



**NOVARE**<sup>®</sup>  
actuaries & consultants

| **Monthly Report** |

**SALA Pension Fund**

November 2022

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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 1<sup>st</sup> 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 + 4.75%

The objective of the DC Growth Portfolio represents the inflation target of CPI + 4.75%

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 + 4.75%

## BENCHMARK

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

<b>Asset Class</b>	<b>Allocation</b>	<b>Benchmark</b>
<b>Domestic Equities</b>	25%	Capped SWIX
<b>Domestic Protected Equities</b>	5%	JSE TOP 40
<b>Domestic Fixed Income</b>	7.5%	ALBI
<b>Domestic Property</b>	3.5%	SA Listed Property
<b>Domestic Money Market</b>	6.5%	STeFI Composite Index
<b>Domestic Alternatives</b>	15%	CPI + 3.5%
<b>Africa</b>	3.5%	Actual Fund Returns
<b>International</b>	34%	82.5% MSCI World Equity/ 12.5% Barclays Global AGB/ 5% GRP 250 REIT World

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

<b>Asset Class</b>	<b>Allocation</b>	<b>Benchmark</b>
<b>Domestic Equities</b>	27.5%	Capped SWIX
<b>Domestic Protected Equities</b>	5%	JSE TOP 40
<b>Domestic Fixed Income</b>	7.5%	ALBI
<b>Domestic Property</b>	5%	SA Listed Property
<b>Domestic Money Market</b>	2.5%	STeFI Composite Index
<b>Domestic Alternatives</b>	15%	CPI + 3.5%
<b>Africa</b>	3.5%	Actual Fund Returns
<b>International</b>	34%	82.5% MSCI World Equity/ 12.5% Barclays Global AGB/ 5% GRP 250 REIT World



# REPORT OVERVIEW

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

Asset Class	Allocation	Benchmark
Domestic Equities	25%	Capped SWIX
Domestic Protected Equities	5%	JSE TOP 40
Domestic Fixed Income	7.5%	ALBI
Domestic Property	3.5%	SA Listed Property
Domestic Money Market	6.5%	STeFI Composite Index
Domestic Alternatives	15%	CPI + 3.5%
Africa	3.5%	Actual Fund Returns
International	34%	82.5% MSCI World Equity/ Barclays Global AGB/ 5% GRP 250 REIT World

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

Asset Class	Allocation	Benchmark
Domestic Equities	5%	Capped SWIX
Domestic Protected Equities	7.5%	JSE TOP 40
Domestic Fixed Income	25%	ALBI
Domestic Money Market	35%	STeFI Composite Index
Domestic Alternatives	12.5%	CPI + 3.5%
International	15%	82.5% MSCI World Equity/ Barclays Global AGB/ 5% GRP 250 REIT World

## TACTICAL LIMITS

DB Portfolio

Asset Class	Lower limit	Upper limit
Domestic Equities	12.5%	45%
Domestic Fixed Income	0%	20%
Domestic Property	0%	15%
Domestic Money Market	0%	60%
Domestic Alternatives	10%	20%
Africa	0%	5%
International	25%	45%

DC Growth

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

Pensioner Portfolio

Asset Class	Lower limit	Upper limit
Domestic Equities	12.5%	45%
Domestic Fixed Income	0%	20%
Domestic Property	0%	15%
Domestic Money Market	0%	60%
Domestic Alternatives	10%	20%
Africa	0%	5%
International	25%	45%

DC Moderate

Asset Class	Lower limit	Upper limit
Domestic Equities	7.5%	25%
Domestic Fixed Income	15%	35%
Domestic Property	0%	10%
Domestic Money Market	15%	60%
Domestic Alternatives	0%	20%
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



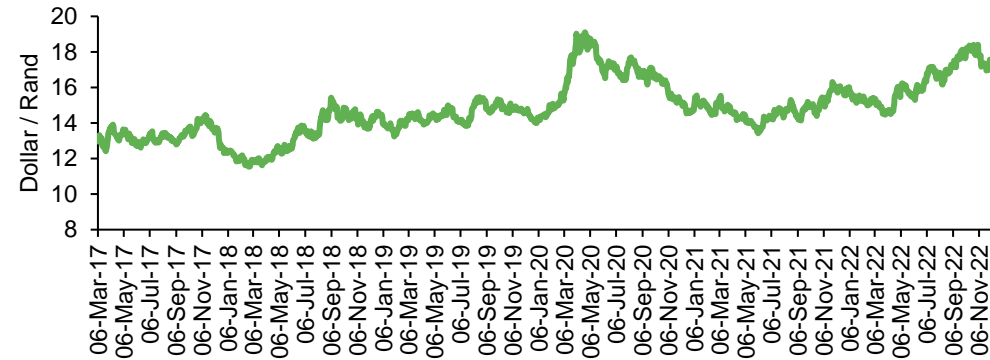
On the local front the Absa manufacturing PMI increased to 52,6 from 50 in October. The headline figure was primarily driven by a sharp rebound in new sales orders which had fallen in September due to intense load-shedding.

Respondents reported increased export sales compared to October, which was marred by strikes. Although business activity increased in November, it remained below the neutral mark of 50.

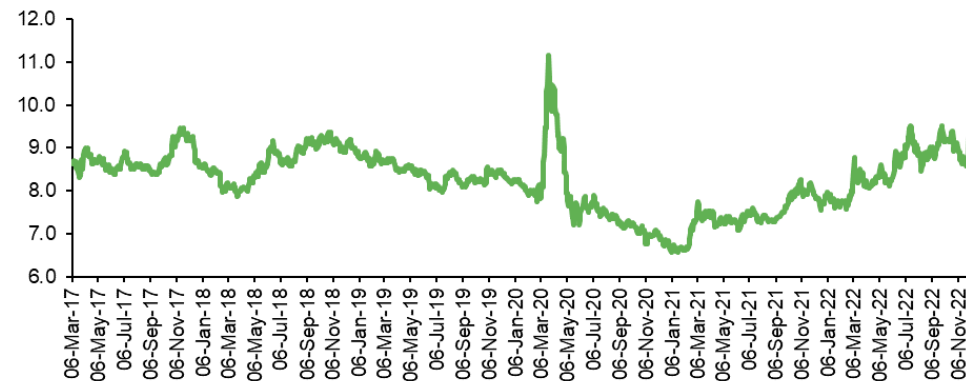
The total returns for South African stocks were positive for a second consecutive month, despite the fact that electricity shortages are now a constant component of the operational environment in South Africa.

November's sole negative sector was healthcare, which posted a -6.26 percent m/m return. The basic materials industry yielded a return of 16.65% m/m.

### Rand



### S.A. 10-Year Government Benchmark Yield

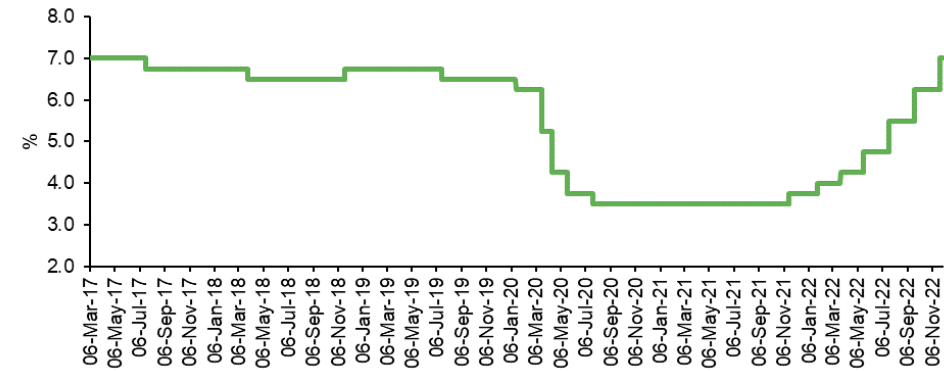


# DOMESTIC MARKET VIEW

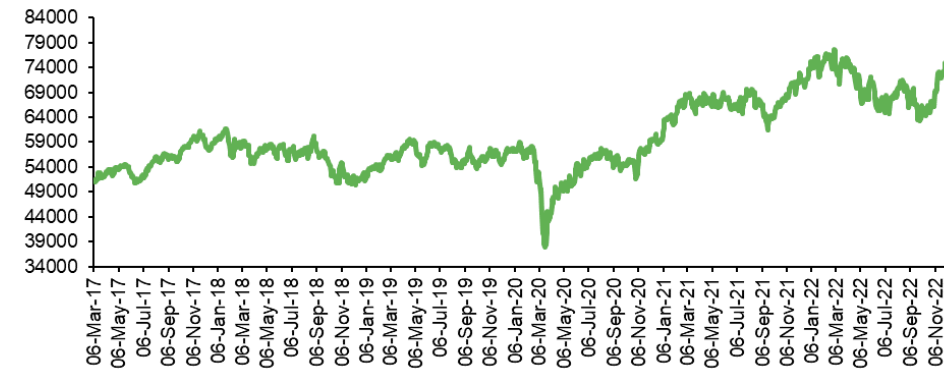
The SARB followed the FED's direction and once again hiked rates by 75bps. The 3-m JIBAR rate subsequently increased by 68 basis points to conclude the month at 7.20%, while the 12-m JIBAR rate increased by 14 basis points to 8.53%.

