



CRF FOR LOCAL GOVERNMENT

MEMBERS MINIMUM DISCLOSURE REPORT DEFAULT INVESTMENT PORTFOLIOS

December 2018



INTRODUCTION



Sukha and Associates (“S&A”) is pleased to present the minimum annual disclosure report for members of the Consolidated Retirement Fund for Local Government (“CRF”). The report provides the minimum information that is required to be disclosed to members on an annual basis in terms of the Default Regulations and the FSCA Guidance Note 8 of 2018.

Direct holdings have been excluded. Data for the risk-profiled portfolios are sourced from the underlying managers, which may or may not be comprehensive, accurate or complete. S&A does not assume any liability for data that is supplied to us from the CRF appointed asset managers or service providers.

Important notes

All of the data shown for the various measurement periods are as at month end. Performance numbers for periods greater than 12 months have been annualized. Past performance is not necessarily a guide to future performance. S&A are dependent on external service providers for information, therefore cannot guarantee the accuracy of any of the figures in this report. S&A does however, conduct reasonableness checks and submit queries to asset managers from time to time to increase the integrity of the CRF data. Look-through asset allocation is obtained from the asset managers where available and applicable. No guarantee is provided in terms of the accuracy of the asset allocation and return figures. The Smooth Bonus Portfolios, in which the CRF Moderate and CRF In-Fund Pension Portfolios invest, have only supplied the market values of the Top 50 equity holdings. Holdings within pooled funds were generally unavailable. Returns are sourced from CRF's investment administrator, Sanlam Employee Benefits.

Equity holdings for the following mandates within the Growth Portfolio were included in the analysis: Aeon Equity, Mazi Equity, Coronation Equity, Coronation FFI, Investec Quants, Investec Opportunity, Allan Gray Global Balanced, SIM Tracker, Absa Property and FutureGrowth IBF.

Disclaimer

The information in this report is intended solely for the use of members of the CRF and must be kept confidential. The information is sensitive and should not be used by any other party without permission from the CRF.

No guarantee, representation or warranty is given by S&A, and no responsibility or liability, contingent or otherwise, as to its quality, accuracy, timeliness, availability and completeness of the information provided. S&A are dependent on external service providers for information, therefore cannot guarantee the accuracy of any of the figures in this report.

Sukha and Associates (Pty) Ltd is an authorised financial services provider
FSP number: 42932
Registration number 2010/015769/07
BEE Status Level 1 under new Codes and 100% Black Owned
Signatory to the UN Principles of Responsible Investing
Imbasa Yegolide 2018 Responsible Investment Consultant of the Year



