

Alliance Midmed Medical Scheme



Treasury Management Report

September 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	8,837,297	7,505,791	8,132,827	7,849,353	7,021,817	7,417,484	7,631,686	7,638,425	7,182,693
fixed deposits		2,092,354	1,430,108	2,078,694	2,119,782	2,436,277	2,460,851	3,256,992	4,593,137
weighted totals	8,837,297	9,598,145	9,562,935	9,928,047	9,141,599	9,853,761	10,092,537	10,895,417	11,775,830

average interest earned (R)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
call deposits	47,138	41,029	44,521	42,750	38,602	41,547	43,195	42,787	37,210
fixed deposits		10,358	6,003	9,991	10,625	13,032	13,505	18,193	23,188
weighted totals	47,138	51,387	50,524	52,741	49,227	54,579	56,700	60,981	60,397

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	0.53	5.05	1.66	3.32	6.85	6.95	7.03	6.97	6.44

industry returns (%)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
cash benchmark: STeFI Call Index	0.48	4.89	1.58	3.21	6.61	6.70	7.05	6.85	6.23
STeFI Composite	0.54	5.37	1.74	3.55	7.25	7.35	7.44	7.33	6.80
STeFI 3 Month	0.51	5.14	1.66	3.39	6.91	7.00	7.06	6.97	6.47

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	8,590,000
withdrawal	7	7,620,000

Investment Summary

call balances	call cost (R)	call accrued int (R)	call total balance (R)	rate (%)
ABSA Bank Ltd	84,289	433	84,722	6.250
FirstRand Bank Ltd	570	3	573	6.250
Investec Bank Ltd	4,484,514	16,178	4,500,692	6.400
Nedbank Ltd	1,907,359	3,973	1,911,331	6.250
Nedbank Ltd	1,907,956	10,905	1,918,861	7.050
The Standard Bank of South Africa Ltd	4,459,610	15,646	4,475,256	6.300
total	12,844,297	47,138	12,891,435	

Alliance Midmed Medical Scheme

Alliance Midmed Medical Scheme

Compliance Analysis

	moodys rating	exposure (%)	mandate requirement (%)	market value (R)
Absa Bank Ltd	Aa1.za	0.66	35.00	84,721.86
FirstRand Bank Ltd	Aaa.za	0.00	35.00	573.05
Investec Bank Ltd	Aa1.za	34.91	35.00	4,500,691.90
Nedbank Ltd	Aa1.za	29.71	35.00	3,830,192.09
The Standard Bank of South Africa Ltd	Aa1.za	34.71	35.00	4,475,255.91
Total funds as at month end				12,891,434.81

Economic Commentary

The SARB kept interest rates unchanged at 6.5%, in line with our and consensus estimates. Four members voted for an unchanged policy stance, while three members voted for a 25bps hike.

The SARB now sees inflation at 5.7% in 2019 (up from 5.6% in July) and unchanged at 5.4% in 2020. Upside risks to the inflation estimates have clearly started to materialise, driven by a weaker rand exchange rate and higher oil prices. The SARB's Quarterly Projection Model (QPM) forecasts five hikes (of 25bps each) between now and 2020, unchanged from the last meeting, but up from four hikes projected in May. This is due to constant upside risks to the inflation profile, despite a wider output gap than previously expected. The SARB now sees inflation peaking at 5.9% in 2Q19, but just barely remaining below the 6% upper band over the forecast horizon. The risk is that if the rand remains weak, the SARB could eventually project a breach of the 6% level in 2019. Its hawkish tone may have been tempered by a sharp downward revision of the growth estimate for 2018 (0.7% vs 1.2% in July). GDP growth estimates for 2019 and 2020 remained unchanged at 1.9% and 2%, respectively.

Upside risks to the inflation outlook continue to be driven by supply-side factors, which include tighter global financial conditions and their impact on the rand, and elevated oil prices. However, local risks were also highlighted in the statement, some of which are the possibility of higher electricity tariffs, elevated wage settlements, and rising inflation expectations, which would impact services inflation. Indeed, the BER-surveyed one-year-ahead inflation expectations, as well as the long-term (five-year) inflation expectations for 3Q18, rose marginally to 5.6% and 5.5%, respectively (both up from 5.4% in 2Q18).