In the past year, these rates have increased by 333bp and 313bp, respectively.

### Repo Rate



### FTSE/JSE All Share Index



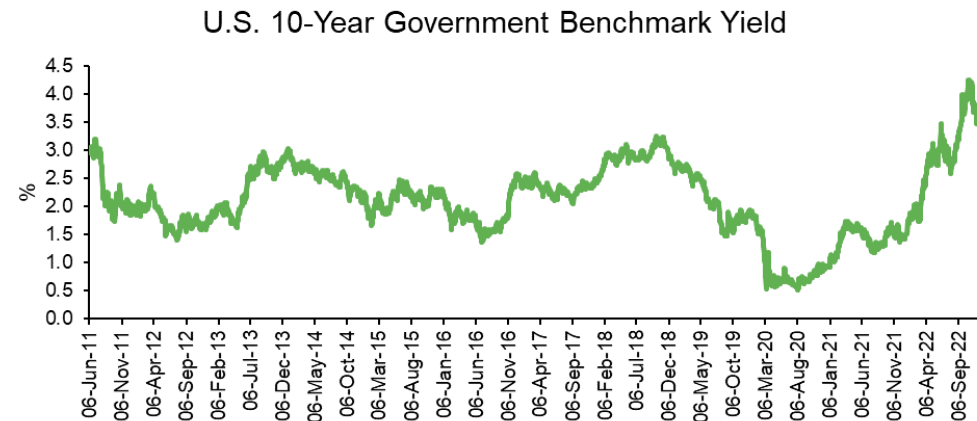
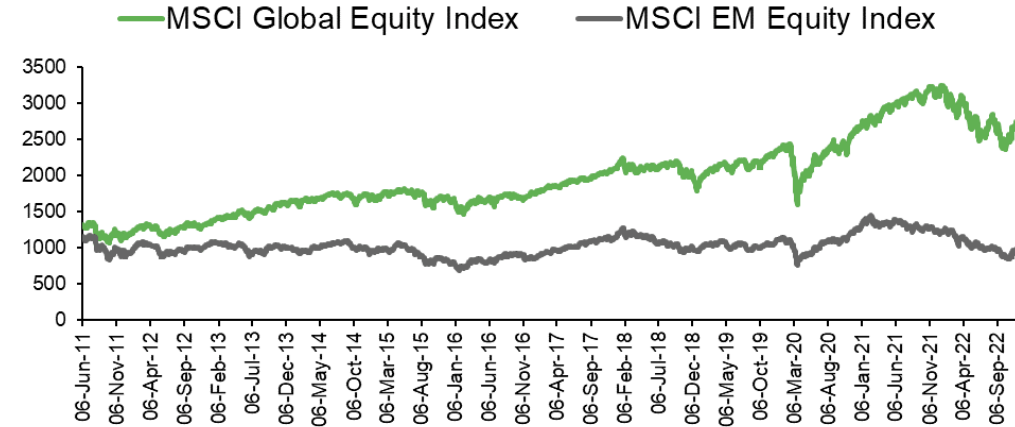


# INTERNATIONAL MARKET VIEW

The rebound in equity markets from October's lows continued during November, with developed market equities rising 7% and emerging market equities gaining nearly 15%. The bond market also had a solid month, as rates in the United States and Europe fell substantially, resulting in a 4.7% increase for the Global Aggregate Bond index.

At the beginning of November, investors were mostly concerned about inflation and additional central bank tightening as Central banks followed through with another round of substantial interest rate hikes. The Federal Reserve (Fed) and the Bank of England (BoE) both increased their policy rates by 75 basis points (bps) to 4.0 percent and 3.0 percent, respectively. Nonetheless, despite challenges from tighter monetary policy, investor confidence improved dramatically with the release of October US inflation data.

The 7.7% year-on-year (y/y) increase was below market estimates, fueling optimism that US inflation has peaked and may be less persistent than initially thought. The possibility that decreasing inflation could signal the end of the rate-hiking cycle boosted both stocks and bonds.



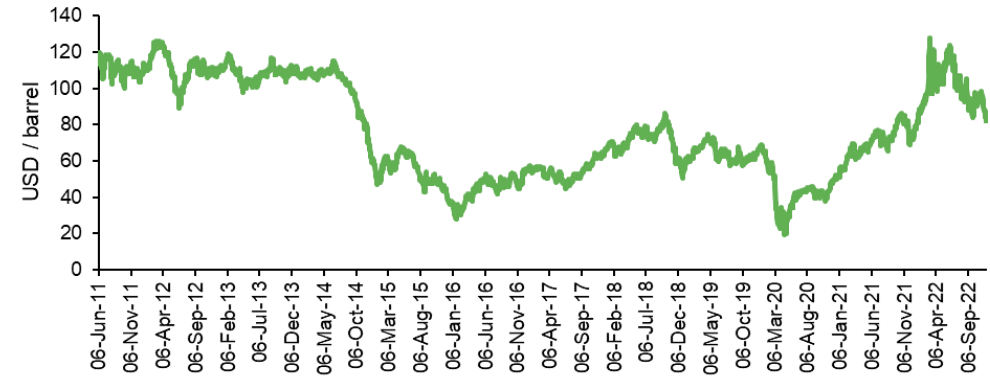


# INTERNATIONAL MARKET VIEW

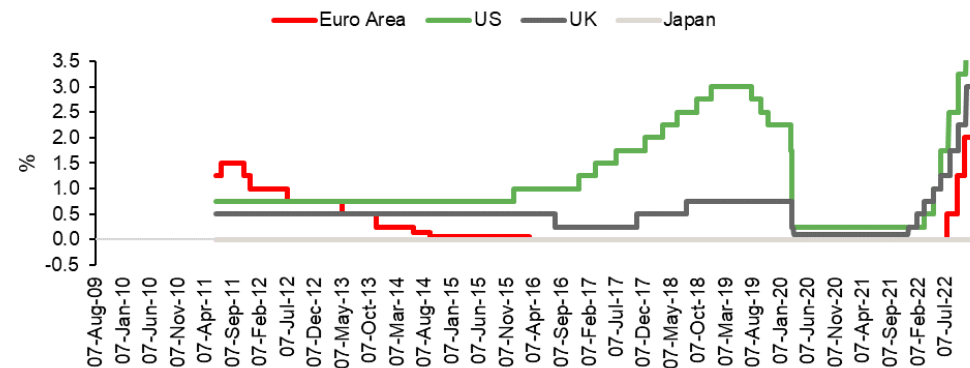
In China, policymakers have introduced a relaxation of some control measures and expanded their efforts to vaccinate a greater proportion of the elderly, rekindling expectations that the country is gradually moving away from its zero-Covid policy.

While an announcement of a complete halt to zero-Covid does not appear imminent, it did spark a turnaround in the performance of Asian and emerging market stocks in November. A robust revival in Chinese demand would benefit not only China, but also the region's other key trading partners.

### OIL (BRENT)



### G4 Policy Rates



# TACTICAL ASSET ALLOCATION

## RSA BONDS

The “Farmgate” saga triggered a sharp sell off with yields spiking up to 11.10%. The losses however retraced and moderated to a fair value range of between 10.50% - 11.00%.

The SA bond market delivered an average but positive return with the 10-year yield falling by 55bp, to 10.8%. Fixed-rate bonds/ALBI delivered (3.9%) and Inflation-linked bonds were the laggard at (0.6%). We continue to remain on weight RSA Bonds.

## RSA PROPERTY, ALTERNATIVES AND CASH

During November, listed property experienced its second consecutive positive month ending up at 6.32%. Sector fundamentals remain challenging but continue to improve. Rental growth will remain under pressure for some time given excess supply, particularly in the office sector. However, demand and supply dynamics in industrial and office continue to move in the investors/ landlord's favour.

We will be looking to increase our allocation to the asset class as we see some signs of normality returning to the local macro environment and on a basis of probability see more upside than downside risk. The SARBs rate hiking cycle also does not warrant an increase in our allocation now.

## RSA MONEY MARKET

During Q3-22, the 3-month Johannesburg Interbank Average Rate (Jibar) tracked the repo rate higher, increasing by 1.46% to 6.47%. The SARB followed the FED's direction and once again hiked rates by 75bps. The 3-m JIBAR rate subsequently increased by 68 basis points to conclude the month at 7.20%, while the 12-m JIBAR rate increased by 14 basis points to 8.53%. In the past year, these rates have increased by 333bp and 313bp, respectively. Cash remains the balancing item.

