NOVARE®
actuaries & consultants

| Monthly Report |

Anglican Church of Southern Africa Retirement Fund

November 2018

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REPORT OVERVIEW

ANGLICAN CHURCH OF SOUTHERN AFRICA RETIREMENT FUND

OBJECTIVE
The objective represents the inflation target of CPI + 4%

FUND PERFORMANCE
The performance figures of the Fund represent the performance as calculated by Novare's pricing division and are **net** of manager fees. The year end for the Fund is 31 December. The returns for the financial year reflect returns from the 1st month of the financial year. The YTD graph illustrates the calendar months of our current year.

BENCHMARK
The benchmark performance in this report is as follows:

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

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

TACTICAL LIMITS

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

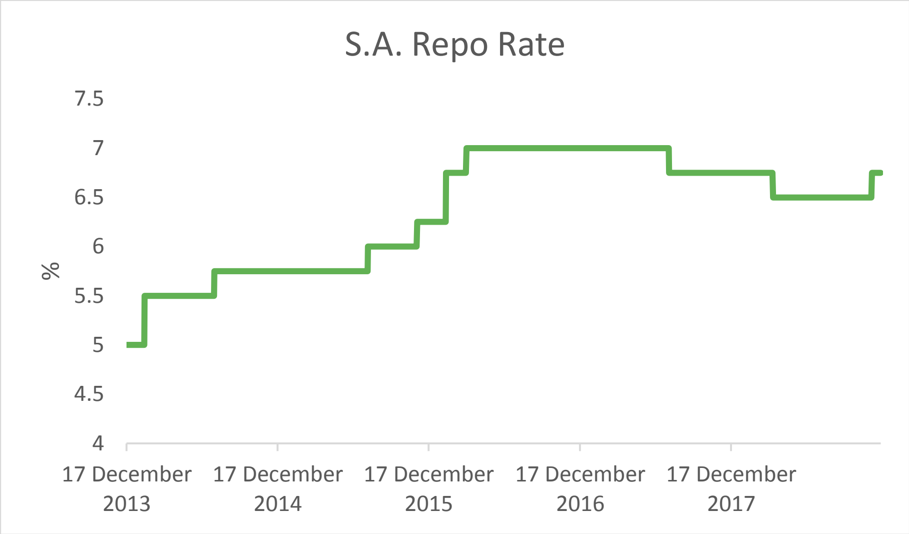
Section A

Market Overview

DOMESTIC MARKET VIEW

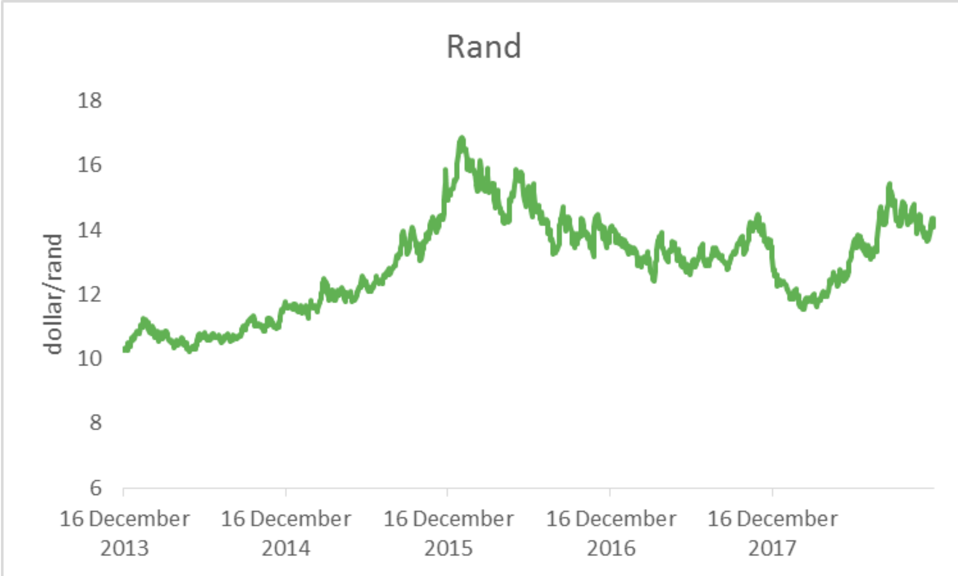
The South African Reserve Bank (SARB) raised the repo rate by 25 basis points to 6.75%. Market consensus was split down the middle and so too the Monetary Policy Committee, with three members voting for a hike, while three members voted for a hold. The markets cheered the decision as the rand and local bonds rallied. The central bank stated that it assessed the risks to the inflation outlook to be skewed to the upside while also emphasising concerns of tighter global financial conditions, the weaker rand, increased wage growth and higher oil prices.

