



NOVARE[®]
actuaries & consultants

| Monthly Report |

**Anglican Church of
Southern Africa Pension
Fund**

May 2020

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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 Reuters.

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%	ALBI 7 – 12 years
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 + 3.5%
Africa	0%	
International	36.0%	MSCI World

REPORT OVERVIEW

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

Asset Class	Allocation	Benchmark
Domestic Fixed Income	100%	Liability Benchmark

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

Asset Class	Allocation	Benchmark
Domestic Money Market	100%	STeFI

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

Asset Class	Allocation	Benchmark
Domestic Equities	0%	
Domestic Fixed Income	0%	
Domestic Property	92.0%	CPI + 4%
Domestic Money Market	0%	
Domestic Alternatives	0%	
Africa	0%	
International	8.0%	MSCI World

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

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

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

Asset Class	Allocation	Benchmark
Domestic Fixed Income	100%	Liability Benchmark

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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

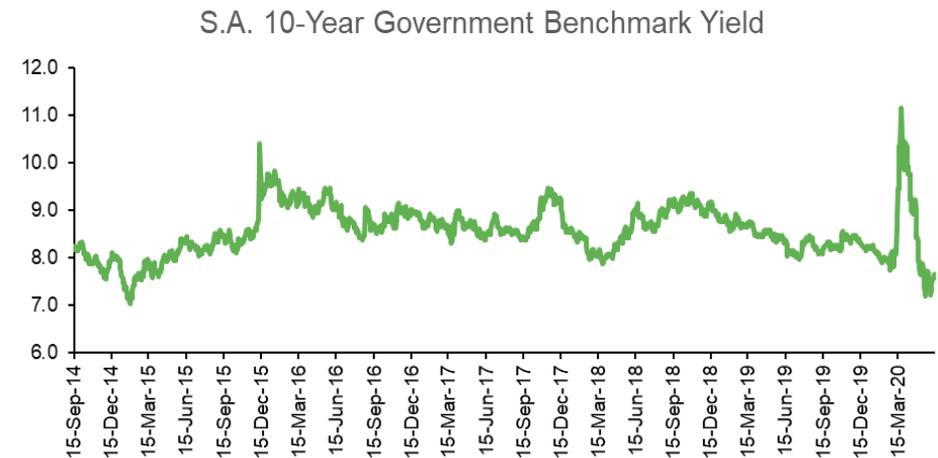
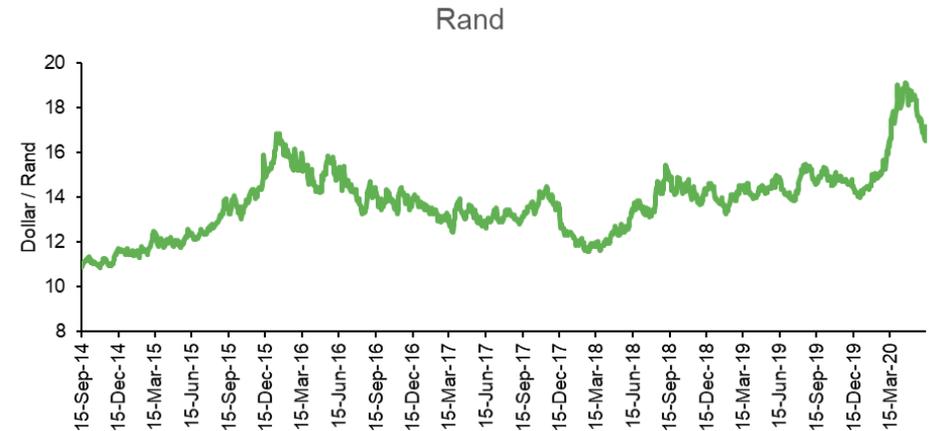


DOMESTIC MARKET VIEW

South Africa continued its extended lockdown but softened the extent slightly in May as a limited number of additional sectors of the economy were allowed to open. President Ramaphosa continued to indicate that, although the country has been able to dampen the infection rate, the pandemic will get much worse before it gets better.

The South African Reserve Bank gave consumers some respite, producing a further 50bp rate cut bringing the repo rate to 3.75%. With inflation likely to remain in the lower half of the target band, the Bank might be in a position to cut rates further. However, SARB Governor Lesetja Kganyago did not strike a particularly dovish tone and indications are that the Reserve Bank will take a wait-and-see approach before moving rates again.

This was, however, the extent of the positive news as economic data continued to show the devastating effect of the lock-down on the economy. SA recorded a massive trade deficit as imports plunged.

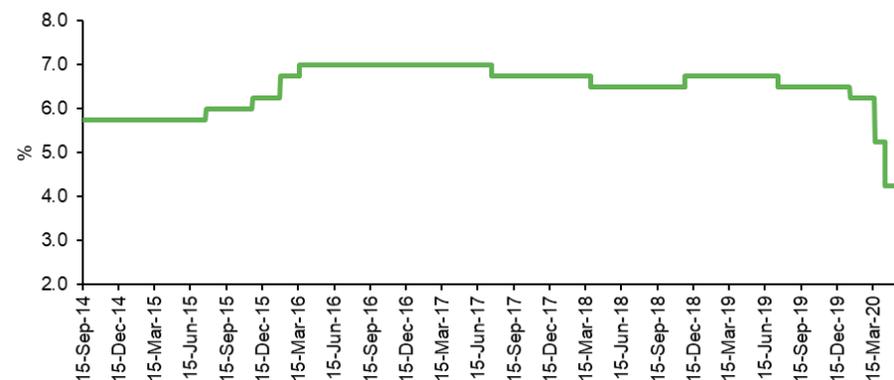


DOMESTIC MARKET VIEW

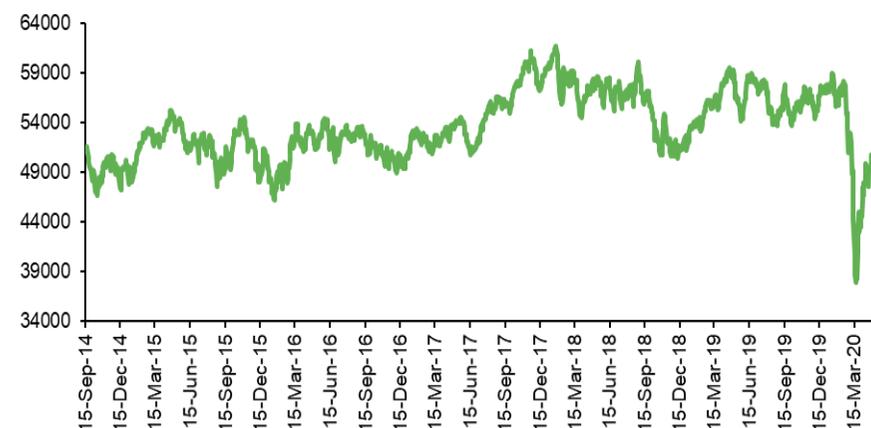
Early indicators also continued to show the extent to which consumers have remained under pressure in an economy that was on shaky footing at the start of the pandemic. The latest PMI data did, however, indicate that manufacturing picked up slightly during the month as some sectors of the economy started to open.

Despite the more positive, risk-on environment globally, non-residents remained net sellers of South African bond and equity assets during May. Local equities ended the month pretty much flat, while bonds continued their positive performance returning 7.01% as yields across the curve fell. The ZAR also continued its rally since the March sell-off ending the month at 17.55, 5.3% stronger than April.

