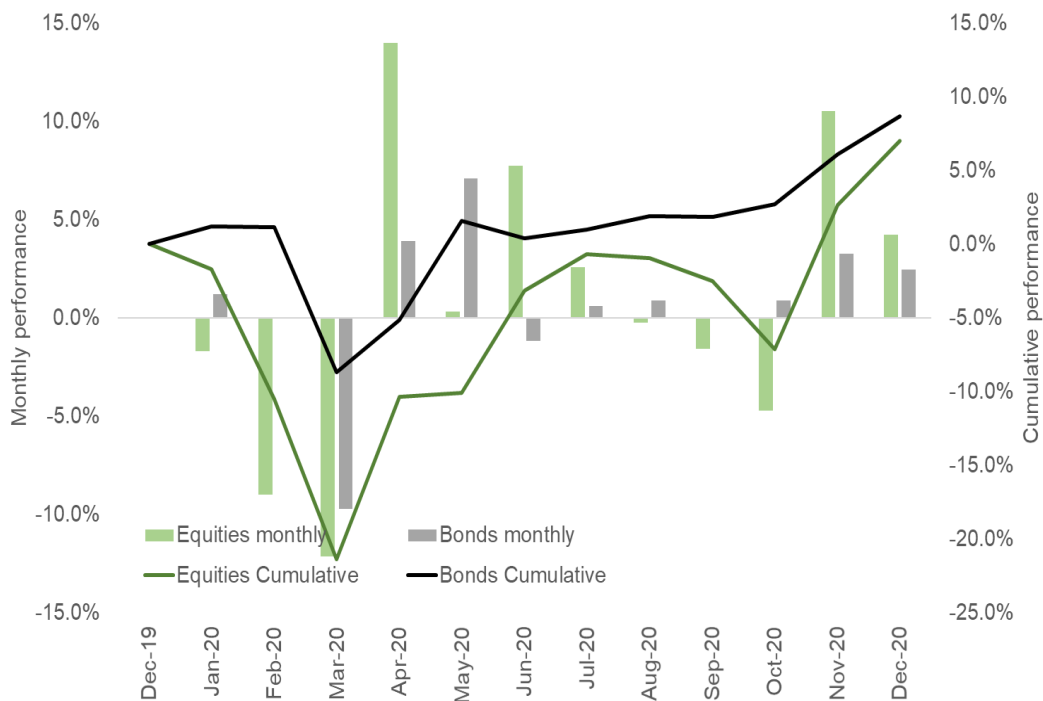
Global Assets (US\$)	1 month	3 months	YTD	12 months	3 Years	5 Years
MSCI All Countries Equity	4.7%	14.8%	16.8%	16.8%	10.6%	12.9%
MSCI Emerging Markets	7.4%	19.8%	18.7%	18.7%	6.6%	13.2%
Global Bonds (R)	-3.7%	-9.4%	14.6%	14.6%	11.2%	3.6%

Commodity Prices	1 month	3 months	YTD	12 months	3 Years	5 Years
Brent Oil (USD/Barrel)	8.2%	22.5%	-21.7%	-21.7%	-8.0%	6.8%
Platinum (USD/oz)	11.5%	23.0%	10.1%	10.1%	4.8%	3.7%
Gold (USD/oz)	6.6%	0.3%	24.3%	24.3%	13.5%	12.3%

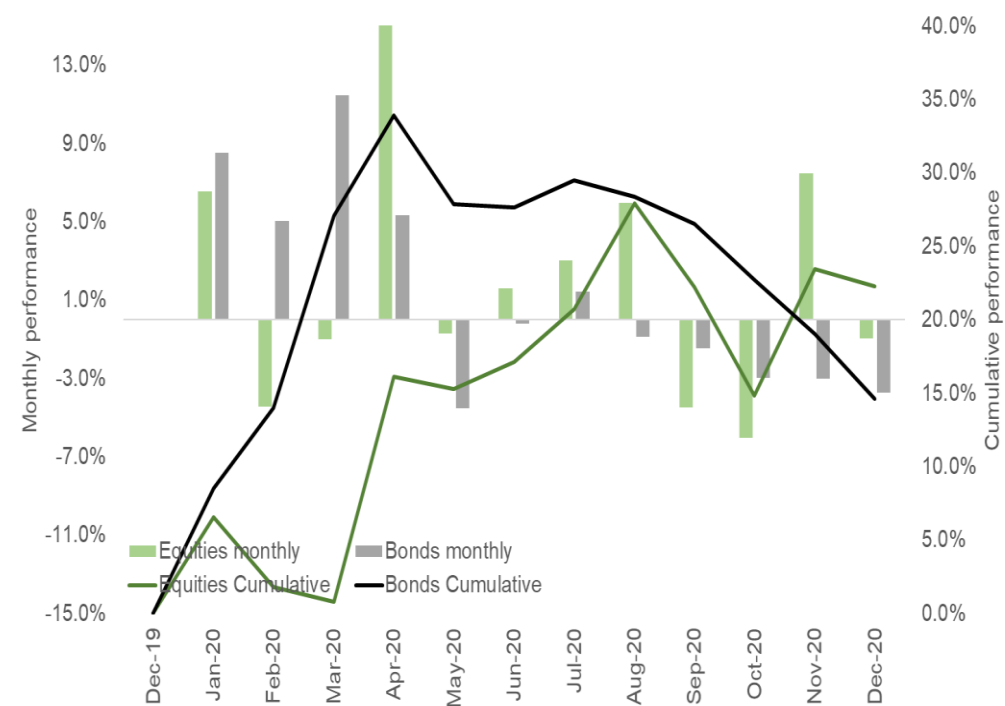
Asset Allocation (Rand)	1 month	3 months	YTD	12 months	3 Year	5 Years
Domestic Equities	4.2%	9.8%	7.0%	7.0%	3.1%	6.4%
Domestic Bonds	2.4%	6.7%	8.7%	8.7%	8.9%	10.4%
Domestic Cash	0.3%	1.0%	5.4%	5.4%	6.6%	7.0%
Domestic Property	13.7%	22.2%	-34.5%	-34.5%	-20.7%	-8.4%
International Equity	-0.9%	0.0%	22.3%	22.3%	17.7%	10.7%
International Bonds	-3.7%	-9.4%	14.6%	14.6%	11.2%	3.6%
Exchange rate (R / \$)	-5.0%	-12.3%	5.0%	5.0%	5.9%	-1.0%

