NOVARE®
actuaries & consultants

| Monthly Report |

Anglican Church of Southern Africa Pension Fund

December 2018

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REPORT OVERVIEW

ANGLICAN CHURCH OF SOUTHERN AFRICA PENSION FUND

Effective 1 July 2018, the Fund has combined the previous Active and Pensioner portfolios into one portfolio (Overall), which is further broken down into the Growth and LDI components.

OBJECTIVE

The objective of the Fund is represented by an inflation target for each structure as shown below:

Overall	CPI + 3.75%
Growth	CPI + 4.5%
LDI	CPI + 2%

FUND PERFORMANCE

The performance figures of the Fund represent the performance as calculated by Novare's pricing division and are net of manager fees. Please note the performance of the Overall portfolio represents the combination of both the Growth and LDI Assets.

The year end for the Fund is 31 December. The returns for the financial year reflect returns from the end of the last financial year.

Where reference is made to YTD, the performance for the calendar year is indicated.

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.

BENCHMARK

The benchmark of the Overall portfolio is as follows:

Asset Class	Allocation	Benchmark
Domestic Equities	26.5%	ALSI
Domestic Fixed Income	37.5%	Colourfield (Liability Driven)
Domestic Property	5%	SA Listed Property
Domestic Alternatives	10%	CPI + 4.5%
International Equities	20%	International Composite: 60% MSCI World / 40% Barclays Global Bond

The benchmark of the Growth portfolio is as follows:

Asset Class	Allocation	Benchmark
Domestic Equities	42.5%	ALSI
Domestic Property	8%	SA Listed Property
Domestic Alternatives	16%	CPI + 4.5%
Domestic Cash	1.5%	STeFI
International Equities	32%	International Composite: 60% MSCI World / 40% Barclays Global Bond

The benchmark of the LDI portfolio is as follows:

Asset Class	Allocation	Benchmark
Domestic Fixed Income	100%	Colourfield (Liability Driven)

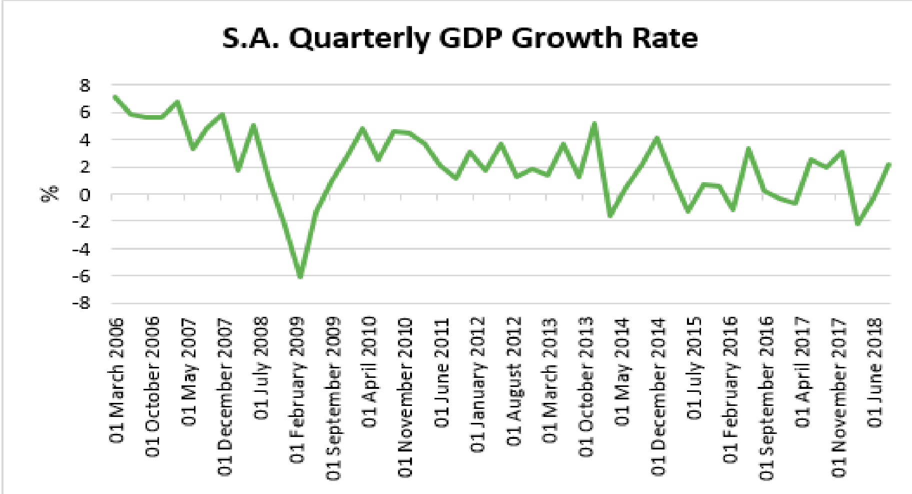
DISCLAIMER

Section A

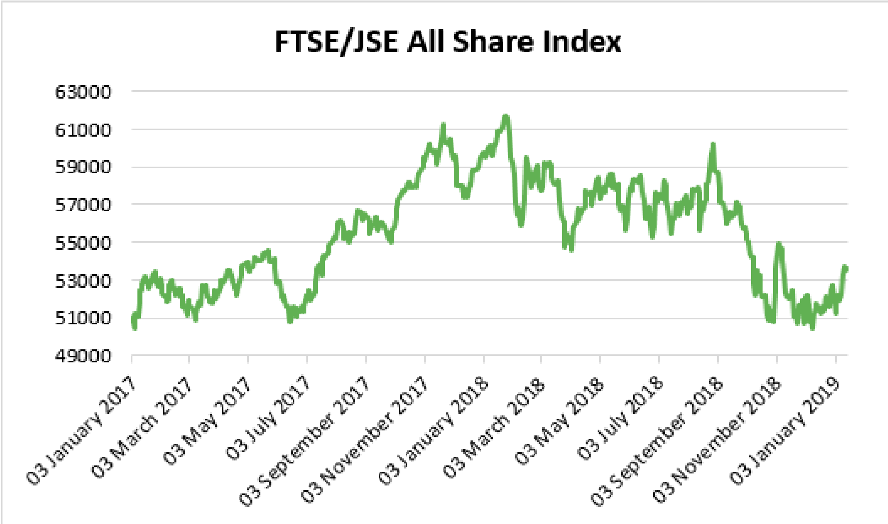
Market Overview

DOMESTIC MARKET VIEW

Last year ended on a volatile note as global growth concerns, geopolitics and uncertainty regarding global trade policy sent markets gyrating. Local equities fell in line with global sentiment, bringing the year's losses to -8.5%. The local bourse managed to reverse last month's declines with the FTSE/JSE All Share index gaining 4.2% for the month. On a sector basis, the Resource 20 Index returned an impressive 12.5% for the month while the Industrial 25 Index gained 2.7%. The Financial 15 Index was up 1.2% during the same period, while the S.A. listed Property Index extended last month's losses to finish -1.0% in negative territory and bringing the year's return to -25.2%.



For the month, the rand depreciated 3.4% against the U.S. dollar and traded 15.9% weaker against the greenback for the year. Despite rand weakness, local bond yields traded weaker, tracking lower global bond yields. Bond prices received some support during the month, as reflected in the All Bond Index (ALBI) which returned 0.6% for the month, along with cash. For the year the return on vanilla bonds (as mirrored in the ALBI), was up 7.7% - only just outperforming cash which gave back 7.2%.



