



NOVARE[®]
actuaries & consultants

| Monthly Report |

Anglican Church of
Southern Africa Pension
Fund

June 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%	CPI + 4%
Domestic Fixed Income	0%	
Domestic Property	92.0%	
Domestic Money Market	0%	
Domestic Alternatives	0%	
Africa	0%	MSCI World
International	8.0%	

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

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

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

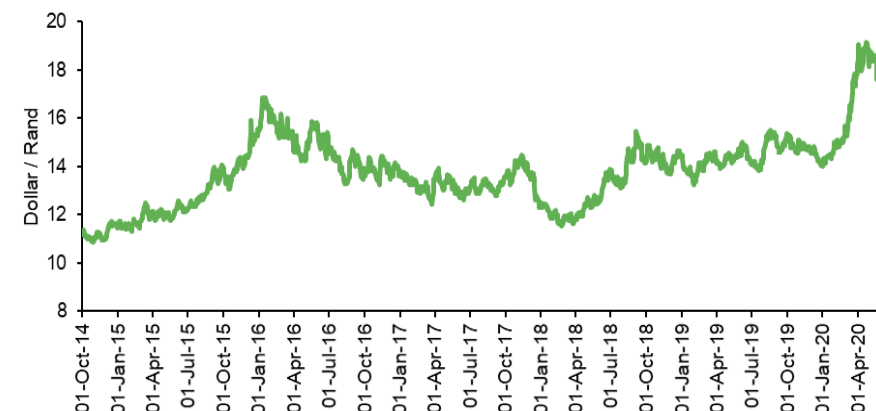


DOMESTIC MARKET VIEW

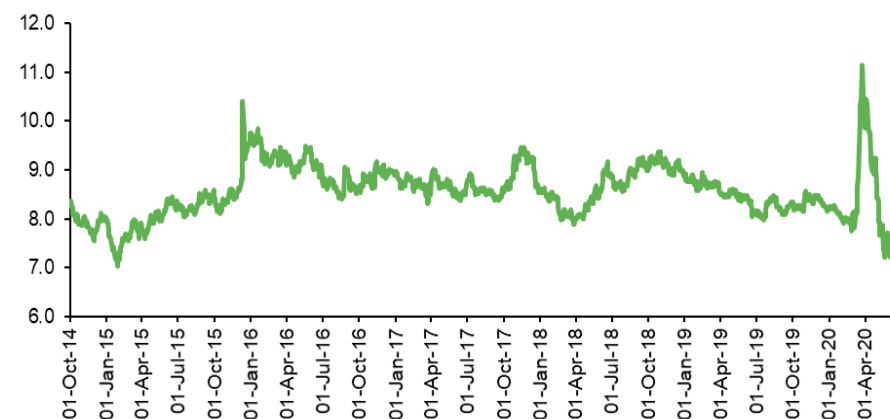
In line with most of the global economy, South Africa's economic activity resumed under level 3 lockdown restrictions, with adjustments allowing for the return to normal operations in almost all sectors, subject to health and safety regulations. Economic data released throughout the quarter continued to point to a dismal environment.

The one positive could be the continued fall in inflation as the most recent CPI number (that being April 2020, due to the fact that some of the basket of items used to determine the inflation rate did not trade during the lockdown) came in right at the bottom of the Reserve Bank's 3% to 6% range, possibly opening the door for further rate cuts towards year-end.

Rand



S.A. 10-Year Government Benchmark Yield

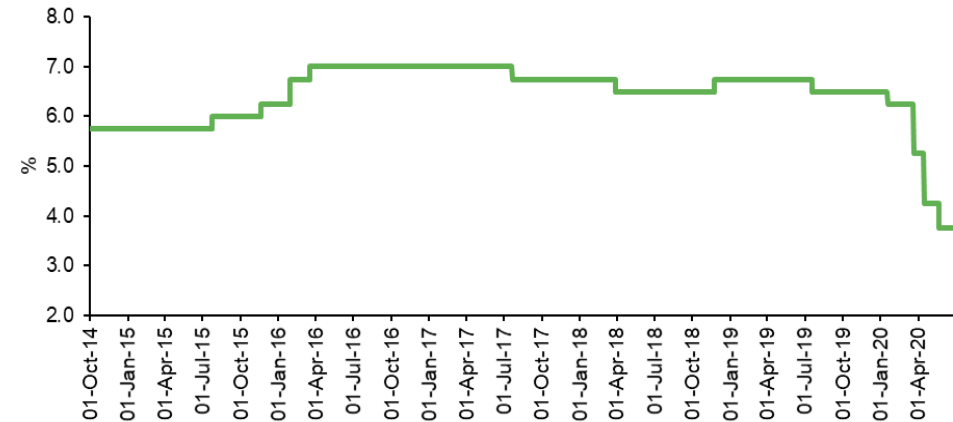


DOMESTIC MARKET VIEW

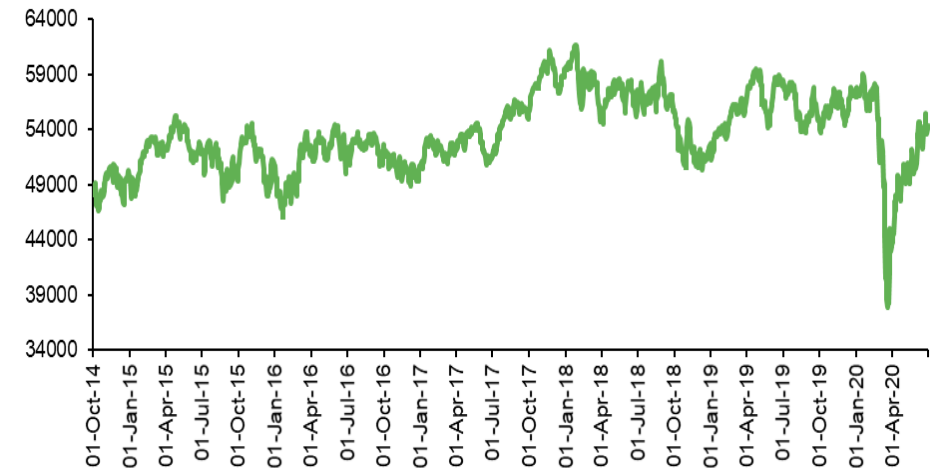
The Q1 GDP number highlighted the poor state of the local economy going into the, crisis with a third consecutive quarter of economic contraction. The supplementary budget presented by Minister of Finance Tito Mboweni towards the end of the quarter further emphasised the damage done by the crisis to both the economy and government finances.

Despite the more positive risk-on environment globally, non-residents remained net sellers of equities. The JSE, however, returned 23.18% over the quarter while bonds continued their positive performance, returning 9.04% as yields across the curve fell.