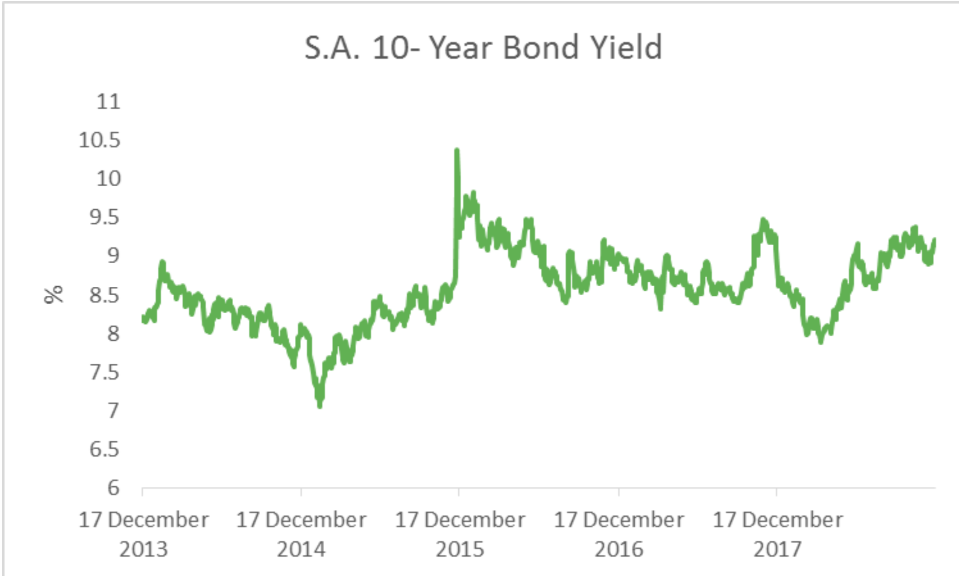
Inflation numbers showed that consumer prices increased by 5.1% year-on-year (and increased 0.5% over the month). This was mainly due to an increase in the cost of transport because of higher fuel prices. Other third quarter data showed a mixed but slightly positive outlook for growth for the period. Manufacturing production ended the quarter up 1.7% (quarter-on-quarter) while mining production declined by -2.2% (quarter-on-quarter). Standard & Poor's kept South Africa's sovereign credit rating and outlook unchanged but warned of increasing risks from a low growth outlook, high contingent liabilities, fragile state-owned entities, weakening fiscal prospects and the debt burden.



DOMESTIC MARKET VIEW

The brief halt of tensions between China and the U.S. coupled with the U.S. Fed's uncertainty regarding the trajectory of interest rate hikes helped boost global risk sentiment. This, along with the SARB's interest rate hike, saw the rand strengthen 6.1% against the U.S. dollar, 6.0% against the euro and 6.3% against the pound for the month. The rand strength could also be seen in the local bond market with the All Bond Index returning 3.8% for the month. Considerable outflows were seen in the local equity market with the FTSE/JSE All Share Index shedding -3.1% for the month. On a sector basis, *the Resource 20 was significantly lower, down -11.8%, while the Industrial 25 Index was down -0.9%. Support was found from the* Financial 15 Index which was up 2.5%. The S.A. listed Property Index extended last month's losses to finish -1.2% in negative territory, while cash returned 0.5%.



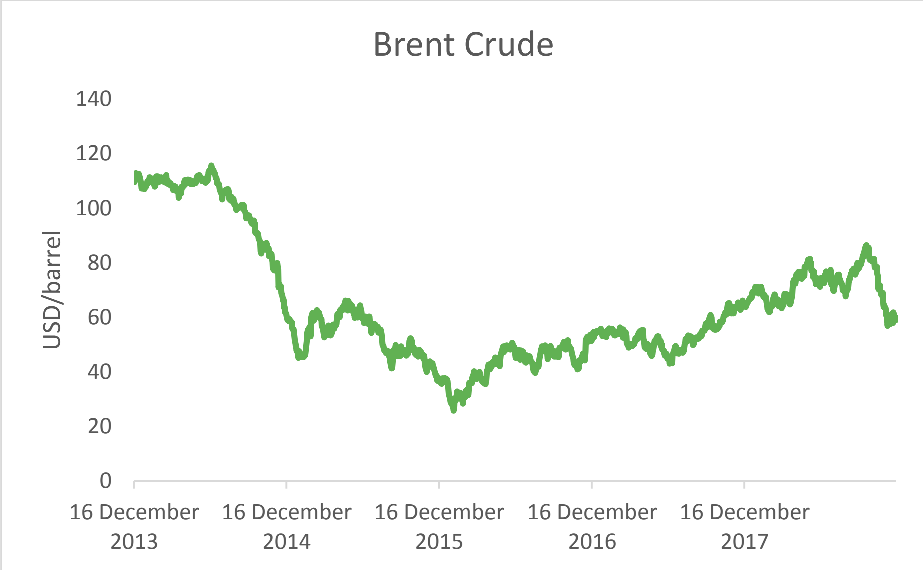


INTERNATIONAL MARKET VIEW

The results of the U.S. mid-term elections confirmed the market's prediction of a split Congress as Democrats gained control of the House of Representatives while the Republicans reinforced their majority in the Senate. The election results boosted risk assets which subsequently sparked a rally in global equity markets. Market expectation was that the deadlock would derail the implementation of President Trump's more radical policies and thereby remove one of the biggest threats to global growth.

However, equity markets still swung between gains and losses. Numerous factors contributed to the uncertainty, such as European politics (the effect Brexit would have on the U.K. and EU economies and the Italian budget dispute), concerns of slower global growth and weaker demand, and the faster than expected pace of monetary policy tightening by key central banks (namely the U.S. Fed), continued to linger on investors' minds.

