



NOVARE[®]
actuaries & consultants

| Monthly Report |

**Anglican Church of
Southern Africa Pension
Fund**

December 2019

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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%
Paid Up/Unclaimed Benefits	CPI +3%

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%	Capped SWIX
Domestic Fixed Income	37.5%	Colourfield (Liability Driven)
Domestic Property	5%	SA Listed Property
Domestic Alternatives	10%	CPI + 4.5%
Domestic Cash	1%	STeFI
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%	Capped SWIX
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)

The benchmark of the Paid Up/Unclaimed Benefits portfolio is as follows:

Asset Class	Allocation	Benchmark
Mutil Asset Class	100%	CPI +3%

DISCLAIMER

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Section A

Market Overview



DOMESTIC MARKET VIEW

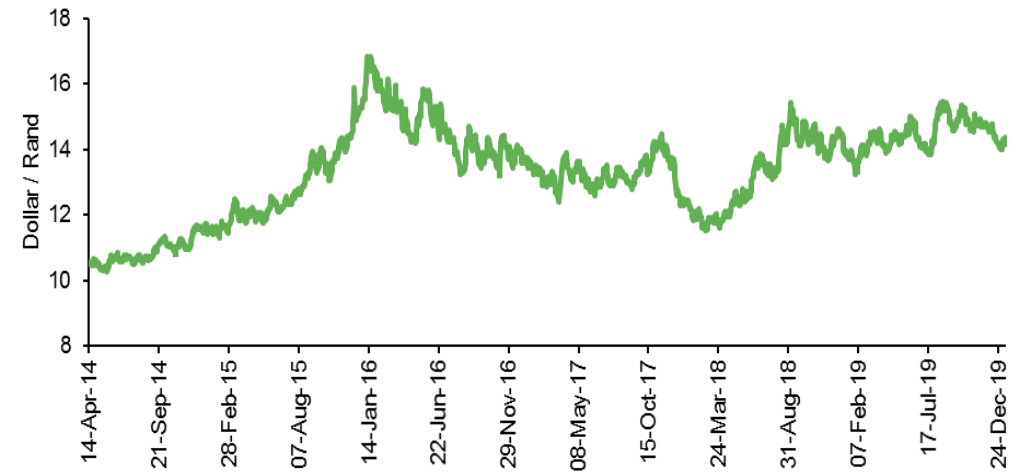


On the local front, news flow continued to be dominated by the torrid situation at SOEs, with Eskom implementing unprecedented Stage 6 load shedding. Years of subpar maintenance at Eskom's coal power plants resulted in significant strain over the festive season as unscheduled maintenance kept the grid under strain.

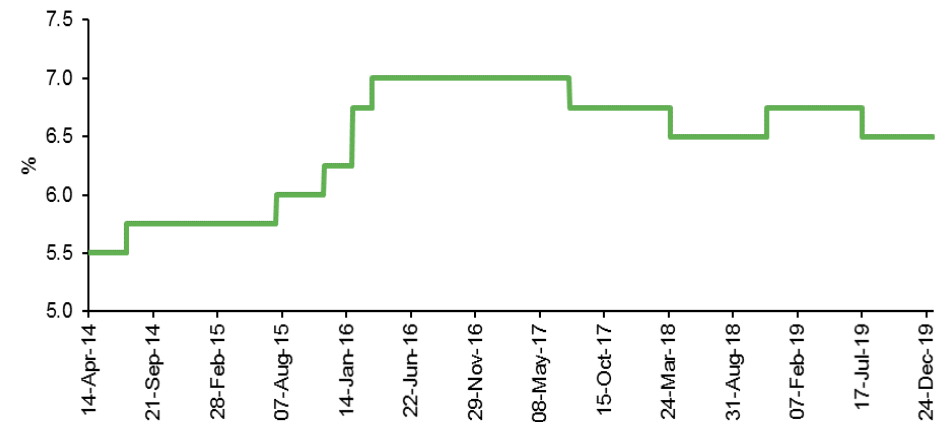
Despite domestic problems, equity markets managed positive returns during the month as global investor sentiment, especially in emerging markets, improved. Gold and platinum miners led the index sharply higher followed by the industrial sector. The JSE All Share Index returned 3.30% for the month.

The All Bond Index also rose sharply as bond yields rallied on easing consumer inflation and continued weak macro-economic indicators, making 2020 interest rate cuts more likely. Despite the poor growth outlook and inflation that keeps surprising on the downside, we believe the Monetary Policy Committee will err on the side of caution on worries about the risk of further capital flow volatility.

Rand



Repo Rate



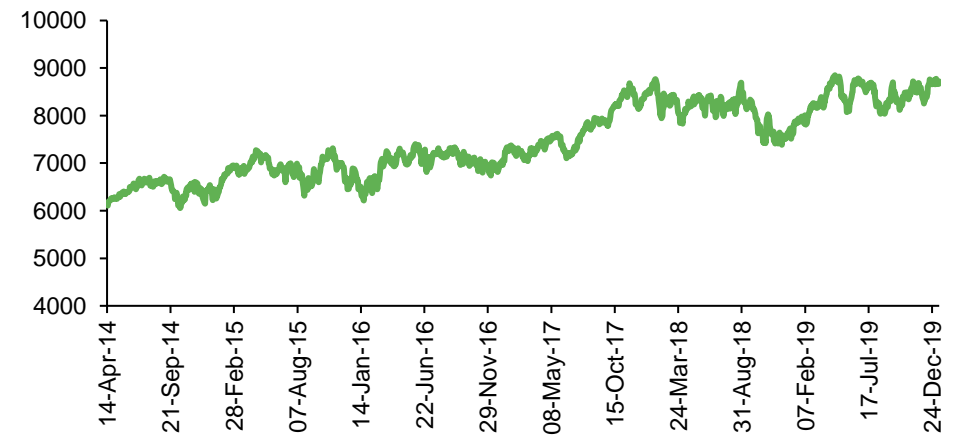
DOMESTIC MARKET VIEW

The ALBI returned 1.89% for the month with the bulk of the performance coming from the longer end of the curve. Non-residents were net-buyers of local bonds despite the almost R30bn outflow the market experienced over the year.