MANDATE SUMMARY



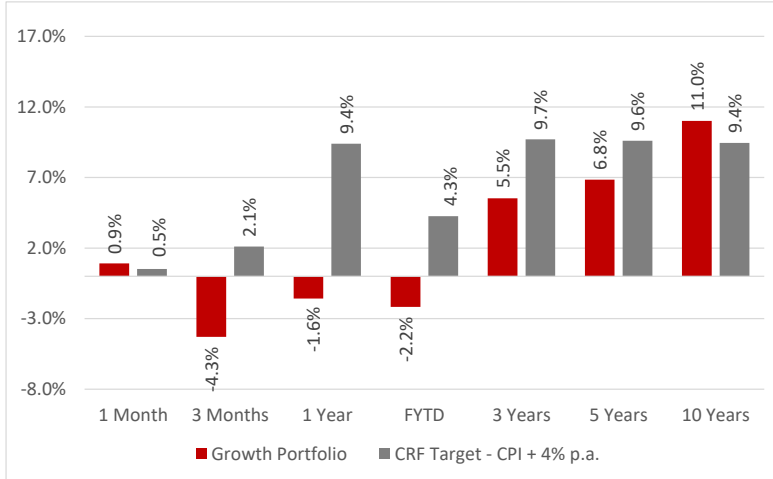
FUND DESCRIPTION					
	Growth Portfolio	Moderate Portfolio	Shari'ah Portfolio	Money Market Portfolio	In-Fund Pension
Inception date:	Oct-02	Jul-11	Sep-16	Sep-07	Apr-11
Target return:	CPI + 4% p.a. over three-year rolling periods on a net of fees basis	CPI+3% p.a. over three-year rolling periods on a net of fees basis	CPI+4% p.a. over three-year rolling periods on a net of fees basis	Short Term Fixed Interest (STeFI) Composite Index on a net of fees basis over 3 month periods	100% of CPI inflation each year on a net of fees basis
Strategic Benchmark:	41% SWIX, 7.0% ALBI, 7.0% GILBI, 2.5% STeFI Composite, 7% SAPY, 8% 3 Month JIBAR, 18.0% MSCI All Country (AC) World USD Index (Net), 5.0% Barclays Capital Global Aggregate USD Index, 2.25% MSCI Emerging and Frontier Markets Africa ex SA USD Index (Net), 2.25% 3 month USD Libor + 2%.	27% SWIX, 27% ALBI, 18% STeFI Composite, 8% SAPY, 8% MSCI World USD Index (Net), 10% Barclays Capital Global Aggregate USD Index, 2% 1 month USD Libor.	40% FTSE/JSE Capped Shari'ah Top 40 Index, 32% STeFI, 5% Platinum spot price, 18% Global indices composite, 5% Dow Jones Global Sukuk Index	N/A	N/A
Portfolio Objective:	Currently, all members under the age of 50 are invested in the Growth Portfolio (GP). The GP is managed as a single entity with a moderate to aggressive risk profile.	The Moderate Portfolio (MP) is available to members over the age of 50 who would prefer to invest in a portfolio with a moderate risk profile i.e. with less equity exposure than the GP.	The Shari'ah Portfolio (SP) is available to all participating members in the Fund. The SP is Regulation 28 compliant and designed for members wanting a Shari'ah compliant long-term investment option. The portfolio is diversified by asset class and fund manager and is designed to achieve moderate income and capital growth.	The Money Market Portfolio (MMP) has been introduced to provide members with an option to avoid material market fluctuations and capital loss. The objective of the (MMP) is to provide returns in excess of Cash (as measured by the Short Term Fixed Interest benchmark), whilst protecting the value of capital invested over three-month periods. The MMP has a conservative risk profile with no exposure to equity.	The Trustees have set a separate investment strategy for the pensioner assets so as to better match the liability profile of this group of members. The IFP is managed by asset managers appointed by the Trustees, with the assistance of their Investment Consultant. The IFP has a conservative to moderate risk profile.
Default Portfolio:	Yes	Yes	No	No	No
Accessibility	Available pre and post-retirement	Available pre and post-retirement	Available pre and post-retirement	Available pre and post-retirement	Post-retirement only
Passive / Active Mandates	Both Passive and Active	Both Passive and Active	Active only	Active only	Both Passive and Active
Lock-in	No	No	No	No	Yes
Allocation to Smooth Bonus Fund	No	Yes	No	No	Yes
Expected Risks:					
Market Risk	High	Moderate	Moderate	Low	Low to Moderate
Liquidity Risk	Moderate	Moderate	Low	Low	Low to Moderate
Credit Risk	Moderate	Moderate	Moderate	Low	Low to Moderate
Currency Risk	High	Moderate	Moderate	Low	Low to Moderate
Interest Rate Risk	Moderate	Moderate	Moderate	Low	Moderate

PERFORMANCE ANALYSIS

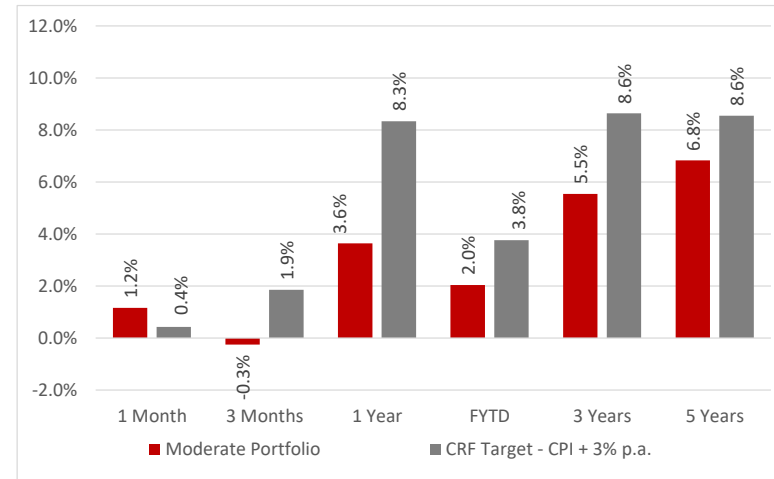
CRF PORTFOLIOS - PERIODIC RETURNS CHARTS