Repo Rate



FTSE/JSE All Share Index

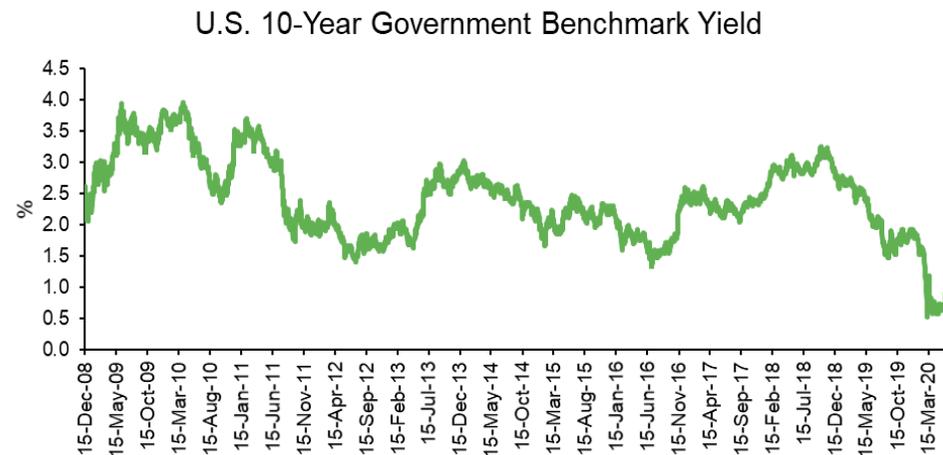
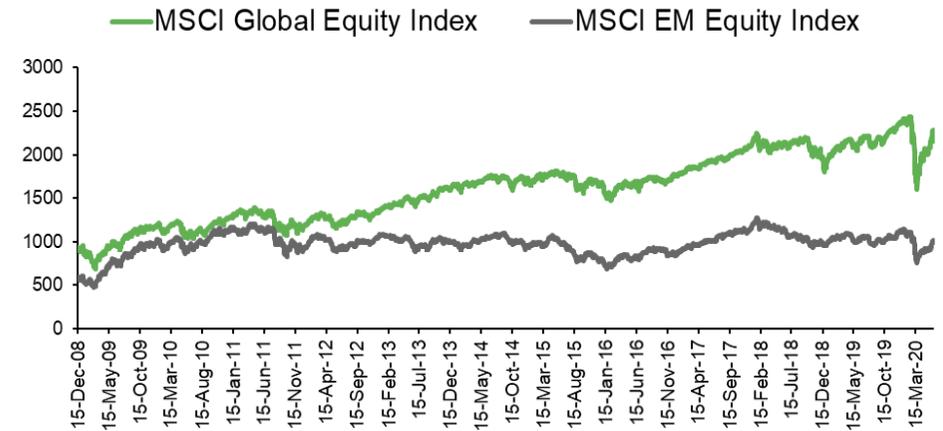


INTERNATIONAL MARKET VIEW

April's strong rebound in equity markets extended into May as the market's expectation of a V-shaped recovery continued to be aggressively priced in. The magnitude of the Covid-19 impact continued to dominate sentiment and, as an increasing number of countries began to relax their lockdown measures, the impact on new cases remained in focus.

During the month, a range of data showed an unprecedented contraction in economic activity. However, investors appeared to focus on hopes that the contraction might be weakening. The S&P 500 had its second-best day of the month on the same day the US Labour Department reported that nonfarm payrolls had decreased by a massive 20.5 million in April, causing the unemployment rate to spike to 14.7%, its highest level since the Great Depression.

Investors, however, saw the loss of jobs as smaller than consensus expectations, while the vast majority of those laid off told surveyors that they expected to be rehired within six months. Weekly jobless claims remained high, but investors seemed satisfied that they trended downward throughout the month, while the number of people filing continuing claims started to fall.

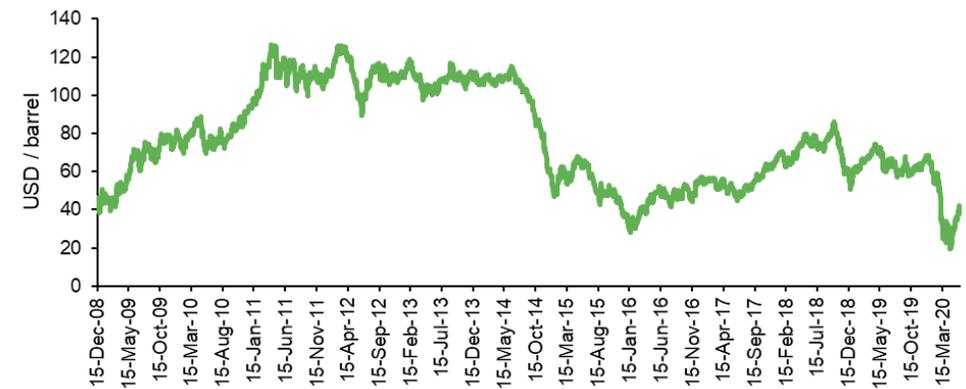


INTERNATIONAL MARKET VIEW

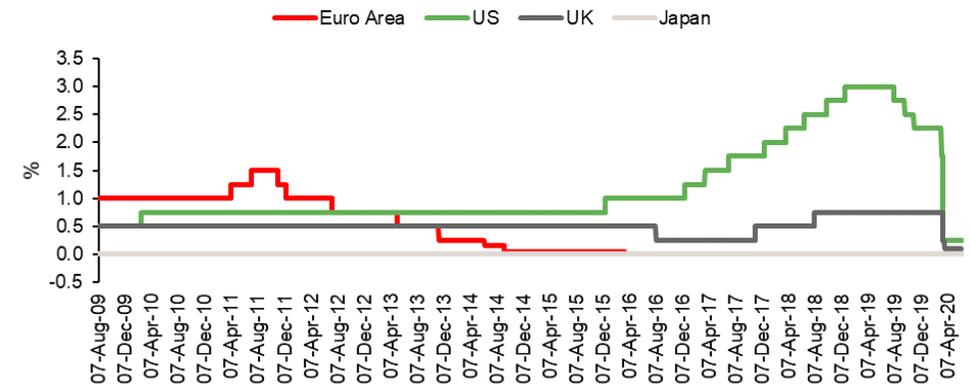
Monetary policy globally remained very accommodative, with policy in the spotlight. Federal Reserve Chairman Jerome Powell warned in a speech of significant downside risks in the months ahead, and the possibility of lasting damage to the productive capacity of the economy. Powell held out the possibility of further stimulus measures from the central bank but stated that the Fed was not considering cutting interest rates to below 0%.

The uncertainty around fiscal policy and President Trump's continued tension with China resulted in bouts of volatility that possibly restrained market performance. Despite this, the S&P500 returned 4.76% with every sector in the index reporting a positive performance. Bond returns were fairly flat for the month as markets remained uncertain of future monetary policy movements. Global bonds returned 0.44%.

