

Alliance Midmed Medical Scheme



Monthly Consulting Report

31 January 2019

Old Mutual Wealth TAS, No1 Mutual Place, 2nd Floor, 107 Rivonia Road, 2196
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portfolio summary

valuations

month	valuation (R)
January 2019	60,927,324
December 2018	60,307,691
October 2018	54,942,703
January 2018	39,715,699
January 2017	36,777,245
January 2016	31,079,840
January 2014	27,161,710

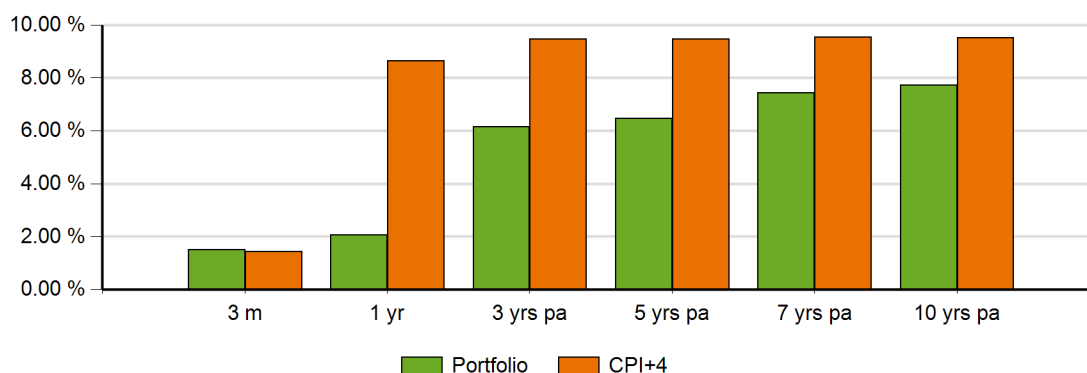
underlying investments

investment	valuation (R)
Income Fund	20,762,995
Absolute Return Fund	22,217,791
Domestic Stable Medical Portfolio	17,946,538
total	60,927,324

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	1.51%	2.09%	6.17%	6.49%	7.45%	7.74%
CPI+4	1.45%	8.65%	9.49%	9.49%	9.56%	9.54%

STANLIB - Income Fund

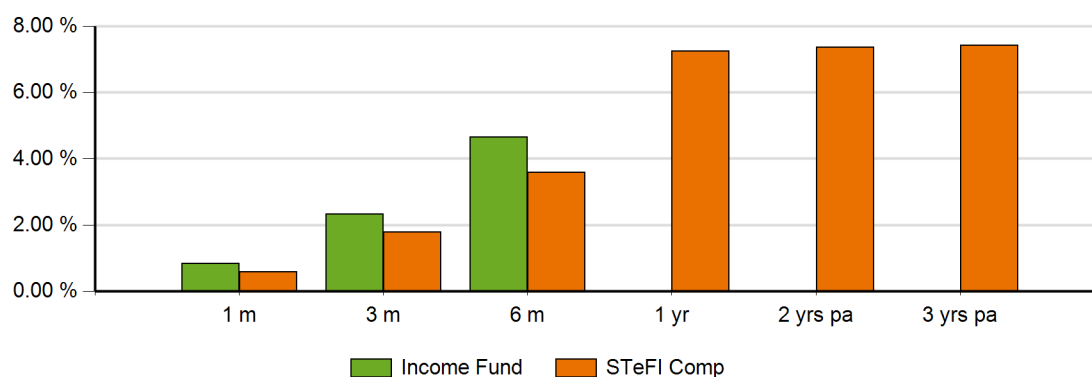
valuations

month	valuation (R)
January 2019	20,762,995
December 2018	20,589,768
October 2018	15,342,984
January 2018	0
January 2017	0
January 2016	0
January 2014	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	0.84%	2.35%	4.67%			
STeFI Comp	0.60%	1.79%	3.59%	7.25%	7.38%	7.43%

