



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

**| Monthly Report |**

**Anglican Church of  
Southern African Pension  
Fund**

January 2023

# TABLE OF CONTENTS

**Section A: Market Overview**

**Section B: Fund Overview**

**Section C: Glossary**



# REPORT OVERVIEW

## ANGLICAN CHURCH OF SOUTHERN AFRICA PENSION FUND

Effective 1 February 2020, the Fund has adopted a structure consisting of 3 main underlying

Portfolios:

- Active members
- Pensioners
- Paid Up/Unclaimed

The Active and Pensioner portfolios are furthermore subdivided between an LDI portfolio and a

Growth portfolio

## FUND PERFORMANCE

The performance figures of the Fund represent the performance as calculated by Novare's pricing division and are **net** of manager fees.

## 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.

## OBJECTIVE

The objectives of all the portfolios represent an inflation target of the following:

Actives Overall Portfolio: CPI + 4.25%  
Actives Growth Portfolio: CPI + 4.75%  
Actives LDI Portfolio: CPI + 3%

Pensioners Overall Portfolio: CPI + 3.25%  
Pensioners Growth Portfolio: CPI + 6%  
Pensioners LDI Portfolio: CPI + 3%

Paid Up/ Unclaimed Portfolio: CPI + 3%

## BENCHMARK

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

Asset Class	Allocation	Benchmark
Domestic Equities	28.5%	Capped SWIX
Domestic Protected Equities	0%	
Domestic Fixed Income	30%	Liability Benchmark
Domestic Property	0%	
Domestic Money Market	1.5%	STeFI
Domestic Alternatives	15.0%	CPI + 4.5%
Africa	0%	
International	25%	MSCI World

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

Asset Class	Allocation	Benchmark
Domestic Equities	40.5%	Capped SWIX
Domestic Protected Equities	0%	
Domestic Fixed Income	0%	
Domestic Property	0%	
Domestic Money Market	2.0%	STeFI
Domestic Alternatives	21.5%	CPI + 4.5%
Africa	0%	
International	36.0%	MSCI World

# REPORT OVERVIEW

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

<b>Asset Class</b>	<b>Allocation</b>	<b>Benchmark</b>
<b>Domestic Fixed Income</b>	100%	Liability Benchmark

The benchmark performance in this report for the Unclaimed Benefits/Paid-Ups is as follows:

<b>Asset Class</b>	<b>Allocation</b>	<b>Benchmark</b>
<b>Domestic Money Market</b>	100%	STeFI

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

<b>Asset Class</b>	<b>Allocation</b>	<b>Benchmark</b>
<b>Domestic Equities</b>	0%	
<b>Domestic Fixed Income</b>	92%	Liability Benchmark
<b>Domestic Property</b>	0%	
<b>Domestic Money Market</b>	0%	
<b>Domestic Alternatives</b>	0%	
<b>Africa</b>	0%	
<b>International</b>	8.0%	MSCI World

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

<b>Asset Class</b>	<b>Allocation</b>	<b>Benchmark</b>
<b>Domestic Equities</b>	0%	
<b>Domestic Fixed Income</b>	0%	
<b>Domestic Property</b>	0%	
<b>Domestic Money Market</b>	0%	
<b>Domestic Alternatives</b>	0%	
<b>Africa</b>	0%	
<b>International</b>	100%	MSCI World

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

<b>Asset Class</b>	<b>Allocation</b>	<b>Benchmark</b>
<b>Domestic Fixed Income</b>	100%	Liability Benchmark

## DISCLAIMER

This document is confidential and issued for information purposes only and intended solely for the addressee(s) and members of the **South African Local Authorities Pension Fund**, which employs Novare Actuaries and Consultants (Pty) Ltd (Registration number: 2001/008015/07) (**NAC**), as its Investment Consultant. The performance of the Fund is dependent on the fluctuations of the underlying financial instruments, exchange rates and other economic factors. Past performance is not a guarantee for future performance. No guarantees are provided in relation to portfolio investment performance. NAC does not accept any liability or responsibility of whatsoever nature and however arising in respect of any claim, damage, loss or expense relating to or arising out of or in connection with the reliance by anyone on the contents of this document. Copyright of this document will remain vested with NAC and may not be reproduced to anyone in part or whole without the prior written consent of NAC.

NAC is an Authorised Financial Service Provider in terms of the Financial Advisory and Intermediary Services Act, 37 of 2002. **FSP No. 815.**

NAC is approved by the Financial Services Board in terms of Section 13B of the Pension Funds Act, 24 of 1956, as an Investment Administrator: 24/ 456.

# Section A

Market Overview



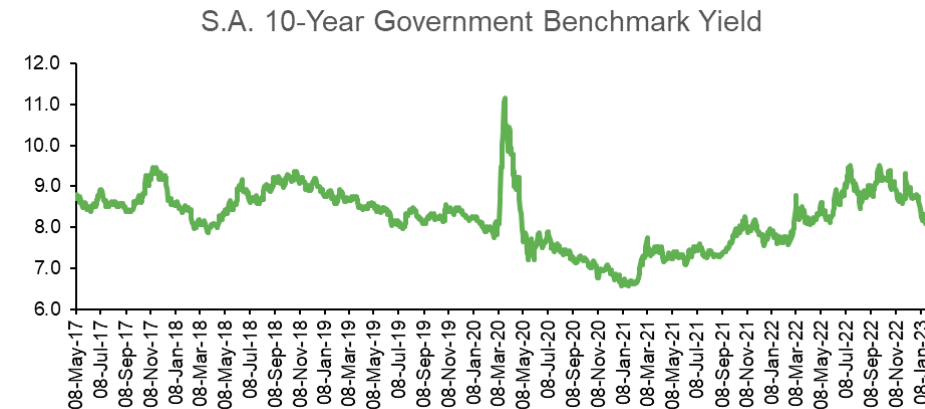
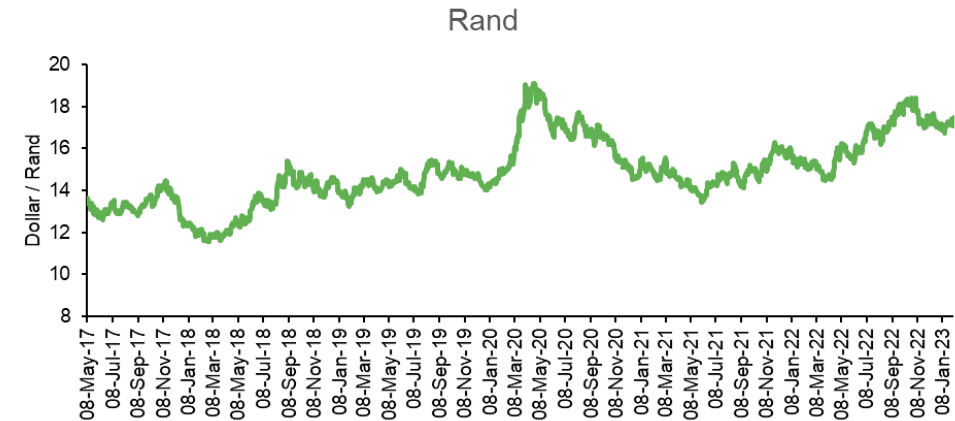
# DOMESTIC MARKET VIEW



Concerns over South Africa's worsening electricity crisis increased at the start of 2023, with rising levels of loadshedding appearing to be a permanent trend and serious effects starting to show in a number of economic sectors.

At its meeting in January, the SARB MPC slowed down the rate of increases, lifting interest rates by only 25bps to 7.25%. Although the statement highlighted the Committee's unease with the recent spike in surveyed inflation expectations and cited a wide variety of upside risks to the inflation outlook, the SARB's projection indicates CPI dropping down towards the 4.5% midpoint later this year.

The SARB also drastically cut its growth predictions, with the increased intensity of load-shedding predicted to subtract a considerable 2% from growth in 2023 despite stronger-than-expected December retail sales and a good tourist season. According to SARB projections, the economy will expand by a meager 0.3% in 2023 (down from 1.1% previously) and barely 0.7% and 1.0% in 2024 and 2025, respectively.

