

# Wealth Manager Moderate Wrap

## October 2015



Investment Manager: Jonathan Moodie  
 Investment Consulting: Glacier Consulting Services  
 Benchmark: (ASISA) South African Multi-Asset (MA) Medium 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 Medium Equity category. To achieve this, the portfolio will have a maximum exposure of 60% 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

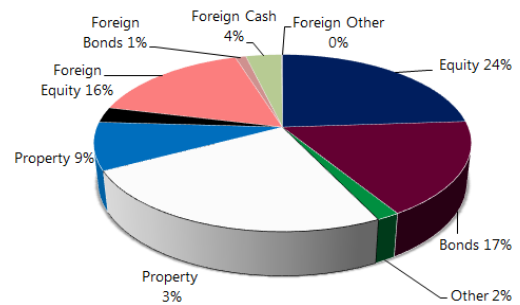
The South African economy grew by a disappointing 1.2% y/y in Q2 2015, down from a growth of 2.1% y/y in Q1, marking the worst performance since the recession in 2009. On a quarterly basis, the economy contracted by 1.3% in Q2 compared to a 1.3% expansion in Q1 as South Africa continued to experience power shortages and lower commodity prices, which hurt both mining and manufacturing production. The South African Reserve Bank left the repo rate on hold at 6% on 23 September 2015, following a 25 bps increase on 23 July 2015. The Governor, Lesetja Kganyago cited global developments; the associated uncertainty and volatility; low business and consumer confidence and electricity supply shortages as the main reasons and constraints to South Africa's economic growth. Meanwhile the overall risk to the inflation outlook remains on the upside, underpinned by the depreciation of the rand which may react further to the start of US monetary policy tightening. Over the quarter, the rand depreciated sharply against the US dollar (-13.59%), euro (-14.19%) and British pound (-9.75%).

Global financial markets experienced shock waves in Q3 as fears around when the Federal Reserve will start hiking rates mounted, along with China's troubled economy. The weakness in China's economy also sparked a downward shift in commodity prices. Over the quarter, global property (+3.64% in USD and +18.06% in ZAR) outperformed developed market equities (-8.66% in USD and +4.06% in ZAR), emerging market equities (-16.29% in USD and -4.64% in ZAR) and developed market bonds (+0.85% in USD and +14.89% in ZAR).

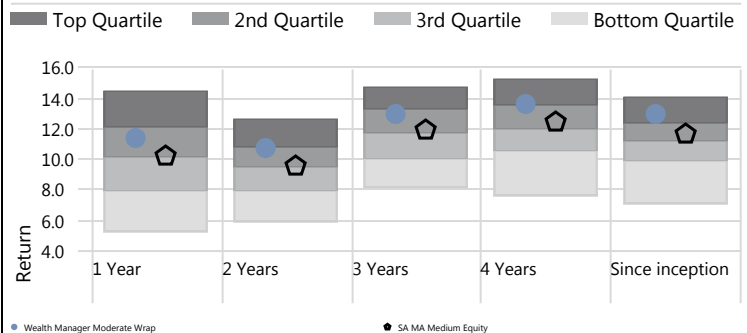
The ALSI followed the global trend and lost 2.13% (-14.08% in USD). By market-cap, mid-caps (-5.90%) led the losses, followed by small-caps (-3.85%) and large-caps (-1.47%). By tradable industries, Industrials were an exception and managed to deliver positive results (+1.63%) while Resources and Financials lost 16.72% and 2.89% respectively. The SA listed property index advanced 6.24% over the quarter, outperforming the ALSI, the ALBI (+1.11%), cash (+1.60%), preference shares (+0.65%) and ILBs (+0.94%). Bonds maturing between 1-3 years led the gains, advancing 1.76% over the quarter while bonds maturing in the longer-term (+ 12 years) performed the least, increasing by a meagre 0.90%.

Over the quarter, foreigners were net sellers of R9.59 billion worth of bonds and net purchasers of R4.12 billion worth of equities.

### Asset Allocation at 30 September 2015



### Quartile Peer Group Ranking



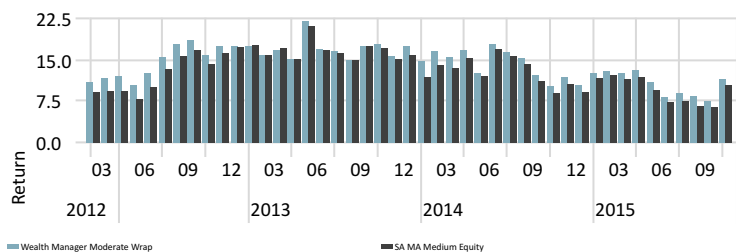
### Performance Summary and Rolling Returns

As of Date: 31/10/2015 Source Data: Monthly Return

	1 month	3 months	6 months	1 Year	2 Years	3 Years	4 Years	Since Inception
Wealth Manager Moderate Wrap	4.02	3.02	2.81	11.44	10.81	13.05	13.71	13.08
SA MA Medium Equity	3.94	2.68	2.03	10.26	9.60	12.02	12.56	11.78

Performance greater than 1 year has been annualized.

### Rolling Returns - 1 year



### Risk, Manager Allocation and Cumulative Investment Growth

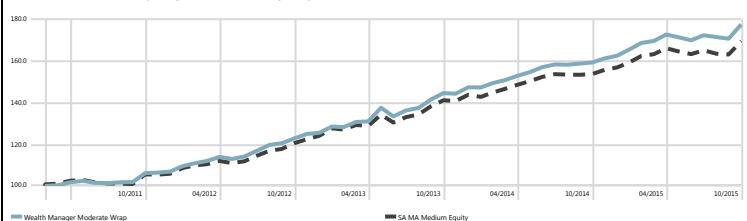
Time Period: 01/11/2012 to 31/10/2015

Portfolio Date: 31/10/2015

	Wrap	BM
Alpha	0.93	0.00
Sharpe Ratio (arith)	1.45	1.27
Std Dev	5.03	4.91

- Coronation Balanced Plus B4
- Foord Balanced B2
- PSG Balanced E
- Prudential Inflation Plus B
- SIM Low Equity B4
- Rezco Value Trend C
- Prescient Income Provider A2
- Prudential Enh SA Prop Tracker D
- Coronation Money Market B
- STANLIB Global Property FF B1

Time Period: 28/02/2011 to 31/10/2015



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