

# Wealth Manager Moderate Wrap



As of 2018/05/31

**Investment Manager:** Jonathan Moodie  
**Investment Consulting:** Glacier Discretionary Fund Management  
**Benchmark:** (ASISA) SA MA Medium 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 Medium Equity category. To achieve this, the portfolio will have a maximum exposure of 60% 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.

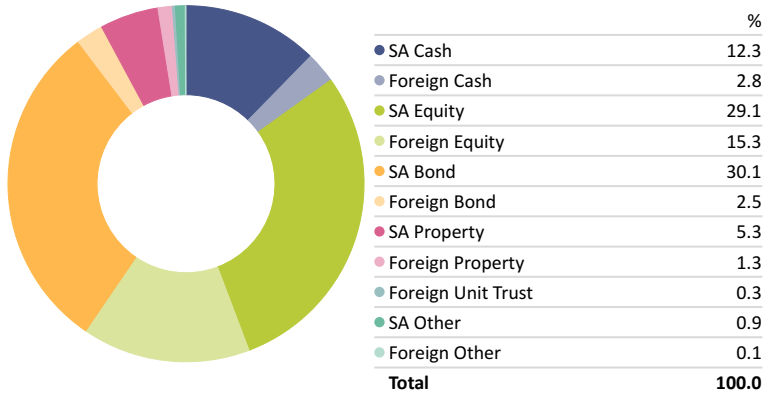
The SARB cut the repo rate by 25bps to 6.5% in March citing that risks to the inflation outlook have subsided. The rand strengthened 4.46% against the dollar, 0.82% against the pound and 1.87% against the euro in Q1.

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.

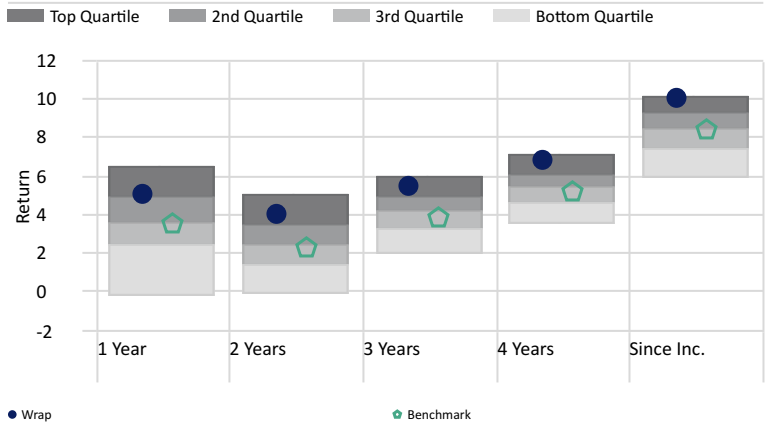
Global equities rallied strongly in December 2017 and January 2018 however, investors reassessed their global economic outlook resulting in a significant downturn in February and March. Global equity markets declined in Q1 on the back of concerns about US interest rate hikes as well as the impact of 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	1.31	0.00
Sharpe Ratio (arith)	-0.33	-0.62
Std Dev	5.07	5.48

## Manager Allocation

Portfolio Date: 2018/05/31

Coronation Balanced Plus P  
 Foord Balanced B2  
 PSG Balanced E  
 STANLIB Absolute Plus B1  
 SIM Inflation Plus B4  
 Prescient Income Provider A2  
 Prudential Inflation Plus B  
 Laurium Flexible Prescient B4

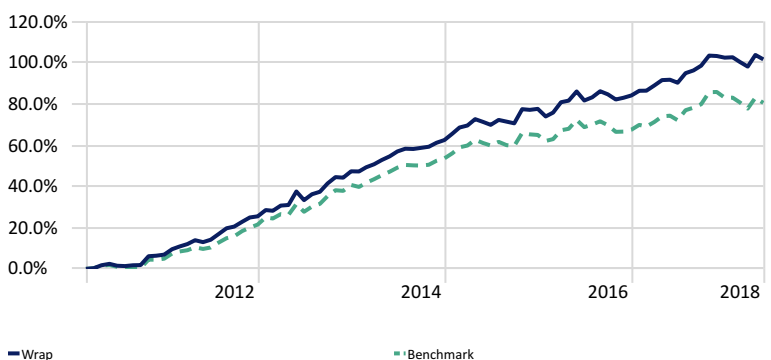
## Performance Summary

As of Date: 2018/05/31

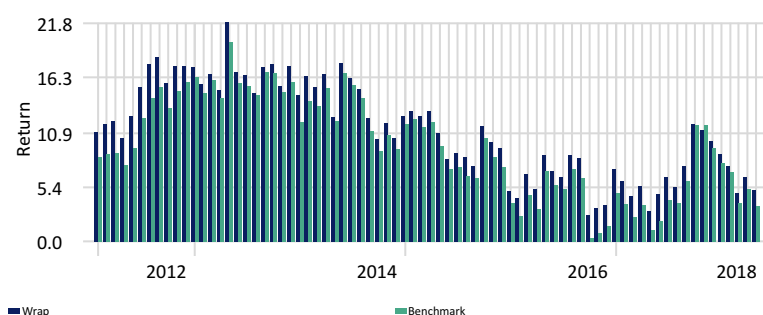
	1M	3M	6M	1Y	2Y	3Y	Since Inc.
Wrap	-1.04	0.61	-0.80	5.16	4.10	5.59	10.15
Benchmark	-1.38	-0.14	-2.85	3.56	2.36	3.88	8.49

## Cumulative Investment Growth

Time Period: 2011/03/01 to 2018/05/31



## Rolling Returns - 1 year



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Source: Morningstar Direct