

Empower Results[®]

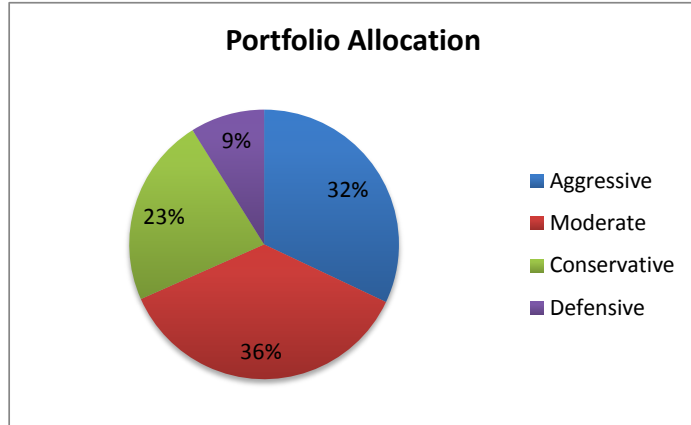
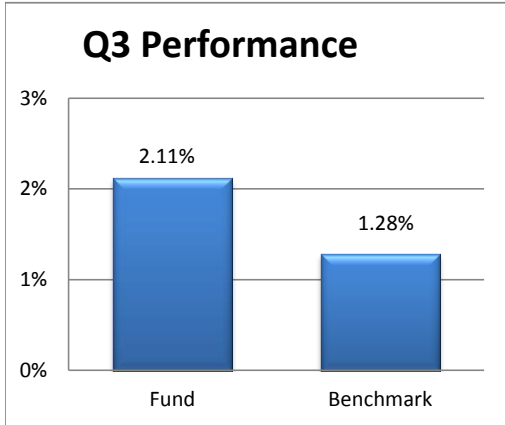
Aon Hewitt

Investment Consulting

Super Fund

Investment Monitoring Report

Quarter ended **Sep-19**



Performance	Quarter	YTD	Last 12 months
Fund	2.11%	8.86%	5.63%
Benchmark	1.28%	8.47%	5.01%

Consolidated Performance Table (All Values in Rs mln)

Portfolio	Starting value	Ending Value	Net Cashflow	Performance	Benchmark
Aggressive	361.8	368.1	-	1.72%	1.27%
Moderate	408.3	417.3	-	2.20%	1.26%
Conservative	255.2	261.2	-	2.38%	1.35%
Defensive	99.8	102.3	-	2.48%	1.38%
Total Portfolio	1,125.2	1,148.9	-	2.11%	1.28%

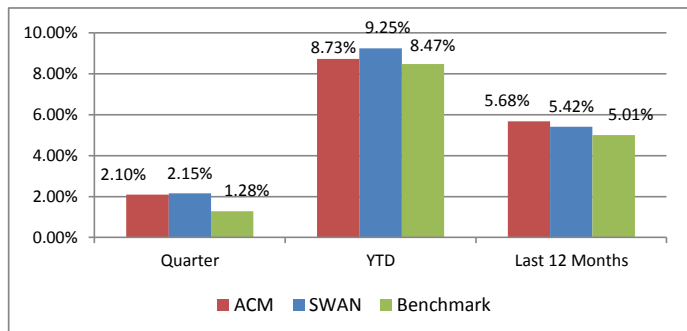
Over the quarter, the Defensive/Conservative sub-portfolios (less risky) outperformed to the Aggressive and Moderate sub-portfolios (riskier). Performance of the Aggressive portfolio was negatively impacted is mainly due to its higher allocation to local equities (21%), which returned -1.4% over the quarter. The Conservative and Defensive portfolios have a lower allocation to local equities, which returned -0.9% and +0.9%, in the respective sub-portfolios.

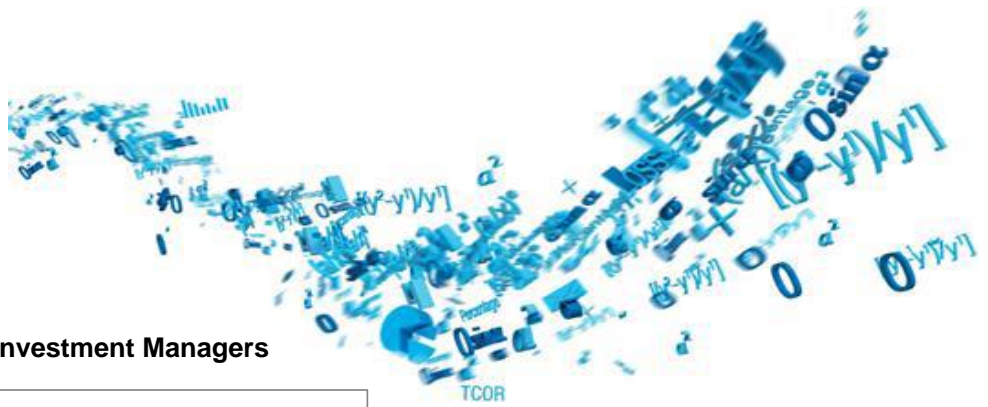
Relative Consolidated Performance of Investment managers