## RSA EQUITIES

On the local front the Absa manufacturing PMI increased to 52,6 from 50 in October. The headline figure was primarily driven by a sharp rebound in new sales orders which had fallen in September due to intense load-shedding. Respondents reported increased export sales compared to October, which was marred by strikes. Although business activity increased in November, it remained below the neutral mark of 50.

The total returns for South African stocks were positive for a second consecutive month with the ALSI delivering a strong 12.33%, despite the fact that electricity shortages are now a constant component of the operational environment in South Africa. November's sole negative sector was healthcare, which posted a -6.26% m/m return. The basic materials industry yielded a return of 16.65% m/m.

## INTERNATIONAL

The rebound in equity markets from October's lows continued during November, with developed market equities rising 7% and emerging market equities gaining nearly 15%. The bond market also had a solid month, as rates in the United States and Europe fell substantially, resulting in a 4.7% increase for the Global Aggregate Bond index.

At the beginning of November, investors were mostly concerned about inflation and additional central bank tightening as Central banks followed through with another round of substantial interest rate hikes. The Federal Reserve (FED) and the Bank of England (BoE) both increased their policy rates by 75 basis points (bps) to 4.0 percent and 3.0 percent, respectively.

Nonetheless, despite challenges from tighter monetary policy, investor confidence improved dramatically with the release of October US inflation data. The 7.7% year-on-year (y/y) increase was below market estimates, fuelling optimism that US inflation has peaked and may be less persistent than initially thought. The possibility that decreasing inflation could signal the end of the rate-hiking cycle boosted both stocks and bonds.

In China, policymakers have introduced a relaxation of some control measures and expanded their efforts to vaccinate a greater proportion of the elderly, rekindling expectations that the country is gradually moving away from its zero-Covid policy. While an announcement of a complete halt to zero-Covid does not appear imminent, it did spark a turnaround in the

performance of Asian and emerging market stocks in November. A robust revival in Chinese demand would benefit not only China, but also the region's other key trading partners.

NOVARE HOUSE VIEW: November 2022					
TACTICAL POSITIONING*					
	UNDER-WEIGHT	← ON-WEIGHT →	OVER-WEIGHT		PREVIOUS
<b>DOMESTIC</b>	Under-weight				
Equities	95%				90%
Bonds		100%			95%
Property	95%				85%
Alternatives		100%			100%
Cash		Balancing			100%
<b>OFFSHORE</b>			120%		120%
Equities	90%				80%
Bonds	80%				70%
Property	90%				
Alternatives				125%	
<b>AFRICA</b>		100%			100%

\* positioning is as a % of strategic asset allocation

### Summary:

Novare remains underweight domestic equities, domestic property and onweight domestic bonds: 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
<b>MSCI All Countries Equity</b>	7.8%	3.4%	-14.6%	-11.2%	7.1%	6.9%
<b>MSCI Emerging Markets</b>	14.8%	-1.7%	-18.6%	-17.1%	0.5%	0.0%
<b>Global Bonds (R)</b>	-1.8%	-0.8%	-10.1%	-9.9%	0.8%	3.0%

Commodity Prices	1 month	3 months	YTD	12 months	3 Years	5 Years
<b>Brent Oil (USD/Barrel)</b>	-6.3%	-9.1%	11.8%	25.6%	11.7%	6.8%
<b>Platinum (USD/oz)</b>	8.9%	19.4%	5.1%	6.8%	4.4%	1.6%
<b>Gold (USD/oz)</b>	7.2%	2.3%	-3.8%	-1.9%	6.5%	6.7%

Asset Allocation (Rand)	1 month	3 months	YTD	12 months	3 Year	5 Years
Domestic Equities	12.3%	13.0%	6.0%	11.1%	14.8%	8.4%
Domestic Bonds	3.9%	2.8%	3.6%	6.4%	7.5%	8.9%
Domestic Cash	0.5%	1.5%	4.6%	5.0%	4.8%	5.8%
Domestic Property	6.3%	10.6%	-0.6%	7.2%	-4.4%	-6.7%
International Equity	0.4%	4.7%	-7.3%	-2.9%	14.0%	13.0%
International Bonds	-1.8%	-0.8%	-10.1%	-9.9%	0.8%	3.0%
Exchange rate (R / \$)	-6.2%	0.6%	8.0%	8.4%	5.5%	4.7%

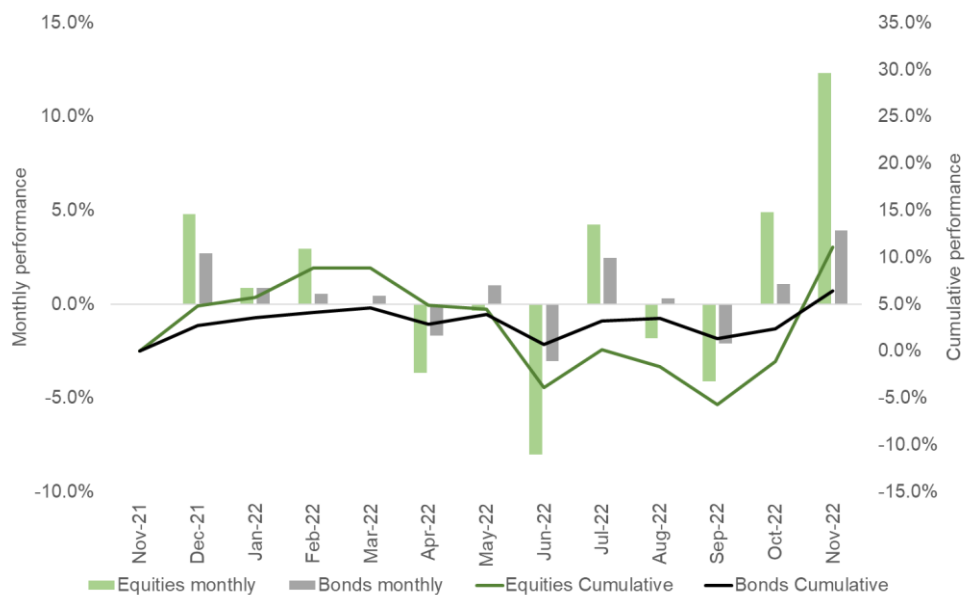
Scale:

