Period ending: 31 December 2019
Portfolio size (R’million): 206.8

Performance per annum

The table below shows the performance of the USAF Aggressive Absolute Return Portfolio, net of fees, over various measured periods ended 31 December 2019, compared to the inflation target.

<table>
<thead>
<tr>
<th></th>
<th>USAF Aggressive Absolute Return</th>
<th>Inflation +6% p.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 months</td>
<td>2.8%</td>
<td>1.8%</td>
</tr>
<tr>
<td>6 months</td>
<td>5.2%</td>
<td>4.2%</td>
</tr>
<tr>
<td>1 year</td>
<td>14.7%</td>
<td>10.2%</td>
</tr>
<tr>
<td>2 years, 11 months</td>
<td>7.5%</td>
<td>10.6%</td>
</tr>
</tbody>
</table>

Primary Objective: The primary investment objective of the USAF Aggressive Absolute Return Portfolio is to deliver a real return of 6% p.a. net of fees over three year measurement periods.

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

Risk Profile: Moderate Aggressive

Cumulative Performance

The chart below shows the monthly performance of the USAF Aggressive Absolute Return Portfolio (net of fees). It also shows the cumulative net performance of the USAF Aggressive Absolute Return Portfolio relative to the CPI + 6.0% p.a. investment objective on the right-hand axis.

Risk Statistics

The table below sets out some key risk statistics for the USAF Aggressive Absolute Return Portfolio relative to the inflation investment objective for the period since inception (February 2017) to 31 December 2019.

<table>
<thead>
<tr>
<th></th>
<th>Return achieved</th>
<th>Active return¹</th>
<th>Standard deviation²</th>
<th>Downside risk³</th>
<th>Tracking error⁴</th>
<th>Sortino ratio⁵</th>
<th>Information ratio⁶</th>
<th>Beta²</th>
<th>Drawdown⁷</th>
<th>Active Drawdown⁸</th>
</tr>
</thead>
<tbody>
<tr>
<td>USAF Aggressive Absolute Return (2 years, 11 months)</td>
<td>7.5%</td>
<td>-3.0%</td>
<td>6.5%</td>
<td>5.8%</td>
<td>6.6%</td>
<td>1.3</td>
<td>-0.5</td>
<td>-14.5%</td>
<td>-6.4%</td>
<td>-13.2%</td>
</tr>
<tr>
<td>Inflation Benchmark (CPI +6%) (2 years,11 months)</td>
<td>10.8%</td>
<td>1.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes
1. Active return is the difference between the Actual Return achieved and the benchmark return over the relevant period.
2. 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.
3. Downside risk measures the dispersion of return below a minimum return (zero) – the lower this measure, the less risk of realising a negative return.
4. The “tracking error” measures how much the return of the actual portfolio differs from the benchmark.
5. 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.
6. 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.
7. Beta is a measure of the volatility, or systematic risk, of a portfolio relative to the benchmark.
8. The drawdown is the peak-to-trough decline of returns over a specific period.
9. 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 31 December 2019. The USAF Absolute Return Aggregate is a 50:50 split between the USAF Conservative and Aggressive Absolute Return portfolios.

**Manager Allocation**

The chart below shows the manager allocation and asset classes (shown in brackets) of the USAF Aggressive Absolute Return Portfolio as at 31 December 2019.

**Asset Allocation**

The chart below shows the actual asset allocation of the USAF Aggressive Absolute Return Portfolio as at 30 September 2019 and 31 December 2019.

**Total Expense Ratio (TER)**

The estimated TER for the USAF Aggressive Absolute Return Portfolio is 0.87% p.a. for the one year ended 31 December 2019.
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).

Disclaimer

This report contains confidential and proprietary information of Willis Towers Watson, and is intended for the exclusive use of the Trustees of USAF. This report, and any opinions on or ratings of investment products it contains, may not be modified, sold or otherwise provided, in whole or in part, to any other person or entity without Willis Towers Watson’s prior written permission. This report is based on information available to Willis Towers Watson at the date of this material and takes no account of subsequent developments after that date. In preparing this report we have relied upon data supplied to us by third parties. Whilst reasonable care has been taken to gauge the reliability of this data, we provide no guarantee as to the accuracy or completeness of this data and Willis Towers Watson and its affiliates and their respective directors, officers and employees accept no responsibility and will not be liable for any errors or misrepresentations in the data made by any third party.

Towers Watson (Pty) Ltd is an authorised financial services provider.