



MONTHLY PORTFOLIO REPORT

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	4.08%	3.70%	10.11%	7.05%	7.65%	12.83%
Benchmark	2.32%	4.91%	8.53%	9.09%	9.53%	9.66%

* 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 30 June 2018

PORTFOLIO ALLOCATION

Fund Allocation	Manager Allocation	Actual	Target
SA Property	Sesfikile Catalyst	5.16%	5.50%
SA Fixed Income	Prudential Prescient Coronation	39.66%	42.00%
SA Equity Active	Coronation Prudential Visio Capital Bateleur Capital Laurium Capital 36One Steyn Capital	20.35%	20.62%
Global Equity Passive	SATRIX	16.87%	15.00%
SA Equity Passive	Old Mutual	6.57%	6.88%
Global Equity Active	Orbis State Street - Gins Global Harris Associates Coronation (emerging markets) Ballie Gifford	5.38%	5.00%
Global Property	Catalyst Blackrock	6.00%	5.00%

ASSET CLASS HOLDINGS

Asset Allocation	Actual Weight
Domestic Cash	7.84%
Domestic Equity	23.81%
Domestic Fixed Interest	31.97%
Domestic Property	8.34%
International Cash	0.16%
International Equity	21.40%
International Fixed Interest	0.00%
International Property	6.46%
Other	0.01%
Total	100.00%

RISK STATISTICS*

	Portfolio
Maximum drawdown	-2.90%
Sharpe Ratio	1.14
Standard deviation	5.50%





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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 equity markets were marginally negative in June, with the MSCI All Country World Index losing 0.5% in US dollar terms, wiping out gains for the year. Over 12 months, the returns from global equities was 11% in dollars.

Across local financial markets, the forex market saw the most dramatic moves. The rand lost 8% against the US dollar and euro and 7% against the pound as it finally caught up with its emerging market peers. The FTSE/JSE All Share index was positive in June, returning 2.8%. The positive second quarter return of 4.5% was not enough to put the year-to-date number in the black, and the All Share is still 1.7% down for the year. Over one year, the All Share return of 15% is respectable, but flattered by the fact that June 2017 was a negative month.

The SA Listed Property Index lost 3.4% in June, 21% year-to-date and 10% over one year. In fact it is also negative over two years, and only marginally positive over three.

Bonds were negative in June, in line with the global sell-off in emerging market debt. The All Bond Index lost 1.2% in June and 3.7% in the second quarter, but is still ahead of cash year-to-date. Over 12 months, the ALBI returned 10%. The 10-year government bond yield fell from 8.6% at the start of the year to a low of 7.9% in late March (i.e. bonds rallied), but increased rapidly thereafter to end June at 8.8% (incidentally exactly double the latest inflation print).

CONTACT DETAILS

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OLD MUTUAL
WEALTH

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 ("OMIACSA"), 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 OMS 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.