Best performing asset class

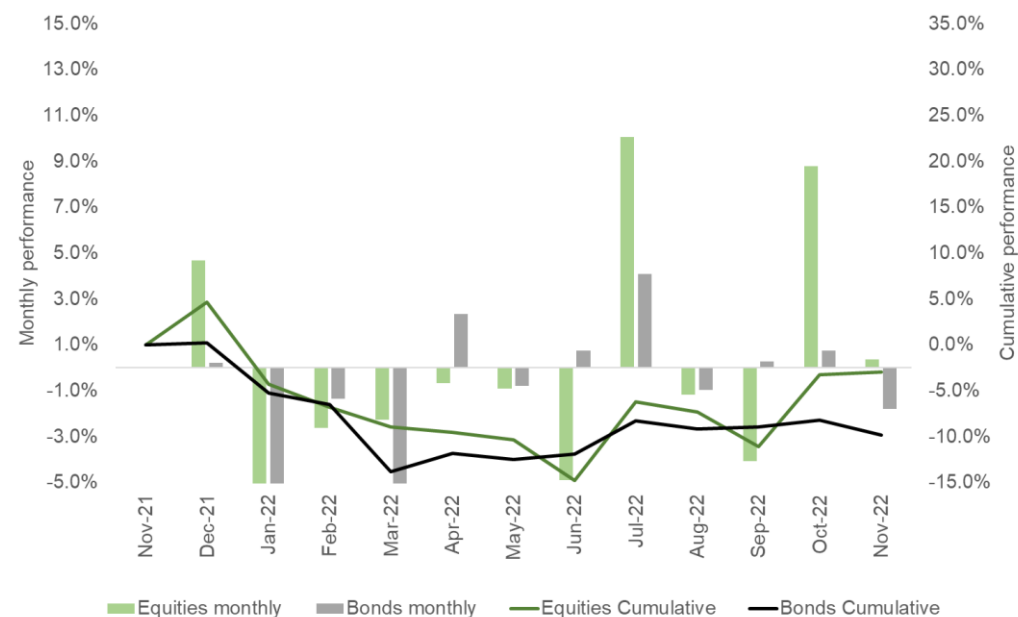
Worst performing asset class



Domestic Markets (R) over the last 12 months



International Markets over the last 12 months



## Section B

Fund Overview

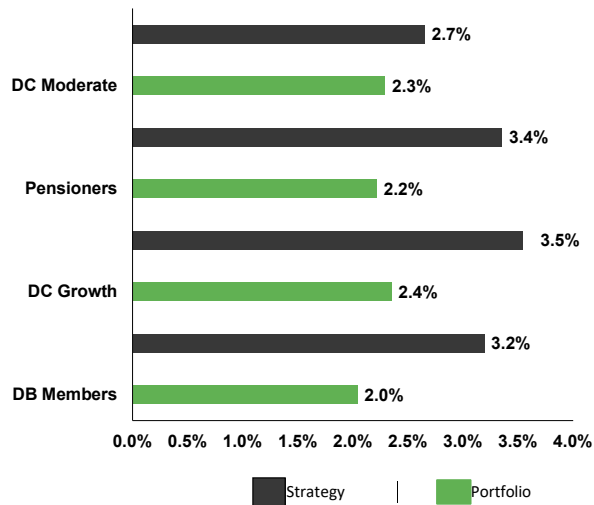


# EXECUTIVE SUMMARY

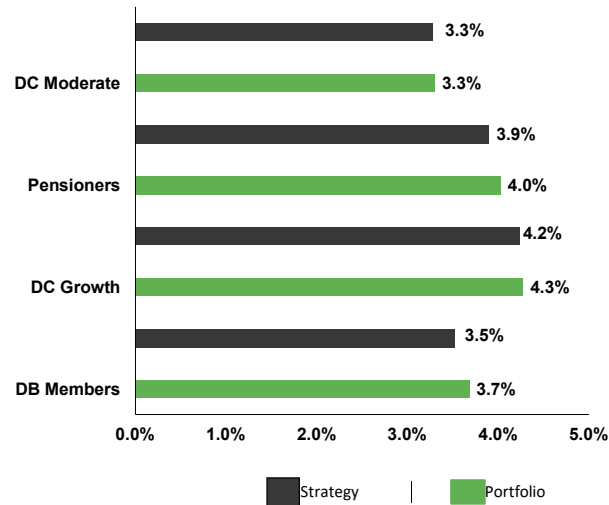
## SHORT TERM RETURNS VERSUS STRATEGIES



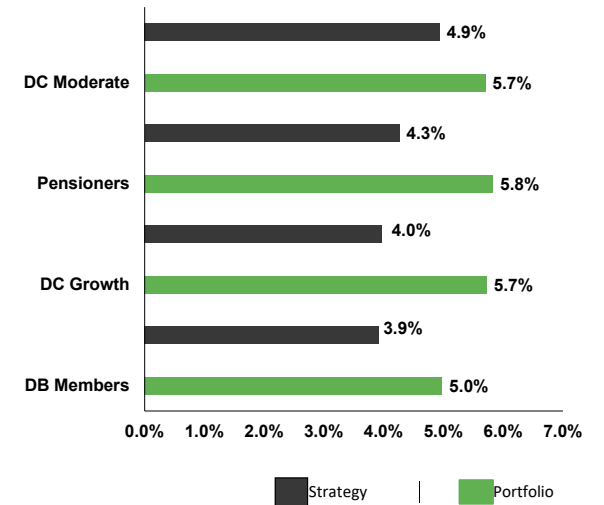
Monthly Return for November 2022



3 Months Return up to November 2022



1 Year Return up to November 2022





# PORTFOLIO MARKET VALUES AND SHORT TERM RETURNS

The below sets out the portfolio returns of the funds over the short term periods in comparison with their respective strategies.

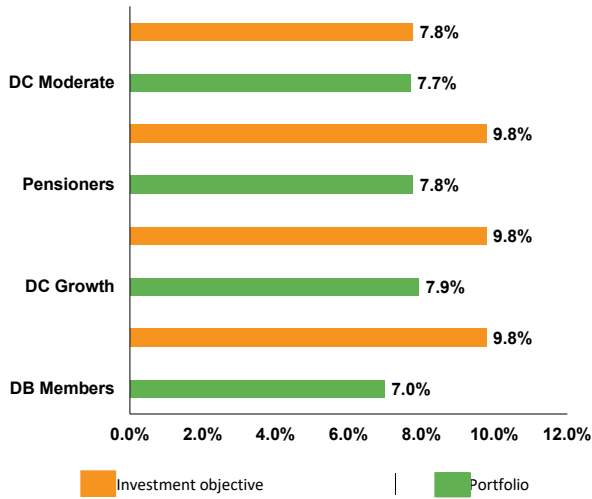
	Market value (R)	Weight (%)	1 month (%)	3 months (%)	YTD (%)	12 months (%)
DB Members Strategy	8 321 274 704	66.2%	2.0%	3.7%	1.8%	5.0%
			3.2%	3.5%	1.0%	3.9%
			-1.2%	0.2%	0.8%	1.1%
DC Growth Strategy	2 213 162 747	17.6%	2.4%	4.3%	2.0%	5.7%
			3.5%	4.2%	0.5%	4.0%
			-1.2%	0.0%	1.4%	1.8%
DC Moderate Strategy	350 069 278	2.8%	2.3%	3.3%	3.0%	5.7%
			2.7%	3.3%	2.9%	4.9%
			-0.4%	0.0%	0.1%	0.8%
Pensioner Strategy	1 693 319 000	13.5%	2.2%	4.0%	2.6%	5.8%
			3.4%	3.9%	1.4%	4.3%
			-1.1%	0.1%	1.2%	1.6%
	12 577 825 729	100%				

