



University of South Africa Retirement Fund: Inflation Target Portfolio

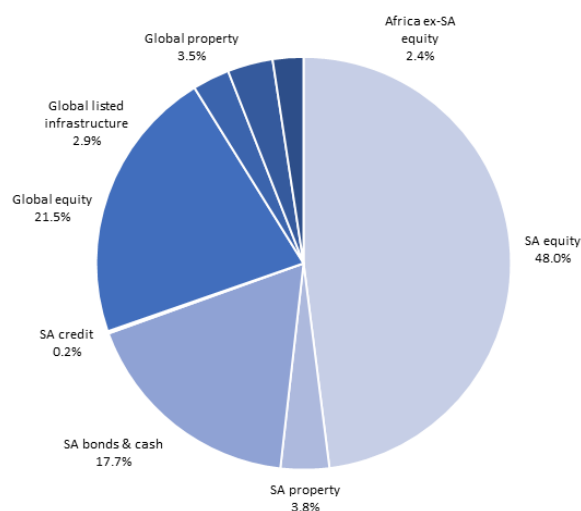
April 2022

Investment objective

The Inflation Target Portfolio is a market related portfolio that aims to provide a return that exceeds headline inflation by 6% per annum net of investment manager fees over measurement periods of at least 7 years.

The portfolio is most suitable for members that have a long investment horizon (7 years or more) and who are concerned about managing inflation risk. As reflected below in the asset allocation, the portfolio has a significant exposure to South African and global growth assets (equities and property) and thus large negative (and positive) returns are possible, particularly over short periods.

Actual asset allocation 30 April 2022 (Total asset value: R 5 391 million)



Manager Configuration 30 April 2022

	Investment Manager	Allocation (%)
SA equities	Sanlam (Index only)	10.6%
	ABAX	4.6%
	Visio Capital	11.6%
	Value Capital Partners	2.3%
	Truffle Asset Management	10.6%
	27Four (Index only)	8.3%
SA bonds and cash	Prudential Portfolio Managers	8.2%
	Ninety One	9.5%
SA property	Ninety One	2.5%
	Meago Asset Managers	1.3%
SA credit	Ninety One	0.2%
Global equities (Developed and emerging markets)	Lindsell Train	3.6%
	Orbis	2.0%
	Hosking Partners	2.2%
	Veritas	4.1%
	State Street (Index only)	6.0%
	Blend of emerging market managers	3.7%
Global equities Africa (ex-SA)	Steyn Capital	2.4%
Global listed infrastructure	Blackrock	2.9%
Global property	Resolution Capital	3.5%

Investment approach

The Fund has invested a portion of the SA equity asset class in a passive (or index) strategy which is managed by Sanlam and 27Four. The balance of this asset class is invested in a blend consisting of a manager that adopts the "intrinsic value" thesis in relation to mid-cap and small cap shares, complemented by active trading in large cap shares (ABAX although a very tiny portion), a boutique manager that follows a bottom-up and soft activist approach based on strong fundamental research (Visio Capital) and Truffle, a manager that follows a relative value approach controlling risk back to the benchmark. The Fund also has a small allocation to Value Capital Partners, a manager who follows a shareholder activist approach focused on the mid and small cap opportunity set.

Similarly to the SA equities, the Fund has invested a portion of the global equity asset class in a passive (or index) strategy which is managed by State Street. The Fund uses a blend of global equity managers that adopt an intrinsic value (Orbis and Hosking) and quality (Lindsell Train and Veritas) approach for the balance of the global equities. The Fund also invests in other global growth assets notably global listed infrastructure (Blackrock ETF), global listed property (Resolution Capital), a blend of emerging market equity managers and Africa excluding South Africa equities via Steyn Capital.

The Fund's investment approach requires members to have the courage and patience for long term investing and not to be unsettled by short term volatility and underperformance compared to the peer group.

Performance since 1 February 2003 (net of all investment costs and net of retirement fund tax that applied up to 28 December 2007)

The table overleaf shows the returns compared to inflation over various measurement periods ended 30 April 2022. The portfolio has delivered a return of 13.2% p.a. since inception (19 years and 4 months) compared to an inflation rate of 5.2% p.a. over the same period. The real return continues to exceed the performance target comfortably over the since inception period. The portfolio delivered a return of 7.3% p.a. over the recent 7-year period resulting in the real investment performance (after inflation) being 2.5% p.a., which is below the target in what has been tough market conditions (both locally and globally).

