

Alliance Midmed Medical Scheme



Monthly Consulting Report

31 July 2018

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

valuations

month	valuation (R)
July 2018	50,338,441
June 2018	45,219,319
April 2018	40,128,015
July 2017	37,955,047
July 2016	33,125,958
July 2015	31,419,377
July 2013	25,903,623

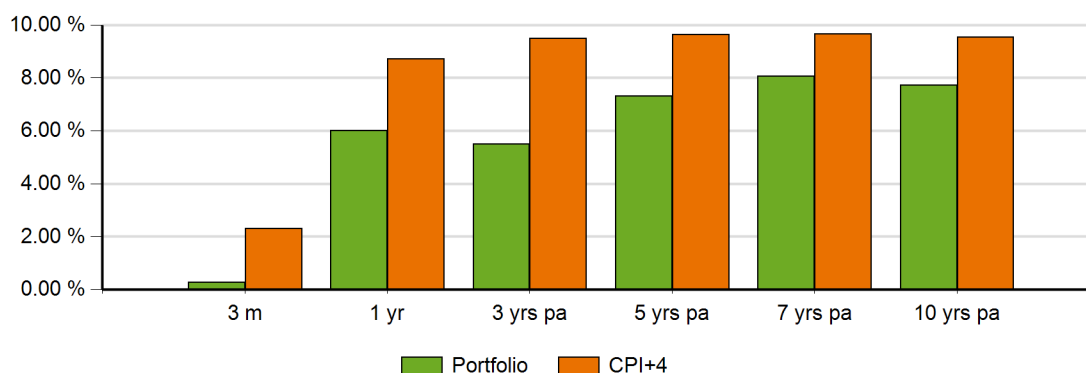
underlying investments

investment	valuation (R)
Income Fund	10,091,091
Absolute Return Fund	22,271,387
Medical Schemes Portfolio	17,975,963
total	50,338,441

transaction history

traded	fund	transaction type	value (R)
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
02-Dec-2015	Coronation - Medical Schemes Portfolio	sales	2,000,000
30-Nov-2012	Prescient Management Co. Ltd - Positive Return Fund	sales	13,843,861
30-Nov-2012	Prudential Portfolio Managers - Absolute Return Fund	purchases	10,000,000
25-Aug-2011	Coronation - Medical Schemes Portfolio	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
Portfolio	0.28%	6.02%	5.52%	7.34%	8.09%	7.76%
CPI+4	2.31%	8.73%	9.52%	9.66%	9.67%	9.56%

STANLIB - Income Fund

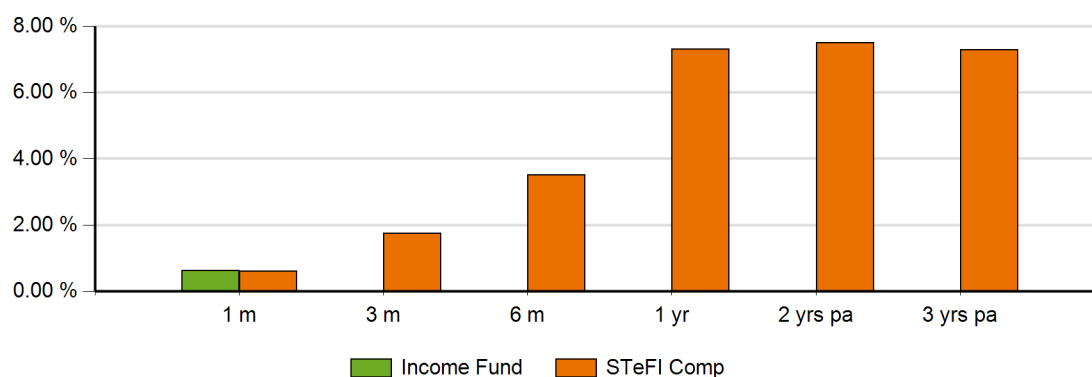
valuations

month	valuation (R)
July 2018	10,091,091
June 2018	5,042,466
April 2018	0
July 2017	0
July 2016	0
July 2015	0
July 2013	0

transaction history

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

performance analysis



	1 m	3 m	6 m	9 m	1 yr	2 yrs pa
Fund	0.64%					
STeFI Comp	0.61%	1.77%	3.53%	5.39%	7.32%	7.51%