# EXECUTIVE SUMMARY

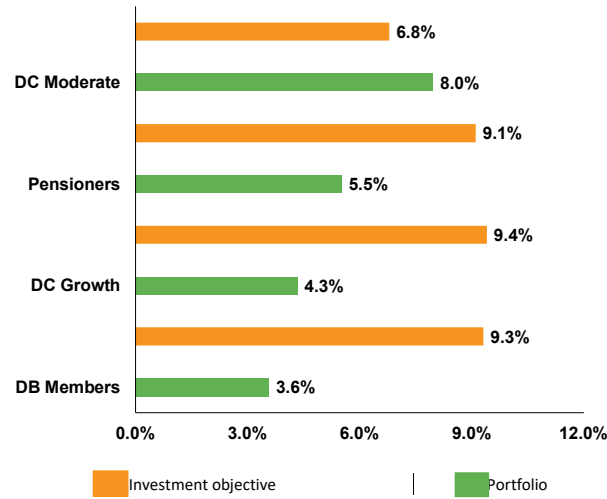
## LONG TERM RETURNS VERSUS OBJECTIVES



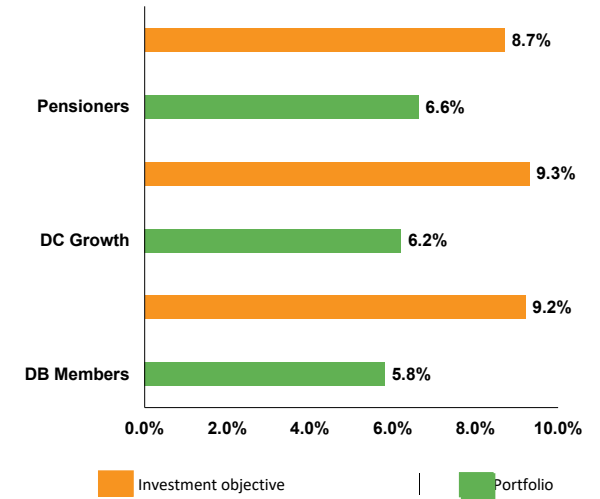
3 Year Return up to November 2022



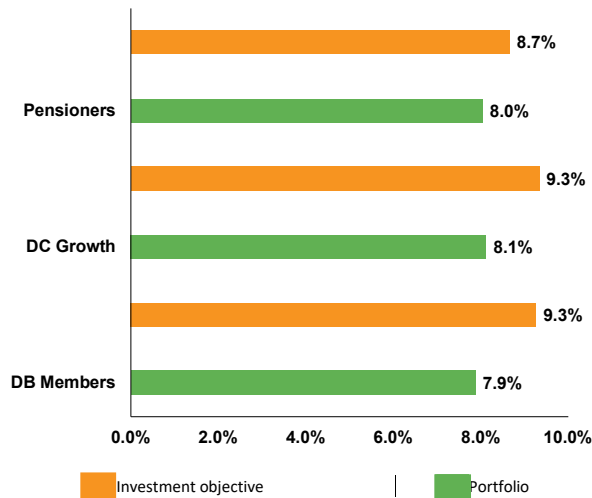
5 Year Return up to November 2022



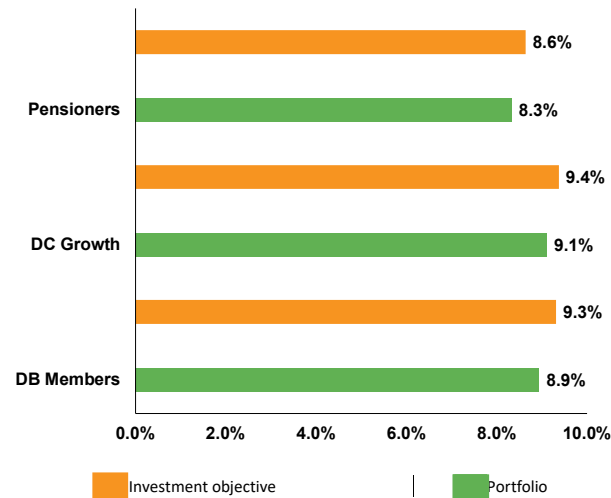
8 Year Return up to November 2022



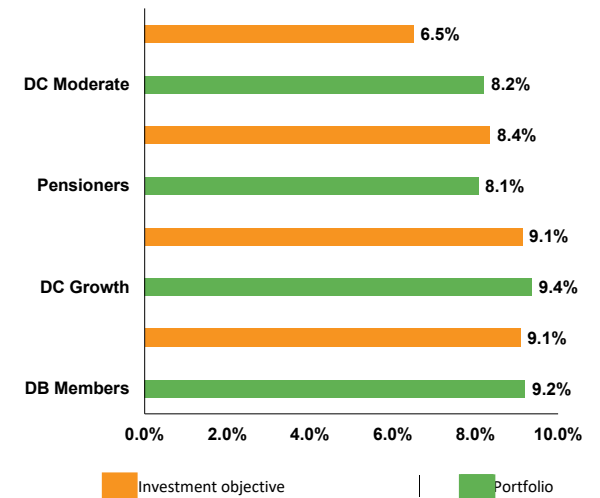
10 Year Return up to November 2022



12 Year Return up to November 2022



Returns Since Inception



# PORTFOLIO MARKET VALUES AND LONG TERM RETURNS

The below sets out the portfolio returns of the funds over the long term periods in comparison with their respective investment objectives.

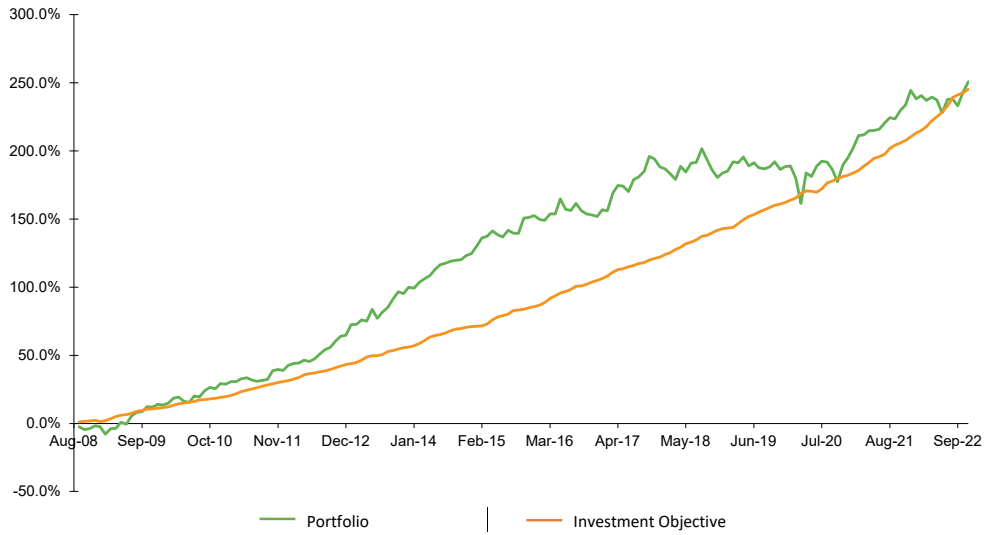
	Market value (R)	Weight (%)	3 years (% p.a.)	5 years (% p.a.)	8 years (% p.a.)	10 years (% p.a.)	12 years (% p.a.)	Since Inception
<b>DB Members Objective</b>	8 321 274 704	66.2%	7.0% 9.8% -2.8%	3.6% 9.3% -5.7%	5.8% 9.2% -3.4%	7.9% 9.3% -1.4%	8.9% 9.3% -0.4%	9.2% 9.1% 0.1%
<b>DC Growth Objective</b>	2 213 162 747	17.6%	7.9% 9.8% -1.8%	4.3% 9.4% -5.1%	6.2% 9.3% -3.1%	8.1% 9.3% -1.2%	9.1% 9.4% -0.3%	9.4% 9.1% 0.2%
<b>DC Moderate Objective</b>	350 069 278	2.8%	7.7% 7.8% -0.1%	8.0% 6.8% 1.2%	- - -	- - -	- - -	8.2% 6.5% 1.7%
<b>Pensioner Objective</b>	1 693 319 000	13.5%	7.8% 9.8% -2.0%	5.5% 9.1% -3.6%	6.6% 8.7% -2.1%	8.0% 8.7% -0.6%	8.3% 8.6% -0.3%	8.1% 8.4% -0.3%
	<b>12 577 825 729</b>	<b>100%</b>						



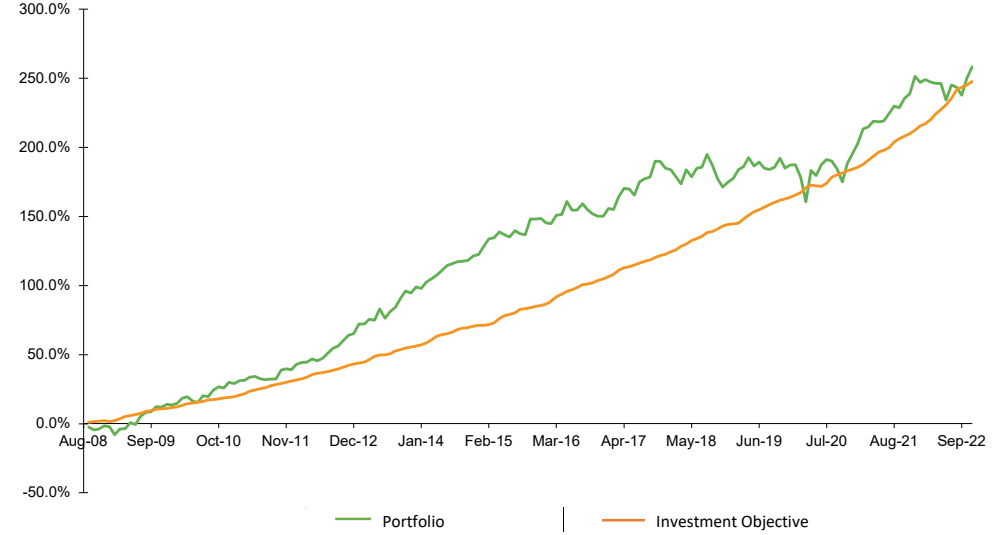
# LONG TERM RETURNS

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.

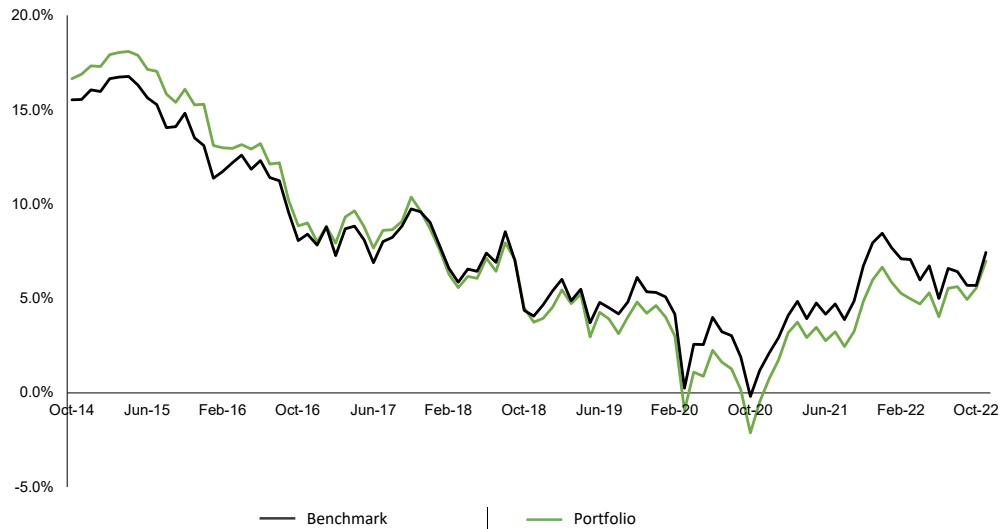
**DB Members - Cumulative return since 30 September 2009**



