

Wealth Manager Income Wrap



As of 30/06/2018

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

Contrary to Q4 2017, the South African economy pulled back in Q1 2018. SA GDP declined by -2.2%, on an annualised basis, largely underperforming market expectations of -0.5%. This is the most severe contraction since Q1 2009 (-6.1%). The reversal was primarily driven by poor performance in agriculture (-24.2%), manufacturing (-9.9%) and mining (-6.4%). Business Confidence worsened noticeably during Q2 with the RMB/BER Business Confidence index falling by 6 points (-13.3%). The current index rating, now 39, is measured on a scale of 1 – 100 with 1 indicating an extreme lack of confidence and 100 signalling extreme confidence.

The South African equity market rebounded during Q2 as the ALSI delivered a positive 4.5% return. This performance was led by large cap shares. The Top 40 delivered 6.2% for the quarter. Mid-cap (-7.2%) and small-cap (-4.5%) shares continued to decline detracting from overall performance. Resources was the best performing sector returning 19.6% followed by SA Industrials (+4.0%) (which includes dual-listed companies). The worst performing sectors were Financials (-6.0%) and Industrials (-9.4%).

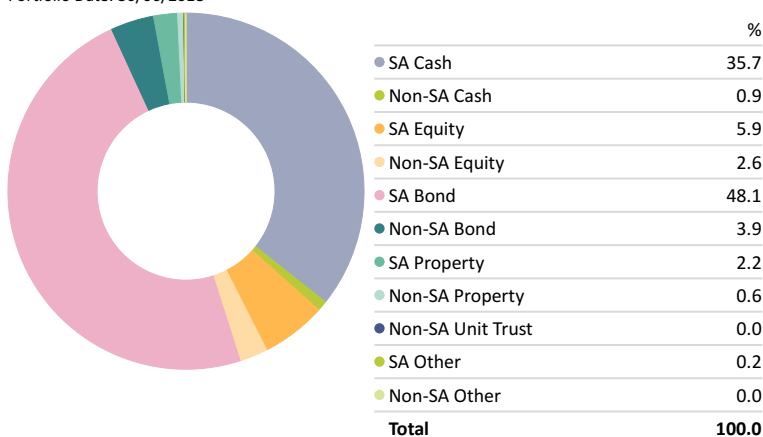
As expected, the SARB left the repo rate unchanged at 6.5% in May, continuing their diligent attempt to keep inflation within the target band of 3% - 6%. During Q2 the rand weakened significantly. It declined 16.1% against the dollar, 9.1% against the pound and 10.0% against the euro. The weak currency, alongside higher oil prices, led to a sharp increase in fuel prices in June.

Locally, bond markets underperformed as the ALBI returned -3.8%. This included inflation-linked instruments which returned -5.0% for Q2. The only positive performing bonds were in the short end of the yield curve (1 - 3 years). They delivered a paltry 0.3%. Cash (STeFI) returned 1.7%, while preference shares returned a stand-out 4.7%. Property (SAPY) continued to decline. This asset class gave up -2.2% during Q2.

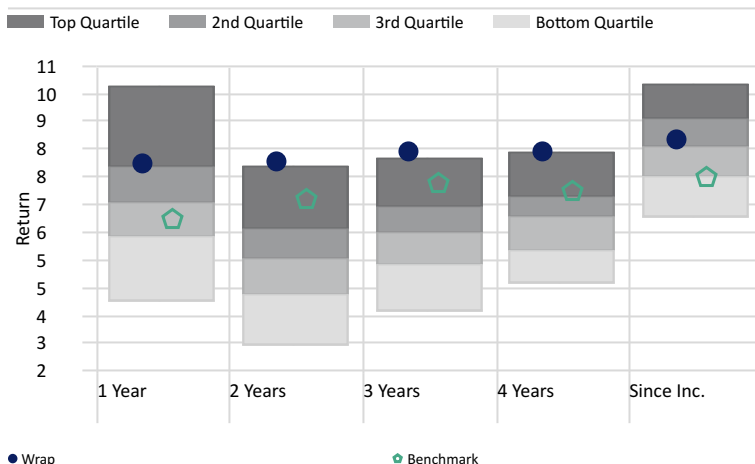
Global markets experienced high levels of volatility in Q2, primarily due to ongoing concerns surrounding a US - China trade war. While trade tensions seemed to ease early in Q2, US President Donald Trump's implementation of tariffs on US\$50bn imported Chinese goods as well the possibility of additional US\$200bn tariffs, sparked major uncertainty. Developed market equities ended Q2 up 1.1% in USD (17.4% in rand) while emerging market equities suffered and returned -8.66% in USD (6.1% in rand). The Fed raised interest rates for the second time this year, in June, by 0.25% to a range of 1.75% to 2.00%. While previously three rate hikes were expected during 2018, consensus forecasts show there is a strong possibility of an additional two rate increases this year. Despite continuing negative sentiment towards UK markets the FTSE 100 enjoyed strong performance relative to global markets (+8.22% in GBP).

Asset Allocation

Portfolio Date: 30/06/2018



Quartile Peer Group Ranking



Risk Statistics

Time Period: 01/07/2015 to 30/06/2018

	Wrap	BM
Alpha	0.87	0.00
Sharpe Ratio (arith)	0.99	0.05
Std Dev	0.94	1.15

Manager Allocation

Portfolio Date: 30/06/2018

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

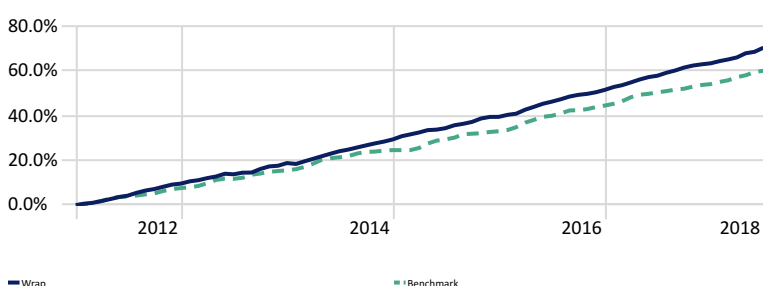
Performance Summary

As of Date: 30/06/2018

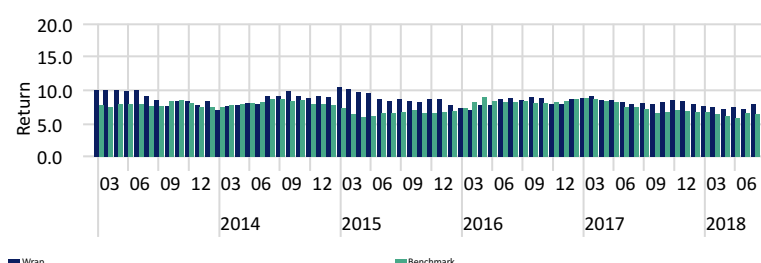
	1M	3M	6M	1Y	2Y	3Y	Since Inc.
Wrap	1.07	2.60	4.25	7.92	7.92	8.21	8.52
Benchmark	0.35	1.80	3.84	6.37	6.93	7.33	7.53

Cumulative Investment Growth

Time Period: 04/01/2012 to 30/06/2018



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.