Coronation - Medical Schemes Portfolio

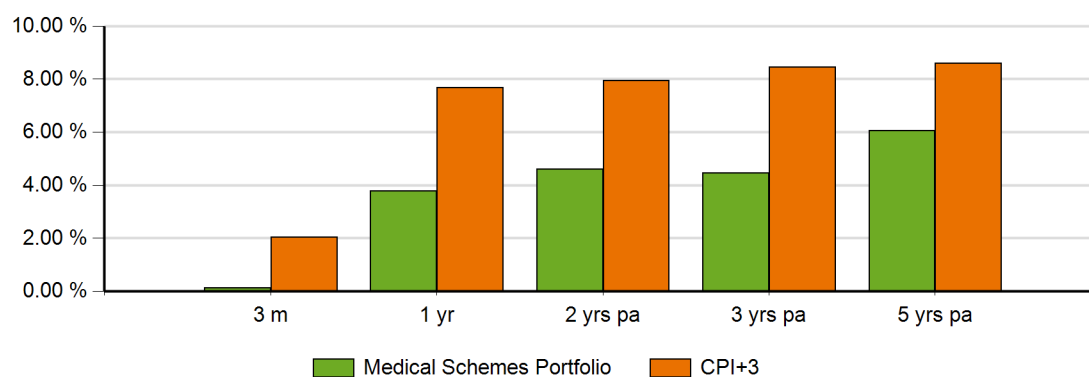
valuations

month	valuation (R)
July 2018	17,975,963
June 2018	17,936,847
April 2018	17,951,106
July 2017	17,319,727
July 2016	16,420,094
July 2015	17,805,375
July 2013	15,121,610

transaction history

traded	transaction type	value (R)
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	2 yrs pa	3 yrs pa	5 yrs pa
Fund	0.14%	3.79%	4.63%	4.48%	6.07%
CPI+3	2.07%	7.69%	7.97%	8.47%	8.61%

Prudential Portfolio Managers - Absolute Return Fund

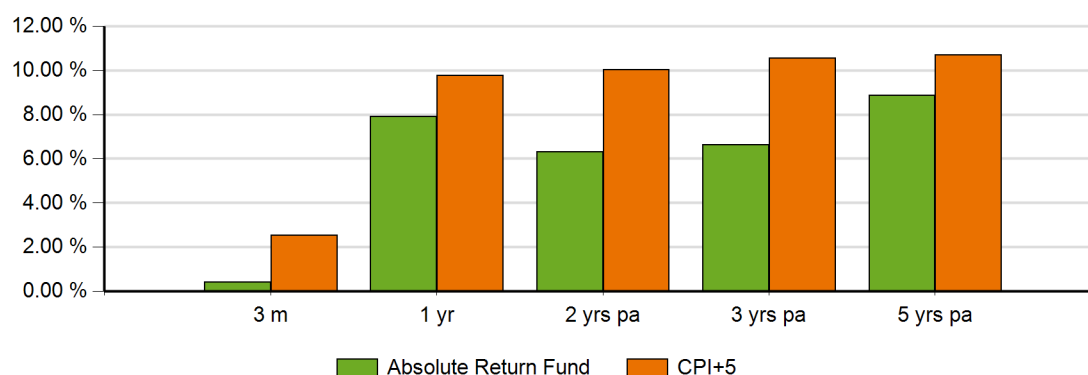
valuations

month	valuation (R)
July 2018	22,271,387
June 2018	22,240,006
April 2018	22,176,909
July 2017	20,635,320
July 2016	16,705,865
July 2015	13,614,002
July 2013	10,782,014

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	0.43%	7.93%	6.34%	6.64%	8.90%
CPI+5	2.56%	9.78%	10.06%	10.56%	10.71%

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Alliance Midmed Medical Scheme - Savings



