



NOVARE[®]
actuaries & consultants

| Monthly Report |

**Anglican Church of
Southern Africa
Retirement Fund**

November 2021

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REPORT OVERVIEW

ANGLICAN CHURCH OF SOUTHERN AFRICA RETIREMENT FUND

OBJECTIVE

The objective represents the inflation target of CPI + 4%

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 year end for the Fund is 31 December. The returns for the financial year reflect returns from the 1st month of the financial year. The YTD graph illustrates the calendar months of our current year.

BENCHMARK

The benchmark performance in this report is as follows:

Asset Class	Allocation	Benchmark
Domestic Equities	40%	SWIX
Domestic Fixed Income	25%	ALBI
Domestic Property	5%	SA Listed Property
Domestic Money Market	5%	STeFI
Domestic Alternatives	5%	CPI + 4.5%
International	20%	International Composite: 60% MSCI World / 40% Barclays Global Bond

MARKET OVERVIEW

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

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.

TACTICAL LIMITS

Asset Class	Lower limit	Upper limit
Domestic Equities	30%	50%
Domestic Fixed Income	10%	30%
Domestic Property	0%	10%
Domestic Money Market	0%	20%
Domestic Alternatives	0%	20%
International	0%	25%

DISCLAIMER

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Section A

Market Overview



DOMESTIC MARKET VIEW



In November, the best performing local equity indices were Resources and Industrials at 6,5% and 5.7%, respectively and the ALSI closing at 4,5%. The local fixed income market was muted at 0.7% and listed property performed in between the two at 2.2%. The underperformers were Financials at -2.6% and All Share Mid and Small Cap at -1.6% and -1.8%, respectively.

The November 2021 MTBPS re-affirmed the fiscal strategy that was set out in the 2021 Budget. National Treasury projects a primary fiscal surplus in 2024/25. The main budget deficit is expected to moderate from 6.6% of GDP in the current year to 4.9% of GDP by 2024/25. Compared with the 2021 Budget Review estimates, both metrics have improved.

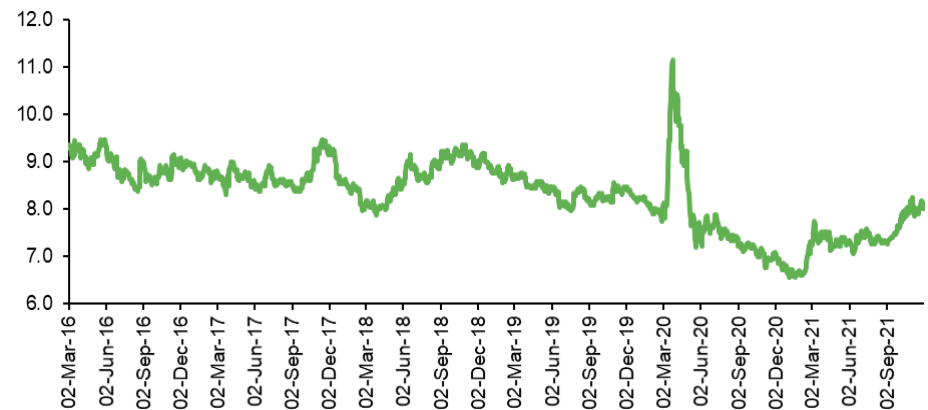
On Thursday, 18th November, The South African Reserve Bank's Monetary Policy Committee (MPC) decided to raise the repo rate by 0.25% to 3.75%. Economists were split on the outcome, as local inflation rate remained the same as the previous month at 5.0% year-on-year for October and still within the inflation target band of 3-6%. Beyond the recovery, the MPC has highlighted the importance of structural reforms in assuring higher and sustainable growth in South Africa.

The investment climate would be improved with the provision of sufficient energy for growth, reducing the impact of administered prices on overall inflation and stabilising public debt, among other things.

