

Alliance Midmed Medical Scheme - Savings



Treasury Management Report

December 2018

Old Mutual Wealth TAS, No1 Mutual Place, 2nd Floor, 107 Rivonia Road, 2196
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Portfolio Analysis

average funds (R)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
call deposits		1,674,644	360,250	180,125	1,674,644	2,585,079	3,294,753	4,190,901	4,147,229
fixed deposits	11,032,258	21,461,258	12,977,778	16,247,043	21,461,258	23,059,865	23,146,432	22,305,259	21,304,094
weighted totals	11,032,258	23,135,902	13,338,028	16,427,168	23,135,902	25,644,944	26,441,186	26,496,159	25,451,323

average interest earned (R)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
call deposits		8,038	247	123	8,038	13,495	17,769	23,109	21,388
fixed deposits	73,914	142,026	86,421	107,942	142,026	154,770	156,431	150,230	134,709
weighted totals	73,914	150,065	86,668	108,065	150,065	168,265	174,200	173,339	156,097

note: weighted totals are per month

Alliance Midmed Medical Scheme - Savings

Performance Analysis

average investment returns (%)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
weighted totals	0.67	8.17	2.01	4.05	8.17	8.22	8.23	8.16	7.59

industry returns (%)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
cash benchmark: STeFI Call Index	0.55	6.61	1.64	3.25	6.61	6.66	6.74	6.92	6.33
STeFI Composite	0.60	7.29	1.82	3.60	7.29	7.33	7.40	7.40	6.91
STeFI 3 Month	0.57	6.96	1.74	3.43	6.96	6.99	7.05	7.04	6.57

please note: the 18 - 60 months returns are annualized

Alliance Midmed Medical Scheme - Savings

Cash flow Summary

contribution and withdrawals	number	total rand value
withdrawal	2	2,162,500

Investment Summary

fixed deposit maturities	instrument	purchase date	maturity date	cost (R)	maturity value (R)	interest received (R)	rate (%)
Nedbank Ltd	12 MONTH FTD	13/12/2017	13/12/2018	1,000,000	1,082,500	82,500	8.250
The Standard Bank of South Africa Ltd	12 MONTH FTD	21/12/2017	21/12/2018	1,000,000	1,080,000	80,000	8.000

fixed deposit balances	instrument	purchase date	maturity date	cost (R)	current value (R)	accrued interest (R)	rate (%)
Absa Bank Ltd	12 MONTH FTD	02/02/2018	01/02/2019	1,500,000	1,607,769	107,769	7.875
Absa Bank Ltd	12 MONTH FTD	23/02/2018	22/02/2019	500,000	533,337	33,337	7.800
FirstRand Bank Ltd	12 MONTH FTD	06/04/2018	05/04/2019	1,000,000	1,057,144	57,144	7.725
Investec Bank Ltd	12 MONTH FTD	11/01/2018	11/01/2019	1,000,000	1,078,295	78,295	8.050
Investec Bank Ltd	12 MONTH FTD	12/01/2018	11/01/2019	1,000,000	1,078,074	78,074	8.050
Investec Bank Ltd	12 MONTH FTD	09/02/2018	08/02/2019	1,000,000	1,071,452	71,452	8.000
Investec Bank Ltd	12 MONTH FTD	29/03/2018	29/03/2019	500,000	529,590	29,590	7.770
Nedbank Ltd	12 MONTH FTD	09/03/2018	08/03/2019	2,000,000	2,127,364	127,364	7.800
The Standard Bank of South Africa Ltd	12 MONTH FTD	16/02/2018	15/02/2019	500,000	534,303	34,303	7.850
The Standard Bank of South Africa Ltd	12 MONTH FTD	13/04/2018	12/04/2019	1,000,000	1,055,662	55,662	7.725
total				10,000,000	10,672,990	672,990	

Alliance Midmed Medical Scheme - Savings

Compliance Analysis

	moodys rating	exposure (%)	mandate requirement (%)	market value (R)
Absa Bank Ltd	Aa1.za	20.06	35.00	2,140,675.35
FirstRand Bank Ltd	Aaa.za	9.90	35.00	1,056,932.19
Investec Bank Ltd	Aa1.za	35.20	35.00	3,756,643.69
Nedbank Ltd	Aa1.za	19.93	35.00	2,126,936.99
The Standard Bank of South Africa Ltd	Aa1.za	14.90	35.00	1,589,646.57
Total funds as at month end				10,670,834.79

Alliance Midmed Medical Scheme - Savings

Economic Commentary

Since the SARB's last rate hike in November 2018, the USDZAR has depreciated by about 1%, while the November CPI print surprised consensus to the upside, somewhat validating the SARB's decision to hike. While we still see no breach of the SARB's inflation target band, the SARB is likely to continue with its hiking cycle for different reasons. As long as inflation expectations remain elevated, headline inflation is unlikely to fall structurally lower and stay low.

