

Wealth Manager Accelerator Wrap



As of 2017/01/31

Investment Manager: Jonathan Moodie
Investment Consulting: Glacier Consulting Services
Benchmark: (ASISA) World-Wide Flexible Category
Inception Date: 01 March 2015
Wrap Fund Fees: 50bp per annum (the fee excludes underlying Collective Investment Fees)

Mandate Description

The wrap fund aims to provide a high level of capital growth over the long term. Investors in this fund are prepared to tolerate high fluctuations in the value of their investment over the short term. The fund will be diversified across all major asset classes with a strong bias towards equities (maximum of 100%) and can invest in South African and/or foreign markets up to 100% either way. Investors in this fund have an investment horizon of 7 years or longer. The fund is not Regulation 28 compliant.

Quarterly Comments

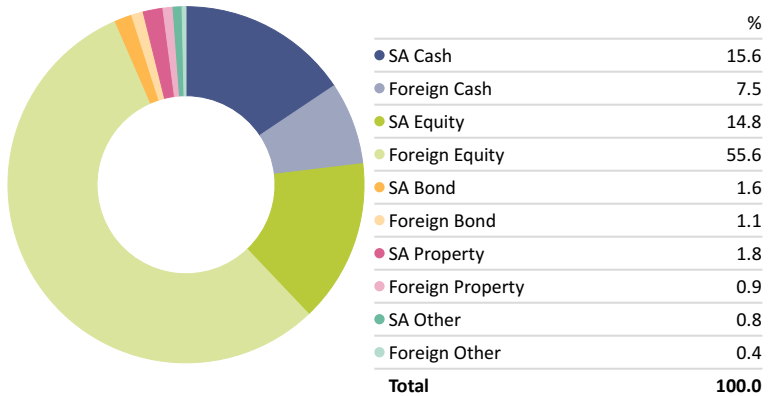
The South African economy rose by a disappointing 0.2%q/q in Q3 well below market expectations (0.6% q/q) due to a sharp decline in manufacturing activity (-3.2% q/q). Growth over the year to end September 2016 rose by a modest 0.7%. Overall growth is expected to moderate to 0.3% in 2016, improving to 1.2% in 2017 due to an anticipated increase in agricultural activity, lower inflation and some recovery in commodity prices. However business and consumer confidence remains weak and the economy has struggled to gain momentum since the financial market crisis. Unless SA is able to lift economic activity it continues to face the risk of further credit rating downgrades. The SARB kept the repo rate unchanged at 7% in November due to muted economic growth and upside inflation risk. South Africa's headline inflation rose to 6.6% y/y in November after increasing 6.4% y/y in October. While the SARB remains concerned about upside inflation risk it could move back into the target range in 2017 should agricultural activity recover and the rand remain range-bound. The rand appreciated against the US dollar (-0.19%), the euro (-6.36%), the pound (-4.6%) and the yen (-13.18%) in Q4.

2016 will be remembered by events such as Brexit, Trump and Renzi. Despite this developed market equities increased in November and December delivering 1.48% in USD (1.29% in ZAR) in Q4, outperforming emerging market equities (-4.56% in USD and -4.74% in ZAR). In hope of stronger growth, rising inflation and higher interest rates the US dollar strengthened in Q4 and capital flowed out of emerging markets. US GDP exceeded market expectations in Q3 growing 3.5% q/q (1.4% in Q2) - the highest in 2 years. US inflation increased 1.7% y/y in November (1.6% in October), in line with market expectations. This is attributed to higher energy costs. As expected, the Fed raised interest rates by 0.25% in December. What did surprise investors is the anticipated increase in the number of rate hikes in 2017 from 2 to 3. Developed market bonds (-7.07% in USD and -7.25% in ZAR) underperformed developed market property (-6.22% in USD and -6.40% in ZAR).