S.A. 10-Year Government Benchmark Yield



FTSE/JSE All Share Index

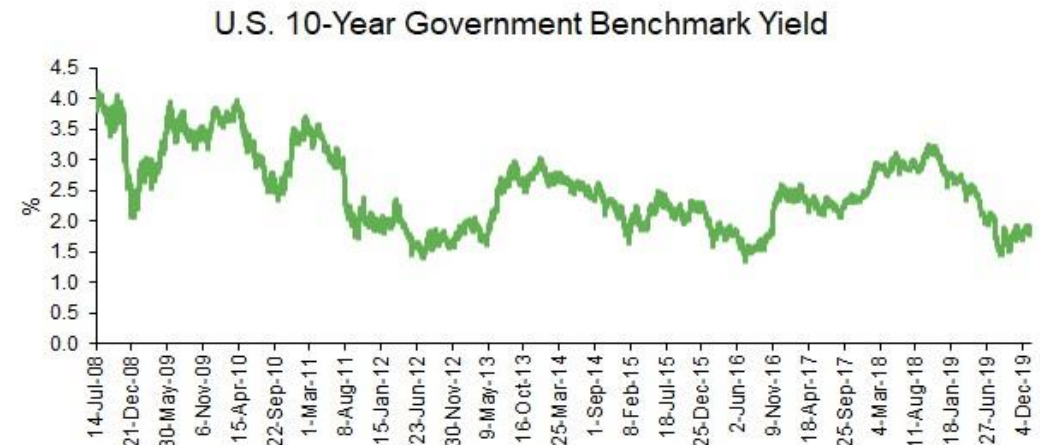
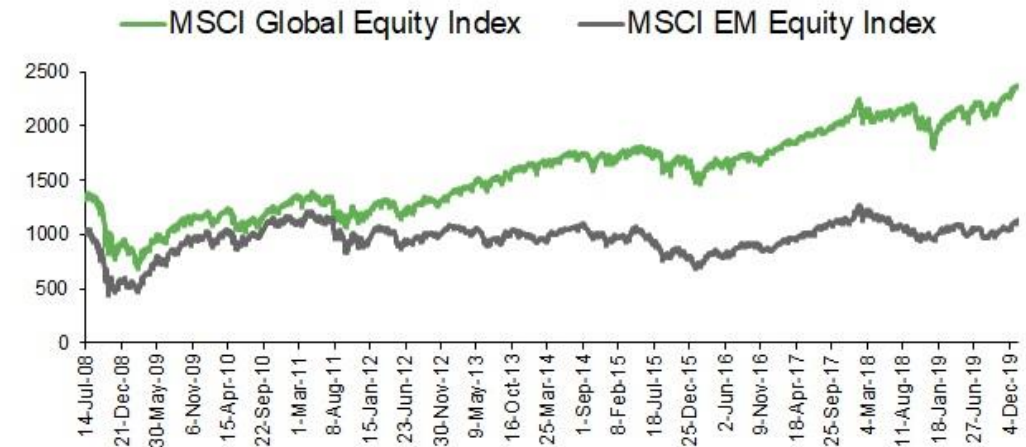


INTERNATIONAL MARKET VIEW

The geopolitical risks that dominated for much of 2019 faded in the fourth quarter, in the process helping global equity markets deliver solid a solid performance. US equities made robust gains in Q4 as trade uncertainty faded with the US and China's phase one trade deal announcement, while economic data remained stable. The trade deal, due to be signed in mid-January, means that planned new tariffs will not be imposed, while US tariffs introduced in September on \$120 billion of Chinese goods will be reduced by half.

The Federal Reserve cut interest rates once in the quarter before indicating that "the current stance of monetary policy is appropriate". Ahead of Q4 growth data, unemployment figures released in early January showed that joblessness declined to 3.5% - its lowest point since 1969 - with better-than-expected wage inflation. The tech sector was among the principal beneficiaries of easing trade tensions. Energy stocks, which had lagged the broader S&P 500 index materially in 2019, rallied as the oil price rose on lower-than-expected supply.

Eurozone equities also posted a strong advance in the final quarter of the year, with the region's MSCI EMU index returning 5.1%. Stocks were supported by improved economic data from Germany, as well as the phase one trade deal agreed by the US and China. As Christine Lagarde took over as president of the European Central Bank on 1 November her first major speech urged governments to boost public investment in order to increase domestic demand in Europe.



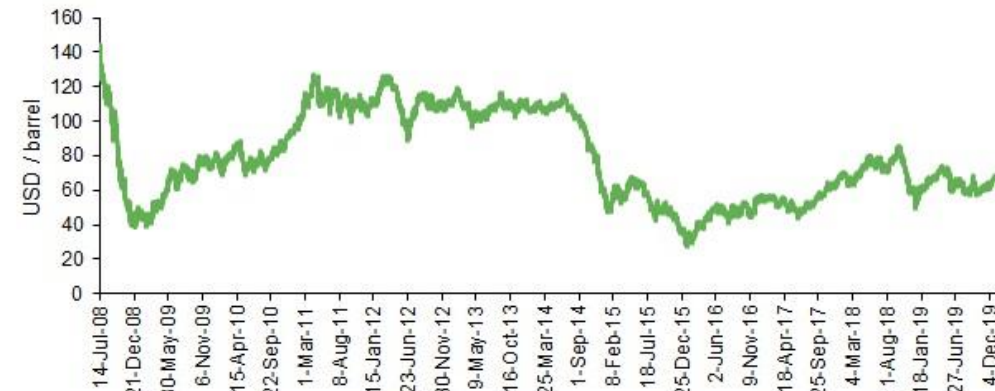
INTERNATIONAL MARKET VIEW

Emerging market (EM) equities posted strong gains in Q4, benefiting from easing geopolitical concerns. The MSCI Emerging Markets Index increased in value and outperformed the MSCI World Index. China delivered strong gains with the phase one trade agreement expected to see the US suspend tariffs on close to \$160 billion of Chinese imports. These were previously scheduled to take effect on 15 December.