Our headline inflation forecast has risen over the past month as a result of the weaker rand shock materialising. However, we maintain an inflation profile that is slightly less hawkish than the SARB's, with CPI inflation estimates of 4.7%, 5.7% and 5.4% for 2018, 2019 and 2020, respectively. Our core inflation estimates remain far below the SARB's at 4.3%, 4.6% and 4.7% for the three years respectively. We believe that the rand pass-through is much lower in this weak demand environment and that it should limit a surge in core inflation, unless growth rises above its potential.

Source: Nedbank Capital

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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		2,112,775		894,274	2,662,187	3,382,044	4,092,181	4,547,143	4,322,224
fixed deposits	17,516,667	24,289,085	19,516,308	22,732,975	24,949,968	24,889,065	24,124,434	22,914,384	21,611,388
weighted totals	17,516,667	26,401,861	19,516,308	23,627,249	27,612,155	28,271,109	28,216,615	27,461,527	25,933,612

average interest earned (R)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
call deposits		10,635		3,676	13,903	18,313	22,565	25,023	22,146
fixed deposits	113,807	160,562	129,462	150,170	166,415	167,990	163,901	153,273	134,762
weighted totals	113,807	171,197	129,462	153,846	180,317	186,303	186,466	178,296	156,909

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	6.03	2.00	4.01	8.16	8.22	8.24	8.07	7.45

industry returns (%)	current month	ytd	3 months	6 months	12 months	18 months	24 months	36 months	60 months
cash benchmark: STeFI Call Index	0.48	4.89	1.58	3.21	6.61	6.70	7.05	6.85	6.23
STeFI Composite	0.54	5.37	1.74	3.55	7.25	7.35	7.44	7.33	6.80
STeFI 3 Month	0.51	5.14	1.66	3.39	6.91	7.00	7.06	6.97	6.47

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	2,137,383

Investment Summary

fixed deposit maturities	instrument	purchase date	maturity date	cost (R)	maturity value (R)	interest received (R)	rate (%)
Absa Bank Ltd	11 MONTH FTD	25/10/2017	25/09/2018	500,000	535,565	35,565	7.750
Absa Bank Ltd	8 MONTH FTD	29/01/2018	28/09/2018	500,000	525,029	25,029	7.550
The Standard Bank of South Africa Ltd	12 MONTH FTD	22/09/2017	21/09/2018	1,000,000	1,076,789	76,789	7.700

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	1,577,995	77,995	7.875
Absa Bank Ltd	12 MONTH FTD	23/02/2018	22/02/2019	500,000	523,507	23,507	7.800
FirstRand Bank Ltd	12 MONTH FTD	06/10/2017	05/10/2018	1,000,000	1,076,438	76,438	7.750
FirstRand Bank Ltd	12 MONTH FTD	01/11/2017	01/11/2018	1,000,000	1,073,892	73,892	8.075
FirstRand Bank Ltd	12 MONTH FTD	06/04/2018	05/04/2019	1,000,000	1,037,673	37,673	7.725
Investec Bank Ltd	9 MONTH FTD	29/01/2018	29/10/2018	500,000	525,675	25,675	7.650
Investec Bank Ltd	12 MONTH FTD	29/11/2017	29/11/2018	1,000,000	1,070,003	70,003	8.350
Investec Bank Ltd	12 MONTH FTD	11/01/2018	11/01/2019	1,000,000	1,058,004	58,004	8.050
Investec Bank Ltd	12 MONTH FTD	12/01/2018	11/01/2019	1,000,000	1,057,784	57,784	8.050
Investec Bank Ltd	12 MONTH FTD	09/02/2018	08/02/2019	1,000,000	1,051,288	51,288	8.000
Investec Bank Ltd	12 MONTH FTD	29/03/2018	29/03/2019	500,000	519,798	19,798	7.770
Nedbank Ltd	12 MONTH FTD	25/10/2017	25/10/2018	500,000	536,552	36,552	7.825

Alliance Midmed Medical Scheme - Savings

fixed deposit balances	instrument	purchase date	maturity date	cost (R)	current value (R)	accrued interest (R)	rate (%)
Nedbank Ltd	12 MONTH FTD	13/12/2017	13/12/2018	1,000,000	1,066,000	66,000	8.250
Nedbank Ltd	12 MONTH FTD	09/03/2018	08/03/2019	2,000,000	2,088,044	88,044	7.800
The Standard Bank of South Africa Ltd	12 MONTH FTD	21/12/2017	21/12/2018	1,000,000	1,062,247	62,247	8.000
The Standard Bank of South Africa Ltd	12 MONTH FTD	16/02/2018	15/02/2019	500,000	524,410	24,410	7.850
The Standard Bank of South Africa Ltd	12 MONTH FTD	13/04/2018	12/04/2019	1,000,000	1,036,191	36,191	7.725
total				16,000,000	16,885,499	885,499	