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

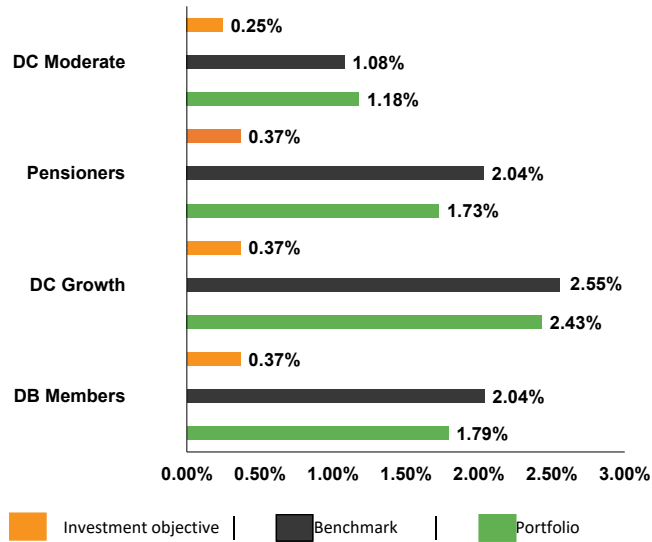
Fund Overview



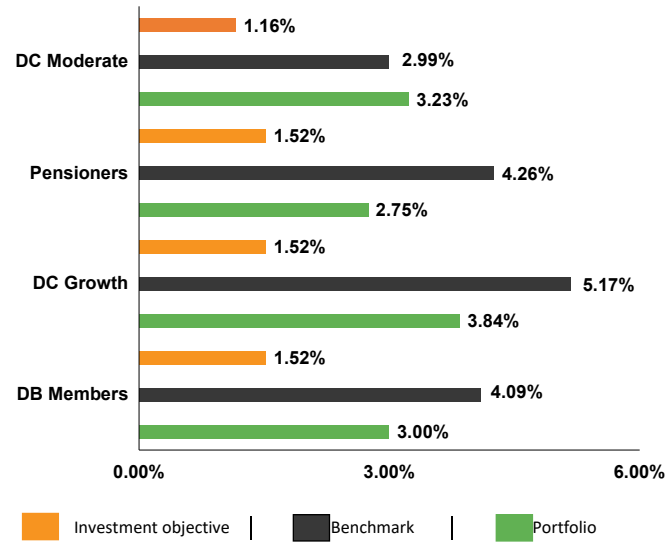
EXECUTIVE SUMMARY



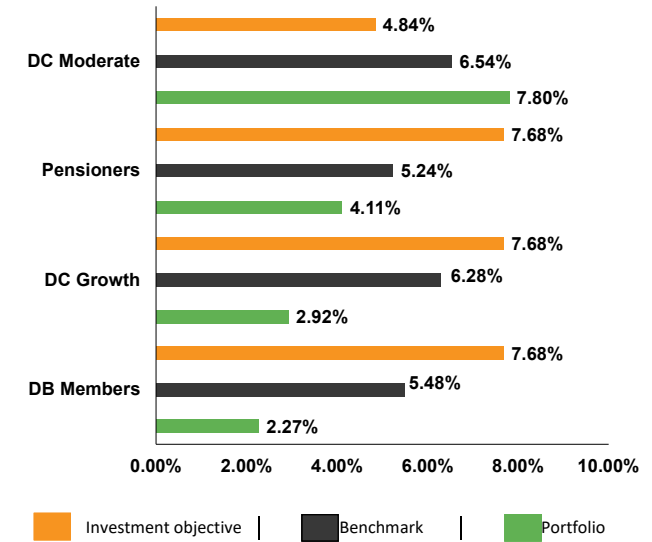
Monthly Return for December 2020



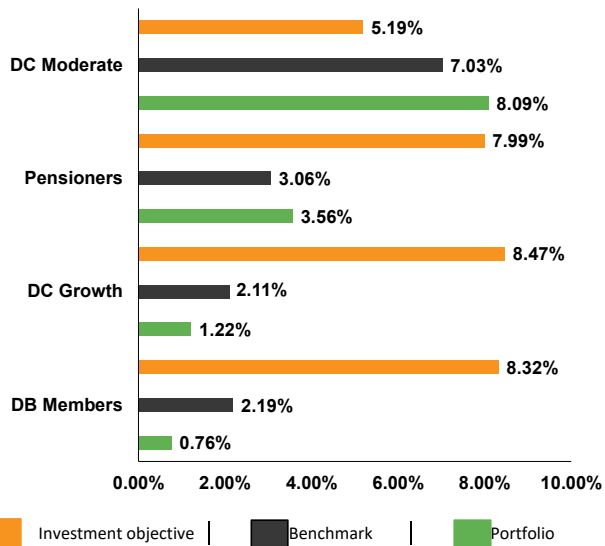
3 Months Return up to December 2020



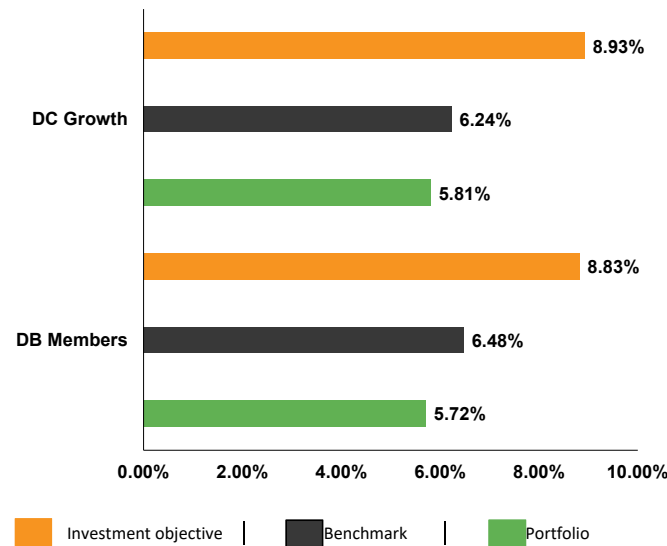
1 Year Return up to December 2020