After sounding ever more hawkish since September's meeting, it appears the U.S. Fed had come to the realisation that it may need to reassess its policy tools as well as its tightening strategy. Recent commentary from U.S. Fed officials, as well as the release of the U.S. Fed minutes (from the November meeting), were both perceived as dovish by market participants.



INTERNATIONAL MARKET VIEW

This subsequently led to investors reducing their expectations on the number of interest rates hikes in the coming year. The change in rhetoric lifted emerging markets currencies as the dollar weakened while global bond yields slipped with the U.S. 10-year bond yield dipping below 3%. The decline in global bond yields was mirrored in slightly higher global bond prices as reflected in the 0.3% increase in the Barclays Global Aggregate Bond index.

Against this backdrop, global equities managed to finish the month on a positive footing with both emerging and developed equity markets in the green. The MSCI Emerging Market Equity Index and the MSCI Global Equity Index returned 4.1% and 1.1 % respectively. Wall Street saw positive gains with the S&P 500 and Nasdaq up 2.0% and 0.4% respectively.

The European markets didn't follow through with its upbeat performance as the FTSE 100 gave back -1.6%. On the commodities front, gold was up 0.6% and platinum was down -4.1%. Brent crude tumbled by a whopping -20.7% for the month as worries regarding oversupply and reduced demand growth intensified. With that said, the upcoming meeting between OPEC and non-OPEC members is expected to see an announcement that oil production will be cut.

TACTICAL
ASSET ALLOCATION

RSA BONDS

Rising U.S. Treasury yields will continue to be the dominant headwind for the rand and local-currency bonds. Moreover, U.S. Treasury yields in and of itself – even assuming yields churn sideways –will not support the performance of the rand and rand bonds. The risks associated with S.A.'s dependence on "hot money" to finance its deficit of payments implies that its bond yields will need to remain elevated to reward investors. Aside from improving investor sentiment toward EM assets, no South African rally can be sustained without clarity regarding the political landscape and economic policy.

The Medium Terms Budget Policy Statement (MTPBS) painted a sobering picture of the country' fiscal position. Public debt (which is already elevated by emerging market standards), is expected to grow further and at a quicker pace than had been forecast in February's National Budget. National gross debt is only expected to stabilise at 59.6% of GDP in the 2023/24 fiscal year, versus the 56.2% of GDP that was expected in 2022/23. Several fiscal risks remain over the medium term which are likely to continue to put pressure on public finances should growth not materialise

Higher oil prices and rand depreciation have pushed inflation back to the upper end of SARB's target range. While the risks for interest rates are generally skewed to the upside, policymakers will have some breathing room during phases of flat U.S. Treasury yields. We have maintained an on-weight position in local bonds during the month of November.

RSA PROPERTY, ALTERNATIVES AND CASH

Huge falls in the shares of Resilient, Fortress and NepiRock (which make up a sizeable proportion on the South African Listed Property Index) severely hurt the sector following allegations of share manipulation. A combination of a better political backdrop, improved inflation, and enhanced interest rate outlook are supportive factors for the South African Listed Property Index. Global monetary policy normalisation, inflation expectations in developed markets and geopolitics will influence rand moves.

While the underlying S.A. economy remains challenged, there are good quality counters that trade on appealing initial yields. Over a long investment horizon, total returns should exceed those coming from cash and government bonds through the cycle. We have maintained the on-weight position in South African Listed Property.

The weaker currency, rising fuel and above inflation wage settlements have all added to rising inflation expectations. In the absence of other options, money market investments provide the best capital protection in the short-term. Cash is, therefore, the balancing item.

RSA EQUITIES

S.A. has a high beta, indicating that one needs to be cognizant of external triggers such as commodity price weakness, fluctuations in the oil price, a stronger U.S. dollar (or weaker emerging market currencies) and the negative impact of a possible trade war. In addition, weaker-than-expected global growth would not be supportive to local equities. Earnings momentum on the JSE continues to decline, although valuations remain above the long-run average P/E ratio of 15.5. The ALSI P/E dropped to 17.6, which marked the lowest level this year and even further away from the peak of 23.5 recorded in January 2017.

A key assumption has been that President Ramaphosa's administration will push through enough reform to restore S.A. Inc. However, recent data showed that instead of the anticipated small rebound in the second quarter GDP print, the local economy contracted, while the first quarter GDP figures were revised deeper into negative territory. This has resulted in a downward revision of our growth outlook and has made the growth outperformance for 2018 appear even more unattainable.

The IMF, National Treasury and the SARB were among some of the intuitions to downwardly revise the country's growth outlook. National Treasury now projects that the local economy will grow 0.7% this year versus the 1.5% projected earlier this year.

While the pace of reform implementation has been slow, President Ramaphosa has made significant in-roads in his investment drive and the announcement of a stimulus package and a re-prioritisation of the existing budget framework to stimulate economic growth and job creation is a step in the right direction. Given the above points and the fact that economic growth may continue to undershoot expectations, we maintained the underweight position in local equities.

TACTICAL
ASSET ALLOCATION

INTERNATIONAL

Global growth momentum is destined to slow but economic expansion is not at risk (barring any further escalation of trade tensions and/or a similar shock). Furthermore, central bank tightening is still in its early stages.

Global yields should move higher on the back of robust U.S. growth while EM and Eurozone activity has the potential to stabilise going into year end. The market remains concerned that equities may have to de-rate if bond yields move higher again, however, the valuation cushion is still substantial. Continued solid earnings and increased revenue growth against the backdrop for monetary policy conditions that are still considered to be accommodative, should offset some Price-to-earnings (PE) compression.

