

Wealth Manager Income Wrap



As of 2018/05/31

Investment Manager: Jonathan Moodie
Investment Consulting: Glacier Discretionary Fund Management
Benchmark: SA CPI + 2% over a rolling two years
Inception Date: 01 March 2017
Wrap Fund Fees: 50bps per annum (the fee excludes underlying Collective Investment Fees)

Mandate Description

This portfolio is suitable for individuals seeking to preserve capital over a rolling 1 year period and maximise income. To achieve this, the portfolio will have a maximum exposure of 35% to risky assets (equity and property). The remainder of the portfolio will be invested in cash, bonds and foreign assets, limited to 30%. 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 the last quarter of 2017 producing an annualised quarterly growth of 3.1%, beating market expectations of 1.8%. This quarterly growth rate significantly increased GDP growth for 2017 to 1.5% while Q3 GDP growth was also revised upwards from 2.0% to 2.3%. Expansion was mainly driven by the agriculture, forestry and fishing sector which grew output by 37.5% in Q4. The World Bank raised its 2018 GDP growth forecast for South Africa to 1.4%, from the September forecast of 1.1%. This decision was supported by improved consumer and business confidence following the appointment of Cyril Ramaphosa as head of state in February.

The South African market declined during the first quarter of 2018 as the ALSI delivered -5.97%. Performance was mainly driven by large cap shares with the Top 40 delivering -6.32% for the quarter. Mid-cap and small-cap shares also detracted from overall performance (-3.63% and -1.27%). Industrials was the best performing sector returning -1.71% followed by Financials (-3.56%). The worst performing sub-sector was SA Industrials (including dual-listed companies) returning -7.99%. Foreigners were net buyers of equities (+R24.6bn) over Q1.

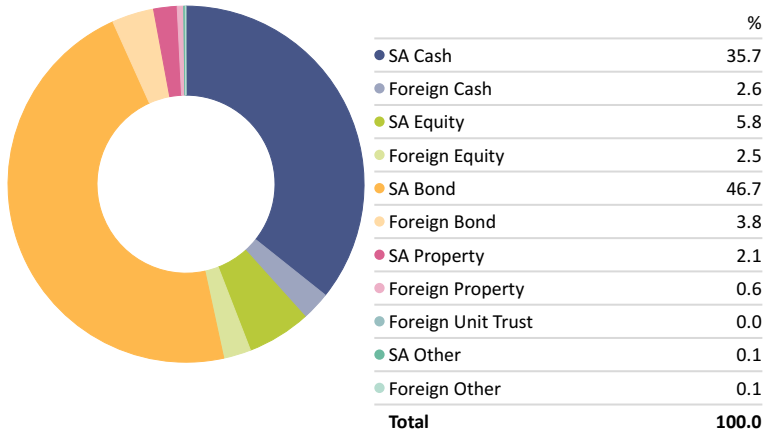
The SARB cut the repo rate by 25bps to 6.5% in March citing that risks to the inflation outlook have subsided. The rand strengthened 4.46% against the dollar, 0.82% against the pound and 1.87% against the euro in Q1.

Local fixed income markets outperformed equities as the ALBI returned 8.1%. This included inflation-linked instruments which returned 3.98% for the quarter while the best-performing fixed income asset class came from the longer end (12+ years) of the yield curve which delivered 10%. Cash returned 1.72%, underperforming preference shares which returned 2.91% in Q1. Property was the worst performing asset class during Q1 delivering -19.6% during the quarter. Foreigners were net buyers of bonds (R7.2bn) over Q1.