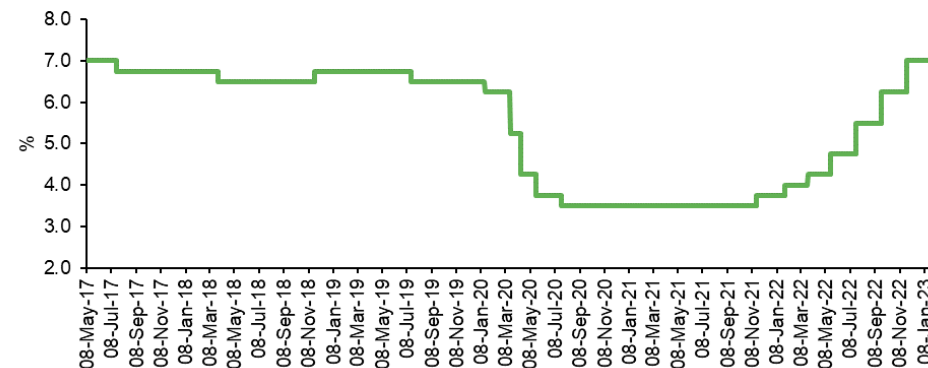


# DOMESTIC MARKET VIEW

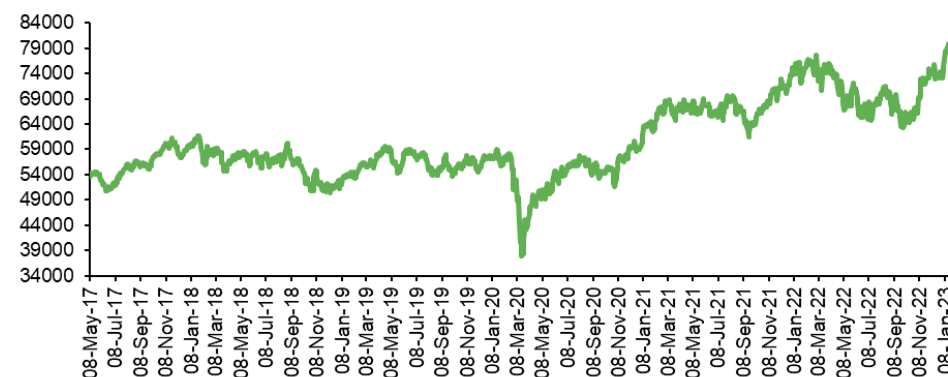
Increased business costs to handle load-shedding are expected to have an inflationary effect, which adds to the uncertainties around inflation as a result of the recent intensity of energy shortages.

Local stocks returned 6.96% m/m overall in January, but listed property had a negative return of 1.0% m/m. The ALBI saw a monthly return of 2.97%. The ZAR trailed developing market peers as global risk appetite recovered, closing the month at 17.43 to the US dollar, reflecting the overhang from this pessimistic mood.

### Repo Rate



### FTSE/JSE All Share Index

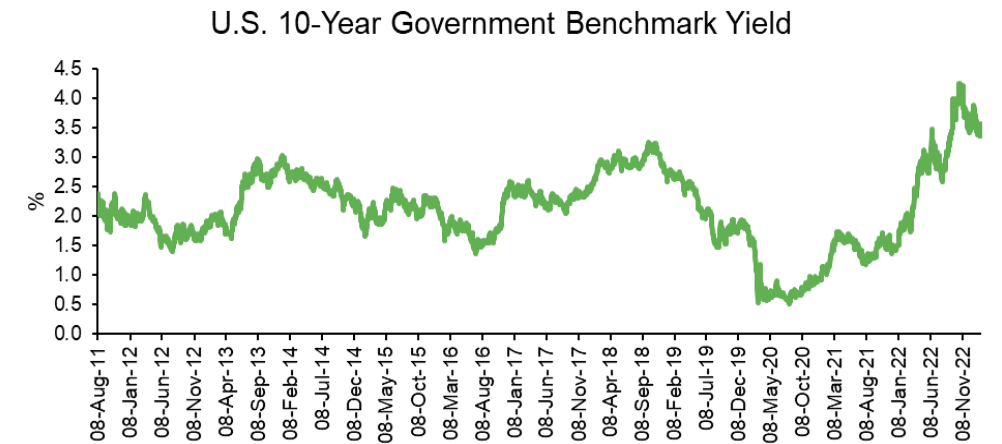
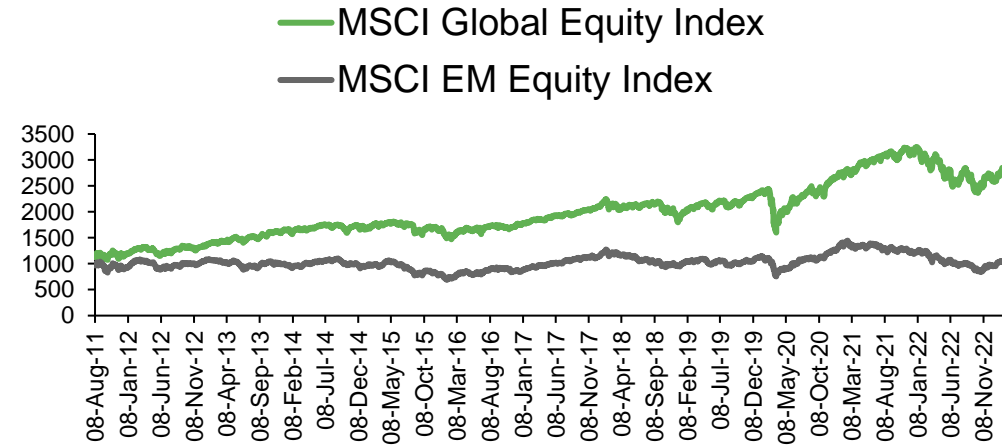


# INTERNATIONAL MARKET VIEW

Markets surged into 2023 as if high inflation and slowing was a distant memory. Hope that interest rate increases by central bank would soon come to an end was sparked by inflation that fell in line with or more than forecast. Lower energy prices contributed to improving inflation estimates, especially in Europe where demand decreased as a result of milder weather.

The US unemployment rate dropped to 3.5%, reaching a 53-year low, and job increases were stronger than anticipated, according to the December labour market report. Although lower than the most recent peak of 5.6% seen in March 2022, average hourly wages increased by 4.6% year over year (yoy). The market has started to anticipate that the Fed might not need to raise rates all that much if wage pressures keep subsiding.

The US earnings reporting season for the fourth quarter was only getting started as the month came to an end. Results so far have been a mixed bag, with both good and bad surprises. Earnings have decreased as the global economy has slowed. In the past quarter, there have also been considerable job cuts, especially at large technology businesses that are dealing with a lockdown staffing overhang.





# INTERNATIONAL MARKET VIEW

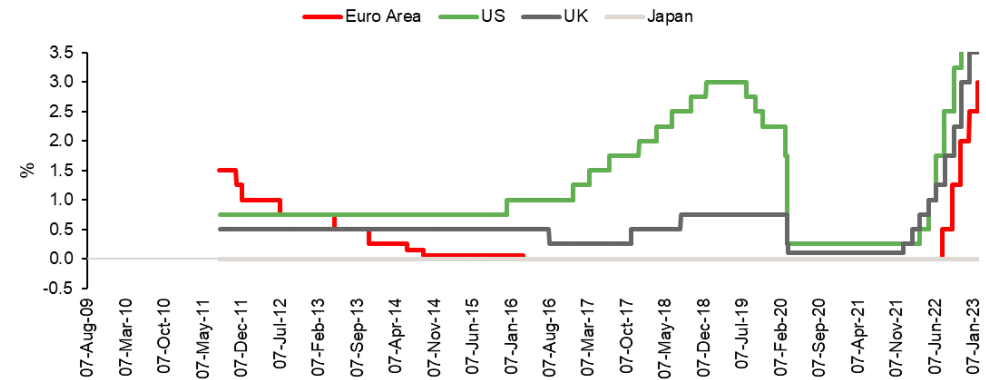
A total Covid policy turnaround in China and reasonably stable energy markets fueled optimism for the new year, printing excellent returns across all market indices. Investors believed that the reopening of the Chinese economy (and the restoration of mobility throughout Asia) would lead to stronger economic growth, unclog supply chains, and counteract the declining growth in the West. This belief was definitely the most significant element driving market gains.

With excellent equities returns across the board, the MSCI ACWI index returned 7.2% for the month. The world's bond markets also performed well. The Bloomberg Global Government Bond index gained 3.2% as investors' optimism about the likely peak in US interest rates increased and inflation fears started to fade a bit.

