

# Wealth Manager Cautious Wrap



As of 2017/07/31

**Investment Manager:** Jonathan Moodie  
**Investment Consulting:** Glacier Consulting Services  
**Benchmark:** (ASISA) SA MA Low Equity Average  
**Inception Date:** 01 March 2011  
**Wrap Fund Fees:** 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 Comments

The South African economy contracted by an annualised 0.7% q/q in Q1 of 2017. This was substantially below the 0.9% q/q growth predicted by general consensus. This was the second negative growth recorded in two quarters resulting in South Africa slipping into a 'technical recession'. The primary drivers behind this were trade, catering and accommodation which delivered a -5.9% return, followed by manufacturing (-3.71%) contributing negatively to GDP for the third straight quarter.

The South African market, in general, moved sideways during Q2 in 2017 with the ALSI delivering a negative return of -0.39%. Any positive contributions experienced during April were wiped out over the following two months as mid-cap and small-cap shares were large detractors from overall performance. Once again, political upheavals dominated the headlines and impacted on market sentiment with highlights including our President surviving yet another challenge on his position and Brian Molefe being re-appointed as the CEO of ESKOM.

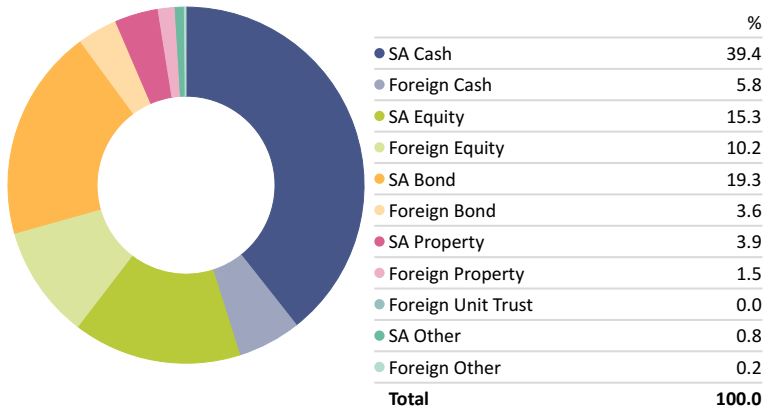
Our local fixed income markets took severe punishment during the final month of the quarter as returns across all fixed income instruments, apart from shorter-term bonds, were negative. This included inflation linked instruments which, on average, returned -0.19% for the month of June. However, for the quarter the ALBI returned +1.49% with the best performing fixed income asset class being the 3-7Yr range of the yield curve which delivered +2.44%. Preference shares and cash remained relatively consistent in Q2 increasing +1.29% and +1.85%.

Large-caps delivered 0.94% in Q2 while mid- and small-caps returned -3.54% and -2.78%. Resources was the worst performer (-7.05%) followed by Industrials (-1.06%) and Financials (-0.01%). SA Industrials (including dual-listed companies) was the best performer returning 2.21% in Q2.

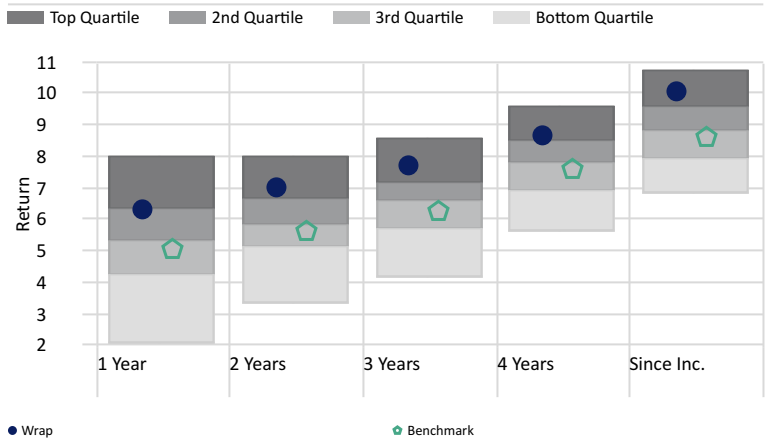
Globally, the positive start to 2017 continued in Q2 with developed market equities delivering 3.38% in USD (0.70% in Rand). Emerging markets went from strength to strength returning 5.47% in USD (2.73% in Rand). The Rand strengthened by 2.60% against the dollar in Q2. The Fed voted to hike interest rates by 0.25% in June, marking the second hike this year as US Federal Reserve Chair Janet Yellen signalled that the US economy is able to withstand higher interest rates. The US GDP rose by an annualised 1.4% q/q in Q1, outperforming the consensus forecast of 1.2%. In Europe the ECB kept its interest rate policy unchanged while in the UK, Theresa May and her decision to call a snap general election dominated the headlines in June. This decision back-fired as the Conservative party lost its majority standing. As a result this weakened both the strength and stability of her government at a crucial time.

## Asset Allocation

Portfolio Date: 2017/07/31



## Quartile Peer Group Ranking



## Risk Statistics

Time Period: 2014/08/01 to 2017/07/31

	Wrap	BM
Alpha	1.36	0.00
Sharpe Ratio (arith)	0.24	-0.22
Std Dev	3.20	3.27

## Manager Allocation

Portfolio Date: 2017/07/31

- Prescient Income Provider A2
- SIM Inflation Plus B4
- Coronation Balanced Defensive P
- Prudential Inflation Plus B
- Nedgroup Inv Stable A2
- PSG Stable E

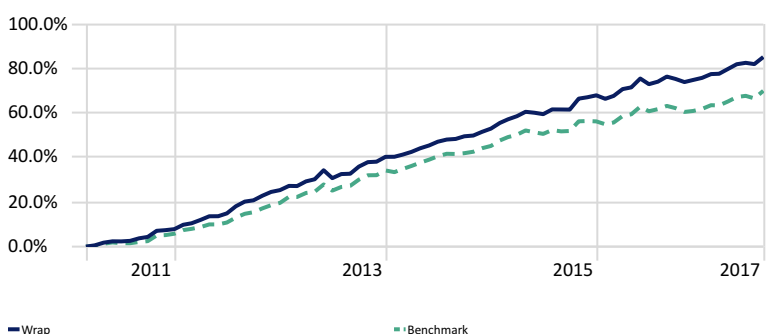
## Performance Summary

As of Date: 2017/07/31

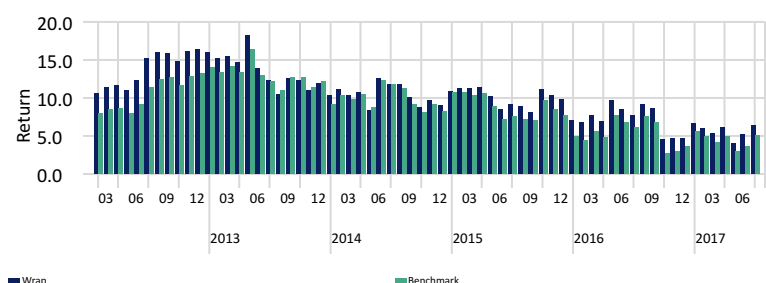
	1M	3M	6M	1Y	2Y	3Y	Since Inc.
Wrap	1.75	1.79	4.32	6.36	7.03	7.73	9.88
Benchmark	2.03	1.66	3.95	5.08	5.62	6.25	8.73

## Cumulative Investment Growth

Time Period: 2011/03/01 to 2017/07/31



## Rolling Returns - 1 year



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