

# Stellenbosch University Retirement Fund (SURF)

## SMMI Conservative Absolute Return Portfolio Factsheet June 2022

Period ending: 30 June 2022

Portfolio size (R'million): 432.8

**Portfolio Objective:**

**Primary Objective** The primary investment objective of the SMMI Conservative Absolute Return Portfolio is to deliver a real return of 3% p.a. net of fees over three year measurement periods.

**Secondary Objective** The secondary investment objective of the SMMI Conservative Absolute Return Portfolio is to avoid a capital loss over any 12-month period.

**Risk Profile:** Moderate Conservative

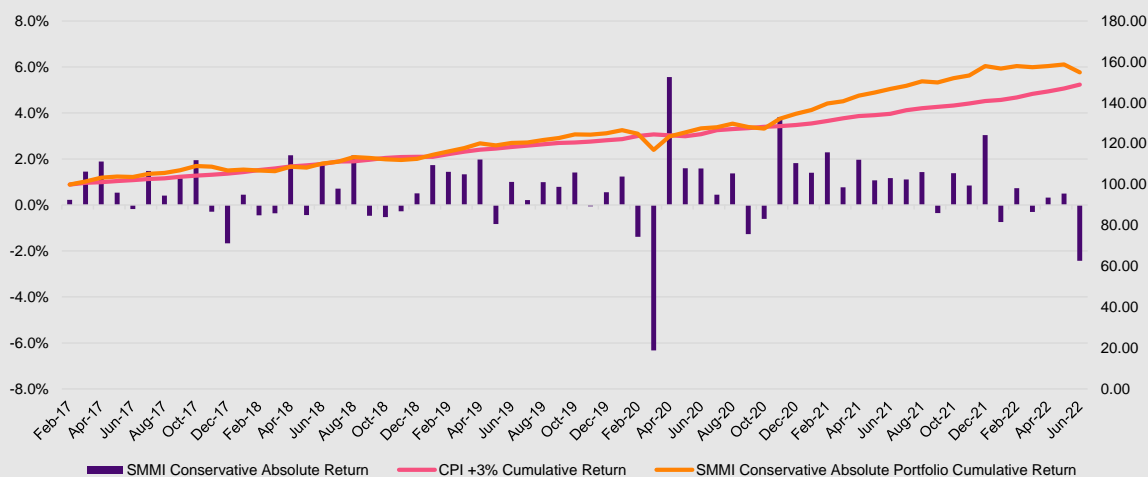
**Performance per annum**

The table below shows the performance of the SMMI Conservative Absolute Return Portfolio, net of fees, over various measured periods ended 30 June 2022, compared to the inflation target.

	SMMI Conservative Absolute Return	Inflation +3% p.a.
3 months	-1.6%	3.1%
6 months	-1.9%	5.7%
1 year	5.6%	10.6%
3 years	8.8%	7.9%
5 years	8.3%	7.8%
5 years, 5 months	8.5%	7.9%

**Cumulative Performance**

The chart below shows the monthly performance of the SMMI Conservative Absolute Return Portfolio (net of fees). It also shows the cumulative net performance of the SMMI Conservative Absolute Return Portfolio relative to the CPI + 3.0% p.a. investment objective on the right-hand axis.



**Risk Statistics**

The table below sets out some key risk statistics for the SMMI Conservative Absolute Return Portfolio relative to the inflation investment objective for the period since inception (February 2017) to 30 June 2022.

Portfolio	Return achieved	Active return <sup>1</sup>	Standard deviation <sup>2</sup>	Downside risk <sup>3</sup>	Tracking error <sup>4</sup>	Sortino ratio <sup>5</sup>	Information ratio <sup>6</sup>	Beta <sup>7</sup>	Drawdown <sup>8</sup>	Active Drawdown <sup>9</sup>
SMMI Conservative Absolute Return (5 years, 5 months)	8.5%	0.6%	5.4%	5.9%	5.8%	1.4	0.1	-103.4%	-7.6%	-10.0%
Inflation Benchmark (CPI +3%) (5 years, 5 months)	7.9%		1.3%							

**Notes**

- Active return is a measure of the actual return realised in excess of the benchmark return.
- Variation of return (standard deviation) is a measure of how widely the return is dispersed – the lower this measure, the less risk. This measure has been annualised.
- Downside risk measures the dispersion of return below a minimum return (zero) – the lower this measure, the less risk of realising a negative return.
- The “tracking error” measures how much the return of the actual portfolio differs from the benchmark.
- Sortino ratio measures the excess return above a minimum accepted return (taken to be zero) divided by the downside risk – it therefore measures the extra return generated per unit of risk of realising a return below zero.
- The “information ratio” measures the extent to which the actual portfolio has outperformed the benchmark divided by the “tracking error” – it is therefore a measure of the extra return generated per unit of relative risk. An information ratio net of fees of 0.25 and higher is regarded as good.
- Beta is a measure of the volatility, or systematic risk, of a portfolio relative to the benchmark.
- The drawdown is the peak-to-trough decline of returns over a specific period.
- Active drawdown is the peak-to-trough decline of the active returns (relative to the benchmark) over a specific period.