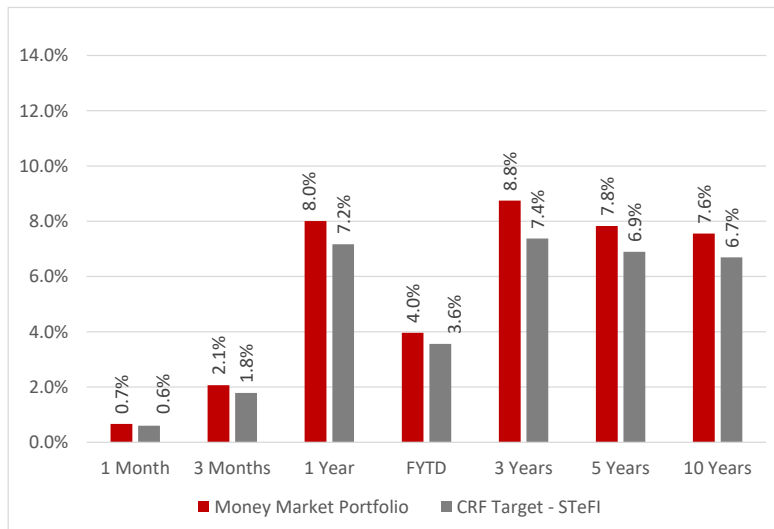
Growth Portfolio vs CPI + 4% Target



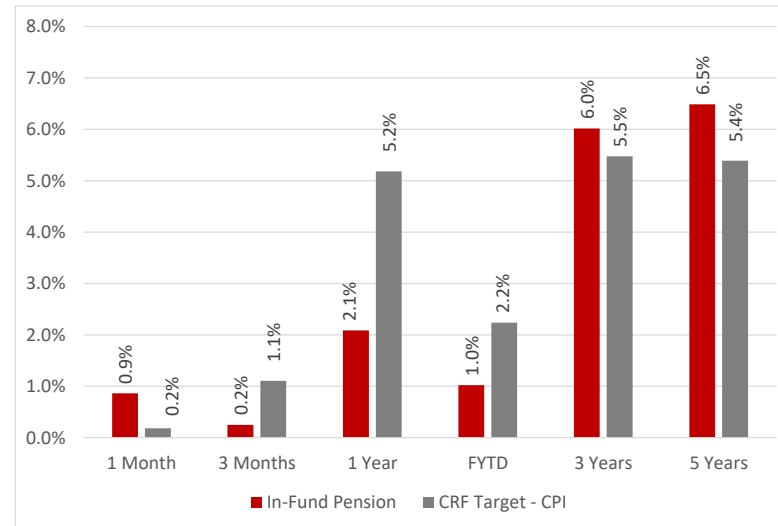
Moderate Portfolio vs CPI + 3% Target



Money Market Portfolio vs STeFI



In-Fund Pension vs CPI

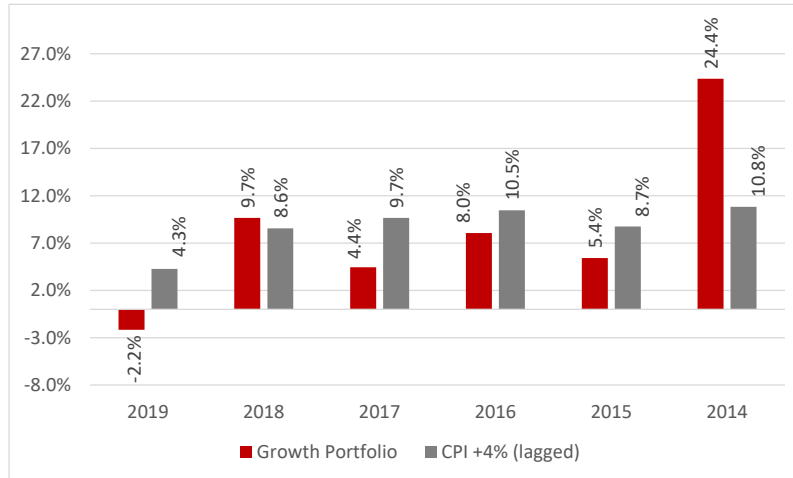


PERFORMANCE ANALYSIS