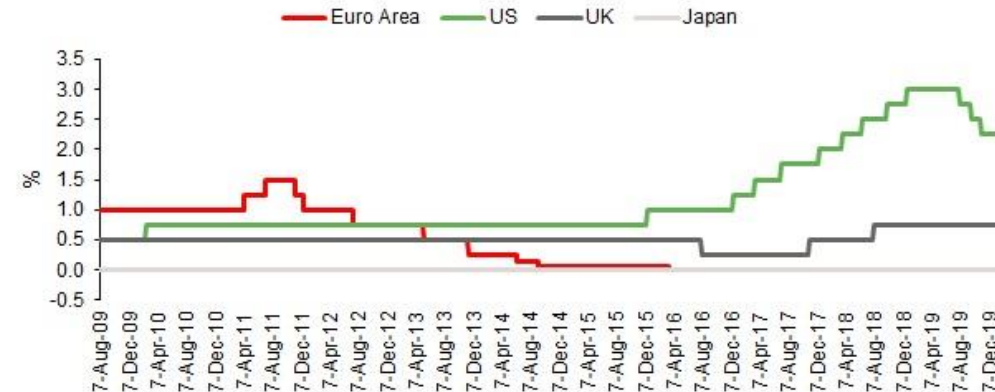
In step with equity markets betting on improving prospects following the phase one US-China trade deal, together with moderately improved economic data that supported robust risk sentiment over the quarter, global government bond yields rose and corporate bonds outperformed. The US 10-year yield rose from 1.66% to 1.92%, while the two-year yield dropped from 1.62% to 1.57% - steepening the yield curve as investors took a more optimistic view on the economy. The German 10-year yield increased from -0.57% to -0.19

The S&P GSCI Spot Index delivered a strong return in Q4, led by energy. Crude oil prices rallied as OPEC+ announced further production cuts to ease oversupply concerns. OPEC is the 14-strong Organisation of the Petroleum Exporting Countries; OPEC+ includes a further 10 oil producing nations. News of the US-China trade deal also supported the demand outlook for oil.

OIL (BRENT)



G4 Policy Rates



TACTICAL ASSET ALLOCATION



RSA BONDS

The All Bond Index rose sharply as bond yields rallied on easing consumer inflation and continued weak macro-economic indicators, making 2020 interest rate cuts more likely. Despite the poor growth outlook and inflation that keeps surprising on the downside, we believe the Monetary Policy Committee will err on the side of caution on worries about the risk of further capital flow volatility.

The ALBI returned 1.89% for the month, with the bulk of the performance coming from the longer end of the curve. Non-residents were net-buyers of local bonds despite the almost R30bn outflow the market experienced over the year. Although we believe that a lot of the bad news has been priced into the market, and that the asset class offers pockets of value, we maintained an underweight position in domestic bonds.

RSA PROPERTY, ALTERNATIVES AND CASH

The SA Listed Property Index (SAPY) produced total returns of -2.07% for December 2019, with the historic yield of the SAPY ending the month at 9.77%. The weak macro-economic backdrop has negatively affected all sectors of the property market. Retail sales have been under severe pressure, leading to weak trading densities and lower occupancy levels. Retailers are starting to negotiate shorter lease terms and lower lease escalations. The industrial sector is also experiencing headwinds given the continued weak manufacturing environment.

According to the latest Absa Manufacturing Survey, manufacturing business confidence rose from 16 points in the third quarter of 2019 to 24 points in Q4.

Confidence remains poor with seven out of ten manufacturers unsatisfied with prevailing business conditions. In these circumstances, we believe a vigorous evaluation process is crucial when it comes to assessing risk and return opportunities. As a result, stock selection is key. We maintained an underweight position in this asset class.

In terms of cash, the market is pricing in a benign outlook for local interest rates. However, the state of the fiscus and the possibility of future downgrades remain 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

Despite domestic challenges, equity markets managed positive returns during the month as global investor sentiment, especially in emerging markets, improved. Gold and platinum miners led the index sharply higher followed by the industrial sector. The JSE ALSI returned 3.30% for the month. Non-residents remained net-sellers of local equities to the tune of R4.6bn. We continued to maintain an underweight position in local stocks within an emerging market equity portfolio.

INTERNATIONAL

The geopolitical risks that dominated markets for much of 2019 faded in Q4, in the process helping global equity markets deliver a solid performance. US equities made robust gains in Q4 as trade uncertainty faded with the US and China's phase one trade deal announcement, while economic data remained stable. The trade deal, due to be signed in mid-January, means that planned new tariffs will not be imposed, while US tariffs introduced in September on \$120 billion of Chinese goods will be reduced by half. The Federal Reserve cut interest rates once in the quarter before indicating that "the current stance of monetary policy is appropriate". Ahead of Q4 growth data, the unemployment figures released in early January showed that joblessness declined to 3.5% - its lowest point since 1969 - with better-than-expected wage inflation. The tech sector was among the principal beneficiaries of easing trade tensions. Energy stocks, which had lagged the broader S&P 500 index materially in 2019, rallied as the oil price rose on lower-than-expected supply.

Eurozone equities also posted a strong advance in the final quarter of the year, with the region's MSCI EMU index returning 5.1%. Stocks were supported by improved better economic data from Germany as well as the phase one trade deal agreed by the US and China. As Christine Lagarde took over as president of the European Central Bank on 1 November her first major speech urged governments to boost public investment in order to increase domestic demand in Europe. Emerging market (EM) equities posted strong gains in Q4, benefiting from easing geopolitical concerns. The MSCI Emerging Markets Index increased in value and outperformed the MSCI World Index. China delivered strong gains with the phase one trade agreement expected to see the US suspend tariffs on close to \$160 billion of Chinese imports. These were previously scheduled to take effect on 15 December.

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NOVARE HOUSE VIEW: December 2019 TACTICAL POSITIONING*

	UNDER-WEIGHT	←	ON-WEIGHT	→	OVER-WEIGHT	PREVIOUS
DOMESTIC	Under-weight					
Equities	95%					95%
Bonds	95%					95%
Property	95%					95%
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 equities, 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.

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+
Neutral
-
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TACTICAL ASSET ALLOCATION

Global Assets (US\$)	1 month	3 months	6 months	YTD	12 months
MSCI All Countries Equity	3.6%	9.1%	9.2%	27.3%	27.3%
MSCI Emerging Markets	7.5%	11.9%	7.3%	18.9%	18.9%
Global Bonds (R)	-3.9%	-7.1%	0.5%	4.2%	4.2%

Commodity Prices	1 month	3 months	6 months	YTD	12 months
Brent Oil (USD/Barrel)	5.9%	8.8%	2.7%	21.5%	21.5%
Platinum (USD/oz)	8.4%	4.4%	16.6%	22.4%	22.4%
Gold (USD/oz)	4.7%	2.3%	8.2%	19.0%	19.0%

Asset Allocation (Rand)	1 month	3 months	6 months	YTD	12 months
Domestic Equities	3.3%	4.6%	-0.1%	12.0%	12.0%
Domestic Bonds	1.9%	1.7%	2.5%	10.3%	10.3%
Domestic Cash	0.6%	1.7%	3.6%	7.3%	7.3%
Domestic Property	-2.1%	0.6%	-3.9%	1.9%	1.9%
International Equity	-1.5%	0.5%	8.6%	25.2%	25.2%
International Bonds	-3.9%	-7.1%	0.5%	4.2%	4.2%
Exchange rate (R / \$)	-4.4%	-7.5%	-0.7%	-2.5%	-2.5%