Equity markets will remain volatile in the near run as investors absorb trade tensions, the shifts in the cyclical interest/inflation outlook and geopolitical risk. We have maintained an overweight position in global equities.

NOVARE HOUSE VIEW: November 2018

TACTICAL POSITIONING*

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

* positioning is as a % of strategic asset allocation

Summary:

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

	++
	+
	Neutral
	-
	- -

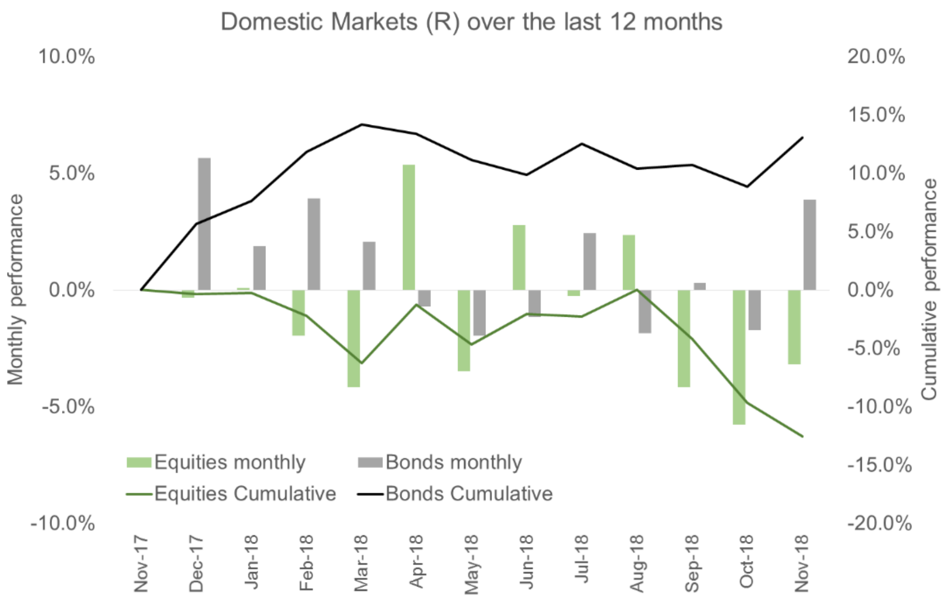
MARKET PERFORMANCE

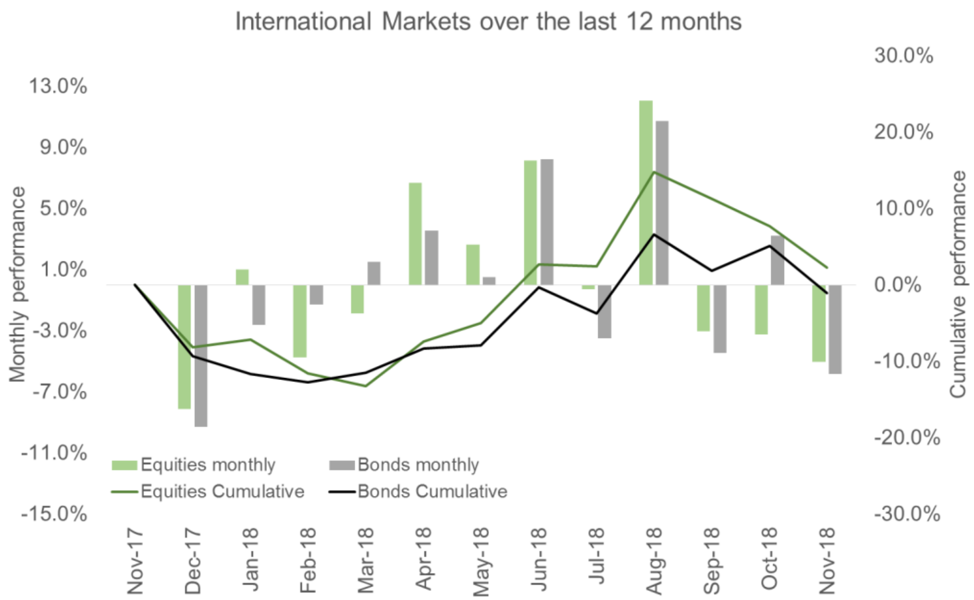
Global Assets (US$)	1 month	3 months	6 months	YTD	12 months
MSCI All Countries Equity	1.5%	-5.6%	-2.4%	-2.1%	-0.5%
MSCI Emerging Markets	4.1%	-5.4%	-9.7%	-12.0%	-8.8%
Global Bonds (R)	-5.9%	-7.1%	7.4%	9.1%	-1.1%

Commodity Prices	1 month	3 months	6 months	YTD	12 months
Brent Oil (USD/Barrel)	-20.7%	-23.9%	-24.0%	-11.1%	-5.6%
Platinum (USD/oz)	-4.2%	1.7%	-12.6%	-14.2%	-15.1%
Gold (USD/oz)	0.6%	1.7%	-6.4%	-5.7%	-4.1%