Rand



S.A. 10-Year Government Benchmark Yield



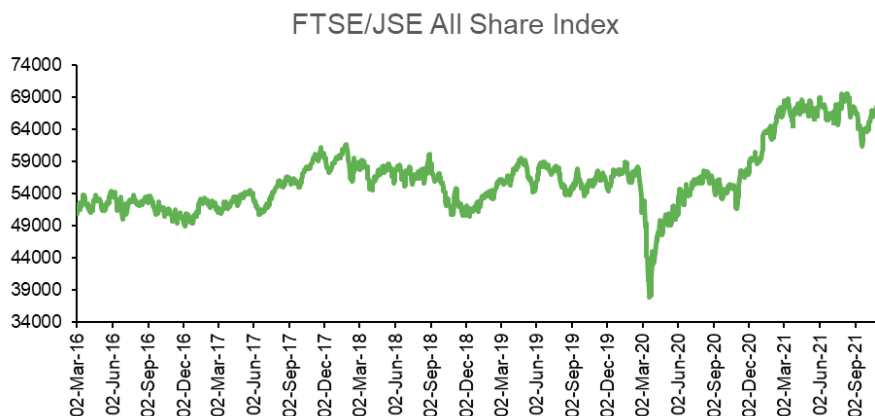
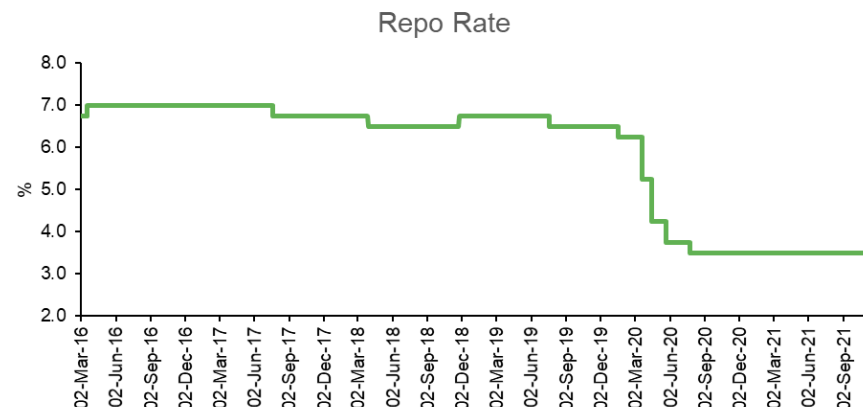
DOMESTIC MARKET VIEW

The government is making efforts to reduce its debt levels through negotiating public sector wage cuts and planning for lower spending in its Medium-Term Budget plan and embarking on important structural reforms. South Africa's external finances, a key element of our sovereign credit rating, have performed well during the pandemic, with strong commodity

prices helping the country achieve a current-account surplus of 2.2% of GDP. A debt crisis is avoidable with the right government actions. All these efforts are now underway and should help South Africa avert a sovereign debt crisis.

On Sunday, 28th November, President Cyril Ramaphosa addressed the nation to announce that South Africa will remain on Covid-19 lockdown Adjusted Alert Level 1. This was in response to South African scientists identifying Omicron, a new variant of the coronavirus.

While it may be argued that South Africa and its scientists should be applauded for their excellent work— the country has been punished by several other countries by placing it on the red-list. This resulted in large market swings towards the end of the month as developments around the new variant and its actual effects, are much still unknown.

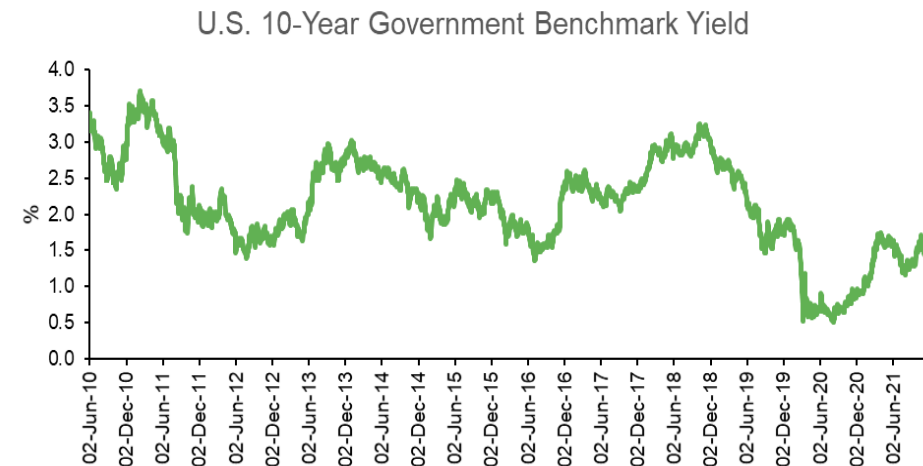
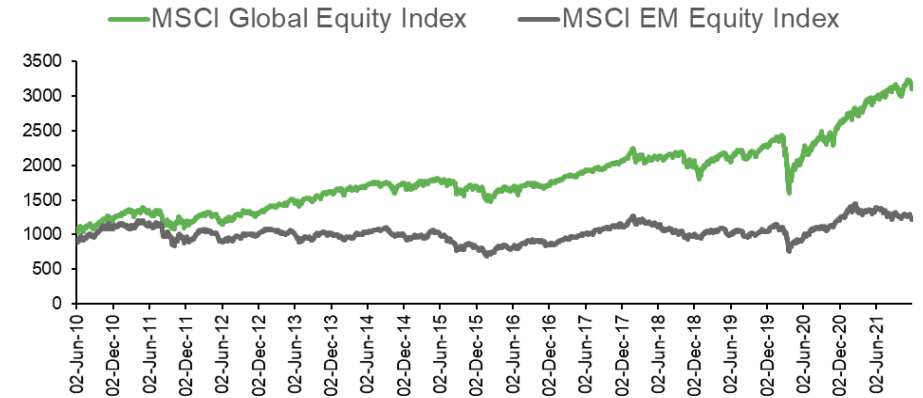


INTERNATIONAL MARKET VIEW

Global market indices were all down in November in USD terms. The MSCI World underperformed its counterpart, MSCI EM delivering -2.9% relative to -1.7%. Barclays Global Bonds was down -1.0%. SENSEX – India and CSI 200 – China, were negative at -0.3% and -0.4% respectively.