The MPC is clearly in an inflation "risk management mode" to contain inflation expectations closer to the mid-point of the target band. This, combined with the fact that its rising CPI trajectory moves further away from the mid-point of the target range that it is trying to anchor headline inflation and inflation expectations to, does warrant a hawkish monetary policy bias.

Further supportive of this rhetoric is the possibility of a mild recovery in real GDP growth in 2019. While this would not immediately result in demand-pull inflation, it would give the SARB more room to maintain a hawkish stance as the economy recovers (as opposed to calls for rate cuts in a recessionary environment).

Despite trying to maintain a hawkish stance in the current hiking cycle, we expect the SARB's forecasts to remain fairly dovish, with further downward revisions to its headline forecasts, as its input assumptions would need to be revised. To put this into perspective, we believe the output gap is likely to remain negative over the forecast period and will possibly widen further this year as the SARB reduces its growth assumptions, while its oil price forecast may decline, following the upward revision recently. The SARB's core inflation estimates may be elevated in the absence of strong exchange rate pass-through and demand-pull inflation pressures.

We still expect a further rate hike in 2019, but the timing thereof may be difficult to call in the midst of executive changes within the MPC. It is uncertain at this stage when the two vacancies (left by Brian Kahn and Francois Groepe) will be filled and whether the new members will be doves or hawks. For now, we expect no change to the policy rate in the upcoming meeting.

Source: Nedbank Capital

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Portfolio Analysis

average funds (R)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
call deposits	9,203,762	7,518,992	7,558,595	7,845,711	7,518,992	7,203,227	7,620,364	7,762,279	7,238,249
fixed deposits		1,569,266		715,054	1,569,266	1,943,505	2,162,677	2,881,709	4,202,778
weighted totals	9,203,762	9,088,258	7,558,595	8,560,765	9,088,258	9,146,731	9,783,041	10,643,988	11,441,027

average interest earned (R)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
call deposits	53,048	41,300	42,114	43,318	41,300	40,002	42,862	43,772	38,026
fixed deposits		7,768		3,002	7,768	10,147	11,709	16,240	21,531
weighted totals	53,048	49,069	42,114	46,319	49,069	50,149	54,572	60,012	59,557

note: weighted totals are per month

Alliance Midmed Medical Scheme

Performance Analysis

average investment returns (%)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
weighted totals	0.58	6.81	1.68	3.37	6.81	6.90	6.97	7.02	6.53

industry returns (%)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
cash benchmark: STeFI Call Index	0.55	6.61	1.64	3.25	6.61	6.66	6.74	6.92	6.33
STeFI Composite	0.60	7.29	1.82	3.60	7.29	7.33	7.40	7.40	6.91
STeFI 3 Month	0.57	6.96	1.74	3.43	6.96	6.99	7.05	7.04	6.57

please note: the 18 - 60 months returns are annualized

Alliance Midmed Medical Scheme

Cash flow Summary

contribution and withdrawals	number	total rand value
contribution	6	10,640,000
withdrawal	8	10,280,000

Investment Summary

call balances	call cost (R)	call accrued int (R)	call total balance (R)	rate (%)
ABSA Bank Ltd	15,394	85	15,479	6.500
FirstRand Bank Ltd	579	3	582	6.500
Investec Bank Ltd	4,090,664	18,048	4,108,712	6.650
Nedbank Ltd	257,886	2,407	260,293	6.500
Nedbank Ltd	3,846,141	15,526	3,861,667	7.300
The Standard Bank of South Africa Ltd	3,584,065	16,979	3,601,044	6.550
total	11,794,730	53,048	11,847,778	

