

# UNIVERSITY OF THE WITWATERSRAND RETIREMENT FUND

Monthly Report as at 30 June 2022

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## Economic Commentary

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Runaway inflation and the risk of recession had markets in a tailspin in June. The US Federal Reserve's aggressive interest rate hikes compounded with fears of a housing market collapse had investors turning to the safety of cash.

In the U.S. inflation rose a worse-than-expected 8.6% in May as energy and food prices soared. Core inflation – the US Fed's preferred measure that strips out volatile energy and food prices – rose a slower-than-expected 6% suggesting that inflation may be close to the peak. The US Fed hiked interest rates by a larger-than-expected 0.75% and reiterated that they would continue to act as aggressively as needed to reign in inflation. A so-called "soft landing" is becoming increasingly unlikely as higher interest rates dampen spending and consumer confidence. Consumer spending fell 0.4% year-on-year in May while consumer confidence dropped to 98.7 in June – the lowest level since February 2021. As consumers feel the pain at the pumps with fuel above \$6 per gallon, the state of California has approved a deal to provide Californians with up to \$1050 of fuel price relief. Despite measures to help consumers, the Atlanta Fed's GDPNow measure, which tracks economic data in real time, sees Q2 GDP output contracting by 2.1% which combined with Q1's 1.5% contraction would fit the technical definition of a recession.

Global equity markets remained fixated on the increasing probability of a recession in the US and ended the volatile month sharply lower, despite a decline in bond yields. The MSCI World Index fell 8.6% in June bringing the year-to-date losses to 20.3% – its biggest first half drop on record – as investors worried that high inflation would erode margins and reduce overall spending. The US' S&P 500 index shed 8.4% (-20% YTD) while the tech-heavy NASDAQ lost 8.7% in June (-29.2% YTD). Chinese markets made a strong comeback in June as lockdowns were relaxed in parts of the country and economic data showed signs of a tentative recovery. The Shanghai Composite gained 6.7% in June (-6.6% YTD), helping the MSCI Emerging Markets Index pare losses to just 6.6% for the month (-17% YTD). Global bonds shed 3.2% as prospects of a US recession drove yields lower towards month end. The yield on the US 10-year bond spiked to 3.48% mid-month but retreated to 3% at month end as it became clear that avoiding a recession was becoming increasingly improbable. Global property stocks declined 9.1% in the month as prices adjusted for higher interest rates and slower economic growth.

In South Africa, inflation surprised on the upside with the latest print of 6.5% coming in above the SARB's 3% - 6% target band. As in the US, higher food and fuel prices are the main contributors to the higher reading as core inflation remained a relatively low 4.1%. The current account surplus widened in the first quarter as higher commodity exports offset oil imports. This also helped Q1 GDP grow by 1.9% - ahead of most forecasts. Despite reasonable growth and relatively low inflation, consumer confidence sank to -25 points in Q2 suggesting that spending is likely to slow in coming months. The removal of the mask mandate late in the month certainly improved sentiment anecdotally but the sense of freedom was short-lived as Eskom's inability to keep the lights on dampened enthusiasm. It is estimated that stage 6 loadshedding costs the country R4bn per day in lost economic activity.

Local markets followed global markets lower as commodity prices softened and risk aversion increased. The All Share Index shed 8% in June (-8.3% YTD) despite a 38% surge in Naspers and a 20% gain in Mediclinic. The Capped SWIX Index ended the month 7.5% lower driven by the 16.3% decline in resources stocks and a 13.6% decline in financials stocks. The rand weakened 4% to settle at R16.33 at month end as the dollar strengthened against most currencies and local energy dynamics dampened demand for the unit. The All Bond Index fell 3.1% as yields on longer dated bonds rose sharply in line with higher inflation expectations. The yield on the 10 year government bond breached 10% in the month to settle at 10.58%. Listed property stocks followed equities lower and shed 10.3% in the month (-12.7% YTD).