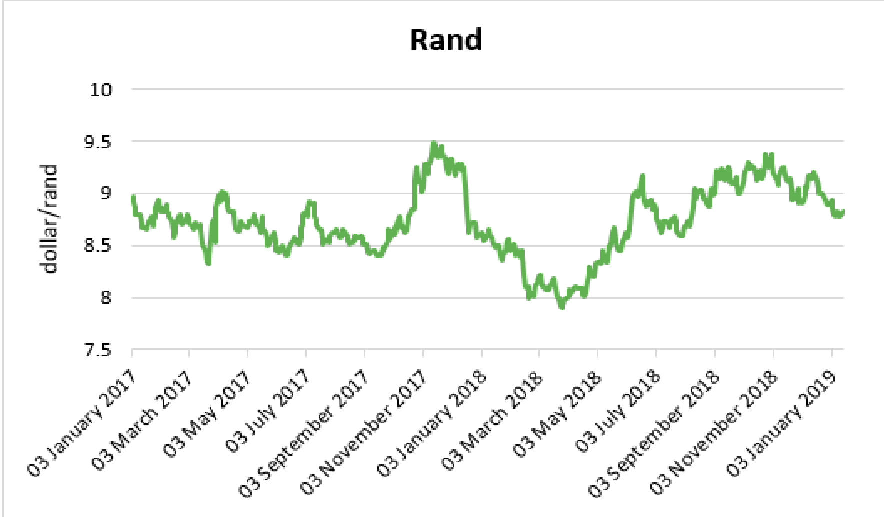
On the data front, growth figures released by Statistics South Africa confirmed that the country had exited a technical recession in the third quarter. GDP grew 2.2% quarter-on-quarter, while the second quarter contraction was also revised higher. On the production side, higher contributions to growth in several industries – most notably in manufacturing, transport and finance - were enough to lift economic growth into positive territory.

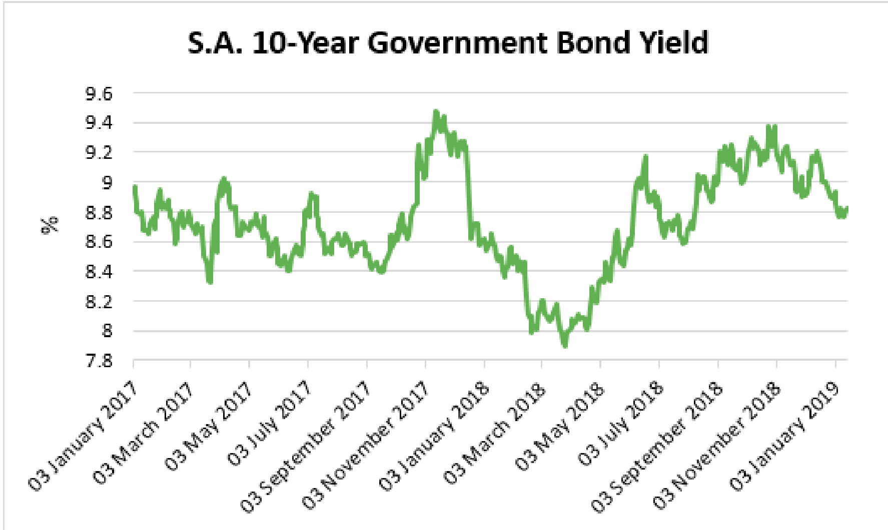
DOMESTIC
MARKET VIEW

The transport sector surprised on the upside with the rebound more than likely linked to the improvement in freight-services demand in the trade and manufacturing sectors where activity turned positive. On the expenditure side, household and government consumption increased by 1.1% and 2.2% quarter-on-quarter respectively.

Consumer spending (one of the main drivers of economic growth) was off to a good start in the final quarter of the year. The print surprised on the upside as retail sales growth accelerating to 2.2% in October (from 0.6% in the previous month). The rise was mainly driven by strong sales growth in the 'textiles, clothing, footwear and leather goods', 'household furniture, appliances and equipment' and all 'other' retail categories.

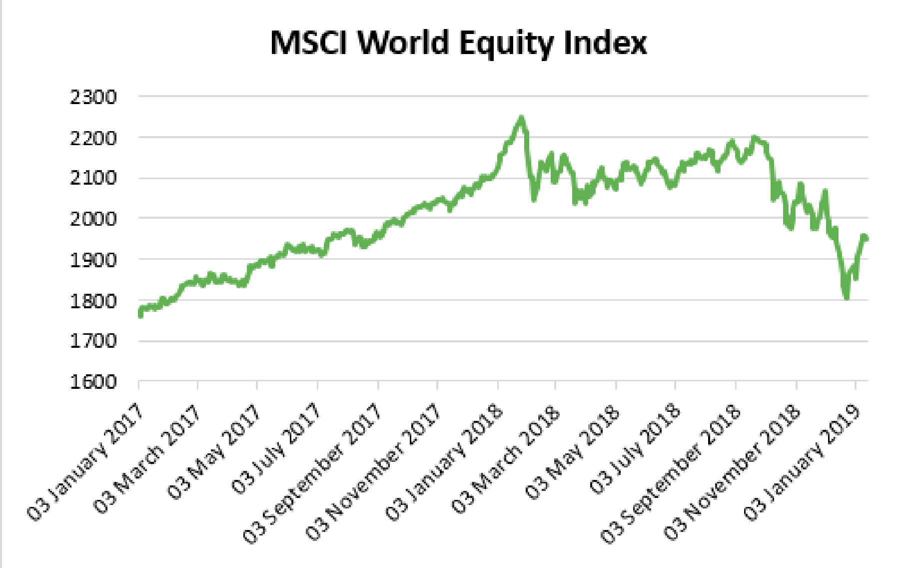
Consumer inflation lifted marginally from 5.1% in October to 5.2% in November which was in line with expectations. Increases in the contributions made by alcoholic beverages and tobacco as well as miscellaneous goods and services were responsible for the marginal rise. Contributions by all other categories remained unchanged compared with October.



