

EXECUTIVE SUMMARY

31 July 2018

1. Market Values

The market values of the underlying portfolios up to 31 July 2018 are as follows:

Date	OM Wealth Treasury	STANLIB Income Fund	Coronation Medical Schemes Portfolio	Prudential Inflation Plus 5%	Total
31 March 2017	R14,301,729	-	R16,977,037	R20,175,033	R51,453,799
30 June 2017	R14,542,778	-	R16,953,903	R20,114,803	R51,611,484
30 September 2017	R12,812,704	-	R17,507,606	R21,124,643	R51,444,953
31 December 2017	R12,789,606	-	R17,743,780	R22,080,191	R52,613,577
31 March 2018	R45,111,518	-	R17,632,831	R21,732,543	R84,476,892
30 June 2018	R39,092,485	R5,042,466	R17,936,847	R22,250,614	R84,322,412
31 July 2018	R33,719,826	R10,091,091	R17,975,963	R22,271,387	R84,058,267

Comment:

For this year, the assets values have been consistent at R 84 million. From January 2018, the savings assets have been included in the total assets.

2. Cash Flow Summary

Cashflow (R)	3Q17	4Q17	1Q18	2Q18	3Q18
OM Treasury plus current account: Risk	-	-	-	+3,000,000	-
OM Treasury plus current account: Savings	-	-	-	-3,000,000 -5,000,000	-5,000,000
STANLIB Income Fund	-	-	-	+5,000,000	+5,000,000
Coronation Medical Schemes Portfolio	-	-	-	-	-
Prudential Medical Schemes Portfolio	-	-	-	-	-

Comment:

At the last meeting, a decision was taken to include the savings assets into the investment strategy. As the fixed deposits of the savings mature, they are to be transferred to various mandates (in a defined process). The first movements were implemented in April and are shown above.

3. Cash Assets: Risk Portfolio (R12.8 million) Actual Performance vs. Benchmark

OM Wealth Treasury: Risk	1 Month	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)
Actual Performance	0.56%	1.66%	6.89%	6.94%	6.38%
Benchmark (STeFI Call)	0.55%	1.60%	6.67%	6.82%	6.18%
Outperformance	0.01%	0.06%	0.22%	0.12%	0.20%

Comment:

The actual performance has consistently outperformed the benchmark.

4. Cash Assets: Savings Portfolio (R20.9 million) Actual Performance vs. Benchmark

OM Wealth Treasury: Savings	1 Month	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)
Actual Performance	0.67%	2.00%	8.18%	8.02%	7.36%
Benchmark (STeFI Call)	0.55%	1.60%	6.67%	6.82%	6.18%
Outperformance	0.12%	0.40%	1.51%	1.20%	1.18%

Comment:

The actual performance has consistently outperformed the benchmark.

5. Long Term Assets (R50.3 million): Actual Performance vs. Objective

	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	7 Years (p.a.)	10 Years (p.a.)
Actual Performance	0.28%	6.02%	5.52%	7.34%	8.09%	7.76%
Objective (CPI+4)	2.31%	8.73%	9.52%	9.66%	9.67%	9.56%
Outperformance	-2.03%	-2.71%	-4.00%	-2.32%	-1.58%	-1.80%

The CPI figures are lagged by one month as they were calculated before the current inflation rate was released.

Comment:

On a year-to-date basis, the equities and property have performed very poorly (see table on next page), which has impacted the performance of the long term assets.

	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	7 Years (p.a.)	10 Years (p.a.)
Actual Performance	0.28%	6.02%	5.52%	7.34%	8.09%	7.76%
Cash (STeFI Call)	1.60%	6.67%	6.82%	6.18%	5.84%	6.34%
Outperformance	-1.32%	-0.65%	-1.30%	1.16%	2.25%	1.42%

Comment:

The actual performance of the strategy has consistently outperformed cash over the long term.

6. Market performance as at 31 July 2018

The table below shows returns from various assets classes as measured by their respective indices. It is important to note that over the long term mean reversion applies to asset classes. The short term performance is poor but the five year figures are normalised. Over time, it is the performance of growth assets that can meet and exceed medical inflation.

July 2018	Annualised Return					Volatility
	Asset Class/Index	Quarter	YTD	1 yr	3 yrs pa	5 yrs pa
Cash / SteFi Comp	1.8%	4.2%	7.3%	7.3%	6.7%	0.1%
Bonds / ALBI	-0.8%	6.5%	11.2%	8.3%	8.0%	8.0%
Property/SAPY (TR)	-9.6%	-21.8%	-13.6%	-0.9%	7.5%	14.2%
Equity /JSE ALSI (TR)	-1.0%	-1.9%	7.2%	6.4%	10.0%	11.5%
CPI (June 2018)	1.3%	-	4.6%	5.3%	5.5%	-
Medical Inflation (June 2018)	0.6%	-	4.7%	5.6%	5.7%	-

Source: Statistics SA, Reuters and I-Net

7. Compliance Analysis and Measurement

Old Mutual has analysed the Schemes' investments as at 30 June 2018.

Annexure B

In terms of Annexure B the Scheme is compliant in relation to all items.

Circular 23

As at 30 June 2018 the Scheme measured 46.4%. The Scheme is therefore compliant.

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Disclaimer:

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Alliance Midmed Medical Scheme

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