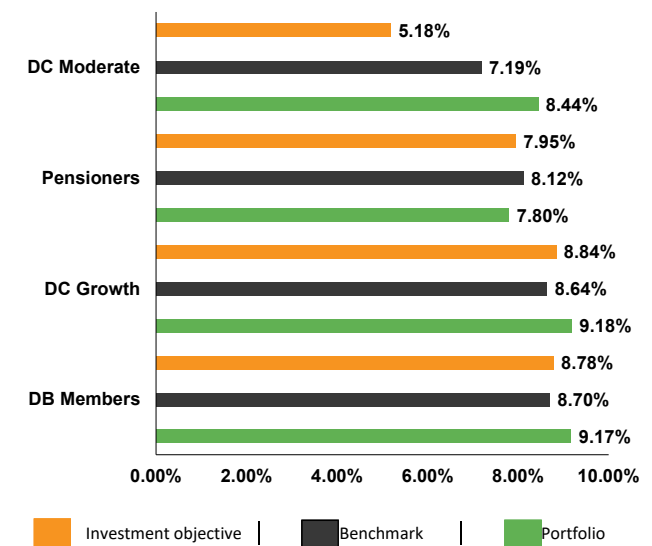
3 Year Return up to December 2020



7 Year Return up to December 2020



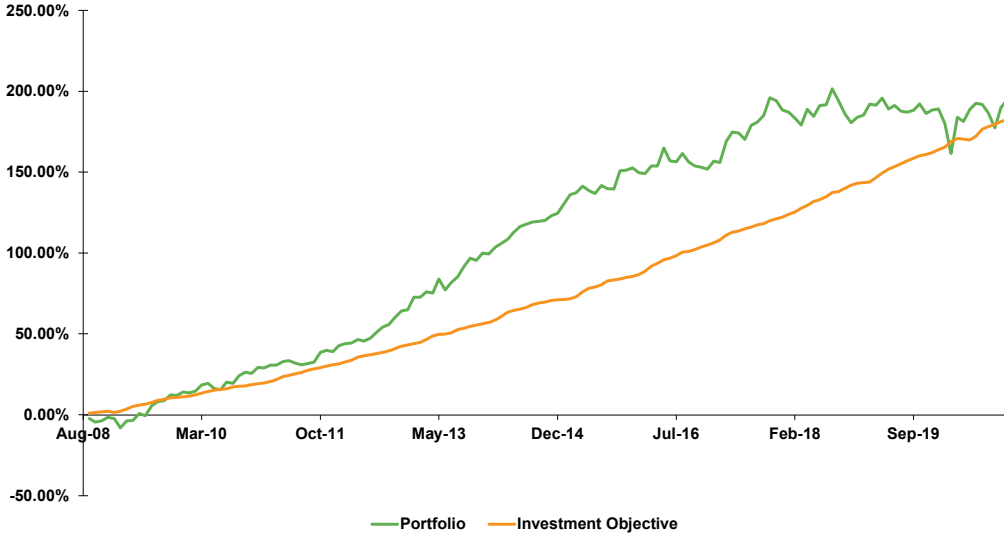
Returns Since Inception



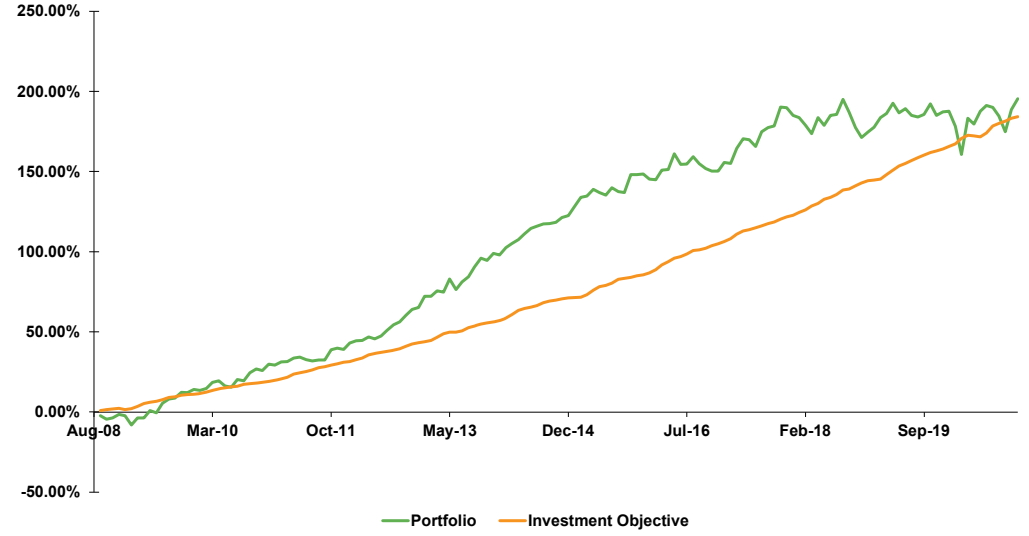
LONG TERM RETURNS

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.

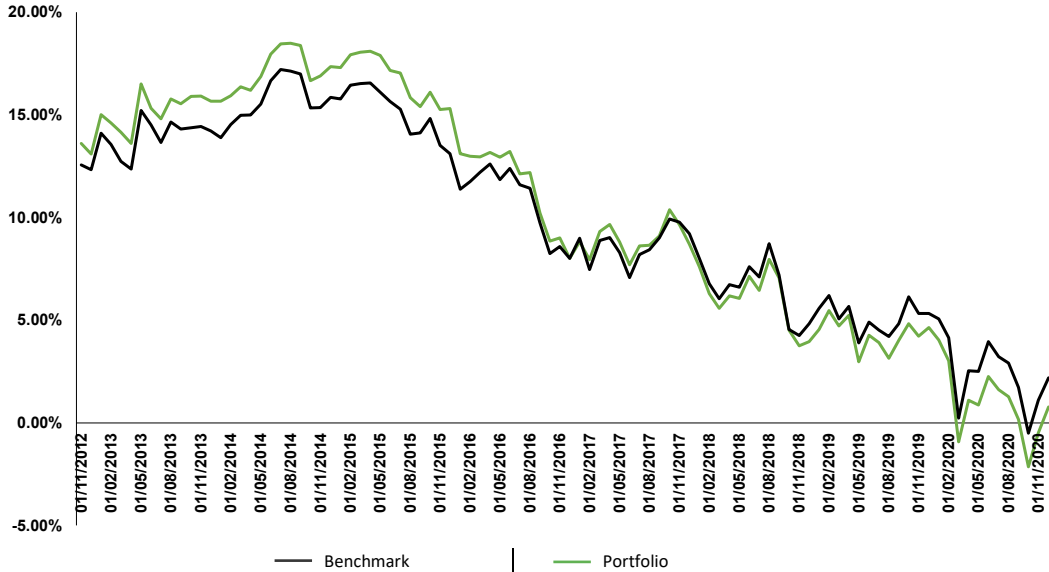
DB Members - Cumulative return since 30 September 2009