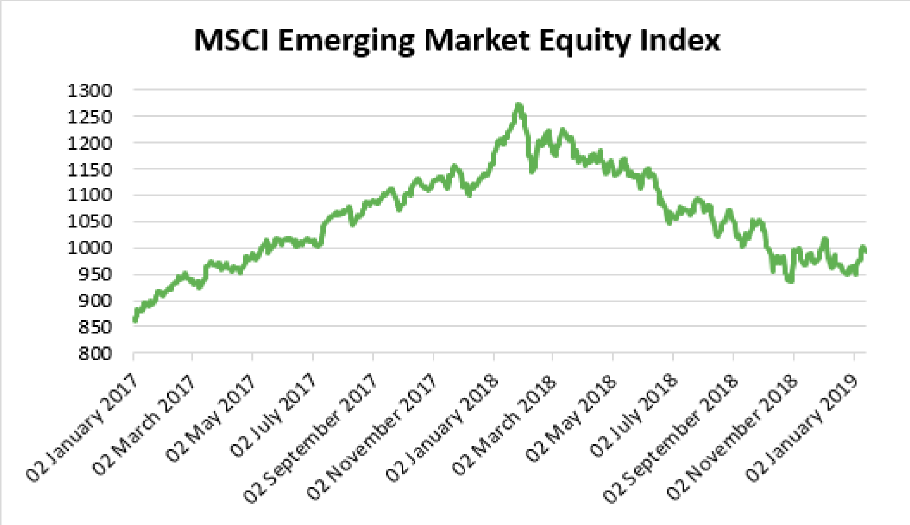


INTERNATIONAL
MARKET VIEW

December was an unforgiving month for global equities as market risk weighed on investor sentiment. Global shares tumbled as reflected in the MSCI Global Equity Index, which returned -7.5% for the month, bringing its annual loss to -8.2%. The S&P 500 fell more than -6% for the 2018 year while the Dow Jones was down -5.6%. The tech-heavy Nasdaq shed -3.9% for the year. European stocks were not spared and the FTSE 100 was down -12.9% for the year. While MSCI Emerging Market Equity Index fared better for the month of December (giving back -2.6%), the index saw greater losses during the year than developed markets as it returned -14.2% during 2018.



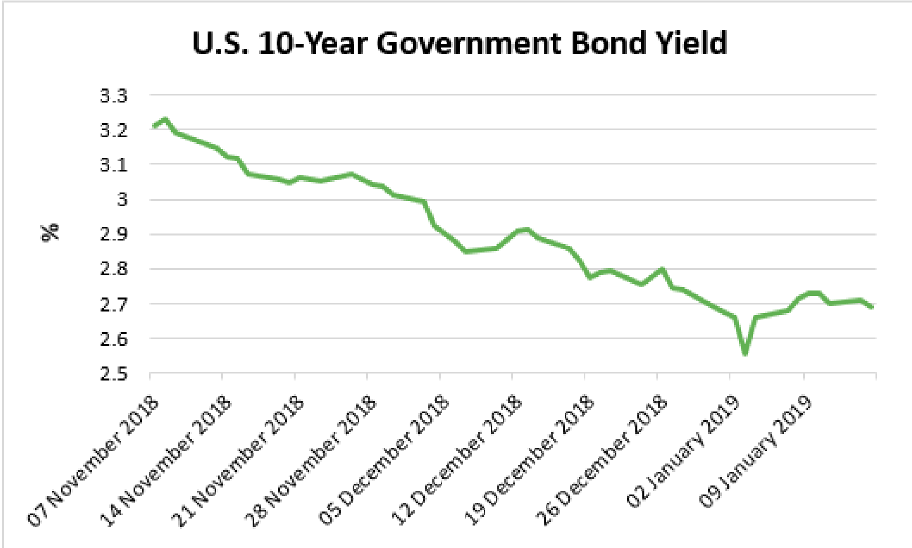
Treasury yields had a volatile year as investors around the world struggled with tighter monetary policy, fears of an economic slowdown and an ongoing U.S.-China trade war. Earlier in the month, China and the U.S. agreed to a 90-day grace period to work out their differences on trade. In an official statement at a G20 dinner, President Trump agreed not to raise the tariff on $200 billion worth of Chinese goods to 25% and leave it at the 10% rate. However, this was merely a temporary cease-fire between the two economic powerhouses.



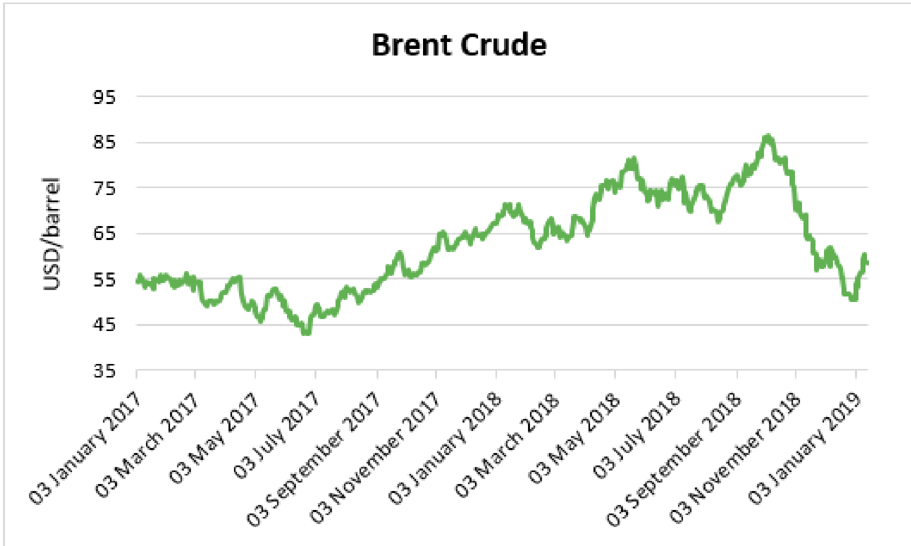
Over the 90-day period, American and Chinese officials will need to engage in further negotiations to reach an agreement on the persistent issues regarding technology transfer, intellectual property as well as agriculture. Should an agreement not be reached by the time allocated, the tariff will be raised to the 25% rate. The news sparked sharp gains in markets worldwide and investors remained nervous.

INTERNATIONAL
MARKET VIEW

The U.S. Federal Reserve bank’s decision to assume a more dovish stance later in the year, as well as slower growth concerns, resulted in global bond yields drifting lower, with the yield on U.S. 10-year government bond finishing off the month at 2.6% (after starting the month at 2.9%). The decline in global bond yields translated to higher global bond prices as reflected in the 2.0% increase in the Barclays Global Aggregate Bond index for the month.



While the U.S. Fed’s rhetoric seemed to have softened somewhat, the post-meeting statement did not entirely mimic this stance. Central bank officials now forecast two hikes in the 2019 year which is less than the previously projected three rate increases. The committee continued to include a statement that more rate hikes would be appropriate and increased its benchmark interest rate by a quarter of a percent.



In terms of the commodities market, Brent crude was -7.9% lower for the month and -18.1% weaker for the year. Buyers fled the market following growth concerns, excess supply and mixed signals regarding renewed U.S. sanctions on Iran. All these factors undermined OPEC’s efforts to cut supply and prop up prices. Gold and platinum returned 4.8% and -0.5% for the month and -1.2% and -14.6% for the year respectively.

TACTICAL ASSET ALLOCATION

RSA BONDS

The South African government bond (SAGB) yield curve mirrored the U.S. bond yield curve as the yield on the U.S.10-year government bond yield fell from over 3% to 2.7% by the end of December 2018. The SAGB yield flattened over the final quarter of 2018 as the risk-off sentiment ensued and investors piled into safe-haven assets. A more dovish stance by the U.S. Fed similarly sent global bond yields lower, with local bond yields following suit.