### OIL (BRENT)



### G4 Policy Rates



# TACTICAL ASSET ALLOCATION

## RSA BONDS

The Reserve Bank's MPC delivered a smaller-than-expected 25bp hike, with the repo rate now at 7.25%.

The yield curve steepened towards the end of January. The yield on the shorter-dated R186 fell by 64 basis points, while the yield on the longer-dated R2030 fell by 51.5 basis points. The R2048 yield was 13 bps lower, reflecting a decline in yields at the longer end of the curve as well. The R186 returned 2.8% m/m, whereas the R2030 and R2048 returned, respectively, 3.46% m/m and 2.06% m/m. The ALBI recorded a total return of 2.97% m/m.

Non-residents remained net sellers, but to a lesser extent than towards the end of 2022, off-loading R9.1bn worth of SA bonds. This brings the cumulative outflow for the last 12 months to R273bn.

## RSA PROPERTY, ALTERNATIVES AND CASH

During January, listed property was the outlier in capital markets, ending down -1%. During 2022, the retail sector's recovery was still going strong, and most merchants saw increases in profits. Retail sales of food and clothing both experienced a significant uptick in trading density over the past year and have increased by 8%.

The overall vacancy rates across the country have continued improve. National retailers have aggressively expanded into places where they do not already have a presence and found new niches for future growth in areas where they do already have a presence to fill the space left by business closures, such as bank branches and movie theaters.

The forecast for the world economy in 2023 is still unknown, and analysts have issued short-term recessionary risk warnings. There is a downside risk to the demand for space in the future since occupiers of physical real estate will typically continue to be reluctant to expand their facilities or recruit new staff in this uncertain environment. The SARBs rate hiking cycle also does not warrant an increase in our allocation.

## RSA MONEY MARKET

In South Africa's money market, the 3-m JIBAR rate increased by 21 bps to close the month at 7.47%, while the 12-m JIBAR rate decreased by 18 bps to 8.51%. These rates have increased by 336bp and 281bp, respectively, over the past year. At the end of January, the average yield on 12-month T-bills decreased by 30bps monthly to 8.09%.

## RSA EQUITIES

Following global trends and perhaps ignoring the chronic electricity shortages that are now a constant part of South Africa's operational

environment, total returns for SA shares were positive. In January, all major industries posted gains, reversing December's dismal performance.

The 14.4% m/m return for the chemicals sub-sector drove the 6.92% m/m return for the basic materials sector (9.56% y/y). Industrial materials (10.18% m/m) and industrial metals and mining (9.5% m/m) were the standout sub-sectors, while precious metals and mining lagged with a 1.64% m/m return. Consumer discretionary recorded a 16.32% m/m return (19.64% y/y) for the consumer-facing sectors, while consumer staples returned 3.01% m/m (6.96% y/y).

Industrials returned 8.7% m/m (-3.35% y/y), while the financial sector returned 3.93% m/m (8.49% y/y). The return from telecoms increased by 10.62% m/m, bringing the return to -18.31% y/y. Technology had the highest total returns among the major industries over the past 12 months, at 26.4% y/y, and telecoms had the lowest total returns, at -18.31% y/y. The FINI15, which represents the top 15 financial businesses on the FTSE/JSE, has seen total returns of 10.79% year over year (y/y), 9.45% for the RESI10 Index, which represents the top 10 resource companies, and 11.68% for the INDI25, which represents the top 25 industrial companies.

We have started to reduce our underweight to this asset class and will consider increasing further should the opportunity arise.

## INTERNATIONAL

Markets surged into 2023 as if high inflation and slowing was a distant memory. Hope that interest rate increases by central bank would soon come to an end was sparked by inflation that fell in line with or more than forecast. Lower energy prices contributed to improving inflation estimates, especially in Europe where demand decreased as a result of milder weather.

The US unemployment rate dropped to 3.5%, reaching a 53-year low, and job increases were stronger than anticipated, according to the December labour market report. Although lower than the most recent peak of 5.6% seen in March 2022, average hourly wages increased by 4.6% year over year (yoy). The market has started to anticipate that the Fed might not need to raise rates all that much if wage pressures keep subsiding.

The US earnings reporting season for the fourth quarter was only getting started as the month came to an end. Results so far have been a mixed bag, with both good and bad surprises. Earnings have decreased as the global economy has slowed. In the past quarter, there have also been considerable job cuts, especially at large technology businesses that are dealing with a lockdown staffing overhang.

A total Covid policy turnaround in China and reasonably stable energy markets fueled optimism for the new year, printing excellent returns across all market indices. Investors believed that the reopening of the Chinese economy (and the restoration of mobility throughout Asia) would lead to

stronger economic growth, unclog supply chains, and counteract the declining growth in the West. This belief was definitely the most significant element driving market gains.

With excellent equities returns across the board, the MSCI ACWI index returned 7.2% for the month. The world's bond markets also performed well. The Bloomberg Global Government Bond index gained 3.2% as investors' optimism about the likely peak in US interest rates increased and inflation fears started to fade a bit.

On a slightly positive note, US inflation had shown some signs of slowing down in the October and November months. Nevertheless, on December 14, and for the 5th consecutive time, the US Federal Reserve raised its benchmark interest rate, but this time by 0.50%. This brought US rates to the highest level in 15 years.

**NOVARE HOUSE VIEW: January 2023**  
**TACTICAL POSITIONING\***

	←	ON-WEIGHT	→	PREVIOUS
	UNDER-WEIGHT		OVER-WEIGHT	
<b>DOMESTIC</b>	Under-weight			
Equities	95%			90%
Bonds		100%		95%
Property	95%			85%
Alternatives		100%		100%
Cash		Balancing		100%
<b>OFFSHORE</b>			120%	120%
Equities	90%			80%
Bonds	80%			70%
Property	90%			
Alternatives			125%	100%
<b>AFRICA</b>		100%		

\* positioning is as a % of strategic asset allocation

**Summary:**

Novare remains underweight domestic equities, domestic property and onweight domestic bonds: whilst maintaining an overweight to International assets. Due to the limit of 30% to international assets, the balance of any domestic assets will be invested in cash.

++
+
Neutral
-
--

# TACTICAL ASSET ALLOCATION

Global Assets (US\$)	1 month	3 months	YTD	12 months	3 Years	5 Years
MSCI All Countries Equity	7.2%	11.1%	7.2%	-7.5%	7.3%	6.1%
MSCI Emerging Markets	7.9%	22.3%	7.9%	-11.7%	1.8%	-1.1%
Global Bonds (R)	5.6%	3.1%	5.6%	-0.1%	1.0%	6.7%

Commodity Prices	1 month	3 months	YTD	12 months	3 Years	5 Years
Brent Oil (USD/Barrel)	-0.5%	-7.9%	-0.5%	-4.3%	13.7%	4.4%
Platinum (USD/oz)	-5.8%	8.2%	-5.8%	-0.7%	1.8%	0.2%
Gold (USD/oz)	4.5%	16.2%	4.5%	6.5%	6.2%	7.3%

Asset Allocation (Rand)	1 month	3 months	YTD	12 months	3 Year	5 Years
Domestic Equities	8.9%	19.6%	8.9%	11.8%	16.6%	9.8%
Domestic Bonds	2.9%	7.6%	2.9%	6.4%	7.7%	8.1%
Domestic Cash	0.6%	1.7%	0.6%	5.5%	4.8%	5.8%
Domestic Property	-1.0%	6.4%	-1.0%	2.4%	-2.7%	-5.5%
International Equity	9.5%	4.1%	9.5%	5.2%	13.6%	15.6%
International Bonds	5.6%	3.1%	5.6%	-0.1%	1.0%	6.7%
Exchange rate (R / \$)	2.3%	-5.1%	2.3%	13.2%	5.1%	8.0%

