WEALTH

TAILORED FUND PORTFOLIOS

WEALTH MANAGER CPI PLUS 4% PORTFOLIO

MONTHLY PORTFOLIO REPORT

JUNE 2019

RISK PROFILE

Low	Low to Moderate	Moderate	Moderate to High	High

RECOMMENDED MINIMUM INVESTMENT TERM

1 year+	3 years+	5 years+

INCEPTION DATE: 22 May 2017

INVESTMENT OBJECTIVE

The Wealth Manager CPI Plus 4% Portfolio represents a model investment strategy that seeks to grow capital and income at a reasonable pace for investors with an investment horizon beyond five years. It invests in a range of unit trust funds diversified across various asset classes and asset managers utilising specialist mandates. . The mandate uses a blend of active and passive funds.The local equity has a 75% allocation to active managed funds and 25% allocation to passive managed funds. Global equity has a 25% allocation to active managed funds and 75% allocation to passive managed funds

This strategy aims to achieve capital growth over a medium-term horizon and therefore has a moderate exposure to growth assets such as equities and a relatively lower exposure to income-generating asset classes.

RETURN OBJECTIVE/PERFORMANCE TARGET

The investment strategy targets returns of CPI + 4% p.a. over rolling five year periods.

BENCHMARK

The Wealth Manager CPI Plus 4% Portfolio is measured against Headline CPI (urban) plus 4%.

REGULATION 28

This model portfolio is managed to comply with Regulation 28

PORTFOLIO FEES

Discretionary Management Fee (incl. VAT): 0.58% p.a.
Unit trust fund fees: Weighted Average Total Investment Charge (TIC): 1.00%

PERFORMANCE DATA*

	% PERFORMANCE (> 1 YEAR ANNUALISED)					
	3 months	6 months	1 year	2 years	3 years	6 years
Portfolio	1.52%	7.99%	4.69%	7.37%	6.26%	9.82%
Benchmark	2.73%	4.20%	8.64%	8.59%	8.94%	9.46%

RISK STATISTICS*

Measure	Portfolio
Maximum Drawdown	-6.48%
Sharpe Ratio	0.57
Standard Deviation	5.80%

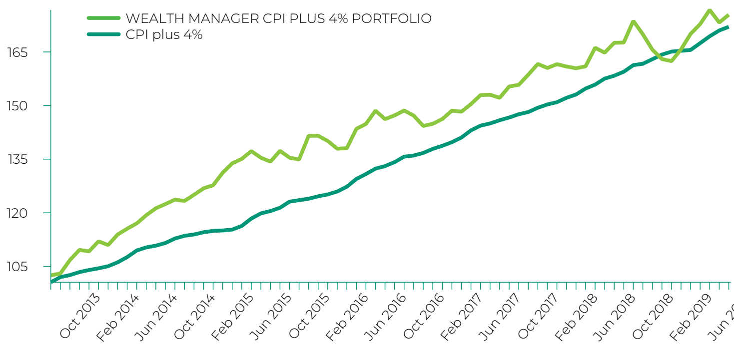
ASSET ALLOCATION

ASSET CLASS	ACTİVE/ PASSİVE SPLİT	STRATEGIC (%)	TACTICAL (%)
SA Equity	75/25	30.0	28.0
SA Fixed Income	Active	35.0	43.5
SA Property	Active	5.0	2.5
Global Equity	25/75	20.0	22.0
Global Fixed Income	None	7.0	0.0
Global Property	Active	3.0	4.0

ASSET MANAGERS IN SOLUTION

PRUDENTIAL, LAURIUMCAPITAL, HARRIS ASSOCIATES, OLDMUTUAL, CORONATION, CATALYST, BAILLIE GIFFORD, Visio Capital Management, Sesfikile Capital, Orbis, bateleur capital, PRESCIENT INVESTMENT MANAGEMENT, BLACKROCK, 36ONE, Investec, RESOLUTION CAPITAL, HERMES

CUMULATIVE PERFORMANCE*



* For model portfolio performance returns, both include reinvested income. All returns are calculated in ZAR net of underlying portfolio fees but gross of any discretionary fund management and investment vehicle administration fees. Client specific net returns are provided in the reports of the chosen Linked Investment Service Provider (LISP). Where life funds are held, perfrmance is calculated based on holding of the untaxed class. In the table above, all returns prior to the inceptoin date is based on simulated returns.