Allan Gray Life Limited - Domestic Stable Medical Portfolio

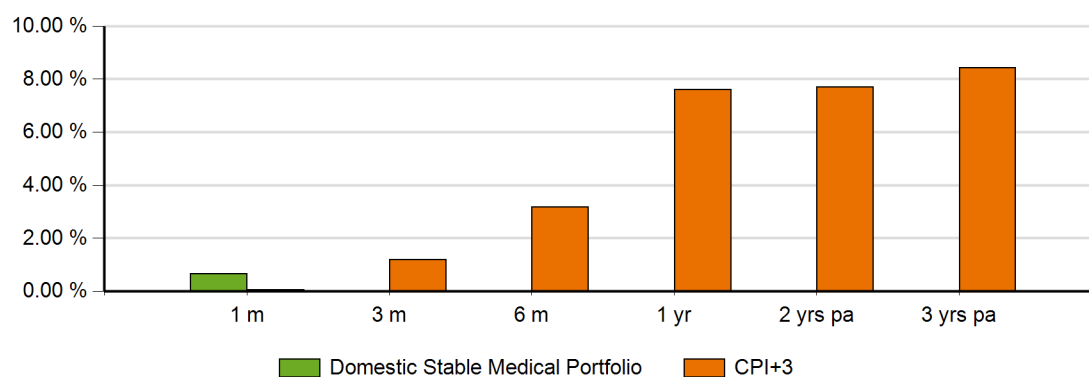
valuations

month	valuation (R)
January 2019	17,946,538
December 2018	17,825,172
October 2018	0
January 2018	0
January 2017	0
January 2016	0
January 2014	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	0.68%					
CPI+3	0.06%	1.20%	3.18%	7.61%	7.72%	8.44%

Prudential Portfolio Managers - Absolute Return Fund

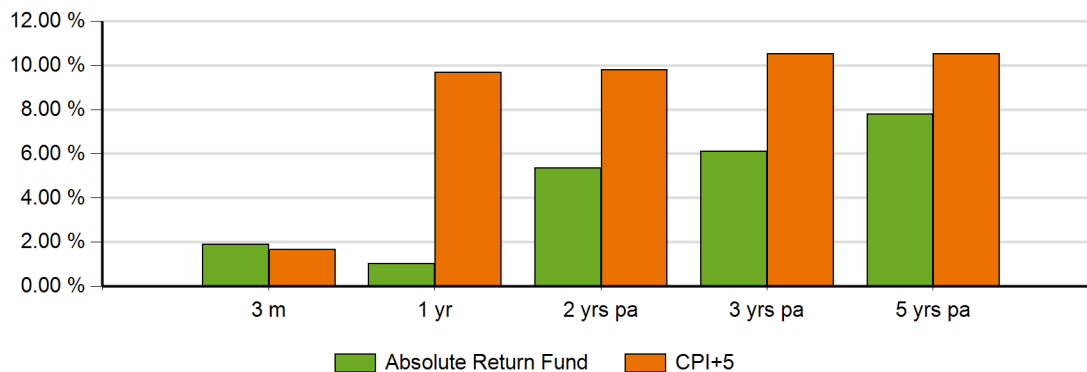
valuations

month	valuation (R)
January 2019	22,217,791
December 2018	21,892,751
October 2018	21,798,638
January 2018	21,991,491
January 2017	20,005,293
January 2016	15,772,974
January 2014	11,312,685

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	1.92%	1.03%	5.38%	6.11%	7.80%
CPI+5	1.69%	9.69%	9.80%	10.54%	10.54%