	Month	Year to date	One year	Three years	Five years	Seven Years	Since inception*
Period ended 30 April 2022							
Return	-1.3%	-3.6%	9.0%	8.6%	7.9%	7.3%	13.2%
Less inflation	0.6%	2.4%	5.9%	4.4%	4.4%	4.8%	5.2%
Net real return	-1.9%	-6.0%	3.1%	4.2%	3.5%	2.5%	8.1%

*Since inception: 19 yrs, 4 mths

Disclosure Statement

There are no capital guarantees for this investment channel and members are reminded that the value of their investments can go down or up. Past performance is not an indication of future performance.

The security and protection of your personal information is important to the Fund. For more detail, visit <https://unisarf.co.za/unisarf/policies-and-rules>.



University of South Africa Retirement Fund

If you are seven or more years from retirement and you are invested in the life stage model based on retirement age 65, then your retirement savings will be fully invested in the Inflation Target Portfolio. This is the Fund portfolio that is most affected by volatility in share markets.

The above performance numbers are reported net of costs which include manager fees as well as an estimate in respect of trading and administration costs. The Total Expense Ratio (TER) for this portfolio is 0.64% - this fee is about 40% of what the member would pay in the retail savings market. Please note that this does not include any performance fee payable to some managers should they outperform their performance target.

Index returns (in Rand terms): April 2022

SA equities	SA property	SA bonds	SA cash	Int'l equity (ZAR)	Int'l bonds (ZAR)	Emerging Markets (ZAR)	USD / ZAR	Inflation
-3.7%	-1.5%	-1.7%	0.4%	-0.4%	2.3%	2.2%	8.2%	0.6%

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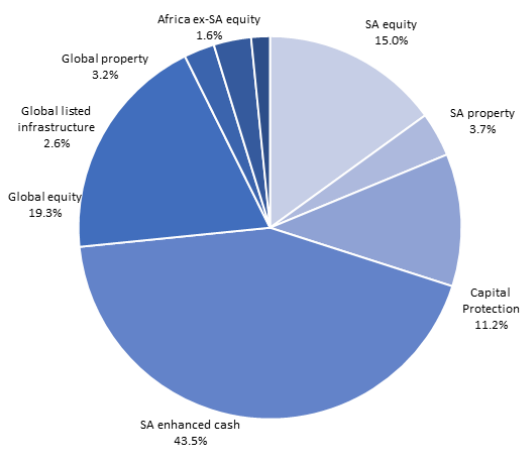
University of South Africa Retirement Fund: Stable Portfolio

April 2022

Investment objective

The primary objective of this Portfolio is to deliver a return that exceeds headline inflation by 3.5% per annum net of investment manager fees over measurement periods of 3 years. The Stable Portfolio maintains a much lower exposure to growth assets (equities and property) compared to the Inflation Target Portfolio. It also maintains a high exposure to cash and enhanced cash type investments including SA investment grade credit (with effect from December 2009). The portfolio is suitable for members that want to balance a reasonable return compared to inflation with the desire to limit the risk of losing capital over shorter periods and have an investment horizon of some two to years.

Actual asset allocation 30 April 2022 (Total Assets: R 1 332 million)



Manager Configuration 30 April 2022

Investment Manager	Allocation (%)
SA equities	
Sanlam (Index only)	3.0%
ABAX	1.3%
Visio Capital	3.2%
Value Capital Partners	2.3%
Truffle Asset Management	3.0%
27Four (Index only)	2.3%
Capital Protection	
Coronation Fund Managers	11.2%
SA property	
Ninety One	2.5%
Meago Asset Managers	1.3%
Enhanced cash	
Ninety One	43.5%
Global equities (Developed and emerging markets)	
Lindsell Train	3.2%
Orbis	1.8%
Hosking Partners	1.9%
Veritas	3.7%
State Street (Index only)	5.3%
Blend of emerging market managers	3.3%
Global equities Africa (ex-SA)	
Steyn Capital	1.6%
Global listed infrastructure	
Blackrock	2.6%
Global property	
Resolution Capital	3.2%

Investment approach

The investment approach adopted for the management of the SA and global equity component is the same as for the Inflation Target portfolio, except that for the equity asset class represents a smaller portion of the overall portfolio. A portion of the assets are invested in SA investment grade credit with an average credit rating of AA with effect from December 2009. This decision was made in view of the expected higher than "normal" returns compared to the additional risk offered by high quality credit at that time (included in enhanced cash above). Whilst the capital protection strategy managed by Coronation Fund Managers does not provide an explicit guarantee, the Investment Manager aims to earn a positive return over any two year period.