Asset Allocation (Rand)	1 month	3 months	6 months	YTD	12 months
Domestic Equities	-3.2%	-12.6%	-8.3%	-12.3%	-12.6%
Domestic Bonds	3.9%	2.4%	1.7%	7.0%	13.1%
Domestic Cash	0.6%	1.8%	3.5%	6.6%	7.3%
Domestic Property	-1.3%	-5.5%	-7.3%	-24.5%	-21.3%
International Equity	-5.0%	-10.9%	7.6%	11.3%	2.2%
International Bonds	-5.9%	-7.1%	7.4%	9.1%	-1.1%
Exchange rate (R / $)	-6.1%	-5.6%	9.2%	12.0%	1.5%

Scale:
Best performing asset class
Worst performing asset class

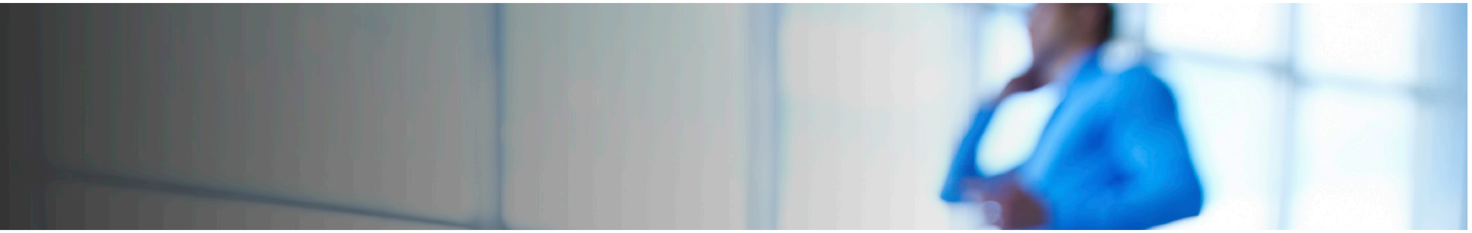




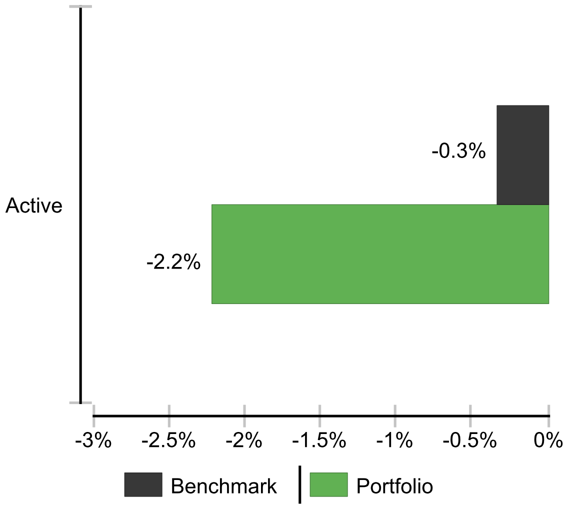
Section B

Fund Overview

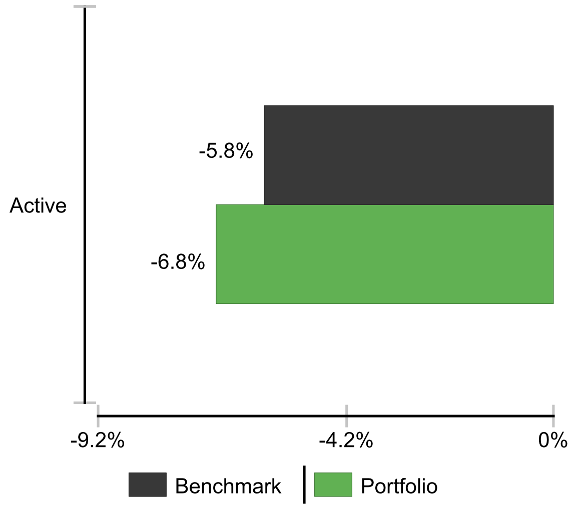
EXECUTIVE SUMMARY



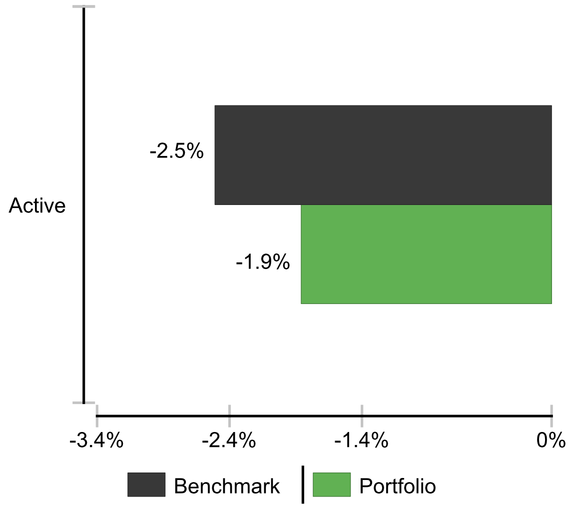
Monthly return for November 2018



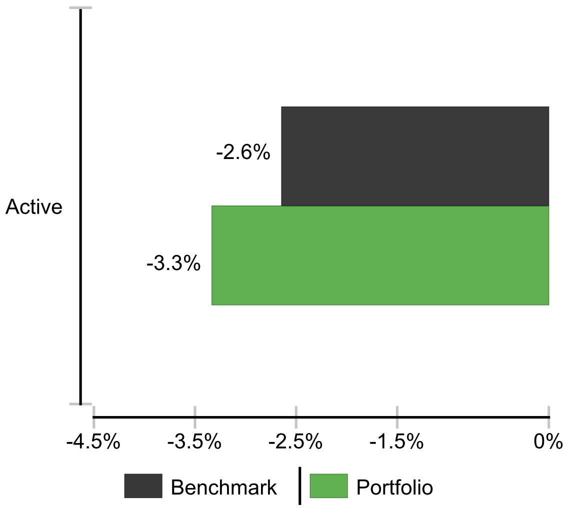
3 Months return up to November 2018



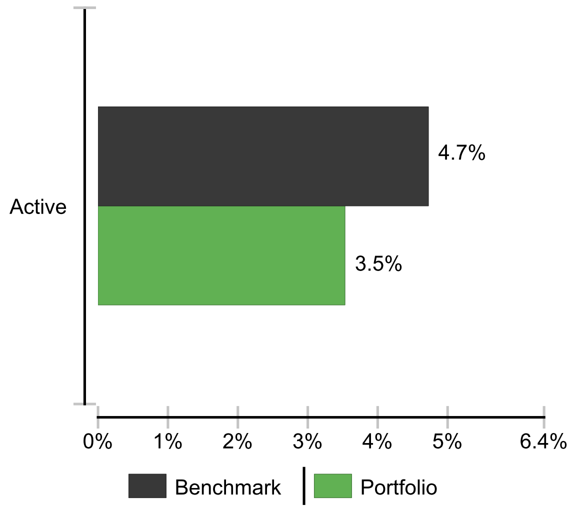
