Period ending: 31 March 2020

Portfolio size: 3 190.3 (R'million)

Portfolio Objective:

Primary Objective: The primary investment objective of the USAF Growth Portfolio is to obtain at least 75\textsuperscript{th} percentile performance relative to the Global Balanced peer group as represented by the WTW Single Manager Industry Median Survey over any five year measurement period.

Secondary Objective: The secondary objective of the USAF Growth Portfolio is to deliver a real return of 5% p.a. (net of all costs) over rolling seven-year periods.

Risk Profile: Aggressive

Performance per annum

The table below shows the performance of the USAF Growth Portfolio, net of fees, over various measured periods ended 31 March 2020, compared to the median and top quartile of the peer group (annualised over periods longer than one year).

<table>
<thead>
<tr>
<th>Period</th>
<th>USAF Growth Portfolio Return</th>
<th>WTW Peer group median</th>
<th>WTW peer group top quartile</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 months</td>
<td>-14.2%</td>
<td>-14.4%</td>
<td>-11.9%</td>
</tr>
<tr>
<td>6 months</td>
<td>-11.9%</td>
<td>-11.7%</td>
<td>-10.0%</td>
</tr>
<tr>
<td>1 year</td>
<td>-10.2%</td>
<td>-10.6%</td>
<td>-8.1%</td>
</tr>
<tr>
<td>3 years</td>
<td>0.7%</td>
<td>0.0%</td>
<td>1.0%</td>
</tr>
<tr>
<td>5 years</td>
<td>3.7%</td>
<td>1.9%</td>
<td>2.3%</td>
</tr>
<tr>
<td>7 years</td>
<td>7.2%</td>
<td>5.6%</td>
<td>6.0%</td>
</tr>
<tr>
<td>10 years</td>
<td>9.5%</td>
<td>8.6%</td>
<td>9.0%</td>
</tr>
<tr>
<td>11 years</td>
<td>10.9%</td>
<td>10.2%</td>
<td>10.9%</td>
</tr>
</tbody>
</table>

NB: The peer group median and peer group top quartile returns have been adjusted by 0.6% p.a. to allow for manager fees.

Cumulative Performance

The chart below shows the monthly performance of the USAF Growth Portfolio (net of fees) relative to the Reference Portfolio (RP). The RP is an objective measure of whether the portfolio’s active managers add value over longer measurement periods of seven years and more. The chart also shows the cumulative net performance of the Growth Portfolio relative to the RP and the CPI + 5.0% p.a. inflation investment objective on the right-hand axis.

Risk Statistics

The table below sets out some key risk statistics for the USAF Growth Portfolio relative to the RP for the period since inception (April 2009) to 31 March 2020.

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>Return achieved</th>
<th>Active return(^1)</th>
<th>Standard deviation(^2)</th>
<th>Downside risk(^3)</th>
<th>Tracking error(^4)</th>
<th>Sortino ratio(^5)</th>
<th>Information ratio(^6)</th>
<th>Beta(^7)</th>
<th>Drawdown(^8)</th>
<th>Active Drawdown(^9)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Portfolio (11 years)</td>
<td>10.9%</td>
<td>-0.03%</td>
<td>8.3%</td>
<td>8.1%</td>
<td>3.2%</td>
<td>1.3</td>
<td>0.0</td>
<td>89.9%</td>
<td>-15.3%</td>
<td>-11.1%</td>
</tr>
<tr>
<td>Reference Portfolio (11 years)</td>
<td>11.0%</td>
<td>8.6%</td>
<td>8.5%</td>
<td>1.3</td>
<td>-16.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes

1. Actual return should not be capitalised.
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 USAF Growth Portfolio and Reference Portfolio over the five years ended 31 March 2020.

Manager Allocation

The chart below shows the manager allocation of the USAF Growth Portfolio.

Foreign Asset Split

The chart below shows the look-through allocation of the USAF Growth Portfolio’s global balanced mandate.

Asset Allocation

The chart below compares the actual asset allocation of the Growth Portfolio as at 31 March 2020 to that of the RP.

Total Expense Ratio (TER)

The estimated TER for the USAF Growth Portfolio is 0.59% 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).

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