

Alliance Midmed Medical Scheme



Monthly Consulting Report

31 March 2019

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

valuations

month	valuation (R)
March 2019	67,456,437
February 2019	66,698,295
December 2018	60,307,691
March 2018	39,354,467
March 2017	37,141,555
March 2016	32,193,111
March 2014	28,089,717

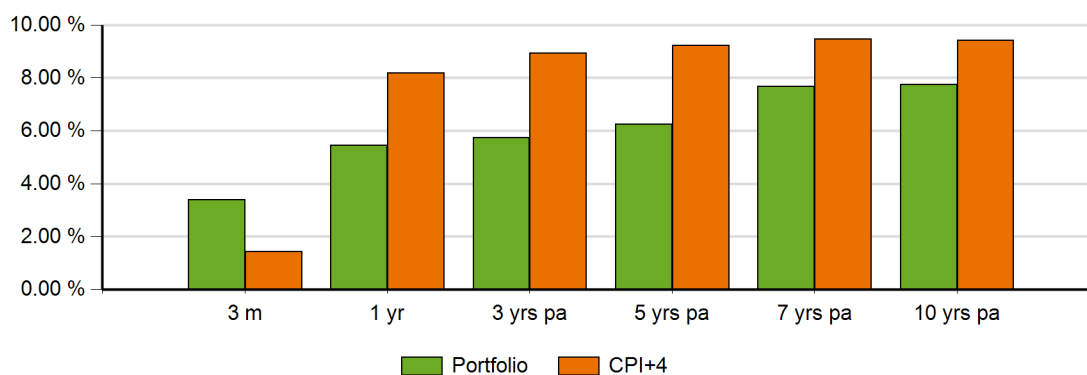
underlying investments

investment	valuation (R)
Income Fund	21,046,032
Absolute Return Fund	22,851,636
Domestic Stable Medical Portfolio	23,558,769
total	67,456,437

transaction history

traded	fund	transaction type	value (R)
14-Feb-2019	Allan Gray Life Limited - Domestic Stable Medical Portfolio	purchases	5,000,000
21-Dec-2018	STANLIB - Income Fund	purchases	5,000,000
21-Dec-2018	Coronation - Medical Schemes Portfolio	sales	17,639,986
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

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	3.42%	5.46%	5.75%	6.27%	7.69%	7.78%
CPI+4	1.44%	8.21%	8.96%	9.25%	9.49%	9.44%

STANLIB - Income Fund

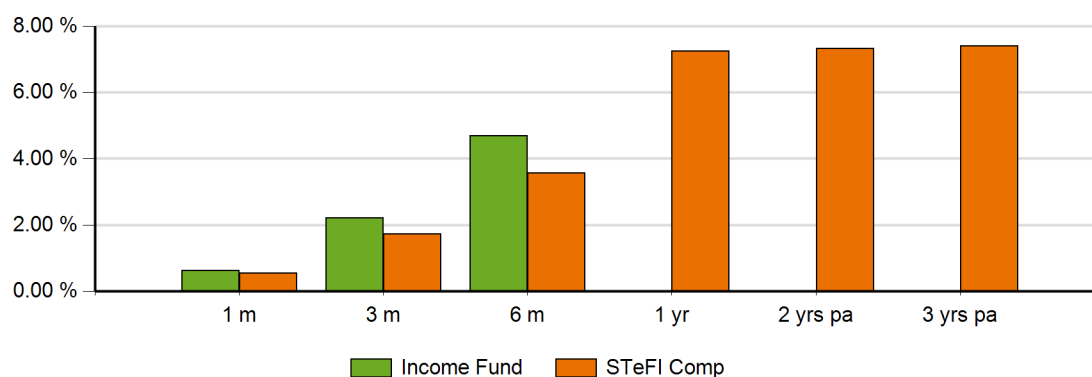
valuations

month	valuation (R)
March 2019	21,046,032
February 2019	20,913,724
December 2018	20,589,768
March 2018	0
March 2017	0
March 2016	0
March 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	0.63%	2.22%	4.69%			
STeFI Comp	0.57%	1.73%	3.59%	7.26%	7.34%	7.42%

Allan Gray Life Limited - Domestic Stable Medical Portfolio

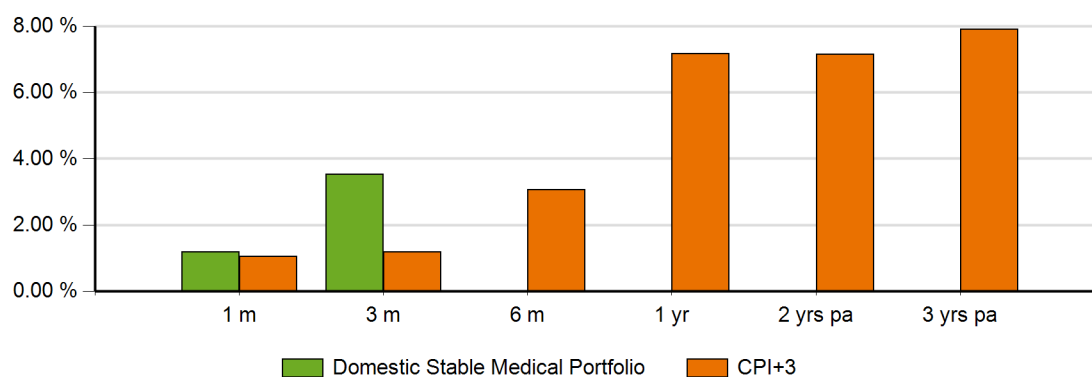
valuations

month	valuation (R)
March 2019	23,558,769
February 2019	23,278,171
December 2018	17,825,172
March 2018	0
March 2017	0
March 2016	0
March 2014	0

