

# Wealth Manager Moderately Aggressive Wrap



As of 2018/09/30

**Investment Manager:** Jonathan Moodie  
**Investment Consulting:** Glacier Discretionary Fund Management  
**Benchmark:** (ASISA) SA MA High 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 High Equity category. To achieve this, the portfolio will have a maximum exposure of 75% 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 has slipped into a technical recession as economic activity slowed for a second consecutive quarter. SA GDP declined 0.7%, after a 2.6% contraction in the first quarter of 2018. This outcome was below market expectations. The largest contributors to negative growth in GDP were agriculture, transport and trade. Poor performance in the agriculture, forestry and fishing industry (-29.2%) was mainly due to lower production of field crops and horticultural products. Business confidence declined in Q3. The RMB/BER Business Confidence index fell by 1 point to reach 38 as fear remains around land expropriation without compensation and the Zondo Commission continues.

The South African equity market declined during Q3 as the ALSI gave up 2.2%. This performance was led by large and small cap shares. The Top 40 surrendered 2.7% for the quarter. Mid-cap (-1.7%) and small-cap (-2.2%) shares continued to decline detracting from overall performance. Technology was the best performing sector returning 10.4% followed by Resources (+5.2%). The worst performing sectors were Healthcare (-20.4%) and Telecommunications (-11.9%).

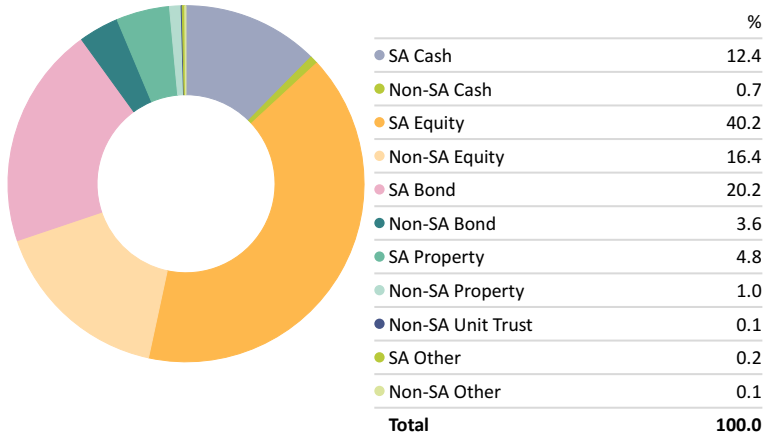
The SARB kept the repo rate unchanged at 6.5% in September, as expected, after emerging market peers Turkey and Argentina raised rates. The Governor indicated that the inflation outlook has deteriorated due to a weaker rand and the rising oil price. The rand weakened by 3.1% during the quarter.

Locally, bond markets outperformed as the ALBI returned 0.8%. This included inflation-linked instruments which returned 0.6% for Q3. The best performing bonds were in the short end of the yield curve (1 - 3 years). They delivered 1.9%. Cash (STeFI) returned 1.8%, while preference shares returned 2.6%. Property (SAPY) continued to decline. This asset class gave up 1% during Q3.

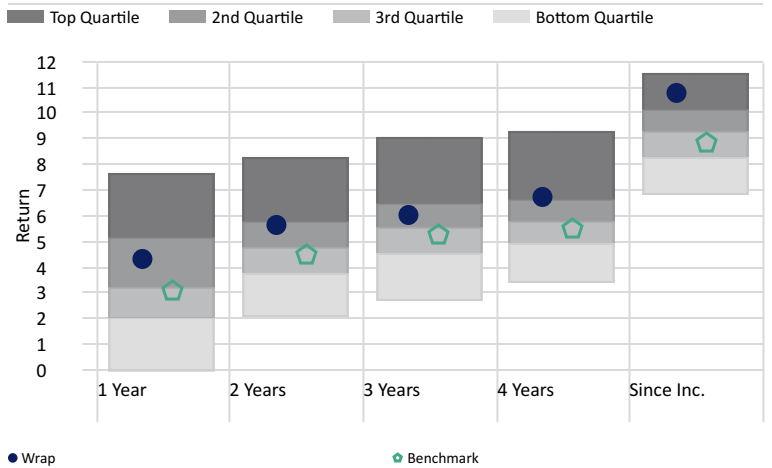
Global markets continued to experience high levels of volatility as concerns surrounding a US - China trade war remain. While trade concerns and political uncertainty loom, the US equity market outperformed other major regions. Developed market equities ended Q3 up 4.5% in USD (7.7% in rand) while emerging market equities retreated returning -2% in USD (1% in rand). The Fed raised interest rates for the third time this year, in September, by 0.25%. This takes the rate to a range of 2% to 2.25%. The FOMC envisages one more rate hike for 2018 and three in 2019. The Bank of England kept interest rates on hold as it enforces a gentle tightening of monetary policy. This is in line with expectations. The market expects rates to remain unchanged for the rest of the year with one or two rate hikes in 2019. The FTSE 100 gave up 1.7% as fears of a no-deal Brexit rise.

## Asset Allocation

Portfolio Date: 2018/09/30



## Quartile Peer Group Ranking



## Risk Statistics

Time Period: 2015/10/01 to 2018/09/30

	Wrap	BM
Alpha	0.46	0.00
Sharpe Ratio (arith)	-0.20	-0.29
Std Dev	6.30	7.14

## Manager Allocation

Portfolio Date: 2018/09/30

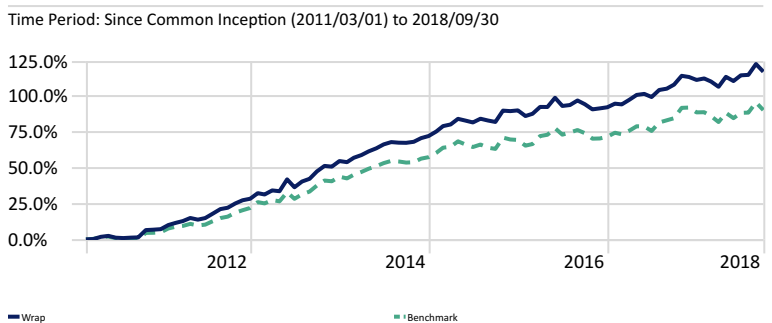
Coronation Balanced Plus P
Foord Balanced B2
Prudential Balanced B
PSG Flexible E
Laurium Flexible Prescient B4
Prescient Income Provider A2
STANLIB Absolute Plus B1

## Performance Summary

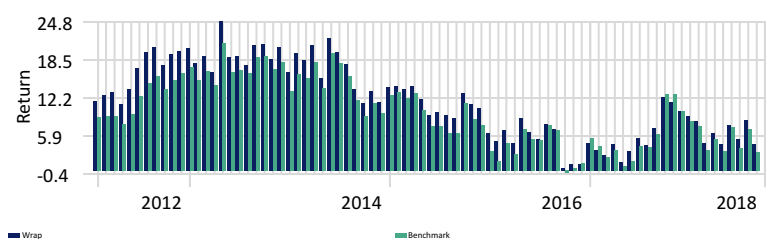
As of Date: 2018/09/30

	1M	3M	6M	1Y	2Y	3Y	Since Inc.
Wrap	-2.41	1.19	5.12	4.34	5.69	6.07	10.81
Benchmark	-2.72	1.06	4.62	3.10	4.55	5.28	8.90

## Cumulative Investment Growth



## Rolling Returns - 1 year



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