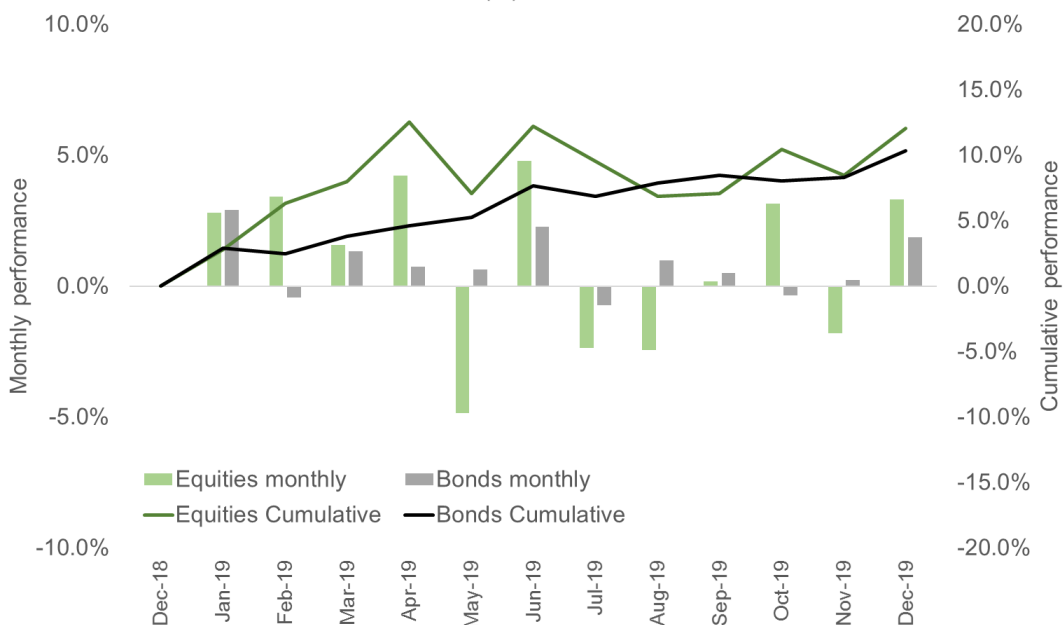
Scale:

