



# MONTHLY PORTFOLIO REPORT

## WEALTH MANAGER RETIREMENT INCOME PORTFOLIO

**INCEPTION DATE:** August 2018  
**PERFORMANCE TARGET:** CPI + 5%

### INVESTMENT OBJECTIVE

The Wealth Manager Retirement Income Portfolio represents a model investment strategy that seeks to target inflation-beating returns over the long term for post-retirement investors with an investment horizon in excess of ten years. It invests in a blend of a smooth growth fund together with a range of unit trust funds. The unit trust funds are diversified across various asset classes and asset managers utilising specialist mandates. Local equity mandates target a 75%/25% split and global equity has a 25%/75% split between active and passive managed funds

The smooth growth fund invests in a range of listed and unlisted investments diversified across various asset classes and uses smoothing to substantially reduce the market volatility experienced by investors. This strategy aims to achieve a real return with reduced market volatility over a long-term horizon and therefore has a high exposure to growth assets, together with a 50% guarantee on the net amount invested and bonuses earned in the smooth growth fund. The allocation to the smooth growth fund will be 50% of the total model portfolio.

A Market Value Adjustment (MVA) may be applied to an investor's smoothed value to reflect current market conditions when the value of the underlying investments is less than the smoothed value. An MVA can only be applied on withdrawals from the fund (including switches) that are not Defined Benefit Payments. Old Mutual also reserves the right to remove the non-guaranteed element in poor markets by declaring a negative bonus

### RETURN OBJECTIVE

The investment strategy targets returns of CPI + 5% p.a. over rolling ten year period.

### BENCHMARK

The Wealth Manager Retirement Income Portfolio is measured against Headline CPI (urban) plus 5%.

### REGULATION 28 COMPLIANCE

This model portfolio is managed to comply with Regulation 28.

### PORTFOLIO FEES

Discretionary Management Fee (incl. VAT): 0.58% p.a.

#### Guaranteed fund fees:

Asset management fees: 0.95 % p.a.

Capital charge: 0.20 % p.a.

#### Unit trust fund fees:

Weighted Average Total Investment Charge (TIC): 1.09%

### PERFORMANCE DATA\*

	% performance (annualized)					
	3 months	6 months	1 year	2 years	3 years	6 years
Portfolio	3.39%	3.91%	7.57%	6.91%	7.88%	13.19%
Benchmark	2.90%	3.42%	7.07%	6.67%	7.70%	13.10%

\* 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 August 2018

### PORTFOLIO ALLOCATION

Asset Allocation	Manager Allocation	Actual	Target
Global Equity Active	Orbis		
	State Street - Gins		
	Global		
	Harris Associates	2.50%	2.50%
	Coronation (emerging markets)		
	Ballie Gifford		
SA Equity Active	Coronation		
	Prudential		
	Visio Capital		
	Bateleur Capital	20.63%	20.62%
	Laurium Capital		
	36One		
	Steyn Capital		
SA Equity Passive	Old Mutual	6.87%	6.88%
Smooth Growth Fund	Old Mutual	50.00%	50.00%
Global Property	Catalyst		
	Blackrock	2.50%	2.50%
	Resolution Capital		
Global Equity Passive	SATRIX	7.50%	7.50%
SA Fixed Income	Prudential		
	Prescient	7.25%	7.25%
	Coronation		
SA Property	Sesikile		
	Catalyst	2.75%	2.75%

### ASSET CLASS HOLDINGS

Asset Allocation	Actual Weight
Africa	0.50%
Alternative	3.25%
Domestic Cash	1.87%
Domestic Equity	46.30%
Domestic Fixed Interest	15.81%
Domestic Property	7.84%
International Alternative	1.45%
International Cash	0.07%
International Equity	19.85%
International Fixed Interest	0.35%
International Property	2.70%
Total	100.00%

### RISK STATISTICS\*

	Portfolio
Maximum drawdown	-2.24%
Sharpe Ratio	1.61
Standard deviation	4.24%





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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 Old Mutual 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

Despite this uncertain global macro backdrop, the US equity market has moved higher, with the benchmark S&P500 breaching 2900 points for the first time on the way to a 3% return in August. Depending on how it is measured, the S&P500 current run has also exceeded the great 1990s bull market in length (but not in total returns). The 19.7% 12-month return means the S&P500 continues to outperform other developed markets.

Unsurprisingly with all the turmoil in emerging markets, the MSCI Emerging Market index lost 2.7% in the month of August in dollar terms, and is 7% in the red year-to-date.

It was a positive month for the local market. The FTSE/JSE All Share index returned 2.3% in August and is positive year-to-date. Over 12 months, its return of 6.8% is ahead of inflation, if marginally so. The FTSE/JSE Capped SWIX, our preferred equity benchmark, returned 1.2% in August.

The rand lost 11% against the US dollar in August. This was in line with the Brazilian real and the Russian rouble, but worse than the Indian rupee's 4% decline (though the rupee fell to a record low against the greenback). The rand suffered a similar loss against the euro and pound during the month, closing at R14.65/\$, R17.05/€ and R19.04/£. Over 12 months, the rand is 12% weaker against the dollar, and this boosts the return from global assets for local investors.

## 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 ("OMLACSA"), 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 macroeconomic 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.