Inflation is currently one of the most debated key economic risks in global financial markets, with concerns that it might be elevated at the same time as economic growth might be slowing– leading to stagflation. The risks to elevated inflation include rising commodity prices, global supply shortages, ramp up production after Covid -19, low interest rates and fiscal relief programmes that have fueled demand and prices.

This year, U.S. inflation has surprised sharply to the upside (registering a 30-year high), driven by a surge in durable goods prices. Likewise, services inflation has risen, fueled by faster growth of wages and rents. Notwithstanding the ever more concretely articulated U.S. “taper-timeline” and a global economy now gripped by risk-off sentiment, financial conditions globally are still very loose and accommodative. Developed market central banks commit to maintaining these accommodative policy environments until there is broad-based labour market strength and genuine evidence of non-transitory inflationary pressure. These loose conditions usually provide supportive backdrops for emerging market yields and currencies.

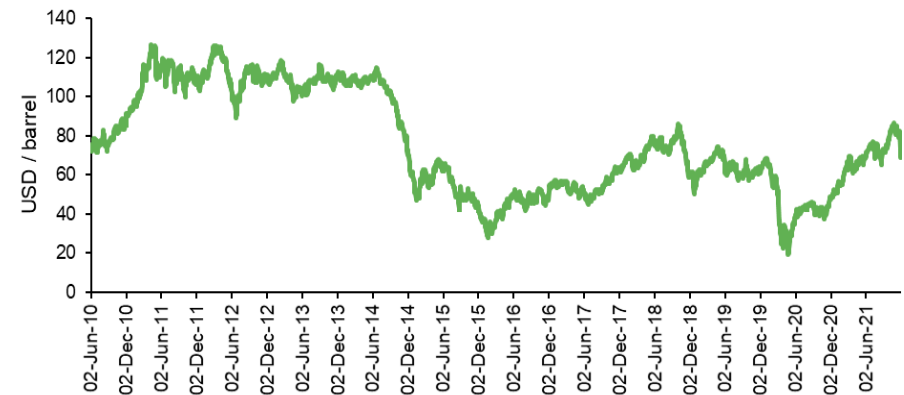


INTERNATIONAL MARKET VIEW

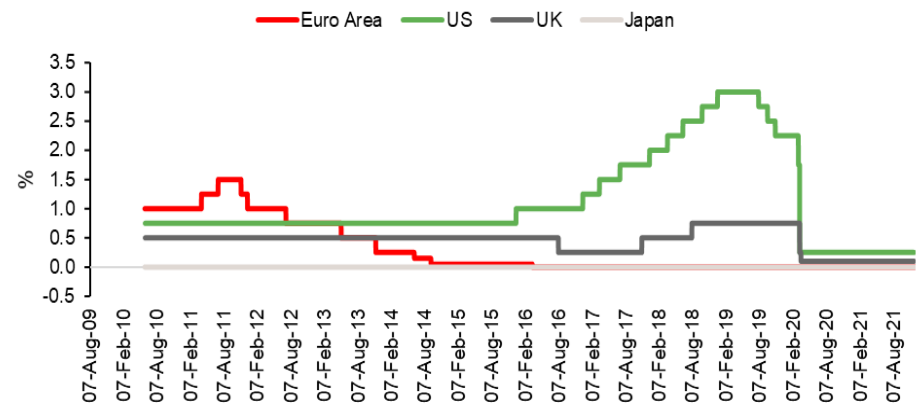
Still risk-aversion and reactionary fears might create extended periods of volatility and price weakness until such time that more sober pricing assessments can be made. The macro-environment seems very fluid, with risks of upside inflation potentially increasing volatility.

However, uncertainty and volatility also create opportunities.

OIL (BRENT)



G4 Policy Rates



TACTICAL ASSET ALLOCATION

RSA BONDS

The local fixed income market was muted in November returning 0.7% with the front end of the curve contributing the most to performance. On Thursday, 18th November, The South African Reserve Bank's Monetary Policy Committee (MPC) decided to raise the repo rate by 0.25% to 3.75%. Economists were split on the outcome, as local inflation rate remained the same as the previous month at 5.0% year-on-year for October and still within the inflation target band of 3-6%. Beyond the recovery, the MPC has highlighted the importance of structural reforms in assuring higher and sustainable growth in South Africa. The investment climate would be improved with the provision of sufficient energy for growth, reducing the impact of administered prices on overall inflation and stabilising public debt, among other things.

