

## WEALTH MANAGER CPI PLUS 4% PORTFOLIO

**INCEPTION DATE:** May 2017

**PERFORMANCE TARGET:** CPI + 4%

### INVESTMENT OBJECTIVE

The Wealth Manager CPI Plus 4% Portfolio represents a model investment strategy that seeks to grow capital and income at a reasonable pace for investors with an investment horizon beyond five years. It invests in a range of unit trust funds diversified across various asset classes and asset managers utilising specialist mandates. The mandate uses a blend of active and passive funds. The local equity has a 75% allocation to active managed funds and 25% allocation to passive managed funds. Global equity has a 25% allocation to active managed funds and 75% allocation to passive managed funds.

This strategy aims to achieve capital growth over a medium-term horizon and therefore has a moderate exposure to growth assets such as equities and a relatively lower exposure to income-generating asset classes.

### RETURN OBJECTIVE

The investment strategy targets returns of CPI + 4% p.a. over rolling five year periods.

### BENCHMARK

The Wealth Manager CPI Plus 4% Portfolio is measured against Headline CPI (urban) plus 4%.

### REGULATION 28 COMPLIANCE

This model portfolio is managed to comply with Regulation 28.

### PORTFOLIO FEES

Discretionary Management Fee (incl. VAT): 0.57% p.a.

#### Unit trust fund fees:

Weighted average total expense ratio (TER): 0.83%

### PERFORMANCE DATA\*

	% performance (annualized)					
	3 months	6 months	9 months	1 year	2 years	Since Inception
Portfolio	-0.46%	3.59%	N/A	N/A	N/A	5.16%
Benchmark	1.82%	3.67%	N/A	N/A	N/A	4.83%

\* Model portfolio performance and gross benchmark returns, both including reinvested income. All returns are calculated in ZAR net of underlying portfolio fees but gross of any discretionary fund management and investment vehicle administration fees. Client specific net returns are provided in the reports of the chosen Linked Investment Service Provider (LISP). Where life funds are held, performance is calculated based on holding of the untaxed class. Performance data and risk statistics may only be provided once the track record reaches 6 months, in line with legislation.

Source: Morningstar and Old Mutual Wealth TFP as at 31 January 2018

### PORTFOLIO ALLOCATION

Fund Allocation	Manager Allocation	Actual	Target
SIS Management Company Limited - SIS Property Equity FoF B6	Sesfikile Catalyst	5.87%	6.00%
SIS Management Company Limited - SIS Equity FoF B6	Coronation Prudential Visio Capital Bateleur Capital Laurium Capital 36One Steyn Capital	10.86%	12.00%
SIS Management Company Limited - SIS Flexible Income FoF B6	Prudential Prescient Coronation	57.29%	53.00%
Satrix Managers (Pty) Limited - Satrix MSCI World Equity Index FF B2	SATRIX	12.78%	15.00%
Old Mutual Unit Trust Mgrs - Old Mutual Capped SWIX Index B1	Old Mutual	3.59%	4.00%
SIS Management Company Limited - SIS International Growth FoF B6	Orbis State Street - Gins Global Harris Associates Coronation (emerging markets) Ballie Gifford	4.32%	5.00%
SIS International Flexible FoF B6	Catalyst Blackrock	5.29%	5.00%

### ASSET CLASS HOLDINGS

Asset Allocation	Actual Weight
Domestic Cash	0.22%
Domestic Equity	14.13%
Domestic Fixed Interest	57.29%
Domestic Property	6.20%
International Cash	0.11%
International Equity	16.38%
International Fixed Interest	0.00%
International Property	5.67%
Other	0.00%
Total	100.00%

### RISK STATISTICS\*

	Portfolio
Maximum drawdown	-0.70%
Sharpe Ratio	0.07
Standard deviation	3.29%

## PORTFOLIO MANAGER



Roland Gräbe is the portfolio manager responsible for the management of this model portfolio and clients' assets following the portfolio strategy. He received his CFA charter in 2004 and has more than 17 years' investment experience specialising in investment consulting and multi-management.

## DIVERSIFICATION

Utilising fund manager research performed by Old Mutual Multi-Managers, we select and monitor the underlying funds, while the fund managers themselves have flexibility to decide which underlying assets to buy within the fund mandate. We carefully blend fund managers with complimentary investment styles to achieve a well-diversified but dynamic mix of equities, money market instruments, conventional bonds, inflation-linked bonds and listed property.