OIL (BRENT)



G4 Policy Rates



TACTICAL ASSET ALLOCATION



RSA BONDS

Local bond markets rebounded strongly during May, returning 7.01% as the SA Reserve Bank continued buying bonds in the secondary market. The yield curve flattened during the month as rates at the long end and the belly of the curve surpassed the magnitude of decline at the short end. The R2023 returned 1.21%, while the R186 returned 4.45%. The benchmark R2030 recorded a 10.00% return, while the ultra-long R2048 generated 8.61%. With inflation and interest rates declining in South Africa, the environment is very supportive of the asset class. With inflation under control and threatening the lower end of the target band, the Reserve Bank does indeed have further room to cut, even though rates are already at very low levels. The Bank's fairly hawkish tone at the previous Monetary Policy Committee meeting, together with the fact that the MPC vote almost resulted in no cut, could signal the end of the cutting cycle for now.

Prior to the Covid-19 crisis, the government's deficit for 2020 was expected to be 6.8% of GDP. However, is now expected to rise sharply, with tax collections suffering due to lockdown restrictions and government facing additional spending pressures under the R500bn fiscal package. When compared to emerging market peers, South African bonds still offer value on a real return basis as real yields remain in excess of 5%. South African CDS spreads, which have recovered but are still above 400bps, are quite a bit higher versus emerging market peers.

We were somewhat more positive on bonds going into the downgrade and are currently slightly under-weight, with the bullish focus towards the front end of the curve. From a credit perspective, we believe the market will remain under severe pressure as the effect of the lockdown on economic activity becomes apparent. In that sense, we prefer more defensive investment grade credit.

RSA PROPERTY, ALTERNATIVES AND CASH

The SA Listed Property Index (SAPY) has been a severe under-performer for some time but experienced a muted return in May losing -0.46%. The asset class remained 45% down over a 12-month period. We hold the view that corporate tenants in South Africa pose significant downside risk as default is likely to increase. Some corporates have invoked force majeure provisions in their leases and accordingly will not be paying rentals in the near term. In a worst-case scenario, vacancies are likely to increase.

More and more companies are looking at ways to preserve cash, including retrenchments. Some resolved to go into business rescue and others have deferred or suspended dividends.

These factors point to depressed tenants who pose potential risks to the property sector. While listed property valuations have been depressed for a while and there is an argument for value uplift, we hold the view that the sector should be approached very cautiously considering the credit quality of the average tenant. We maintain an under-weight position in the asset class.

RSA EQUITIES

Despite the more positive, risk-on environment globally, non-residents remained net sellers of South African equity assets during May as local equities ended the month pretty much flat. Consumer-facing sectors remained under pressure with the financial sector also showing weakness. The healthcare sector was once again the best performing sector returning 7.23%

Even though the market provided opportunities during the sell-off, we believe that investors need to continue exercising caution given how fluid things are on the pandemic front. Companies that have strong balance sheets will be able to execute on opportunities presented by low valuations, which could spur merger and acquisition activity.

We maintained an underweight position in local stocks within an emerging market equity portfolio. However, if the sell-off resumes we will consider increasing our weighting as valuations become more favourable.

INTERNATIONAL

April's strong rebound in equity markets extended into May as the market's expectation of a V-shaped recovery continued to be aggressively priced in. The magnitude of the Covid-19 impact dominated sentiment and, as an increasing number of countries began to relax their lockdown measures, the issue of new cases remained in focus.

During the month, a range of data showed an unprecedented contraction in economic activity. However, investors appeared to focus on hopes that the contraction might be weakening. The S&P 500 had its second-best day of the month on the same day that the US Labour Department reported nonfarm payrolls had decreased by a massive 20.5 million in April, causing the unemployment rate to spike to 14.7%, -its highest level since the Great Depression. Investors, however, saw the loss of jobs as smaller than consensus expectations, while the vast majority of those laid off told surveyors that they expected to be rehired within six months. Weekly jobless claims remained high, but investors seemed satisfied that claims trended downward

throughout the month, while the number of people filing continuing claims started to fall. Monetary policy globally remained very accommodative, with policy in the spotlight. Federal Reserve Chairman Jerome Powell warned in a speech of significant downside risks in the months ahead, and the possibility of lasting damage to the productive capacity of the economy. Powell held out the possibility of further stimulus measures from the central bank but stated that the Fed was not considering cutting interest rates to below 0%.

The uncertainty around fiscal policy and President Trump's continued tension with China resulted in bouts of volatility that restrained market performance.

The Fed and the European Central Bank indicated that they would do what needs to be done. However, the longer it takes to develop a vaccine, the more monetary and fiscal support will be needed to ensure economies don't fall from a recession into a depression.

We have held the view for some time that the global economy has been in the late stages of the business cycle and that markets had run ahead of themselves. While markets priced in a strong V-shaped recovery following the correction in March, our central scenario is for a more protracted recovery accompanied by significant continued downside risk.

In line with these views, we have increased our under-weight position to global equity, using the bounce in markets during April to lighten up even more – preferring to hold cash as not even bonds offer value at these yields.

NOVARE HOUSE VIEW: May 2020

TACTICAL POSITIONING*

	UNDER-WEIGHT	←	ON-WEIGHT	→	OVER-WEIGHT	PREVIOUS
DOMESTIC	Under-weight					
Equities	85%					95%
Bonds	95%					95%
Property	85%					95%
Alternatives			100%			100%
Cash			Balancing			100%
OFFSHORE				120%		120%
Equities	80%					105%
Bonds	70%					70%
Alternatives			100%			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.

++
+
Neutral
-
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TACTICAL ASSET ALLOCATION

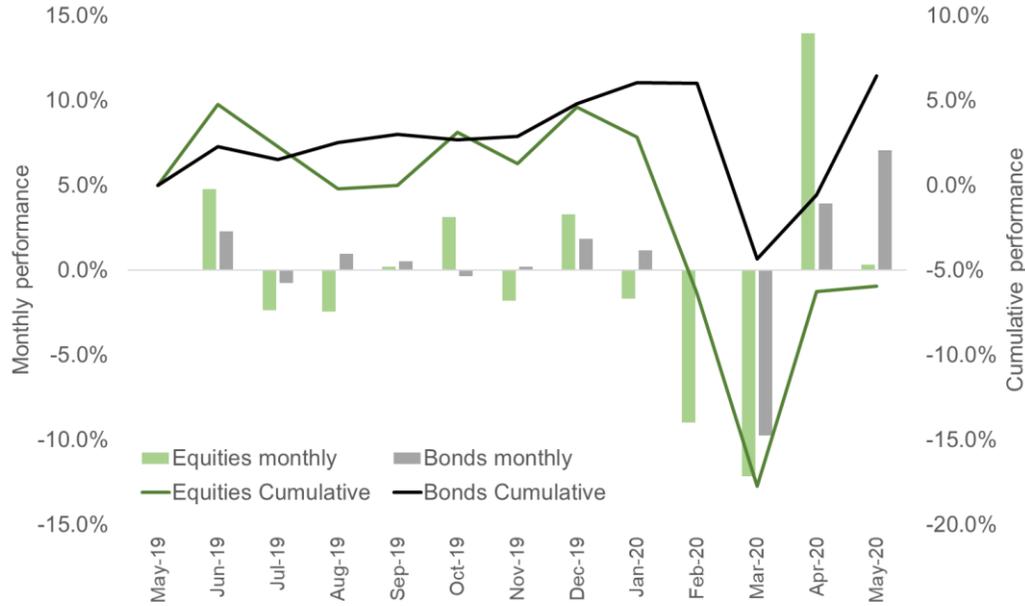
Global Assets (US\$)	1 month	3 months	YTD	12 months	3 Years	5 Years
MSCI All Countries Equity	4.4%	0.1%	-8.9%	6.0%	5.6%	3.3%
MSCI Emerging Markets	0.8%	-6.9%	-15.9%	-4.0%	-0.1%	-0.1%
Global Bonds (R)	-4.5%	12.2%	27.9%	27.0%	14.3%	8.3%

