

Wealth Manager Cautious Wrap



As of 2017/09/30

Investment Manager: Jonathan Moodie
Investment Consulting: Glacier Discretionary Fund Management
Benchmark: (ASISA) SA MA Low Equity Average
Inception Date: 01 March 2011
Wrap Fund Fees: 50bps 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

After two consecutive quarters of decline, the South African economy expanded by an annualised 2.5% q/q in Q2 of 2017, beating market expectations of 2.1%. This is the highest growth rate since Q3 2016 and indicates that South Africa has moved out of technical recession. The primary drivers behind this were agriculture, forestry and fishing which delivered a 33.6% return, followed by electricity, gas and water supply which delivered 8.8%.

The South African market gained traction during Q3 2017 with the ALSI delivering 8.91%. This positive performance was mainly driven by large cap shares. The Top 40 delivered 9.98% for the quarter. Mid-cap and small-cap shares delivered 3.84% and 3.01% respectively. While the South African economy grew during Q2, growth prospects remain subdued. Domestic fixed investment contracted further accompanied by low business confidence. The SARB kept the repo rate unchanged at 6.75% citing increased downside risks to economic growth as well as upside risks to inflation. Markets were tight, with three members voting for a cut and the remaining three voting for rates to remain unchanged, which means the Governor made the final call.

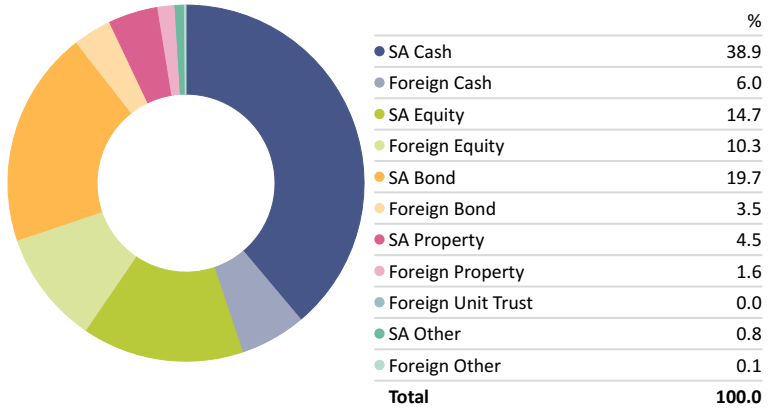
Our local fixed income markets underperformed the equities market while returns across all fixed income instruments were positive. This included inflation-linked instruments which returned 1.21% for the quarter. The ALBI returned +3.68% with the best-performing fixed income asset class being the longer end (12+ years) of the yield curve which delivered 3.96%. Cash delivered 1.84%, outperforming preference shares which returned 0.17% in Q2.

Large-caps delivered 9.98% in Q3 while mid- and small-caps returned 3.84% and 3.01%. Resources was the best performer (17.82%) followed by SA Industrials (including dual-listed companies) which returned 7.38% in Q3.

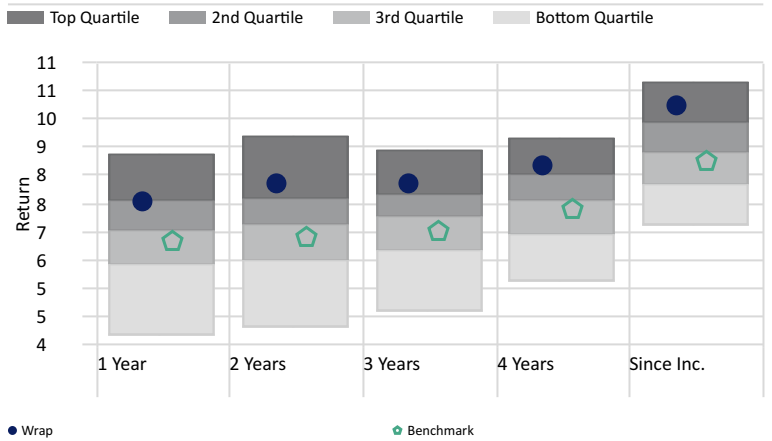
Globally, the positive start to 2017 continued through Q2 and into Q3 with developed market equities delivering 4.39% in USD (8.26% in Rand). While returns of emerging market equities stalled in September, they rendered 7.02% in USD (10.99% in Rand) for the quarter. The Rand weakened by 3.71% against the dollar in Q3. As expected, and after raising interest rates twice this year, the Fed left interest rates unchanged but signalled one more increase by year-end as economic conditions continue to improve. The Fed expects to begin implementing its balance sheet normalisation program soon. The US GDP expanded an annualised 3.1% q/q in Q2, ahead of market expectations of 1.2%. In Europe the ECB and the Bank of England kept interest rate policies unchanged. While in Germany Angela Merkel won fourth term in office but with far fewer votes than needed for her to govern without forming a coalition government.