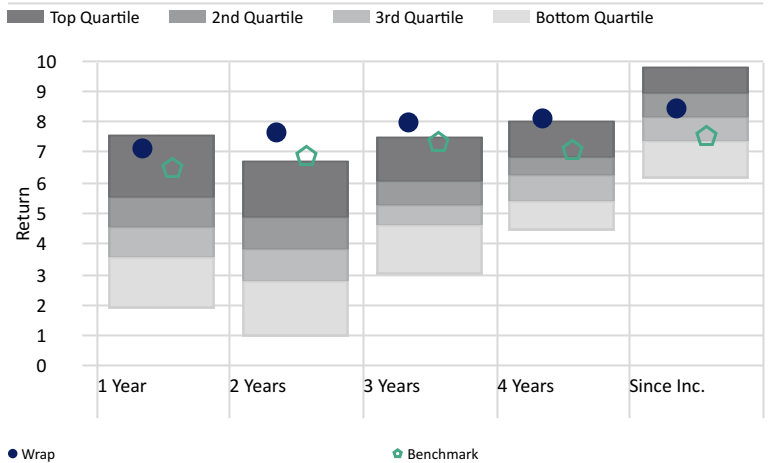
Global equities rallied strongly in December 2017 and January 2018 however, investors reassessed their global economic outlook resulting in a significant downturn in February and March. Global equity markets declined in Q1 on the back of concerns about US interest rate hikes as well as the impact of US-China trade sanctions. Developed market equities rendered -1.74% in USD (-6.13% in rand) while emerging market equities delivered 1.07% in USD (-3.44% in rand) for Q1. As expected the Fed raised interest rates by 0.25% to a range of 1.5% to 1.75% in March. Looking ahead, two interest rate hikes are expected for the remainder of 2018. US GDP expanded an annualised 2.9% q/q in Q4 2017, ahead of market expectations (+2.7%).

Asset Allocation

Portfolio Date: 2018/05/31



Quartile Peer Group Ranking



Risk Statistics

Time Period: 2015/06/01 to 2018/05/31

	Wrap	BM
Alpha	0.67	0.00
Sharpe Ratio (arith)	0.81	0.08
Std Dev	0.92	1.14

Manager Allocation

Portfolio Date: 2018/05/31

- Nedgroup Inv Flexible Inc B1
- STANLIB Income B6
- Prescient Income Provider A2
- Prescient Money Market B1
- Coronation Balanced Defensive P
- SIM Inflation Plus B4

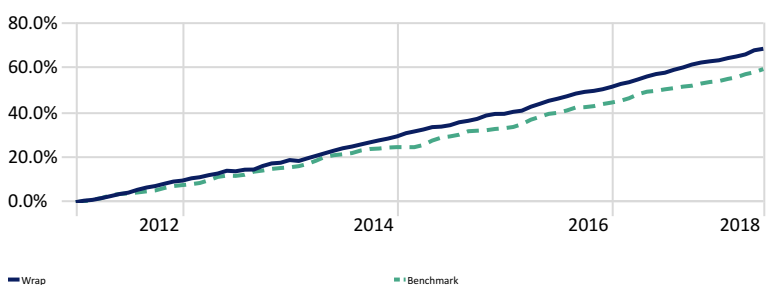
Performance Summary

As of Date: 2018/05/31

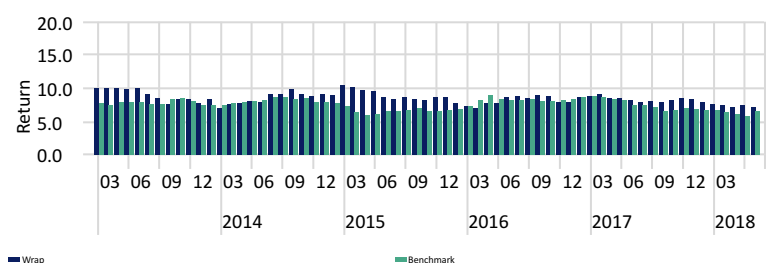
	1M	3M	6M	1Y	2Y	3Y	Since Inc.
Wrap	0.40	2.09	3.44	7.18	7.68	8.00	8.46
Benchmark	0.90	2.37	3.75	6.48	6.92	7.35	7.57

Cumulative Investment Growth

Time Period: 2012/01/04 to 2018/05/31



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.