Commodity Prices	1 month	3 months	YTD	12 months	3 Years	5 Years
Brent Oil (USD/Barrel)	42.9%	-23.8%	-42.8%	-38.6%	-8.1%	-4.9%
Platinum (USD/oz)	7.0%	-5.6%	-14.4%	5.1%	-3.5%	-2.1%
Gold (USD/oz)	0.2%	5.2%	12.9%	31.9%	11.5%	6.7%

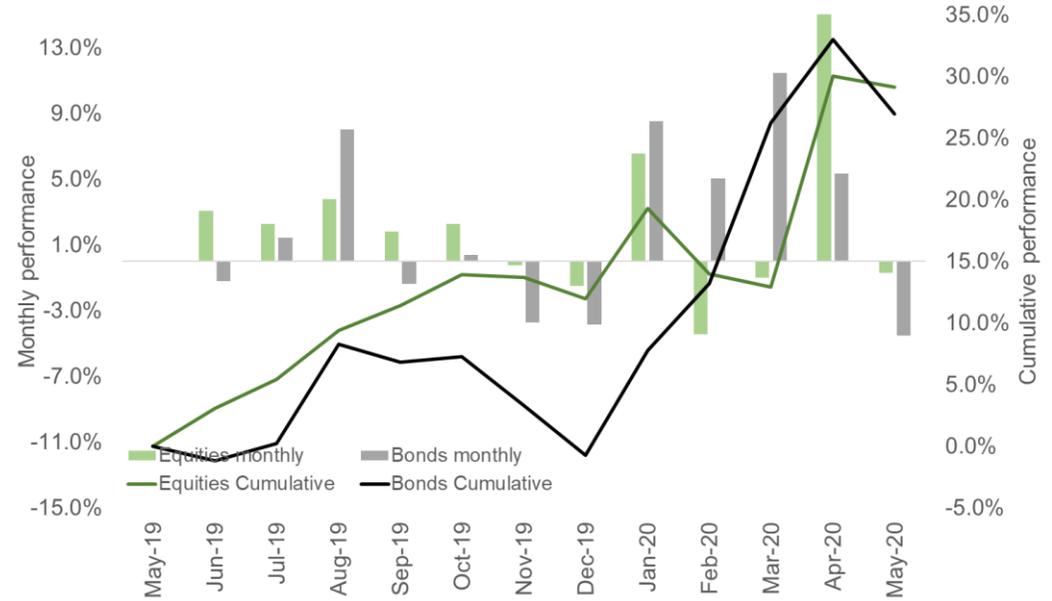
Asset Allocation (Rand)	1 month	3 months	YTD	12 months	3 Year	5 Years
Domestic Equities	0.3%	0.5%	-10.1%	-6.0%	2.5%	1.5%
Domestic Bonds	7.1%	0.4%	1.6%	6.4%	8.5%	5.0%
Domestic Cash	0.5%	1.6%	2.7%	7.0%	7.0%	4.2%
Domestic Property	-0.8%	-32.6%	-44.9%	-45.9%	-21.7%	-13.6%
International Equity	-0.7%	13.3%	15.3%	29.1%	17.3%	10.0%
International Bonds	-4.5%	12.2%	27.9%	27.0%	14.3%	8.3%
Exchange rate (R / \$)	-5.3%	12.0%	25.3%	20.3%	10.3%	6.1%

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

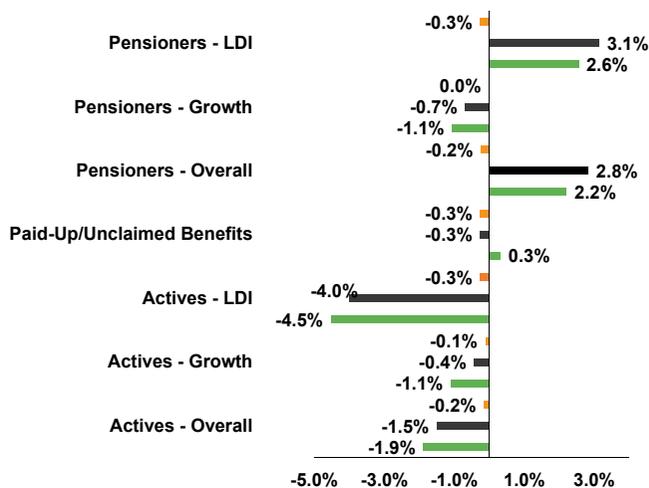
Fund Overview



EXECUTIVE SUMMARY

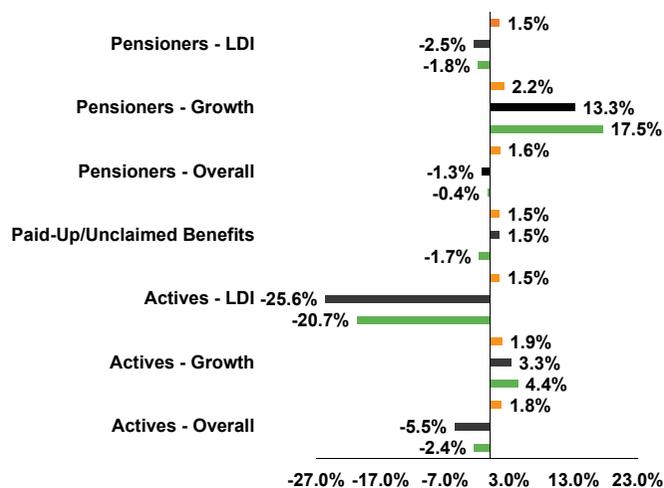


Monthly Return for May 2020



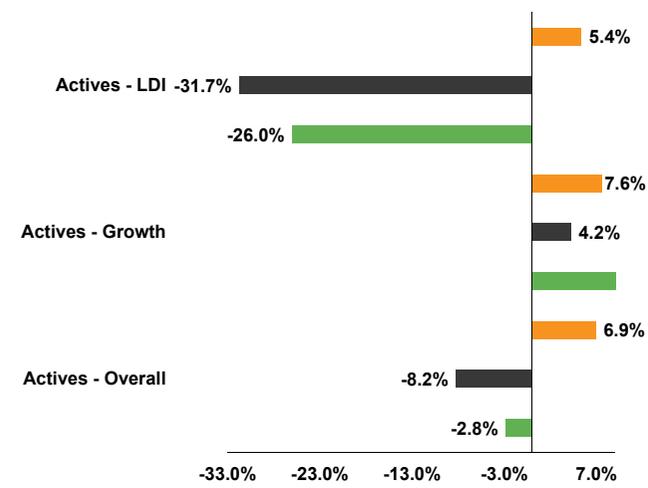
Investment objective | Benchmark | Portfolio