## Total Fund Information

R 4,135,456,201.69

Total Fund Market Value at 31 December 2021	4,785,139,919.01
Cash flow for current financial year	-164,038,981.90
Total Return current financial year net of fees	-485,644,735.42
Total Current Portfolio Market Value	4,135,456,201.69

	UWRF Shariah Product	UWRF Capital Protection	UWRF Conservative Product	UWRF Growth Product	Total
<b>Global Balanced</b>	<b>61,752,330</b>	-	-	-	<b>61,752,330</b>
Oasis Crescent Balanced Progressive FOF	61,752,330	-	-	-	61,752,330
<b>Passive Global Balanced</b>	-	-	<b>16,864,664</b>	<b>632,098,199</b>	<b>648,962,863</b>
Sygnia Passive Global Balanced Conservative	-	-	11,781,511	-	11,781,511
Sygnia Passive Global Balanced Growth	-	-	-	435,005,840	435,005,840
ETFSA Passive Global Balanced Conservative	-	-	5,083,153	-	5,083,153
ETFSA Passive Global Balanced Growth	-	-	-	197,092,359	197,092,359
<b>RSA Equity</b>	-	-	<b>22,425,045</b>	<b>1,545,879,124</b>	<b>1,568,304,169</b>
Abax Equity	-	-	5,076,457	319,734,388	324,810,845
Allan Gray Equity	-	-	6,421,761	488,091,193	494,512,954
Coronation Equity	-	-	5,741,959	442,915,484	448,657,443
ABSA ETF	-	-	5,184,869	295,138,059	300,322,927
<b>RSA Bonds</b>	-	-	<b>44,829,375</b>	<b>673,053,110</b>	<b>717,882,485</b>
Futuregrowth Yield Enhanced Special Bond Fund	-	-	19,651,312	339,813,728	359,465,040
Stanlib Bonds	-	-	25,178,063	333,239,382	358,417,445
<b>RSA Inflation Linked Bonds</b>	-	-	-	-	-
<b>RSA Property</b>	-	-	<b>3,841,947</b>	<b>142,883,836</b>	<b>146,725,783</b>
Sesfikile Property	-	-	2,632,648	108,896,826	111,529,474
Futuregrowth Community Property Fund	-	-	1,209,300	33,987,009	35,196,309
<b>RSA Cash</b>	-	<b>37,796,504</b>	<b>25,944,662</b>	<b>92,641,487</b>	<b>156,382,652</b>
SIM Cash Fund	-	37,796,504	25,944,662	92,641,487	156,382,652
Stanlib Money Market	-	-	-	-	-
<b>International Equity</b>	-	-	<b>17,314,009</b>	<b>773,102,590</b>	<b>790,416,599</b>
Baillie Gifford Worldwide Global Alpha Fund	-	-	7,640,044	462,210,774	469,850,818
Vulcan Value Equity Fund	-	-	2,393,552	144,806,184	147,199,736
Ninety One Global Franchise Fund	-	-	7,280,413	166,085,633	173,366,045
<b>African Assets</b>	-	-	-	<b>45,029,321</b>	<b>45,029,321</b>
All Seasons Africa Fund	-	-	-	43,162,694	43,162,694
Ninety One Africa Equity	-	-	-	1,866,627	1,866,627
<b>Total</b>	<b>61,752,330</b>	<b>37,796,504</b>	<b>131,219,702</b>	<b>3,904,687,666</b>	<b>4,135,456,202</b>