Alliance Midmed Medical Scheme

Compliance Analysis

	moodys rating	exposure (%)	mandate requirement (%)	market value (R)
Absa Bank Ltd	Aa1.za	0.13	35.00	15,479.16
FirstRand Bank Ltd	Aaa.za	0.00	35.00	582.28
Investec Bank Ltd	Aa1.za	34.68	35.00	4,108,712.40
Nedbank Ltd	Aa1.za	34.79	35.00	4,121,960.13
The Standard Bank of South Africa Ltd	Aa1.za	30.39	35.00	3,601,044.00
Total funds as at month end				11,847,777.97

Economic Commentary

Since the SARB's last rate hike in November 2018, the USDZAR has depreciated by about 1%, while the November CPI print surprised consensus to the upside, somewhat validating the SARB's decision to hike. While we still see no breach of the SARB's inflation target band, the SARB is likely to continue with its hiking cycle for different reasons. As long as inflation expectations remain elevated, headline inflation is unlikely to fall structurally lower and stay low.

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Despite trying to maintain a hawkish stance in the current hiking cycle, we expect the SARB's forecasts to remain fairly dovish, with further downward revisions to its headline forecasts, as its input assumptions would need to be revised. To put this into perspective, we believe the output gap is likely to remain negative over the forecast period and will possibly widen further this year as the SARB reduces its growth assumptions, while its oil price forecast may decline, following the upward revision recently. The SARB's core inflation estimates may be elevated in the absence of strong exchange rate pass-through and demand-pull inflation pressures.

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Source: Nedbank Capital

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Alliance Midmed Medical Scheme



Monthly Consulting Report

31 December 2018

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portfolio summary

valuations

month	valuation (R)
December 2018	60,307,691
November 2018	54,479,582
September 2018	50,427,917
December 2017	39,813,103
December 2016	36,300,745
December 2015	31,120,518
December 2013	27,560,255

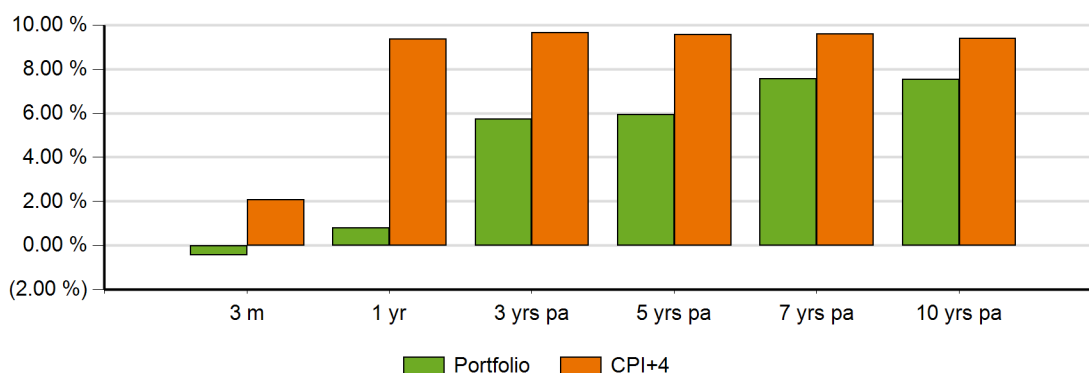
underlying investments

investment	valuation (R)
Income Fund	20,589,768
Absolute Return Fund	21,892,751
Medical Schemes Portfolio	0
Domestic Stable Medical Portfolio	17,825,172
total	60,307,691

transaction history

traded	fund	transaction type	value (R)
21-Dec-2018	Coronation - Medical Schemes Portfolio	sales	17,639,986
21-Dec-2018	STANLIB - Income Fund	purchases	5,000,000
21-Dec-2018	Allan Gray Life Limited - Domestic Stable Medical Portfolio	purchases	17,639,986
05-Oct-2018	STANLIB - Income Fund	purchases	5,000,000
26-Jul-2018	STANLIB - Income Fund	purchases	5,000,000
18-May-2018	STANLIB - Income Fund	purchases	5,000,000
18-Oct-2016	Prudential Portfolio Managers - Absolute Return Fund	purchases	1,000,000
13-Sep-2016	Prudential Portfolio Managers - Absolute Return Fund	purchases	1,000,000
24-Aug-2016	Prudential Portfolio Managers - Absolute Return Fund	purchases	1,000,000
04-Dec-2015	Prudential Portfolio Managers - Absolute Return Fund	purchases	2,000,000

performance analysis



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

	3 m	1 yr	3 yrs pa	5 yrs pa	7 yrs pa	10 yrs pa
Portfolio	-0.44%	0.80%	5.76%	5.96%	7.59%	7.54%
CPI+4	2.10%	9.37%	9.68%	9.59%	9.61%	9.43%