Structural issues lingered and worsened within key SOEs and with that S.A.'s credit risk rose steadily over the past year. Considering upcoming local events, there are still risks pertaining to RSA Bonds which was evident in the latest sell-off. Events that will be closely watched is the upcoming national budget in February, credit rating reviews and the national elections. Going forward it may prove difficult to see local bond yields falling further unless a general risk-on scenario translates across all emerging markets. In terms of inflation, S.A.'s inflation rate rose steadily but it remained within the SARB's 3-6% target band. In its recent monetary policy meeting, the SARB communicated that it expects a significant improvement in the inflation outlook. The SARB model now forecasts only one interest rate increase of 25 basis points, to reach 7% by the end of 2021, which is a decrease from the previous estimate of three rate hikes of 25 basis points by end of 2020.

While the real yield on local bonds remains attractive, the yield curve is now flat and 10-year bonds only managed to outperform cash by 50 basis points over the year. There is little term premium to reward investors for the increased duration risk but the longer-dated bonds provide an opportunity to lock in the higher rates for a longer period. We maintained an on-weight position in local bonds during the month of December.

RSA PROPERTY, ALTERNATIVES AND CASH

Huge falls in the shares of Resilient, Fortress and NepiRock (which make up a sizeable proportion on the South African Listed Property Index) severely hurt the sector following allegations of share manipulation. A combination of a better political backdrop, improved inflation, and enhanced interest rate outlook are supportive factors for the South African Listed Property Index. Global monetary policy, inflation expectations, fiscal policy and trade will all be themes that will impact this asset class. While the underlying S.A. economy remains challenged, there are good quality counters that trade on appealing initial yields. Over a long investment horizon, total returns should exceed those coming from cash and government bonds through the cycle. We have maintained the on-weight position in South African Listed Property.

The local money market rates were up nearly 1% in the first nine months of the year, however, rates pulled back in the final quarter as expectations of further interest rate hikes and outflows from emerging markets subsided. While the market priced in a benign outlook for local interest rates, the state of the fiscus and downgrade risk are still risk factors for the local economy. In the absence of other options, money market investments provide the best capital protection in the short-term. Cash is, therefore, the balancing item.

RSA EQUITIES

S.A. has a high beta, indicating that one needs to be cognizant of external triggers such as commodity price weakness, fluctuations in the oil price, a stronger U.S. dollar (or weaker emerging market currencies) and the negative impact of a possible trade war. In addition, weaker-than-expected global growth would not be supportive of local equities. Earnings momentum on the JSE continues to decline, although valuations remain above the long-term average P/E ratio of 15.5. The ALSI P/E has dropped to 16.6 and is far removed from the peak of 23.5 recorded in January 2017. Statistics South Africa confirmed that the country had exited a technical recession in the third quarter.

GDP grew 2.2% quarter-on-quarter, while the second quarter contraction was also revised higher. Growth may rise off a low base, but risks remain to the downside as opposed to the upside. A combination of challenges in mining production, low business confidence and policy uncertainty are some of the hindrances to a faster pace of economic growth. Moody's credit rating agency projects that the country's growth will reach 1.3% in 2019 – an increase from the estimated 0.5% in 2018. The rating's agency's projections are line with the growth forecasts from the World Bank while National Treasury and the Reserve Bank expect growth to reach 1.7% and 1.9% respectively in the 2019 year.

A key assumption has been that President Ramaphosa's administration will push through enough reform to restore S.A. Inc. While the pace of reform implementation has been slow, President Ramaphosa has made significant in-roads in his investment drive and the announcement of a stimulus package and a re-prioritisation of the existing budget framework to stimulate economic growth and job creation is a step in the right direction.

Given the above points and the fact that economic growth may continue to underwhelm, we maintained the underweight position in local equities.

TACTICAL ASSET ALLOCATION

INTERNATIONAL

Risk assets became extremely oversold and prices portrayed an overly pessimistic economic outlook for 2019. Global growth momentum is destined to slow but economic expansion is not at risk (barring any further escalation of trade tensions and/or a similar shock). The fears of an economic slowdown, heightened market volatility and an inverted curve resulted in the U.S. Fed taking a more dovish stance towards tightening monetary policy.

The dominant issue for equity markets in early 2019 is whether the collapse in stock prices late last year was an indication of a recession or an over-reaction to an expected growth slowdown. The U.S. economy will slow, but to a lesser degree than the current market narrative suggests. Our view is that the U.S. economic expansion is likely to continue and enable equity prices to at least partially reverse the aggressive de-rating that occurred in late 2018.

We expect policy support in the form of a U.S.-China trade truce as well as fiscal stimulus in China in the first quarter of 2019. This should act as a catalyst for a risk-on phase, given the depressed sentiment. Overall, we still expect equity markets to remain volatile in the near run as investors absorb trade tensions, the shifts in the cyclical interest/inflation outlook and geopolitical risk. We have maintained an overweight position in global equities.

The pullback in G7 government bond yields reflected an unwinding of Fed rate expectations, lower inflation expectations and short covering. Bond yields may decline further in the near term but government bonds are unattractive if the economic expansion continues, which is what we expect. We maintained an underweight position in global bonds.

NOVARE HOUSE VIEW: December 2018

TACTICAL POSITIONING*

	UNDER-WEIGHT	←	ON-WEIGHT	→	OVER-WEIGHT	PREVIOUS: JULY 2018
DOMESTIC	Under-weight					
Equities		95%				95%
Bonds			100%			100%
Property			100%			100%
Alternatives			100%			100%
Cash			Balancing			100%
OFFSHORE				**120%**		***120%***
Equities				105%		105%
Bonds		70%				70%
Alternatives				125%		125%
AFRICA			***100%***			

* positioning is as a % of strategic asset allocation

Summary:

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

(dark green)	++
(light green)	+
(yellow)	Neutral
(light orange)	-
(orange)	- -

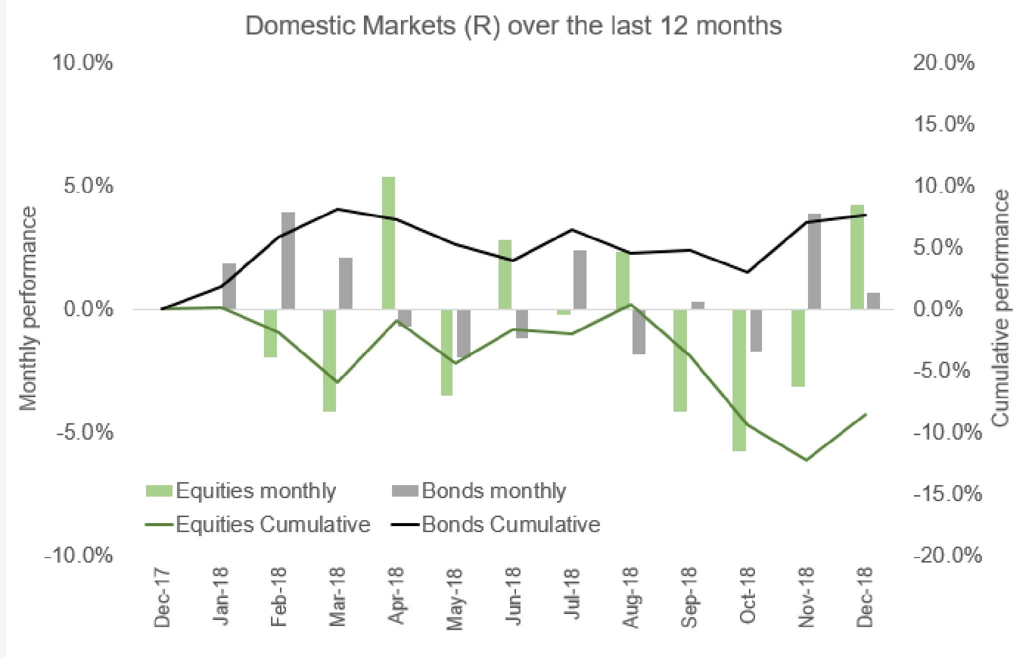
MARKET PERFORMANCE

Global Assets (US$)	1 month	3 months	6 months	YTD	12 months
MSCI All Countries Equity	-7.0%	-12.7%	-8.8%	-8.9%	-8.9%
MSCI Emerging Markets	-2.6%	-7.4%	-8.3%	-14.2%	-14.2%
Global Bonds (R)	5.6%	2.6%	4.8%	15.2%	15.2%

Commodity Prices	1 month	3 months	6 months	YTD	12 months
Brent Oil (USD/Barrel)	-7.9%	-34.3%	-31.3%	-18.2%	-18.2%
Platinum (USD/oz)	-0.6%	-2.4%	-6.7%	-14.7%	-14.7%
Gold (USD/oz)	4.8%	7.4%	2.3%	-1.2%	-1.2%

Asset Allocation (Rand)	1 month	3 months	6 months	YTD	12 months
Domestic Equities	4.3%	-4.9%	-6.9%	-8.5%	-8.5%
Domestic Bonds	0.6%	2.7%	3.6%	7.7%	7.7%
Domestic Cash	0.6%	1.8%	3.6%	7.2%	7.2%
Domestic Property	-1.1%	-4.0%	-5.0%	-25.3%	-25.3%
International Equity	-4.3%	-12.1%	-4.8%	6.5%	6.5%
International Bonds	5.6%	2.6%	4.8%	15.2%	15.2%
Exchange rate (R / $)	3.5%	1.4%	4.5%	16.0%	16.0%

