

Stellenbosch University Retirement Fund (SURF)

Conservative Absolute Return Factsheet June 2021

Period ending:	30 June 2021
Portfolio size (R'million):	382.0
Portfolio Objective:	
Primary Objective	The primary investment objective of the SURF 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 SURF Conservative Absolute Return Portfolio is to avoid a capital loss over any 12-month period.
Risk Profile:	Moderate Conservative

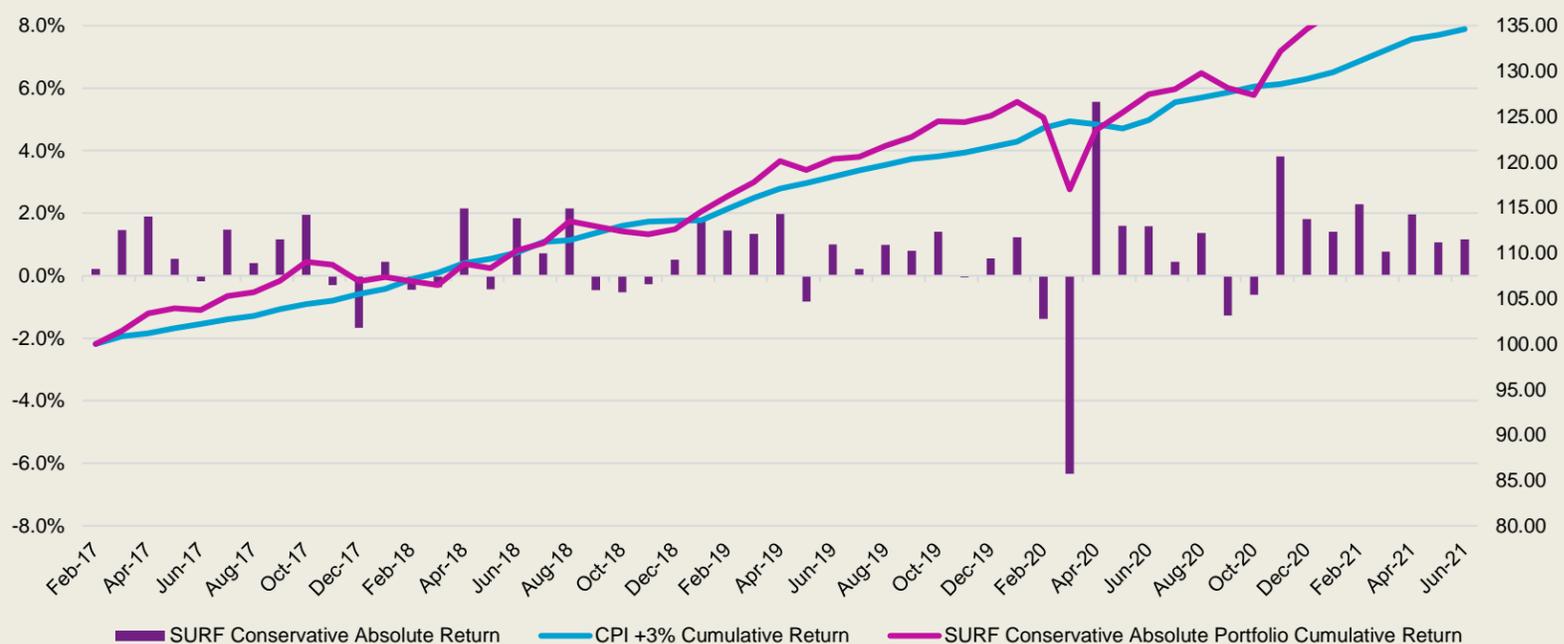
Performance per annum

The table below shows the performance of the SURF Conservative Absolute Return Portfolio, net of fees, over various measured periods ended 30 June 2021, compared to the inflation target.

	SURF Conservative Absolute Return	Inflation +3% p.a.
3 months	4.3%	1.8%
6 months	9.0%	4.3%
1 year	15.1%	8.0%
3 years	10.0%	7.0%
4 years, 5 months	9.1%	7.3%

Cumulative Performance

The chart below shows the monthly performance of the SURF Conservative Absolute Return Portfolio (net of fees). It also shows the cumulative net performance of the SURF 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 SURF Conservative Absolute Return Portfolio relative to the inflation investment objective for the period since inception (February 2017) to 30 June 2021.

Portfolio	Return achieved	Active return ¹	Standard deviation ²	Downside risk ³	Tracking error ⁴	Sortino ratio ⁵	Information ratio ⁶	Beta ⁷	Drawdown ⁸	Active Drawdown ⁹
SURF Conservative Absolute Return (4 years, 5 months)	9.1%	1.8%	5.6%	6.2%	6.0%	1.5	0.3	-102.1%	-7.6%	-10.0%
Inflation Benchmark (CPI +3%) (4 years, 5 months)	7.3%		1.2%							

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.

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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