

Wealth Manager Moderate Wrap



As of 2019/01/31

Investment Manager: Jonathan Moodie
Investment Consulting: Glacier Discretionary Fund Management
Benchmark: (ASISA) SA MA Medium 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 Medium Equity category. To achieve this, the portfolio will have a maximum exposure of 60% 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.

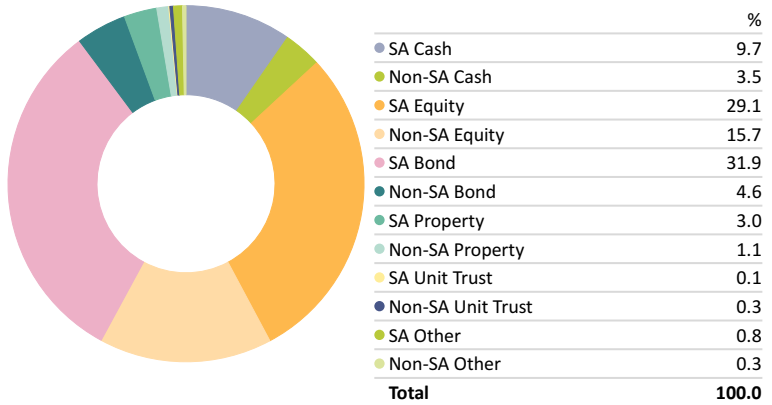
Locally, bond markets outperformed as the ALBI returned 2.7% during Q4. This included inflation-linked instruments which returned 0.2%. The best performing fixed income asset class was in the short end of the yield curve (1 - 3 years) which delivered 4.1%. Cash (STeFI) returned 1.8%, underperforming 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.

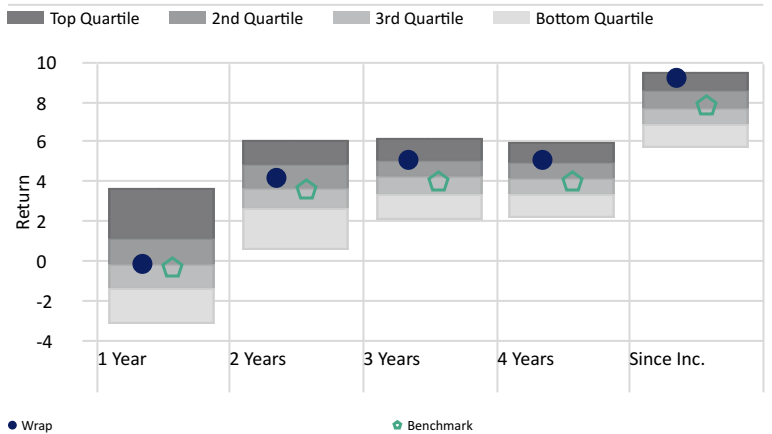
Developed market equities took strain in Q4 returning -13.7% in US dollar terms (-12.5% in rand) while emerging market equities delivered -7.9% in USD (-6.6% in rand). The Fed raised interest rates by 0.25% on the back of its strong labour market and economic growth. This was the fourth hike this year 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: 2019/01/31



Quarterly Peer Group Ranking



Risk Statistics

Time Period: 2016/02/01 to 2019/01/31

| | Wrap | BM |
|----------------------|-------|-------|
| Alpha | 0.69 | 0.00 |
| Sharpe Ratio (arith) | -0.43 | -0.58 |
| Std Dev | 5.20 | 5.81 |

Manager Allocation

Portfolio Date: 2019/01/31

- STANLIB Absolute Plus B1
- Foord Balanced B2
- PSG Balanced E
- SIM Inflation Plus B4
- Prudential Inflation Plus B
- Prescient Income Provider A2
- Allan Gray Balanced C
- Laurium Flexible Prescient B4

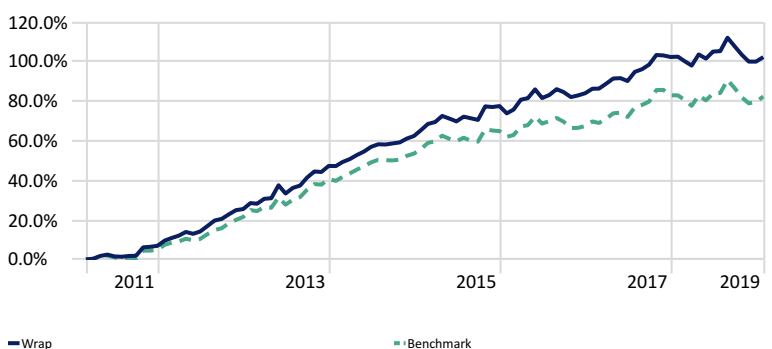
Performance Summary

As of Date: 2019/01/31

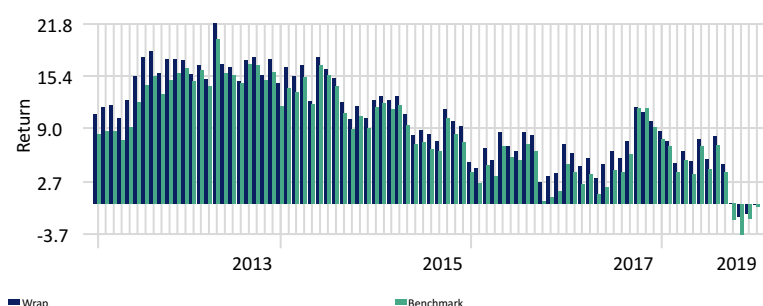
| | 1M | 3M | 6M | 1Y | 2Y | 3Y | Since Inc. |
|-----------|------|-------|-------|-------|------|------|------------|
| Wrap | 1.15 | -0.58 | -1.46 | -0.12 | 4.21 | 5.18 | 9.31 |
| Benchmark | 1.48 | 0.21 | -0.95 | -0.32 | 3.65 | 4.03 | 7.89 |

Cumulative Investment Growth

Time Period: Since Common Inception (2011/03/01) to 2019/01/31



Rolling Returns - 1 year



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Source: Morningstar Direct