In the SA bond market, non-residents were again very large net sellers, with the R52.9bn outflow in November far exceeding the previous month's R31.8bn outflow. This brings the cumulative outflow for the last 12 months to R171bn.

We are becoming more constructive on the asset class as we believe a lot of negative news has been priced in. We have recently increased our bond allocation to a neutral position and will be looking to increase that further into any weakness.

RSA PROPERTY, ALTERNATIVES AND CASH

During November, listed property had a good month, ending up by 2.16%. Due to lockdown restrictions, tenant relief, bad debt increases and general uncertainty, the income return from property has come under pressure as available earnings have diminished and companies endeavour to retain cash through dividend deferrals and the implementation of pay-out ratios.

The re-set of property companies' earnings and balance sheets is very favourable for the sector's re-rating potential. The property sector has therefore turned attractive by historic standards and as such we made use of the pullback to add to our property exposure. The full impact of Covid-19 is still very much lingering and the continued partial lockdown is sure to leave some scars down the road.

We have started 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.

In South Africa's money market, despite a 25bp hike in the repo rate, the 3-m JIBAR rate rose only 18bp to end the month at 3.87%, while the 12-m JIBAR rate rose 15bp to 5.40%. Year-to-date, the rates are up 23bp and 136bp respectively. The 12-m T-bill average yield rose by a dramatic 48bp to 5.80% at the end of November. The front end of the curve is continuing to price in an aggressive hiking cycle and we believe it to be overdone.

RSA EQUITIES

In November, the best performing local equity indices were Resources and Industrials at 6.5% and 5.7%, respectively and the ALSI closing at 4.5. Basic materials (6.83% m/m) continued on their upward trajectory, with precious metals and mining sub-sector leading (10.2% m/m), while only the industrial materials sub-sector lagged (-4.07% m/m). The consumer-facing sectors' returns were mixed, with the consumer discretionary still delivering a positive return (18.98% m/m) despite the 16.74% m/m drop in the travel and leisure sub-sector. Consumer staples returned -1.61% m/m, and the financial and healthcare sectors stayed in the red, returning -1.88% m/m and -5.46% m/m respectively, as did technology (-4.05% m/m) and industrials (-1.93% m/m).

Total returns for major sectors during the last 12 months are highest for telecoms at 82.44% y/y and lowest for technology at -21.35% y/y. Over the last 12 months, the total return on the FINI15 (the 15 largest financials) was 26.57% y/y; the FTSE/JSE RESI10 Index (the ten largest resources companies) returned 37.01% y/y; and the INDI25 (the 25 largest industrials) returned 19.76% y/y. We have started to reduce our underweight to this asset class and will consider increasing further should the opportunity arise.

INTERNATIONAL

Global market indices were all down in November in USD terms. The MSCI World underperformed its counterpart, MSCI EM delivering -2.9% relative to -1.7%. Barclays Global Bonds was down -1.0%. SENSEX – India and CSI 200 – China, were negative at -0.3% and -0.4% respectively.

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These loose conditions usually provide supportive backdrops for emerging market yields and currencies. Still risk-aversion and reactionary fears might create extended periods of volatility and price weakness until such time that more sober pricing assessments can be made.

NOVARE HOUSE VIEW: November 2021 TACTICAL POSITIONING*

	UNDER-WEIGHT ←	ON-WEIGHT	→ OVER-WEIGHT	PREVIOUS
DOMESTIC				
Equities	Under-weight			
Bonds	95%			85%
Property	95%			95%
Alternatives	95%			85%
Cash		100%		100%
OFFSHORE		Balancing		100%
Equities			120%	120%
Bonds	90%			80%
Alternatives	70%			70%
AFRICA		100%		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