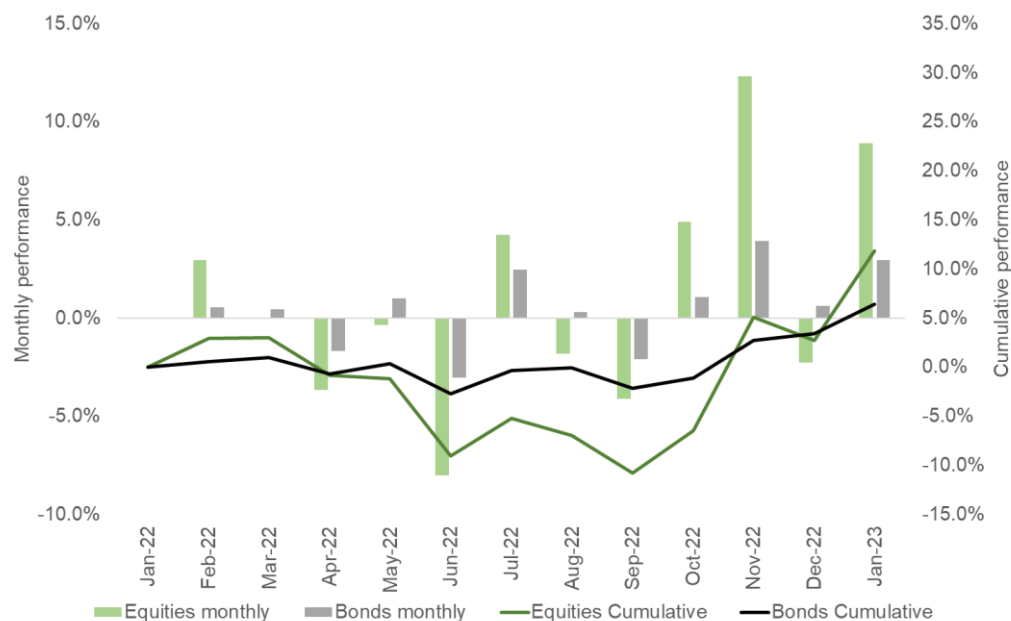
Scale:

Best performing asset class

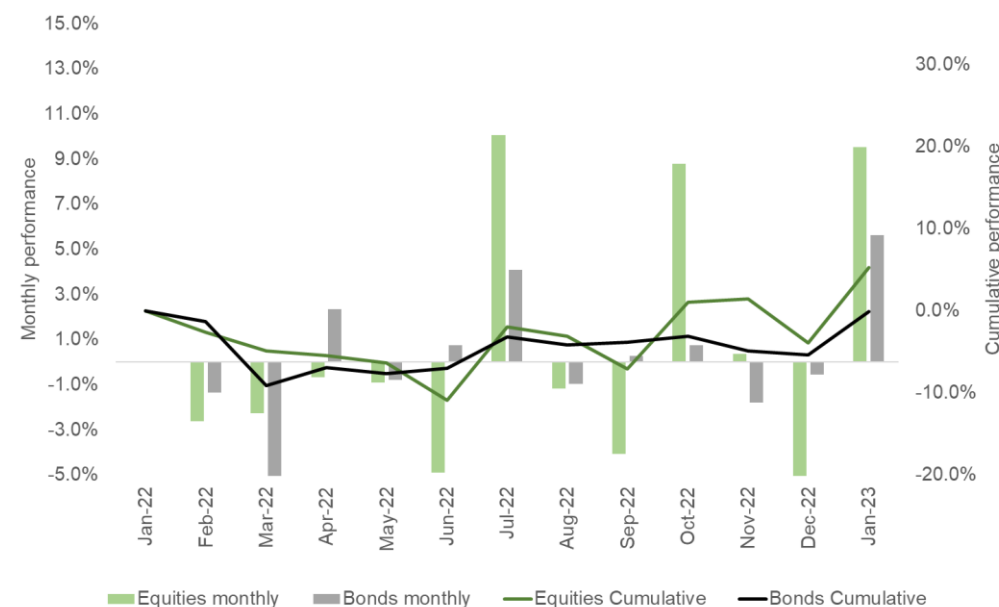
Worst performing asset class



Domestic Markets (R) over the last 12 months



International Markets over the last 12 months



## Section B

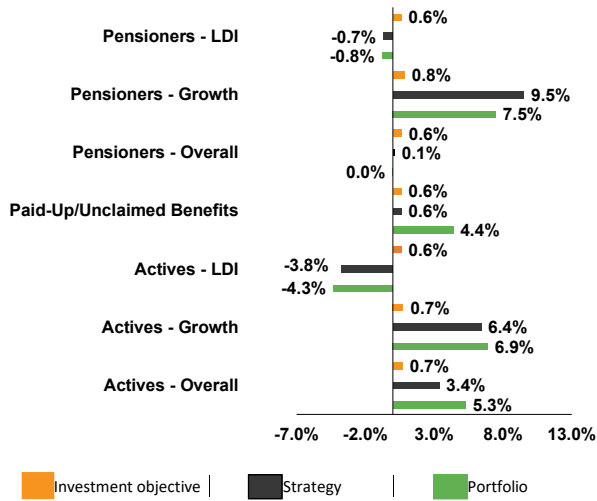
Fund Overview



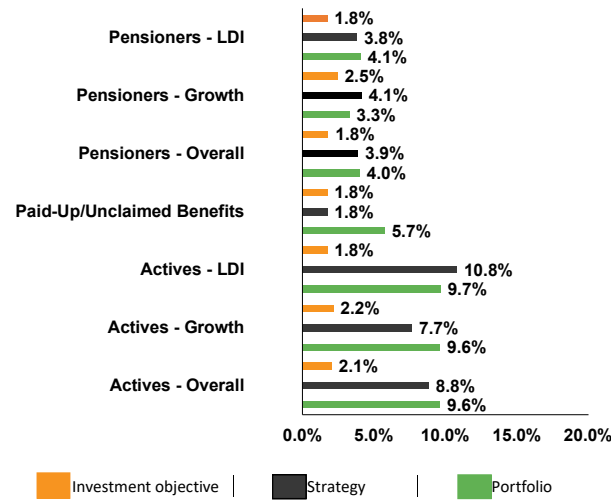
# EXECUTIVE SUMMARY



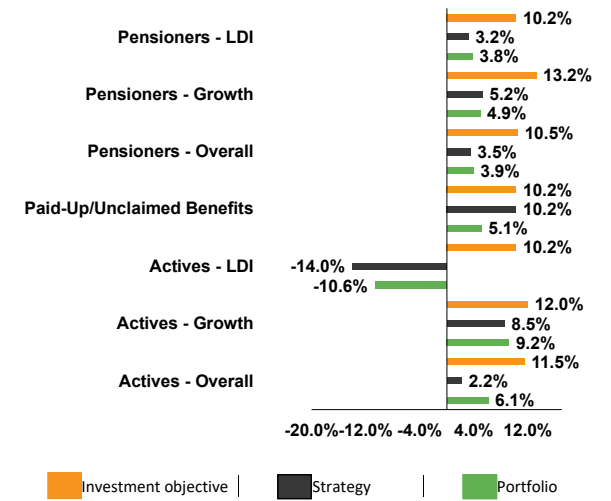
Monthly Return for January 2023



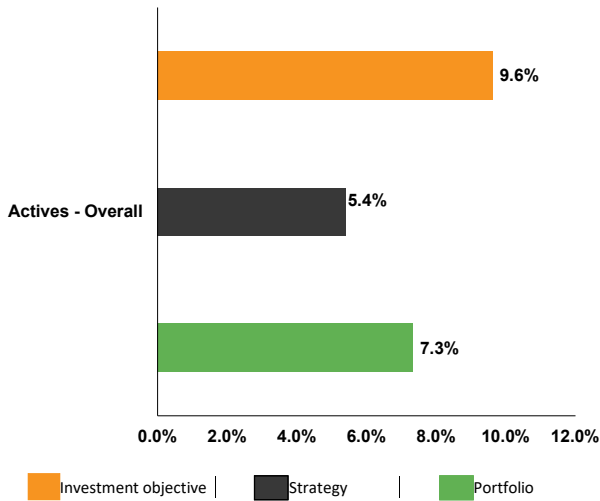
3 Months Return up to January 2023



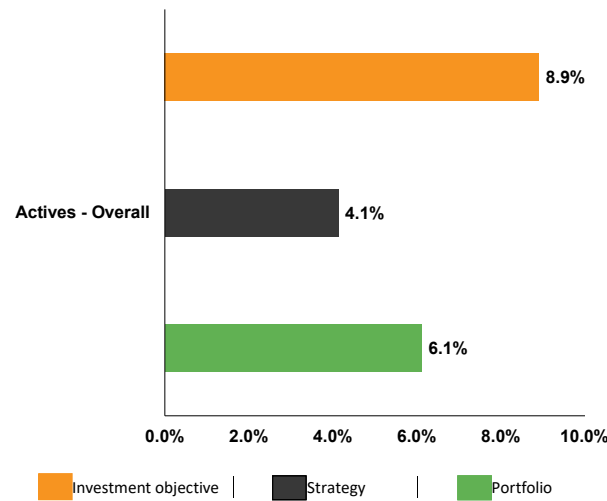
1 Year Return up to January 2023



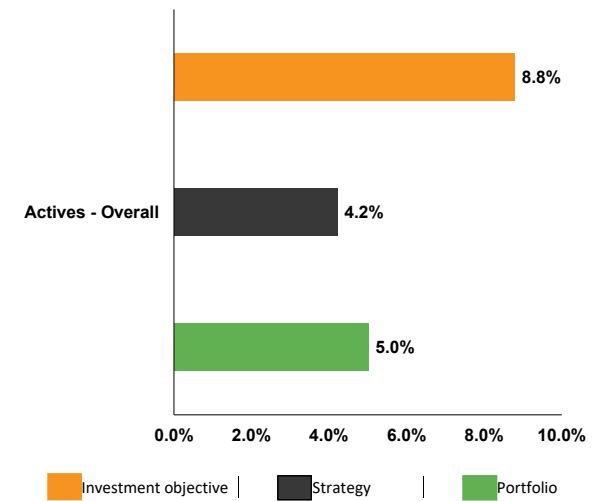
3 Year Return up to January 2023



5 Year Return up to January 2023



8 Year Return up to January 2023



# 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.

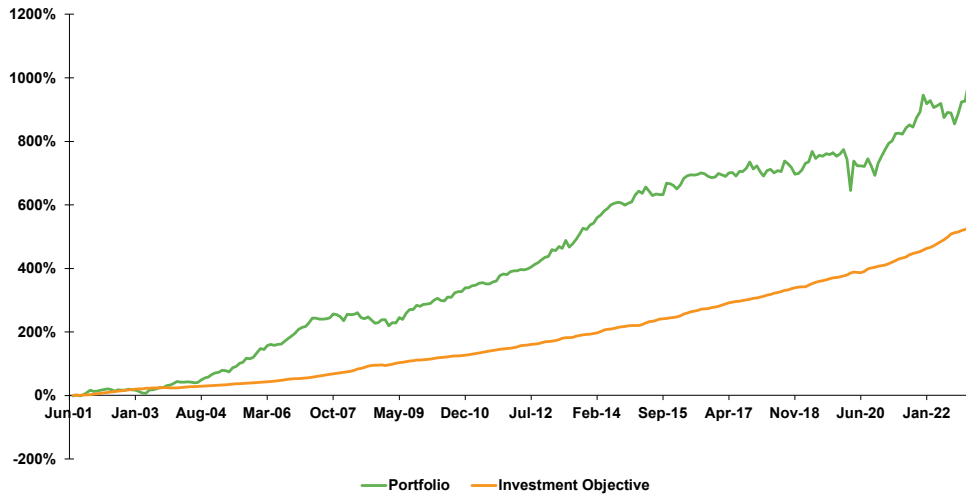
	Market value (R)	Weight (%)	1 month (%)	3 months (%)	12 months (%)	Since 1 June 2018	3 years (% p.a.)	5 years (% p.a.)	8 years (% p.a.)	Since Inception
<b>Actives Overall Strategy</b>	673 569 038		5.3%	9.6%	6.1%	6.6%	7.3%	6.1%	5.0%	11.7%
			3.4%	8.8%	2.2%	4.4%	5.4%	4.1%	4.2%	10.0%
			1.9%	0.8%	3.9%	2.2%	1.9%	2.0%	0.8%	1.6%
<b>Actives Growth Strategy</b>	584 468 653		6.9%	9.6%	9.2%	-	11.0%	-	-	10.8%
			6.4%	7.7%	8.5%	-	13.2%	-	-	10.7%
			0.5%	1.9%	0.7%	-	-2.1%	-	-	0.1%
<b>Actives LDI Strategy</b>	87 800 388		-4.3%	9.7%	-10.6%	-	-6.0%	-	-	-5.0%
			-3.8%	10.8%	-14.0%	-	-13.6%	-	-	-10.5%
			-0.6%	-1.1%	3.4%	-	7.6%	-	-	5.5%
<b>Actives Direct Property</b>	1 300 000		-	-	-	-	-	-	-	-
<b>Paid-Up/Unclaimed Benefits Strategy</b>	69 233 581		4.4%	5.7%	5.1%	-	6.5%	-	-	6.9%
			0.6%	1.8%	10.2%	-	8.4%	-	-	8.0%
			3.8%	4.0%	-5.1%	-	-1.8%	-	-	-1.0%
<b>Pensioners Overall Strategy</b>	539 688 611		0.0%	4.0%	3.9%	-	8.0%	-	-	8.0%
			0.1%	3.9%	3.5%	-	7.5%	-	-	7.5%
			-0.1%	0.1%	0.4%	-	0.5%	-	-	0.5%
<b>Pensioners Growth Strategy</b>	54 148 489		7.5%	3.3%	4.9%	-	10.5%	-	-	10.5%
			9.5%	4.1%	5.2%	-	13.6%	-	-	13.6%
			-2.0%	-0.8%	-0.3%	-	-3.1%	-	-	-3.1%
<b>Pensioners LDI Strategy</b>	485 540 125		-0.8%	4.1%	3.8%	-	7.8%	-	-	7.8%
			-0.7%	3.8%	3.2%	-	6.9%	-	-	6.9%
			-0.1%	0.2%	0.6%	-	1.0%	-	-	1.0%
<b>Actives Overall Objective</b>			5.3%	9.6%	6.1%	6.6%	7.3%	6.1%	5.0%	11.7%
			0.7%	2.1%	11.5%	8.9%	9.6%	8.9%	8.8%	8.9%
			4.6%	7.6%	-5.3%	-2.2%	-2.3%	-2.8%	-3.8%	2.6%
<b>Actives Growth Objective</b>			6.9%	9.6%	9.2%	-	11.0%	-	-	10.8%
			0.7%	2.2%	12.0%	-	10.1%	-	-	9.5%
			6.2%	7.5%	-2.8%	-	0.9%	-	-	1.3%
<b>Actives LDI Objective</b>			-4.3%	9.7%	-10.6%	-	-6.0%	-	-	-5.0%
			0.6%	1.8%	10.2%	-	8.4%	-	-	7.5%
			-4.9%	7.9%	-20.8%	-	-14.4%	-	-	-12.5%
<b>Paid-Up/Unclaimed Benefits Objective</b>			4.4%	5.7%	5.1%	-	6.5%	-	-	6.9%
			0.6%	1.8%	10.2%	-	8.4%	-	-	8.0%
			3.8%	4.0%	-5.1%	-	-1.8%	-	-	-1.0%
<b>Pensioners Overall Objective</b>			0.0%	4.0%	3.9%	-	8.0%	-	-	8.0%
			0.6%	1.8%	10.5%	-	8.6%	-	-	8.6%
			-0.6%	2.2%	-6.5%	-	-0.6%	-	-	-0.6%
<b>Pensioners Growth Objective</b>			7.5%	3.3%	4.9%	-	10.5%	-	-	10.5%
			0.8%	2.5%	13.2%	-	11.4%	-	-	11.4%
			6.6%	0.8%	-8.3%	-	-0.9%	-	-	-0.9%
<b>Pensioners LDI Objective</b>			-0.8%	4.1%	3.8%	-	7.8%	-	-	7.8%
			0.6%	1.8%	10.2%	-	8.4%	-	-	8.4%
			-1.4%	2.3%	-6.4%	-	-0.6%	-	-	-0.6%
<b>Total</b>	1 282 491 230									



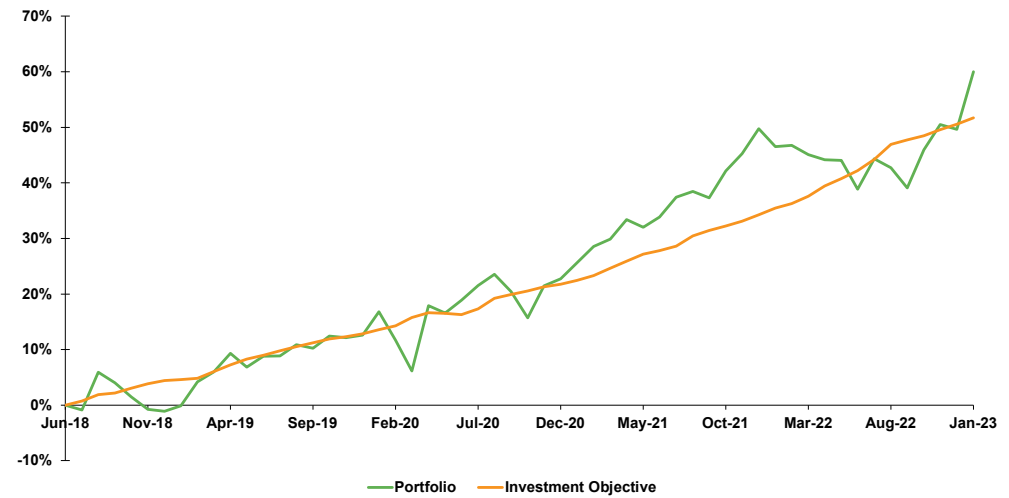
# LONG TERM RETURNS

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.