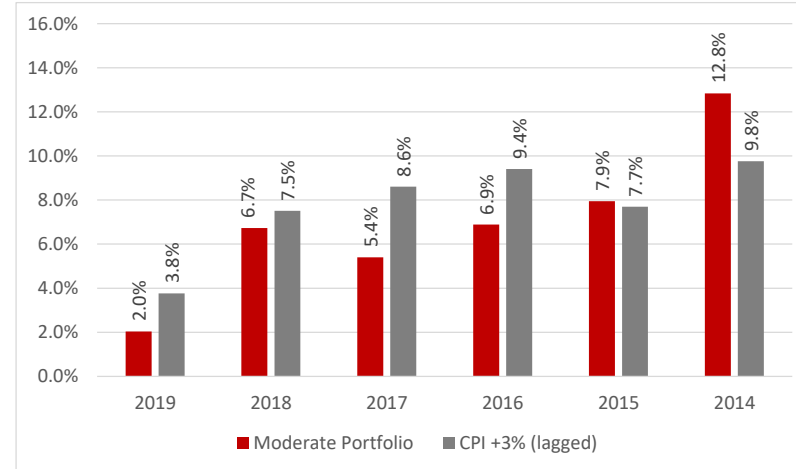
CRF PORTFOLIOS - RETURNS PER FINANCIAL YEAR CHARTS



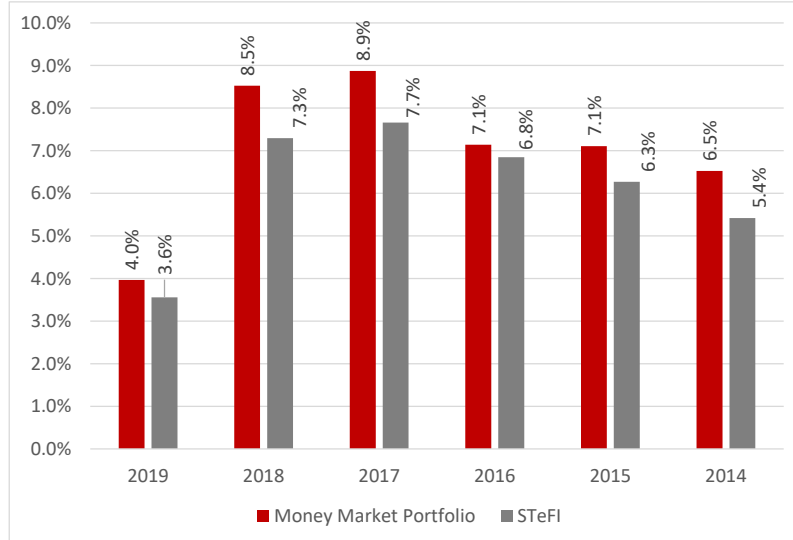
Growth Portfolio - Returns vs CPI + 4% Target per Financial Year



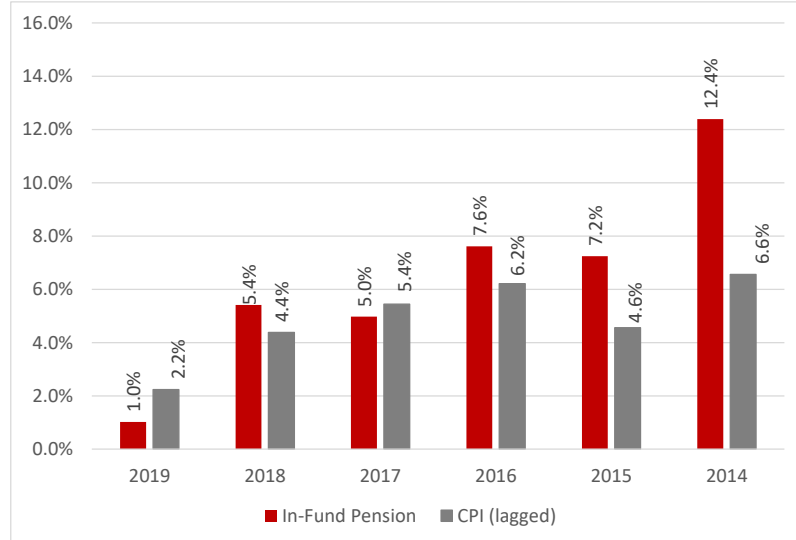
Moderate Portfolio - Returns vs CPI + 3% Target per Financial Year