Repo Rate



FTSE/JSE All Share Index

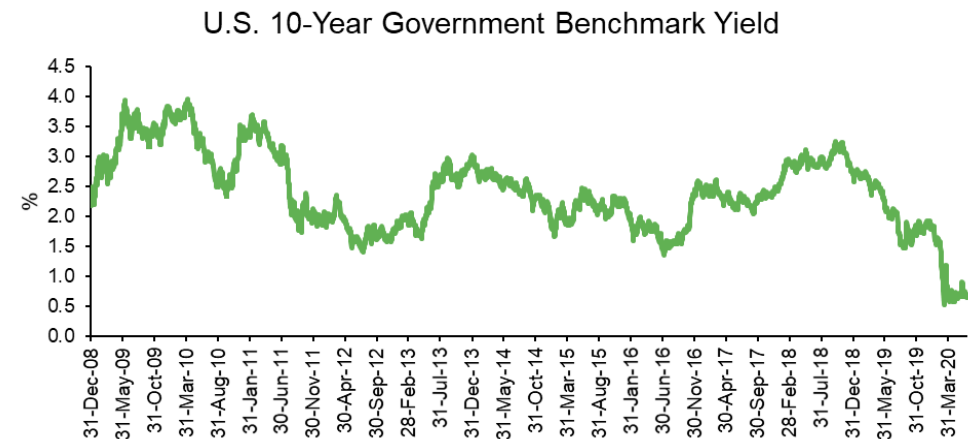
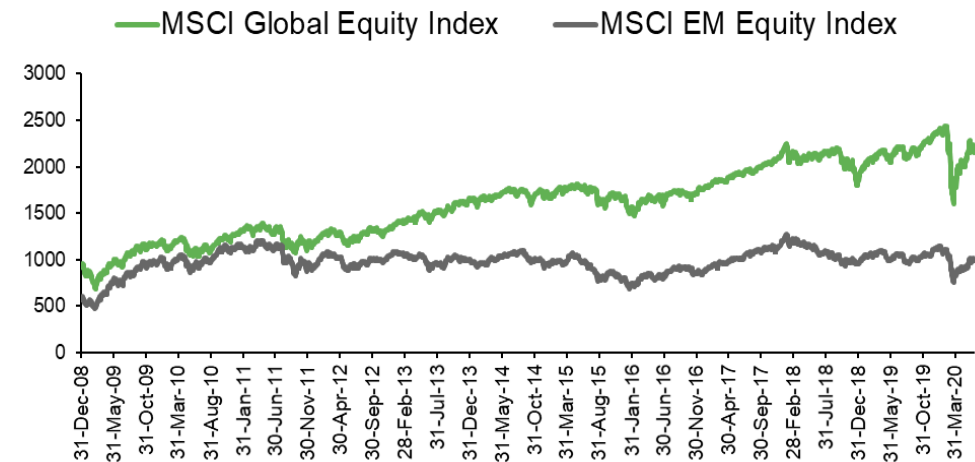


INTERNATIONAL MARKET VIEW

The further easing of Covid-19 lockdowns and early signs of economic recovery saw risk appetite return rapidly in Q2, supporting equity and credit markets. US equities rebounded and outperformed other major share markets as improving jobs and retail sales data out of the US provided cause for optimism. The other ongoing positive was that central banks globally made abundantly clear their willingness to fully use the firepower at their disposal to keep government and corporate borrowing costs low.

Investor optimism was tempered towards the end of the quarter as a rise in Covid-19 cases prompted some states in the US to rethink or reverse easing lockdown measures. Across the US, the trend of new cases accelerated rapidly into the end of the month as some of the largest contributors to GDP, including Texas, Florida, California and Arizona, saw notable increases in cases and hospitalisations.

The S&P 500 is pricing in a V-shaped economic recovery, but it is worth noting that sector performance tells a more differentiated story, with the likes of online retailers up very strongly year to date, while department stores are down sharply - along with other sectors most affected by the virus, like hotels, airlines, retail REITS, energy companies and banks.



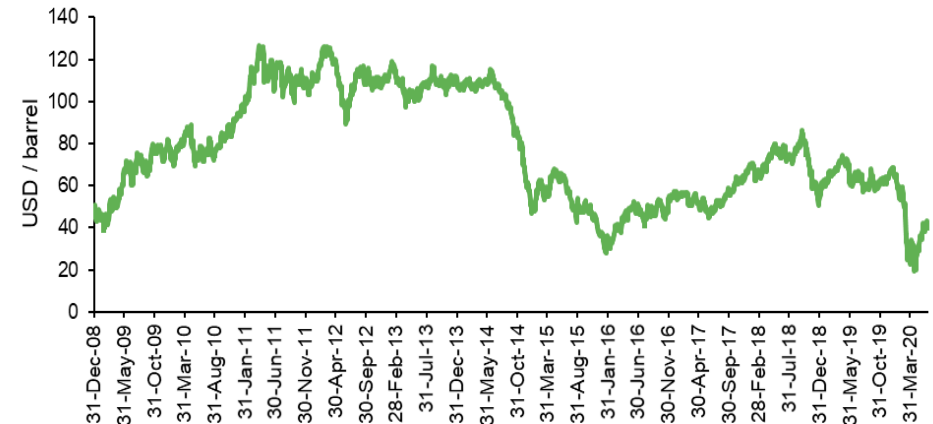
INTERNATIONAL MARKET VIEW

The unemployment rate in the US is also at odds with the market's performance. With production in the world's largest economy on a tear, the unemployment numbers have remained stubbornly high. Any further pressure on jobs could be the trigger for a renewed sell-off in markets.

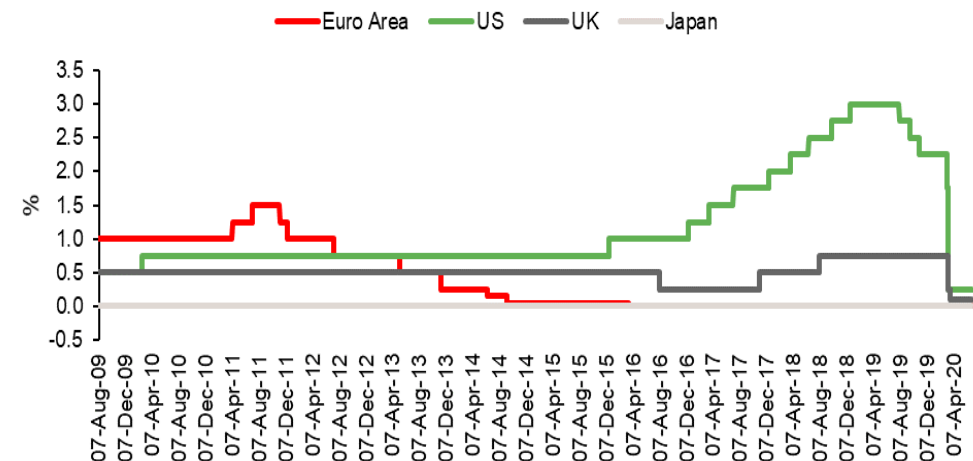
The market has rallied on the back of massive amounts of fiscal and monetary stimulus, combined with the reopening of economies. We believe the monetary support is here to stay, but that there is a risk that fiscal stimulus becomes less generous. The S&P500 was the best performing equity market globally (in USD) returning 20.5% in the second quarter.

Emerging market equities advanced amid global monetary and fiscal stimulus. There was, however, an acceleration in the number of new cases of Covid-19 in some countries which could mean a protracted recovery in these markets. The MSCI Emerging Markets index was up 18.6% over the quarter.

OIL (BRENT)



G4 Policy Rates



TACTICAL ASSET ALLOCATION



RSA BONDS

Local fixed income markets were severely impacted by the Covid-19 sell-off but rebounded strongly during the quarter to finish up 9.94% - bringing their year-to-date returns into positive figures. Foreigners returned as net buyers of SA bonds, reversing the outflows seen over the previous quarter. The fact that real yields in South Africa are still in positive territory, should sustain further offshore inflows, at least for the time being.

Although we believe that the rebound in the local bond market was expected after the perfect storm that was March 2020, and that the market continues to return positive real yields, we have opted to maintain an underweight position in domestic bonds. The yield curve has steepened substantially over the last few weeks with the yield on 10-year bonds hovering around 9.30%.