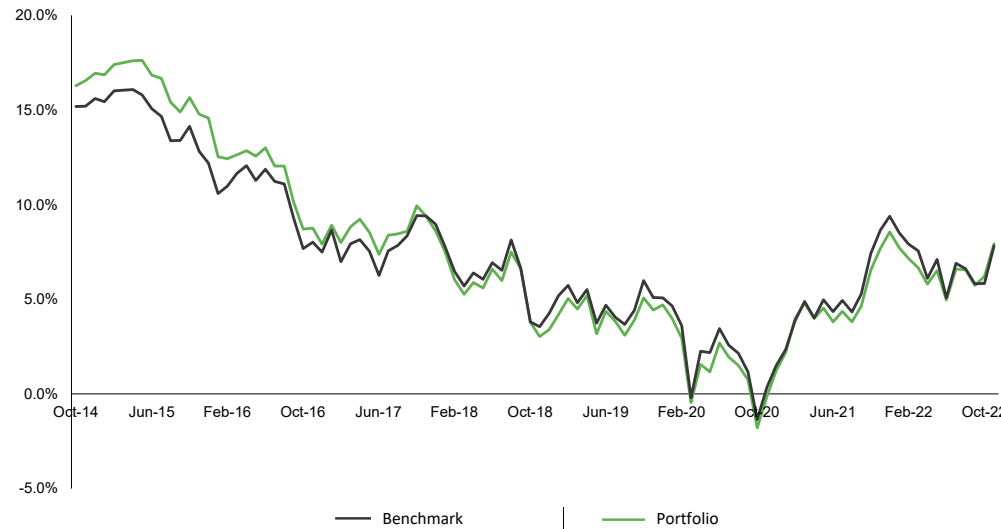
**DC Growth - Cumulative return since 30 September 2009**



**DB Members - 3 Year Rolling Returns**



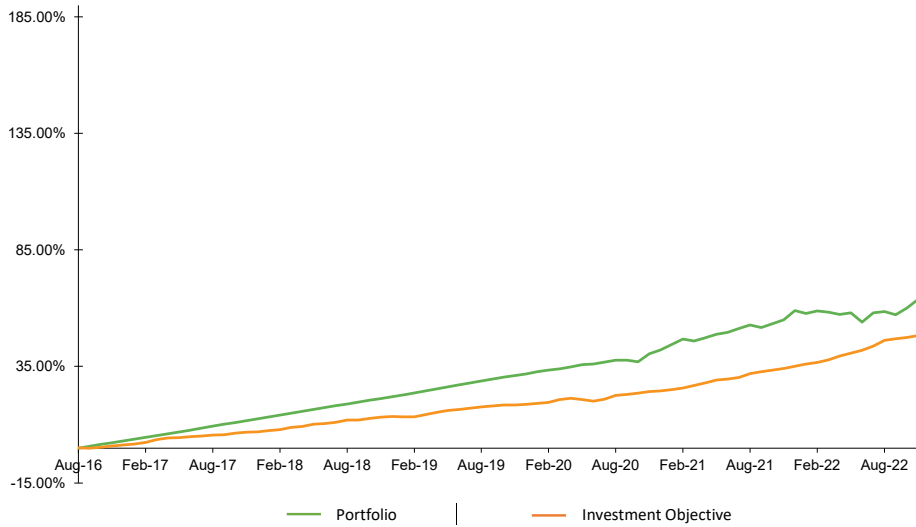
**DC Growth - 3 Year Rolling Returns**



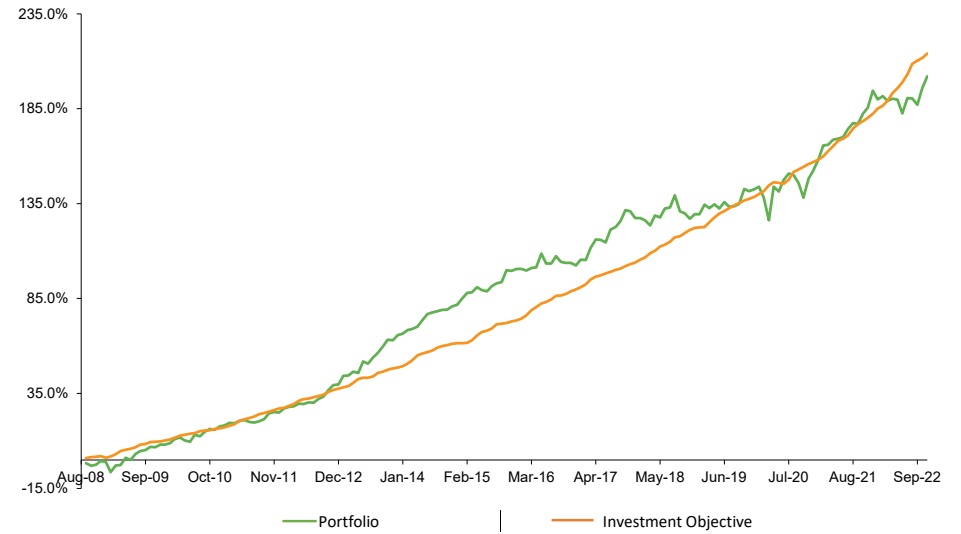
# LONG TERM RETURNS

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 Moderate - Cumulative return since 30 September 2016**