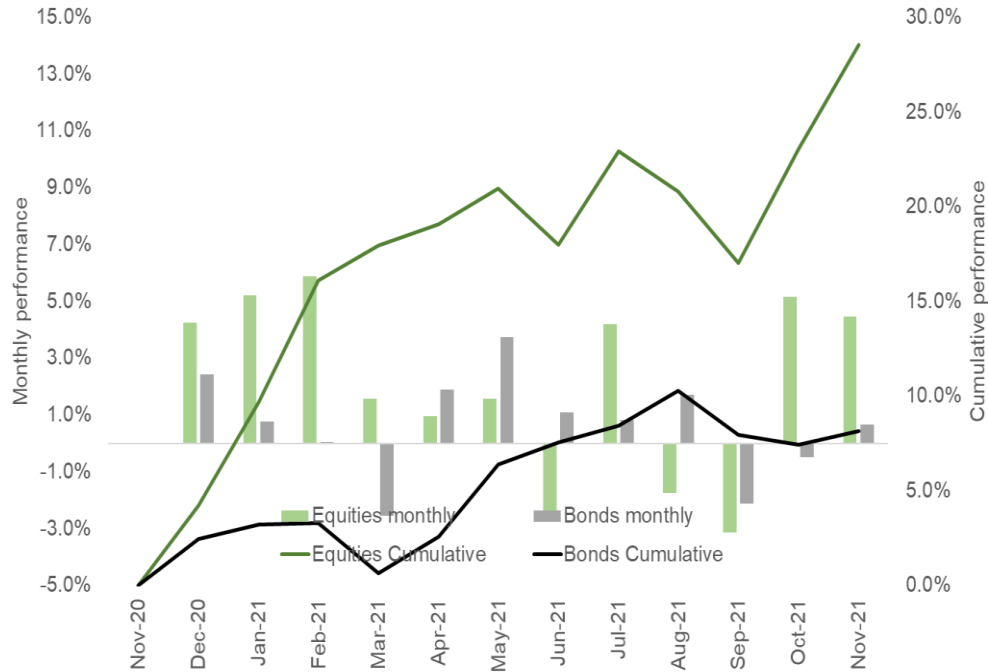
Global Assets (US\$)	1 month	3 months	YTD	12 months	3 Years	5 Years
MSCI All Countries Equity	-2.4%	-1.6%	14.4%	19.8%	16.5%	14.6%
MSCI Emerging Markets	-4.1%	-6.9%	-4.1%	3.0%	9.7%	9.9%
Global Bonds (R)	3.9%	6.9%	3.2%	-0.7%	9.2%	5.8%

Commodity Prices	1 month	3 months	YTD	12 months	3 Years	5 Years
Brent Oil (USD/Barrel)	-17.3%	-3.4%	33.6%	44.6%	5.4%	6.0%
Platinum (USD/oz)	-6.9%	-5.8%	-11.0%	-0.7%	6.1%	0.9%
Gold (USD/oz)	0.5%	-1.0%	-5.3%	0.9%	13.6%	8.8%

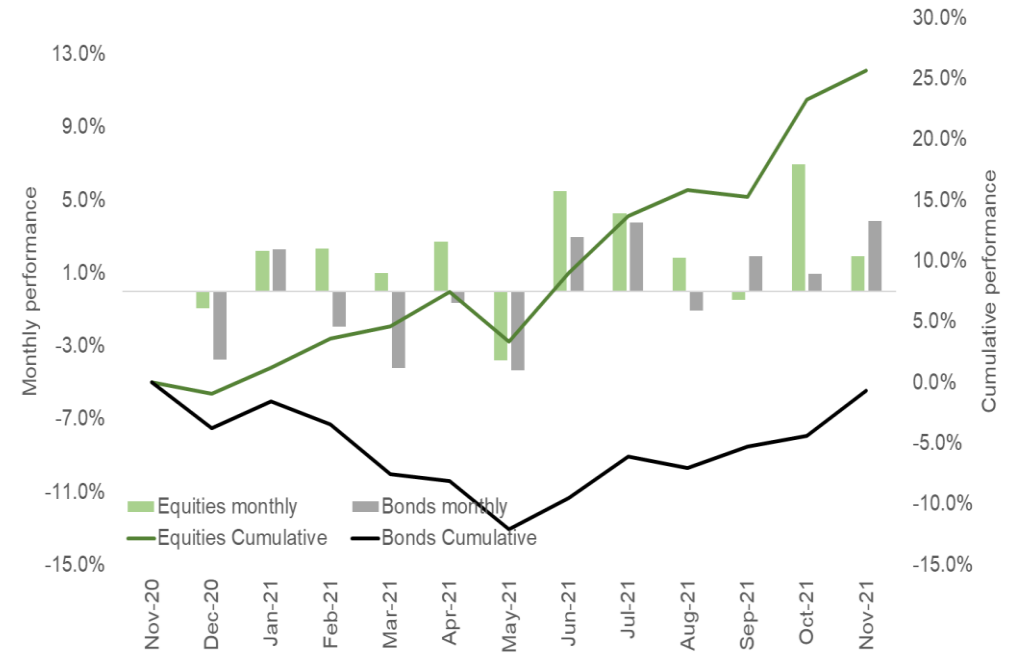
Asset Allocation (Rand)	1 month	3 months	YTD	12 months	3 Year	5 Years
Domestic Equities	4.5%	6.4%	23.3%	28.5%	15.5%	10.6%
Domestic Bonds	0.7%	-2.0%	5.6%	8.1%	8.4%	8.8%
Domestic Cash	0.3%	1.0%	3.5%	3.8%	5.6%	6.3%
Domestic Property	2.2%	-0.3%	26.9%	44.3%	-5.7%	-5.0%
International Equity	1.9%	8.5%	26.8%	25.6%	22.9%	17.6%
International Bonds	3.9%	6.9%	3.2%	-0.7%	9.2%	5.8%
Exchange rate (R / \$)	4.2%	9.4%	8.1%	2.7%	4.6%	2.4%