Asset Allocation

Portfolio Date: 2017/09/30



Quartile Peer Group Ranking



Risk Statistics

Time Period: 2014/10/01 to 2017/09/30

	Wrap	BM
Alpha	1.18	0.00
Sharpe Ratio (arith)	0.31	-0.08
Std Dev	3.21	3.26

Manager Allocation

Portfolio Date: 2017/09/30

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

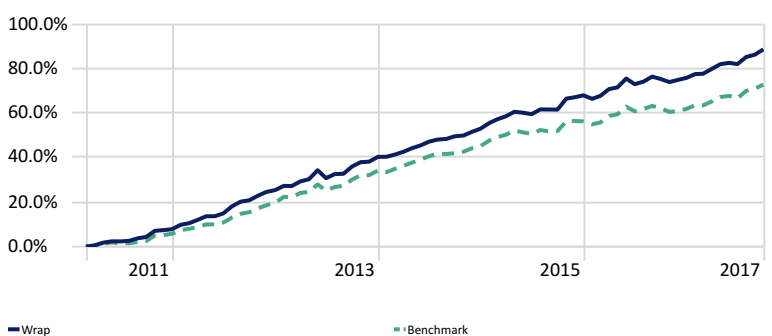
Performance Summary

As of Date: 2017/09/30

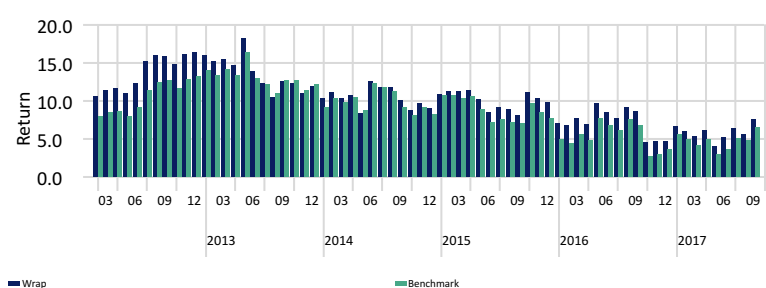
	1M	3M	6M	1Y	2Y	3Y	Since Inc.
Wrap	1.27	3.63	4.88	7.57	8.05	8.04	9.94
Benchmark	1.09	3.72	4.58	6.52	6.64	6.77	8.78

Cumulative Investment Growth

Time Period: 2011/03/01 to 2017/09/30



Rolling Returns - 1 year



DISCLAIMER: Moodie's Strategic Financial Services (Pty) LTD trading as Wealth Manager is an authorised financial services provider (FSP No. 12836). Implementation of investment decisions are at the discretion of Wealth Manager. Glacier Consulting Services provides input into the portfolio construction process and does not render any advice. Wealth Manager remains responsible and accountable for any advice rendered. Unit trusts are medium to long term investments. Past performance is not necessarily a guide to future returns. The value of investments and the income from them may go down as well as up and are not guaranteed. Performance figures are quoted gross of portfolio management service fees, but includes all fees charged by the underlying funds. Performance figures for periods greater than 12 months are annualised. All data shown is at the month end. Changes in market conditions may cause the value of your investment to fluctuate. All information has been recorded and arrived at from sources believed to be reliable, but no representation or warranty, expressed or implied, is made as to its accuracy, completeness or correctness.

Source: Morningstar Direct