

# MONTHLY INVESTMENT REPORT

ANGLICAN CHURCH OF SOUTHERN AFRICA RETIREMENT FUND

31 July 2017

NOVARE<sup>®</sup>



## FINANCIAL OVERVIEW

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In a surprise move, the South African Reserve Bank (SARB) decided to cut the repo rate for the first time in five years from 7.0% to 6.75%. As the move came earlier than expected, the announcement weakened the rand and the local unit breached the R13.00 mark to the U.S. dollar. The Monetary Policy Committee (MPC) noted that the inflation outlook had improved, however, it remains concerned that inflation expectations stayed stuck at the upper end of the target range. The SARB argued that, although the move would not inject any significant stimulus to the economy, it may provide some relief to the margin. In addition, local growth prospects had deteriorated with the central bank halving growth projections for 2017 from 1% to 0.5%.

The disinflation trend continued as the headline CPI rate for June came in at 5,1%. This rate was 0,3% lower than the corresponding annual rate of 5,4% in May 2017, making it the lowest inflation rate since November 2015. May retail sales were healthier than expected, posting an increase of 1.7 % year-on-year, following an upwardly revised 2% gain in April. The manufacturing sector continued to be one of the country's most disappointing economic sectors since the global financial crisis. Manufacturing production declined in May 2017 and over the past year manufacturing has achieved an average annual growth rate of -0.3%. The FNB/BER Consumer Confidence Index (CCI) fell to -9 in the second quarter after increasing from -10 in the fourth quarter of 2016 to -5 in the first quarter of 2017.

The rand depreciated 4.4% against the euro and 0.9% against the U.S. dollar for the month as a less dovish stance by global central banks and increased in downgrade fears put the local unit on the back foot. In addition, talk regarding the nationalisation of the SARB kept the local market and rand nervous. The rand reacted very negatively following the announcement of the proposal and almost touched R13.50 against the U.S. dollar. The FTSE/JSE All Share Index increased by 7% during July, bolstered by rand hedged counters and resources. On a sector basis, the Resources 20 Index returned a whopping 13.7%, while the Financial 15 and Industrial 25 Index gained 5.5% and 6.1% respectively. The local bourse outperformed the All Bond Index, South African Listed Property and cash, which returned 1.5%, 3.7% and 0.6% respectively during the month of July.

## FINANCIAL OVERVIEW

South African Market (Rand)	Level	1 month (%)	3 months (%)	6 months (%)	YTD (%)	12 months (%)
ALSI	7 729.54	7.03	2.86	6.07	10.64	7.59
CAPI	44 238.80	6.42	2.02	4.44	8.86	6.26
SWIX	19 917.63	6.34	2.20	7.11	9.86	4.68
Top 40	6 831.88	7.65	4.00	7.85	12.89	9.42
Africa Resource 20	2 131.20	13.71	6.47	-1.46	8.86	12.67
Africa Financial 15	8 102.14	5.58	1.71	4.86	3.82	5.62
Africa industrial 25	14 174.25	6.18	3.61	12.65	17.60	8.91
Africa Mid Cap	15 337.52	4.69	-3.29	-4.58	-2.99	-5.95
Africa Small Cap	19 847.68	0.76	-4.58	-5.09	-2.80	0.60
All Bond Index	563.11	1.50	1.53	4.17	5.56	7.16
Stefi Composite	371.81	0.62	1.87	3.72	4.37	7.64
Africa SA Listed Property	2 230.88	3.70	4.12	4.37	6.07	3.27
MSCI Global Equity (R)	25 835.14	3.20	2.95	7.04	7.77	8.40
Global Bonds (R)	6 955.24	2.29	1.30	3.38	1.79	-7.24
Rand Dollar Exchange Rate	13.17	0.85	-1.39	-2.17	-3.76	-4.82

Global Equity (US\$)	Level	1 month (%)	3 months (%)	6 months (%)	YTD (%)	12 months (%)
S&P 500	2 470.30	1.93	3.61	8.40	10.34	13.65
NASDAQ	6 348.12	3.38	4.97	13.06	17.93	22.97
MSCI Global Equity (\$)	1 961.10	2.33	4.41	9.41	11.98	13.90
MSCI Emerging Markets (\$)	1 066.23	5.48	9.03	17.27	23.65	22.07

Global Bond (US\$)	Level	1 month (%)	3 months (%)	6 months (%)	YTD (%)	12 months (%)
Global Bonds (\$)	527.96	1.43	2.74	5.67	5.77	-2.54

