

# Wealth Manager Moderately Aggressive Wrap

## May 2016



Investment Manager: Jonathan Moodie  
 Investment Consulting: Glacier Consulting Services  
 Benchmark: (ASISA) South African Multi-Asset (MA) High 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 High Equity category. To achieve this, the portfolio will have a maximum exposure of 75% 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.

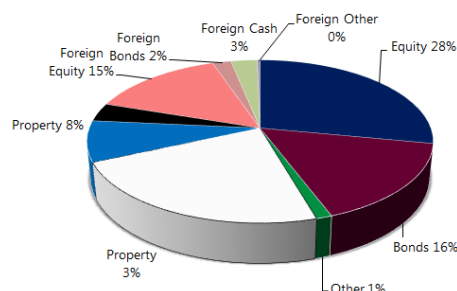
### Quarterly Comment

The South African economy grew by 0.6% y/y in Q4, slowing from a 1% growth in Q3, hitting its lowest level since the 2009 recession. Growth in 2015 was 1.3%. The main contributors were finance, real estate and business services. Overall growth is expected to moderate to 0.9% in 2016, before accelerating to 1.6% in 2017. This compares with the previous forecast of 1.5% and 2.1% for 2016 and 2017. On 29 January and 17 March 2016 the SARB hiked the repo rate by 50bps and 25bp to 7% citing fragile domestic and uncertain global economic growth prospects as the key drivers behind the decision. South Africa's headline inflation increased considerably from 6.2% y/y in January to 7.0% y/y in February, climbing sharply for the third consecutive month, hitting the highest reading since May 2009. Inflation is expected to remain outside the target range for an extended period, as upside risks remain averaging 6.2% for 2016. Over the quarter, the rand appreciated against the US dollar (5.2%), euro (0.6%) and British pound (6.5%) but depreciated against the yen (-1.4%).

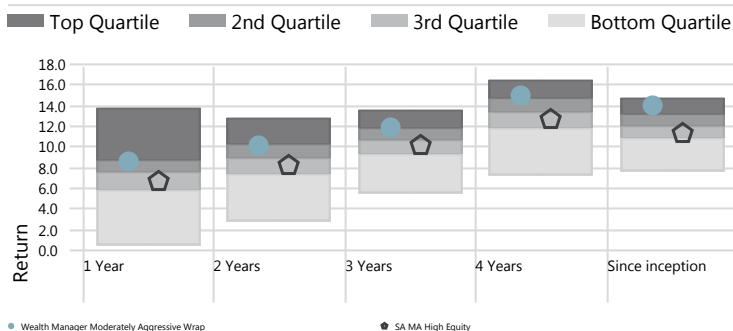
Global financial markets were mostly negative in January and February but rallied in March as sentiment was boosted by the Fed remaining dovish on the possibility of an interest rate hike in April and improved US employment data, a sign of an improved US economy. Other major central banks also maintained accommodative monetary policies alleviating investor concerns of further slowdowns in global economic growth. In Q1, emerging market equities (+5.4% in USD and -0.1% in ZAR) outperformed developed market equities (-0.9% in USD and -6.1% in ZAR). Global property (+4.6% in USD and -0.9% in ZAR) outperformed developed market bonds (-5.9% in USD and +0.4% in ZAR).

The ALSI followed emerging market trends gaining 3.9% (+9.6% in USD) in Q1. Returns were dispersed. Mid and small-caps delivered 18.8% and 11.4% while large-caps delivered a meagre 1.5%. By tradable industries, SA Industrials (including dual listed companies) lost ground declining 0.4%. All the others produced positive returns. Resources was the best performer (+18%) followed by SA listed property (+10.1%), industrials (+7.6%) and financials (+6.2%). The ALBI returned 6.5% (+12.4% in USD) with the longer end of the yield curve (+12) performing the best (+7.7%) as foreigners were net buyers of R14bn worth of bonds in March 2016. Cash was the worst performing fixed interest asset class returning 1.68% followed by ILBs (+2.2%). Preference shares increased 4.6% in Q1. Foreigners were net buyers of R15.7 billion worth of bonds and net sellers of R21.9 billion worth of equities in Q1.

### Asset Allocation at 31 March 2016



### Quartile Peer Group Ranking



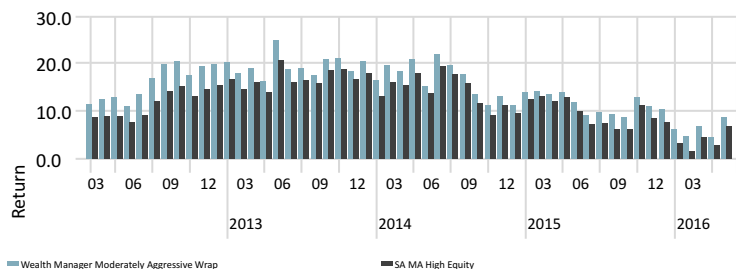
### Performance Summary and Rolling Returns

As of Date: 31/05/2016

	1 month	3 months	6 months	1 Year	2 Years	3 Years	4 Years	Since Inception
Wealth Manager Moderately Aggressive Wrap	3.35	5.96	4.93	8.75	10.29	11.96	15.05	14.06
SA MA High Equity	2.64	6.65	4.64	6.88	8.44	10.18	12.75	11.51

Performance greater than 1 year has been annualized.

### Rolling Returns - 1 year



### Risk, Manager Allocation and Cumulative Investment Growth

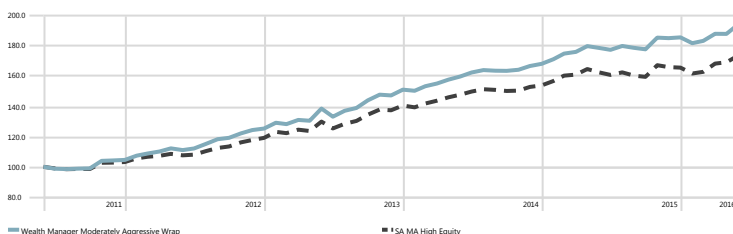
Time Period: 01/06/2013 to 31/05/2016

	Wrap	BM
Alpha	1.81	0.00
Sharpe Ratio (arith)	1.02	0.69
Std Dev	5.73	5.93

Portfolio Date: 31/05/2016

- Foord Balanced B2
- Prudential Balanced B
- Truffle MET Flexible C
- Bateleur Flexible Prescient A2
- Laurium Flexible Prescient B4
- Coronation Balanced Defensive B4
- Prescient Income Provider A2
- Prudential Enh SA Prop Tracker D
- Foord Flexible FoF B2
- Prescient Money Market B1
- Catalyst Gbl Real Estate Prescient FF D

Time Period: 01/06/2011 to 31/05/2016



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