

# Wealth Manager Moderately Aggressive Wrap



## As of 2018/12/31

<b>Investment Manager:</b>	Jonathan Moodie
<b>Investment Consulting:</b>	Glacier Discretionary Fund Management
<b>Benchmark:</b>	(ASISA) SA MA High Equity Average
<b>Inception Date:</b>	01 March 2011
<b>Wrap Fund Fees:</b>	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 grown 2.2%, emerging from its technical recession and beating market expectations. Growth was largely driven by manufacturing, agriculture and transport. Manufacturing was the biggest driver of growth (7.5%), supported by increased production of basic iron and steel, metal products and machinery; wood and paper; petroleum products; and motor vehicles. Business confidence continued its downward trajectory in Q4. The RMB/BER Business Confidence index fell to 31 points as political and policy issues remain, especially the uncertainty around land expropriation without compensation.

The global equities sell-off spilled over to the South African market. The All Share Index returned -4.9% during Q4. This underperformance was led by small and large cap shares. Small cap shares gave up 7.3% and the Top 40 returned -5.3% for the quarter. In contrast, mid-caps returned 2.7% adding to overall performance. Telecommunications and technology were the best performing sectors returning 4.9% and 3.5%. The worst performing sector was Consumer Goods (-18.6%) followed by Healthcare (-8.2%).

The SARB surprised the market by hiking interest rates in November. The repo rate increased by 25 basis point to reach 6.75% on the back of rising inflation expectations. South Africa's headline inflation edged up slightly to 5.2%, above the desired midpoint level of 4.5%. The rand weakened by 1.4% during the quarter.

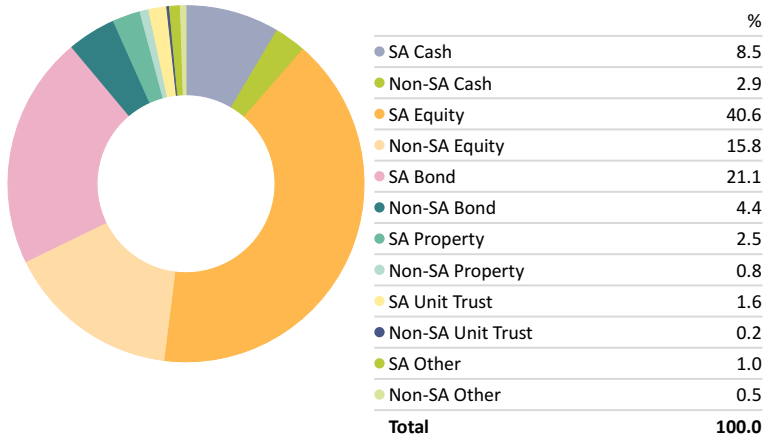
Locally, bond markets outperformed as the ALBI returned 2.7% during Q4. This included inflation-linked instruments which returned 0.2%. The best performing fixed income asset class was in the short end of the yield curve (1 - 3 years) which delivered 4.1%. Cash (STeFI) returned 1.8%, underperforming preference shares which returned 4.1%. Property (SAPY) continued to decline, giving up 4% during the last quarter.

Global markets weakened on concerns over slowing economic growth and global trade. Markets in all regions performed poorly as companies reported slower-than-expected earnings growth.

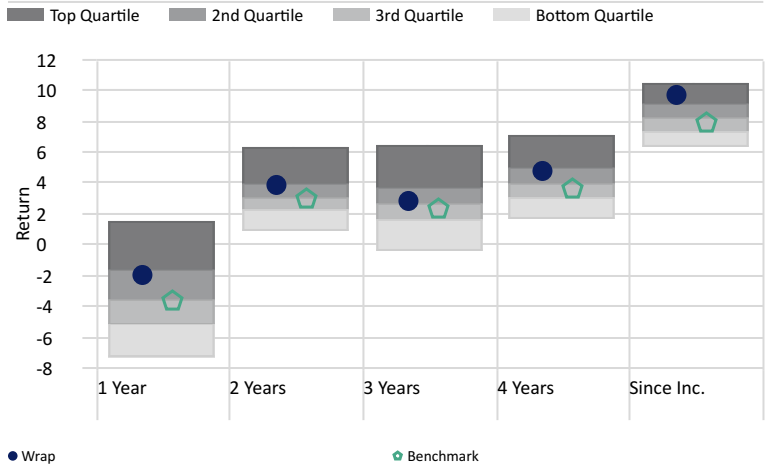
Developed market equities took strain in Q4 returning -13.7% in US dollar terms (-12.5% in rand) while emerging market equities delivered -7.9% in USD (-6.6% in rand). The Fed raised interest rates by 0.25% on the back of its strong labour market and economic growth. This was the fourth hike this year and takes the target range to 2.25% - 2.5%. The FOMC expects three rate hikes in 2019. The Bank of England held interest rates as uncertainty around Brexit intensified. The ECB also kept interest rates unchanged at 0%. This is in line with expectations. The market expects one or two rate hikes in 2019.

### Asset Allocation

Portfolio Date: 2018/12/31



### Quartile Peer Group Ranking



### Risk Statistics

Time Period: 2016/01/01 to 2018/12/31	Wrap	BM
Alpha	-0.08	0.00
Sharpe Ratio (arith)	-0.71	-0.71
Std Dev	6.29	7.01

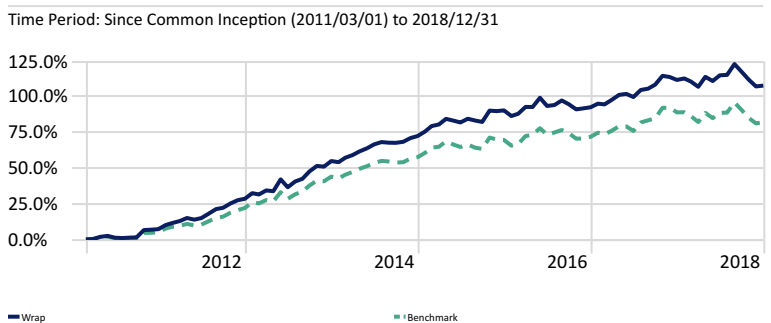
### Manager Allocation

Portfolio Date: 2018/12/31
Allan Gray Balanced C
Prudential Balanced B
STANLIB Absolute Plus B1
Laurium Flexible Prescient B4
Foord Balanced B2
PSG Flexible E
Prescient Income Provider A2

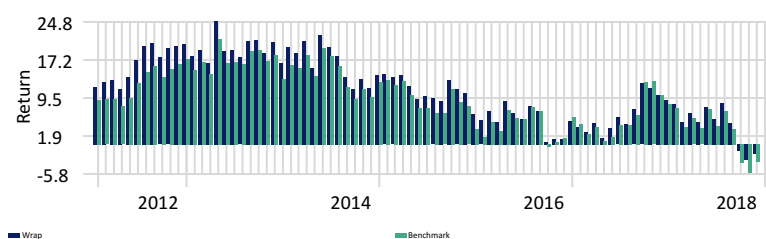
### Performance Summary

As of Date: 2018/12/31	1M	3M	6M	1Y	2Y	3Y	Since Inc.
Wrap	0.29	-4.48	-3.34	-1.87	3.87	2.96	9.80
Benchmark	0.53	-4.49	-3.43	-3.60	2.96	2.41	7.98

### Cumulative Investment Growth



### Rolling Returns - 1 year



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