Commodity Prices	Level	1 month (%)	3 months (%)	6 months (%)	YTD (%)	12 months (%)
Brent Oil (USD/Barrel)	52.72	8.10	1.29	-6.18	-7.22	21.70
Platinum (USD/oz)	940.00	1.46	-0.42	-5.53	4.10	-18.30
Gold (USD/oz)	1 269.50	2.25	0.10	4.86	10.33	-6.01

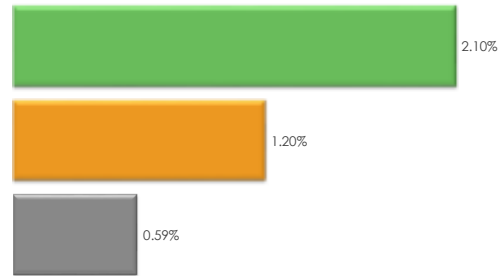
## EXECUTIVE SUMMARY

Monthly Return for July 2017



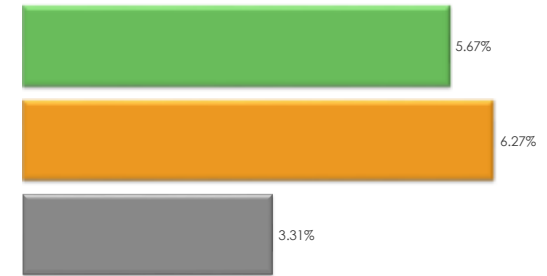
■ Members < 63 years ■ Strategic BM: Members < 63 years ■ CPI

3 Month Return up to 31 July 2017



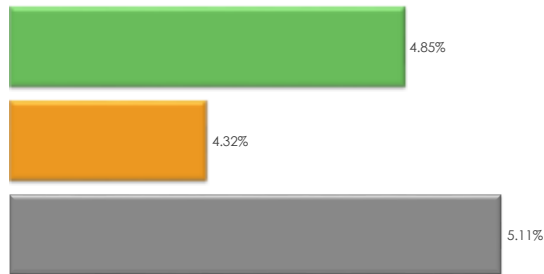
■ Members < 63 years ■ Strategic BM: Members < 63 years ■ CPI

Return from the beginning of the financial year to 31 July 2017



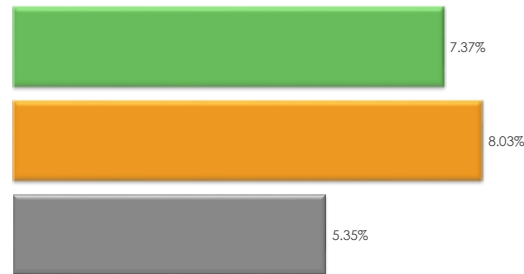
■ Members < 63 years ■ Strategic BM: Members < 63 years ■ CPI

Return for the last 12 months up to 31 July 2017



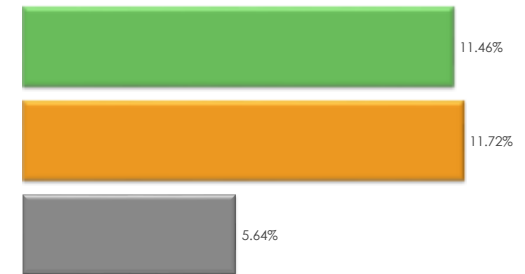
■ Members < 63 years ■ Strategic BM: Members < 63 years ■ CPI

Return for the last 3 years up to 31 July 2017



■ Members < 63 years ■ Strategic BM: Members < 63 years ■ CPI

Return for the last 5 years up to 31 July 2017



■ Members < 63 years ■ Strategic BM: Members < 63 years ■ CPI

### Notes:

CPI, in the charts above and throughout the report, is shown as a 1-month lag

Novare has been tasked to report on the Over and Under 63 years portfolio returns separately effective 1 July 2016. The Under 63 year portfolio has taken on the historical returns.

## FUND SPECIFIC ANALYSIS

The cashflow table below gives an indication of the change in market value of the Anglican Church of Southern Africa Retirement Fund over the various periods shown. It also illustrates the cash in/outflows and the return achieved on the Fund's investments over the various periods.

