

Wealth Manager Cautious Wrap

August 2015



Investment Manager: Jonathan Moodie
 Investment Consulting: Glacier Consulting Services
 Benchmark: (ASISA) South African Multi-Asset (MA) Low Equity Average
 Inception Date: 01 March 2011
 Wrap Fund Fee: 50bp per annum (the fee excludes underlying Collective Investment Fees)

Mandate Description

The primary objective of this portfolio is to achieve a return in excess of the average fund in the MA Low Equity category. To achieve this, the portfolio will have a maximum exposure of 40% to risky assets (equity and property). The remainder of the portfolio will be invested in cash, bonds and foreign assets (limited to 25%). The portfolio uses fund managers with a proven ability to protect capital in times of market distress, while maintaining sufficient exposure to growth assets to achieve the target return. The portfolio is Regulation 28 compliant.

Quarterly Comment

The South African economy expanded by a disappointing 1.3% q/q in Q1 2015 compared to 4.1% q/q in Q4 2014. This moderate growth was largely driven by the mining sector which grew by a very welcome 10.2% q/q. Given electricity, labour and low-confidence constraints it seems that SA may struggle to lift its growth rate meaningfully above 2.0% over the next couple of years. In addition SA's unemployment rate increased to a 10-year high of 26.4% in Q1 2015, from 24.3% in Q4 2014. Consumer inflation increased 4.6% y/y in May from 4.5% and 4.0% in April and March. As risks to inflation remain on the upside and economic growth subdued the MPC decided to keep the repo rate unchanged at 5.75% on 21 May 2015.

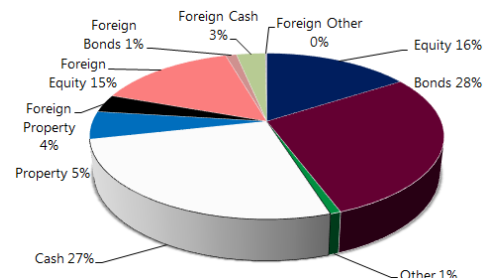
Market volatility continued in Q2 as investors grappled with the debt-laden Greece. Fears mounted over the country's potential default and exit from the Eurozone. Meanwhile, the FOMC decided to leave rates unchanged at 0.25% with Janet Yellen urging investors not to focus on the timing of the first rate hike but on the entire trajectory of monetary policy tightening. While a rate hike is expected in 2015, monetary policy normalisation is expected to be gradual.

In Q2 emerging markets (+0.8% in USD) outperformed developed markets (+0.5% in USD) and the ALSI (-0.5% in USD). Global bonds (-1.18% in USD) underperformed global and emerging market equities with global property (-10.55% in USD) being the worst performing asset class.

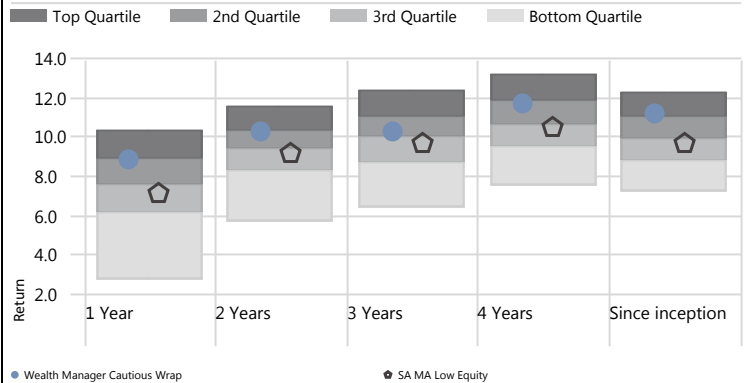
Locally, the JSE All Share index declined 0.20% on the back of mid-caps (-6.35%). By contrast small-caps and large-caps increased 1.46% and 0.75% with foreigner's net buyers of R19.9 billion worth of local equities. The ALBI ended Q2 1.40% lower largely driven by disappointing performance from the longer end of the yield curve (12yr + declined 2.85%). ILBs delivered returns in line with cash (1.55% vs 1.56%) Over Q1 foreigners were net buyers of R10.6 billion worth of local bonds. In line with longer dated bonds SA listed property pulled back -6.23%, down from a stellar 13.69% in Q1.

During Q2 2015, the rand depreciated marginally against the US dollar (+0.29%) and significantly against the euro (+3.02%) and British pound (+6.14%). It appreciated marginally against the Japanese yen (-1.59%). The rand continues to be vulnerable to capital flows resulting from global risk aversion, particularly to expected changes to US monetary policy. There is a great deal of uncertainty regarding the extent to which US monetary policy normalisation has been priced into the rand.

Asset Allocation at 30 June 2015



Quartile Peer Group Ranking



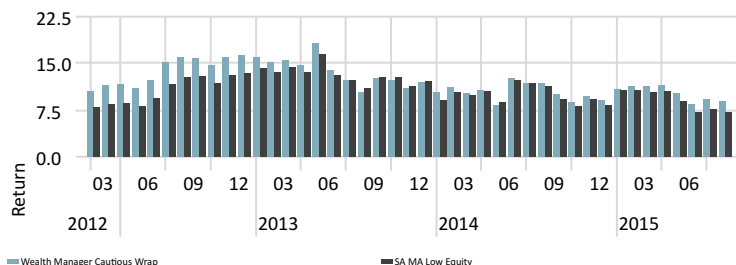
Performance Summary and Rolling Returns

As of Date: 31/08/2015 Source Data: Monthly Return

	1 month	3 months	6 months	1 Year	2 Years	3 Years	4 Years	Since Inception
Wealth Manager Cautious Wrap	-0.02	0.91	2.81	8.91	10.34	10.36	11.72	11.25
SA MA Low Equity	-0.40	0.29	1.72	7.17	9.18	9.77	10.50	9.77

Performance greater than 1 year has been annualized.

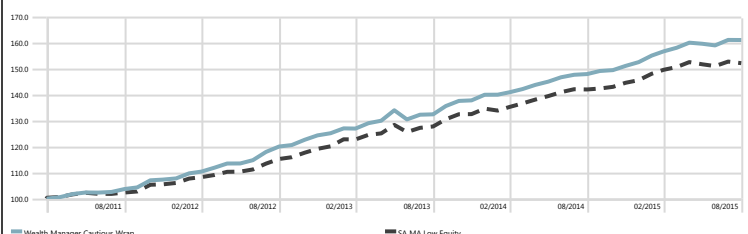
Rolling Returns - 1 year



Risk, Manager Allocation and Cumulative Investment Growth

Time Period: 01/09/2012 to 31/08/2015	Portfolio Date: 31/08/2015
Alpha	0.62
Sharpe Ratio	1.33
Std Dev	3.29
Wrap	BM
	Nedgroup Inv Stable A2
	SIM Low Equity B4
	Prudential Inflation Plus B
	Coronation Balanced Defensive B4
	PSG Stable E
	Coronation Money Market B
	STANLIB Global Property FF B1
	Prudential Enh SA Prop Tracker D

Time Period: 28/02/2011 to 31/08/2015



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