Treasury Management Report

July 2018

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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		2,716,425	360,426	2,291,524	3,361,788	3,996,992	4,596,475	4,800,306	4,423,649
fixed deposits	21,870,968	25,989,116	23,934,409	25,887,839	26,235,093	25,426,516	24,333,350	23,003,511	21,650,089
weighted totals	21,870,968	28,705,541	24,294,834	28,179,363	29,596,882	29,423,508	28,929,825	27,803,817	26,073,738

average interest earned (R)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
call deposits		13,674	190	11,060	17,747	21,705	25,447	26,260	22,551
fixed deposits	146,225	171,842	158,776	169,937	175,934	171,938	165,708	153,207	133,658
weighted totals	146,225	185,516	158,966	180,997	193,682	193,643	191,154	179,467	156,209

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	4.65	2.00	3.96	8.18	8.21	8.24	8.02	7.36

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	3.83	1.60	3.22	6.67	6.76	7.12	6.82	6.18
STeFI Composite	0.61	4.20	1.77	3.53	7.32	7.40	7.51	7.31	6.74
STeFI 3 Month	0.58	4.01	1.68	3.38	6.97	7.04	7.13	6.94	6.41

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	3	2,695,410

Investment Summary

fixed deposit maturities	instrument	purchase date	maturity date	cost (R)	maturity value (R)	interest received (R)	rate (%)
FirstRand Bank Ltd	12 MONTH FTD	21/07/2017	20/07/2018	1,000,000	1,078,285	78,285	7.850
FirstRand Bank Ltd	12 MONTH FTD	31/07/2017	31/07/2018	1,000,000	1,076,750	76,750	7.675
Nedbank Ltd	12 MONTH FTD	19/07/2017	19/07/2018	500,000	540,375	40,375	8.075

fixed deposit balances	instrument	purchase date	maturity date	cost (R)	current value (R)	accrued interest (R)	rate (%)
Absa Bank Ltd	12 MONTH FTD	11/08/2017	10/08/2018	1,000,000	1,074,890	74,890	7.700
Absa Bank Ltd	11 MONTH FTD	25/10/2017	25/09/2018	500,000	529,726	29,726	7.750
Absa Bank Ltd	8 MONTH FTD	29/01/2018	28/09/2018	500,000	519,030	19,030	7.550
Absa Bank Ltd	12 MONTH FTD	02/02/2018	01/02/2019	1,500,000	1,558,253	58,253	7.875
Absa Bank Ltd	12 MONTH FTD	23/02/2018	22/02/2019	500,000	516,989	16,989	7.800
FirstRand Bank Ltd	12 MONTH FTD	06/10/2017	05/10/2018	1,000,000	1,063,486	63,486	7.750
FirstRand Bank Ltd	12 MONTH FTD	01/11/2017	01/11/2018	1,000,000	1,060,397	60,397	8.075
FirstRand Bank Ltd	12 MONTH FTD	06/04/2018	05/04/2019	1,000,000	1,024,762	24,762	7.725
Investec Bank Ltd	12 MONTH FTD	28/08/2017	28/08/2018	1,000,000	1,071,304	71,304	7.700
Investec Bank Ltd	9 MONTH FTD	29/01/2018	29/10/2018	500,000	519,282	19,282	7.650
Investec Bank Ltd	12 MONTH FTD	29/11/2017	29/11/2018	1,000,000	1,056,048	56,048	8.350
Investec Bank Ltd	12 MONTH FTD	11/01/2018	11/01/2019	1,000,000	1,044,551	44,551	8.050