	1 month	3 month	QTD	YTD	12 months	Last 3 years	Last 5 years
Market value at Start	106 785 934	114 305 889	106 785 934	98 711 888	108 140 411	92 518 032	69 257 449
<b>Net Cash Flow</b>	<b>(3 932 080)</b>	<b>5 225 979</b>	<b>(3 932 080)</b>	<b>1 520 118</b>	<b>641 560</b>	<b>(8 641 558)</b>	<b>(12 502 622)</b>
<b>Return</b>	<b>3 311 117</b>	<b>(13 366 897)</b>	<b>3 311 117</b>	<b>5 932 965</b>	<b>(2 617 001)</b>	<b>22 288 496</b>	<b>49 410 144</b>
Current market value	106 164 971	106 164 971	106 164 971	106 164 971	106 164 971	106 164 971	106 164 971

## FUND SHARE STRUCTURE



Equity Managers	Allan Gray Equity
Type of Mandate	Active
Benchmark	ALSI
Inception Date	01 July 2011
Ann return since incep.	<b>15.19%</b>
Benchmark	<b>13.34%</b>

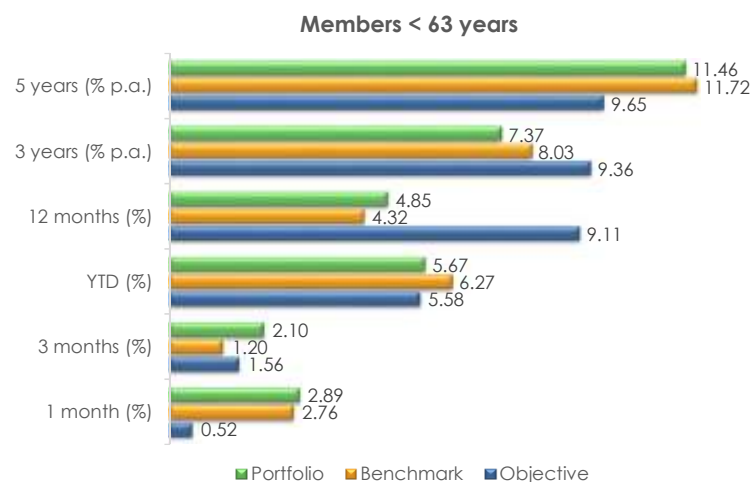
## PORTFOLIO MARKET VALUES AND RETURNS

The table below sets out the portfolio returns of the Anglican Church of Southern Africa Retirement Fund over the various periods in comparison with the respective benchmark.

	Market value (R)	Weight (%)	1 month (%)	3 months (%)	YTD (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)
<b>Members &lt; 63 years</b>	106 164 970	100.0	2.89	2.10	5.67	4.85	7.37	11.46
Benchmark			2.76	1.20	6.27	4.32	8.03	11.72
			0.13	0.91	-0.60	0.53	-0.66	-0.26

The table below sets out the portfolio returns of the Anglican Church of Southern Africa Retirement Fund over the various periods in comparison with the respective objective.

<b>Members &lt; 63 years</b>			2.89	2.10	5.67	4.85	7.37	11.46
Objective			0.52	1.56	5.58	9.11	9.36	9.65
CPI + 4%			2.38	0.55	0.09	-4.26	-1.99	1.81
<b>Total Fund</b>	<b>106 164 970</b>	<b>100</b>						



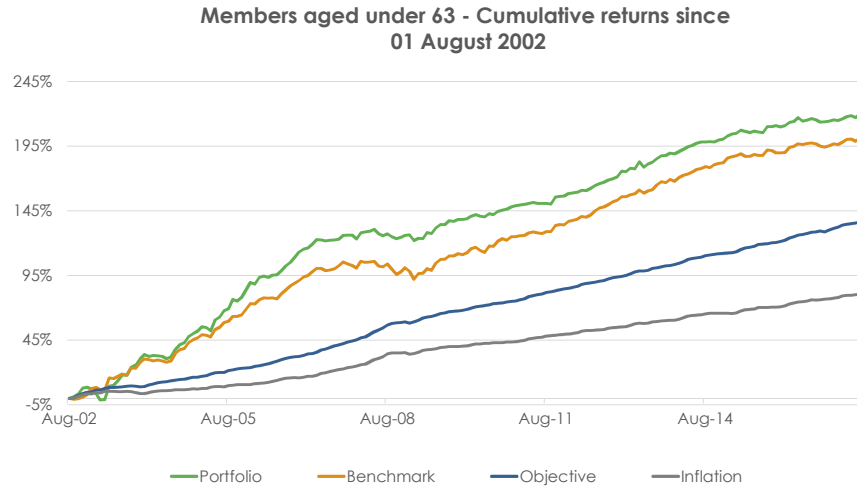
### Notes:

Returns over periods longer than a year represent annualised returns.

Novare has been tasked to report on the Over and Under 63 years portfolio returns separately effective 1 July 2016. The Under 63 year portfolio has taken on the historical returns.

## LONGER 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. The cumulative graphs below show the Under 63 years portfolio performances since 1 August 2002 against their benchmark and objective. It also shows the performance against inflation (CPI).



### Notes:

Novare has been tasked to report on the Over and Under 63 years portfolio returns separately effective 1 July 2016. The Under 63 year portfolio has taken on the historical returns.