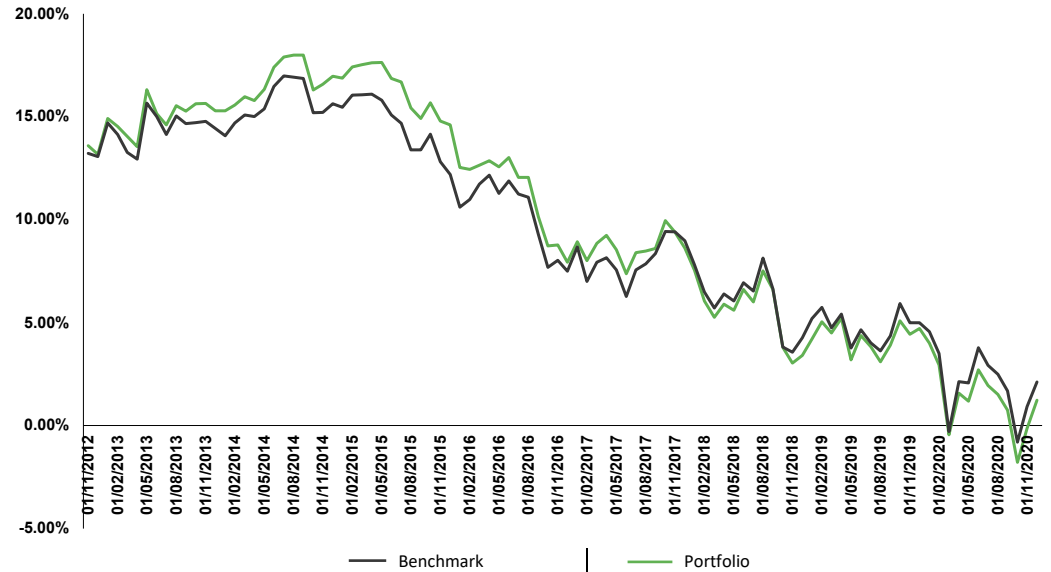
DC Growth - Cumulative return since 30 September 2009