transaction history

traded	transaction type	value (R)
14-Feb-2019	purchases	5,000,000
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	1.21%	3.55%				
CPI+3	1.07%	1.20%	3.08%	7.18%	7.16%	7.91%

Prudential Portfolio Managers - Absolute Return Fund

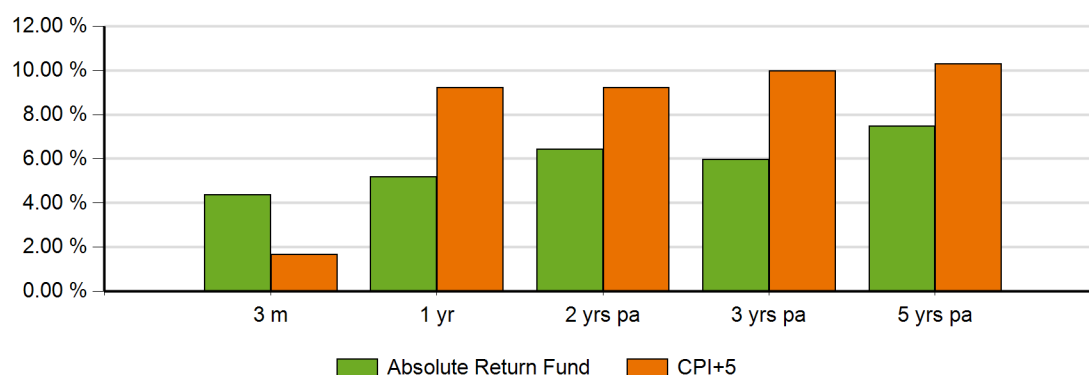
valuations

month	valuation (R)
March 2019	22,851,636
February 2019	22,506,400
December 2018	21,892,751
March 2018	21,721,637
March 2017	20,164,519
March 2016	16,282,972
March 2014	11,811,956

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	4.38%	5.20%	6.45%	5.98%	7.48%
CPI+5	1.69%	9.25%	9.23%	10.00%	10.30%

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Alliance Midmed Medical Scheme



Treasury Management Report

March 2019

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Alliance Midmed Medical Scheme

Portfolio Analysis

average funds (R)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
call deposits	10,297,604	9,740,263	9,740,263	8,649,429	8,249,391	7,564,354	7,725,470	7,859,283	7,316,761
fixed deposits					1,039,347	1,413,188	1,827,207	2,496,713	3,773,112
weighted totals	10,297,604	9,740,263	9,740,263	8,649,429	9,288,738	8,977,542	9,552,678	10,355,996	11,089,873

average interest earned (R)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
call deposits	58,603	53,992	53,992	48,053	45,402	41,752	43,174	44,435	39,017
fixed deposits					4,995	7,083	9,774	14,142	19,685
weighted totals	58,603	53,992	53,992	48,053	50,397	48,836	52,948	58,577	58,702

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	0.57	1.68	1.68	3.38	6.82	6.86	6.94	7.04	6.61

industry returns (%)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
cash benchmark: STeFI Call Index	0.52	1.58	1.58	3.25	6.57	6.61	6.68	6.93	6.41
STeFI Composite	0.57	1.73	1.73	3.59	7.26	7.26	7.34	7.42	7.00
STeFI 3 Month	0.54	1.65	1.65	3.42	6.93	6.93	6.99	7.06	6.65

please note: the 18 - 60 months returns are annualized

Alliance Midmed Medical Scheme

Cash flow Summary

contribution and withdrawals	number	total rand value
contribution	5	11,710,000
withdrawal	7	8,460,000

Investment Summary

call balances	call cost (R)	call accrued int (R)	call total balance (R)	rate (%)
ABSA Bank Ltd	15,642	86	15,729	6.500
FirstRand Bank Ltd	588	3	592	6.500
Investec Bank Ltd	4,618,682	20,278	4,638,959	6.650
Nedbank Ltd	1,685,144	10,448	1,695,592	7.300
Nedbank Ltd	2,317,194	7,900	2,325,094	6.500
The Standard Bank of South Africa Ltd	4,593,902	19,887	4,613,790	6.550
total	13,231,153	58,603	13,289,755	

