

EXECUTIVE SUMMARY

31 March 2019

1. Market Values

The market values of the underlying portfolios up to 31 March 2019 are as follows:

Date	OM Wealth Treasury	STANLIB Income Fund	Coronation Medical Schemes Portfolio	Allan Gray Life Stable Medical Scheme 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
30 September 2018	R31,200,801	R10,225,899	R17,931,926	-	R22,281,286	R81,639,913
31 December 2018	R22,921,556	R20,589,768	-	R17,813,559	R21,903,481	R83,228,364
31 March 2019	R16,948,723	R21,046,032	-	R23,558,769	R22,862,882	R84,416,405

Comment:

From January 2018, the savings assets have been included in the total assets.

2. Cash Flow Summary

Cashflow (R)	2Q18	3Q18	4Q18	1Q19	2Q19
OM Treasury plus current account: Risk	+10,308,104 -5,000,000	-5,000,000 +6,986,582	+17,639,986 -17,639,986 -5,000,000 -5,000,000	-5,000,000	
OM Treasury plus current account: Savings	+10,308,104	-6,986,582		-	
STANLIB Income Fund	+5,000,000	+5,000,000	+5,000,000 +5,000,000	-	
Coronation Medical Schemes Portfolio	-	-	-17,639,986	-	
Allan Gray Life Stable Medical Scheme Portfolio	-	-	+17,639,986	+5,000,000	
Prudential Medical Schemes Portfolio	-	-	-	-	

Comment:

From January 2018, the savings assets are included in the investment strategy. As the fixed deposits of the savings mature, they are being transferred to various mandates (in a defined process). The last movement will be implemented in April 2019.

3. Cash Assets: Risk Portfolio (R13.3 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	0.57%	1.68%	6.82%	7.02%	6.61%
Benchmark (STeFI Call)	0.52%	1.58%	6.57%	6.93%	6.41%
Outperformance	0.05%	0.10%	0.25%	0.09%	0.20%

Comment:

The actual performance has consistently outperformed the benchmark.

4. Cash Assets: Savings Portfolio (R2.2 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	0.66%	1.93%	8.15%	8.19%	7.70%
Benchmark (STeFI Call)	0.52%	1.58%	6.57%	6.93%	6.41%
Outperformance	0.52%	0.35%	1.58%	1.26%	1.29%

Comment:

The actual performance has consistently outperformed the benchmark.

5. Long Term Assets (R67.4 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	3.42%	5.46%	5.75%	6.27%	7.69%	7.78%
Objective (CPI+4)	1.44%	8.21%	8.96%	9.25%	9.49%	9.44%
Outperformance	1.98%	-2.75%	-3.21%	-2.98%	-1.80%	-1.66%

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

Comment:

The actual performance of the strategy has underperformed the objective which has been significantly impacted by the poor performance of the growth assets during 2018. The first quarter of 2019 produced a significant improvement.

	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)	7 Years (p.a.)	10 Years (p.a.)
Actual Performance	3.42%	5.46%	5.75%	6.27%	7.69%	7.78%
Cash (STeFI Call)	1.58%	6.57%	6.93%	6.41%	5.96%	6.02%
Outperformance	1.84%	-1.11%	-1.18%	-0.14%	1.73%	1.76%

Comment:

The actual performance of the strategy has consistently outperformed cash over the long term as well as a strong outperformance in the first quarter of 2019.

6. Market performance as at 31 March 2019

The table below shows returns from various assets classes as measured by their respective indices.