DB Members - 3 Year Rolling Returns



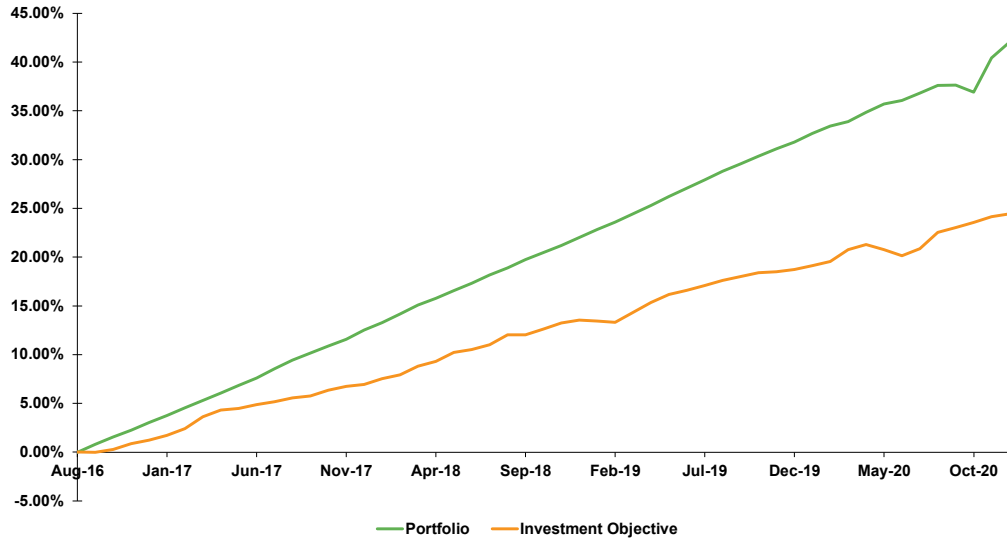
DC Growth - 3 Year Rolling Returns



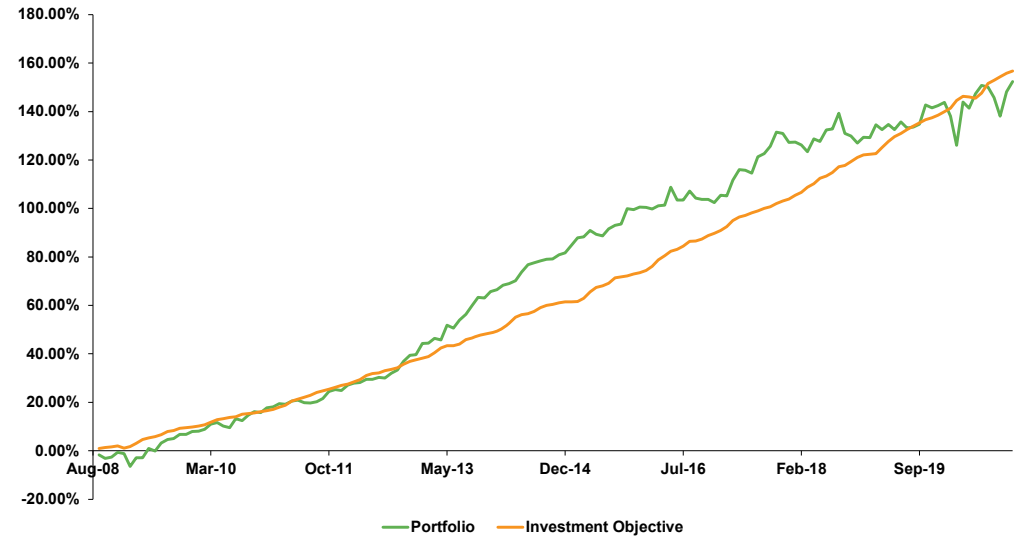
LONG TERM RETURNS

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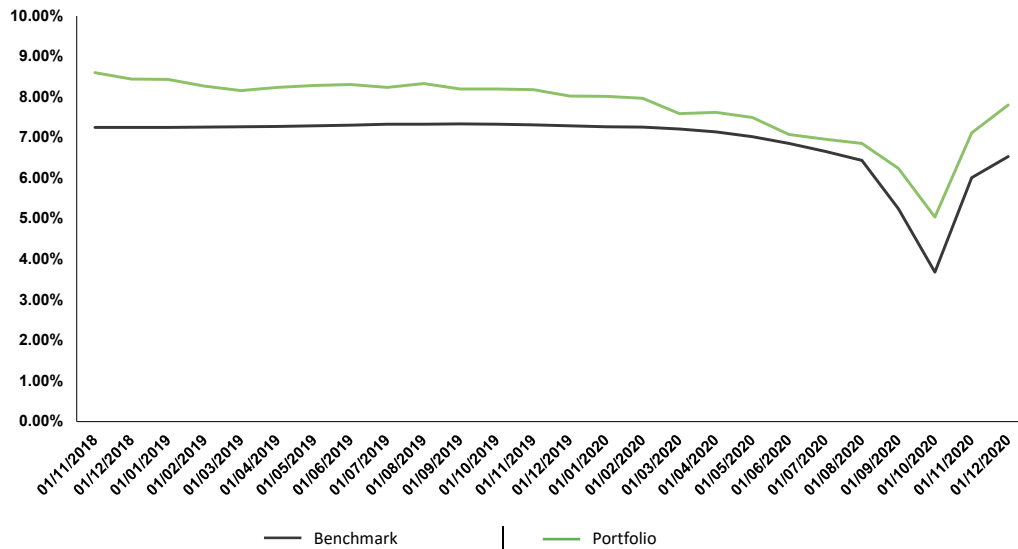
DC Moderate - Cumulative return since 30 September 2016



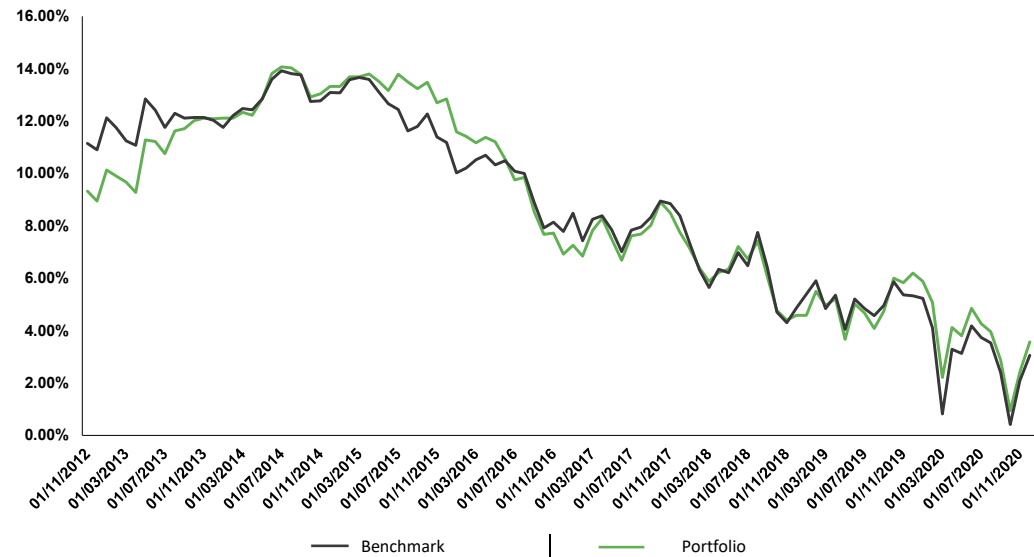
Pensioner - Cumulative return since 30 September 2016



DC Moderate - 1 Year Rolling Returns



Pensioner - 3 Year Rolling Returns



PORTFOLIO MARKET VALUES AND RETURNS

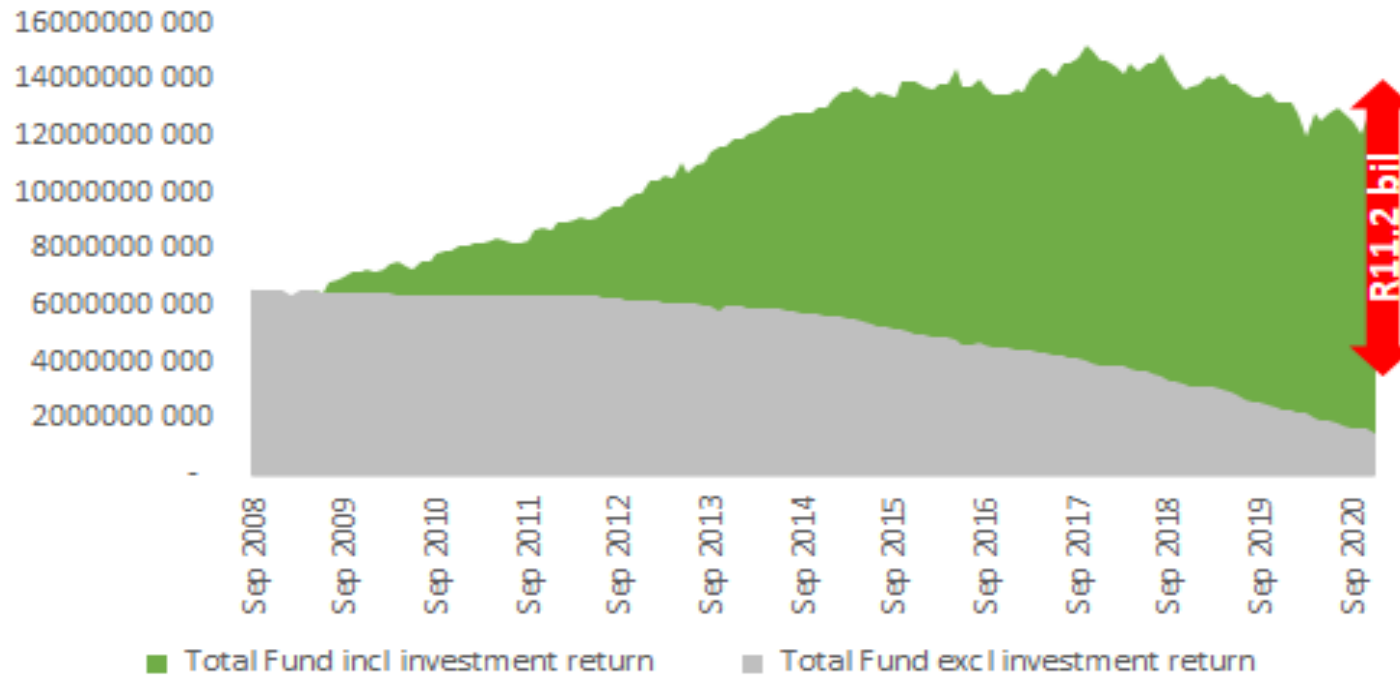
The table below sets out the portfolio returns of the funds over the various periods in comparison with their respective benchmarks.