Money Market Portfolio - Returns vs STeFI Target per Financial Year



In-Fund Pension - Returns vs CPI Target per Financial Year

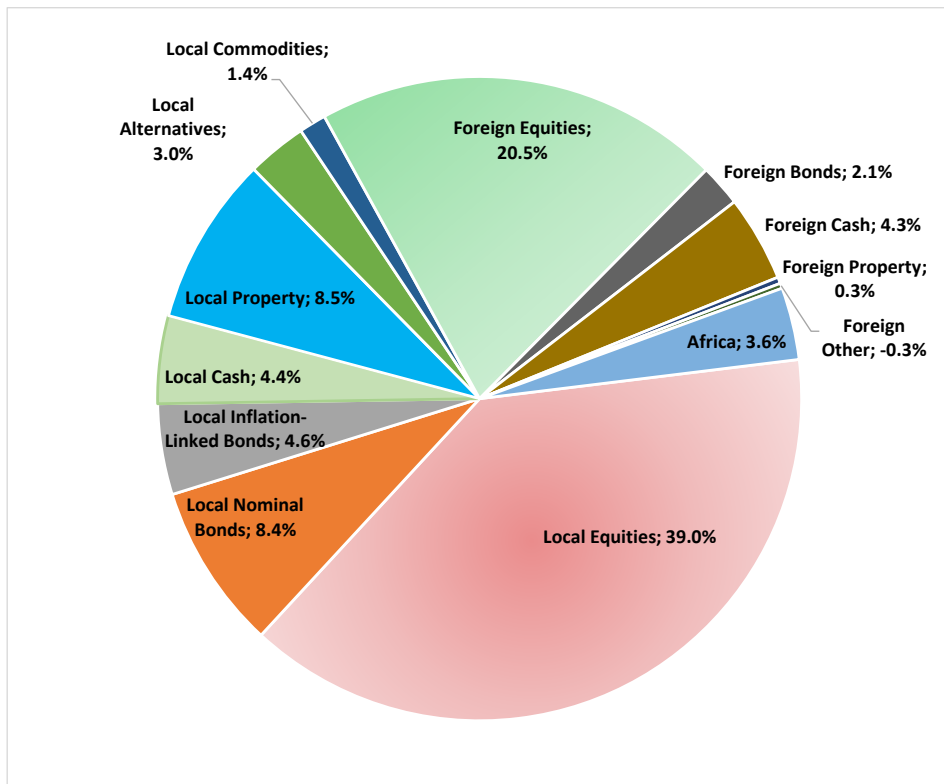


ASSET ALLOCATION SUMMARY

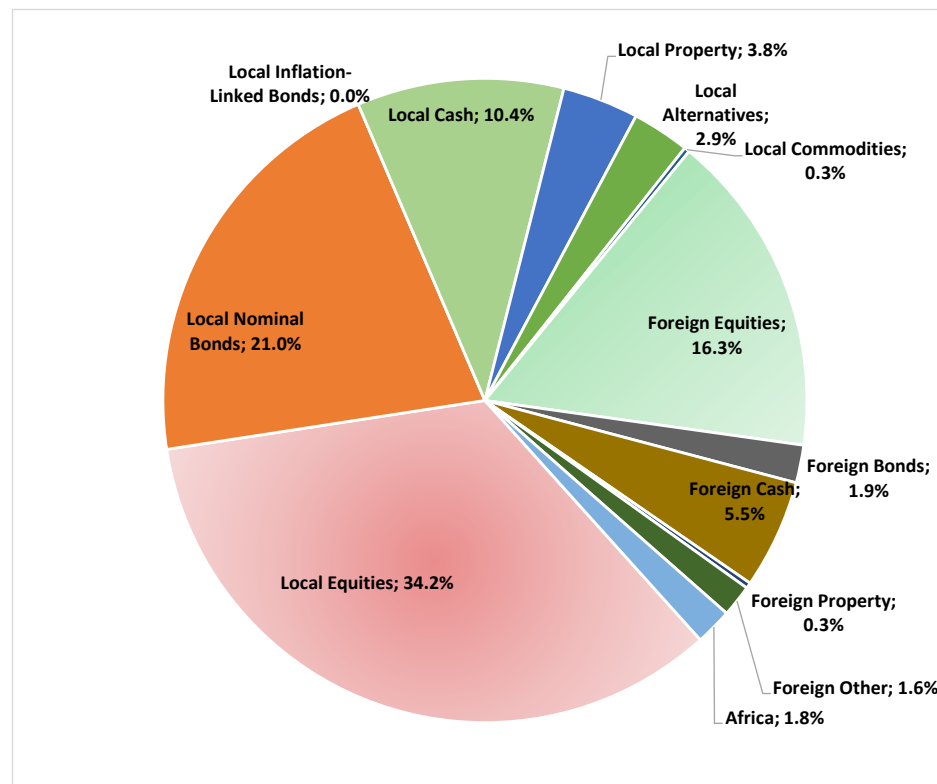
CRF PORTFOLIOS - ASSET ALLOCATION



Growth Portfolio



Moderate Portfolio

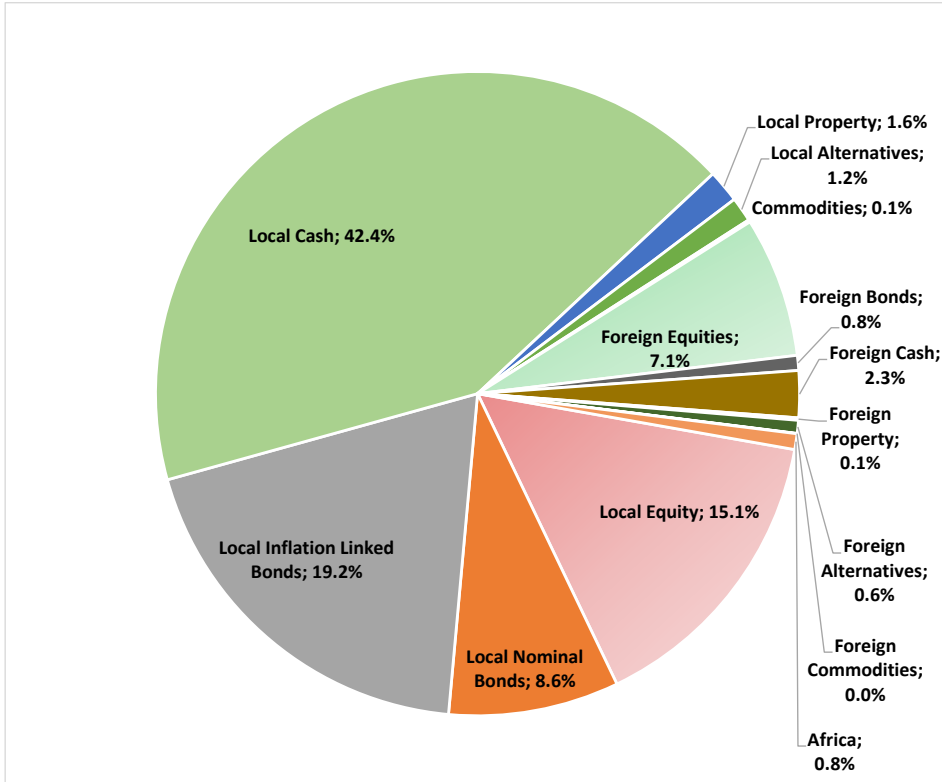