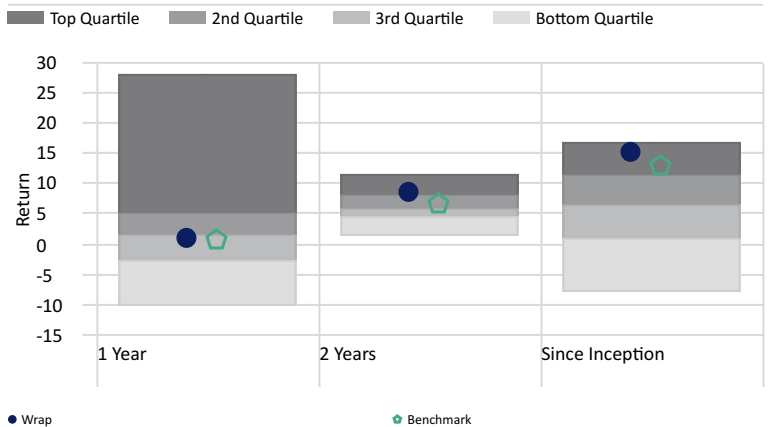
The ALSI outperformed emerging markets but lost ground (-2.09% in ZAR and -1.9% in USD) in Q4. Mid and small-caps delivered +1.02% and +0.58%. Large-caps delivered -3%. SA Industrials (including dual-listed companies) was the worst performer (-4.69%) followed by Resources -1.20%. Industrials and Financials performed the best (+5.26% and 2.89%). The ALBI returned +0.35% (+0.54% in USD) with the shorter end of the yield curve (1-3 Yr) performing the best (+1.42%). Foreigners were net sellers of R52bn of bonds in Q4 (-R26.1bn in 2016). Inflation linkers was the worst performing fixed interest asset class (-1.07%). Preference shares and cash increased +1.98% and +1.86% in Q4. Foreigners were net sellers of R28.4bn worth of equities in Q4 (-R124.8bn in 2016).

Asset Allocation

Portfolio Date: 2017/01/31



Quartile Peer Group Ranking



Risk Statistics

Time Period: 2015/02/01 to 2017/01/31

	Wrap	BM
Alpha	1.83	0.00
Sharpe Ratio (arith)	0.14	-0.01
Std Dev	12.03	10.17

Manager Allocation

Portfolio Date: 2017/01/31

Foord Flexible FoF B2
 Coronation Optimum Growth P
 Truffle MET Flexible C
 Prescient Income Provider A2
 Nedgroup Inv Global Equity FF B2

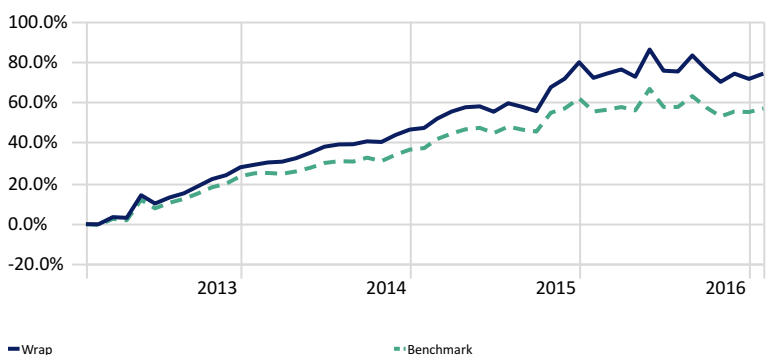
Performance Summary

As of Date: 2017/01/31

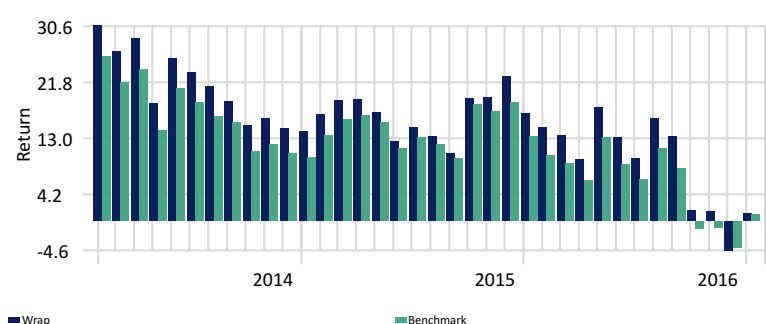
	1M	3M	6M	1Y	2Y	Since Inc.
Wrap	1.53	2.39	-0.59	1.22	8.72	15.28
Benchmark	1.15	2.57	-0.46	0.96	6.89	12.36

Cumulative Investment Growth

Time Period: 2013/02/02 to 2017/01/31



Rolling Returns - 1 year



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