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

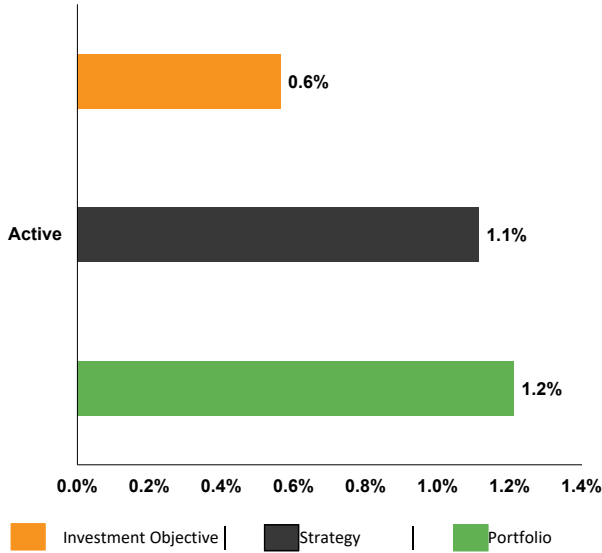
Fund Overview



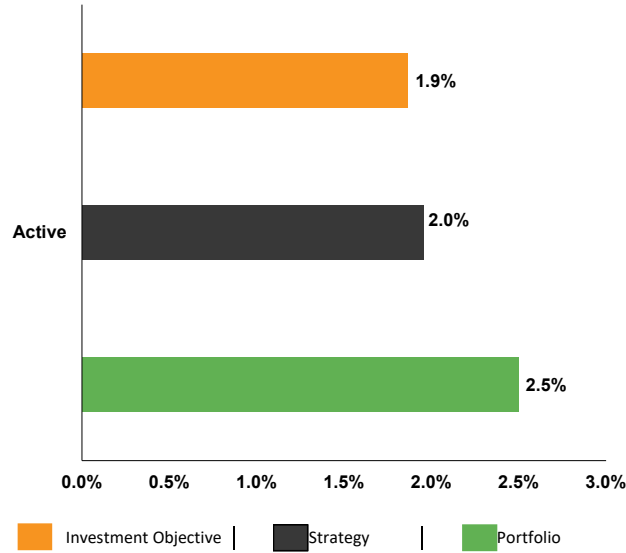
EXECUTIVE SUMMARY



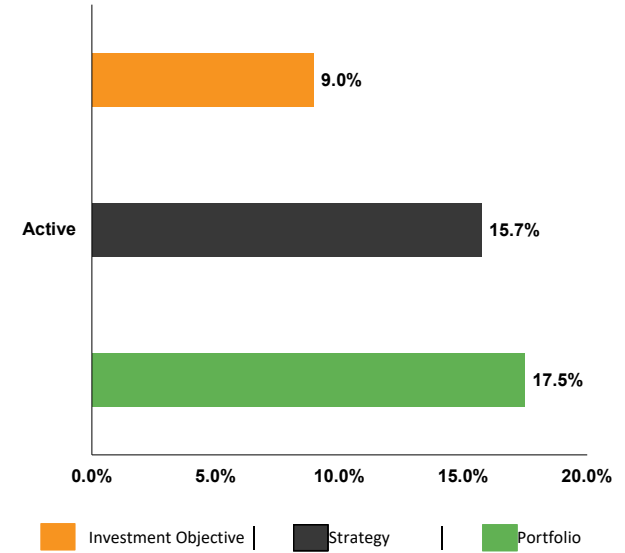
Monthly Return for November 2021



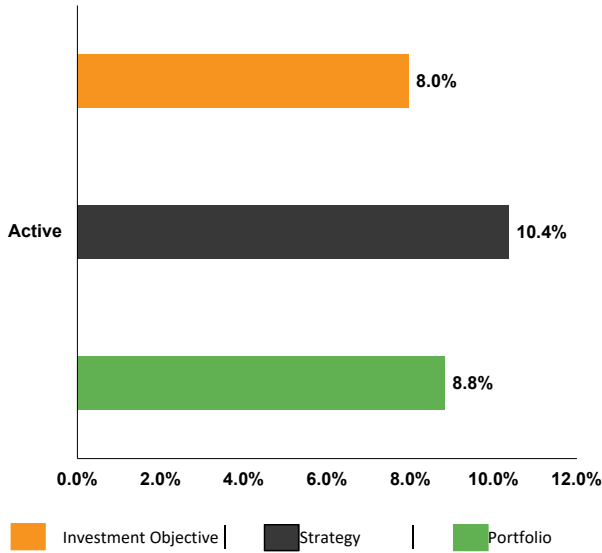
3 Months Return up to November 2021



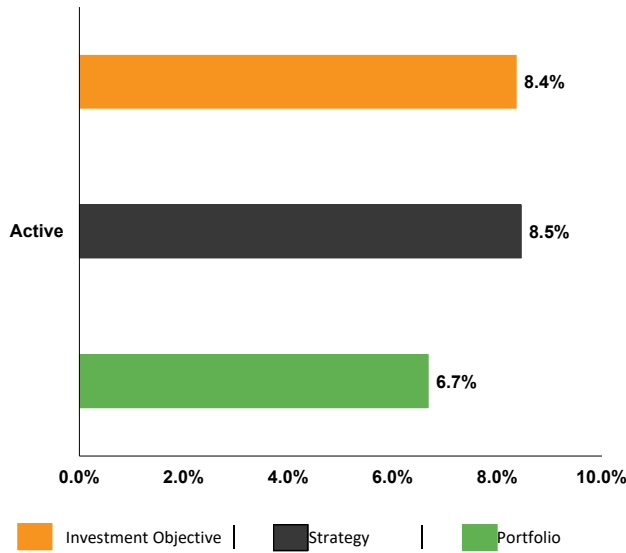