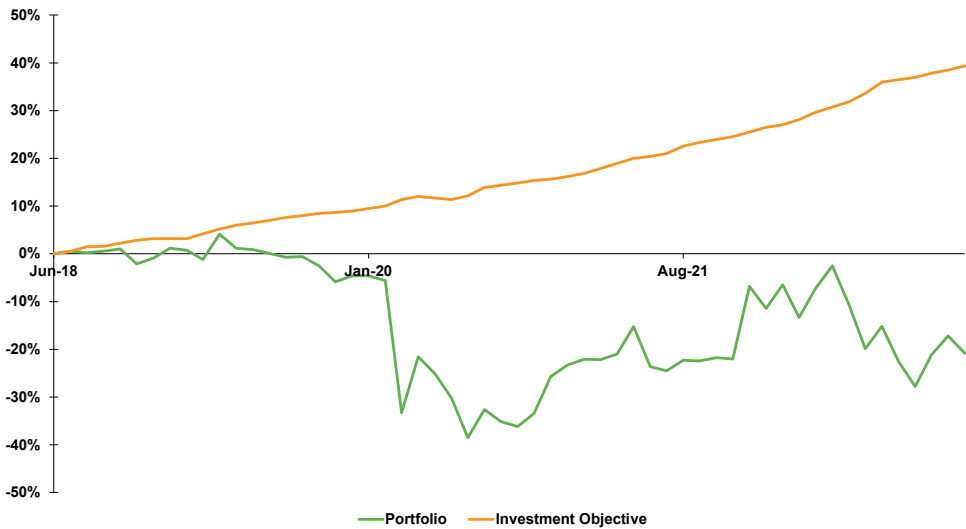
Actives Overall Portfolio - Cumulative return since 30 June 2001



Actives Growth Portfolio - Cumulative return since 30 June 2018



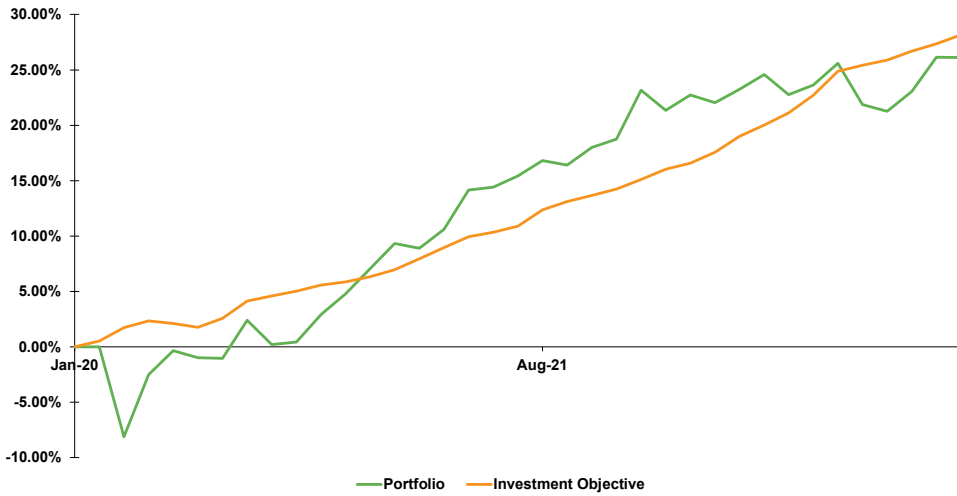
Actives LDI - Cumulative return since 30 June 2018



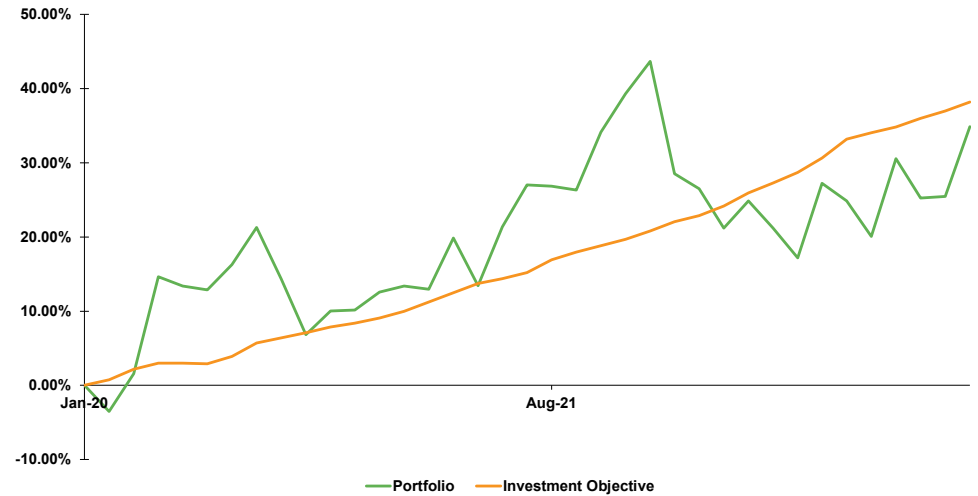
# LONG TERM RETURNS

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.

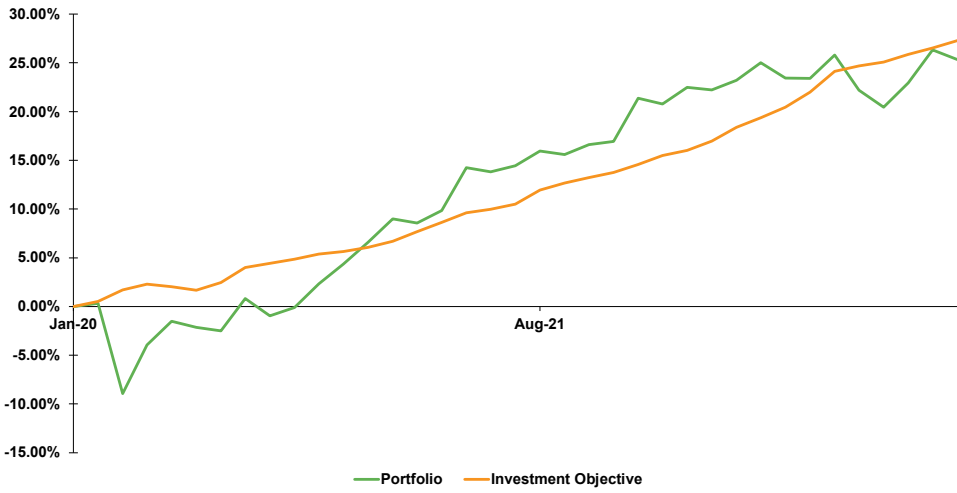
**Pensioners Overall - Cumulative return since 31 January 2020**



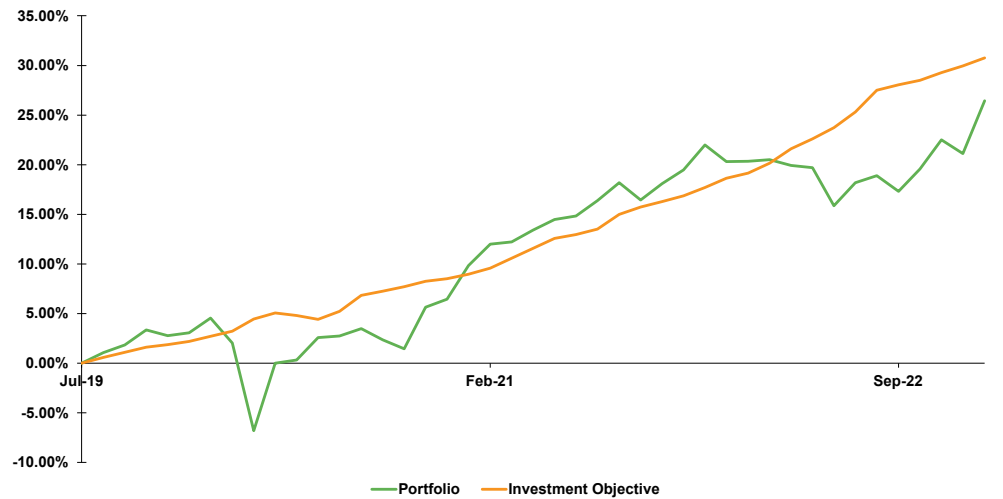
**Pensioners Growth - Cumulative return since 31 January 2020**