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Treasury Management Report

January 2019



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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	9,092,392	9,092,392	8,508,376	7,973,501	7,689,123	7,273,034	7,611,979	7,791,541	7,248,490
fixed deposits				333,333	1,455,629	1,774,598	2,054,142	2,749,540	4,059,230
weighted totals	9,092,392	9,092,392	8,508,376	8,306,835	9,144,753	9,047,632	9,666,121	10,541,081	11,307,720

average interest earned (R)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
call deposits	52,658	52,658	48,154	44,366	42,378	40,361	42,739	44,072	38,329
fixed deposits				892	7,296	9,140	11,064	15,530	20,923
weighted totals	52,658	52,658	48,154	45,258	49,674	49,502	53,802	59,603	59,252

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	0.58	1.70	3.39	6.83	6.89	6.96	7.04	6.56

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	0.55	1.63	3.25	6.57	6.65	6.72	6.95	6.36
STeFI Composite	0.60	0.60	1.79	3.59	7.25	7.32	7.38	7.43	6.95
STeFI 3 Month	0.58	0.58	1.71	3.43	6.92	6.97	7.02	7.07	6.60

please note: the 18 - 60 months returns are annualized

Alliance Midmed Medical Scheme

Cash flow Summary

contribution and withdrawals	number	total rand value
contribution	4	11,330,000
withdrawal	9	11,050,000

Investment Summary

call balances	call cost (R)	call accrued int (R)	call total balance (R)	rate (%)
ABSA Bank Ltd	15,479	85	15,565	6.500
FirstRand Bank Ltd	582	3	585	6.500
Investec Bank Ltd	4,233,712	17,574	4,251,287	6.650
Nedbank Ltd	1,656,667	17,738	1,674,405	7.300
Nedbank Ltd	2,000,293	1,198	2,001,491	6.500
The Standard Bank of South Africa Ltd	4,221,044	16,058	4,237,102	6.550
total	12,127,778	52,658	12,180,436	

Alliance Midmed Medical Scheme

Compliance Analysis

	moodys rating	exposure (%)	mandate requirement (%)	market value (R)
Absa Bank Ltd	Aa1.za	0.13	35.00	15,564.61
FirstRand Bank Ltd	Aaa.za	0.00	35.00	585.49
Investec Bank Ltd	Aa1.za	34.90	35.00	4,251,286.63
Nedbank Ltd	Aa1.za	30.18	35.00	3,675,896.76
The Standard Bank of South Africa Ltd	Aa1.za	34.79	35.00	4,237,102.35
Total funds as at month end				12,180,435.84

Economic Commentary

In line with our expectations, the SARB unanimously kept the repo rate at 6.75%. We had expected a more dovish set of inflation forecasts than at the previous MPC. Indeed, the CPI projection was revised sharply lower, while real GDP growth forecasts were adjusted marginally lower. However, in our view, the more important adjustment came in the SARB's Quarterly Projection Model (QPM), which now shows just one hike of 25bps, compared to three hikes of 25bps projected in November 2018 (or four hikes including the November hike).

The MPC has become more dovish because of a few factors. First, the SARB's oil price assumption was revised down to USD62/bbl for 2019 from USD73/bbl previously. Combined with this, the rand appreciated against the USD and the EUR, while fuel costs eased sharply. Because of this, the SARB's headline CPI forecasts dropped sharply, to 4.8% in 2019 and 5.3% in 2020 (from 5.5% and 5.4% previously). The SARB now sees inflation peaking at 5.6% in 1Q20 (versus 3Q19 previously). With a view to achieving a 4.5% inflation rate, the SARB's QPM now shows one hike instead of four over the next two years. Furthermore, since the last MPC meeting, global central banks have become less hawkish, suggesting a slower pace of monetary policy normalisation, and this probably influenced the SARB's own outlook. Lastly, the BER inflation expectations survey has shown a reduction in five-year inflation expectations to 5.3% from 5.5% previously. However, the MPC has highlighted that it would still like to see inflation expectations closer to the mid-point of 4.5%.

Despite the positive developments from an inflation perspective, the SARB is still mindful that risks to the inflation outlook are assessed to be moderately to the upside. These risks emanate from the possibility of higher administered and utilities prices, upside risks to food inflation, volatile international oil prices and threats to risk sentiment and the effect on EMs.

