

Alliance Midmed Medical Scheme



Treasury Management Report

November 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	7,228,975	7,365,831	7,436,440	7,915,380	7,239,757	7,181,236	7,609,768	7,705,989	7,221,026
fixed deposits		1,711,926		975,054	1,714,003	2,093,505	2,237,610	3,003,124	4,320,251
weighted totals	7,228,975	9,077,757	7,436,440	8,890,434	8,953,760	9,274,741	9,847,378	10,709,113	11,541,278

average interest earned (R)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
call deposits	38,755	40,232	40,144	42,997	39,601	39,866	42,871	43,325	37,691
fixed deposits		8,474		4,163	8,292	11,016	12,158	16,889	22,037
weighted totals	38,755	48,707	40,144	47,160	47,894	50,882	55,030	60,214	59,727

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	0.54	6.20	1.64	3.32	6.80	6.90	6.98	7.00	6.49

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	6.03	1.58	3.20	6.58	6.67	6.74	6.90	6.30
STeFI Composite	0.58	6.65	1.76	3.55	7.25	7.33	7.41	7.38	6.88
STeFI 3 Month	0.55	6.36	1.68	3.38	6.92	6.99	7.05	7.02	6.54

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	11,340,000
withdrawal	8	8,540,000

Investment Summary

call balances	call cost (R)	call accrued int (R)	call total balance (R)	rate (%)
ABSA Bank Ltd	15,172	223	15,394	6.500
FirstRand Bank Ltd	576	3	579	6.500
Investec Bank Ltd	3,977,520	13,145	3,990,664	6.650
Nedbank Ltd	1,313,438	4,449	1,317,886	6.500
Nedbank Ltd	2,537,987	8,154	2,546,141	7.300
The Standard Bank of South Africa Ltd	3,551,282	12,783	3,564,065	6.550
total	11,395,975	38,755	11,434,730	

Alliance Midmed Medical Scheme

Compliance Analysis

	moodys rating	exposure (%)	mandate requirement (%)	market value (R)
Absa Bank Ltd	Aa1.za	0.13	35.00	15,394.18
FirstRand Bank Ltd	Aaa.za	0.01	35.00	579.08
Investec Bank Ltd	Aa1.za	34.90	35.00	3,990,664.39
Nedbank Ltd	Aa1.za	33.79	35.00	3,864,027.30
The Standard Bank of South Africa Ltd	Aa1.za	31.17	35.00	3,564,064.96
Total funds as at month end				11,434,729.91

Economic Commentary

In line with our expectations, the SARB raised the repo rate by 25bps to 6.75%. We had expected a dovish hike, and indeed the statement produced enough evidence to warrant this dovishness, as well as the hike. Just as market consensus was split down the middle, so too was the MPC, with three members voting for a hike, while three members voted for a hold. Ultimately, the unofficial Quarterly Projection Model (QPM) model, dubbed the 'seventh MPC member', suggested the eventual hike. However, the decision was based on risks to the inflation outlook in the long-run, rather than actually projecting a 6% CPI breach, as the SARB's inflation forecast was reduced by up to 40bps, explained by the wider negative output gap. This despite most other inputs rising (weaker USDZAR forecast, higher oil and electricity prices).

In our view, it is clear that the MPC has become more risk averse, stressing that upside risks from a shock emanating from tighter global financial conditions, financial market volatility and a change in investor sentiment towards EMs may change the rand's fortunes. We therefore believe that the SARB may hike by a further 25bps in the current cycle, as a measure to guard against exogenous risks that are keeping inflation expectations elevated.

The SARB is also cognisant of the importance of achieving a real interest rate that is close to its neutral level in order to maintain the value of the rand. The neutral real interest rate is the level at which inflation is stable close to the SARB target, while the economy is growing at its potential. The SARB's neutral real interest rate is currently at 1.9%, implying that monetary policy is still quite accommodative with an inflation rate at 5.1%.

We believe that the SARB may follow its QPM path more closely in coming months, but that the QPM is likely to project fewer hikes (than the current 3 hikes of 25bps each) as inflation continues to surprise to the downside.