Because the steepening yield curve is characterised by the possibility of the front end moving lower on further potential interest rate cuts, while the back end is under pressure due to a deteriorating fiscal situation, we maintain our cautious view of the asset class.

RSA PROPERTY, ALTERNATIVES AND CASH

The SA Listed Property Index (SAPY), having borne the brunt of the local market sell-off, experienced a strong bounce during the second quarter, returning 20.43%. Despite this strong performance, the sector is still down in excess of -35% on a year-to-date basis.

The weak macro-economic backdrop continued to negatively affect all sectors of the property market. Retail sales remain under severe pressure, leading to weak trading densities and lower occupancy levels. Retailers are starting to negotiate shorter lease terms and lower lease escalations. We maintained an underweight position in this asset class.

In terms of cash, the market is pricing in a benign outlook for local interest rates. However, the state of the fiscus remains a very large risk factor for the local economy. Inflation reached its lowest level in almost 16 years in May, so we could possibly see a further 50bps rate cut by the Reserve Bank towards the end of the year. 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

Equities were the best performer over the quarter, returning 23.18%. All the underlying sectors contributed to performance with the resources leading the charge, returning in excess of 40% over the quarter, driven mostly by a strong bounce in gold. Emerging market equities rallied, recording their strongest quarterly return in over a decade, with US dollar weakness amplifying returns. Non-residents persisted in selling off SA equities at an accelerated pace.

Already fragile South African consumers and businesses will not experience the financial support offered to those in more prosperous nations and we believe SA Inc. will remain under pressure. We therefore maintain a preference for companies with strong business models capable of earnings resilience in what will be an even more challenging environment than we expected heading into 2020.

Even though traditional valuation metrics indicate that local equities could be slightly attractive, we continued with an underweight position in local stocks within an emerging market equity portfolio.

INTERNATIONAL

The further easing of Covid-19 lockdowns and early signs of economic recovery saw risk appetite return rapidly in Q2, supporting equity and credit markets. US equities rebounded and outperformed other major share markets as improving jobs and retail sales data provided cause for optimism. The other ongoing positive was that central banks globally made abundantly clear their willingness to fully use the firepower at their disposal to keep government and corporate borrowing costs low.

Investor optimism was tempered towards the end of the quarter as a rise in Covid-19 cases prompted some states in the US to rethink or reverse easing lockdown measures. Across the US, the trend of new cases accelerated rapidly as some of the largest contributors to GDP, including Texas, Florida, California and Arizona, saw notable increases in cases and hospitalisations.

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year to date, while department stores are down sharply - along with other sectors most affected by the virus, like hotels, airlines, retail REITS, energy companies and banks.

The unemployment rate in the US is also at odds with the market's performance. With production in the world's largest economy on the decline, the unemployment numbers have remained stubbornly high. Any further pressure on jobs could be the trigger for a renewed sell-off in markets.

The market has rallied on the back of massive amounts of fiscal and monetary stimulus, combined with the reopening of economies. We believe monetary support is here to stay, but that there is a risk of fiscal stimulus becoming less generous. The S&P500 was the best-performing equity market globally (in USD), returning 20.5% in the second quarter.

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NOVARE HOUSE VIEW: June 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%				100%
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	3.2%	19.4%	-6.0%	2.6%	5.7%	3.4%
MSCI Emerging Markets	7.4%	18.2%	-9.7%	-3.0%	0.3%	0.2%
Global Bonds (R)	-0.2%	0.4%	27.6%	28.3%	13.4%	7.8%

Commodity Prices	1 month	3 months	YTD	12 months	3 Years	5 Years
Brent Oil (USD/Barrel)	9.1%	56.6%	-37.6%	-35.9%	-7.8%	-4.8%
Platinum (USD/oz)	-2.4%	11.9%	-16.4%	-2.5%	-4.8%	-2.9%
Gold (USD/oz)	3.0%	9.8%	16.3%	25.8%	11.8%	6.9%

Asset Allocation (Rand)	1 month	3 months	YTD	12 months	3 Year	5 Years
Domestic Equities	7.7%	23.2%	-3.2%	-3.3%	2.8%	1.6%
Domestic Bonds	-1.2%	9.9%	0.4%	2.8%	7.6%	4.5%
Domestic Cash	0.4%	1.5%	3.2%	6.9%	7.0%	4.1%
Domestic Property	13.4%	20.4%	-37.6%	-40.0%	-19.3%	-12.1%
International Equity	1.6%	16.2%	17.2%	27.3%	16.7%	9.7%
International Bonds	-0.2%	0.4%	27.6%	28.3%	13.4%	7.8%
Exchange rate (R / \$)	-1.1%	-2.8%	23.9%	23.1%	9.6%	5.7%

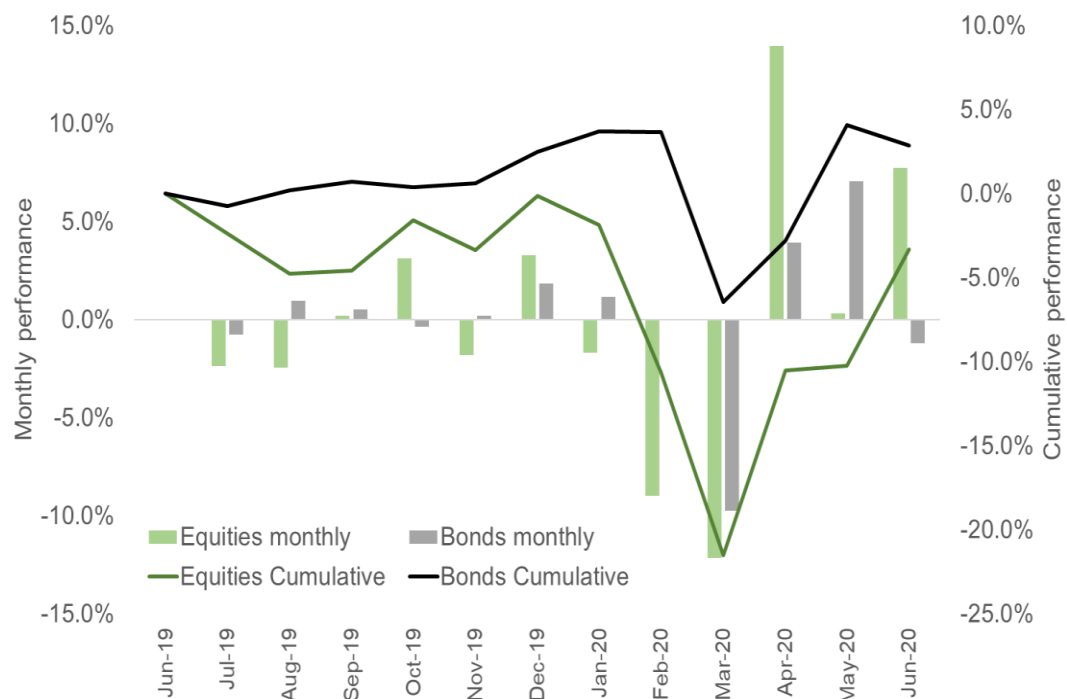
Scale:

Best performing asset class

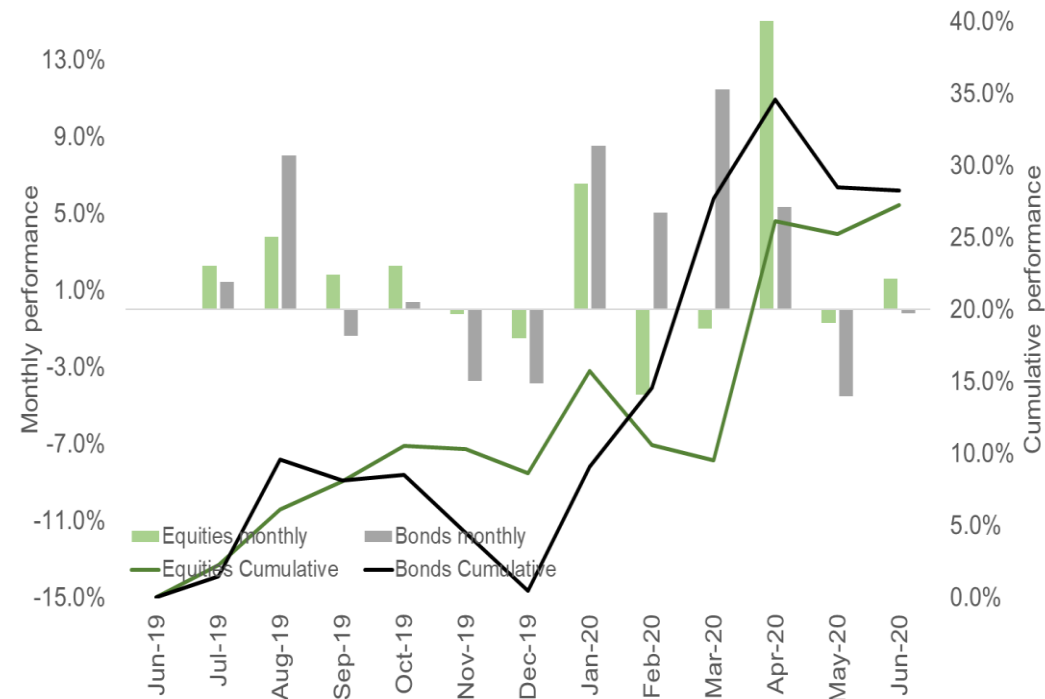
Worst performing asset class



Domestic Markets (R) over the last 12 months



International Markets over the last 12 months



MARKET PERFORMANCE

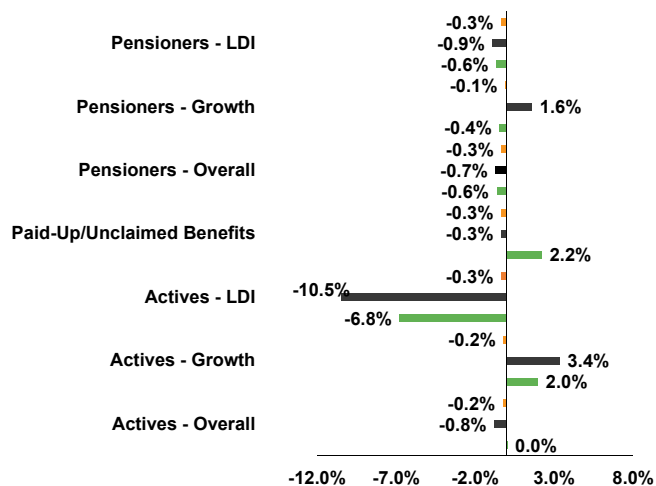
Section B

Fund Overview

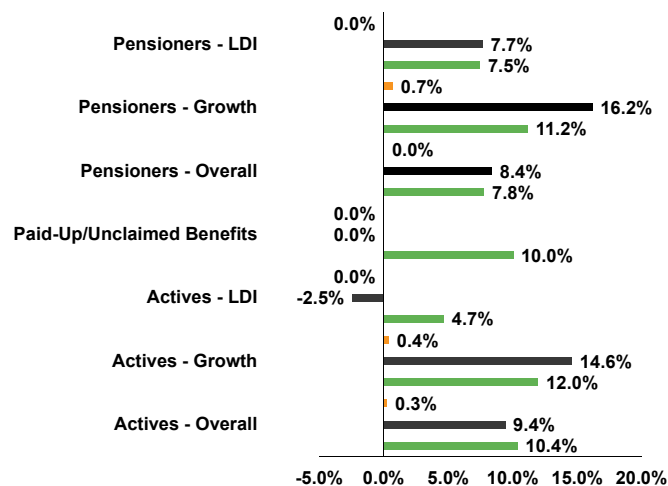


EXECUTIVE SUMMARY

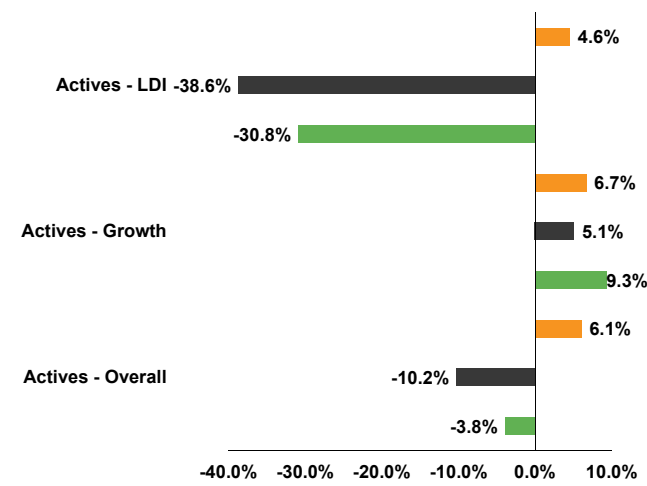
Monthly Return for June 2020



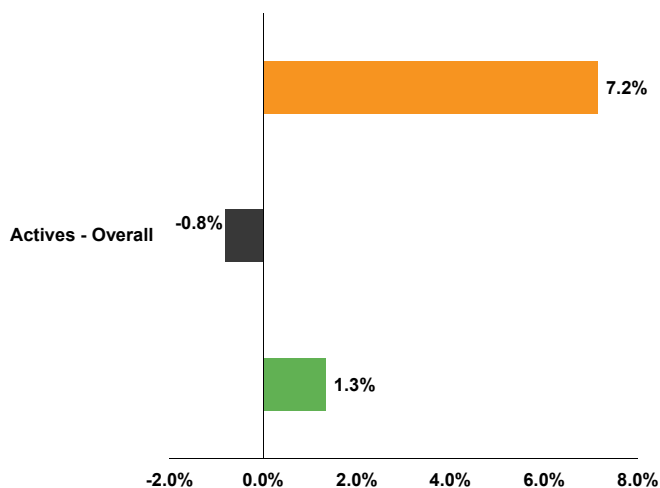
3 Months Return up to June 2020



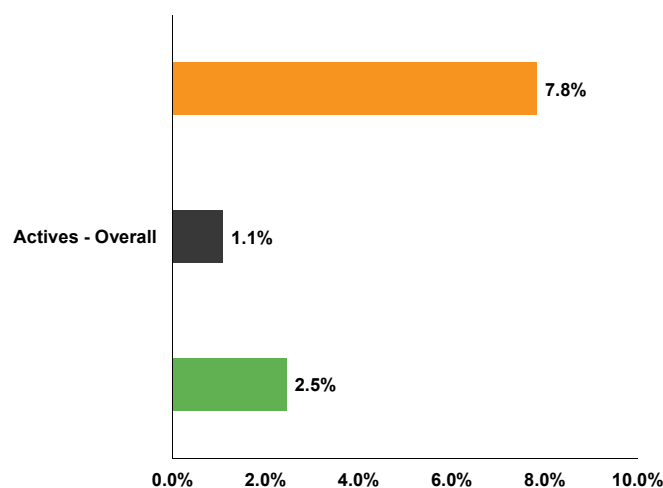