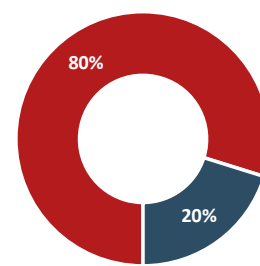
Manager and Product Information

R 4,135,456,201.69

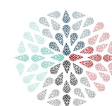
Manager / Product	Market Value R'm	% of Portfolio	Since Inception	Product BM	Last 36 months	Product BM	Last 12 months	Product BM
<b>Global Balanced</b>			<b>R 61,752,330</b>				<b>1.5%</b>	
Oasis Crescent Balanced Progressive FOF	61.75	1.5%	6.8%	8.2%	n/a	n/a	6.5%	6.8%
<b>Passive Global Balanced</b>			<b>R 648,962,863</b>				<b>15.7%</b>	
Sygnia Passive Global Balanced Conservative	11.78	0.3%	6.6%	7.3%	n/a	n/a	1.5%	2.2%
Sygnia Passive Global Balanced Growth	435.01	10.5%	7.2%	7.8%	n/a	n/a	1.5%	2.3%
ETFSA Passive Global Balanced Conservative	5.08	0.1%	7.2%	7.3%	n/a	n/a	1.5%	2.2%
ETFSA Passive Global Balanced Growth	197.09	4.8%	7.9%	7.8%	n/a	n/a	1.8%	2.3%
<b>RSA Equity</b>			<b>R 1,568,304,169</b>				<b>37.9%</b>	
Abax Equity	324.81	7.9%	7.3%	9.3%	n/a	n/a	9.5%	6.9%
Allan Gray Equity	494.51	12.0%	8.7%	9.3%	n/a	n/a	12.5%	6.9%
Coronation Equity	448.66	10.8%	12.9%	9.3%	n/a	n/a	6.8%	6.9%
ABSA ETF	300.32	7.3%	3.1%	9.3%	n/a	n/a	4.5%	6.9%
<b>RSA Bonds</b>			<b>R 717,882,485</b>				<b>17.4%</b>	
Futuregrowth Yield Enhanced Special Bond Fund	359.47	8.7%	7.1%	6.4%	n/a	n/a	2.1%	1.3%
Stanlib Bonds	358.42	8.7%	5.7%	5.2%	n/a	n/a	2.5%	1.3%
<b>RSA Inflation Linked Bonds</b>			<b>R 0</b>				<b>0.0%</b>	
<b>RSA Property</b>			<b>R 146,725,783</b>				<b>3.5%</b>	
Sesfikile Property	111.53	2.7%	-6.9%	-9.2%	n/a	n/a	-0.3%	0.2%
Futuregrowth Community Property Fund	35.20	0.9%	7.8%	-9.2%	n/a	n/a	7.9%	0.2%
<b>RSA Cash</b>			<b>R 156,382,652</b>				<b>3.8%</b>	
SIM Cash Fund	156.38	3.8%	5.2%	4.7%	n/a	n/a	4.6%	4.2%
<b>International Equity</b>			<b>R 790,416,599</b>				<b>19.1%</b>	
Baillie Gifford Worldwide Global Alpha Fund	469.85	11.4%	6.9%	8.1%	n/a	n/a	-23.5%	-3.7%
Vulcan Value Equity Fund	147.20	3.6%	-6.7%	2.7%	n/a	n/a	-29.7%	-3.7%
Ninety One Global Franchise Fund	173.37	4.2%	6.9%	6.7%	n/a	n/a	-3.5%	-3.7%
<b>African Assets</b>			<b>R 45,029,321</b>				<b>1.1%</b>	
All Seasons Africa Fund	43.16	1.0%	-4.9%	2.1%	n/a	n/a	-9.9%	3.2%
Ninety One Africa Equity	1.87	0.0%	-24.6%	2.1%	n/a	n/a	-47.8%	3.2%



- Global Balanced
- Passive Global Balanced
- RSA Equity
- RSA Bonds
- RSA Inflation Linked Bonds
- RSA Property
- RSA Cash
- International Equity
- African Assets



- Local
- Offshore



Growth Product - Summary

R

3,904,687,665.67

Investment Objective

To achieve inflation beating returns over the medium to long term, however an overly cautious approach would result in lowered returns over the long term

Total Portfolio Market Value at 31 December 2021

R'm

4,499.0

Cash flow for current financial year

-120.4

Total Return current financial year net of fees

-473.9

Total Current Portfolio Market Value

3,904.7

Return Objective

To achieve a return of Inflation + 4.5% p.a. (gross of fees and taxes) over 3-year to 5-year periods.