Moody's has failed to provide a credit rating review/update before the MTBPS, with Treasury officials indicating that the Moody's update will take place after the MTBPS. This has not happened. However, Moody's will need to stick to its release calendar as per the EU regulation, with any deviations only allowed in the case of material or sudden changes in the Sovereign's fundamentals. At this stage, it is uncertain whether Moody's will provide an update before year-end, or wait for its scheduled date on 26 April 2019.

S&P kept the Sovereign's credit rating and outlook unchanged, but warned of increasing risks from a low growth outlook, high contingent liabilities, fragile SOE's, and a deterioration in SA's fiscal prospects and the debt burden. S&P and Fitch both rate SA in junk status. Moody's is the only rating agency maintaining a rating above investment grade. S&P has indicated that if economic growth rises, then this may be a key reason to upgrade SA's credit rating. Given the efforts to attract investment, root out corruption, and create jobs, this may result in improved economic activity if it does materialise.

A concern to us and to ratings agencies, is the land reform policy and whether the Constitution will be amended to allow for expropriation without compensation. Ratings agencies will be looking at how, if any, these changes are calibrated to still protect property rights, while allowing for expropriation without compensation (EWC) where necessary. Moody's is of the opinion that this will be a longer term development and will gain pace after the national elections in 2019. Any indications that SA's rule of law is compromised will result in a ratings downgrade.

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Alliance Midmed Medical Scheme - Savings



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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	1,080,750	1,826,884	360,250	360,338	2,063,716	2,856,195	3,559,699	4,324,650	4,225,708
fixed deposits	12,933,333	22,409,349	15,139,247	18,308,333	22,787,871	23,808,999	23,586,621	22,562,427	21,426,406
weighted totals	14,014,083	24,236,234	15,499,497	18,668,671	24,851,587	26,665,194	27,146,319	26,887,077	25,652,114

average interest earned (R)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
call deposits	740	8,769	247	218	10,204	15,015	19,303	23,801	21,703
fixed deposits	84,424	148,219	99,719	120,890	151,366	159,972	159,766	151,648	134,904
weighted totals	85,164	156,987	99,966	121,108	161,570	174,986	179,069	175,449	156,606

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	0.65	7.45	1.99	4.03	8.17	8.21	8.24	8.13	7.54

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	6.03	1.58	3.20	6.58	6.67	6.74	6.90	6.30
STeFI Composite	0.58	6.65	1.76	3.55	7.25	7.33	7.41	7.38	6.88
STeFI 3 Month	0.55	6.36	1.68	3.38	6.92	6.99	7.05	7.02	6.54

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	2,164,990

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	01/11/2017	01/11/2018	1,000,000	1,080,750	80,750	8.075
Investec Bank Ltd	12 MONTH FTD	29/11/2017	29/11/2018	1,000,000	1,083,500	83,500	8.350

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	1,597,736	97,736	7.875
Absa Bank Ltd	12 MONTH FTD	23/02/2018	22/02/2019	500,000	530,025	30,025	7.800
FirstRand Bank Ltd	12 MONTH FTD	06/04/2018	05/04/2019	1,000,000	1,050,583	50,583	7.725
Investec Bank Ltd	12 MONTH FTD	11/01/2018	11/01/2019	1,000,000	1,071,458	71,458	8.050
Investec Bank Ltd	12 MONTH FTD	12/01/2018	11/01/2019	1,000,000	1,071,237	71,237	8.050
Investec Bank Ltd	12 MONTH FTD	09/02/2018	08/02/2019	1,000,000	1,064,658	64,658	8.000
Investec Bank Ltd	12 MONTH FTD	29/03/2018	29/03/2019	500,000	526,290	26,290	7.770
Nedbank Ltd	12 MONTH FTD	13/12/2017	13/12/2018	1,000,000	1,079,788	79,788	8.250
Nedbank Ltd	12 MONTH FTD	09/03/2018	08/03/2019	2,000,000	2,114,115	114,115	7.800
The Standard Bank of South Africa Ltd	12 MONTH FTD	21/12/2017	21/12/2018	1,000,000	1,075,616	75,616	8.000
The Standard Bank of South Africa Ltd	12 MONTH FTD	16/02/2018	15/02/2019	500,000	530,970	30,970	7.850
The Standard Bank of South Africa Ltd	12 MONTH FTD	13/04/2018	12/04/2019	1,000,000	1,049,101	49,101	7.725
total				12,000,000	12,761,577	761,577	