Best performing asset class

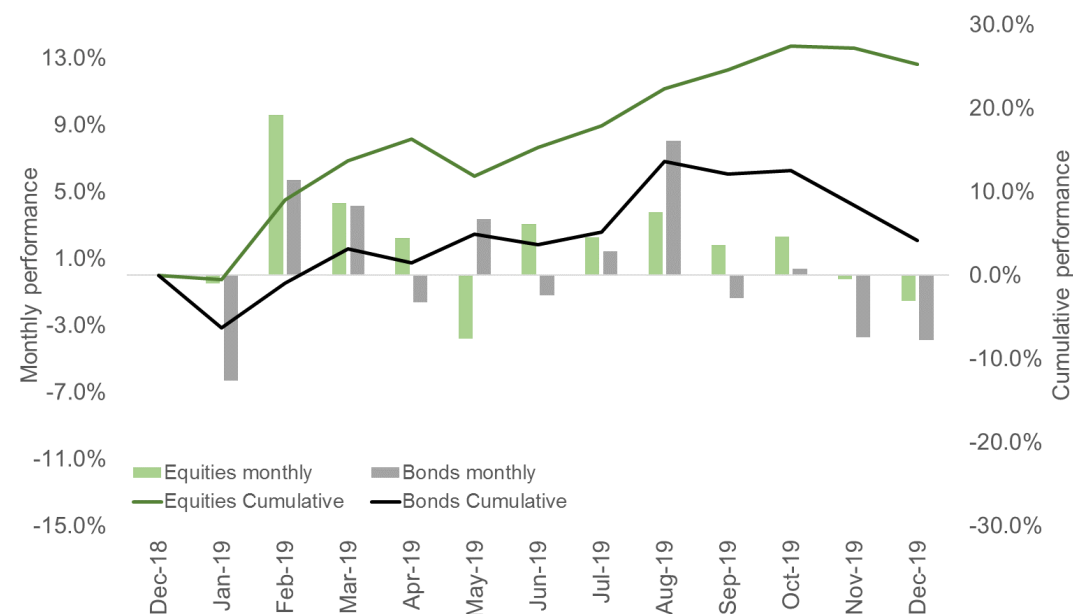
Worst performing asset class



Domestic Markets (R) over the last 12 months



International Markets over the last 12 months



MARKET PERFORMANCE

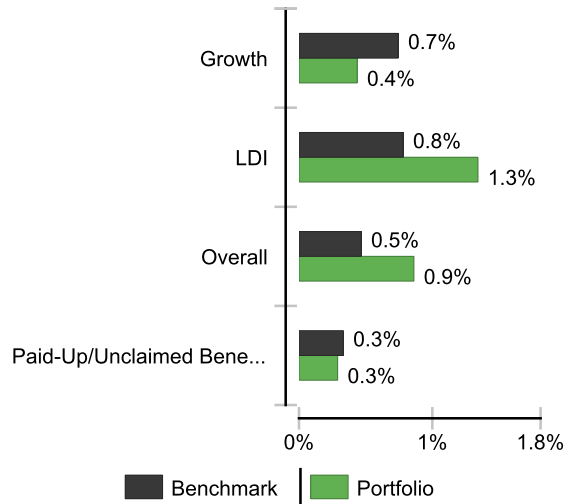
Section B

Fund Overview

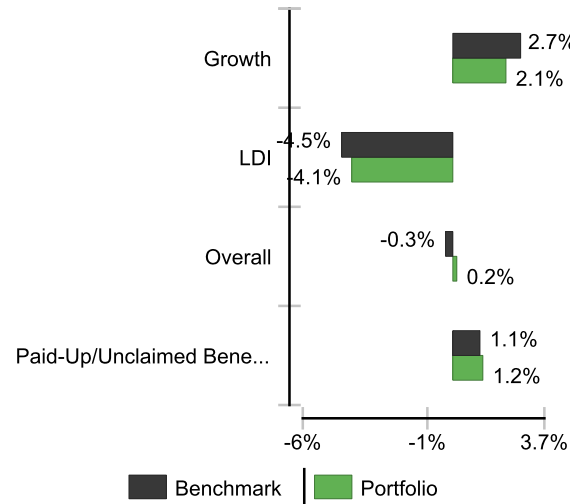


EXECUTIVE SUMMARY

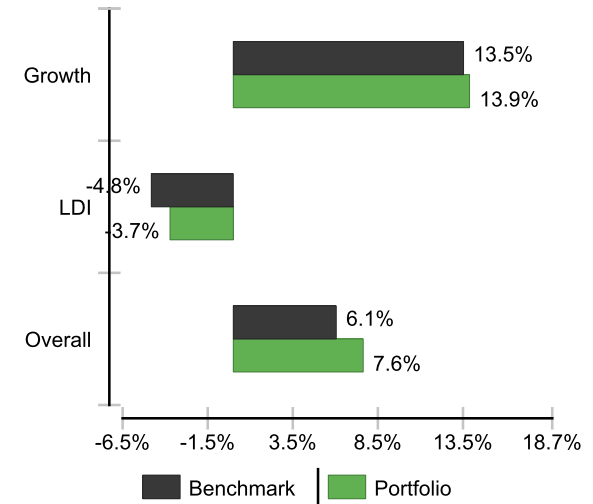
Monthly return for December 2019



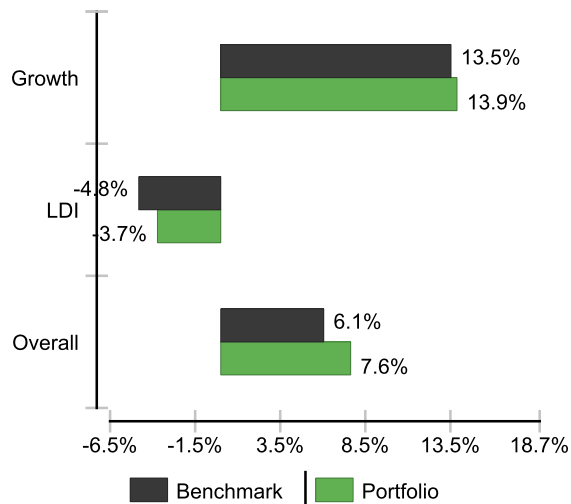
3 Months return up to December 2019



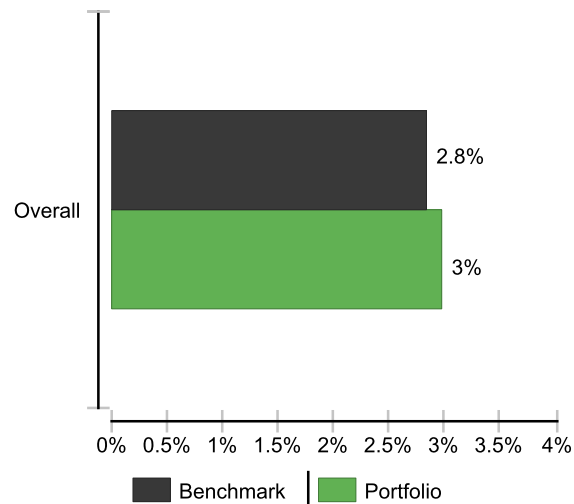
Return from the end of the financial year to December 2019



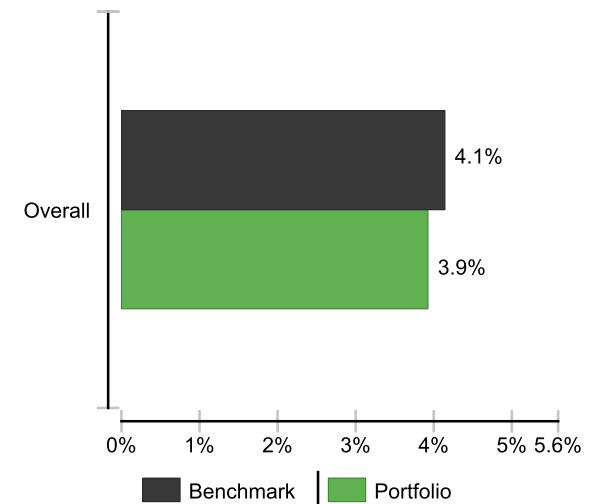
Return for the last 12 months up to December 2019



Return for the last 3 years up to December 2019



Return for the last 5 years up to December 2019



PORTFOLIO MARKET VALUES AND RETURNS

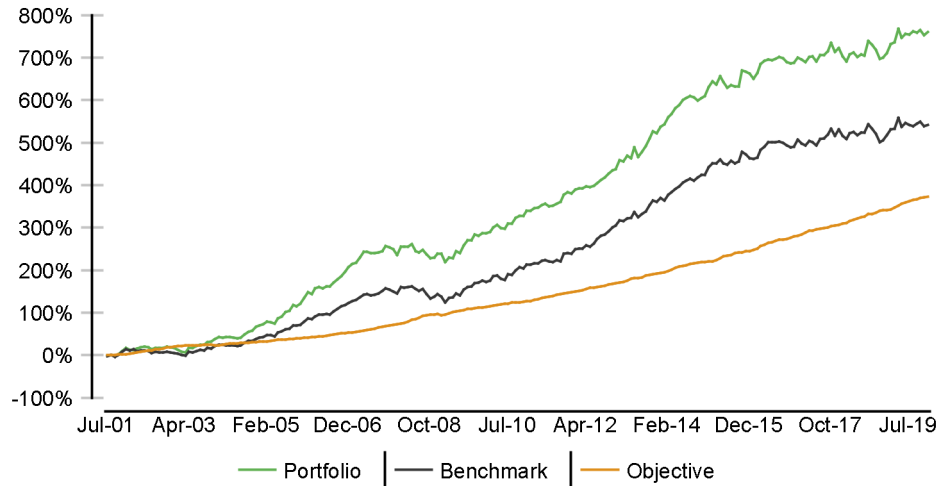
The table below sets out the portfolio returns of the funds over the various periods in comparison with their respective benchmarks.