1 Year Return up to June 2020



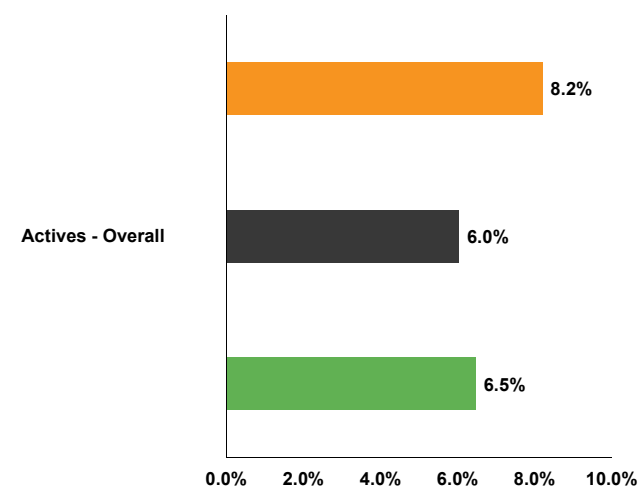
3 Year Return up to June 2020



5 Year Return up to June 2020



8 Year Return up to June 2020



Investment objective | Benchmark | Portfolio

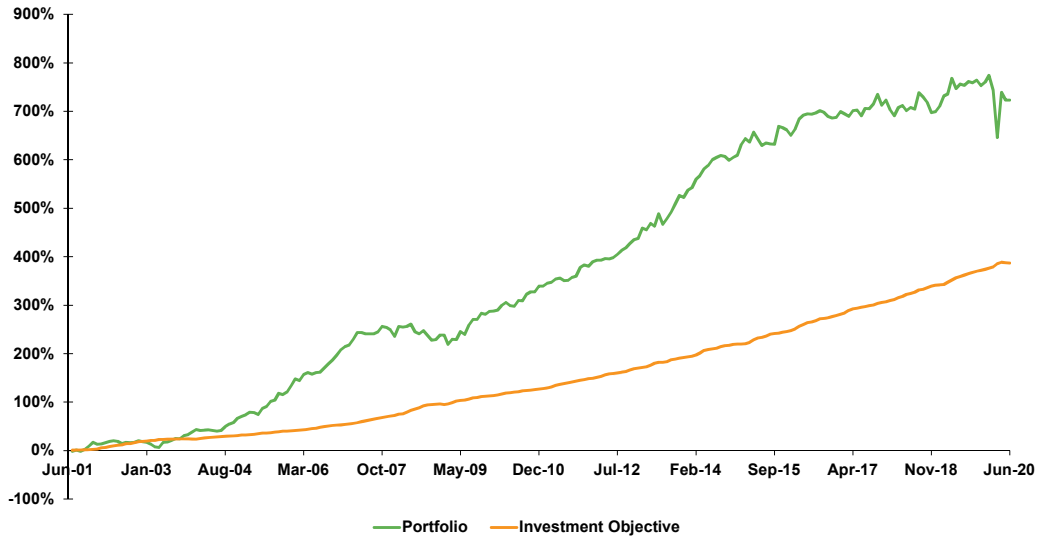
Investment objective | Benchmark | Portfolio

Investment objective | Benchmark | Portfolio

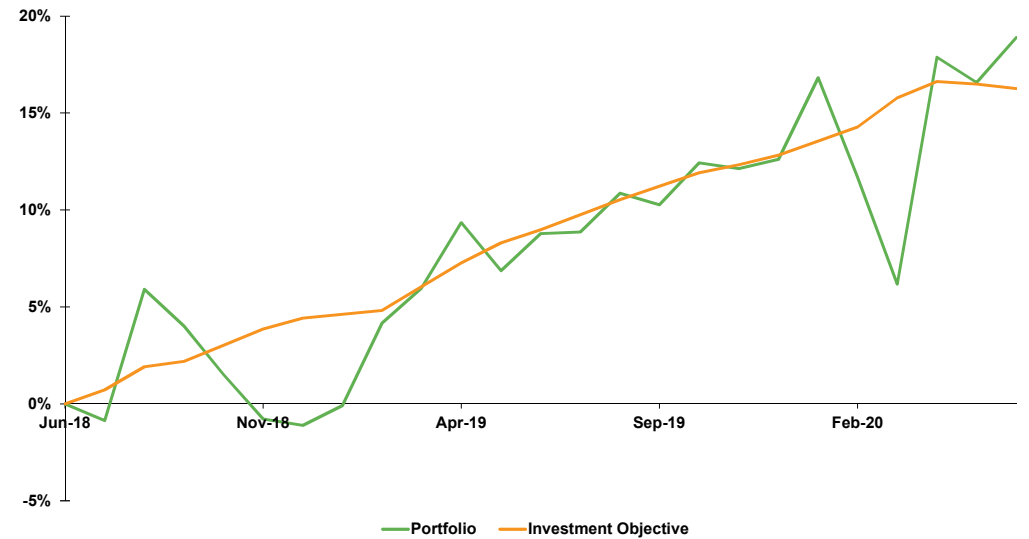
LONG TERM RETURNS

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



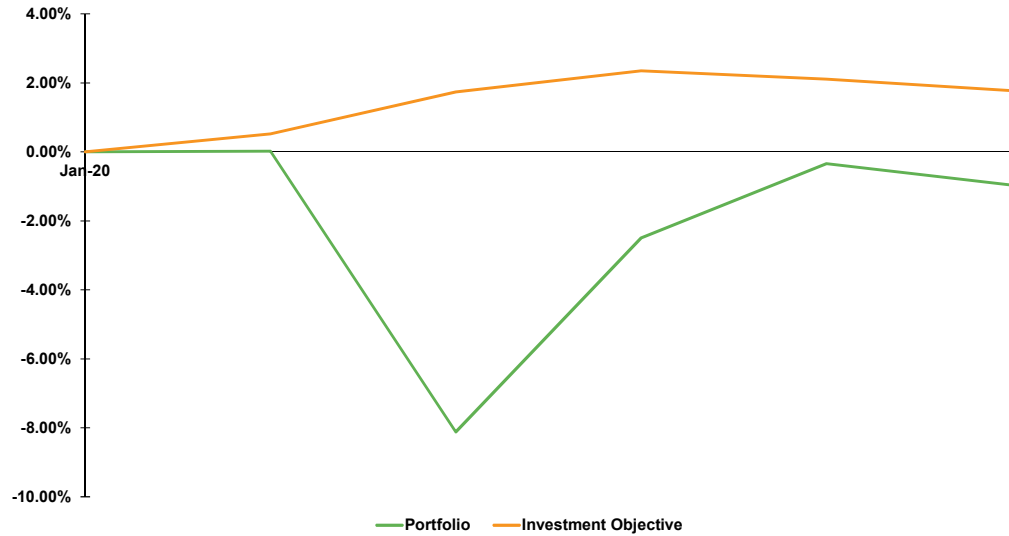
Actives LDI - Cumulative return since 30 June 2018