Alliance Midmed Medical Scheme - Savings

Compliance Analysis

	moodys rating	exposure (%)	mandate requirement (%)	market value (R)
Absa Bank Ltd	Aa1.za	12.45	35.00	2,101,071.23
FirstRand Bank Ltd	Aaa.za	18.88	35.00	3,187,357.54
Investec Bank Ltd	Aa1.za	31.28	35.00	5,281,449.99
Nedbank Ltd	Aa1.za	21.86	35.00	3,689,835.62
The Standard Bank of South Africa Ltd	Aa1.za	15.53	35.00	2,622,309.59
Total funds as at month end				16,882,023.97

Economic Commentary

The SARB kept interest rates unchanged at 6.5%, in line with our and consensus estimates. Four members voted for an unchanged policy stance, while three members voted for a 25bps hike.

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Monthly Consulting Report

30 September 2018

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portfolio summary

valuations

month	valuation (R)
September 2018	50,427,917
August 2018	51,099,007
June 2018	45,219,319
September 2017	38,622,118
September 2016	35,409,665
September 2015	31,043,156
September 2013	26,815,566

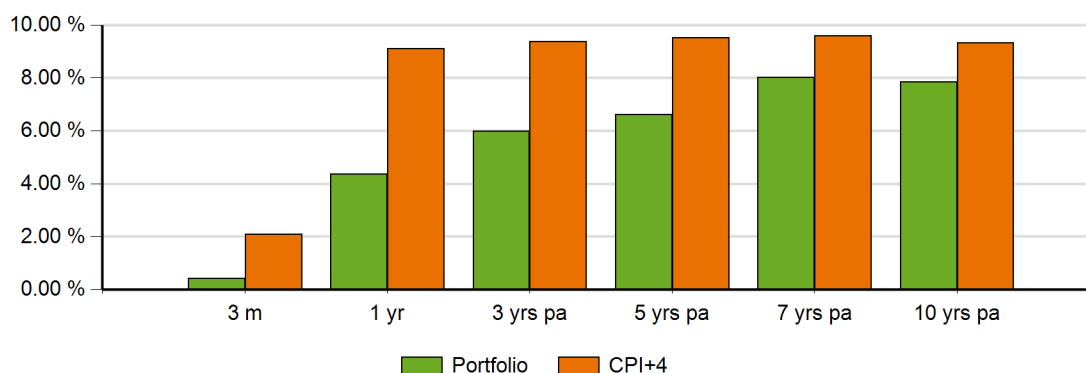
underlying investments

investment	valuation (R)
Income Fund	10,225,899
Absolute Return Fund	22,270,092
Medical Schemes Portfolio	17,931,926
total	50,427,917

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	0.43%	4.37%	6.00%	6.64%	8.05%	7.86%
CPI+4	2.11%	9.12%	9.39%	9.53%	9.62%	9.34%