Our headline inflation forecast is now well above that of the SARB's. We now believe that CPI risks are to the upside relative to the SARB's estimates given a volatile rand and oil price assumption. As such, we believe the risk now is that the SARB has capitulated too far in its inflation forecast. That is, it has moved from a headline inflation forecast that was too high to a forecast that is too low for 2019.

Source: Nedbank Capital

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Alliance Midmed Medical Scheme - Savings



Treasury Management Report

January 2019

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Alliance Midmed Medical Scheme - Savings

Portfolio Analysis

average funds (R)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
call deposits			360,250	180,125	1,235,824	2,301,234	3,042,776	4,053,329	4,080,168
fixed deposits	8,645,161	8,645,161	10,870,251	14,042,742	19,965,291	22,170,976	22,580,572	21,976,854	21,128,557
weighted totals	8,645,161	8,645,161	11,230,501	14,222,867	21,201,115	24,472,210	25,623,348	26,030,182	25,208,725

average interest earned (R)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
call deposits			247	123	5,592	11,873	16,309	22,391	21,116
fixed deposits	57,555	57,555	71,964	93,163	131,550	148,344	152,244	148,268	134,145
weighted totals	57,555	57,555	72,211	93,287	137,142	160,217	168,554	170,659	155,261

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	0.67	2.00	4.05	8.17	8.21	8.23	8.18	7.63

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	0.55	1.63	3.25	6.57	6.65	6.72	6.95	6.36
STeFI Composite	0.60	0.60	1.79	3.59	7.25	7.32	7.38	7.43	6.95
STeFI 3 Month	0.58	0.58	1.71	3.43	6.92	6.97	7.02	7.07	6.60

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	2,160,779

Investment Summary

fixed deposit maturities	instrument	purchase date	maturity date	cost (R)	maturity value (R)	interest received (R)	rate (%)
Investec Bank Ltd	12 MONTH FTD	11/01/2018	11/01/2019	1,000,000	1,080,500	80,500	8.050
Investec Bank Ltd	12 MONTH FTD	12/01/2018	11/01/2019	1,000,000	1,080,279	80,279	8.050

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	1,617,801	117,801	7.875
Absa Bank Ltd	12 MONTH FTD	23/02/2018	22/02/2019	500,000	536,649	36,649	7.800
FirstRand Bank Ltd	12 MONTH FTD	06/04/2018	05/04/2019	1,000,000	1,063,705	63,705	7.725
Investec Bank Ltd	12 MONTH FTD	09/02/2018	08/02/2019	1,000,000	1,078,247	78,247	8.000
Investec Bank Ltd	12 MONTH FTD	29/03/2018	29/03/2019	500,000	532,889	32,889	7.770
Nedbank Ltd	12 MONTH FTD	09/03/2018	08/03/2019	2,000,000	2,140,614	140,614	7.800
The Standard Bank of South Africa Ltd	12 MONTH FTD	16/02/2018	15/02/2019	500,000	537,637	37,637	7.850
The Standard Bank of South Africa Ltd	12 MONTH FTD	13/04/2018	12/04/2019	1,000,000	1,062,223	62,223	7.725
total				8,000,000	8,569,765	569,765	

Alliance Midmed Medical Scheme - Savings

Compliance Analysis

	moodys rating	exposure (%)	mandate requirement (%)	market value (R)
Absa Bank Ltd	Aa1.za	25.14	35.00	2,154,020.21
FirstRand Bank Ltd	Aaa.za	12.41	35.00	1,063,493.15
Investec Bank Ltd	Aa1.za	18.80	35.00	1,610,810.41
Nedbank Ltd	Aa1.za	24.98	35.00	2,140,186.30
The Standard Bank of South Africa Ltd	Aa1.za	18.67	35.00	1,599,541.09
Total funds as at month end				8,568,051.16

Alliance Midmed Medical Scheme - Savings

Economic Commentary

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