

## Destiny Defensive Portfolio

April 2017

### Investment strategy

The investment strategy is to maximise the allocation of investment receipts towards retirement funding investments, and to objectively select and manage investment manager allocations on its members' behalf so as to maximise investment returns at an appropriate level of risk.

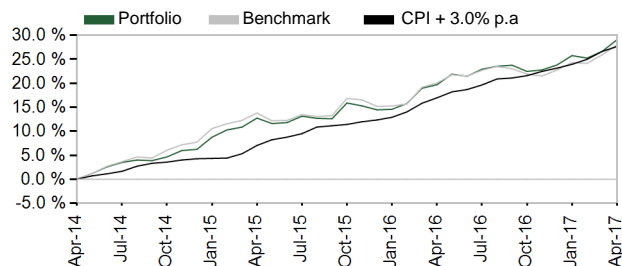
### Benchmark allocation

Asset Class	Allocation	Benchmark
Local equities	25.00%	FTSE/JSE Shareholder Weighted All-Share Index
Local bonds	16.50%	Bond Exchange Association of SA All Bond Index
Local cash	38.50%	Short-term Fixed Interest Composite Index
Local property	5.00%	FTSE/JSE SA Listed Property Index
Global	15.00%	Global composite benchmark

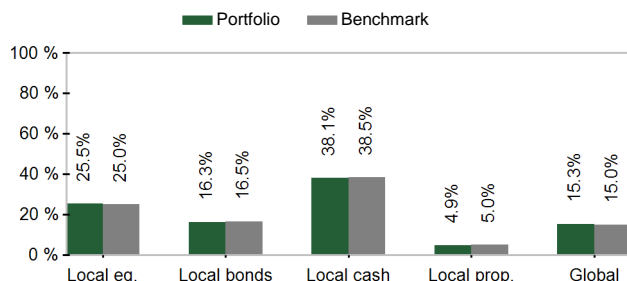
### Investment returns

	One Month	Three Months	One Year	Three Years	Five Years	Since Inception
Portfolio	1.92%	2.62%	7.82%	8.87%	11.32%	10.74%
Benchmark	1.68%	2.96%	6.62%	8.57%	10.28%	10.19%
CPI + 3.0% p.a			9.13%	8.48%	8.69%	8.46%

### Cumulative investment returns for three years



### Asset allocation



### Comments

The global asset class benchmark was increased by 2.5% effective 1 May 2016. Cash flows will be used to reach these target positions.

The total expense ratio (TER) was reduced from 1 October 2016. The TER is made up of the underlying investment managers' fees and Momentum Outcome-based Solutions portfolio management fee. The TER excludes GIB's annual asset platform fee, which is a maximum of 0.75% (exclusive of VAT). The TER excludes performance-based fees and these are limited to those charged by Foord, Fairtree and Allan Gray for its global portfolio.

### Investment portfolio mandate

This investment portfolio is aimed at achieving capital preservation protected from extreme volatility. The portfolio's exposure to bonds and cash will increase in times of uncertainty. The portfolio is managed in compliance with Prudential Investment Guidelines and the limits of Annexure A to Regulation 28 of the Pension Funds Act.

### Investment portfolio information and risk analysis

Inception Date	July 2009	
Investment Horizon	Short to medium term	
Risk Profile		
Total Expense Ratio (TER) (Calculation based on three-year period)	Portfolio	Benchmark
	0.41% (incl VAT)	
Volatility	3.4%	3.6%
Maximum drawdown	-1.2%	-1.6%
Active risk	1.2%	
Sharpe ratio	0.6	0.5
Information ratio	0.3	
Beta	0.9	

### Largest 10 local equity holdings

	% of portfolio	% of equity
Naspers-N-	4.0%	12.6%
Steinhoff International H	1.4%	4.4%
British American Tobacco	1.3%	4.3%
Redefine	1.3%	4.1%
Sasol	1.1%	3.5%
Richemont	0.9%	2.7%
Groupnt	0.8%	2.5%
Aspen	0.8%	2.4%
Mtn Group	0.7%	2.2%
SA Corp	0.6%	2.0%
<b>Total</b>	<b>12.9%</b>	<b>40.7%</b>

### Investment manager allocation and returns

	One Month	One Year	Weighting
<b>Local equity managers</b>	<b>2.97%</b>	<b>3.55%</b>	
Fairtree	1.17%	2.92%	7.0%
Coronation	2.81%	5.47%	6.5%
Foord	3.34%	2.38%	7.0%
FTSE/JSE Shareholder Weighted All Share Index	4.06%	4.41%	
OMIG	5.29%	3.39%	5.0%
FTSE/JSE Shareholder Weighted Index (SWIX) Top 40	5.28%	3.53%	
<b>Local property managers</b>	<b>0.52%</b>	<b>0.02%</b>	
OMIG Property Tracker	0.52%	0.02%	4.9%
FTSE/JSE SA Listed Property Index	0.51%	0.02%	
<b>Local bond managers</b>	<b>1.47%</b>	<b>11.29%</b>	
ALUWANI	1.49%	10.78%	8.1%
Prescient	1.45%	11.81%	8.2%
BEASSA All Bond Index	1.47%	10.58%	
<b>Local cash managers</b>	<b>0.82%</b>	<b>9.22%</b>	
Momentum Asset Management	0.69%	9.34%	18.8%
Taquant	0.94%	9.11%	19.3%
Short-term Fixed Interest Composite Index	0.61%	7.62%	
<b>Global equity managers</b>	<b>3.91%</b>	<b>8.33%</b>	
Allan Gray Life	5.12%	7.90%	10.7%
60% MSCI All Countries World Index (lagged) and 40% Citigroup World Government Bond Index (lagged)	1.04%	1.07%	
Blackrock (developed markets)	1.19%	8.22%	4.6%
MSCI Developed Markets (BGI Lagged)	1.30%	7.78%	
<b>Total</b>			<b>100%</b>

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