	Market value (R)	Weight (%)	1 month (%)	3 months (%)	YTD (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)
DB Members	9 000 840 669	70.9%	1.8%	3.0%	2.3%	2.3%	0.8%	3.1%
Strategic Benchmark			2.0%	4.1%	5.5%	5.5%	2.2%	4.9%
			-0.2%	-1.1%	-3.2%	-3.2%	-1.4%	-1.7%
DC Growth	1 638 421 284	12.9%	2.4%	3.8%	2.9%	2.9%	1.2%	3.5%
Strategic Benchmark			2.6%	5.2%	6.3%	6.3%	2.1%	4.9%
			-0.1%	-1.3%	-3.4%	-3.4%	-0.9%	-1.3%
DC Moderate	297 117 430	2.3%	1.2%	3.2%	7.8%	7.8%	8.1%	-
Strategic Benchmark			1.1%	3.0%	6.5%	6.5%	7.0%	-
			0.1%	0.2%	1.3%	1.3%	1.1%	-
Pensioner	1 766 425 894	13.9%	1.7%	2.7%	4.1%	4.1%	3.6%	4.7%
Strategic Benchmark			2.0%	4.3%	5.2%	5.2%	3.1%	5.0%
			-0.3%	-1.5%	-1.1%	-1.1%	0.5%	-0.3%
DB Members			1.8%	3.0%	2.3%	2.3%	0.8%	3.1%
Objective			0.4%	1.5%	7.7%	7.7%	8.3%	8.7%
			1.4%	1.5%	-5.4%	-5.4%	-7.6%	-5.6%
DC Growth			2.4%	3.8%	2.9%	2.9%	1.2%	3.5%
Objective			0.4%	1.5%	7.7%	7.7%	8.5%	8.9%
			2.1%	2.3%	-4.8%	-4.8%	-7.3%	-5.4%
DC Moderate			1.2%	3.2%	7.8%	7.8%	8.1%	-
Objective			0.2%	1.2%	4.8%	4.8%	5.2%	-
			0.9%	2.1%	3.0%	3.0%	2.9%	-
Pensioner			1.7%	2.7%	4.1%	4.1%	3.6%	4.7%
Objective			0.4%	1.5%	7.7%	7.7%	8.0%	8.2%
			1.4%	1.2%	-3.6%	-3.6%	-4.4%	-3.5%
	12 702 805 277	100%						

LONG TERM RETURNS

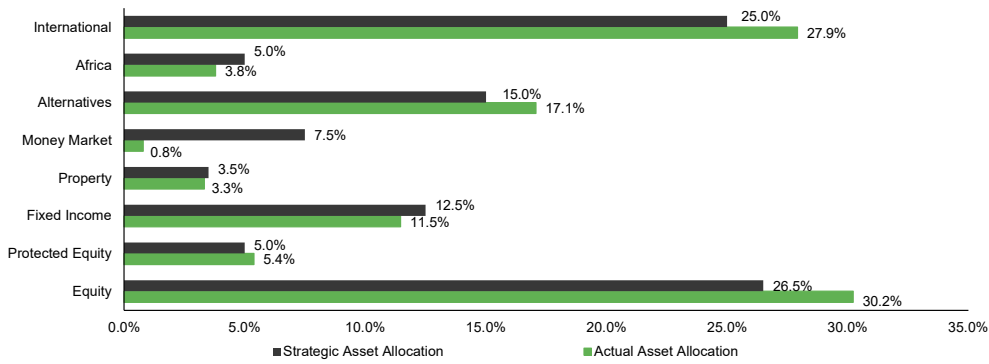
Longer term returns should be used to assess the Fund's performance when compared to the benchmark as short term volatility may distort short term performance measurement.

