

# Wealth Manager Moderate Wrap



As of 2019/03/31

**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 grew 1.4% in the last quarter of 2018. This was at a slower pace when compared to the previous quarter (revised to 2.6%) and below market expectations. Main drivers of growth included industries such as manufacturing, agriculture and communications. Growth in manufacturing (4.5%) was supported by increased production of products including motor vehicles, equipment and parts, petroleum and chemicals, rubber and plastics as well as food and beverages. Growth in agriculture (7.9%) was boosted by higher field crop production. Business confidence continued its downward trajectory in Q4, falling a further 3 points – its weakest level since Q2 2017. Political and policy issues still remain as the uncertainty around land expropriation without compensation lingers.

The South African market rebounded during the first quarter as the All Share Index returned 7.97%. Outperformance was led by large- and mid-cap shares while small caps lagged. The Top 40 and mid-caps added 8.45% and 2.76% while small caps gave up 3.41%. Resources was the best performing sector returning a generous 17.85% followed by Consumer Goods which delivered 12.38%. The worst performing sector was Healthcare (-12.70%) followed by Industrials (-3.90%).

As anticipated, the repo rate remained unchanged (6.75%) while the SARB maintains its accommodative stance with a preference to anchor inflation at the midpoint of its target range. South Africa finds itself in a weak economic and lower inflationary environment with headline inflation edging up slightly to 4.10%, in line with expectations. The rand continued to weaken by 0.98% for the quarter.

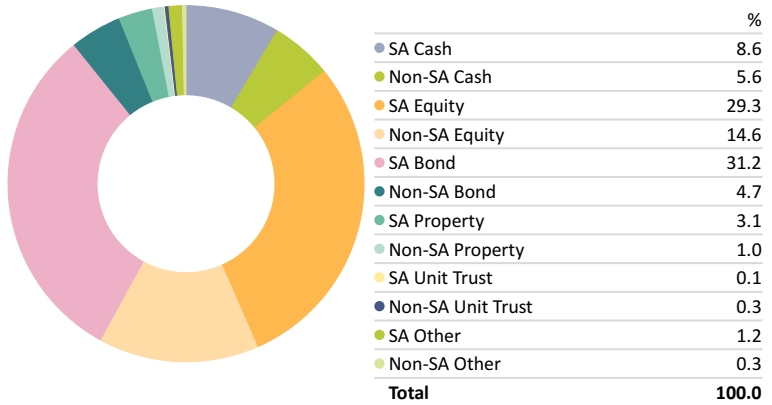
Locally, bond markets delivered decent returns as the ALBI returned 3.81% during the quarter while inflation-linked instruments were also positive, albeit very marginally (0.33%). The best performing fixed income asset class was the long-end of the yield curve (+12 years) which delivered 4.00%. Cash (STeFI) returned 1.77%, underperforming preference shares which returned a healthy 6.25%. Property (ALPI) was uncharacteristically positive with a 1.25% return over the quarter.

Global markets rallied over the period, rebounding from the previous quarter's sell-off. Markets in almost all regions bounced back from a tough Q4 as central banks adopted a more accommodative stance and concerns over the China-US trade war ease slightly.

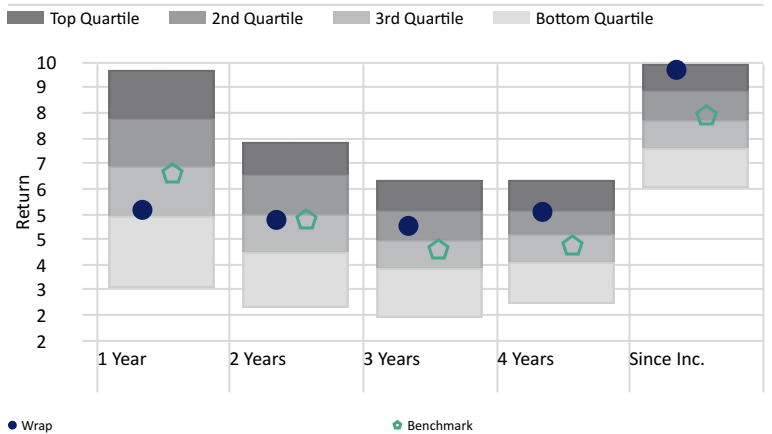
Developed market equities bounced back during the quarter, returning 11.88% in US dollar terms (12.97% in rand) and outperforming emerging market equities which delivered 9.57% in USD (10.65% in rand). The Fed kept rates unchanged (target range 2.25% - 2.5%) with no hikes expected for the rest of the year as the global economy slows. The Bank of England continued to hold interest rates at 0.75% as uncertainty around Brexit persists. The ECB also kept interest rates unchanged at 0% as global growth concerns remain. This was in line with expectations.

## Asset Allocation

Portfolio Date: 2019/03/31



## Quartile Peer Group Ranking



## Risk Statistics

Time Period: 2016/04/01 to 2019/03/31

	Wrap	BM
Alpha	0.24	0.00
Sharpe Ratio (arith)	-0.49	-0.55
Std Dev	5.10	5.81

## Manager Allocation

Portfolio Date: 2019/03/31

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

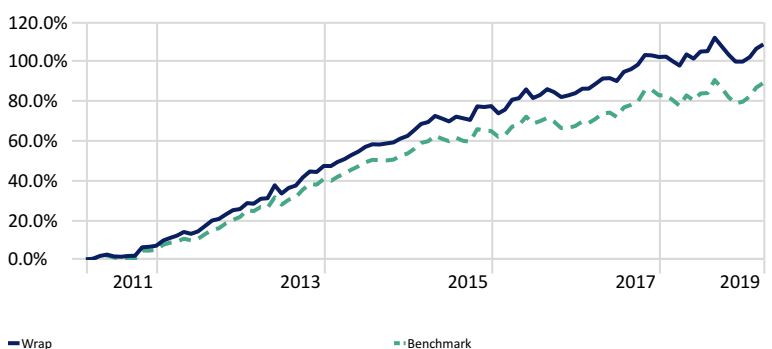
## Performance Summary

As of Date: 2019/03/31

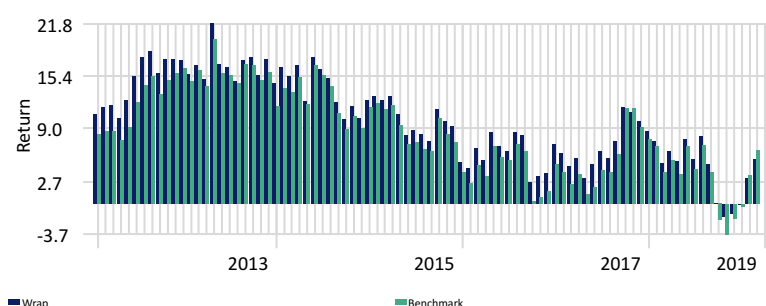
	1M	3M	6M	1Y	2Y	3Y	Since Inc.
Wrap	1.08	4.37	0.45	5.43	5.13	4.92	9.54
Benchmark	1.23	5.27	1.35	6.48	5.12	4.21	8.21

## Cumulative Investment Growth

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



## Rolling Returns - 1 year



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Source: Morningstar Direct