**Pensioner - Cumulative return since 31 August 2008**



**DC Moderate - 1 Year Rolling Returns**



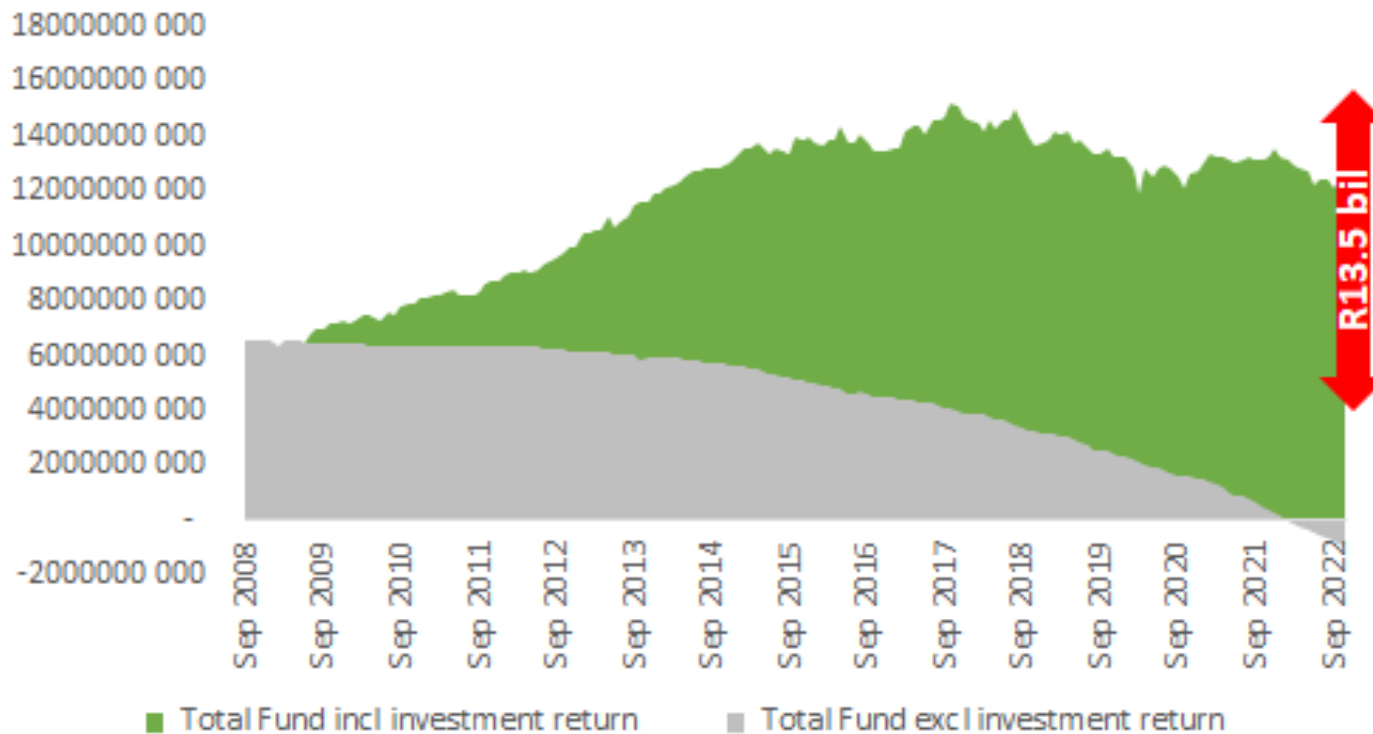
**Pensioner - 3 Year Rolling Returns**



# 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.

## Estimate Value Added through Investment Returns since Inception

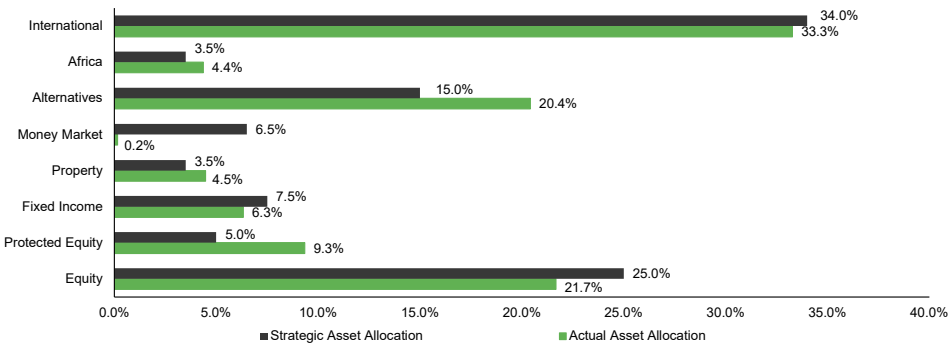




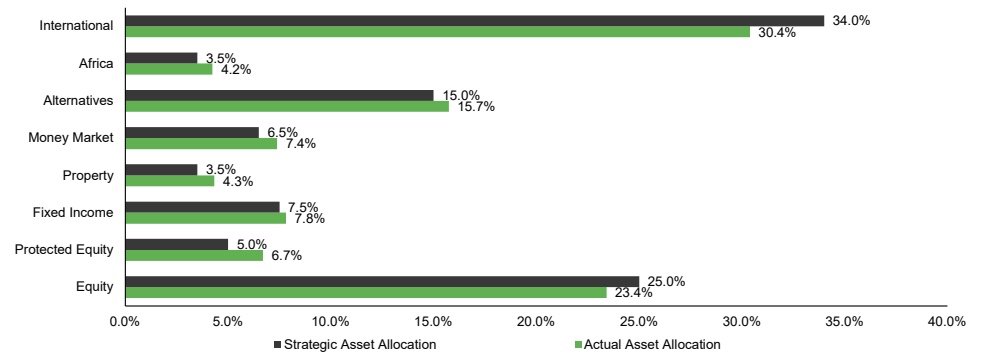
# ASSET ALLOCATION



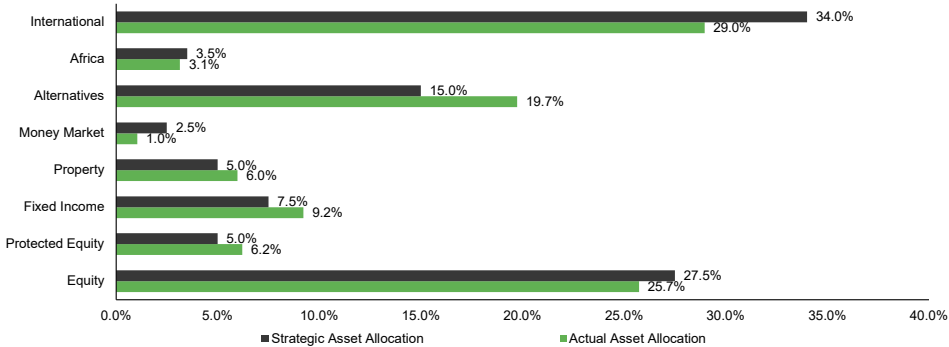
**DB Members**



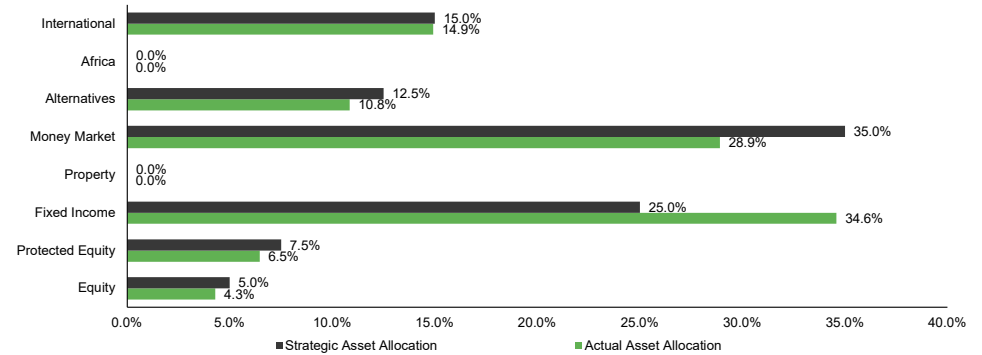
**Pensioner**



**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	<b>All Weather Equity</b>	2018/10/31	490 618 124.79	3.9%	9.7%	12.0%	18.9%	16.8%	-	12.0%
	JSE Capped Share Weighted Index				9.6%	11.0%	12.6%	12.3%	-	10.0%
					0.0%	0.9%	6.2%	4.5%	-	2.0%
	<b>Aluwani Capital Equity</b>	2018/10/31	491 828 700.91	3.9%	9.6%	10.0%	9.5%	10.5%	-	8.9%
	JSE Capped Share Weighted Index				9.6%	11.0%	12.6%	12.3%	-	10.0%
					-0.1%	-1.0%	-3.1%	-1.8%	-	-1.1%
	<b>Argon Equity</b>	2018/10/31	309 933 008.84	2.5%	8.7%	10.7%	15.7%	12.5%	-	10.2%
	JSE Capped Share Weighted Index				9.6%	11.0%	12.6%	12.3%	-	10.0%
				-0.9%	-0.3%	3.1%	0.3%	-	0.1%	
<b>Satrix Equity</b>	2018/10/31	288 647 610.89	2.3%	10.1%	12.0%	13.1%	12.5%	-	10.8%	
JSE Capped Share Weighted Index				9.6%	11.0%	12.6%	12.3%	-	10.0%	
				0.4%	0.9%	0.4%	0.2%	-	0.7%	
<b>Vunani Equity</b>	2018/10/31	259 281 431.98	2.1%	9.8%	11.3%	11.9%	11.6%	-	9.7%	
JSE Capped Share Weighted Index				9.6%	11.0%	12.6%	12.3%	-	10.0%	
				0.2%	0.3%	-0.8%	-0.7%	-	-0.4%	
<b>Mianzo Equity</b>	2018/10/31	523 607 710.06	4.2%	9.5%	10.9%	14.3%	13.6%	-	11.4%	
JSE Capped Share Weighted Index				9.6%	11.0%	12.6%	12.3%	-	10.0%	
				-0.1%	-0.2%	1.6%	1.3%	-	1.4%	
<b>Balondolozzi Equity</b>	2018/10/31	364 262 381.05	2.9%	9.3%	11.0%	15.3%	13.0%	-	10.0%	
JSE Capped Share Weighted Index				9.6%	11.0%	12.6%	12.3%	-	10.0%	
				-0.3%	-0.1%	2.7%	0.7%	-	-0.1%	
Equity Incubation	<b>LIMA Mbeu Equity</b>	2022/07/31	55 292 100.00	0.4%	10.0%	10.8%	-	-	-	10.8%
	JSE Capped Share Weighted Index				9.6%	11.0%	-	-	-	9.6%
					0.3%	-0.3%	-	-	1.2%	
Protected Equity	<b>Mergence Structured Product</b>	2019/11/01	632 622 055.83	5.0%	11.4%	12.1%	9.3%	17.3%	-	16.8%
	JSE All Share Index Top 40				14.2%	12.9%	7.0%	11.6%	-	10.5%
					-2.8%	-0.8%	2.3%	5.7%	-	6.3%
<b>MAC Dynamic Protected Equity</b>	2022/06/01	267 715 638.64	2.1%	7.8%	10.1%	-	-	-	6.6%	
SALA_MAC_Dynamic_Custom 80% DTop, 20% SteFi				11.5%	10.7%	-	-	-	4.6%	
					-3.7%	-0.6%	-	-	2.0%	
Protected Equity Incubation	<b>REGIVE Protected Equity</b>	2022/02/01	150 369 510.00	1.2%	7.8%	7.6%	-	-	-	0.3%
	SALA REGIVE SP Custom				14.2%	12.9%	-	-	-	1.1%
					-6.5%	-5.3%	-	-	-	-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
Fixed Income	<b>Futuregrowth Infrastructure Bond</b> All Bond Index	2008/08/31	793 617 336.32	6.3%	4.3%	2.8%	8.7%	9.1%	10.2%	10.7%
					3.9%	2.8%	6.4%	7.5%	8.9%	8.6%
					0.3%	0.0%	2.3%	1.6%	1.3%	2.1%
	<b>Stanlib Bond</b> All Bond Index	2008/08/31	190 003 903.88	1.5%	4.1%	2.8%	7.7%	8.5%	9.6%	9.4%
					3.9%	2.8%	6.4%	7.5%	8.9%	8.6%
					0.2%	0.0%	1.3%	1.0%	0.7%	0.8%
Property	<b>Direct Property</b> NO BENCHMARK	2008/08/31	159 700 023.25	1.3%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
	<b>Meago Property</b> Listed Property	2012/08/31	418 505 209.30	3.3%	6.3%	10.6%	6.4%	-3.9%	-6.4%	3.7%
					6.3%	10.6%	7.2%	-3.1%	-5.9%	2.9%
					0.0%	0.0%	-0.8%	-0.8%	-0.5%	0.7%
Money Market	<b>Sanlam Cash</b> STEFI Composite	2010/09/30	107 642 145.28	0.9%	0.5%	1.5%	5.7%	5.3%	6.7%	7.1%
					0.5%	1.5%	5.0%	4.8%	5.8%	6.1%
					0.0%	0.1%	0.7%	0.5%	0.9%	1.0%
	<b>Transition Account</b>	2009/02/28	2 389 296.91	0.0%	-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
Money Market Incubation	<b>Cartesian Capital Money Market</b> STEFI Composite	2018/10/31	152 005 121.89	1.2%	0.6%	1.7%	5.2%	5.3%	-	5.6%
					0.5%	1.5%	5.0%	4.8%	-	5.5%
					0.1%	0.2%	0.2%	0.4%	-	0.1%
Alternatives	<b>Mayibentsha Focused</b> CPI + 4.5%	2011/07/31	575 297 292.59	4.6%	2.0%	2.3%	9.6%	11.3%	8.7%	8.2%
					0.7%	1.7%	12.1%	9.8%	9.4%	9.8%
					1.3%	0.5%	-2.5%	1.5%	-0.7%	-1.6%
	<b>Mayibentsha Market Neutral</b> CPI + 2.5%	2011/07/31	475 102 997.75	3.8%	1.5%	1.9%	10.1%	8.9%	8.1%	7.9%
					0.6%	1.3%	10.1%	7.8%	7.4%	7.7%
					0.9%	0.6%	0.0%	1.1%	0.7%	0.1%
<b>Mayibentsha Moderate</b> CPI + 3.5%	2008/08/31	379 610 096.09	3.0%	1.8%	2.2%	9.5%	10.7%	8.7%	8.7%	
				0.7%	1.5%	11.1%	8.8%	8.4%	8.6%	
				1.1%	0.7%	-1.6%	1.9%	0.3%	0.1%	