Return from the end of the financial year to November 2018



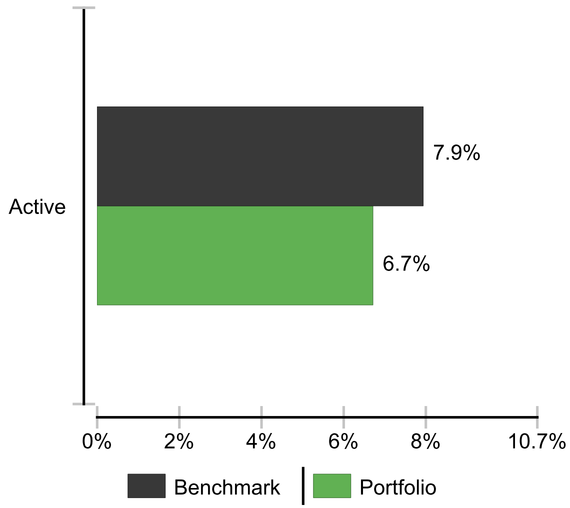
Return for the last 12 months up to November 2018



Return for the last 3 years up to November 2018



Return for the last 5 years up to November 2018



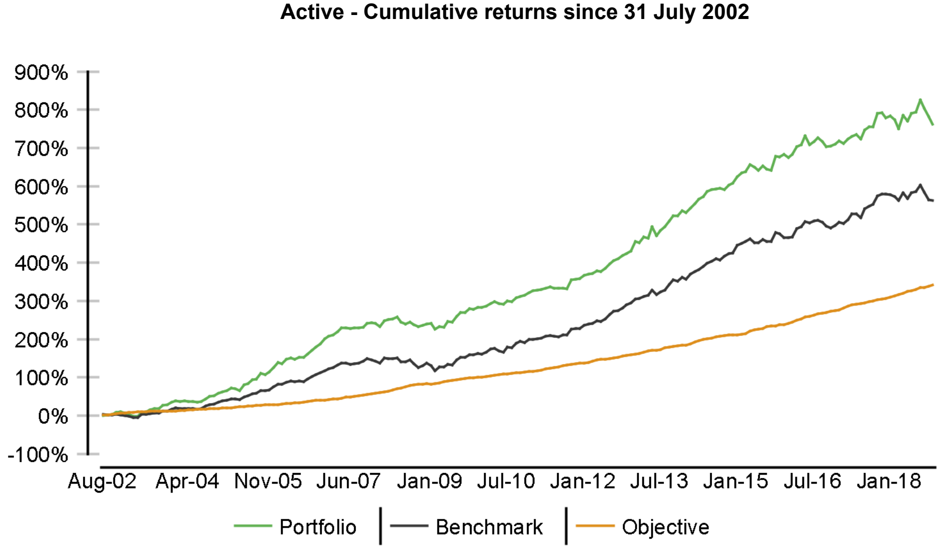
PORTFOLIO MARKET VALUES AND RETURNS

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

	Market value (R)	Weight (%)	1 month (%)	3 months (%)	YTD (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)
Active	129,462,151.2	100.0	-2.2	-6.8	-1.9	-3.3	3.5	6.7
Benchmark			-0.3	-5.8	-2.5	-2.6	4.7	7.9
			-1.9	-1.0	0.7	-0.7	-1.2	-1.2
Active			-2.2	-6.8	-1.9	-3.3	3.5	6.7
Objective			0.8	1.8	8.6	9.1	9.5	9.4
			-3.0	-8.6	-10.5	-12.4	-5.9	-2.7
	129,462,151.2	100.0						

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.