## MANAGER PERFORMANCE

The table below sets out the individual manager returns for the Anglican Church of Southern Africa Retirement Fund and compares them with their respective benchmarks.

Asset Class	Manager	Inception date	Market value (R)	Weight (%)	1 month (%)	3 months (%)	QTD (%)	YTD (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)	Since Incept (% p.a.)
SA Equity	<b>Allan Gray Equity</b> ALSI	2011-07-01	48 654 930	45.83	4.22	-0.18	4.22	5.21	4.89	7.69	14.97	15.19
					7.03	2.86	7.03	10.64	7.59	5.47	13.12	13.34
					-2.81	-3.04	-2.81	-5.43	-2.70	2.22	1.85	1.85
	<b>Liberty Preferred</b> Stefi Composite	2002-08-01	6 565 038	6.18	2.64	1.92	2.64	4.45	2.13	5.28	13.76	14.81
					0.62	1.87	0.62	4.37	7.64	6.97	6.32	7.81
					2.02	0.05	2.02	0.08	-5.51	-1.69	7.44	7.00
SA Bonds	<b>Futuregrowth IBF</b> All Bond Index	2011-08-01	11 515 429	10.85	1.56	2.02	1.56	5.59	8.54	8.38	8.14	9.67
					1.50	1.53	1.50	5.56	7.16	7.29	6.10	7.40
					0.06	0.49	0.06	0.04	1.39	1.09	2.03	2.27
SA Cash	<b>Liberty Liquid</b> Stefi Composite	2004-07-01	426 873	0.40	0.51	1.66	0.51	3.83	6.71	6.17	5.84	4.40
					0.62	1.87	0.62	4.37	7.64	6.97	6.32	7.34
					-0.11	-0.21	-0.11	-0.54	-0.93	-0.80	-0.48	-2.94
	<b>Liberty Standard Money Market</b> Stefi Composite	2008-11-01	3 137 250	2.96	0.68	2.03	0.68	4.61	8.05	7.08	6.47	6.78
					0.62	1.87	0.62	4.37	7.64	6.97	6.32	6.66
					0.06	0.16	0.06	0.24	0.42	0.11	0.15	0.12
<b>Liberty Institutional Money Market Fund</b> Stefi Composite	2006-06-01	1 489 322	1.40	0.68	2.02	0.68	4.50	3.93	5.71	5.64	6.99	
				0.62	1.87	0.62	4.37	7.64	6.97	6.32	7.35	
				0.06	0.15	0.06	0.13	-3.71	-1.26	-0.68	-0.37	
SA Alternatives	<b>Mayibentsha Moderate</b> CPI + 4.5%	2007-03-01	5 213 545	4.91	0.96	0.47	0.96	4.96	6.13	6.99	9.36	8.27
					0.55	1.67	0.55	5.86	9.61	9.86	10.15	10.78
					0.41	-1.20	0.41	-0.90	-3.48	-2.87	-0.79	-2.51
International	<b>Foord International</b> MSCI Global Equity (R)	2012-01-12	29 162 585	27.47	2.55	2.59	2.55	6.73	3.52	11.91	17.09	17.25
					3.20	2.95	3.20	7.77	8.40	12.09	20.12	19.57
					-0.65	-0.36	-0.65	-1.04	-4.88	-0.19	-3.04	-2.32
<b>Total Fund</b>			<b>106 164 971</b>	<b>100</b>								

### Notes:

The performance figures and market values in the table above have been received from the respective managers.



## ASSET ALLOCATION

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Asset Class	Manager	Members aged under 63	Total fund
SA Equity	Liberty Preferred	6 565 038	6 565 038
	Allan Gray Equity	48 654 930	48 654 930
SA Bonds	Futuregrowth IBF	11 515 429	11 515 429
SA Cash	Liberty Liquid	426 873	426 873
	Liberty Standard Money Market Fund	1 489 322	1 489 322
	Liberty Institutional Money Market Fund	3 137 249	3 137 249
SA Alternatives	Mayibentsha Moderate	5 213 545	5 213 545
International	Foord International	29 162 585	29 162 585
<b>Total fund</b>		<b>106 164 970</b>	<b>106 164 970</b>

## ASSET ALLOCATION

### Members aged under 63



TACTICAL LIMITS			
Members aged under 63	Asset Class	Lower Limit	Upper Limit
	SA Equity	30.0%	50.0%
	SA Bonds	10.0%	30.0%
	SA Property	0.0%	10.0%
	SA Cash	0.0%	20.0%
	SA Alternatives	0.0%	20.0%
	International	0.0%	25.0%

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