STANLIB - Income Fund

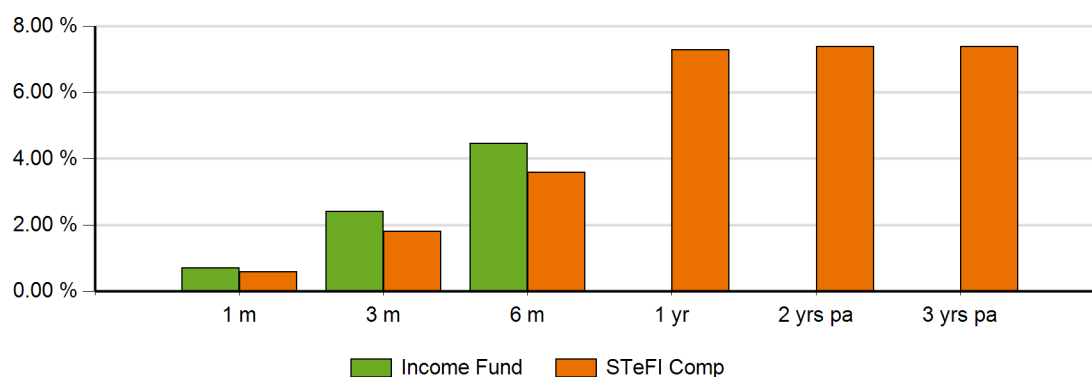
valuations

month	valuation (R)
December 2018	20,589,768
November 2018	15,460,542
September 2018	10,225,899
December 2017	0
December 2016	0
December 2015	0
December 2013	0

transaction history

traded	transaction type	value (R)
21-Dec-2018	purchases	5,000,000
05-Oct-2018	purchases	5,000,000
26-Jul-2018	purchases	5,000,000
18-May-2018	purchases	5,000,000

performance analysis



	1 m	3 m	6 m	1 yr	2 yrs pa	3 yrs pa
Fund	0.72%	2.42%	4.46%			
STeFI Comp	0.60%	1.82%	3.60%	7.29%	7.40%	7.40%

Allan Gray Life Limited - Domestic Stable Medical Portfolio

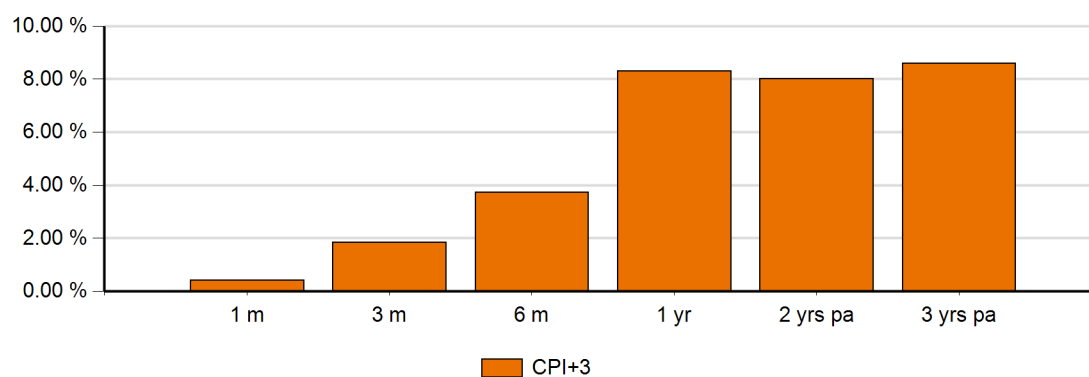
valuations

month	valuation (R)
December 2018	17,825,172
November 2018	0
September 2018	0
December 2017	0
December 2016	0
December 2015	0
December 2013	0

transaction history

traded	transaction type	value (R)
21-Dec-2018	purchases	17,639,986

performance analysis



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

	1 m	3 m	6 m	1 yr	2 yrs pa	3 yrs pa
Fund						
CPI+3	0.43%	1.85%	3.76%	8.32%	8.03%	8.63%