Scale:
Best performing asset class
Worst performing asset class

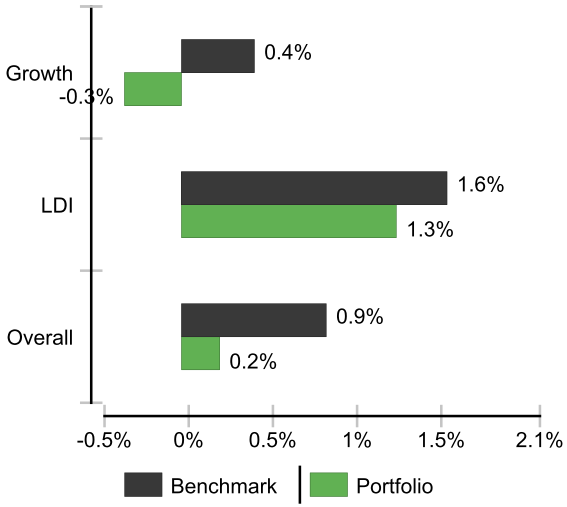


Section B

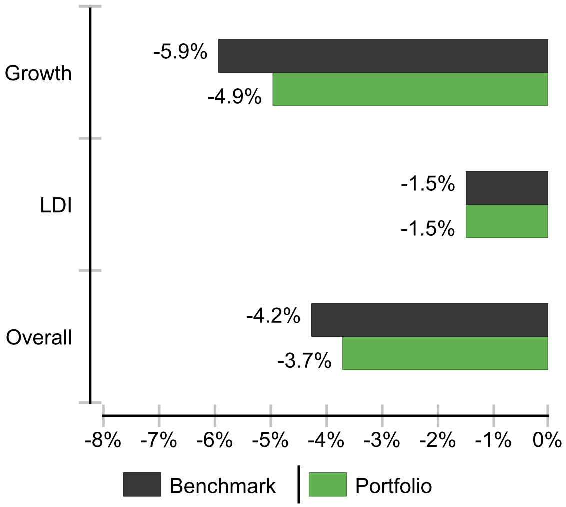
Fund Overview

EXECUTIVE SUMMARY

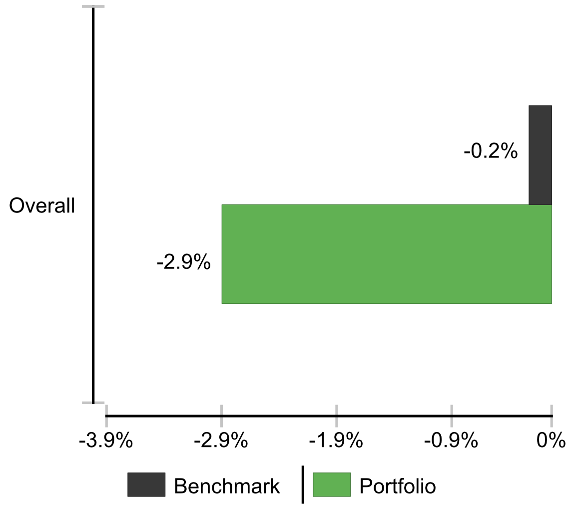
Monthly return for December 2018



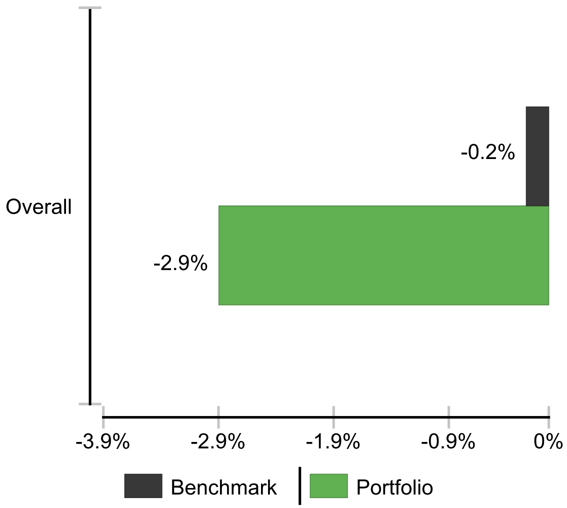
3 Months return up to December 2018



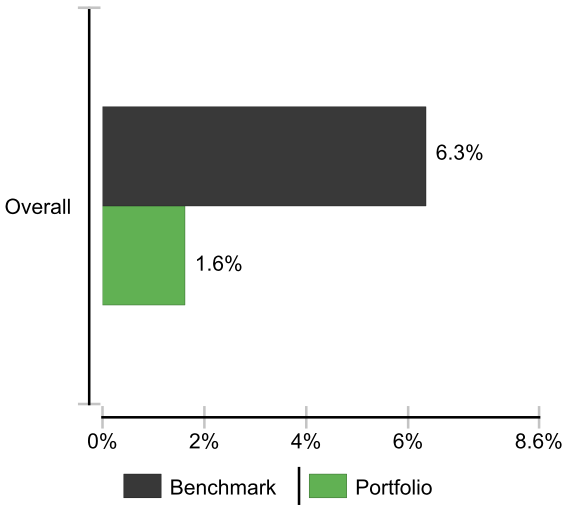
Return from the end of the financial year to December 2018



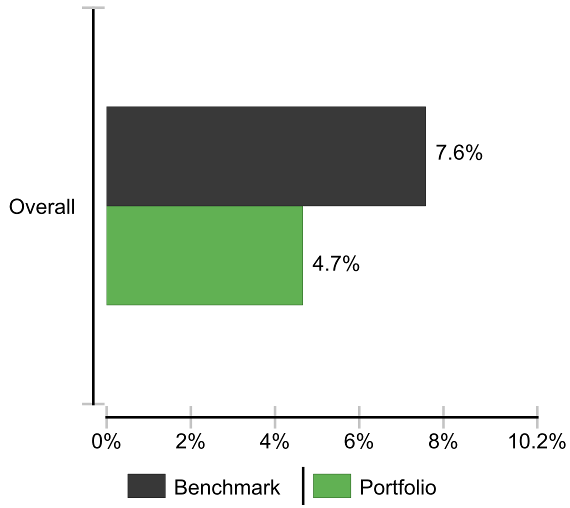
Return for the last 12 months up to December 2018



Return for the last 3 years up to December 2018



Return for the last 5 years up to December 2018



PORTFOLIO MARKET VALUES AND RETURNS

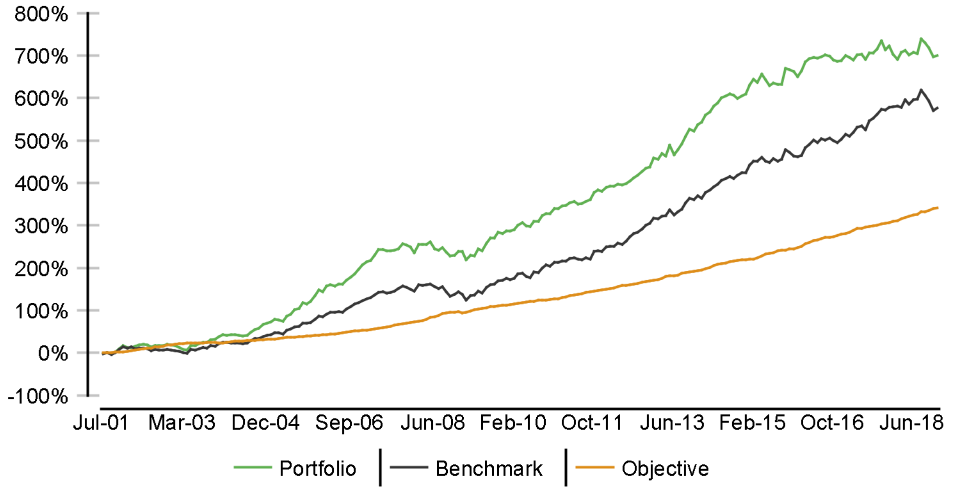
The table below sets out the portfolio returns of the funds over the various periods in comparison with their respective benchmarks.

	Market value (R)	1 month (%)	3 months (%)	YTD (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)
Overall	1,164,489,084.0	0.2	-3.7	-2.9	-2.9	1.6	4.7
Strategic Benchmark		0.9	-4.2	-0.2	-0.2	6.3	7.6
		-0.6	0.6	-2.7	-2.7	-4.7	-2.9
Growth	748,633,714.0	-0.3	-4.9	-	-	-	-
Strategic Benchmark		0.4	-5.9	-	-	-	-
		-0.8	1.0	-	-	-	-
LDI	415,855,369.7	1.3	-1.5	-	-	-	-
Strategic Benchmark		1.6	-1.5	-	-	-	-
		-0.3	0.0	-	-	-	-
Overall		0.2	-3.7	-2.9	-2.9	1.6	4.7
Investment Objective		0.5	2.0	8.5	8.5	8.5	8.5
		-0.3	-5.7	-11.3	-11.3	-6.9	-3.9
Growth		-0.3	-4.9	-	-	-	-
Investment Objective		0.5	2.2	-	-	-	-
		-0.9	-7.1	-	-	-	-
LDI		1.3	-1.5	-	-	-	-
Investment Objective		0.3	1.6	-	-	-	-
		0.9	-3.1	-	-	-	-

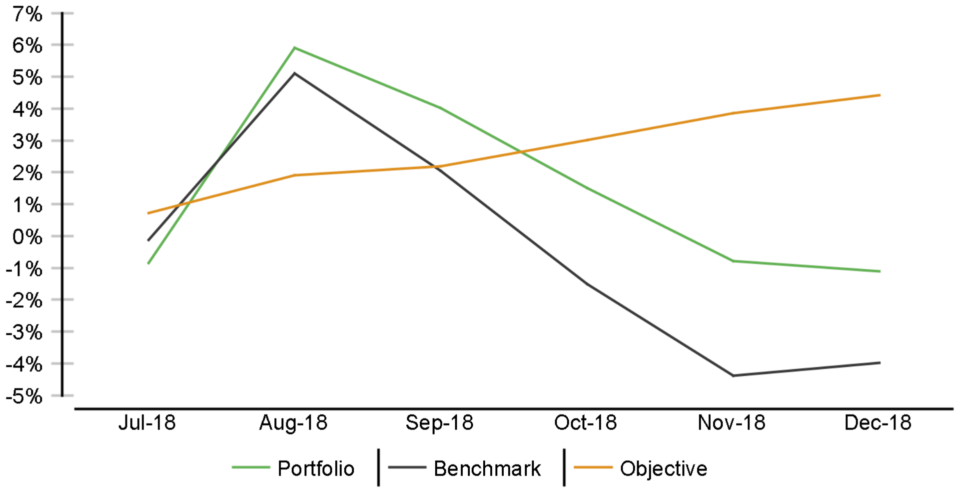
LONG TERM RETURNS

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.