3 Months Return up to May 2020



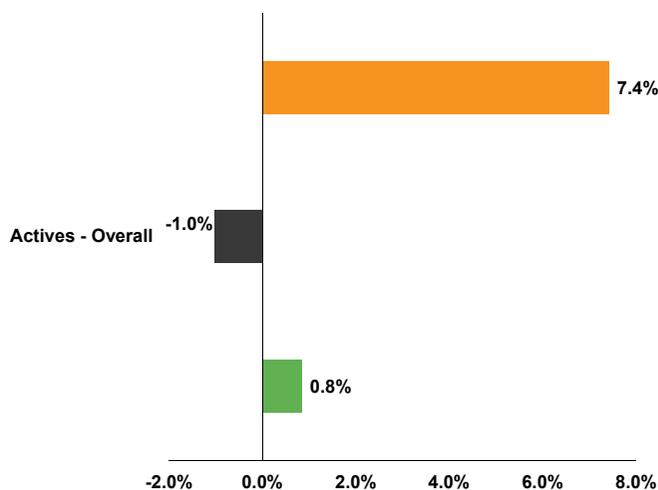
Investment objective | Benchmark | Portfolio

1 Year Return up to May 2020



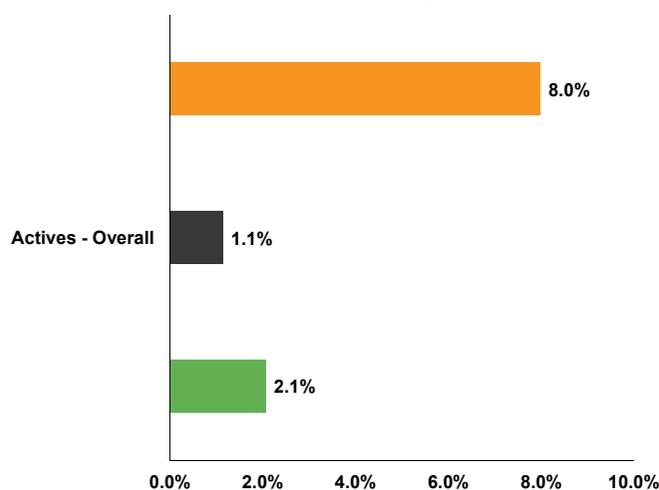
Investment objective | Benchmark | Portfolio

3 Year Return up to May 2020



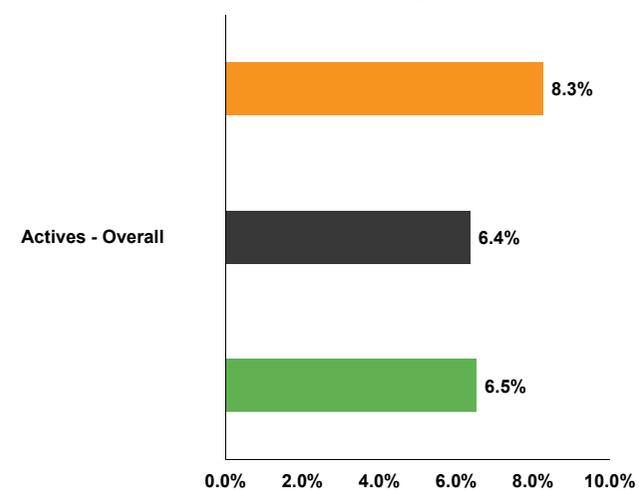
Investment objective | Benchmark | Portfolio

