

# Wealth Manager Moderately Aggressive Wrap



## As of 2017/10/31

**Investment Manager:** Jonathan Moodie  
**Investment Consulting:** Glacier Discretionary Fund Management  
**Benchmark:** (ASISA) SA MA High 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 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 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 expected a 25bps cut. The decision was 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.

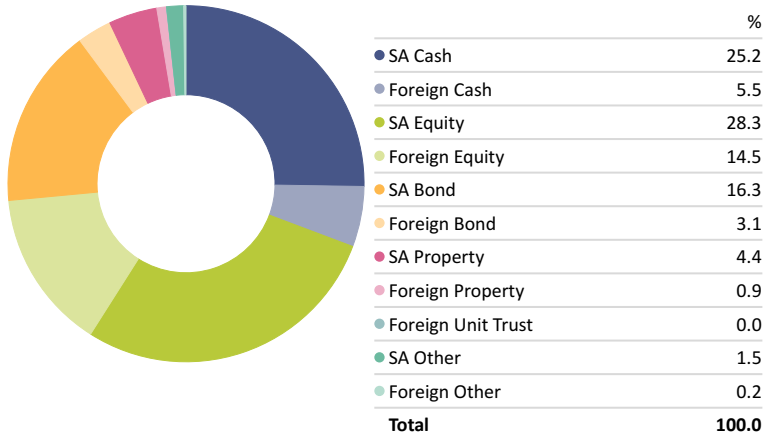
Our local fixed income markets underperformed the equities market while returns across all fixed income instruments were positive. This included inflation-linked instruments which returned 1.21% for the quarter. The ALBI returned +3.68% with the best-performing fixed income asset class being the longer 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.

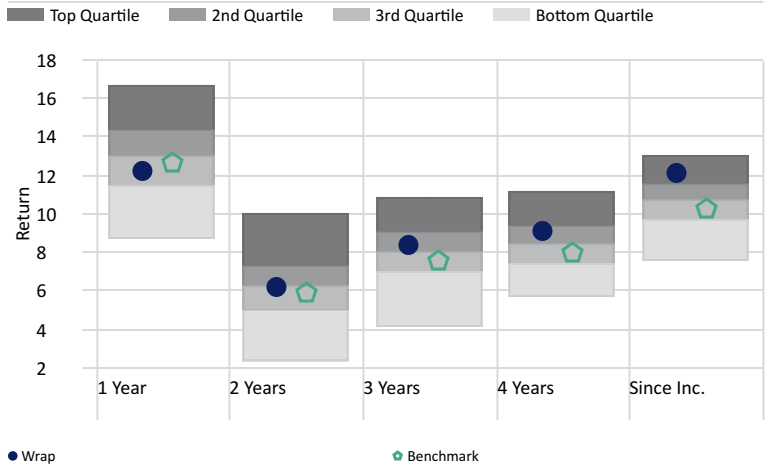
Globally, the positive start to 2017 continued through Q2 and into Q3 with developed market equities delivering 4.39% in USD (8.26% in Rand). While returns of emerging market equities stalled in September, they rendered 7.02% in USD (10.99% in Rand) for the quarter. The Rand weakened by 3.71% against 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: 2017/10/31



### Quartile Peer Group Ranking



### Risk Statistics

Time Period: 2014/11/01 to 2017/10/31

|                      | Wrap | BM   |
|----------------------|------|------|
| Alpha                | 0.79 | 0.00 |
| Sharpe Ratio (arith) | 0.25 | 0.09 |
| Std Dev              | 5.47 | 6.21 |

### Manager Allocation

Portfolio Date: 2017/10/31

- Prudential Balanced B
- Prescient Income Provider A2
- Coronation Balanced Defensive P
- Foord Balanced B2
- Truffle MET Flexible C
- Laurium Balanced Prescient A2
- Foord Flexible FoF B2

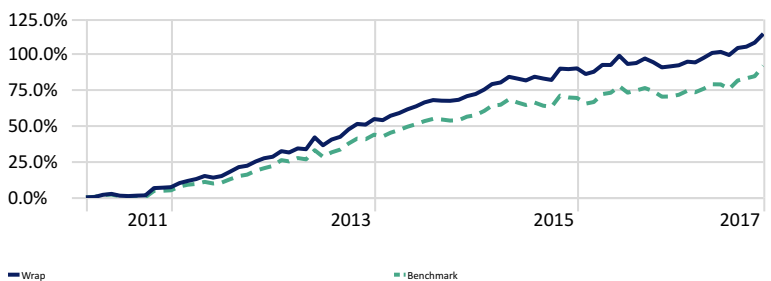
### Performance Summary

As of Date: 2017/10/31

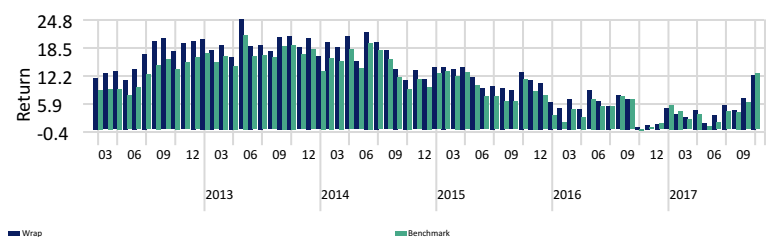
|           | 1M   | 3M   | 6M   | 1Y    | 2Y   | 3Y   | Since Inc. |
|-----------|------|------|------|-------|------|------|------------|
| Wrap      | 2.95 | 4.85 | 6.66 | 12.31 | 6.22 | 8.43 | 12.16      |
| Benchmark | 3.90 | 5.62 | 7.19 | 12.66 | 5.91 | 7.65 | 10.31      |

### Cumulative Investment Growth

Time Period: 2011/03/01 to 2017/10/31



### Rolling Returns - 1 year



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