Alliance Midmed Medical Scheme - Savings

fixed deposit balances	instrument	purchase date	maturity date	cost (R)	current value (R)	accrued interest (R)	rate (%)
Investec Bank Ltd	12 MONTH FTD	12/01/2018	11/01/2019	1,000,000	1,044,330	44,330	8.050
Investec Bank Ltd	12 MONTH FTD	09/02/2018	08/02/2019	1,000,000	1,037,918	37,918	8.000
Investec Bank Ltd	12 MONTH FTD	29/03/2018	29/03/2019	500,000	513,305	13,305	7.770
Nedbank Ltd	12 MONTH FTD	25/10/2017	25/10/2018	500,000	530,014	30,014	7.825
Nedbank Ltd	12 MONTH FTD	13/12/2017	13/12/2018	1,000,000	1,052,212	52,212	8.250
Nedbank Ltd	12 MONTH FTD	09/03/2018	08/03/2019	2,000,000	2,061,973	61,973	7.800
The Standard Bank of South Africa Ltd	12 MONTH FTD	22/09/2017	21/09/2018	1,000,000	1,066,030	66,030	7.700
The Standard Bank of South Africa Ltd	12 MONTH FTD	21/12/2017	21/12/2018	1,000,000	1,048,877	48,877	8.000
The Standard Bank of South Africa Ltd	12 MONTH FTD	16/02/2018	15/02/2019	500,000	517,851	17,851	7.850
The Standard Bank of South Africa Ltd	12 MONTH FTD	13/04/2018	12/04/2019	1,000,000	1,023,281	23,281	7.725
total				20,000,000	20,934,509	934,509	

Alliance Midmed Medical Scheme - Savings

Compliance Analysis

	moodys rating	exposure (%)	mandate requirement (%)	market value (R)
Absa Bank Ltd	Aa1.za	20.06	35.00	4,198,038.00
FirstRand Bank Ltd	Aaa.za	15.04	35.00	3,147,999.99
Investec Bank Ltd	Aa1.za	30.03	35.00	6,285,426.45
Nedbank Ltd	Aa1.za	17.41	35.00	3,643,438.02
The Standard Bank of South Africa Ltd	Aa1.za	17.46	35.00	3,655,289.04
Total funds as at month end				20,930,191.50

Economic Commentary

At the July MPC, we expected a hawkish statement and the MPC delivered exactly that. The SARB kept interest rates unchanged at 6.5%, but raised its inflation forecasts sharply, and lowered its growth estimate, with less of a concern over growth.

The SARB now sees inflation at 5.6% in 2019 (up from 5.2% in May) and 5.4% in 2020 (up from 5.2%). The SARB's Quarterly Projection Model (QPM) now forecasts 5 hikes between now and 2020 (up from 4 previously). At the same time the MPC assess the risks to inflation to remain on the upside. The hawkish tone, and higher inflation estimate, comes despite a weaker GDP growth forecast for 2018 (now seen at 1.2%, down from 1.7%). But the focus in our view has clearly shifted to 2019 where GDP growth is expected at 1.9% (up from 1.7% previously). The output gap is still expected to close in 2020.

The deteriorating inflation outlook is "driven mainly by supply-side factors" while demand pressures "are not assessed to pose a risk to the inflation outlook". The upside risks to the inflation outlook that the SARB has previously warned about, have begun to materialise, resulting in increased hawkishness by the MPC. These risks are not new; a possibly weaker rand (although we agree with the SARB's assessment that the rand is somewhat undervalued at current levels.), higher oil prices, electricity prices and elevated wage settlements (around the 7% level). While the latter risk could increase demand-side pressures to inflation, the former three risks are all supply-side factors. These supply side risks must deliver on second round inflationary effects before the SARB will act to curb their inflationary pressures. In this regard, during Q&A, MPC member Rashaad Cassim did indicate that these second round effects are explicitly modelled and accounted for in the forecast already.

The BER surveyed 1-year ahead inflation expectations, as well as the long-term (5-year) inflation expectations for Q2:18, rose marginally to 5.4%, up from 5.3% in Q1:18. This too, should be of concern to an MPC that would prefer to have expectations anchored closer to the mid-point of the target band.

Source: Nedbank Capital

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Alliance Midmed Medical Scheme



Treasury Management Report

July 2018

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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	8,325,649	7,354,184	8,466,471	7,404,745	6,922,801	7,491,472	7,546,141	7,502,571	7,107,362
fixed deposits	2,290,323	2,404,456	2,501,832	2,577,926	2,495,230	2,627,745	2,789,099	3,482,859	4,871,403
weighted totals	10,615,972	9,758,639	10,968,303	9,982,671	9,418,031	10,119,216	10,335,241	10,985,429	11,978,765

average interest earned (R)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
call deposits	46,371	40,296	46,315	40,390	38,359	42,196	42,933	41,879	36,521
fixed deposits	12,657	12,552	12,849	13,700	13,264	14,454	15,792	19,467	24,409
weighted totals	59,028	52,848	59,164	54,090	51,624	56,650	58,725	61,346	60,930