Performance since 1 August 2005 (net of all investment costs and net of retirement fund tax that applied up to 28 December 2007)

The table below shows the returns and inflation over various measurement periods to 30 April 2022. The portfolio has delivered a return of 9.7% p.a. since inception (16 years and 9 months) compared to inflation of 5.6% p.a. over the same period. The portfolio delivered a return of 7.6% p.a. over the recent 3-year period resulting in the real investment performance (after inflation) lagging the investment performance target of inflation plus 3.5% p.a. in what has been tough market conditions (both locally and globally)

	Month	Year to date	One year	Three years	Five years	Seven Years	Since inception*
Period ended 30 April 2022							
Return	-0.2%	-2.7%	6.2%	7.6%	7.8%	7.5%	9.7%
Less inflation	0.6%	2.4%	5.9%	4.4%	4.4%	4.8%	5.6%
Net real return	-0.8%	-5.1%	0.3%	3.2%	3.3%	2.7%	4.1%

*Since inception: 16 yrs, 9 mths

If you are within six to two years from retirement and are invested according to the life stage model based on retirement age 65 a portion of your retirement savings will be invested in the Stable Portfolio. This Portfolio has some exposure to share markets, but this is smaller than for the Inflation Target Portfolio, and as such the impact of market volatility is not as severe as for the Inflation Target Portfolio.

The above performance numbers are reported net of costs which include manager fees as well as an estimate in respect of trading and administration costs. The Total Expense Ratio (TER) for this portfolio is 0.59% - this fee is about 40% of what the member would pay in the retail savings market. Please note that this does not include any performance fee payable to some managers should they outperform their performance target.

Index returns (in Rand terms): April 2022

SA equities	SA property	SA bonds	SA cash	Int'l equity (ZAR)	Int'l bonds (ZAR)	Emerging Markets (ZAR)	USD / ZAR	Inflation
-3.7%	-1.5%	-1.7%	0.4%	-0.4%	2.3%	2.2%	8.2%	0.6%

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University of South Africa Retirement Fund: Income Protection Portfolio

April 2022

Investment objective

The Income Protection Portfolio aims to provide a return of 1.5% per annum more than headline inflation net of investment manager fees over measurement periods of one year.

This portfolio invests entirely in cash and enhanced cash strategies and is expected to provide a return broadly similar to that of the money market (i.e., the portfolio targets positive returns and very low volatility of returns which is suitable for members close to retirement and who generally have an investment horizon of 12 months).

Asset allocation and investment manager

The manager is Ninety One and the assets (R 472 million) are invested in money market instruments and enhanced cash strategies.

	Investment Manager	Allocation (%)
SA Cash	Ninety One	72.0%
SA Enhanced Cash	Ninety One	28.0%

Performance since 1 August 2005 (net of all investment costs and net of retirement fund tax that applied up to 28 December 2007)

The table below shows the returns and inflation over various measurement periods to 30 April 2022. The portfolio delivered a return of 8.0% p.a. since inception (16 years and 9 months) compared to an inflation rate of 5.6% p.a. over the same period. The portfolio has comfortably outperformed the investment performance target of 1.5% p.a. over the measurement periods of three years and longer, because short-term interest rates were well above inflation and the manager has added value via the judicious use of credit. As is evident from the recent performance, delivering a 1% to 1.5% p.a. real return is a lot more challenging since the SARB has followed a negative real interest rate regime.

	Month	Year to date	One year	Three years	Five years	Seven Years	Since inception*
Period ended 30 April 2022							
Return	0.5%	1.8%	5.4%	6.5%	7.5%	7.7%	8.0%
Less inflation	0.6%	2.4%	5.9%	4.4%	4.4%	4.8%	5.6%
Net real return	-0.1%	-0.6%	-0.5%	2.1%	3.1%	2.9%	2.4%

*Since inception: 16 yrs, 9 mths

The above performance numbers are reported net of costs which include manager fees as well as an estimate in respect of trading and administration costs. Total Expense Ratio (TER) for this portfolio is 0.17% - this fee is about 40% of what the member would pay in the retail savings market.

Index returns (in Rand terms): April 2022

SA equities	SA property	SA bonds	SA cash	Int'l equity (ZAR)	Int'l bonds (ZAR)	Emerging Markets (ZAR)	USD / ZAR	Inflation
-3.7%	-1.5%	-1.7%	0.4%	-0.4%	2.3%	2.2%	8.2%	0.6%

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