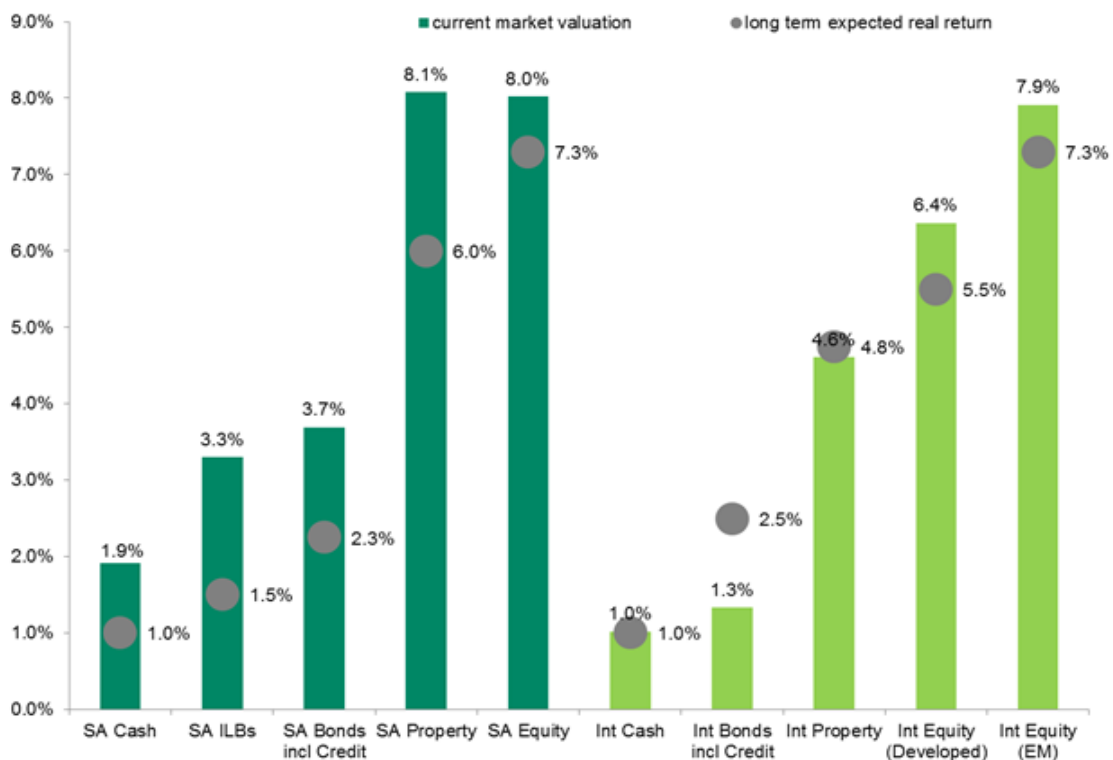
The growth assets, (equity and property) have performed very poorly during 2018. However, equities had a very strong performance in the first quarter of 2019.

Asset Class/Index	Annualised Return					Volatility
	Quarter	1 yr	3 yrs pa	5 yrs pa	10 yrs pa	3 yrs
Cash / SteFi Comp	7.42%	7.26%	7.42%	7.00%	6.60%	0.12%
Bonds / ALBI	10.11%	3.46%	10.11%	8.33%	8.66%	6.85%
Property/SAPY (TR)	-3.84%	-5.68%	-3.84%	5.63%	12.41%	13.90%
Equity /JSE ALSI (TR)	5.68%	5.04%	5.68%	6.50%	13.98%	10.98%
CPI (Feb 2019)	4.78%	5.2%	4.78%	5.06%	5.25%	-
Medical Inflation (Feb 2019)	5.6%	4.3%	5.6%	5.6%	-	-

Source: Statistics SA, Reuters and I-Netj

7. Return Expectations

Following the poor performance of the growth assets last year, the current market valuations of the domestic asset classes all look very attractive.



8. Compliance Analysis and Measurement

Old Mutual has analysed the Schemes' investments as at 31 December 2018.

Annexure B

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

Circular 23

As at 31 December 2018 the Scheme measured 27.5%. The Scheme is therefore compliant.

In terms of observations, the last movement in relation to the change of strategy will take place in April. I recommend to review the actual asset allocation vs the strategic allocations at the next meeting.

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Disclaimer:

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