Coronation - Medical Schemes Portfolio

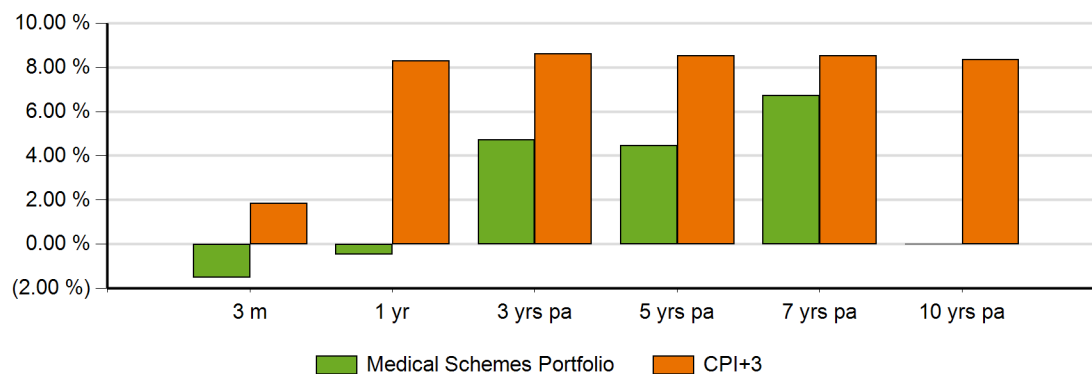
valuations

month	valuation (R)
December 2018	0
November 2018	17,620,648
September 2018	17,931,926
December 2017	17,743,780
December 2016	16,567,994
December 2015	15,370,575
December 2013	16,031,195

transaction history

traded	transaction type	value (R)
21-Dec-2018	sales	17,639,986
02-Dec-2015	sales	2,000,000
25-Aug-2011	purchases	12,000,000

performance analysis



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

	3 m	1 yr	3 yrs pa	5 yrs pa	7 yrs pa	10 yrs pa
Fund	-1.52%	-0.48%	4.74%	4.47%	6.74%	
CPI+3	1.85%	8.32%	8.63%	8.54%	8.56%	8.38%

Prudential Portfolio Managers - Absolute Return Fund

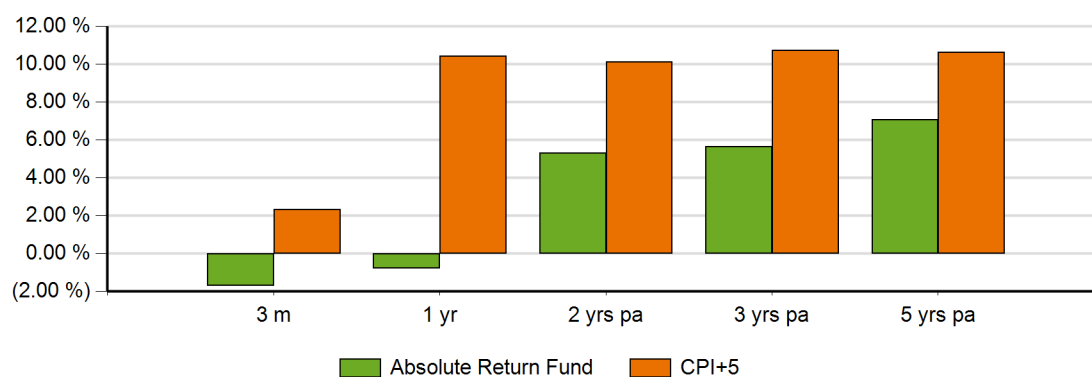
valuations

month	valuation (R)
December 2018	21,892,751
November 2018	21,398,392
September 2018	22,270,092
December 2017	22,069,323
December 2016	19,732,750
December 2015	15,749,943
December 2013	11,529,060

transaction history

traded	transaction type	value (R)
18-Oct-2016	purchases	1,000,000
13-Sep-2016	purchases	1,000,000
24-Aug-2016	purchases	1,000,000
04-Dec-2015	purchases	2,000,000
30-Nov-2012	purchases	10,000,000

performance analysis



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

	3 m	1 yr	2 yrs pa	3 yrs pa	5 yrs pa
Fund	-1.69%	-0.80%	5.33%	5.64%	7.08%
CPI+5	2.34%	10.42%	10.12%	10.73%	10.64%

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