5 Year Return up to May 2020



Investment objective | Benchmark | Portfolio

8 Year Return up to May 2020

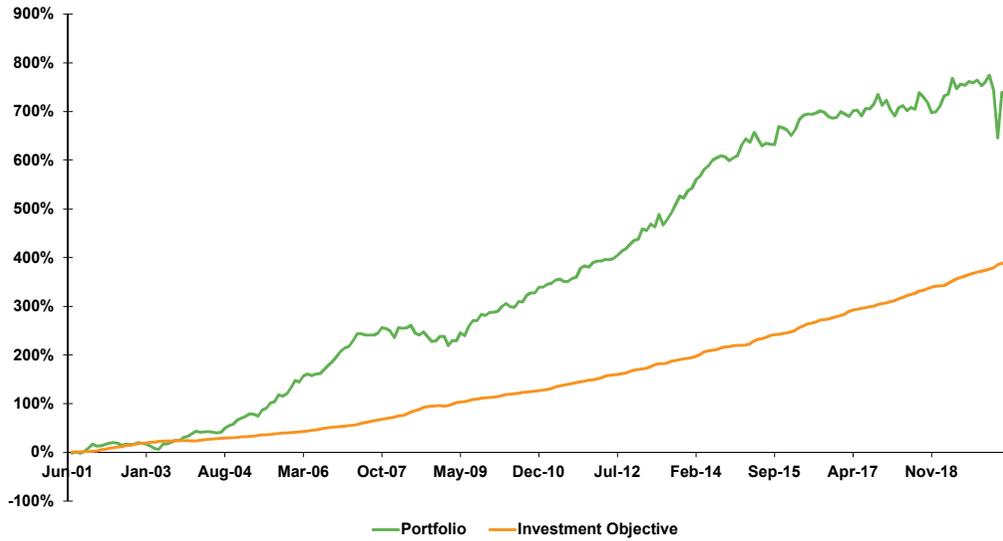


Investment objective | Benchmark | Portfolio

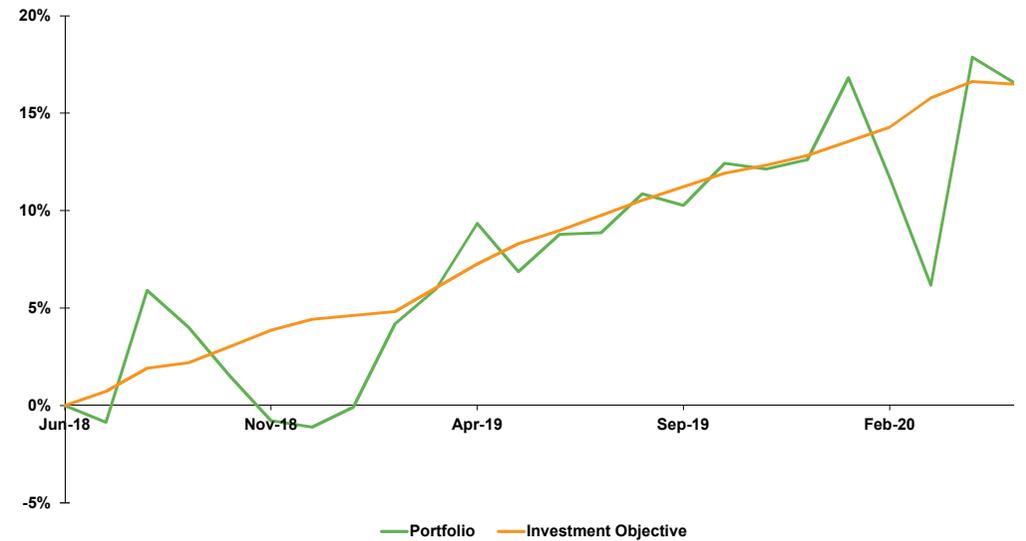
LONG TERM RETURNS

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



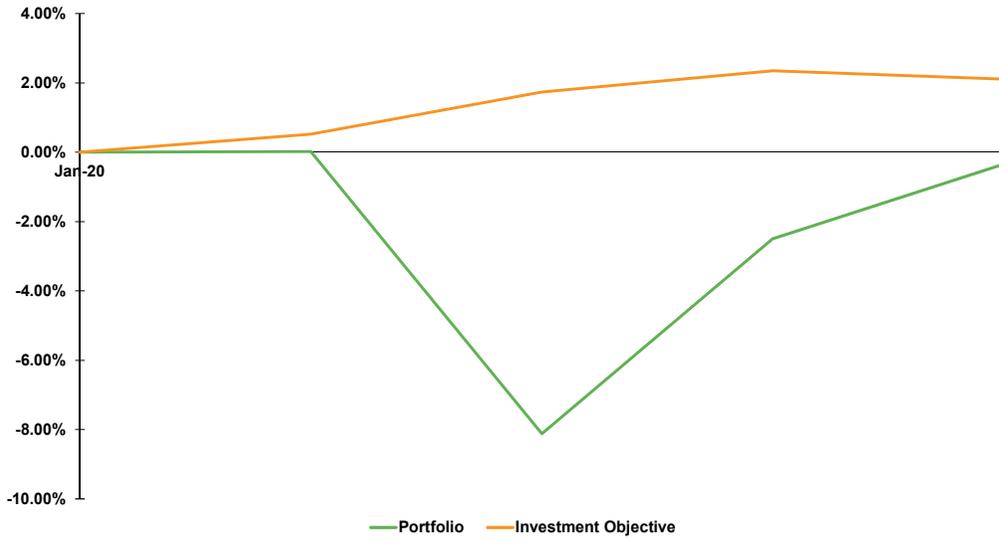
Actives LDI - Cumulative return since 30 June 2018



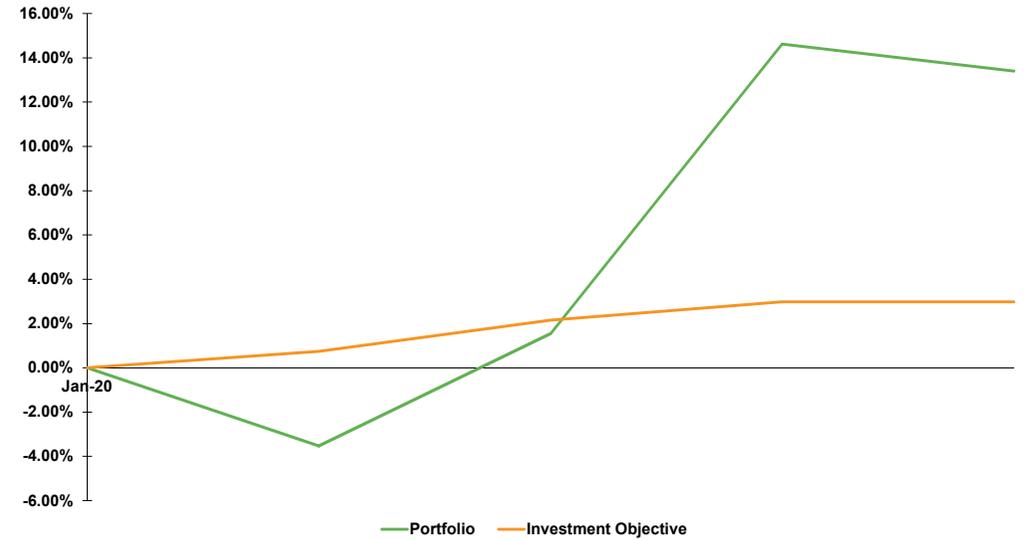
LONG TERM RETURNS

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.

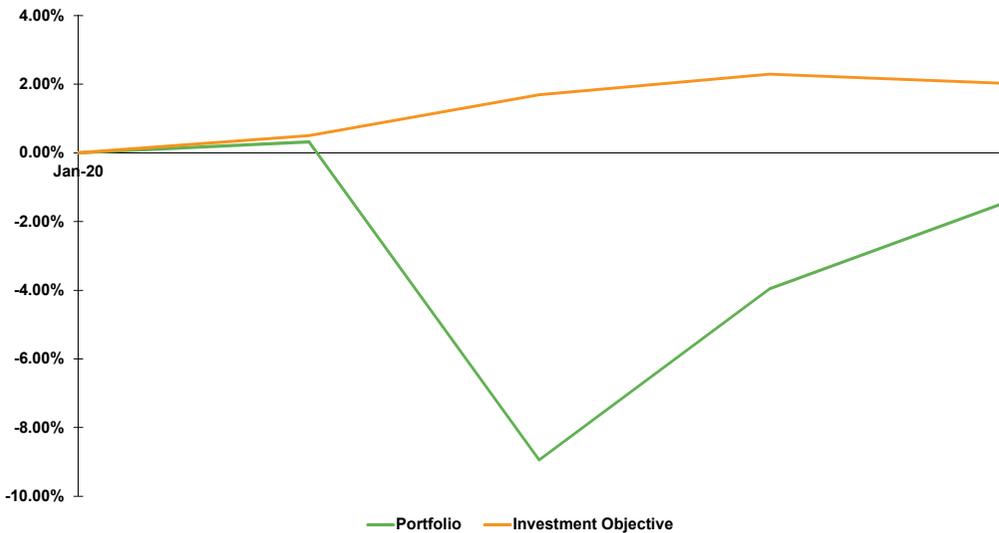
Pensioners Overall - Cumulative return since 31 January 2020



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



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
Actives Overall	577 711 096		-1.9%	-2.4%	-2.8%	1.4%	0.8%	2.1%	6.5%	11.8%
Strategic Benchmark			-1.5%	-5.5%	-8.2%	-2.7%	-1.0%	1.1%	6.4%	10.0%
			-0.4%	3.0%	5.4%	4.1%	1.9%	0.9%	0.2%	1.8%
Actives Growth	448 970 073		-1.1%	4.4%	9.1%	-	-	-	-	8.3%
Strategic Benchmark			-0.4%	3.3%	4.2%	-	-	-	-	3.9%
			-0.7%	1.1%	4.9%	-	-	-	-	4.5%
Actives LDI	128 741 023		-4.5%	-20.7%	-26.0%	-	-	-	-	-14.0%
Strategic Benchmark			-4.0%	-25.6%	-31.7%	-	-	-	-	-17.8%
			-0.5%	4.9%	5.8%	-	-	-	-	3.8%
Paid-Up/Unclaimed Benefits	54 837 521		0.3%	-1.7%	-	-	-	-	-	0.3%
Strategic Benchmark			-0.3%	1.5%	-	-	-	-	-	4.8%
			0.6%	-3.2%	-	-	-	-	-	-4.5%
Pensioners Overall	496 744 422		2.2%	-0.4%	-	-	-	-	-	-0.3%
Strategic Benchmark			2.8%	-1.3%	-	-	-	-	-	-1.3%
			-0.6%	0.9%	-	-	-	-	-	1.0%
Pensioners Growth	44 980 583		-1.1%	17.5%	-	-	-	-	-	13.4%
Strategic Benchmark			-0.7%	13.3%	-	-	-	-	-	8.2%
			-0.4%	4.3%	-	-	-	-	-	5.2%
Pensioners LDI	451 763 839		2.6%	-1.8%	-	-	-	-	-	-1.5%
Strategic Benchmark			3.1%	-2.5%	-	-	-	-	-	-2.2%
			-0.6%	0.7%	-	-	-	-	-	0.7%
Actives Overall Objective			-1.9%	-2.4%	-2.8%	1.4%	0.8%	2.1%	6.5%	11.8%
Objective			-0.2%	1.8%	6.9%	7.5%	7.4%	8.0%	8.3%	8.7%
			-1.7%	-4.2%	-9.7%	-6.1%	-6.6%	-5.9%	-1.7%	3.0%
Actives Growth Objective			-1.1%	4.4%	9.1%	-	-	-	-	8.3%
Objective			-0.1%	1.9%	7.6%	-	-	-	-	8.3%
			-1.0%	2.4%	1.5%	-	-	-	-	0.0%
Actives LDI Objective			-4.5%	-20.7%	-26.0%	-	-	-	-	-14.0%
Objective			-0.3%	1.5%	5.4%	-	-	-	-	6.0%
			-4.3%	-22.2%	-31.3%	-	-	-	-	-19.9%
Paid-Up/Unclaimed Benefits Objective			0.3%	-1.7%	-	-	-	-	-	0.3%
Objective			-0.3%	1.5%	-	-	-	-	-	4.8%
			0.6%	-3.2%	-	-	-	-	-	-4.5%
Pensioners Overall Objective			2.2%	-0.4%	-	-	-	-	-	-0.3%
Objective			-0.2%	1.6%	-	-	-	-	-	2.1%
			2.5%	-1.9%	-	-	-	-	-	-2.4%
Pensioners Growth Objective			-1.1%	17.5%	-	-	-	-	-	13.4%
Objective			0.0%	2.2%	-	-	-	-	-	3.0%
			-1.1%	15.3%	-	-	-	-	-	10.4%
Pensioners LDI Objective			2.6%	-1.8%	-	-	-	-	-	-1.5%
Objective			-0.3%	1.5%	-	-	-	-	-	2.0%
			2.8%	-3.3%	-	-	-	-	-	-3.5%
Total	1 129 293 039									