Estimate Value Added through Investment Returns since Inception

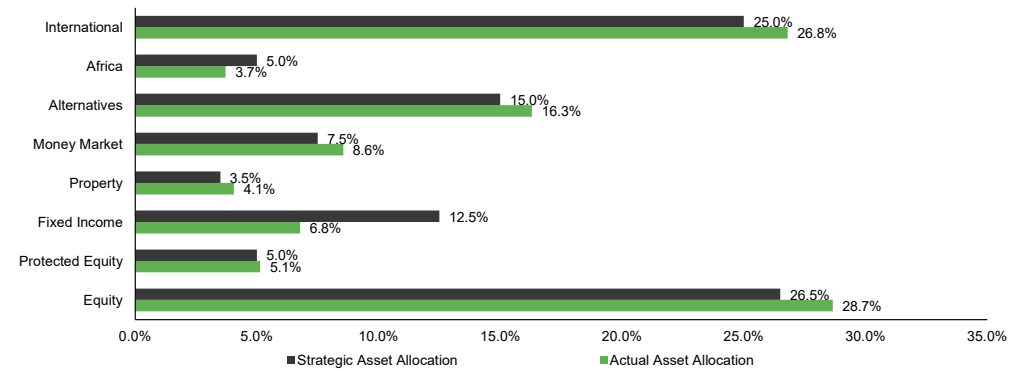


ASSET ALLOCATION

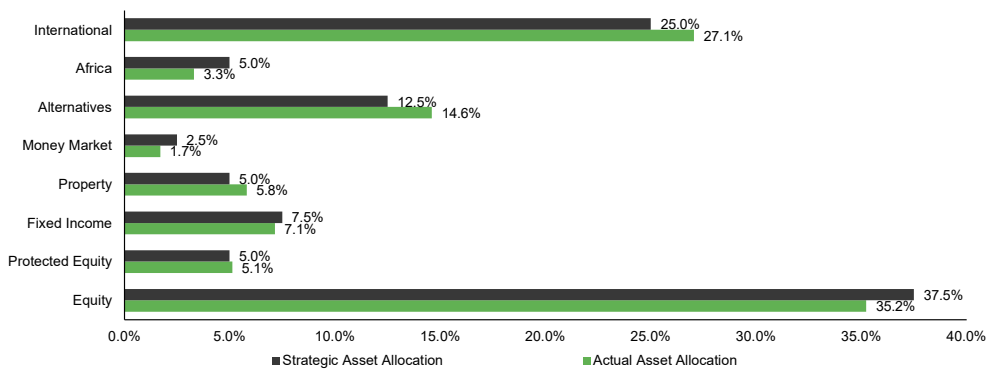
DB Members



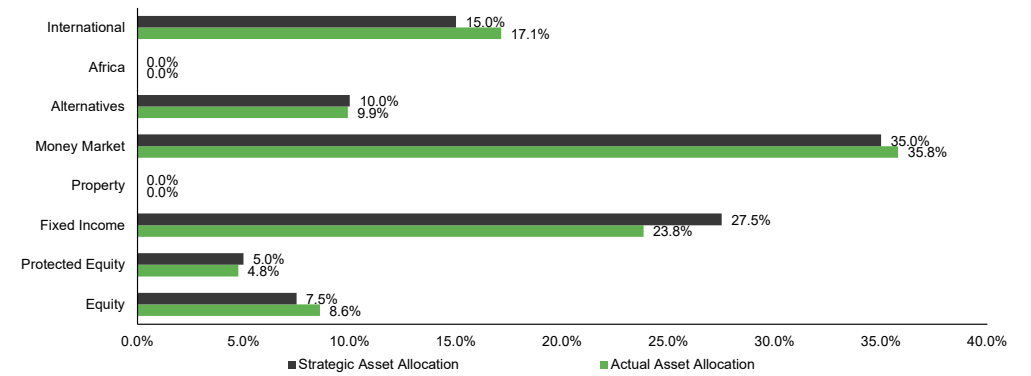
Pensioner



DC Growth



DC Moderate



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 JSE Capped Share Weighted Index	2018/10/31	492 761 835.62	3.9%	5.6%	13.2%	1.3%	-	-	2.2%
					5.5%	11.5%	0.6%	-	-	3.7%
					0.2%	1.7%	0.7%	-	-	-1.6%
	Aluwani Capital Equity JSE Capped Share Weighted Index	2018/10/31	630 580 822.97	5.0%	4.1%	10.1%	0.0%	-	-	4.0%
					5.5%	11.5%	0.6%	-	-	3.7%
					-1.3%	-1.3%	-0.5%	-	-	0.3%
	Argon Equity JSE Capped Share Weighted Index	2018/10/31	378 472 163.15	3.0%	5.1%	10.3%	-1.2%	-	-	3.1%
					5.5%	11.5%	0.6%	-	-	3.7%
					-0.3%	-1.2%	-1.7%	-	-	-0.6%
	Satrix Equity JSE Capped Share Weighted Index	2018/10/31	414 654 366.20	3.3%	5.8%	11.8%	0.9%	-	-	4.7%
					5.5%	11.5%	0.6%	-	-	3.7%
					0.3%	0.3%	0.3%	-	-	1.0%
Vunani Equity JSE Capped Share Weighted Index	2018/10/31	906 677 907.42	7.1%	5.4%	11.2%	0.0%	-	-	3.6%	
				5.5%	11.5%	0.6%	-	-	3.7%	
				-0.1%	-0.2%	-0.5%	-	-	-0.1%	
Equity Incubation	Mianza Equity JSE Capped Share Weighted Index	2018/10/31	496 420 444.38	3.9%	5.7%	13.0%	-1.4%	-	-	3.5%
					5.5%	11.5%	0.6%	-	-	3.7%
					0.2%	1.5%	-1.9%	-	-	-0.3%
Balondolozzi Equity JSE Capped Share Weighted Index	2018/10/31	509 623 023.83	4.0%	6.0%	9.6%	1.6%	-	-	3.6%	
				5.5%	11.5%	0.6%	-	-	3.7%	
				0.5%	-1.9%	1.0%	-	-	-0.2%	
Protected Equity	Mergence Structured Product JSE All Share Index Top 40	2020/02/29	673 955 521.91	5.3%	5.5%	9.5%	-	-	-	22.7%
					3.8%	8.7%	-	-	-	8.6%
					1.7%	0.8%	-	-	-	14.1%

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	970 893 590.25	7.6%	2.5%	7.7%	7.9%	9.4%	11.2%	11.0%
					2.4%	6.7%	8.7%	8.9%	10.4%	8.9%
					0.0%	0.9%	-0.8%	0.6%	0.7%	2.0%
	Stanlib Bond All Bond Index	2008/08/31	368 182 040.49	2.9%	2.6%	7.7%	9.9%	9.5%	11.3%	9.7%
2.4%					6.7%	8.7%	8.9%	10.4%	8.9%	
0.2%					1.0%	1.3%	0.6%	0.9%	0.8%	
Property	Direct Property NO BENCHMARK	2008/08/31	159 700 023.25	1.3%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	Meago Property Listed Property	2012/08/31	307 183 068.60	2.4%	14.6%	22.1%	-34.0%	-20.4%	-7.9%	0.6%
13.7%					22.2%	-34.5%	-19.6%	-7.7%	-0.1%	
					0.9%	-0.1%	0.5%	-0.9%	-0.2%	0.8%
Money Market	Sanlam Cash STEFI Composite	2010/09/30	182 700 445.13	1.4%	0.2%	0.4%	5.5%	7.6%	8.2%	7.5%
					0.3%	1.0%	5.4%	6.6%	7.0%	6.4%
					-0.1%	-0.5%	0.1%	0.9%	1.3%	1.1%
	Transition Account	2009/02/28	3 211 620.75	0.0%	-	-	-	-	-	-
-					-	-	-	-	-	
-					-	-	-	-	-	
Money Market Incubation	Cartesian Capital Money Market STEFI Composite	2018/10/31	171 289 454.88	1.3%	0.4%	1.3%	5.8%	-	-	6.2%
					0.3%	1.0%	5.4%	-	-	6.4%
					0.1%	0.4%	0.4%	-	-	-0.2%
Alternatives	Mayibentsha Focused CPI + 4.5%	2011/07/31	500 295 297.09	3.9%	2.5%	6.7%	13.6%	8.2%	4.7%	7.8%
					0.4%	1.5%	7.7%	8.5%	9.1%	9.5%
					2.1%	5.2%	6.0%	-0.2%	-4.4%	-1.7%
	Mayibentsha Market Neutral CPI + 2.5%	2011/07/31	432 918 337.88	3.4%	0.4%	2.7%	9.1%	8.1%	7.2%	7.7%
					0.2%	1.0%	5.7%	6.5%	7.1%	7.5%
					0.2%	1.6%	3.5%	1.6%	0.0%	0.2%
Mayibentsha Moderate CPI + 3.5%	2008/08/31	336 557 446.96	2.6%	1.6%	4.8%	13.1%	9.0%	6.7%	8.6%	
				0.3%	1.3%	6.7%	7.5%	8.1%	8.4%	
				1.3%	3.5%	6.4%	1.6%	-1.4%	0.2%	