	Market value (R)	1 month (%)	3 months (%)	YTD (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)
Overall	1,118,367,085.0	0.9	0.2	7.6	7.6	3.0	3.9
Strategic Benchmark		0.5	-0.3	6.1	6.1	2.8	4.1
		0.4	0.4	1.6	1.6	0.1	-0.2
Growth	590,349,225.3	0.4	2.1	13.9	13.9	-	-
Strategic Benchmark		0.7	2.7	13.5	13.5	-	-
		-0.3	-0.6	0.4	0.4	-	-
LDI	528,017,859.7	1.3	-4.1	-3.7	-3.7	-	-
Strategic Benchmark		0.8	-4.5	-4.8	-4.8	-	-
		0.6	0.4	1.1	1.1	-	-
Paid-Up/Unclaimed Benefits	56,336,628.7	0.3	1.2	-	-	-	-
CPI + 3%		0.3	1.1	-	-	-	-
		0.0	0.1	-	-	-	-
Overall		0.9	0.2	7.6	7.6	3.0	3.9
Investment Objective		0.4	1.3	7.3	7.3	7.7	8.2
		0.5	-1.1	0.3	0.3	-4.7	-4.2
Growth		0.4	2.1	13.9	13.9	-	-
Investment Objective		0.5	1.4	8.1	8.1	-	-
		0.0	0.7	5.8	5.8	-	-
LDI		1.3	-4.1	-3.7	-3.7	-	-
Investment Objective		0.3	0.8	5.6	5.6	-	-
		1.1	-4.9	-9.3	-9.3	-	-
Paid-Up/Unclaimed Benefits		0.3	1.2	-	-	-	-
CPI + 3%		0.3	1.1	-	-	-	-
		0.0	0.1	-	-	-	-

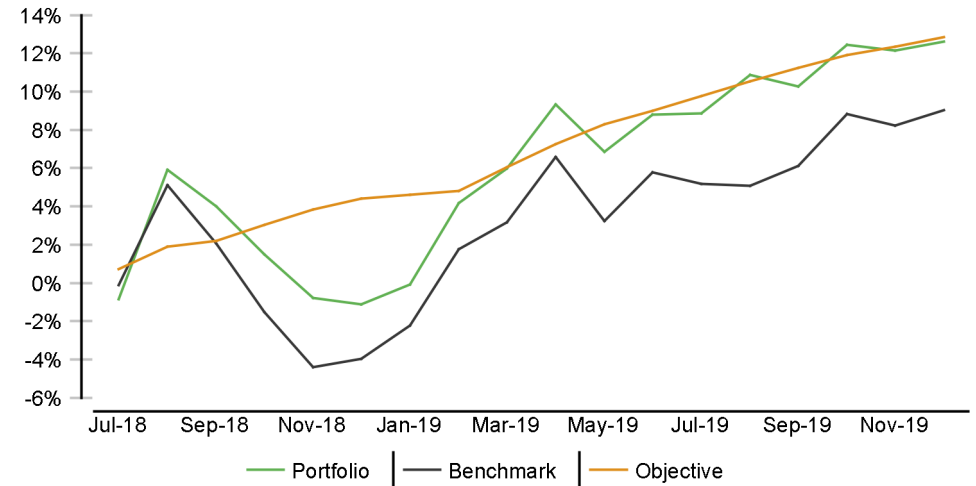
LONG TERM RETURNS

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.

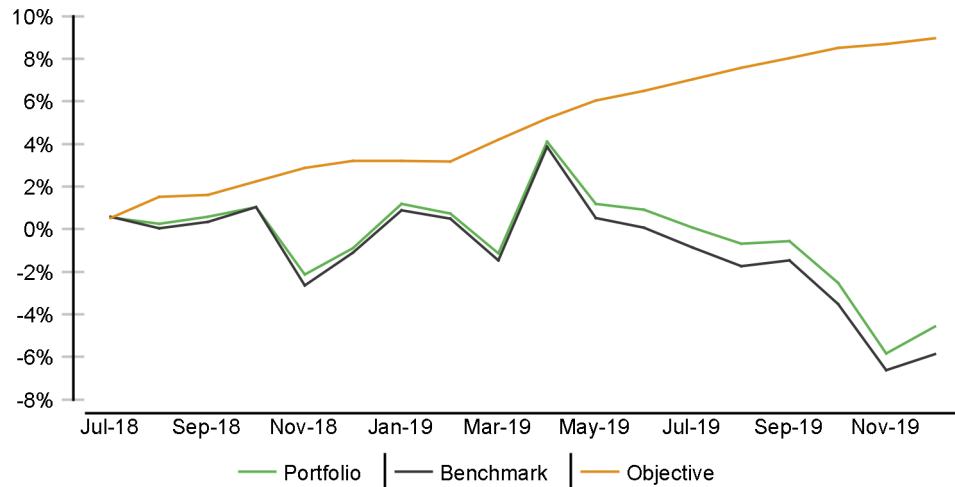
Overall - Cumulative returns since 30 June 2001



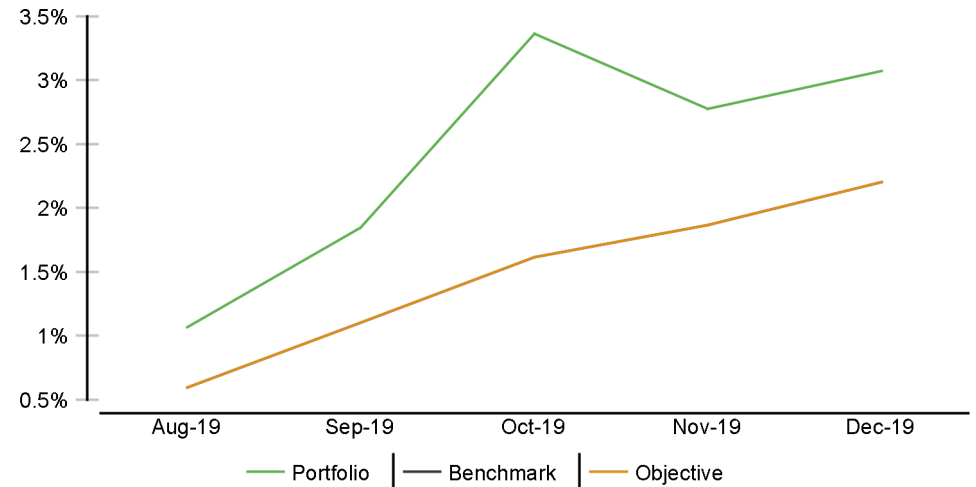
Growth - Cumulative returns since 30 June 2018