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	Aeon JSE Capped Share Weighted Index	2018/10/31	95 891 136	8.5%	1.0%	2.1%	-8.7%	-	-	-	-3.8%
					-0.4%	-5.3%	-14.2%	-	-	-6.5%	
	Sanlam Satrix Equity JSE Capped Share Weighted Index	2018/08/31	53 489 734	4.7%	1.4%	7.4%	5.5%	-	-	-	2.7%
					-0.5%	-5.3%	-14.3%	-	-	-10.8%	
Fixed Income	Colourfield Liability Benchmark	2016/05/31	580 504 862	51.4%	-0.4%	-5.3%	-14.2%	-	-	-	-10.6%
					0.0%	-0.1%	-0.1%	-	-	-0.1%	
Property	Futuregrowth Community Property Fund CPI + 4%	2007/04/30	33 345 677	3.0%	0.9%	-6.6%	-12.4%	-7.3%	-5.7%	-	-4.4%
					1.5%	-8.5%	-15.0%	-9.0%	-7.0%	-5.7%	
					-0.6%	1.8%	2.7%	1.7%	1.3%	-	1.3%
					0.1%	1.5%	8.7%	10.4%	11.4%	15.4%	12.9%
Money Market	Liberty STEFI Composite	2002/01/31	4 242 199	0.4%	-0.2%	1.8%	7.0%	7.7%	7.9%	8.7%	9.8%
					0.3%	-0.3%	1.8%	2.8%	3.4%	6.7%	3.1%
					0.4%	1.6%	7.2%	7.4%	7.7%	7.2%	5.8%
					0.5%	1.6%	7.0%	7.2%	7.2%	7.2%	7.8%
Alternatives	Prescient Yield Quants Plus STEFI	2020/01/31	4 901 424	0.4%	-0.1%	0.0%	0.2%	0.2%	0.4%	0.0%	-2.0%
					0.6%	1.9%	-	-	-	-	2.4%
					0.5%	1.6%	-	-	-	-	2.1%
					0.1%	0.3%	-	-	-	-	0.2%
International	Sanlam Property ALBI 7 - 12 Years	2018/07/31	64 281 018	5.7%	-5.3%	-12.5%	-2.7%	-	-	-	4.1%
					9.4%	2.6%	10.1%	-	-	-	9.6%
					-14.7%	-15.1%	-12.8%	-	-	-	-5.5%
Multi Asset Class	Ninety One Global Franchise MSCI World	2018/07/31	237 799 468	21.1%	-1.1%	17.6%	36.7%	-	-	-	28.2%
					-0.7%	13.3%	29.1%	-	-	-	19.2%
					-0.4%	4.3%	7.6%	-	-	-	9.1%
Multi Asset Class	Allan Gray Stable CPI + 3%	2019/07/31	54 837 521	4.9%	0.3%	-1.7%	-	-	-	-	-0.5%
					-0.3%	1.5%	-	-	-	-	4.8%
					0.6%	-3.2%	-	-	-	-	-5.3%
			1 129 293 039	100%							

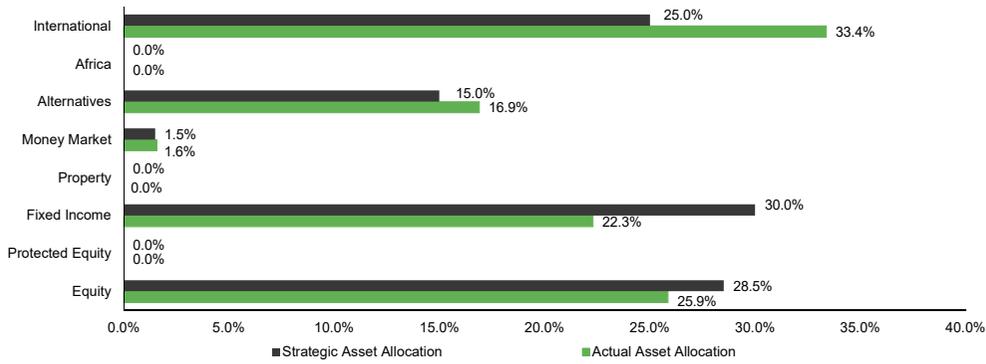
ASSET ALLOCATION



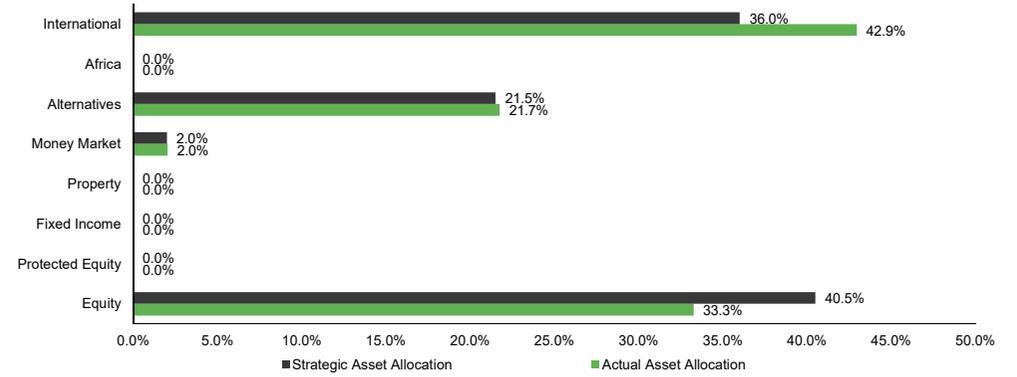
Asset Class	Manager	Actives Growth	Actives LDI	Actives Overall	Paid-Up/Unclaimed Benefits	Pensioners Growth	Pensioners LDI	Pensioners Overall	Total Fund
Equity	Aeon	95 891 136		95 891 136					95 891 136
	Sanlam Satrix Equity	53 489 734		53 489 734					53 489 734
Fixed Income	Colourfield		128 741 023	128 741 023			451 763 839	451 763 839	580 504 862
Property	Futuregrowth Community Property Fund	33 345 677		33 345 677					33 345 677
Money Market	Liberty	4 242 199		4 242 199					4 242 199
	Prescient Yield Quants Plus	4 901 424		4 901 424					4 901 424
Alternatives	Sanlam Unlisted Property Fund	64 281 018		64 281 018					64 281 018
International	Ninety One Global Franchise	192 818 886		192 818 886		44 980 583		44 980 583	237 799 468
Multi Asset Class	Allan Gray Stable				54 837 521				54 837 521
Total Fund		448 970 073	128 741 023	577 711 096	54 837 521	44 980 583	451 763 839	496 744 422	1 129 293 039