Financial year return - net of asset management fees

Return %

-10.81%

CPI + 4.5%

5.59%

Risk Objective

Percentage positive monthly returns since inception\*

Return %

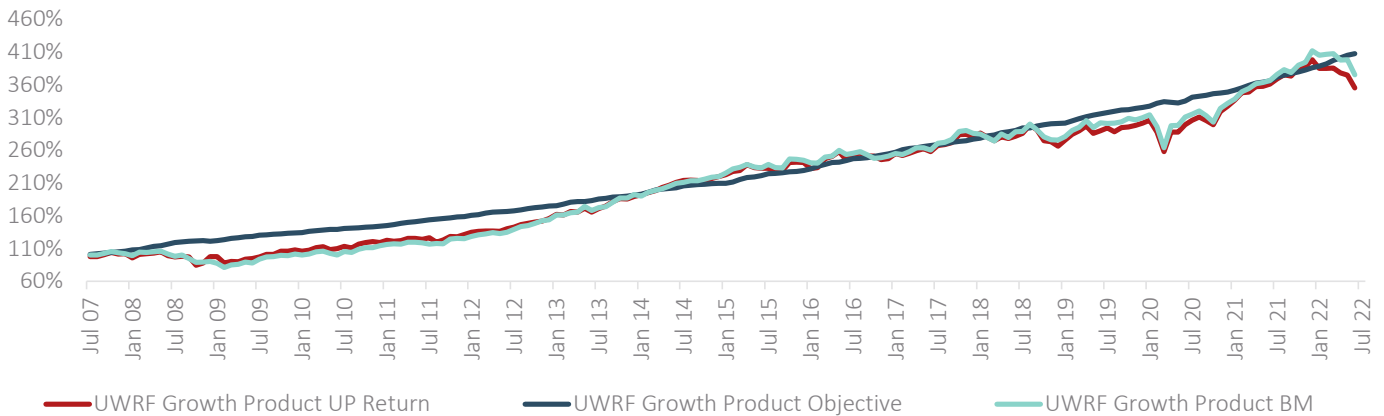
68%

Percentage positive monthly returns last 5 years

68%

\*July 2007

Performance (net of fees)

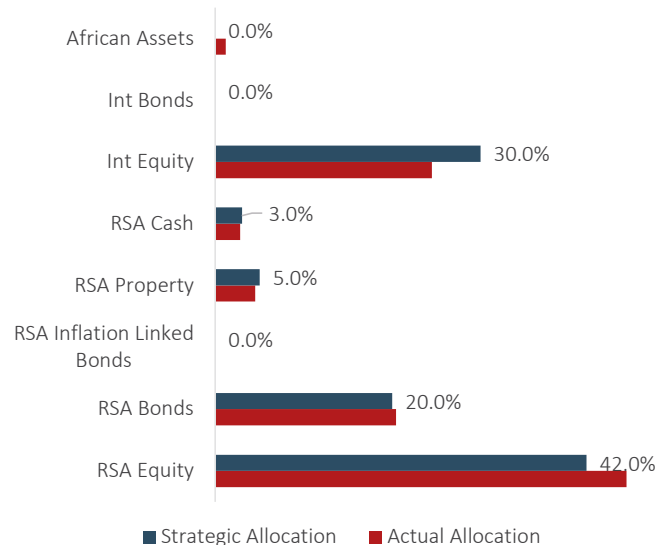


Returns - Various Periods

	Portfolio (net)	Investment Objective	Strategic Benchmark
Since Inception *	8.88%	9.89%	9.27%
Last 10 years	9.74%	9.33%	10.77%
Last 5 years	6.64%	8.82%	7.60%
Last 3 years	7.02%	8.93%	7.50%
1 year	-1.68%	11.26%	2.38%
Ytd	-10.81%	5.59%	-8.88%
Last 3 months	-7.74%	2.59%	-7.87%
Last month	-5.27%	0.56%	-5.77%

\*July 2007

Look-through Asset Allocation



Conservative Product - Summary

R

131,219,702.09

Investment Objective

To target stable returns over a medium-term investment horizon with low volatility and a low probability of negative returns.

Total Portfolio Market Value at 31 December 2021	R'm	138.7
Cash flow for current financial year		1.2
Total Return current financial year net of fees		-8.7
Total Current Portfolio Market Value		131.2

Return Objective

To achieve a return of CPI + 3.0% pa (gross of fees and taxes) over 3-year to 5-year periods.