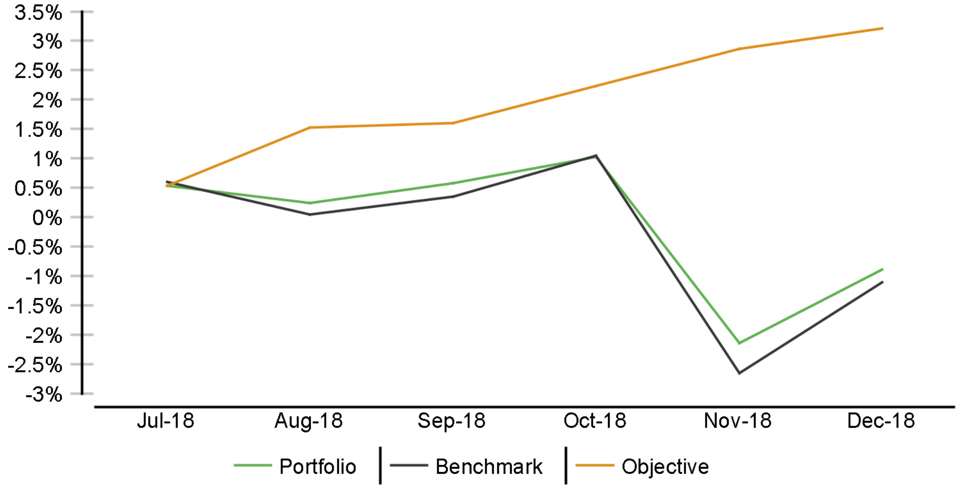
Overall - Cumulative returns since 30 June 2001



Growth - Cumulative returns since 30 June 2018



LDI - Cumulative returns since 30 June 2018



MANAGER PERFORMANCE

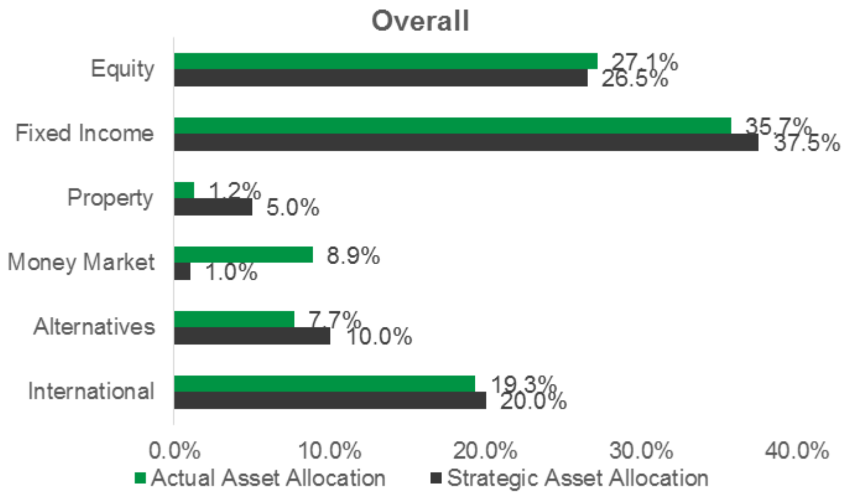
The table below sets out the individual manager returns for funds and compares them with their respective benchmarks.

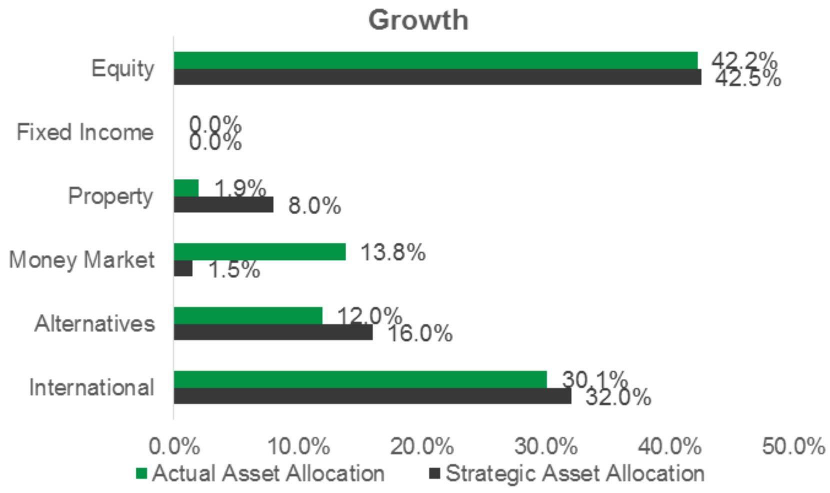
Asset Class	Manager	Inception date	Market value (R)	Weight (%)	1 month (%)	3 months (%)	QTD (%)	YTD (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)	Since Inception
Equity	**Aeon**	2018/10/31	200,928,214.5	17.3	1.6	-	-	-	-	-	-	-2.9
	JSE Capped Share weighted index				2.6	-	-	-	-	-	-	0.9
					-1.0	-	-	-	-	-	-	-3.7
	Satrix Equity	2018/07/31	136,642,353.3	11.7	2.5	-3.8	-3.8	-	-	-	-	-
	JSE Capped Share weighted index				2.6	-3.8	-3.8	-	-	-	-	-
					0.0	0.0	0.0	-	-	-	-	-
Fixed Income	**Colourfield**	2016/02/29	415,855,369.7	35.7	1.3	-1.5	-1.5	-6.2	-6.2	-	-	-1.3
	Liability Benchmark				1.6	-1.5	-1.5	-6.7	-6.7	-	-	-1.7
					-0.3	0.0	0.0	0.5	0.5	-	-	0.4
Property	**Futuregrowth Community Property Fund**	2007/04/30	28,083,135.0	2.4	1.8	3.2	3.2	12.0	12.0	17.5	15.7	13.4
	CPI + 4%				0.5	2.1	2.1	9.2	9.2	9.5	9.4	10.0
					1.3	1.2	1.2	2.9	2.9	8.0	6.3	3.4
Money Market	**Liberty Cash**	2002/01/31	96,340,495.1	8.3	0.6	2.0	2.0	8.0	8.0	8.0	5.6	5.6
	Stefi Composite				0.6	1.8	1.8	7.2	7.2	7.4	6.9	7.9
					0.0	0.2	0.2	0.7	0.7	0.6	-1.3	-2.2
Alternatives	**Sanlam Investment Unlisted Property**	2018/07/31	61,476,967.7	5.3	0.4	2.5	2.5	-	-	-	-	2.5
	ALBI 7 - 12 Years				1.0	2.8	2.8	-	-	-	-	1.7
					-0.6	-0.3	-0.3	-	-	-	-	0.8
International	**Investec Global Franchise**	2018/07/31	225,162,548.5	19.3	-4.2	-9.4	-9.4	-	-	-	-	-0.1
	MSCI World				-4.3	-12.1	-12.1	-	-	-	-	-4.5
					0.1	2.7	2.7	-	-	-	-	4.4
			1,164,489,083.8	100.0								