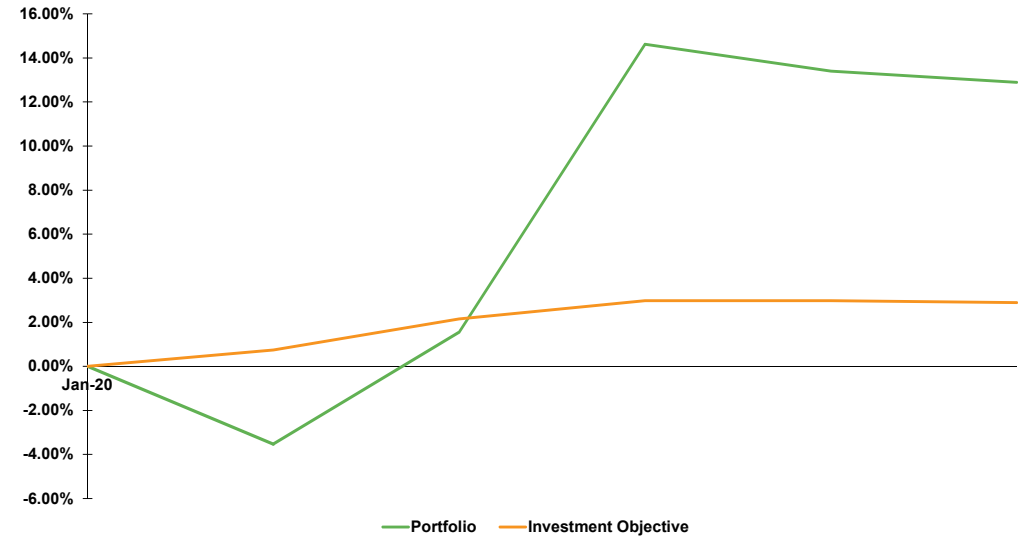
LONG TERM RETURNS

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.

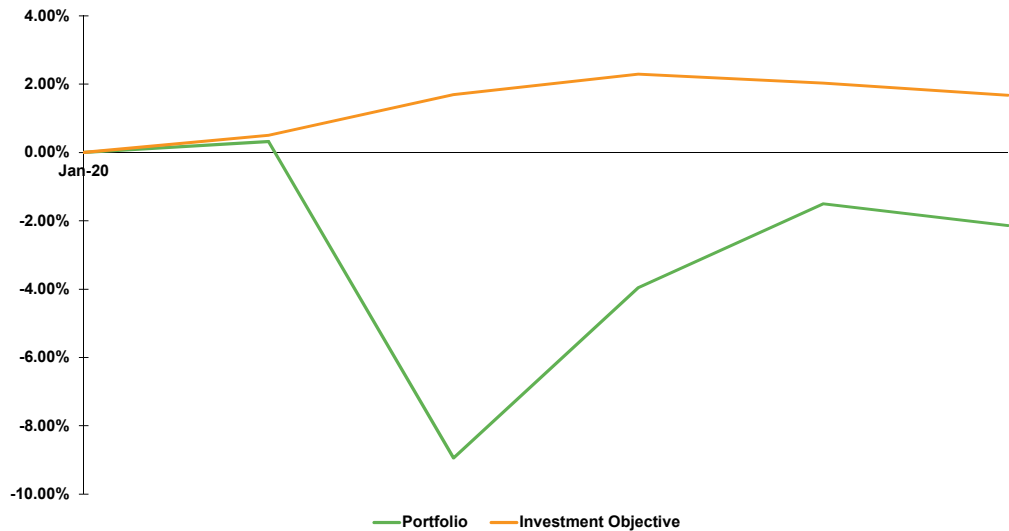
Pensioners Overall - Cumulative return since 31 January 2020



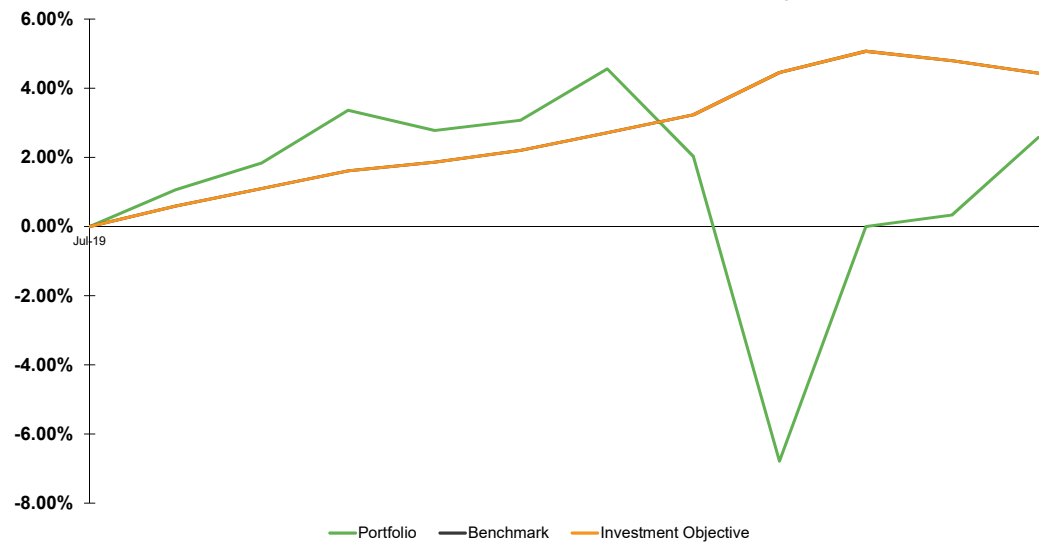
Pensioners Growth - Cumulative return since 31 January 2020



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	582 070 660		0.0%	10.4%	-3.8%	1.3%	1.3%	2.5%	6.5%	11.7%
Strategic Benchmark			-0.8%	9.4%	-10.2%	-3.0%	-0.8%	1.1%	6.0%	9.9%
			0.8%	0.9%	6.3%	4.3%	2.2%	1.4%	0.4%	1.8%
Actives Growth	462 062 464		2.0%	12.0%	9.3%	-	-	-	-	9.0%
Strategic Benchmark			3.4%	14.6%	5.1%	-	-	-	-	5.4%
			-1.4%	-2.6%	4.2%	-	-	-	-	3.6%
Actives LDI	120 008 196		-6.8%	4.7%	-30.8%	-	-	-	-	-16.4%
Strategic Benchmark			-10.5%	-2.5%	-38.6%	-	-	-	-	-21.6%
			3.7%	7.1%	7.8%	-	-	-	-	5.2%
Paid-Up/Unclaimed Benefits	56 064 554		2.2%	10.0%	-	-	-	-	-	2.6%
Strategic Benchmark			-0.3%	0.0%	-	-	-	-	-	4.4%
			2.6%	10.1%	-	-	-	-	-	-1.9%
Pensioners Overall	489 926 155		-0.6%	7.8%	-	-	-	-	-	-1.0%
Strategic Benchmark			-0.7%	8.4%	-	-	-	-	-	-2.0%
			0.1%	-0.6%	-	-	-	-	-	1.0%
Pensioners Growth	44 778 556		-0.4%	11.2%	-	-	-	-	-	12.9%
Strategic Benchmark			1.6%	16.2%	-	-	-	-	-	9.9%
			-2.0%	-5.0%	-	-	-	-	-	2.9%
Pensioners LDI	445 147 599		-0.6%	7.5%	-	-	-	-	-	-2.1%
Strategic Benchmark			-0.9%	7.7%	-	-	-	-	-	-3.0%
			0.3%	-0.2%	-	-	-	-	-	0.9%
Actives Overall			0.0%	10.4%	-3.8%	1.3%	1.3%	2.5%	6.5%	11.7%
Objective			-0.2%	0.3%	6.1%	7.1%	7.2%	7.8%	8.2%	8.7%
			0.3%	10.1%	-9.9%	-5.7%	-5.8%	-5.4%	-1.7%	3.0%
Actives Growth			2.0%	12.0%	9.3%	-	-	-	-	9.0%
Objective			-0.2%	0.4%	6.7%	-	-	-	-	7.8%
			2.2%	11.6%	2.6%	-	-	-	-	1.2%
Actives LDI			-6.8%	4.7%	-30.8%	-	-	-	-	-16.4%
Objective			-0.3%	0.0%	4.6%	-	-	-	-	5.5%
			-6.4%	4.7%	-35.4%	-	-	-	-	-22.0%
Paid-Up/Unclaimed Benefits			2.2%	10.0%	-	-	-	-	-	2.6%
Objective			-0.3%	0.0%	-	-	-	-	-	4.4%
			2.6%	10.1%	-	-	-	-	-	-1.9%
Pensioners Overall			-0.6%	7.8%	-	-	-	-	-	-1.0%
Objective			-0.3%	0.0%	-	-	-	-	-	1.8%
			-0.3%	7.8%	-	-	-	-	-	-2.7%
Pensioners Growth			-0.4%	11.2%	-	-	-	-	-	12.9%
Objective			-0.1%	0.7%	-	-	-	-	-	2.9%
			-0.4%	10.4%	-	-	-	-	-	10.0%
Pensioners LDI			-0.6%	7.5%	-	-	-	-	-	-2.1%
Objective			-0.3%	0.0%	-	-	-	-	-	1.7%
			-0.3%	7.5%	-	-	-	-	-	-3.8%
Total	1 128 061 369									