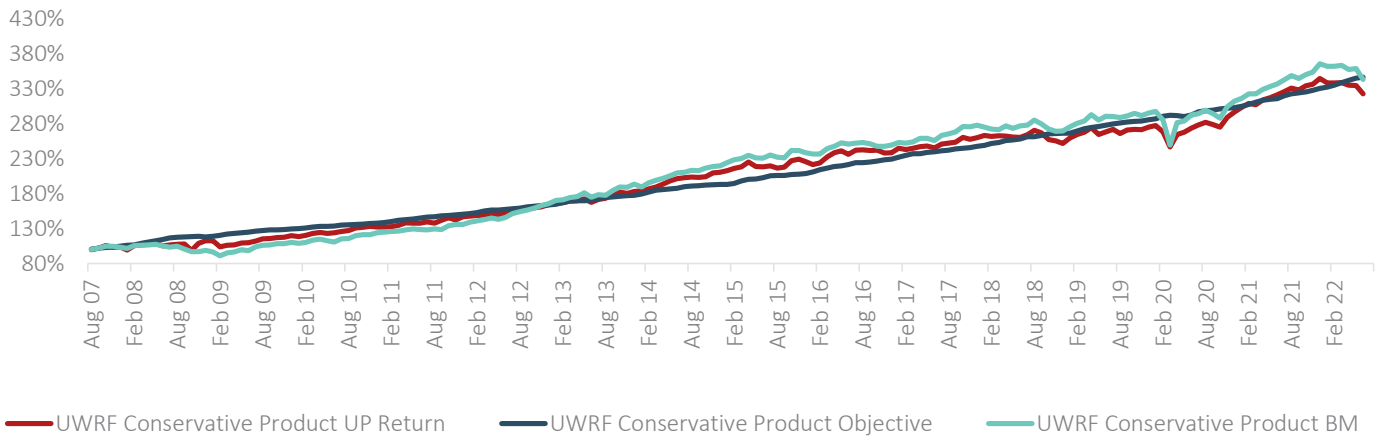
Financial year return - net of asset management fees	Return %	-6.31%
CPI + 3.0%		4.83%

Risk Objective

Percentage positive monthly returns since inception*	Return %	73%
Percentage positive monthly returns last 5 years		63%

\*August 2007

Performance (net of fees)

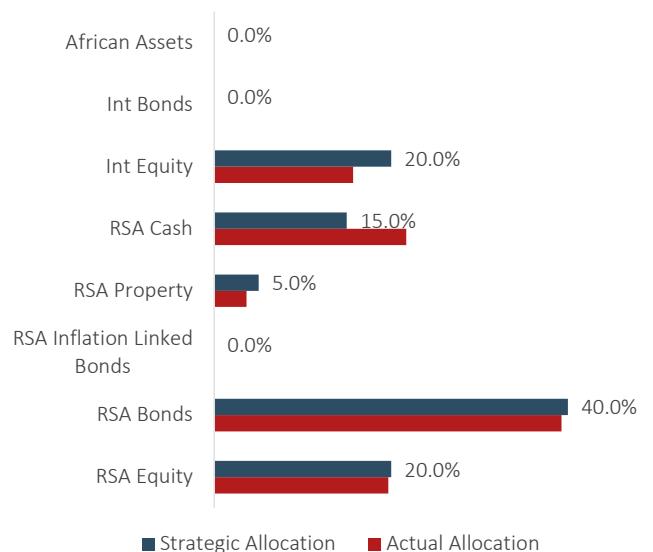


Returns - Various Periods

	Portfolio (net)	Investment Objective	Strategic Benchmark
Since Inception *	8.23%	8.75%	8.68%
Last 10 years	7.80%	8.21%	8.96%
Last 5 years	5.64%	7.62%	6.07%
Last 3 years	6.36%	7.63%	5.73%
1 year	0.54%	9.67%	1.98%
YtD	-6.31%	4.83%	-6.06%
Last 3 months	-4.65%	2.22%	-5.45%
Last month	-3.46%	0.44%	-4.19%

\*August 2007

Look-through Asset Allocation



Capital Protection - Summary

R

37,796,503.65

Investment Objective

To provide members with a Cash Option designed to protect the capital value of their investment with zero volatility.

Total Portfolio Market Value at 31 December 2021	R'm	82.9
Cash flow for current financial year		-46.2
Total Return current financial year net of fees		1.1
Total Current Portfolio Market Value		37.8

Return Objective

To achieve a return of Inflation + 1.0% p.a. (gross of fees and taxes) over 3-year to 5-year periods.