MANAGER PERFORMANCE

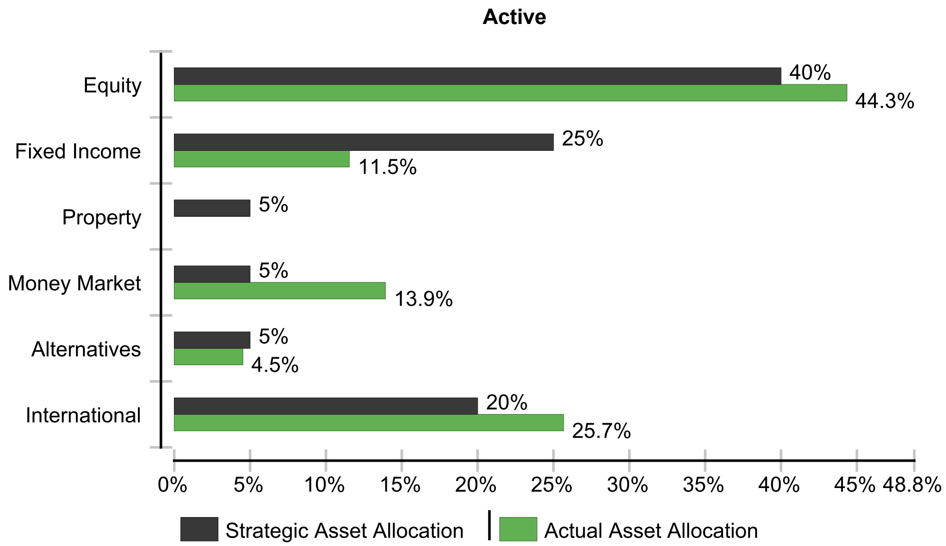
The table below sets out the individual manager returns for funds and compares them with their respective benchmarks.

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	**Allan Gray Equity**	2011/07/31	57,413,142.1	44.3	-3.3	-9.8	-7.5	-8.8	-7.4	5.5	8.2	12.1
	ALSI				-3.2	-12.6	-8.8	-12.3	-12.6	2.3	5.5	10.2
					-0.1	2.7	1.3	3.4	5.1	3.2	2.7	2.0
Fixed Income	**Futuregrowth Infrastructure Bond Fund**	2011/07/31	14,941,435.1	11.5	4.0	2.6	2.1	8.5	14.1	9.4	9.5	10.0
	ALBI				3.9	2.4	2.1	7.0	13.1	8.3	7.8	8.0
					0.1	0.2	0.1	1.5	1.1	1.1	1.7	1.9
Money Market	**Liberty Standrd Money Market**	2008/10/31	8,510,755.6	6.6	0.6	1.8	1.3	7.0	7.6	7.7	7.1	6.9
	STEFI				0.6	1.8	1.2	6.6	7.3	7.4	6.9	6.8
					0.0	0.1	0.1	0.4	0.4	0.3	0.2	0.1
	Standard Money Market	2006/05/31	9,512,024.4	7.3	0.6	1.8	1.3	7.0	7.6	6.3	6.2	7.1
	STEFI				0.6	1.8	1.2	6.6	7.3	7.4	6.9	7.3
					0.0	0.1	0.1	0.4	0.4	-1.1	-0.6	-0.3
Alternatives	**Mayibentsha Moderate**	2007/02/28	5,861,012.6	4.5	0.4	0.6	0.1	5.8	4.3	3.9	6.8	7.9
	CPI + 4.5%				0.8	1.9	1.6	9.1	9.6	10.0	9.9	10.5
					-0.4	-1.3	-1.5	-3.2	-5.3	-6.0	-3.1	-2.6
International	**Foord International**	2011/12/31	33,223,781.4	25.7	-4.7	-9.6	-5.5	5.0	-4.3	1.5	8.4	13.5
	International Composite				-5.4	-9.4	-6.0	10.5	1.0	4.1	10.2	13.9
					0.6	-0.2	0.5	-5.5	-5.3	-2.6	-1.7	-0.4
			129,462,151.2	100.0								

ASSET ALLOCATION

	Manager	Active	Total fund
Equity	Allan Gray Equity	57,413,142.1	57,413,142.1
Fixed Income	Futuregrowth Infrastructure Bond Fund	14,941,435.1	14,941,435.1
Money Market	Liberty Standard Money Market	8,510,755.6	8,510,755.6
	Standard Money Market	9,512,024.4	9,512,024.4
Alternatives	Mayibentsha Moderate	5,861,012.6	5,861,012.6
International	Foord International	33,223,781.4	33,223,781.4
Total fund		**129,462,151.2**	**129,462,151.2**

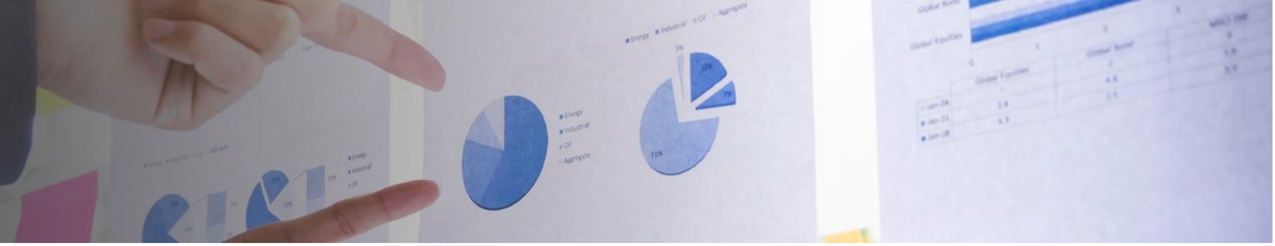
ASSET ALLOCATION



Section C

Glossary

INVESTMENT GLOSSARY



ALTERNATIVE INVESTMENTS

Any non-traditional asset class. Investing in these generally provides a portfolio with greater diversification.