**Pensioners LDI - Cumulative return since 31 January 2020**



**Paid-Up/Unclaimed Benefits - Cumulative return since 30 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 (%)	12 months (%)	Since 1 June 2018	3 years (% p.a.)	5 years (% p.a.)	Since Inception
Equity	<b>Aeon</b>	2018/10/31	157 312 565	12.3%	9.5%	21.0%	12.0%	-	15.5%	-	11.2%
	JSE Capped Share Weighted Index				7.0%	14.0%	9.1%	-	13.6%	-	10.6%
					2.5%	7.0%	2.9%	-	1.9%	-	0.5%
Equity	<b>Sanlam Satrx Equity</b>	2018/08/31	90 851 983	7.1%	7.0%	13.9%	9.1%	-	13.4%	-	7.9%
	JSE Capped Share Weighted Index				7.0%	14.0%	9.1%	-	13.6%	-	8.0%
					0.0%	0.0%	0.0%	-	-0.1%	-	-0.1%
Fixed Income	<b>Colourfield</b>	2016/05/31	573 340 507	44.7%	-1.3%	4.9%	1.4%	1.1%	4.5%	1.4%	0.3%
	Liability Benchmark				-1.2%	4.8%	0.3%	-0.8%	2.2%	-0.4%	-1.2%
					-0.2%	0.0%	1.1%	1.8%	2.4%	1.8%	1.5%
Property	<b>Futuregrowth Community Property Fund</b>	2007/04/30	52 315 198	4.1%	0.4%	3.1%	9.8%	9.8%	9.1%	9.7%	12.3%
	CPI + 4%				0.7%	2.0%	11.2%	8.8%	9.4%	8.9%	9.7%
					-0.3%	1.1%	-1.4%	1.0%	-0.3%	0.8%	2.6%
Property	<b>Drapper Street Property</b>	2022/08/01	1 300 000	0.1%	-	-	-	-	-	-	-
	NONE				-	-	-	-	-	-	-
Money Market	<b>Liberty</b>	2002/01/31	1 037 246	0.1%	0.6%	1.8%	5.9%	5.9%	4.9%	6.0%	6.8%
	STEFI Composite				0.6%	1.7%	5.5%	5.7%	4.8%	5.8%	7.4%
					0.1%	0.1%	0.4%	0.2%	0.1%	0.3%	-0.6%
Money Market	<b>Prescient Yield Quants Plus</b>	2020/01/31	1 322 090	0.1%	0.8%	2.1%	6.4%	-	5.6%	-	5.6%
	STEFI				0.6%	1.7%	5.5%	-	4.8%	-	4.8%
					0.2%	0.4%	0.9%	-	0.8%	-	0.8%
Alternatives	<b>Sanlam Property</b>	2018/07/31	79 692 911	6.2%	1.4%	2.7%	12.0%	-	3.8%	-	6.8%
	ALBI 7 - 12 Years				3.6%	9.1%	7.8%	-	8.3%	-	8.8%
					-2.2%	-6.4%	4.2%	-	-4.5%	-	-2.0%
International	<b>*Ninety One Global Franchise</b>	2018/07/31	256 085 148	20.0%	9.2%	4.9%	6.6%	-	11.0%	-	15.4%
	MSCI All Country World Index in Rands				9.6%	5.3%	4.6%	-	12.8%	-	14.0%
					-0.4%	-0.4%	1.9%	-	-1.7%	-	1.3%
Multi Asset Class	<b>Vunani</b>	2021/05/01	69 233 581	5.4%	4.4%	5.7%	5.1%	-	-	-	6.5%
	CPI + 3%				0.6%	1.8%	10.2%	-	-	-	9.5%
					3.8%	4.0%	-5.1%	-	-	-	-3.0%
			<b>1 282 491 230</b>	<b>100%</b>							

\*Please take note that the market value reflected above for Ninety One includes the R27m in transit which will be allocated to Aeon.

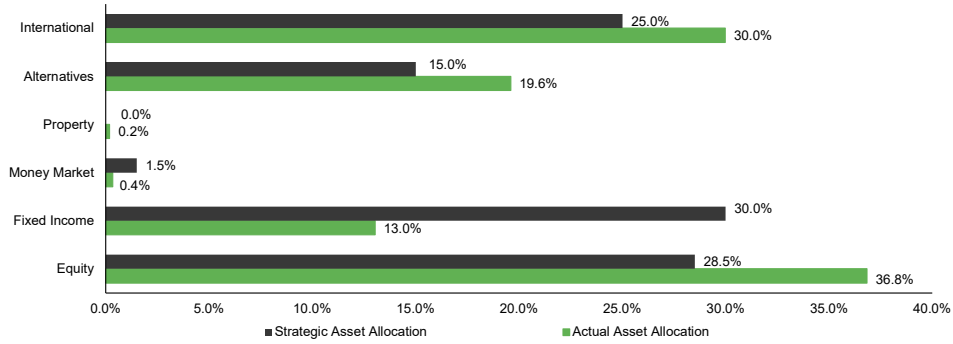
# ASSET ALLOCATION



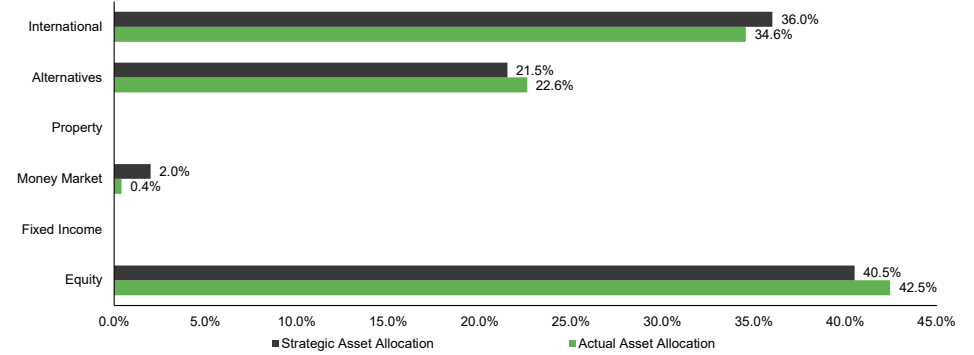
Asset Class	Manager	Actives Growth	Actives LDI	Actives Direct Property	Actives Overall	Paid-Up/Unclaimed Benefits	Pensioners Growth	Pensioners LDI	Pensioners Overall	Total Fund
Equity	Aeon	157 312 565			157 312 565					157 312 565
	Sanlam Satrux Equity	90 851 983			90 851 983					90 851 983
Fixed Income	Colourfield		87 800 388		87 800 388			485 540 125	485 540 122	573 340 510
Property	Futuregrowth Community Property Fund	52 315 198			52 315 198					52 315 198
	Drapper Street Property			1 300 000	1 300 000					1 300 000
Money Market	Liberty	1 037 246			1 037 243					1 037 243
	Prescient Yield Quants Plus	1 322 090			1 322 090					1 322 090
Alternatives	Sanlam Unlisted Property Fund	79 692 911			79 692 911					79 692 911
International	Ninety One Global Franchise	201 936 659			201 936 659					256 085 148
Multi Asset Class	Vunani Inflation Plus 3					69 233 581	66 648 489		66 648 489	69 233 581
<b>Total Fund</b>		<b>584 468 653</b>	<b>87 800 388</b>	<b>1 300 000</b>	<b>673 569 038</b>	<b>69 233 581</b>	<b>66 648 489</b>	<b>485 540 125</b>	<b>552 188 611</b>	<b>1 282 491 230</b>