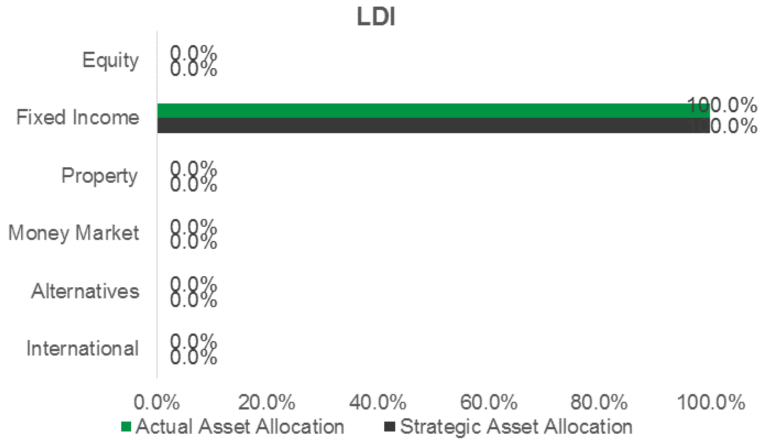
ASSET
ALLOCATION

	Manager	Growth	LDI	Overall
Equity	Aeon	200,928,214.5	-	200,928,214.5
	Satrix Equity	136,642,353.3	-	136,642,353.3
Fixed Income	Colourfield	-	415,855,369.7	415,855,369.7
Property	Futuregrowth Community Property Fund	28,083,135.0	-	28,083,135.0
Money Market	Liberty Cash	96,340,495.1	-	96,340,495.1
Alternatives	Sanlam Investments Unlisted Property	61,476,967.7	-	61,476,967.7
International	Investec Global Franchise	225,162,548.5	-	225,162,548.5
Total fund		**748,633,714.1**	**415,855,369.7**	**1,164,489,083.8**

ASSET ALLOCATION



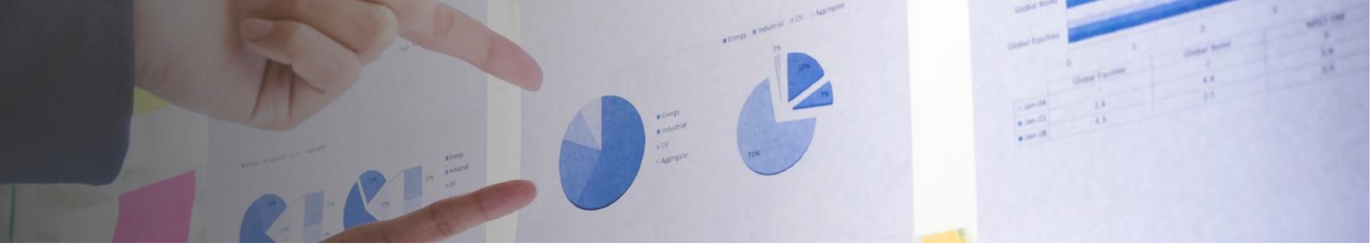




Section C

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.

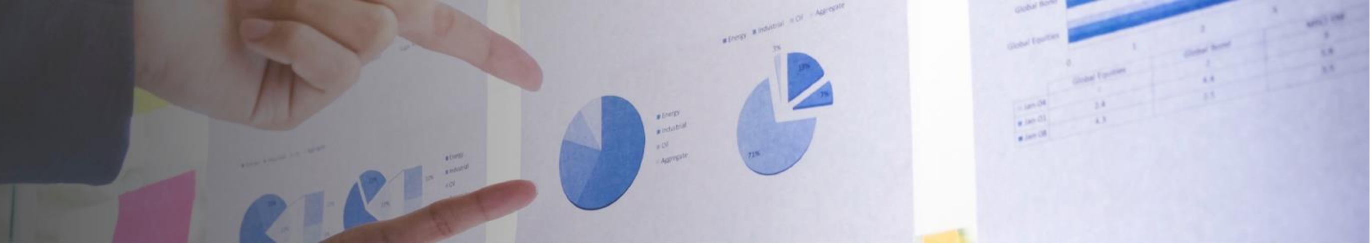
EQUITY

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. Eg 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.

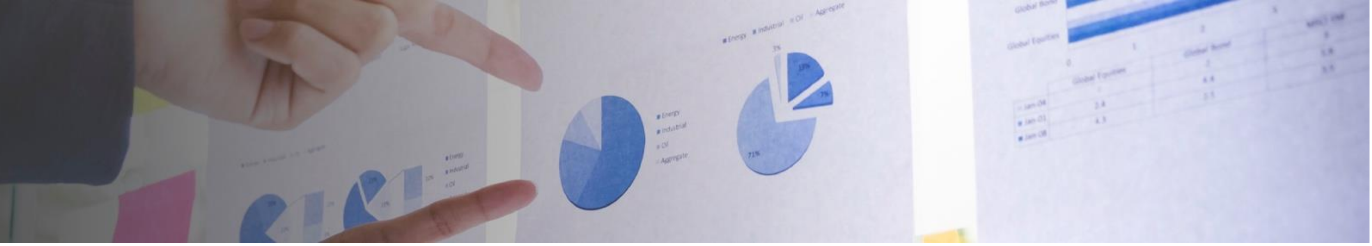
PROPERTY

An asset class where one invests in property either directly (ie buying a property) or indirectly (ie 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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