MANAGER PERFORMANCE

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

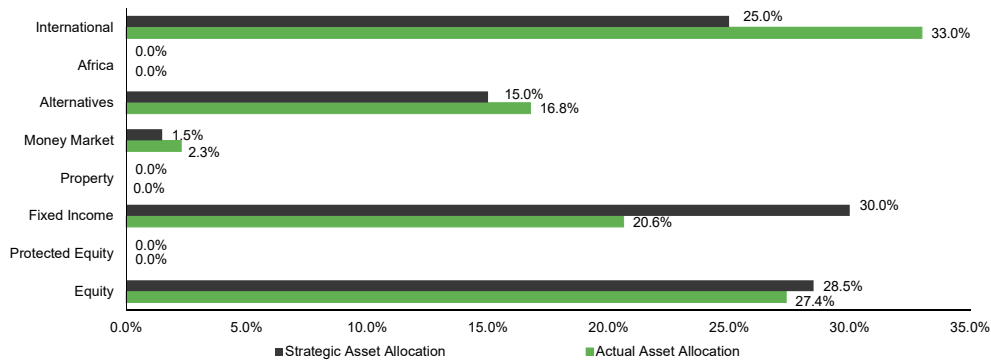
Asset Class	Manager	Inception Date	Market value (R)	Weight (%)	1 month (%)	3 months (%)	12 months (%)	Since 1 June 2018	3 years (% p.a.)	5 years (% p.a.)	Since Inception
Equity	Aeon JSE Capped Share Weighted Index	2018/10/31	102 025 586	9.0%	6.4%	23.2%	-6.1%	-	-	-	0.1%
					7.0%	21.6%	-10.8%	-	-	-	-2.3%
					-0.5%	1.6%	4.7%	-	-	-	2.4%
	Sanlam Satrix Equity JSE Capped Share Weighted Index	2018/08/31	57 221 998	5.1%	7.0%	21.6%	-10.8%	-	-	-	-6.9%
					7.0%	21.6%	-10.8%	-	-	-	-6.8%
					0.0%	0.0%	-0.1%	-	-	-	-0.1%
Fixed Income	Colourfield Liability Benchmark	2016/05/31	565 155 795	50.1%	-2.0%	6.8%	-13.9%	-7.9%	-5.8%	-	-4.8%
					-3.0%	5.4%	-17.2%	-10.0%	-7.5%	-	-6.3%
					1.0%	1.4%	3.3%	2.0%	1.7%	-	1.5%
Property	Futuregrowth Community Property Fund CPI + 4%	2007/04/30	33 316 884	3.0%	0.0%	0.8%	7.2%	10.0%	10.4%	15.2%	12.8%
					-0.3%	0.2%	6.1%	7.2%	7.6%	8.5%	9.7%
					0.3%	0.5%	1.1%	2.8%	2.7%	6.7%	3.1%
Money Market	Liberty STEFI Composite	2002/01/31	8 394 030	0.7%	0.4%	1.4%	7.1%	7.3%	7.6%	7.3%	5.8%
					0.4%	1.5%	6.9%	7.1%	7.2%	7.2%	7.8%
					0.0%	-0.1%	0.2%	0.2%	0.4%	0.1%	-2.0%
	Prescient Yield Quants Plus STEFI	2020/01/31	4 925 163	0.4%	0.5%	1.7%	-	-	-	-	2.9%
					0.4%	1.5%	-	-	-	-	2.6%
					0.0%	0.2%	-	-	-	-	0.3%
Alternatives	Sanlam Property ALBI 7 - 12 Years	2018/07/31	64 225 949	5.7%	0.3%	1.5%	-4.5%	-	-	-	4.0%
					-1.7%	13.2%	5.3%	-	-	-	8.2%
					1.9%	-11.7%	-9.8%	-	-	-	-4.2%
International	Ninety One Global Franchise MSCI World	2018/07/31	236 731 409	21.0%	-0.4%	11.2%	35.3%	-	-	-	26.5%
					1.6%	16.2%	27.3%	-	-	-	19.2%
					-2.0%	-5.0%	8.0%	-	-	-	7.3%
Multi Asset Class	Allan Gray Stable CPI + 3%	2019/07/31	56 064 554	5.0%	2.2%	10.0%	-	-	-	-	1.7%
					-0.3%	0.0%	-	-	-	-	4.4%
					2.6%	10.1%	-	-	-	-	-2.8%
			1 128 061 369	100%							

ASSET ALLOCATION

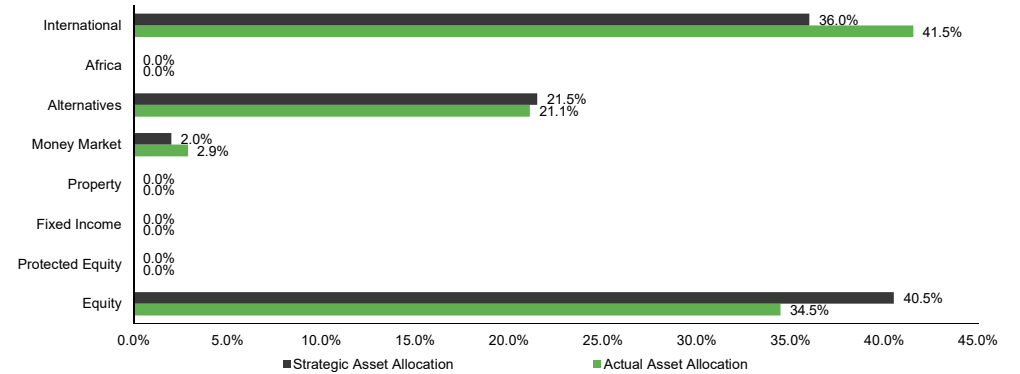
Asset Class	Manager	Actives Growth	Actives LDI	Actives Overall	Paid-Up/Unclaimed Benefits	Pensioners Growth	Pensioners LDI	Pensioners Overall	Total Fund
Equity	Aeon	102 025 586		102 025 586					102 025 586
	Sanlam Satrix Equity	57 221 998		57 221 998					57 221 998
Fixed Income	Colourfield		120 008 196	120 008 196			445 147 599	445 147 599	565 155 795
Property	Futuregrowth Community Property Fund	33 316 884		33 316 884					33 316 884
Money Market	Liberty	8 394 030		8 394 030					8 394 030
	Prescient Yield Quants Plus	4 925 163		4 925 163					4 925 163
Alternatives	Sanlam Unlisted Property Fund	64 225 949		64 225 949					64 225 949
International	Ninety One Global Franchise	191 952 853		191 952 853		44 778 556		44 778 556	236 731 409
Multi Asset Class	Allan Gray Stable				56 064 554				56 064 554
Total Fund		462 062 464	120 008 196	582 070 660	56 064 554	44 778 556	445 147 599	489 926 155	1 128 061 369