## INVESTMENT COMMITTEE

Investment decision-making is managed within a formally constituted Investment Committee (IC.) The IC consists of investment professionals from OMW Tailored Fund Portfolios, Old Mutual Multi-Managers and representatives of WEALTH MANAGER. The role of the IC is to look after the management and monitoring of this investment strategy. The practice representatives appointed to attend IC meetings are: Jonathan Moodie

## FUND COMMENTARY

Buoyed by a positive macroeconomic backdrop and surging reported earnings, global equities posted the third best January return (5.6%) since the launch of the MSCI All Countries World Index in 1987. The US, where company profits will now get an extra boost from lower tax rates, was the top performing developed market, but the weaker US dollar also boosted dollar returns from other markets. The surging bull market is finally captivating retail investors, with equity mutual funds worldwide reporting the best monthly inflows into on record according to Bloomberg. The S&P500 returned 5.7% in the month on the way to fresh record highs, which lifted the return over one year to 26.6%. Fourth quarter financial results released during the month were mostly above the already-optimistic forecasts of analysts.

In contrast to the strong month on global markets, especially emerging market equities, the JSE was pretty much flat. The FTSE/JSE All Share index returned 0.1% in January, but the return over twelve months is still a respectable 16%. The FTSE/JSE SWIX, with a larger weight to Naspers, lost 0.68% in the month, limiting the 12-month return at 17.3%. The Capped SWIX return was -0.4% in January. Nominal bonds delivered positive returns in January, supported by a stronger rand and optimism of political change. The All Bond Index returning 1.8% in the month and 10.8% over 12 months. The 10-year South African government bond yield declined from 8.6% at the start of January to 8.3%, but ended the month at 8.4% after local bonds followed global bonds lower. At the end of January 2016, the 10-year yield traded at 8.8%. Inflation linked bonds were negative in January however, losing 1.3%

Amid much fanfare, the rand broke through the R12.00 per US dollar for the first time since May 2015. At first glance it appears to be a continuation of the "Ramaphosa rally" as investors price in improved prospects for economic reform, policy certainty and corruption fighting. However, as is mostly the case, the global backdrop is crucial: the strong rand is largely a weak dollar story, though the new positive sentiment towards South Africa certainly helps.

## CONTACT DETAILS

**BUSINESS CONTACT:** Renee Beck Tel: 021 524 4623 Email: [fp@omwealth.co.za](mailto:fp@omwealth.co.za)

**SERVICE CONTACT:** Tel: 0860 999 199 Email: [service@omwealth.co.za](mailto:service@omwealth.co.za)

Old Mutual Life Assurance Company (SA) Limited

Licensed Financial Services Provider

93 Grayson Drive & West Road South,

Sandton, Johannesburg, 2196



## Entities making the Discretionary Model Portfolios available

Old Mutual Wealth Tailored Fund Portfolios ("TFP") is a division of Old Mutual Life Assurance Company South Africa Limited ("OMLACSA"), registration number 1999/004643/06, which is a discretionary financial services provider authorised in terms of the Financial Advisory and Intermediary Service Act 37 of 2002 ("FAIS") with licence number 703.

Old Mutual Investment Services (Pty) Ltd ("OMIS"), registration number 1996/000452/06, is an administrative financial services provider authorised in terms of FAIS.

Unit Trust Managers registered in terms of the Collective Investment Scheme Control Act 45 of 2002.

## What are Discretionary Model Portfolios?

A Discretionary Model Portfolio is a combination of Old Mutual or other unit trust funds that are grouped together by TFP and made available by OMIS on its administrative platform.

## Unit Trust Disclaimers

You should ideally see unit trusts as a medium to long term investment. The fluctuations of particular investment strategies affect how a fund performs. Your fund value may go up or down. Therefore, investment capital or return on your investment cannot be guaranteed. How a fund has performed in the past does not necessarily indicate how it will perform in the future. The fees and costs charged for managing your investment are accessible on the relevant fund's Minimum Disclosure Document (MDD) or table of fees and charges, both available on the manager's public website. Unit trusts are traded at ruling prices, may borrow to fund client disinvestments and may engage in script lending. The daily price is based on the current market value of the underlying fund's assets plus income minus expenses (NAV of the portfolio) divided by the number of units on issue. Should the underlying fund hold assets in foreign countries it may have risks regarding liquidity, the repatriation of funds, political and macro-economic situations, foreign exchange, tax, settlement, and the availability of information. Please contact us for risks specific to each country. A fund of fund is a portfolio that invests in other funds which levy their own charges, which could result in a higher fee structure for the fund of funds. The Net Asset Value to Net Asset Value figures are used for the performance calculations. The performance quoted is for a lump sum investment. The performance calculation includes income distributions prior to the deduction of taxes and distributions are reinvested on the ex-dividend date. Performances may differ as a result of actual initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Performance returns are the time-weighted return over the performance period measured. A manager has the right to close the portfolio to new investors in order to manage it more efficiently in accordance with its mandate.