ANNUALISED RETURN

Where a cumulative return is over a period greater than a year, an annualised return is what the return is when converted into annual periods. For example, if the cumulative return over a 3-year period was 6%, the annualised return would be approximately 2% p.a. It means the investment earned an effective return of around 2% each year over the 3-year period (to arrive at the 6%).

ASSET CLASS

A type of investment, such as equities, bonds, cash, private equity etc.

BENCHMARK

What a portfolio, asset class or investment manager is judged against.

BENCHMARK PERFORMANCE

The performance return of an investment manager's benchmark or a Fund's strategic asset allocation.

BOND

A bond is issued by a company or country where it borrows money from the market, with a promise to repay it back. Bonds are characterised by what interest is paid back each year, and how long the term of the bond is.

CPI

Consumer price index. It is commonly used to identify periods of inflation or deflation.

CREDIT RATING

The rating given by a credit-rating agency, based on its view of the financial wellbeing of a company or country and the likelihood of default (i.e. inability to meet debt obligations). The highest rating is usually AAA, and the lowest is D.

CRISA

Code of Responsible Investing in South Africa.

CUMULATIVE RETURN

The aggregated return of an investment over a particular time-period.

DERIVATIVES

A derivative is a security of which the price is dependent upon or derived from one or more underlying assets.

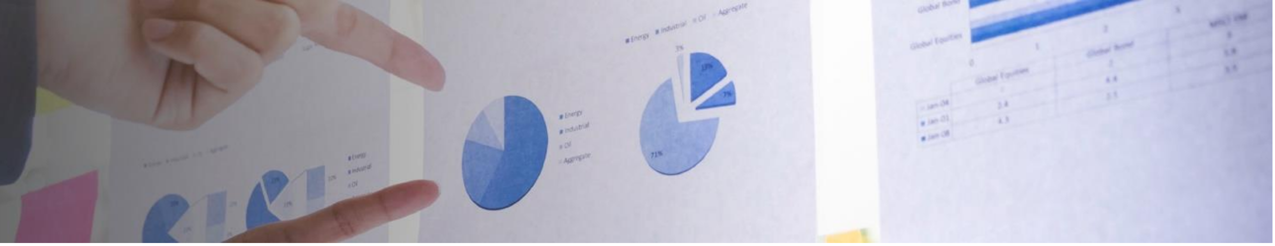
EQUITY

Referring to the asset class, equity describes the ownership of a company. An individual or financial institution can own part of the company by buying equity shares or stocks. These are generally traded on a stock exchange, such as the Johannesburg Stock Exchange.

FUND OBJECTIVE

The investment objective that a Fund portfolio is trying to achieve. This is generally a return in excess of CPI. Eg CPI + 3% per annum.

INVESTMENT GLOSSARY



HEDGE FUND

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

INDEX

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

INFLATION

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

INTERNATIONAL

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

INVESTMENT OBJECTIVE

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

INVESTMENT POLICY STATEMENT (IPS)

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

MONTHLY RETURN

The performance return over a month.

MANDATE

An investment manager's portfolio and objective.

OVERWEIGHT

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

PERFORMANCE

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

PRIVATE EQUITY

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

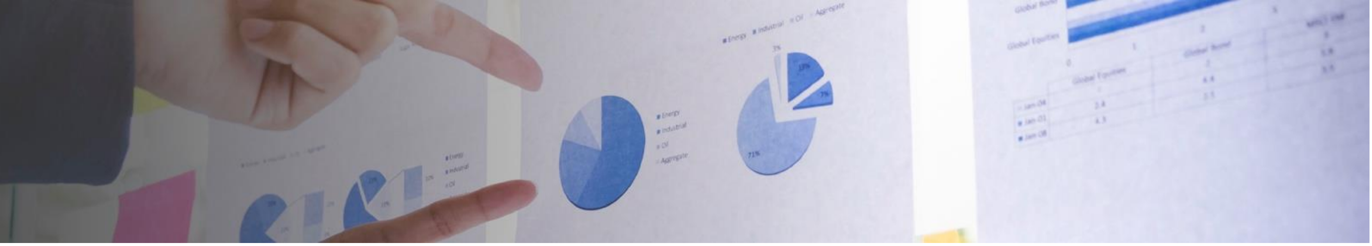
PROPERTY

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

PROTECTED EQUITY

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

INVESTMENT GLOSSARY



REGULATION 28

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

REPO RATE

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

SHARPE RATIO

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

STRATEGIC ASSET ALLOCATION

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

TACTICAL ASSET ALLOCATION

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

TRACKING ERROR

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

TRADITIONAL ASSET CLASS

This generally refers to equities, bonds, cash and property

UNDERWEIGHT

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

VOLATILITY

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

YEAR-TO-DATE ("YTD")

The performance return since the beginning of the latest calendar year

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