1 Year Return up to November 2021



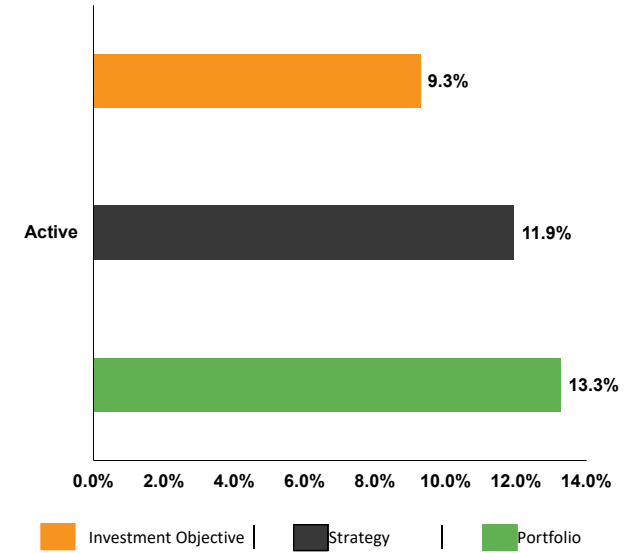
3 Year Return up to November 2021



5 Year Return up to November 2021



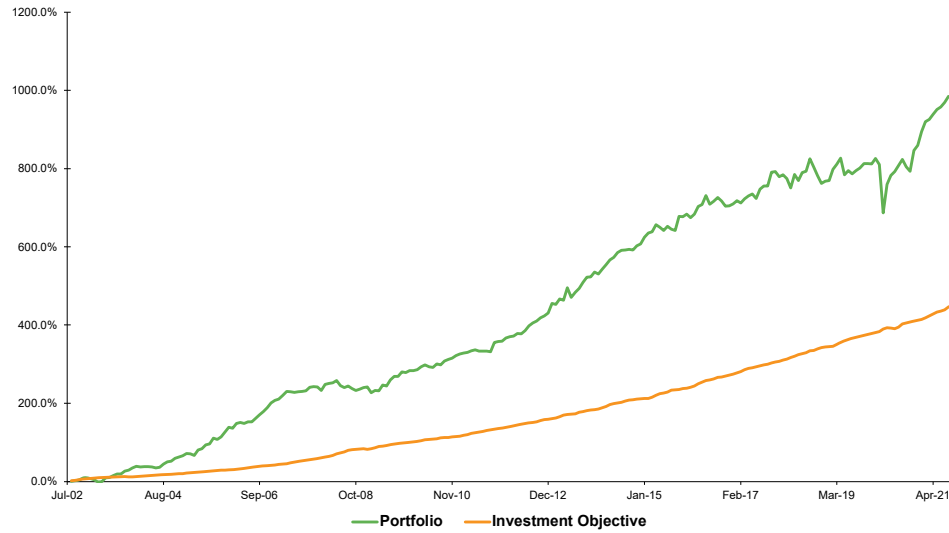
Returns Since Inception



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.

Active - Cumulative return since 31 July 2002



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.