Alliance Midmed Medical Scheme - Savings

Alliance Midmed Medical Scheme - Savings

Compliance Analysis

	moodys rating	exposure (%)	mandate requirement (%)	market value (R)
Absa Bank Ltd	Aa1.za	16.67	35.00	2,127,330.48
FirstRand Bank Ltd	Aaa.za	8.23	35.00	1,050,371.23
Investec Bank Ltd	Aa1.za	29.26	35.00	3,732,875.63
Nedbank Ltd	Aa1.za	25.03	35.00	3,193,249.31
The Standard Bank of South Africa Ltd	Aa1.za	20.81	35.00	2,655,149.32
Total funds as at month end				12,758,975.97

Economic Commentary

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Alliance Midmed Medical Scheme



Monthly Consulting Report

30 November 2018

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portfolio summary

valuations

month	valuation (R)
November 2018	54,479,582
October 2018	54,942,703
August 2018	51,099,007
November 2017	39,764,553
November 2016	35,945,878
November 2015	31,460,498
November 2013	27,130,649

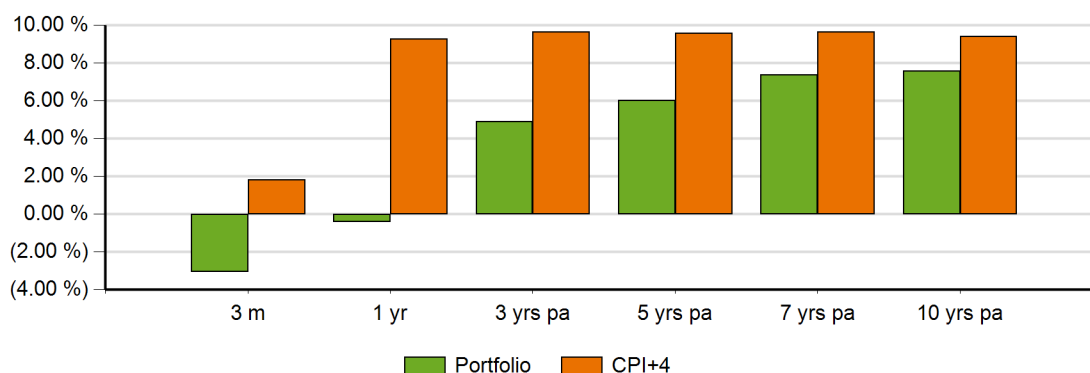
underlying investments

investment	valuation (R)
Income Fund	15,460,542
Absolute Return Fund	21,398,392
Medical Schemes Portfolio	17,620,648
total	54,479,582

transaction history

traded	fund	transaction type	value (R)
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
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

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	-3.04%	-0.40%	4.91%	6.01%	7.39%	7.58%
CPI+4	1.82%	9.28%	9.65%	9.57%	9.64%	9.42%

STANLIB - Income Fund

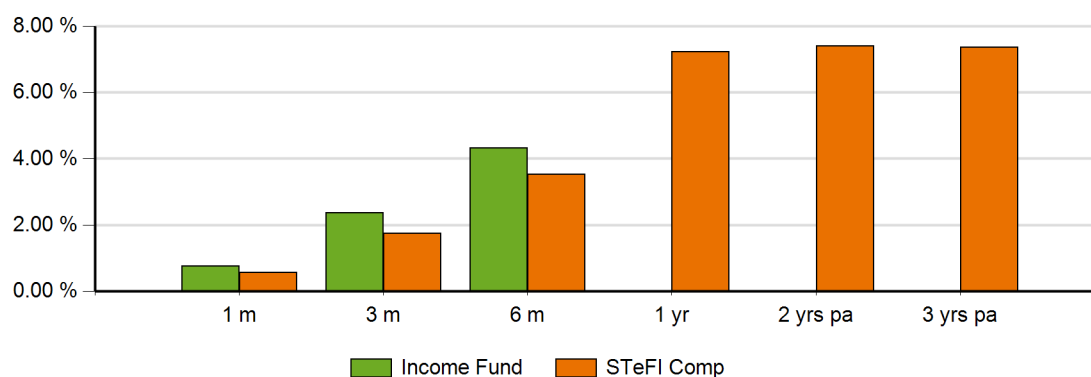
valuations

month	valuation (R)
November 2018	15,460,542
October 2018	15,342,984
August 2018	10,157,505
November 2017	0
November 2016	0
November 2015	0
November 2013	0

transaction history

traded	transaction type	value (R)
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	0.77%	2.38%	4.34%			
STeFI Comp	0.58%	1.76%	3.55%	7.25%	7.41%	7.38%