ASSET ALLOCATION

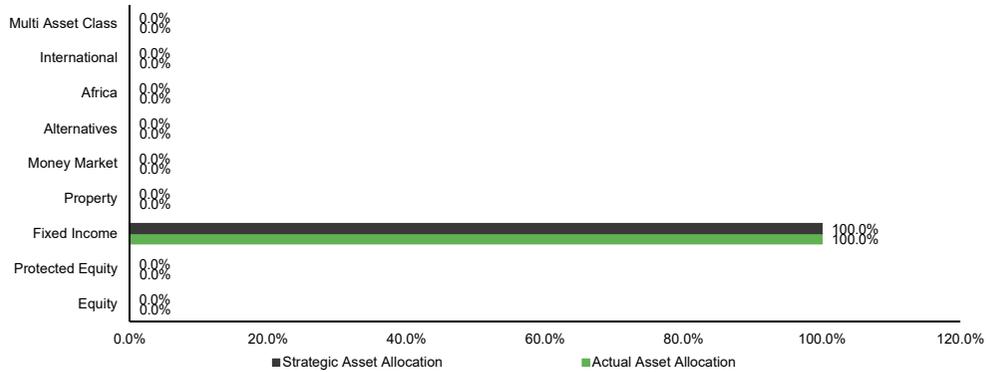
Actives Overall



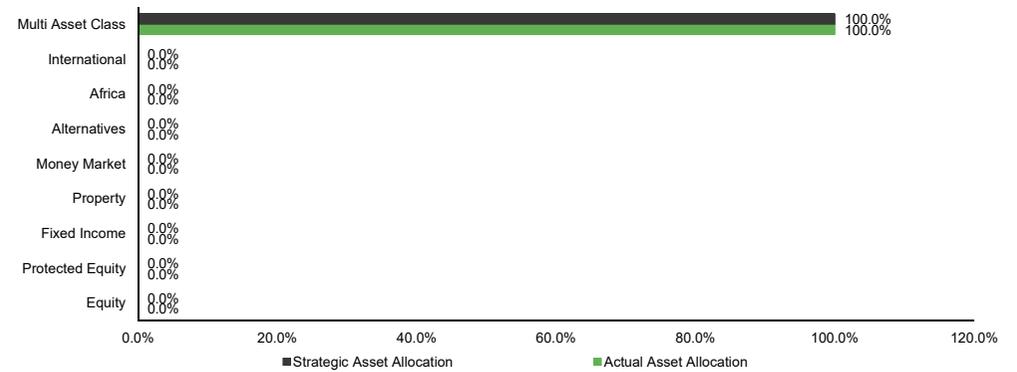
Actives Growth



Actives LDI

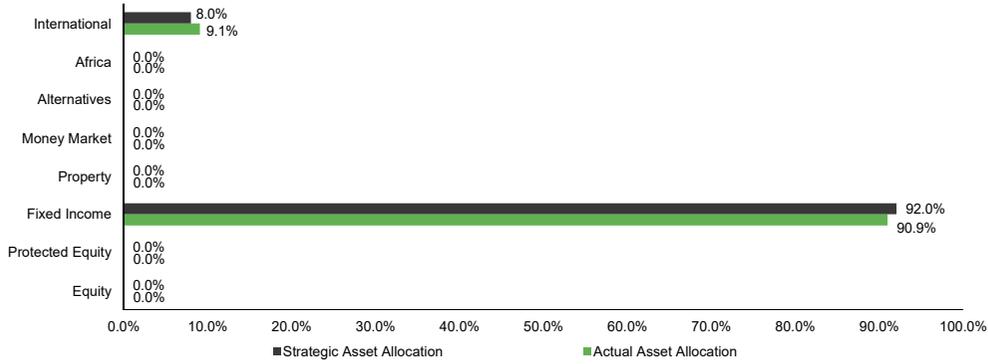


Paid-Up/Unclaimed Benefits

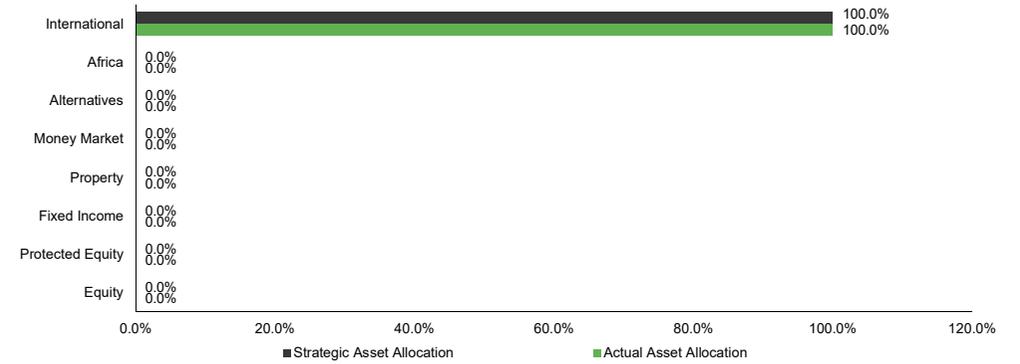


ASSET ALLOCATION

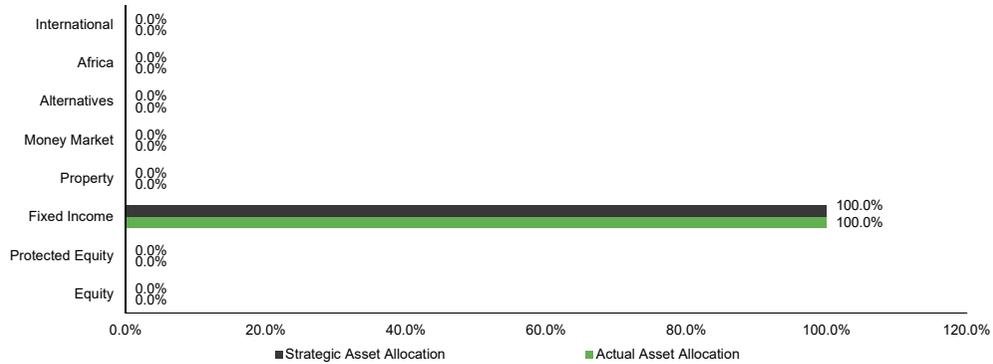
Pensioners Overall



Pensioners Growth



Pensioners LDI



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

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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