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	0.56	3.91	1.66	3.33	6.89	6.99	7.08	6.94	6.38

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	3.83	1.60	3.22	6.67	6.76	7.12	6.82	6.18
STeFI Composite	0.61	4.20	1.77	3.53	7.32	7.40	7.51	7.31	6.74
STeFI 3 Month	0.58	4.01	1.68	3.38	6.97	7.04	7.13	6.94	6.41

please note: the 18 - 60 months returns are annualized

Alliance Midmed Medical Scheme

Cash flow Summary

contribution and withdrawals	number	total rand value
contribution	8	10,568,285
withdrawal	10	14,651,788

Investment Summary

call balances	call cost (R)	call accrued int (R)	call total balance (R)	rate (%)
ABSA Bank Ltd	83,401	443	83,844	6.250
FirstRand Bank Ltd		567	567	6.250
Investec Bank Ltd	2,882,172	14,469	2,896,641	6.400
Nedbank Ltd	1,331,527	15,401	1,346,928	7.050
Nedbank Ltd	1,949,311	4,202	1,953,513	6.250
The Standard Bank of South Africa Ltd	2,881,469	11,289	2,892,758	6.300
total	9,127,880	46,371	9,174,251	

Alliance Midmed Medical Scheme

fixed deposit maturities	instrument	purchase date	maturity date	cost (R)	maturity value (R)	interest received (R)	rate (%)
Investec Bank Ltd	14 DAY FTD	20/06/2018	04/07/2018	1,000,000	1,002,512	2,512	6.550
Investec Bank Ltd	14 DAY FTD	04/07/2018	18/07/2018	1,000,000	1,002,512	2,512	6.550
The Standard Bank of South Africa Ltd	14 DAY FTD	04/07/2018	18/07/2018	1,000,000	1,002,484	2,484	6.475
The Standard Bank of South Africa Ltd	14 DAY FTD	12/07/2018	26/07/2018	1,000,000	1,002,484	2,484	6.475

fixed deposit purchases	instrument	purchase date	maturity date	cost (R)	current value (R)	accrued interest (R)	rate (%)
Investec Bank Ltd	14 DAY FTD	04/07/2018	18/07/2018	1,000,000	1,002,512	2,512	6.55
Investec Bank Ltd	14 DAY FTD	19/07/2018	02/08/2018	1,000,000	1,002,333	2,333	6.55
The Standard Bank of South Africa Ltd	14 DAY FTD	04/07/2018	18/07/2018	1,000,000	1,002,484	2,484	6.48
The Standard Bank of South Africa Ltd	14 DAY FTD	12/07/2018	26/07/2018	1,000,000	1,002,484	2,484	6.48
The Standard Bank of South Africa Ltd	14 DAY FTD	19/07/2018	02/08/2018	1,000,000	1,002,306	2,306	6.48

fixed deposit balances	instrument	purchase date	maturity date	cost (R)	current value (R)	accrued interest (R)	rate (%)
Investec Bank Ltd	14 DAY FTD	19/07/2018	02/08/2018	1,000,000	1,002,333	2,333	6.550
The Standard Bank of South Africa Ltd	14 DAY FTD	19/07/2018	02/08/2018	1,000,000	1,002,306	2,306	6.475
total				2,000,000	2,004,639	4,639	

Alliance Midmed Medical Scheme

Compliance Analysis

	moodys rating	exposure (%)	mandate requirement (%)	market value (R)
Absa Bank Ltd	Aa1.za	0.75	35.00	83,843.81
FirstRand Bank Ltd	Aaa.za	0.01	35.00	567.11
Investec Bank Ltd	Aa1.za	34.88	35.00	3,898,794.15
Nedbank Ltd	Aa1.za	29.52	35.00	3,300,440.80
The Standard Bank of South Africa Ltd	Aa1.za	34.84	35.00	3,894,886.88
Total funds as at month end				11,178,532.75

Economic Commentary

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