STANLIB - Income Fund

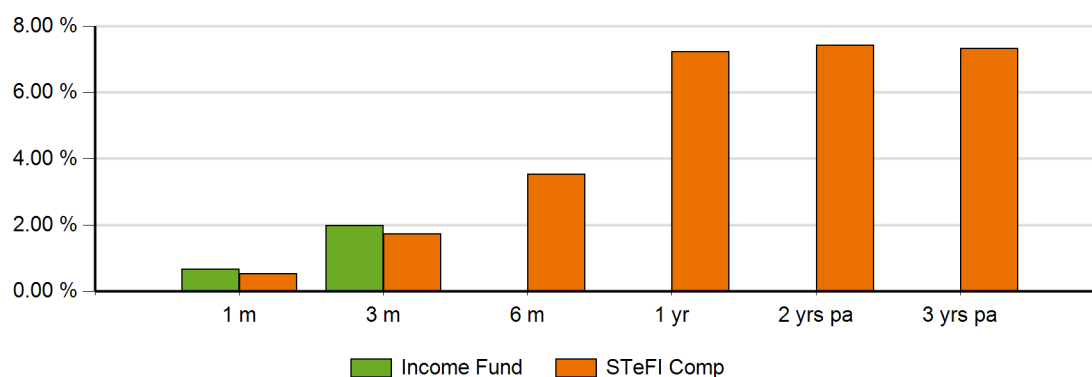
valuations

month	valuation (R)
September 2018	10,225,899
August 2018	10,157,505
June 2018	5,042,466
September 2017	0
September 2016	0
September 2015	0
September 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	1 yr	2 yrs pa	3 yrs pa
Fund	0.67%	1.99%				
STeFI Comp	0.54%	1.74%	3.55%	7.25%	7.44%	7.33%

Coronation - Medical Schemes Portfolio

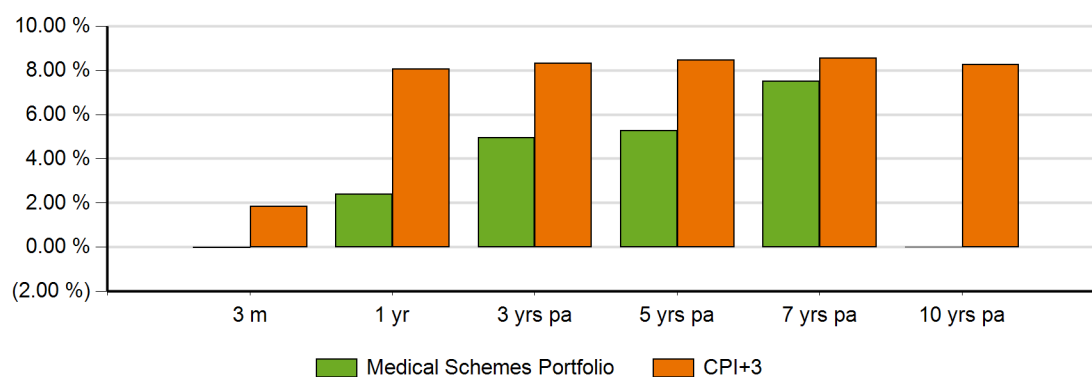
valuations

month	valuation (R)
September 2018	17,931,926
August 2018	18,215,152
June 2018	17,936,847
September 2017	17,507,606
September 2016	16,549,315
September 2015	17,511,751
September 2013	15,666,076

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	-0.03%	2.42%	4.97%	5.27%	7.52%	
CPI+3	1.87%	8.07%	8.35%	8.48%	8.57%	8.29%

Prudential Portfolio Managers - Absolute Return Fund

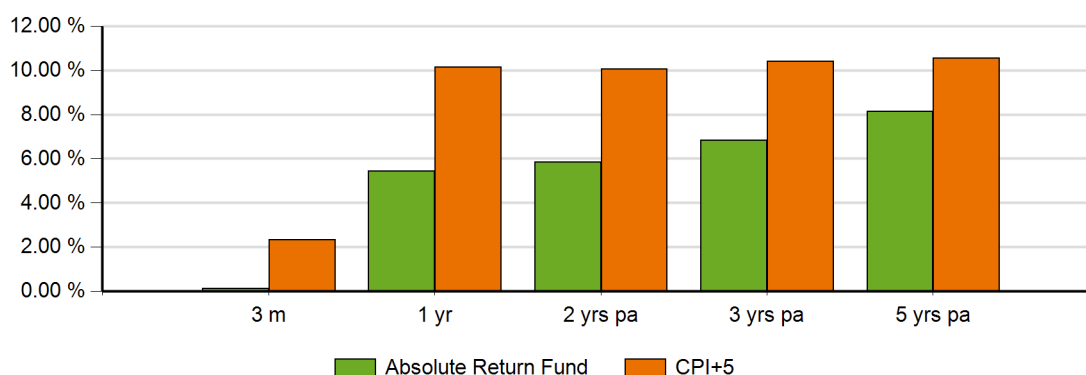
valuations

month	valuation (R)
September 2018	22,270,092
August 2018	22,726,350
June 2018	22,240,006
September 2017	21,114,511
September 2016	18,860,350
September 2015	13,531,405
September 2013	11,149,491

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	0.14%	5.47%	5.87%	6.86%	8.17%
CPI+5	2.36%	10.16%	10.07%	10.44%	10.58%

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