# 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
Alternatives Incubation	<b>Terebinth Capital</b>	2020/01/31	67 865 156.48	0.5%	0.5%	-1.5%	17.3%	-	-	11.4%
	STEFI				0.5%	1.5%	5.0%	-	-	4.7%
					0.0%	-3.0%	12.3%	-	-	6.7%
	<b>Sampada Private Equity</b>	2015/09/30	250 921 757.85	2.0%	-	-	-	-	-	-
	NO BENCHMARK				-	-	-	-	-	-
					-	-	-	-	-	-
	<b>Sampada Private Equity 2</b>	2019/01/31	301 888 323.73	2.4%	-	-	-	-	-	-
	NO BENCHMARK				-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
Africa	<b>REAL Fund</b>	2022/03/01	10 058 937.73	0.1%	0.0%	0.0%	-	-	-	0.3%
	STEFI				0.5%	1.5%	-	-	-	3.9%
					-0.5%	-1.5%	-	-	-	-3.6%
	<b>Legacy Africa</b>	2020/01/31	181 431 130.54	1.4%	-	-	-	-	-	-
	Hurdle Rate				-	-	-	-	-	-
					-	-	-	-	-	-
	<b>Tamela Capital</b>	2020/01/31	19 594 344.97	0.2%	-	-	-	-	-	-
NO BENCHMARK				-	-	-	-	-	-	
				-	-	-	-	-	-	
Africa	<b>Boxwood Property Fund</b>	2020/03/31	76 788 765.26	0.6%	-	-	-	-	-	-
	Hurdle Rate (CPI +3%)				-	-	-	-	-	-
					-	-	-	-	-	-
	<b>Summit Africa</b>	2019/11/30	101 186 064.04	0.8%	-	-	-	-	-	-
	Hurdle Rate (CPI +5%)				-	-	-	-	-	-
				-	-	-	-	-	-	
International	<b>Novare Africa Property Fund 1</b>	2010/07/31	381 784 886.16	3.0%	-	-	-	-	-	-
	10% in USD				-	-	-	-	-	-
					-	-	-	-	-	-
				-	-	-	-	-	-	
International	<b>Novare Africa Property Fund 2</b>	2014/07/31	122 332 530.27	1.0%	-	-	-	-	-	-
	10% in USD				-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
					-	-	-	-	-	-
International	<b>Novare Global Balanced</b>	2008/08/31	2 996 416 728.51	23.8%	-2.9%	1.1%	-3.3%	5.8%	4.9%	10.1%
	SALA NBAUIS Fund				-1.9%	-3.3%	-11.7%	5.7%	6.6%	9.5%
					-1.0%	4.4%	8.4%	0.1%	-1.7%	0.6%
					-	-	-	-	-	-
International	<b>SALA Global Fund</b>	2022/04/01	979 505 407.37	7.8%	-3.0%	0.2%	-	-	-	1.5%
	SALA Global Fund				0.4%	2.4%	-	-	-	3.8%
					-3.4%	-2.2%	-	-	-	-2.3%
			12 577 825 729	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	264 148 720.0	123 703 907.9	6 487 409.5	96 278 087.5	490 618 124.8	
	Aluwani Capital Equity	288 936 032.9	146 726 859.2	2 306 230.6	53 859 578.2	491 828 700.9	
	Argon Equity	205 424 102.3	90 100 646.2	1 199 771.0	13 208 489.3	309 933 008.8	
	Balondolozzi Equity	268 912 609.1	79 767 566.9	1 066 264.7	14 515 940.3	364 262 381.1	
	Mianza Equity	346 305 317.3	83 384 857.2	1 121 962.4	92 795 573.1	523 607 710.1	
	Satrix Equity	203 092 397.9	21 196 311.4	1 012 497.5	63 346 404.1	288 647 610.9	
	Vunani Equity	196 483 824.4	8 509 937.2	517 977.2	53 769 693.2	259 281 432.0	
	Lima Equity	29 296 313.5	16 010 205.1	1 328 583.0	8 656 998.4	55 292 100.0	
Protected Equity	Mergence Structured Product	472 586 925.1	82 644 463.0	13 260 790.0	64 129 877.8	632 622 055.8	
	MAC Dynamic Protected Equity	182 330 922.0	45 142 192.1	6 208 293.4	34 034 231.1	267 715 638.6	
	Regive Protected Equity	122 283 401.9	9 601 657.8	3 151 990.1	15 332 460.2	150 369 510.0	
Fixed Income	Futuregrowth Infrastructure Bond	451 686 430.6	156 767 861.2	81 292 656.9	103 870 387.7	793 617 336.3	
	Stanlib Bond	74 569 438.9	47 124 063.5	39 759 142.0	28 551 259.6	190 003 903.9	
Property	Direct Property	127 317 543.5			32 382 479.8	159 700 023.3	
	Meago Property	245 447 351.4	132 071 789.3		40 986 068.6	418 505 209.3	
Money Market	Cartesian Capital Money Market	4 787 059.8	4 051 291.5	32 239 338.6	110 927 432.0	152 005 121.9	
	Sanlam Cash	5 654 616.0	19 015 042.2	68 927 518.7	14 044 968.4	107 642 145.3	
	Transition Account	2 389 296.9				2 389 296.9	
Alternatives	Mayibentsha Focused	406 621 333.8	97 951 175.2	9 805 690.3	60 919 093.3	575 297 292.6	
	Mayibentsha Market Neutral	352 455 999.6	62 347 960.7	7 956 869.8	52 342 167.6	475 102 997.8	
	Mayibentsha Moderate	230 611 753.6	82 260 129.9	11 358 829.3	55 379 383.3	379 610 096.1	
	Terebinth Capital	53 688 271.8	1 907 094.2	8 701 534.3	3 568 256.2	67 865 156.5	
	Tamela Capital	7 693 289.9	7 776 062.5		4 124 992.6	19 594 345.0	
	Legacy Africa	127 685 830.7	44 078 895.6		9 666 404.2	181 431 130.5	
	Sampada Private Equity	184 308 454.5	49 996 605.4		16 616 698.0	250 921 757.9	
	Sampada Private Equity 2	209 994 565.2	53 240 073.1		38 653 685.4	301 888 323.7	
	Boxwood Property Fund	67 584 483.7	4 885 247.7		4 319 033.9	76 788 765.3	
	Summit Africa	50 187 408.9	31 208 938.3		19 789 716.9	101 186 064.0	
	Real Fund	7 634 293.9	1 235 188.8		1 051 597.1	10 058 937.7	
	Africa	Novare Africa Property Fund 1	274 317 601.0	53 276 040.1		54 191 245.1	381 784 886.2
		Novare Africa Property Fund 2	88 482 694.3	16 356 076.2		17 493 759.8	122 332 530.3
International	Novare Global Balanced	2 061 248 238.6	498 449 737.3	38 198 540.1	398 520 212.5	2 996 416 728.5	
	SALA Global Fund	707 108 181.4	142 374 870.6	14 029 530.4	115 992 825.1	979 505 407.4	
<b>Total Fund</b>		<b>8 321 274 704.1</b>	<b>2 213 162 747.4</b>	<b>350 069 277.7</b>	<b>1 693 319 000.0</b>	<b>12 577 825 729.2</b>	

## 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 35% per Regulation 28 of the Pension Fund Act, or 45% subject to 10% 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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