

Wealth Manager Income Wrap



As of 2018/11/30

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

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%).

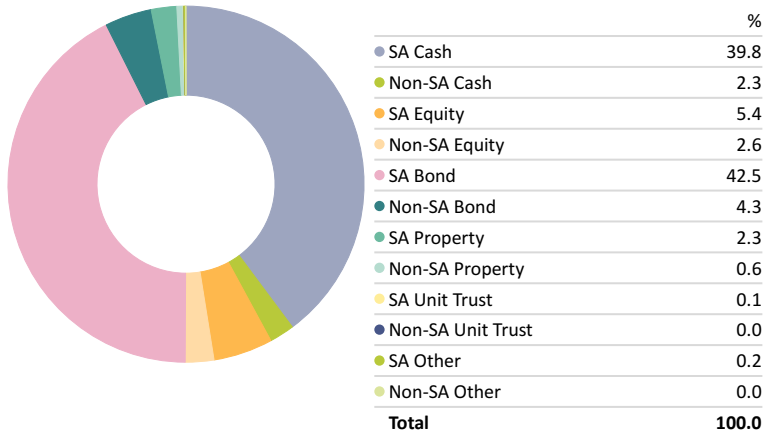
The SARB kept the repo rate unchanged at 6.5% in September, as expected, after emerging market peers Turkey and Argentina raised rates. The Governor indicated that the inflation outlook has deteriorated due to a weaker rand and the rising oil price. The rand weakened by 3.1% during the quarter.

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.

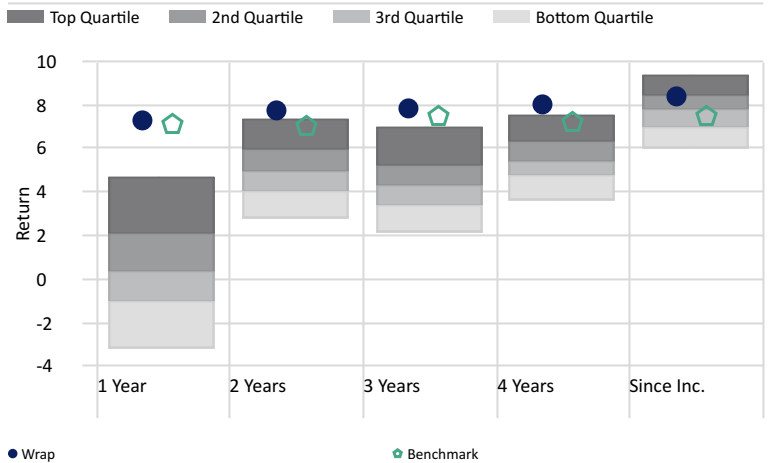
Global markets continued to experience high levels of volatility as concerns surrounding a US - China trade war remain. While trade concerns and political uncertainty loom, the US equity market outperformed other major regions. Developed market equities ended Q3 up 4.5% in USD (7.7% in rand) while emerging 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: 2018/11/30



Quartile Peer Group Ranking



Risk Statistics

Time Period: 2015/12/01 to 2018/11/30	Wrap	BM
Alpha	0.40	0.00
Sharpe Ratio (arith)	0.44	0.08
Std Dev	1.06	1.10

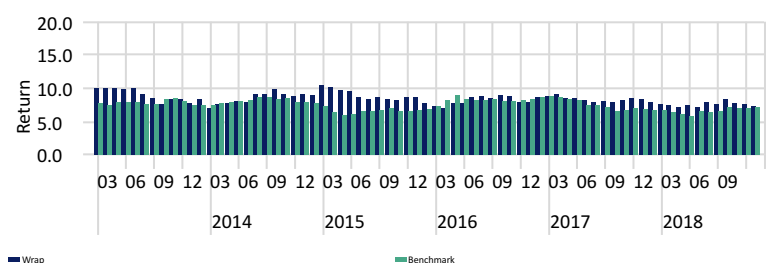
Manager Allocation

Portfolio Date: 2018/11/30
Prescient Money Market B1
Nedgroup Inv Flexible Inc B1
Prescient Income Provider A2
STANLIB Income B6
SIM Active Income B4
Coronation Balanced Defensive P
SIM Inflation Plus B4

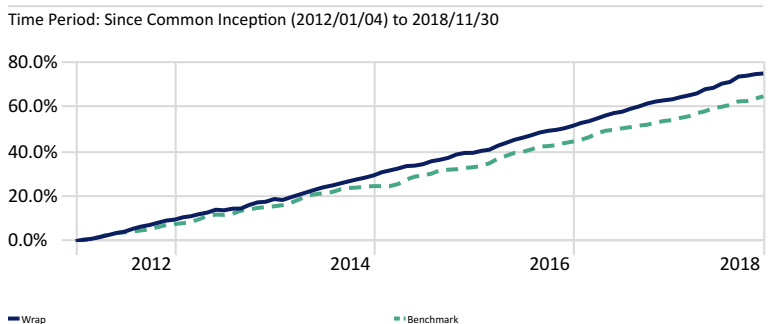
Performance Summary

As of Date: 2018/11/30	1M	3M	6M	1Y	2Y	3Y	Since Inc.
Wrap	0.18	0.80	3.78	7.35	7.81	7.84	8.40
Benchmark	0.66	1.39	3.30	7.18	7.01	7.46	7.51

Rolling Returns - 1 year



Cumulative Investment Growth



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.