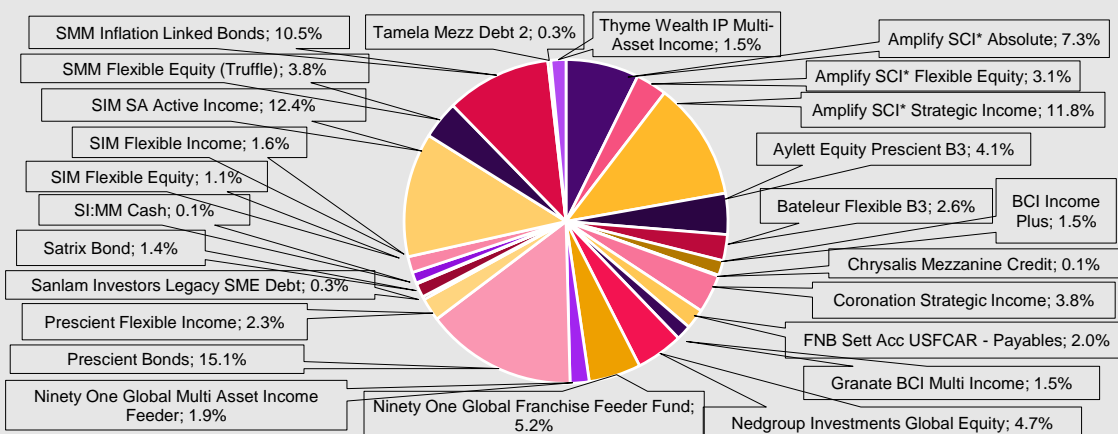
### Risk and Return Analysis

The chart below compares the risk (as measured by the standard deviation) and return characteristics of the portfolios and benchmarks over the period since inception ended 30 June 2022. The SMMI Absolute Return Aggregate is a 50:50 split between the SMMI Conservative and Aggressive Absolute Return portfolios.



### Manager Allocation

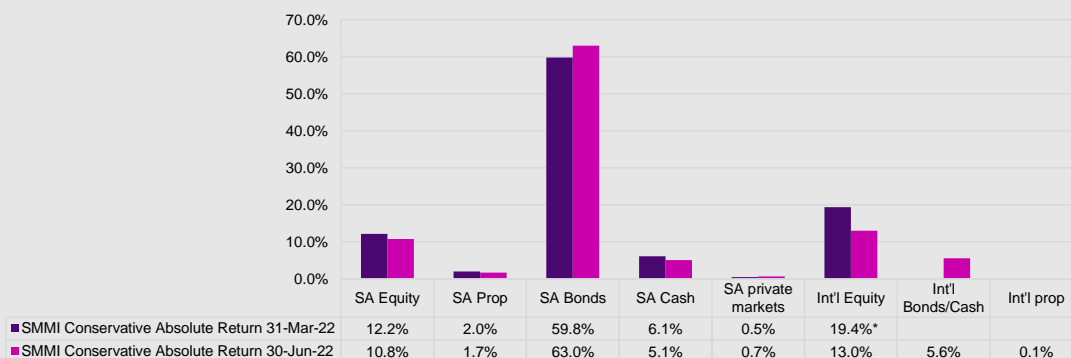
The chart below shows the manager allocation and asset classes (shown in brackets) of the SMMI Conservative Absolute Return Portfolio as at 30 June 2022.



\* Sanlam Collective Investments

### Asset Allocation

The chart below shows the actual asset allocation of the SMMI Conservative Absolute Return Portfolio as at 31 March 2022 and 30 June 2022.



\*Includes equities, bonds and cash. Sanlam Investments did not provide an asset allocation for international assets at the time.

### Total Expense Ratio (TER)

The estimated TER for the SMMI Conservative Absolute Return Portfolio is 0.85% p.a. for the one year ended 30 June 2022

The TER is an annualised value (typically measured over a rolling three year period or since inception and expressed as %) and expenses included in the TER are:

1. Annual asset management fees;
2. Asset manager performance fees (if any);
3. Bank charges;
4. Audit fees;
5. Taxes (eg VAT);
6. Custodian and trustee fees;
7. Costs related to scrip lending (if any).

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