WealthManager
Financial Planning & Investment Management

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FUND MANAGER INFORMATION

Kim has been in the investment management industry for 16 years and her experience includes both active and passive management. Prior to joining the team, Kim was a Portfolio Manager in the indexation team at Old Mutual Customised Solutions. In addition to her portfolio management responsibilities, she was responsible for the team's retail business development. Kim has completed an MBA at the University of Stellenbosch.

DIVERSIFICATION AND MANAGEMENT

Utilising fund manager research performed by Old Mutual Multi-Managers, we select and monitor the underlying funds, while the fund managers themselves have flexibility to decide which underlying assets to buy within the fund mandate. We carefully blend fund managers with complimentary investment styles to achieve a well-diversified but dynamic mix of equities, money market instruments, conventional bonds, inflation-linked bonds and listed property.

The management of this model portfolio range is performed through a partnership between Wealth Manager and Tailored Fund Portfolios. Both parties hold a CAT 2 Discretionary Fund Manager licence. Active manager selection, Asset allocation and portfolio construction is based on the research process of Old Mutual Multi-Managers in consultation with Wealth Manager. The selection of passive investment vehicles is performed by the Tailored Fund Portfolio team. This range is managed and monitored on an ongoing basis by both parties. Model Portfolio reporting and feedback is provided at least quarterly to Wealth Manager. The representative of Wealth Manager at quarterly meetings is: Jonathan Moodie

FUND COMMENTARY

Equities surged across the board in June, driven by actual and expected central bank easing. This followed the sharp declines of the previous month. Returns for the first six months of the year are therefore strong; in fact it has been the best first half in many years.

The MSCI All Countries World index, which covers developed and developing markets, gained 6.6% in June and 16.6% year-to-date in US dollars. Over one year, however, this broad benchmark of global equities only returned 7%, including dividends and is still below its all-time high, set in January 2018.

As expectations of future interest rates and inflation fell, bond yields tumbled further. The US 10-year Treasury yield fell from 2.16 to 2% - below the current Fed funds rate - having started the year at 2.5%. The FTSE World Government Bond index returned 2% in dollars in June, and an impressive 5.6% return over the past six months.

The rand benefited from the softer US dollar, gaining 3% against the greenback during the month to close at R14.10 per dollar. This means the rand is about 1% stronger than at the start of 2019, and only 2.5% weaker than a year ago. A stronger rand is a double-edged sword for investors, since its boosts returns from interest rate sensitive assets (including bonds, bank and retail shares and listed property) but is a drag on the return from rand-hedge shares and direct offshore exposure.

Despite being dominated by rand hedges, local equities performed well. The FTSE/JSE All Share index returned 4.8%, pushing 2019 returns back into double-digit territory at 12%. The return over one year was in line with inflation at 4.4%. The FTSE/JSE Capped SWIX, our preferred benchmark, returned 2.8% in June. It has a lower exposure to the mining heavyweights than the All Share index, as well as a lower Naspers weight. Year-to-date returns of 7% were ahead of bonds and cash, but the one-year return of only 1% lags behind.

Listed property was positive in June, with a 1.5% return on the FTSE/JSE All Property index. The sector lags the broader equity market for the first six months of 2019 with a 2.7% return, and is still negative over 12 months.

Local bonds rallied in June, and the All Bond index returned 2.2%. This means that bonds outperformed cash over six and 12 months (with a 7.6% and 12% return respectively). The yield on the 10-year local currency bond fell to 8.1%, but remains attractively high in a global context.

CONTACT DETAILS

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