ASSET ALLOCATION SUMMARY

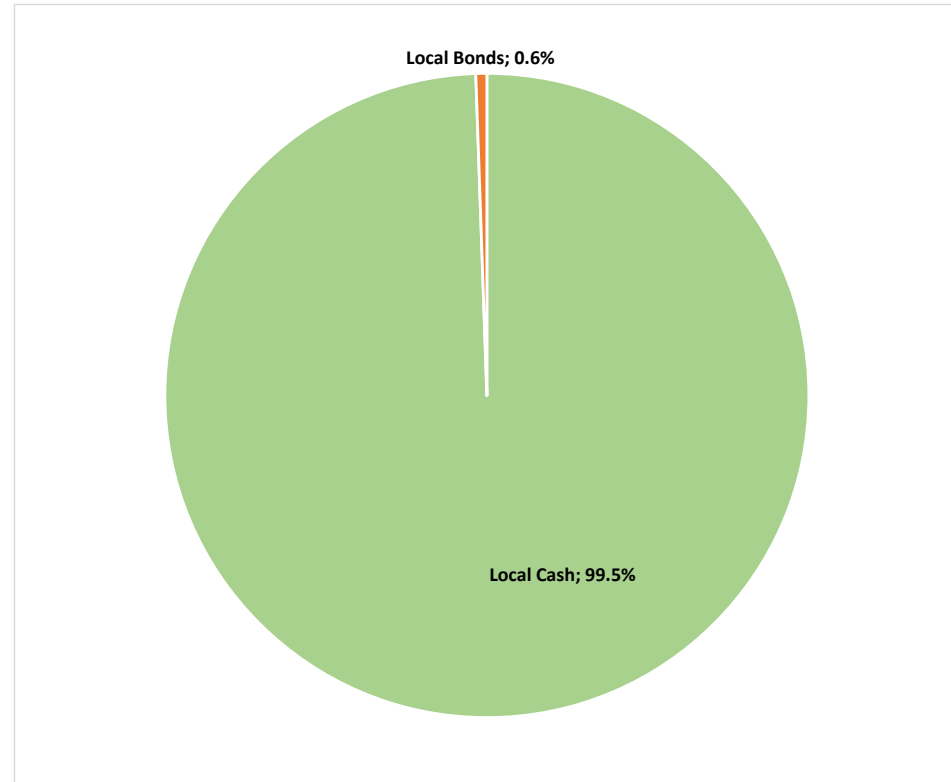
CRF PORTFOLIOS - ASSET ALLOCATION



In-Fund Pension



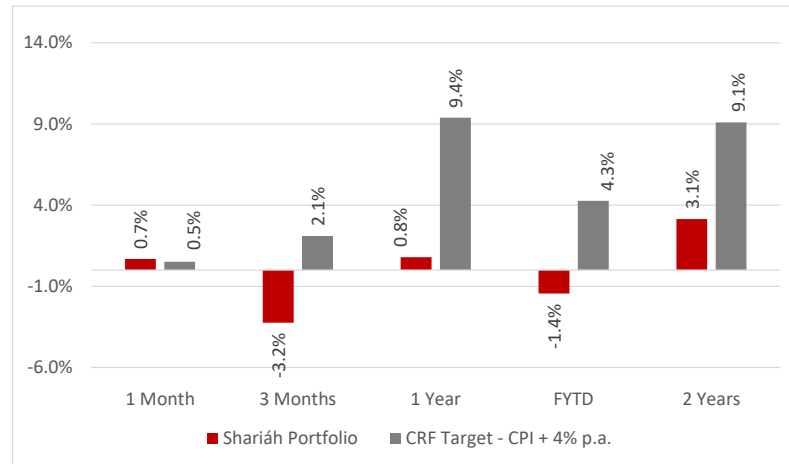
Money Market Portfolio



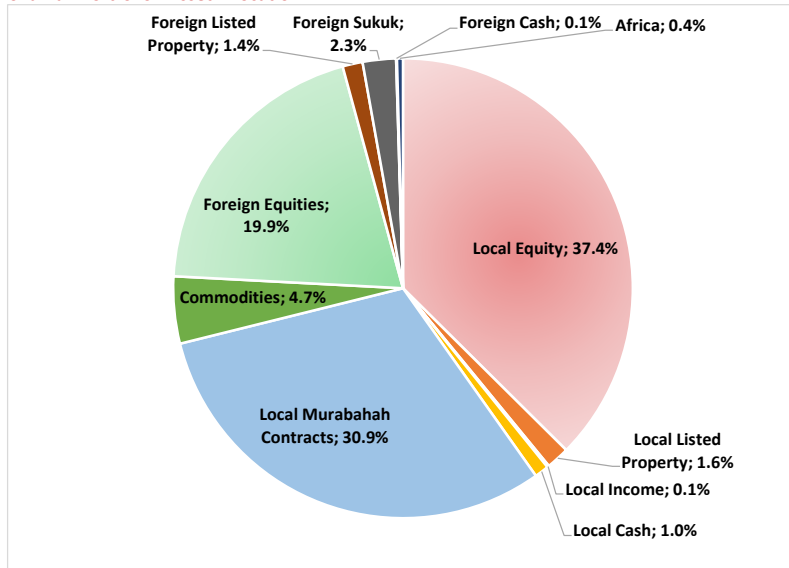
PERFORMANCE ANALYSIS

SHARI'AH PORTFOLIO

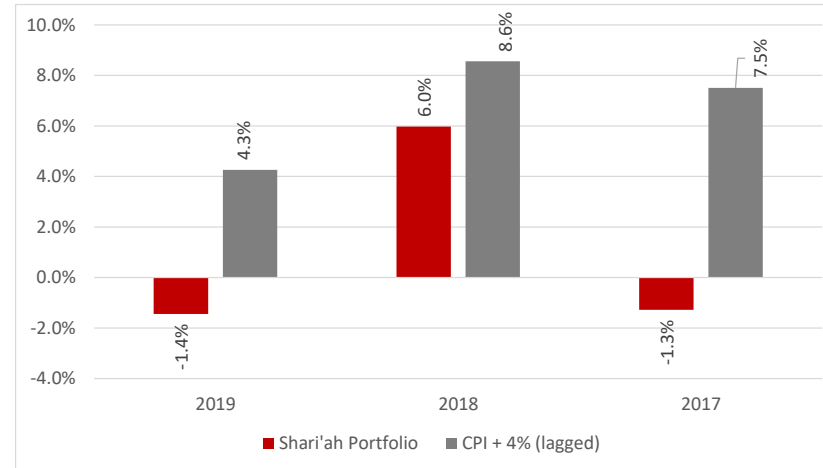
Shari'ah Portfolio vs CPI + 4%



Shari'ah Portfolio - Asset Allocation



Shari'ah Portfolio - Returns vs CPI + 4% Target per Financial Year



Shari'ah Portfolio - Top 10 Holdings

Share	Percentage
ANGLO AMERICAN PLC	2.1%
BHP GROUP PLC	1.7%
SASOL LTD	1.4%
AVI LTD	1.2%
BARLOWORLD LTD	1.1%
MR PRICE GROUP LTD	1.0%
MONDI PLC	1.0%
ADVTECH LTD	1.0%
ITALTILE LTD	0.9%
SUPER GROUP LTD	0.8%
	12.2%