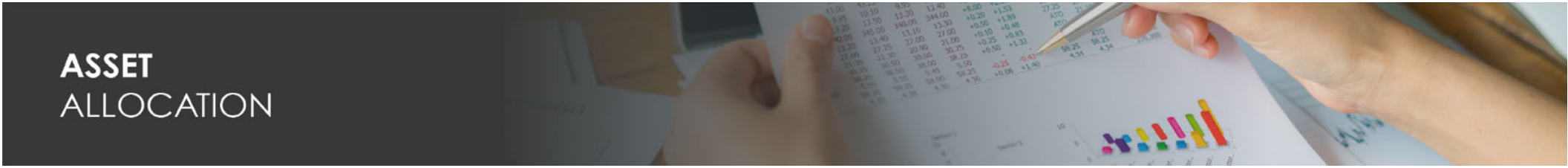
	Market value (R)	Weight (%)	1 month (%)	3 months (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)	8 years (% p.a.)	Since Inception
Active Strategy	170 445 275	100.0%	1.2%	2.5%	17.5%	8.8%	6.7%	7.5%	13.3%
			1.1%	2.0%	15.7%	10.4%	8.5%	8.8%	11.9%
			0.1%	0.5%	1.7%	-1.5%	-1.8%	-1.3%	1.3%
Active Objective	170 445 275	100%	1.2%	2.5%	17.5%	8.8%	6.7%	7.5%	13.3%
			0.6%	1.9%	9.0%	8.0%	8.4%	8.8%	9.3%
			0.6%	0.6%	8.5%	0.9%	-1.7%	-1.3%	4.0%

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.)	8 years (% p.a.)	Since Inception
Equity	Swix Top 40 Tracker JSE All Share Index Top 40	2020/01/31	3 654	0.0%	-	-	-	-	-	-	-
					-	-	-	-	-	-	-
					-	-	-	-	-	-	-
Fixed Income	Futuregrowth Infrastructure Bond Fund All Bond Index	2011/07/31	31 052 081	18.2%	0.9%	-1.4%	11.2%	9.5%	10.1%	9.5%	9.8%
					0.7%	-2.0%	8.1%	8.4%	8.8%	8.0%	8.1%
					0.2%	0.6%	3.1%	1.1%	1.3%	1.5%	1.7%
Money Market	Liberty Standard Money Market STEFI	2008/10/31	15 065 066	8.8%	0.4%	1.0%	3.9%	5.7%	6.5%	6.6%	6.6%
					0.3%	1.0%	3.8%	5.6%	6.3%	6.4%	6.5%
					0.0%	0.0%	0.1%	0.1%	0.2%	0.2%	0.1%
	Standard Money Market STEFI	2006/05/31	945 513	0.6%	0.4%	1.0%	3.9%	5.4%	6.3%	5.9%	6.7%
					0.3%	1.0%	3.8%	5.6%	6.3%	6.4%	7.0%
					0.0%	0.0%	0.1%	-0.1%	0.0%	-0.4%	-0.3%
Multi Asset Class	Prudential House View with Global CPI + 5%	2020/01/31	62 163 716	36.5%	1.5%	4.5%	22.4%	-	-	-	12.4%
					0.6%	2.1%	10.0%	-	-	-	9.3%
					0.9%	2.4%	12.5%	-	-	-	3.1%
	Ninety One House View with Global CPI + 5%	2020/01/31	61 215 246	35.9%	1.3%	2.9%	19.1%	-	-	-	11.6%
					0.6%	2.1%	10.0%	-	-	-	9.3%
					0.6%	0.8%	9.2%	-	-	-	2.3%
			170 445 275	100%							

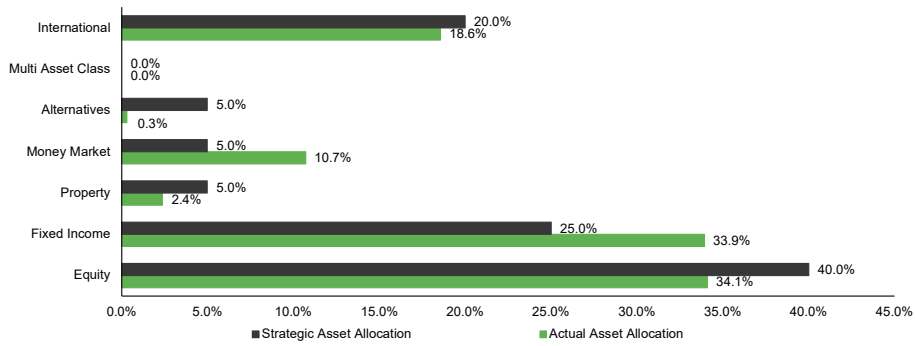
ASSET ALLOCATION



Asset Class	Manager	Active	Total Fund
Equity	Swix Top 40 Tracker	3 654	3 654
Fixed Income	Futuregrowth Infrastructure Bond Fund	31 052 081	31 052 081
Money Market	Liberty Standard Money Market	15 065 066	15 065 066
	Standard Money Market	945 513	945 513
Multi Asset Class	Prudential House View with Global	62 163 716	62 163 716
	Ninety One House View with Global	61 215 246	61 215 246
Total Fund		170 445 275	170 445 275

ASSET ALLOCATION

Active



Section C

Glossary



INVESTMENT GLOSSARY

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

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

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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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