Coronation - Medical Schemes Portfolio

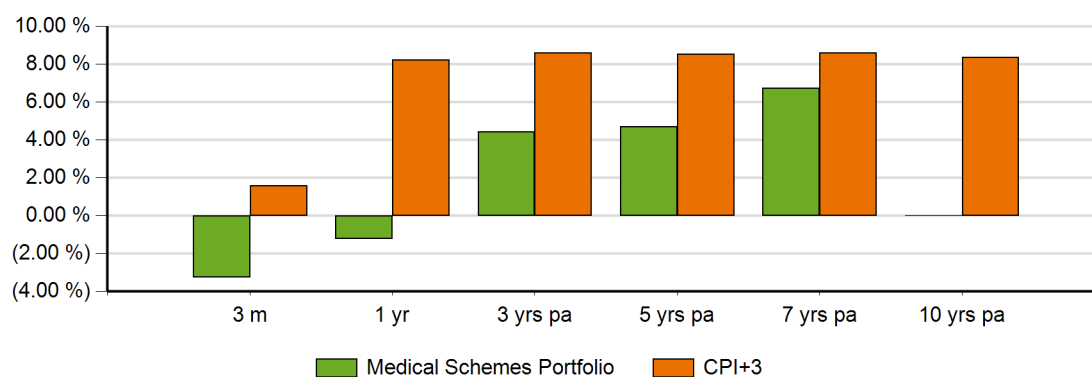
valuations

month	valuation (R)
November 2018	17,620,648
October 2018	17,801,081
August 2018	18,215,152
November 2017	17,841,598
November 2016	16,430,438
November 2015	17,482,115
November 2013	15,811,474

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	3 yrs pa	5 yrs pa	7 yrs pa	10 yrs pa
Fund	-3.26%	-1.24%	4.42%	4.71%	6.74%	
CPI+3	1.58%	8.23%	8.60%	8.52%	8.59%	8.37%

Prudential Portfolio Managers - Absolute Return Fund

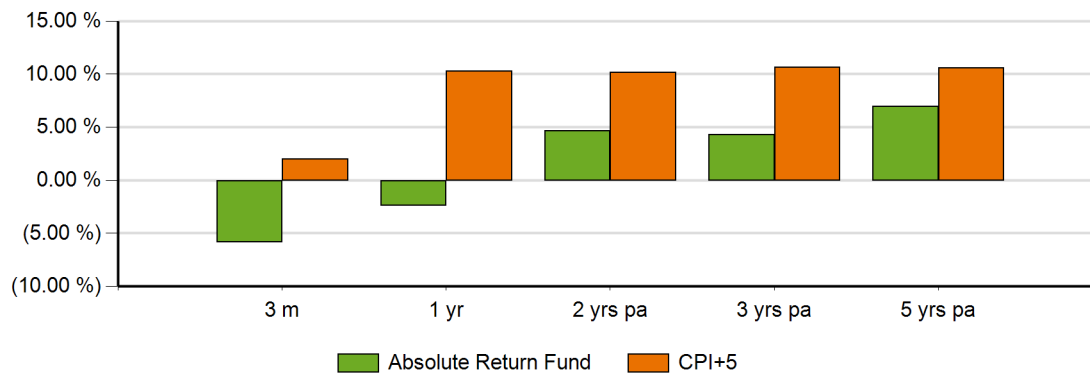
valuations

month	valuation (R)
November 2018	21,398,392
October 2018	21,798,638
August 2018	22,726,350
November 2017	21,922,955
November 2016	19,515,440
November 2015	13,978,383
November 2013	11,319,176

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	-5.84%	-2.39%	4.71%	4.31%	6.98%
CPI+5	2.06%	10.32%	10.19%	10.70%	10.62%

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