LDI - Cumulative returns since 30 June 2018



Paid-Up/Unclaimed Benefits - Cumulative returns since 31 July 2019



MANAGER PERFORMANCE

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

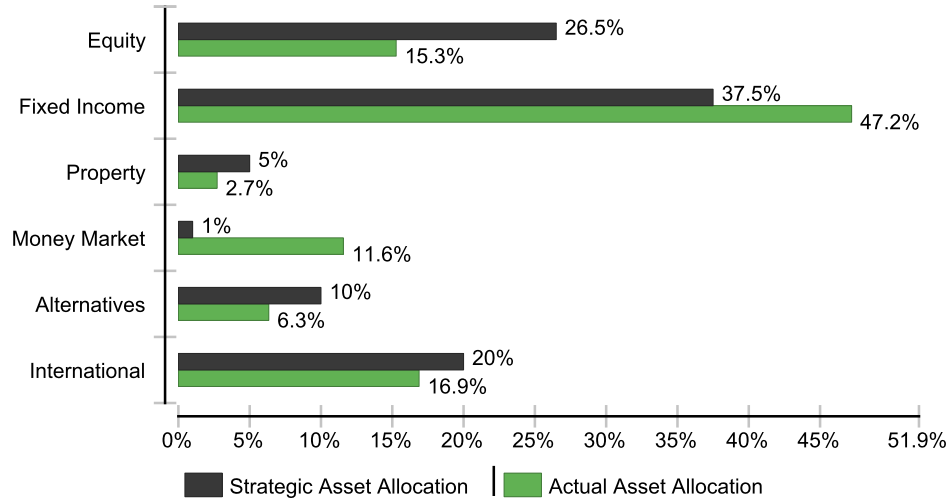
Asset Class	Manager	Inception date	Market value (R)	Weight (%)	1 month (%)	3 months (%)	QTD (%)	YTD (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)	Since Inception
Equity	Aeon JSE Capped Share weighted index	2018/10/31	106,640,990.4	9.1	2.6	3.5	3.5	7.6	7.6	-	-	3.8
					3.1	5.3	5.3	6.8	6.8	-	-	6.5
	Satrix Equity JSE Capped Share weighted index	2018/08/31	64,178,040.4	5.5	-0.5	-1.8	-1.8	0.8	0.8	-	-	-2.7
					3.1	5.3	5.3	6.6	6.6	-	-	-1.3
Fixed Income	Colourfield Liability Benchmark	2016/05/31	528,017,859.7	44.9	3.1	5.3	5.3	6.8	6.8	-	-	-1.2
					0.0	0.0	0.0	-0.1	-0.1	-	-	-0.1
					1.5	-3.9	-3.9	-3.6	-3.6	-3.9	-	-2.9
Property	Futuregrowth Community Property Fund CPI + 4%	2007/04/30	30,409,168.1	2.6	0.8	-4.5	-4.5	-4.8	-4.8	-4.7	-	-3.8
					0.7	0.6	0.6	1.3	1.3	0.8	-	0.9
					1.0	2.3	2.3	9.5	9.5	11.9	15.8	13.1
Money Market	Liberty Cash Stefi Composite	2002/01/31	129,412,593.9	11.0	0.4	1.3	1.3	7.6	7.6	8.5	8.9	9.8
					0.6	1.7	1.7	7.3	7.3	7.4	7.2	7.8
					0.1	0.1	0.1	0.3	0.3	0.6	-0.6	-2.1
Alternatives	Sanlam Investment Unlisted Property ALBI 7 - 12 Years	2018/07/31	70,910,892.8	6.0	1.0	3.5	3.5	15.7	15.7	-	-	12.8
					1.9	2.3	2.3	12.0	12.0	-	-	9.7
					-0.9	1.2	1.2	3.6	3.6	-	-	3.1
International	Investec Global Franchise MSCI World	2018/07/31	188,797,539.7	16.1	-1.9	-0.1	-0.1	25.3	25.3	-	-	17.2
					-1.5	0.5	0.5	25.2	25.2	-	-	13.5
					-0.4	-0.7	-0.7	0.1	0.1	-	-	3.7
Multi Asset Class	Allan Gray Stable CPI + 3%	2019/07/31	56,336,628.7	4.8	0.3	1.2	1.2	-	-	-	-	3.2
					0.3	1.1	1.1	-	-	-	-	2.2
					0.0	0.1	0.1	-	-	-	-	1.0
			1,174,703,713.6	100.0								

ASSET ALLOCATION

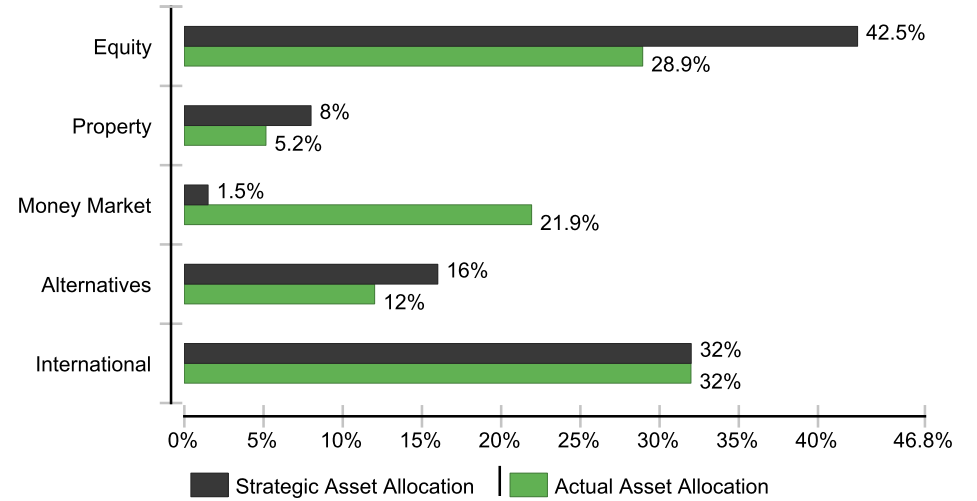
	Manager	Growth	LDI	Overall	Paid-Up/Unclaimed Benefits
Equity	Aeon	106,640,990.4	-	106,640,990.4	-
	Satrix Equity	64,178,040.4	-	64,178,040.4	-
Fixed Income	Colourfield	-	528,017,859.7	528,017,859.7	-
Property	Futuregrowth Community Property Fund	30,409,168.1	-	30,409,168.1	-
Money Market	Liberty Cash	129,412,593.9	-	129,412,593.9	-
Alternatives	Sanlam Investments Unlisted Property	70,910,892.8	-	70,910,892.8	-
International	Investec Global Franchise	188,797,539.7	-	188,797,539.7	-
Multi Asset Class	Allan Gray Stable	-	-	-	56,336,628.7
Total fund		590,349,225.2	528,017,859.7	1,118,367,084.9	56,336,628.7