# ASSET ALLOCATION

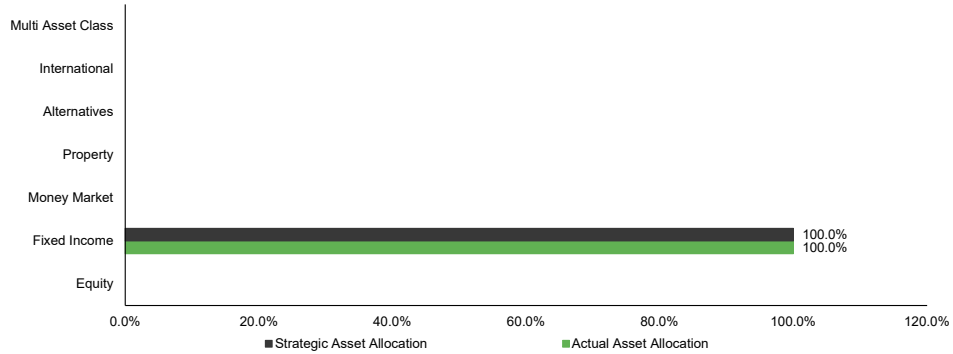
### Actives Overall



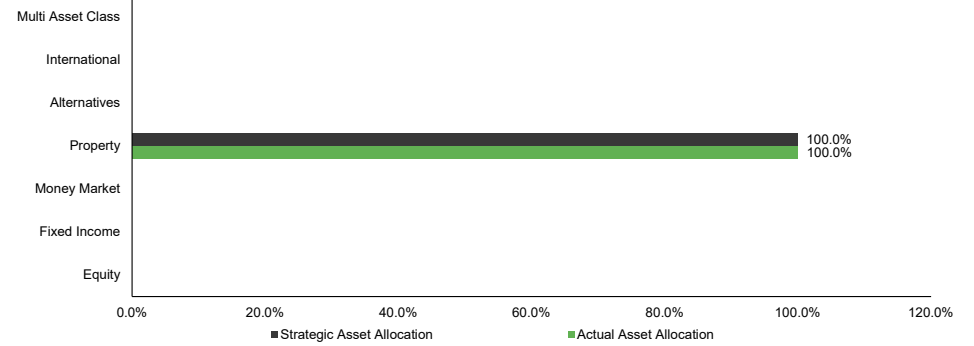
### Actives Growth



### Actives LDI

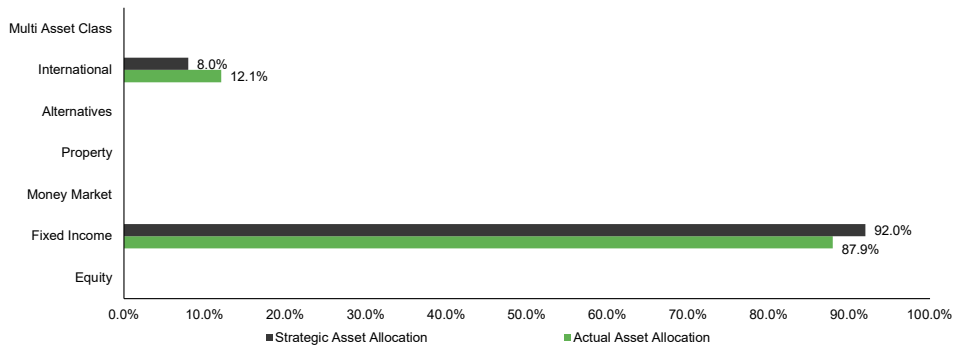


### Actives Direct Property

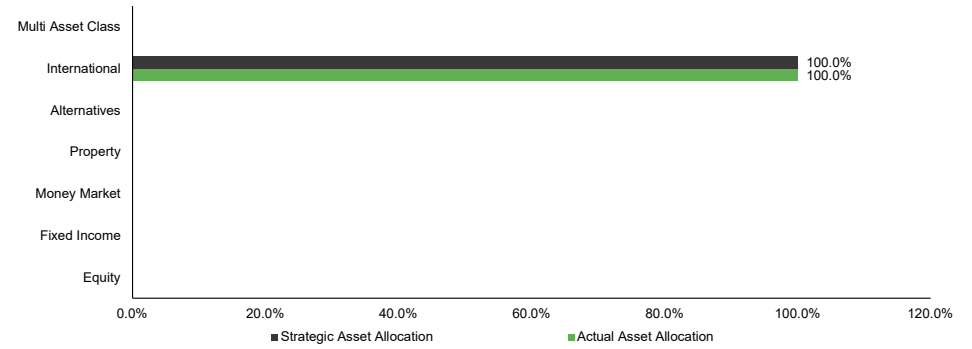


# ASSET ALLOCATION

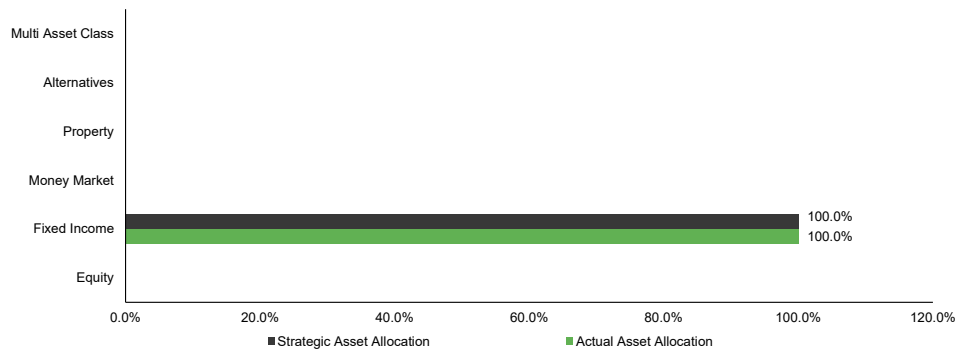
### Pensioners Overall



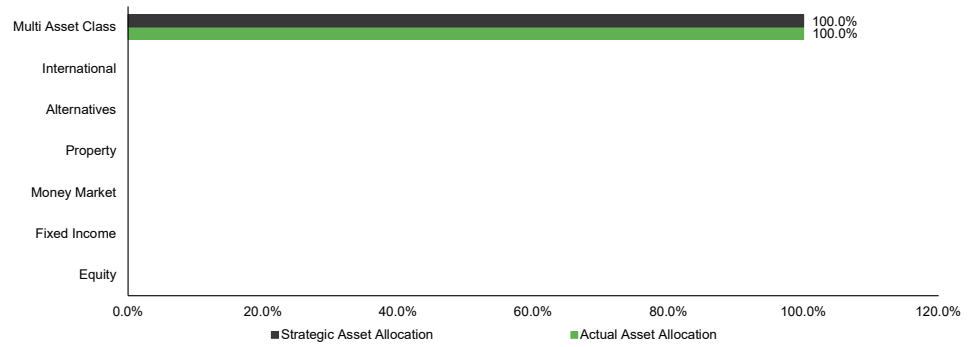
### Pensioners Growth



### Pensioners 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 Commodities'.

## HEDGE FUND

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

## INDEX

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

## INFLATION

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

## INTERNATIONAL

The assets of a Fund that are invested outside of South Africa. Exposure is limited to 35% per Regulation 28 of the Pension Fund Act, or 45% subject to 10% being invested in Africa.

## INVESTMENT OBJECTIVE

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

## INVESTMENT POLICY STATEMENT (IPS)

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

## MONTHLY RETURN

The performance return over a month.

## MANDATE

An investment manager's portfolio and objective.

## OVERWEIGHT

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

## PERFORMANCE

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

## PRIVATE EQUITY

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

## PROPERTY

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

## PROTECTED EQUITY

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

# INVESTMENT GLOSSARY

## REGULATION 28

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

## REPO RATE

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

## SHARPE RATIO

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

## STRATEGIC ASSET ALLOCATION

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

## TACTICAL ASSET ALLOCATION

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

## TRACKING ERROR

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

## TRADITIONAL ASSET CLASS

This generally refers to equities, bonds, cash and property

## UNDERWEIGHT

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

## VOLATILITY

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

## YEAR-TO-DATE ("YTD")

The performance return since the beginning of the latest calendar year

---

## CONTACT US

Novare Actuaries and Consultants (Pty) Ltd

Registration No: 2001/008015/07

Third Floor, The Cliffs Office Block I

Niagara Way, Tyger Falls

Carl Cronje Drive, Bellville, 7530

South Africa

P O Box 4742, Tyger Valley, 7536