Alliance Midmed Medical Scheme

Compliance Analysis

	moodys rating	exposure (%)	mandate requirement (%)	market value (R)
Absa Bank Ltd	Aa1.za	0.12	35.00	15,728.57
FirstRand Bank Ltd	Aaa.za	0.00	35.00	591.66
Investec Bank Ltd	Aa1.za	34.91	35.00	4,638,959.37
Nedbank Ltd	Aa1.za	30.25	35.00	4,020,686.08
The Standard Bank of South Africa Ltd	Aa1.za	34.72	35.00	4,613,789.51
Total funds as at month end				13,289,755.19

Economic Commentary

In line with our expectations, the MPC unanimously kept the repo rate unchanged at 6.75%. The SARB's risks to the inflation outlook are now seen as balanced, relative to upside risks highlighted previously. This change comes after five consecutive meetings highlighting upside risks. Notably, the last two occasions that the SARB assessed risks to the inflation outlook as 'balanced', it had cut interest rates by 25bps each time. We, therefore, note the March MPC statement as dovish.

Apart from the risks to the inflation outlook moving to balanced, the other major adjustment in the MPC statement came in the form of lower growth assumptions. We did, however, expect this adjustment. The SARB slashed its growth forecasts to 1.3%, 1.8% and 2% for 2019-21, lower by a cumulative 80bps. Due to the downward revision to growth, its negative output gap widened substantially, to -1.1%, -0.7% and -0.2% over the next three years. At the previous MPC meeting, the output gap was projected to close by 2021.

The SARB's headline CPI forecasts remained unchanged at 4.8% in 2019 and 5.3% in 2020. Its 2021 estimate was revised 10bps lower to 4.7%. BER surveyed inflation expectations for 1Q19 recorded a drop in the 5y forecast to 5.1% from 5.3% in 4Q18, while the current-year expectation fell to 4.8% from 5.4% previously. Despite a weaker rand projection, a slightly higher Brent crude price and a sharply higher electricity inflation assumption, the SARB's inflation trajectory remained contained because of the substantially weaker growth outlook and lower unit labour costs. Demand-pull inflation remains weak in the absence of meaningful growth, as reflected by reduced core CPI estimates. Other factors lending credence to the balanced inflation risks and stable inflation projection are lower global inflation expected and an extended period of monetary accommodation in the developed world.

From last week's MPC statement, we believe the SARB is likely to be on hold for some time, especially given the MPC's approach "to focus on the possible second-round effects of supply-side shocks". In fact, was it not for monetary policy action that "will continue to focus on anchoring inflation expectations closer to the mid-point of the inflation target", we would have argued that the chance for a rate cut is quite large. That said, although we believe the SARB will keep its policy stance unchanged for more than 12 months, we argue that should the SARB eventually move, the bias has shifted to this move being a cut rather than a hike.

Source: Nedbank Capital

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Alliance Midmed Medical Scheme - Savings



Treasury Management Report

March 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				180,125	537,200	1,834,833	2,581,564	3,755,514	3,965,895
fixed deposits	2,903,226	5,641,129	5,641,129	9,309,453	16,021,214	19,736,463	20,994,162	21,071,778	20,601,291
weighted totals	2,903,226	5,641,129	5,641,129	9,489,578	16,558,414	21,571,296	23,575,726	24,827,292	24,567,186

average interest earned (R)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
call deposits				123	1,900	9,310	13,766	20,763	20,629
fixed deposits	19,094	36,244	36,244	61,332	105,751	131,387	141,325	142,576	131,770
weighted totals	19,094	36,244	36,244	61,456	107,651	140,697	155,091	163,339	152,399

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	0.66	1.93	1.93	3.98	8.15	8.15	8.20	8.19	7.70

industry returns (%)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
cash benchmark: STeFI Call Index	0.52	1.58	1.58	3.25	6.57	6.61	6.68	6.93	6.41
STeFI Composite	0.57	1.73	1.73	3.59	7.26	7.26	7.34	7.42	7.00
STeFI 3 Month	0.54	1.65	1.65	3.42	6.93	6.93	6.99	7.06	6.65

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	2,694,423

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	29/03/2018	29/03/2019	500,000	538,850	38,850	7.770
Nedbank Ltd	12 MONTH FTD	09/03/2018	08/03/2019	2,000,000	2,155,573	155,573	7.800

fixed deposit balances	instrument	purchase date	maturity date	cost (R)	current value (R)	accrued interest (R)	rate (%)
FirstRand Bank Ltd	12 MONTH FTD	06/04/2018	05/04/2019	1,000,000	1,076,192	76,192	7.725
The Standard Bank of South Africa Ltd	12 MONTH FTD	13/04/2018	12/04/2019	1,000,000	1,074,710	74,710	7.725
total				2,000,000	2,150,902	150,902	

Alliance Midmed Medical Scheme - Savings

Compliance Analysis

	moodys rating	exposure (%)	mandate requirement (%)	market value (R)
FirstRand Bank Ltd	Aaa.za	50.03	35.00	1,075,980.14
The Standard Bank of South Africa Ltd	Aa1.za	49.97	35.00	1,074,498.63
Total funds as at month end				2,150,478.77

Economic Commentary

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