CRF DEFAULT INVESTMENT PORTFOLIOS

TOP 10 EQUITY HOLDINGS AND EQUITY SECTOR ALLOCATION

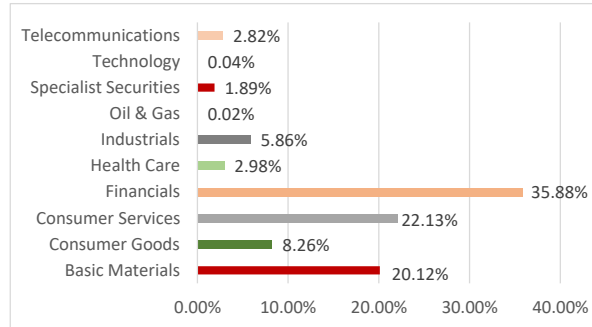


Dec-18

Growth Portfolio - Top 10 Holdings

Share	
NASPERS LIMITED	12.9%
SASOL LIMITED	4.7%
BRITISH AMERICAN TOBACCO PLC	4.2%
STANDARD BANK GROUP LIMITED	3.6%
FIRSTRAND LIMITED	2.4%
ANGLO AMERICAN PLC	2.1%
REDEFINE PROPERTIES LIMITED	1.8%
MTN GROUP LIMITED	1.8%
SPAR GROUP	1.8%
MONDI PLC	1.8%
	37.2%

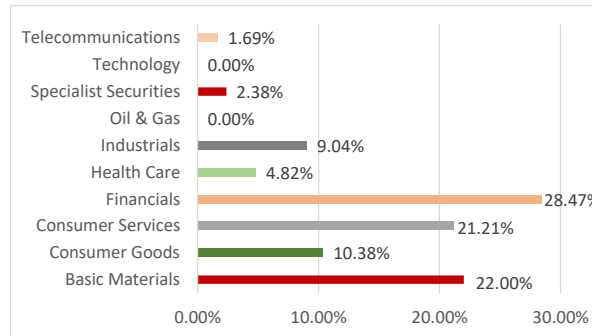
Growth Portfolio - Sector Allocation



Moderate Portfolio - Top 10 Holdings

Share	
NASPERS LIMITED	12.2%
BRITISH AMERICAN TOBACCO PLC	7.5%
SASOL LIMITED	7.2%
STANDARD BANK GROUP LIMITED	5.5%
REMGRO LIMITED	4.2%
GLENCORE XSTRATA PLC	3.9%
OLD MUTUAL LIMITED	2.9%
NEDBANK GROUP LIMITED	2.6%
WOOLWORTHS HOLDINGS LIMITED	2.3%
LIFE HEALTHCARE GROUP LIMITED	1.9%
	50.3%

Moderate Portfolio - Sector Allocation



COST ANALYSIS

CRF PORTFOLIOS - FEES AND COSTS FOR THE 2018 CALENDAR YEAR



Dec-18

	Management Fee	Other Costs	Total Costs
	%	%	%
CRF Growth Portfolio	0.33%	0.35%	0.68%
CRF Moderate Portfolio	0.51%	0.05%	0.56%
CRF Money Market Portfolio	0.11%	0.02%	0.13%
CRF In-Fund Pension	0.58%	0.07%	0.64%
CRF Shari'ah Portfolio	0.48%	0.64%	1.12%

Notes:

1. Transaction costs for local equity and listed property segregated mandates have been included. These were not available for some mandates.
2. Other costs associated with smooth bonus funds (part of the Moderate and In-Fund Pension Portfolios) were not available. Only management fees and capital charges have been included.
3. Fees for mandates that were terminated during 2018 were not included in the analysis.
4. Pooled offshore funds generally provided point estimates of "Other Costs".
5. However, all returns published by CRF are net of all such fees and costs whether they have been disclosed in the table above or not.
6. Unitisation, asset consulting and economist fees are included in the "Other Costs" category.