	Quarter	YTD	Last 12 Months
ACM	2.10%	8.73%	5.68%
SWAN	2.15%	9.25%	5.42%
Benchmark	1.28%	8.47%	5.01%

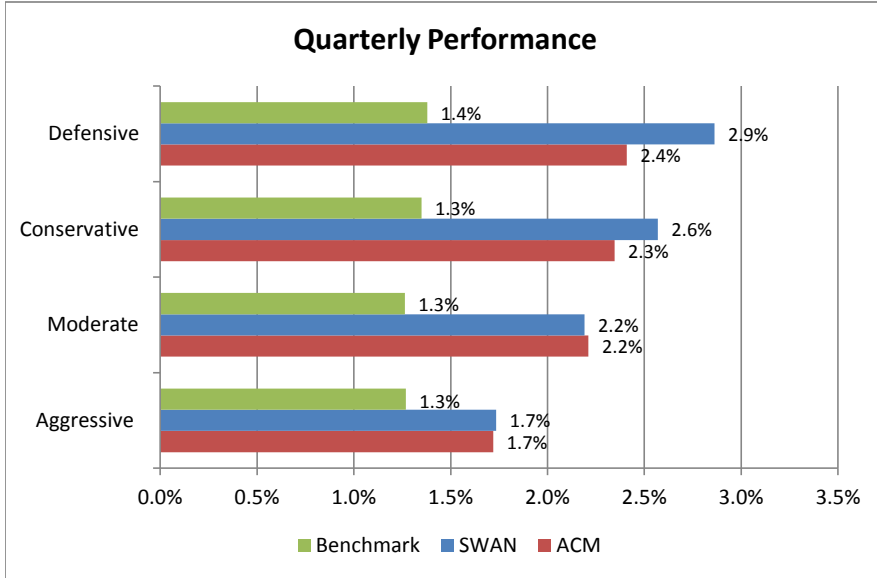
The Investment Policy Statement (IPS) has been reviewed and approved by the Management Committee.

The benchmarks for **local fixed income and cash** have been reviewed and will come into effect as from Q4 2019. Local fixed income will be benchmarked against the yield on the 91-day treasury bills + 2% (previously savings rate + 2%). Savings rate as the benchmark for cash has been replaced by the yield on the 91-day treasury bills.





Relative Consolidated Performance of Investment Managers



We note that there are certain discrepancies between the portfolio valuation of the investment managers and MCB Custody. The differences were due to the following reasons:

(1) As from Q2 2019, MCB Custody started using a different valuation methodology for local government instruments. The valuation uses a mark-to-market approach as opposed to "par value plus accrued interest" which was previously used. Aon Hewitt views this change in approach positively as these instruments will more closely reflect market conditions.

Note that ACM's pricing methodology for **local government instruments** is consistent with that of MCB Custody. However, Swan WM values instruments at amortised cost plus accrued interest. Due to differences in the pricing methodologies of local bonds, there arise discrepancies in MCB Custody portfolio valuation and Swan WM valuation. **Aon Hewitt has used custodian figures to compute performance of Swan WM. We recommend that the Investment Committee requests Swan WM to use the custodian's valuation methodology to value local government instruments for sake of consistency.**

(2) ACM valued its holdings at the latest trade price available while MCB Custody's prices were not updated accordingly. Aon Hewitt believes that it is reasonable to price instruments at their recent market value and therefore, has used ACM's figures to compute performance.

Cash Holdings

(All values in Rs mln)

Cash as at	Swan WM	ACM	Total Portfolio
30/06/2019	16.4	19.2	35.6
31/07/2019	24.9	25.5	50.4
31/08/2019	15.4	11.8	27.2
30/09/2019	14.4	17.0	31.4

Note that: As at 30 September 2019, cash held stood at 2.7% of Fund (3.1% at end-June). At the sub-portfolio level, we note that a greater proportion of cash is held in the Aggressive portfolio by both investment managers, compared to other sub-portfolios (9% by Swan WM and 4% by ACM) .

Disclaimer:

Aon Hewitt has computed performance figures using official statements provided by MCB Custody and which are deemed to be relatively accurate. Aon Hewitt cannot be held responsible for any discrepancies in the figures provided by the Custodian.