

## 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): 0.115% p.a.

#### Unit trust fund fees:

Weighted Average Total Investment Charge (TIC): 0.96%

### PERFORMANCE DATA\*

	% performance (annualized)					
	3 months	6 months	1 year	2 years	3 years	6 years
Portfolio	2.72%	2.67%	7.69%	5.32%	6.77%	12.78%
Benchmark	2.91%	4.81%	8.65%	9.10%	9.55%	9.63%

\* 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.

The table above includes simulated returns from April 2012 until inception of the model portfolio. Please refer to performance disclosure disclaimers at bottom of page 2 of this report.

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

### PORTFOLIO ALLOCATION

Asset Allocation	Manager Allocation	Actual	Target
SA Property	Sesikile Catalyst	5.42%	5.50%
SA Fixed Income	Prudential Prescient Coronation	40.78%	42.00%
SA Equity Active	Coronation Prudential Visio Capital Bateleur Capital Laurium Capital 36One Steyn Capital	20.47%	20.62%
Global Equity Passive	SATRIX	16.03%	15.00%
SA Equity Passive	Old Mutual	6.61%	6.88%
Global Equity Active	Orbis State Street - Gins Global Harris Associates Coronation (emerging markets) Ballie Gifford	5.13%	5.00%
Global Property	Catalyst Blackrock	5.55%	5.00%

### ASSET CLASS HOLDINGS

Asset Allocation	Actual Weight
Domestic Cash	8.04%
Domestic Equity	23.95%
Domestic Fixed Interest	32.87%
Domestic Property	8.64%
International Cash	0.15%
International Equity	20.35%
International Fixed Interest	0.00%
International Property	5.99%
Other	0.01%
Total	100.00%

### RISK STATISTICS\*

	Portfolio
Maximum drawdown	-2.90%
Sharpe Ratio	1.13
Standard deviation	5.50%

**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**

Global equities (MSCI All Countries World index) was marginally positive in May and also year-to-date in US dollar terms. Over the past 12 months, global equity returns are a decent 12% and over three years, 8% annualised. The US benchmark S&P500 index returned 2.4% in May, lifting year-to-date returns back into positive territory. Over 12 months, it returned 14%, lifted by strong earnings growth.

In contrast, local equities were sharply lower. The FTSE/JSE Capped SWIX lost 5.3% in May, dragging year-to-date returns deeper into the red (-6.5%) while it has returned only 3.6% over twelve months, including dividends.

Local bonds fell (and yields rose) in line with other emerging markets. The 10-year South African government bond yield ended May at 8.7%, pretty much where it started the year, but up significantly from the recent low of 8.05% recorded in late March. The All Bond Index lost 1.95% in May, but is still ahead of cash on a year-to-date basis. Over one year, its 10.44% return is ahead of local equities, cash, listed property and inflation-linked bonds.

**CONTACT DETAILS**

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**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 ("OMLACS"), 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 is Discretionary Fund Management?**

Discretionary Fund Management is a form of investment management in which a Category 2 FSP implements investment decisions on behalf of clients. A Discretionary Model Portfolio is a combination of funds that are grouped together to create an investment solution that can be replicated across various investment platforms.

**Performance Disclosure Disclaimers**

The following considerations were taken into account when calculating the returns reflected on the month portfolio report. Our reports include back tested returns prior to model inception, to enable advisors to observe the risk and return characteristics of our proposed model over a longer, historic period. Back tested returns were used from April 2012 until inception of the model portfolio; thereafter the actual returns of the model have been reported. The backtest was based on the strategic asset allocation of each of the model portfolio to calculate the weights of each asset class. The fund returns for the active investment building blocks was calculated using the SIS returns net of underlying asset management fees. The passive fund investment returns include the benchmark index returns less 0.50% per annum in order to reflect the returns net of fees. Where life funds are held, returns are based on the monthly returns net of investment management fees. The active and passive allocation was based on the current active and passive split of the model portfolio. Model portfolio performance and gross benchmark returns, both include 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.