ASSET ALLOCATION

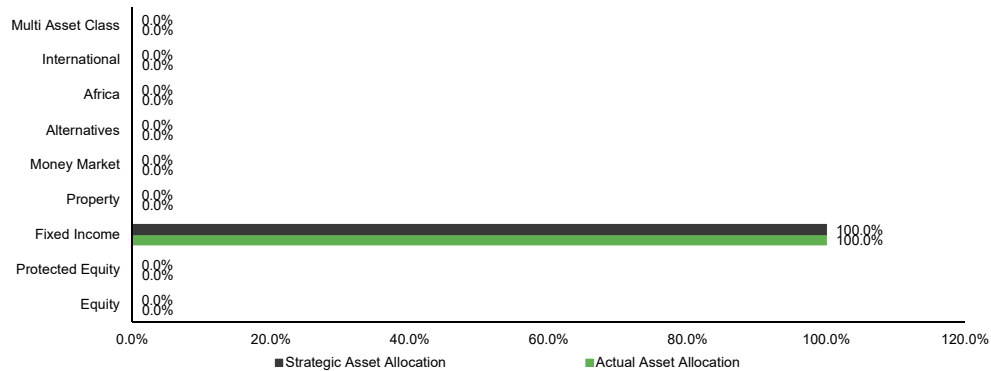
Actives Overall



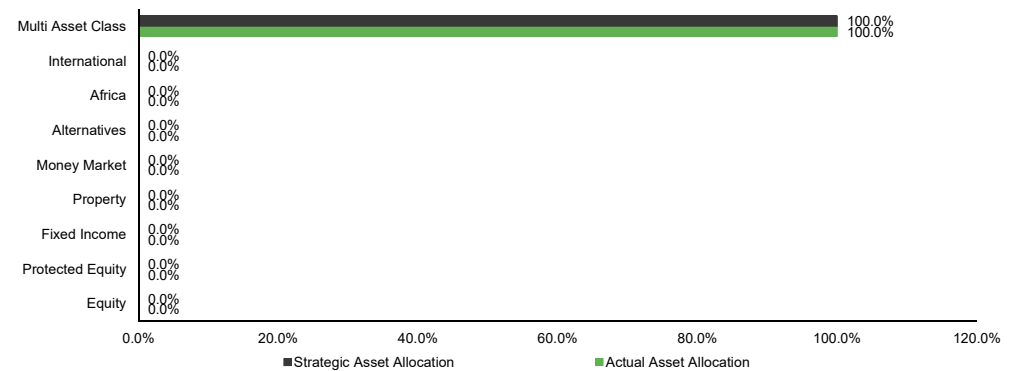
Actives Growth



Actives LDI

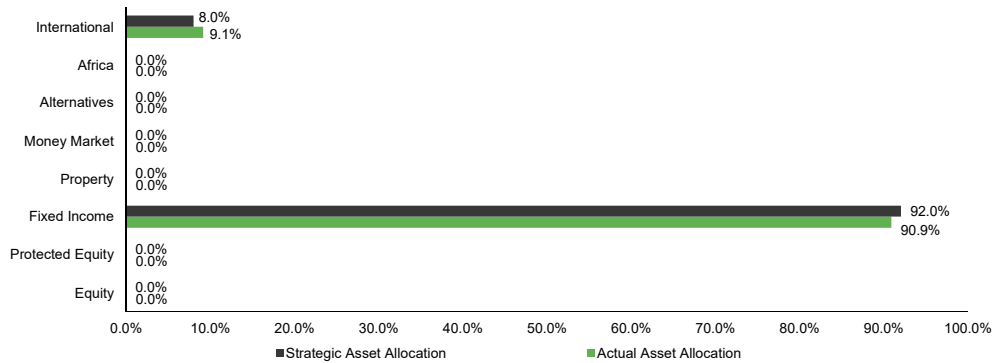


Paid-Up/Unclaimed Benefits

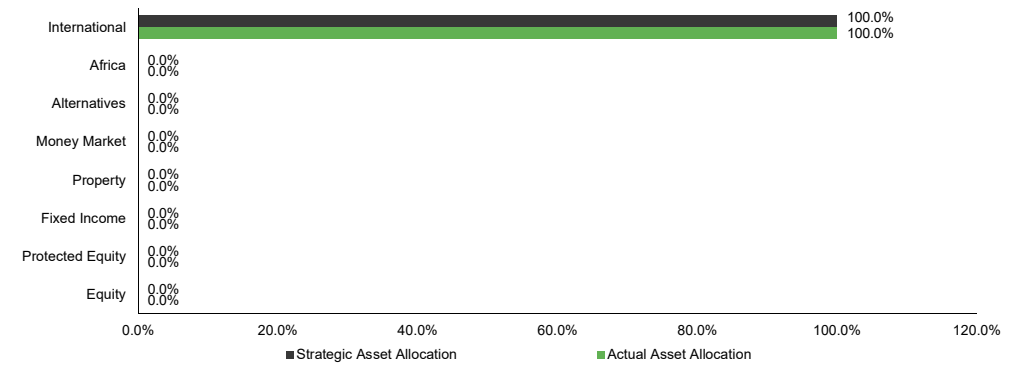


ASSET ALLOCATION

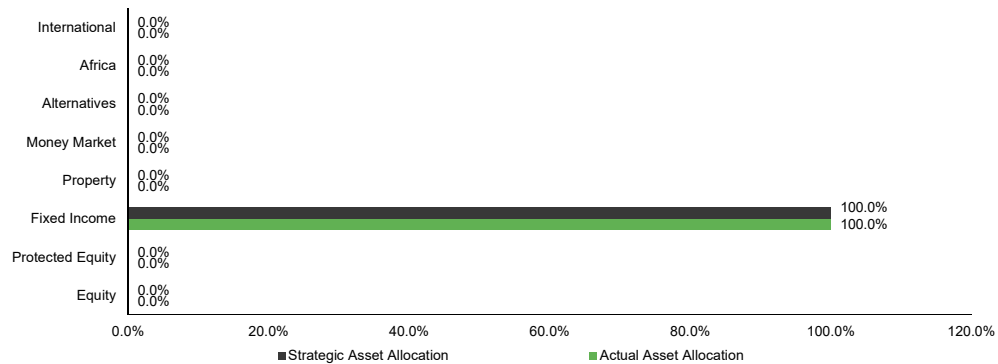
Pensioners Overall



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

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

