

# Wealth Manager Cautious Wrap



As of 2018/02/28

**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

The South African economy expanded in Q3 producing an annualised quarterly growth of 2%. While this positive result outperformed general market expectations (+1.5%), the outcome culminated in a general slowdown when compared to the previous quarter's 2.8% gain. This reduced quarterly expansion resulted in the annual GDP growth rate settling at 0.8% pa as at the end of Q3. Agriculture, forestry and fishing continued to be the primary driver of growth delivering 44.2%. It increased 38.7% in Q2. Mining continued to expand generating a 6.6% return followed closely by manufacturing which yielded 4.3%.

The FTSE/JSE ALSI continued to climb during Q4 setting a new high of 61 298 at its peak. This increase translated into a 7.44% return for Q4. Most of this performance was experienced early in Q4 pulling back -0.34% in December. Mid-caps and the Top 40 were the primary drivers returning 11.58% and 6.71% for Q4. Small-caps lagged delivering 3.6%. Financials was the best performer returning 15.98% followed closely by Industrials (+15.63%). The worst performing sub-sector was SA Industrials (including dual-listed companies) (+4.67%). Foreigners were net buyers of equities (+R42bn) over Q4.

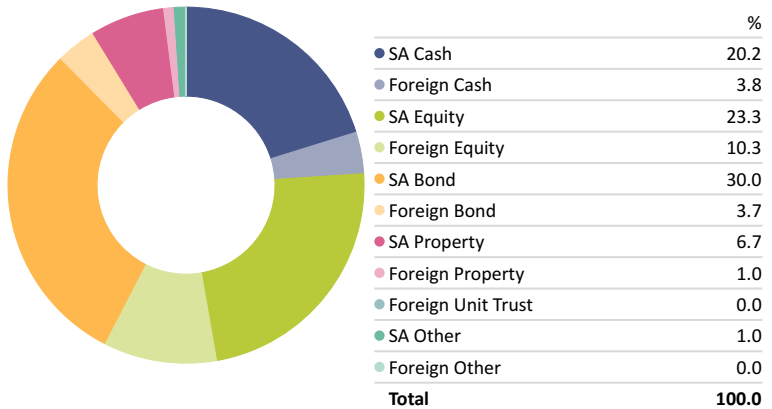
The SARB kept the repo rate unchanged at 6.75% in November on concern that the December ANC leadership election could have a large impact on the exchange rate. This was well-founded. The rand strengthened 6.4% over the four day conference and continued following the appointment of Cyril Ramaphosa as the new ANC President. The rand strengthened 8.64% against the dollar, 7.12% against the pound and 7.17% against the euro in Q4.

Local fixed income markets underperformed equities over Q4. However returns across all fixed income instruments remained positive. The ALBI returned +2.22%. The best-performing fixed income asset class was the longer end (12+ years) of the yield curve which delivered 2.28%. December was a particularly good month for bonds. The ALBI returned +5.66% for the month. Cash delivered 1.80%. Preference shares had a particularly bad quarter delivering a negative 5.66%. Foreigners were net sellers of bonds (-R32.6bn) over Q4.

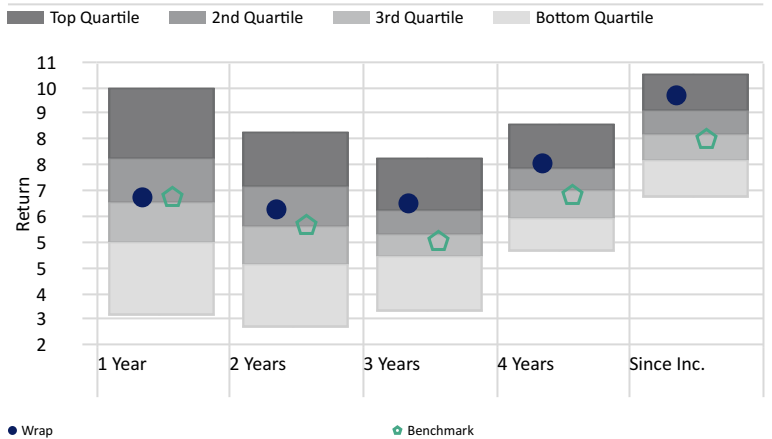
While 2017 was a great year for global assets, rand strength detracted from this performance. Developed market equities delivered 5.14% in USD (-3.95% in rand) while emerging market equities rendered 7.09% in USD (-2.16% in rand) for Q4. In 2017 developed market equities returned 20.11% in USD (8.6% in rand). Emerging markets returned 34.35% in USD (21.5% in rand). As expected the Fed raised interest rates by 0.25% to a range of 1.25% to 1.5% in December. Looking ahead, rates could be raised faster than initially anticipated in light of the tax reform signed by Trump in late December 2017. US GDP expanded an annualised 3.2% q/q in Q3, ahead of market expectations (+2.6%).

## Asset Allocation

Portfolio Date: 2018/02/28



## Quartile Peer Group Ranking



## Risk Statistics

Time Period: 2015/03/01 to 2018/02/28

	Wrap	BM
Alpha	0.95	0.00
Sharpe Ratio (arith)	-0.23	-0.54
Std Dev	3.38	3.45

## Manager Allocation

Portfolio Date: 2018/02/28

- SIM Inflation Plus B4
- Prudential Inflation Plus B
- Nedgroup Inv Flexible Inc B1
- Prescient Income Provider A2
- Coronation Balanced Plus P
- Food Balanced B2

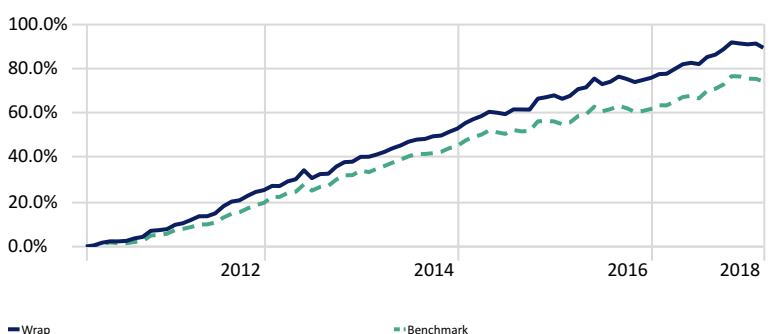
## Performance Summary

As of Date: 2018/02/28

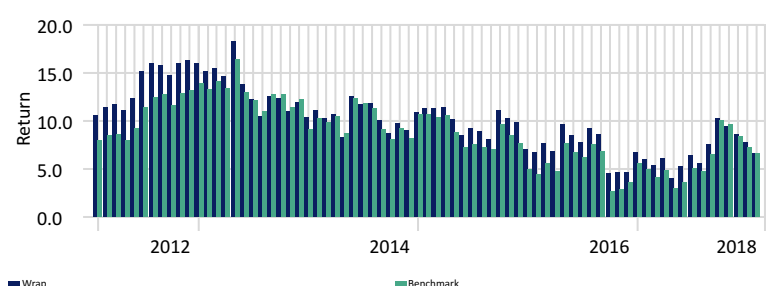
	1M	3M	6M	1Y	2Y	3Y	Since Inc.
Wrap	-0.99	-1.01	1.66	6.57	6.25	6.40	9.28
Benchmark	-0.63	-1.24	1.94	6.61	5.77	5.31	8.29

## Cumulative Investment Growth

Time Period: 2011/03/01 to 2018/02/28



## Rolling Returns - 1 year



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