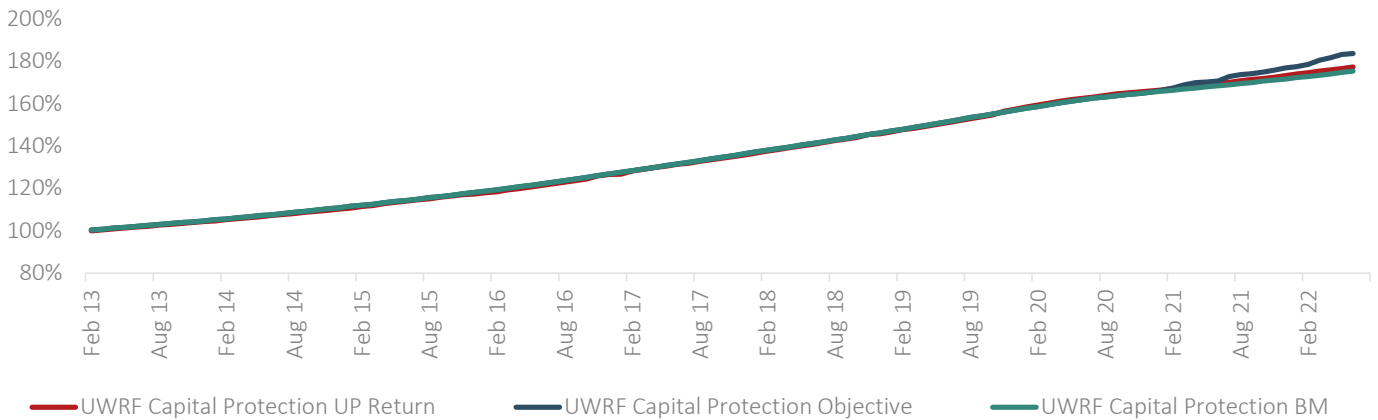
Financial year return - net of asset management fees	Return %	2.36%
CPI + 1.0%		3.81%

Risk Objective

Percentage positive monthly returns since inception*	Return %	100%
Percentage positive monthly returns last 5 years		100%

\*February 2013

Performance (net of fees)

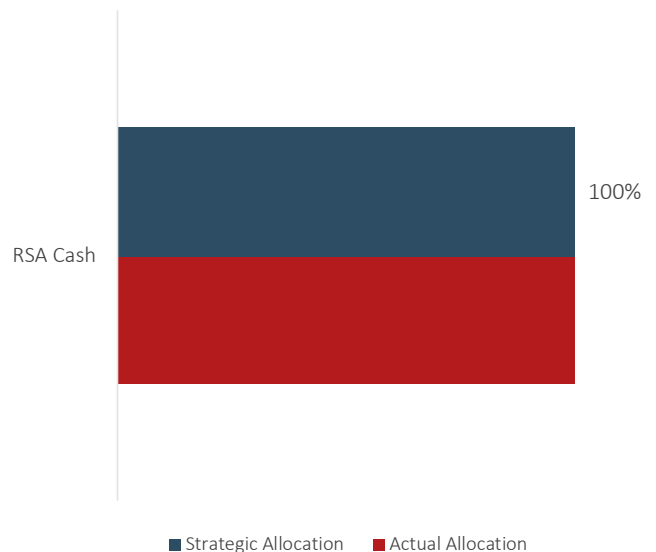


Returns - Various Periods

	Portfolio (net)	Investment Objective	Strategic Benchmark
Since Inception *	6.27%	6.67%	6.15%
Last 10 years	n/a	n/a	n/a
Last 5 years	6.18%	6.91%	5.93%
Last 3 years	5.48%	6.62%	5.01%
1 year	4.61%	7.55%	4.18%
YtD	2.36%	3.81%	2.19%
Last 3 months	1.14%	1.72%	1.15%
Last month	0.42%	0.28%	0.40%

\*February 2013

Asset Allocation



■ Strategic Allocation ■ Actual Allocation





**Shariah Product - Summary**

R

61,752,330.28

**Investment Objective**

This portfolio is suitable for Muslim investors requiring a Sharia-compliant investment portfolio. The portfolio will be invested in a variety of domestic and international asset classes. The underlying investments will comply with Shari'ah requirements as prescribed by the Auditing Organisation for Islamic Financial Institutions. The portfolio targets capital growth over the long-term.