ASSET ALLOCATION

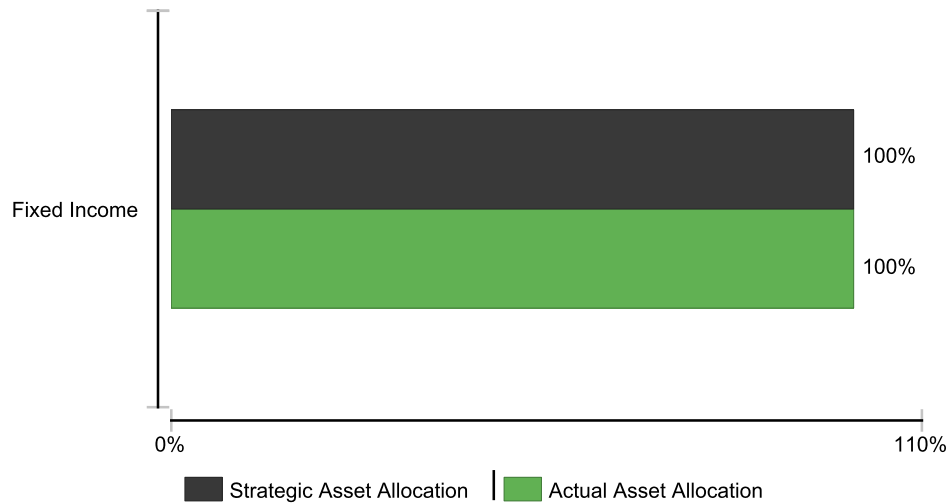
Overall



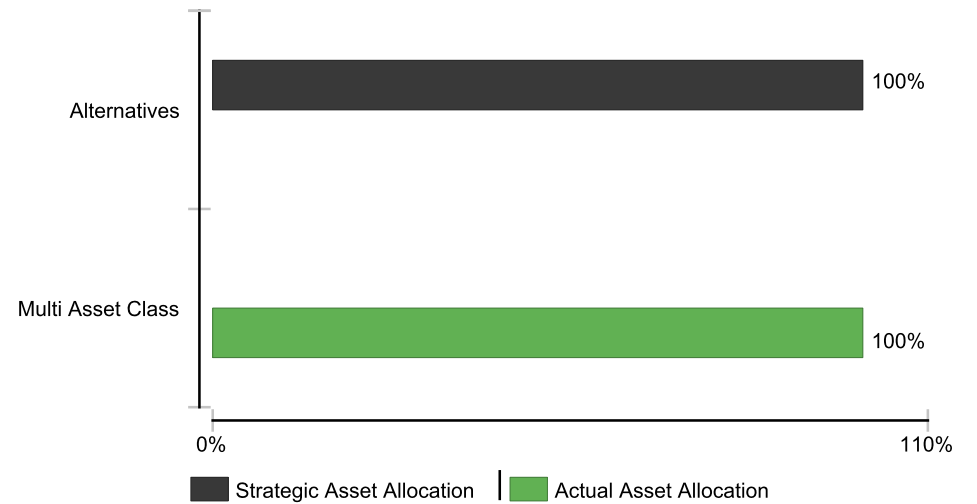
Growth



LDI



Paid-Up/Unclaimed Benefits



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

A hand in a dark suit sleeve points towards a document. The document features several charts, including pie charts and a table. One pie chart is labeled with 'Energy', 'Industrial', 'Oil', and 'Agriculture'. Another pie chart shows '73%' and '27%'. A table in the background has columns for 'Global Equities', 'Global Bonds', and 'Global Cash'.

HEDGE FUND

A type of alternative asset class. Here the investment manager generally invests in traditional asset classes, but has more tools to express their view of the market. Hedge funds look to protect capital in times of market falls and offer diversification from traditional asset classes.

INDEX

A benchmark measure to gauge how an asset class has performed. For example, the JSE All Share index is a measure to gauge how South African equities have performed.

INFLATION

The increase (or decrease) in the price of goods. For example, if inflation over the year was 5%, this means that prices rose by 5% over the period.

INTERNATIONAL

The assets of a Fund that are invested outside of South Africa. Exposure is limited to 25% per Regulation 28 of the Pension Fund, or 30% subject to 5% being invested in Africa.

INVESTMENT OBJECTIVE

The target that an investment fund or portfolio is trying to achieve.

INVESTMENT POLICY STATEMENT (IPS)

A document which sets out the investment aspects of the Fund, including its Fund objectives and describes the various strategies followed to meet them.

MONTHLY RETURN

The performance return over a month.

MANDATE

An investment manager's portfolio and objective.

OVERWEIGHT

To have a higher allocation in a particular asset class or security than what the comparable benchmark indicates.

PERFORMANCE

How much the value of a portfolio or instrument has grown by over a particular period.

PRIVATE EQUITY

An alternative asset class where investors buy equity ownership of a company but where the equity is not listed on a stock exchange.

PROPERTY

An asset class where one invests in property either directly (i.e. buying a property) or indirectly (i.e. buying property shares on the stock exchange).

PROTECTED EQUITY

An asset class giving the investor exposure to equities, but whilst also offering protection against market falls.

INVESTMENT GLOSSARY

REGULATION 28

Refers to regulation 28 of the Pension Funds Act, i.e. the guidelines for South African retirement funds which is aimed at ensuring Funds are not taking on too much risk, by limiting the excessive use of specific investment instruments, markets and asset classes.

REPO RATE

The interest rate which the Reserve Bank lends money to the commercial banks. An increase in the repo rates puts pressure on commercial banks to increase the prime rate.

SHARPE RATIO

A statistical measure indicating the reward for taking on an additional unit of risk. A high positive value is ideal as it indicates that for the risk taken, positive returns were achieved.

STRATEGIC ASSET ALLOCATION

This is the target that a Fund portfolio should be invested in over the long term across various asset classes. The strategic asset allocations are designed to help meet the Fund objective.

TACTICAL ASSET ALLOCATION

These are deviations made away from the strategic asset allocation with the aim of enhancing performance based on views of the investment markets.

TRACKING ERROR

A statistical measure indicating the deviation or difference of a portfolio's return compared to its benchmark return.

TRADITIONAL ASSET CLASS

This generally refers to equities, bonds, cash and property

UNDERWEIGHT

To have a lower allocation in a particular asset class or security than what the comparable benchmark indicates.

VOLATILITY

A risk measure characterised by the standard deviation of portfolio returns. The higher the value, the higher expected risk.

YEAR-TO-DATE ("YTD")

The performance return since the beginning of the latest calendar year

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