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
Alternatives Incubation	Terebinth Capital STEFI	2020/01/31	57 221 267.39	0.5%	-0.5%	7.1%	-	-	-	14.4%
					0.3%	1.0%	-	-	-	4.8%
					-0.8%	6.1%	-	-	-	9.7%
	Sampada Private Equity	2015/09/30	235 716 682.18	1.9%	-	-	-	-	-	-
	NO BENCHMARK				-	-	-	-	-	-
					-	-	-	-	-	-
Africa	Sampada Private Equity 2	2019/01/31	285 211 302.84	2.2%	-	-	-	-	-	-
	NO BENCHMARK				-	-	-	-	-	-
					-	-	-	-	-	-
	Legacy Africa	2020/01/31	153 382 307.08	1.2%	-	-	-	-	-	-
	Hurdle Rate				-	-	-	-	-	-
					-	-	-	-	-	-
International	Tamela Capital	2020/01/31	-	0.0%	-	-	-	-	-	-
	NO BENCHMARK				-	-	-	-	-	-
					-	-	-	-	-	-
	Boxwood Property Fund	2020/03/31	39 868 838.27	0.3%	-	-	-	-	-	-
	Hurdle Rate (CPI +3%)				-	-	-	-	-	-
					-	-	-	-	-	-
Africa	Summit Africa	2019/11/30	52 789 012.94	0.4%	-	-	-	-	-	-
	Hurdle Rate (CPI +5%)				-	-	-	-	-	-
					-	-	-	-	-	-
Africa	Novare Africa Property Fund 1	2010/07/31	348 024 284.46	2.7%	-	-	-	-	-	-
	10% in USD				-	-	-	-	-	-
					-	-	-	-	-	-
Africa	Novare Africa Property Fund 2	2014/07/31	113 790 146.31	0.9%	-	-	-	-	-	-
	10% in USD				-	-	-	-	-	-
					-	-	-	-	-	-
International	Novare Global Balanced	2008/08/31	3 480 724 024.92	27.4%	-1.8%	-5.2%	11.0%	8.6%	4.9%	11.0%
	60% Equity / 40% Bonds				-2.1%	-3.9%	18.5%	13.9%	7.1%	10.8%
					0.3%	-1.2%	-7.6%	-5.3%	-2.2%	0.1%
			12 702 805 277	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 Moderate	Pensioner	Total Fund
Equity	All Weather Equity	304 044 952.1	121 038 666.7	1 512 351.7	66 165 865.1	492 761 835.6
	Aluwani Capital Equity	450 420 435.7	157 453 787.2	1 492 330.1	21 214 270.0	630 580 823.0
	Argon Equity	239 815 500.5	116 033 099.5	1 486 962.2	21 136 601.0	378 472 163.2
	Balondolozzi Equity	371 101 465.6	110 465 949.3	1 491 763.0	26 563 846.0	509 623 023.8
	Mianzo Equity	357 912 198.9	23 976 943.4	1 538 109.4	112 993 192.7	496 420 444.4
	Satrix Equity	277 164 775.0	26 759 129.3	1 523 987.3	109 206 474.7	414 654 366.2
Protected Equity	Vunani Equity	719 794 059.1	21 567 198.3	16 496 953.4	148 819 696.6	906 677 907.4
	Mergence Structured Product	485 034 437.8	83 989 194.1	14 127 206.7	90 804 683.3	673 955 521.9
Fixed Income	Futuregrowth Infrastructure Bond	759 146 725.7	90 000 378.3	36 480 770.7	85 265 715.6	970 893 590.3
	Stanlib Bond	272 308 625.7	27 134 895.3	34 294 557.4	34 443 962.1	368 182 040.5
Property	Direct Property	127 317 543.5			32 382 479.8	159 700 023.3
	Meago Property	172 575 102.3	95 262 963.0		39 345 003.3	307 183 068.6
Money Market	Cartesian Capital Money Market	63 481 529.3	24 787 407.3	57 803 995.2	25 216 523.0	171 289 454.9
	Sanlam Cash	5 126 483.6	3 122 497.5	48 587 710.4	125 863 753.8	182 700 445.1
	Transition Account	3 211 620.8				3 211 620.8
Alternatives	Mayibentsha Focused	367 816 059.5	57 961 436.5	7 466 393.4	67 051 407.6	500 295 297.1
	Mayibentsha Market Neutral	315 352 426.8	50 291 003.4	7 250 374.9	60 024 532.7	432 918 337.9
	Mayibentsha Moderate	210 023 949.5	57 242 404.1	7 359 098.1	61 931 995.3	336 557 447.0
	Terebinth Capital	44 512 572.3	1 440 842.4	7 336 796.1	3 931 056.6	57 221 267.4
	Tamela Capital	-	-			-
	Legacy Africa	138 415 200.0	4 429 866.5		10 537 240.6	153 382 307.1
	Sampada Private Equity	183 238 809.1	22 271 551.7		30 206 321.4	235 716 682.2
	Sampada Private Equity 2	217 884 846.9	29 579 243.8		37 747 212.2	285 211 302.8
	Boxwood Property Fund	36 545 198.3	443 189.9		2 880 450.1	39 868 838.3
	Summit Africa	23 529 517.2	15 694 654.6		13 564 841.1	52 789 012.9
Africa	Novare Africa Property Fund 1	259 747 985.1	38 877 095.8		49 399 203.5	348 024 284.5
	Novare Africa Property Fund 2	82 217 959.5	15 317 016.8		16 255 170.0	113 790 146.3
International	Novare Global Balanced	2 513 100 689.0	443 280 869.2	50 868 070.4	473 474 396.4	3 480 724 024.9
Total Fund		9 000 840 668.6	1 638 421 284.0	297 117 430.3	1 766 425 894.3	12 702 805 277.2

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

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

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