	R'm
Total Portfolio Market Value at 31 December 2021	64.5
Cash flow for current financial year	1.3
Total Return current financial year net of fees	-4.1
Total Current Portfolio Market Value	61.8

**Return Objective**

To achieve a return of Inflation + 3.0% p.a. (gross of fees and taxes) over 3-year to 5-year periods.

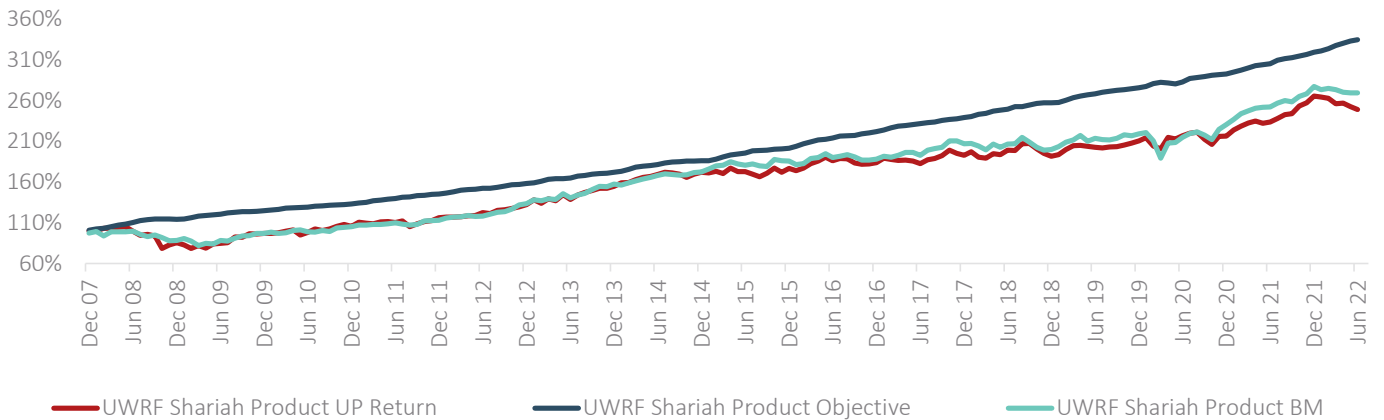
	Return %
Financial year return - net of asset management fees	-6.30%
CPI + 3.0%	4.83%

**Risk Objective**

	Return %
Percentage positive monthly returns since inception*	62%
Percentage positive monthly returns last 5 years	62%

\*December 2007

**Performance (net of fees)**

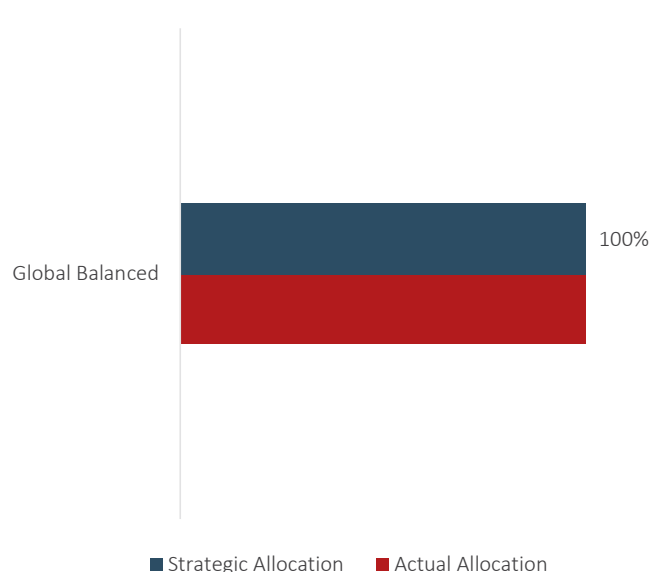


**Returns - Various Periods**

	Portfolio (net)	Investment Objective	Strategic Benchmark
Since Inception *	6.49%	8.69%	7.07%
Last 10 years	7.34%	9.33%	8.57%
Last 5 years	6.38%	7.62%	6.91%
Last 3 years	7.10%	7.63%	7.99%
1 year	6.46%	9.67%	6.85%
YtD	-6.30%	4.83%	-2.86%
Last 3 months	-2.83%	2.22%	-1.52%
Last month	-1.36%	0.44%	0.00%

\*December 2007

**Asset Allocation**



■ Strategic Allocation ■ Actual Allocation

