

Wealth Manager Cautious Wrap



As of 2019/07/31

Investment Manager: Jonathan Moodie
Investment Consulting: Glacier Discretionary Fund Management
Benchmark: (ASISA) SA MA Low 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 Low Equity category. To achieve this, the portfolio will have a maximum exposure of 40% 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 contracted 3.2% in the first quarter of 2019 – the biggest fall since 2009. This sharp decline, much deeper than expected, does not bode well for the country's growth prospects and the economy's capacity to create jobs. Seven of the ten industries took strain with manufacturing the biggest drain on growth. Reduction in manufacturing (-8.8%) was driven by declining production of petroleum, transport and wood and paper. Reduction in mining (-10.8%) was supported by lower production of diamonds, iron ore and coal. Business confidence remained unchanged, its weakest level since Q2 2017, following power blackouts and weak economic data in the first half of the year.

The South African market rebounded during Q2 as the All Share Index returned 3.92%. Outperformance was led by large caps, followed by mid- and small-cap shares. The Top 40 added 4.61% while mid- and small-caps returned 1.45% and 1.84%. Telecommunication was the best-performing sector returning a whopping 18.65%, followed by Consumer Goods which delivered 5.63%. Again, the worst-performing sector was Healthcare (-8.26%) followed by Industrials (-2.02%).

The SARB left the repo rate unchanged (6.75%), in line with market expectations. The Reserve Bank continues to maintain its accommodative stance with an improving medium-term inflation outlook. Headline inflation rose modestly to 4.5%, slightly ahead of expectation (4.4%). The rand strengthened against most major currencies – 2.72% against the US dollar, 5.37% against the British pound and 1.44% against the euro.

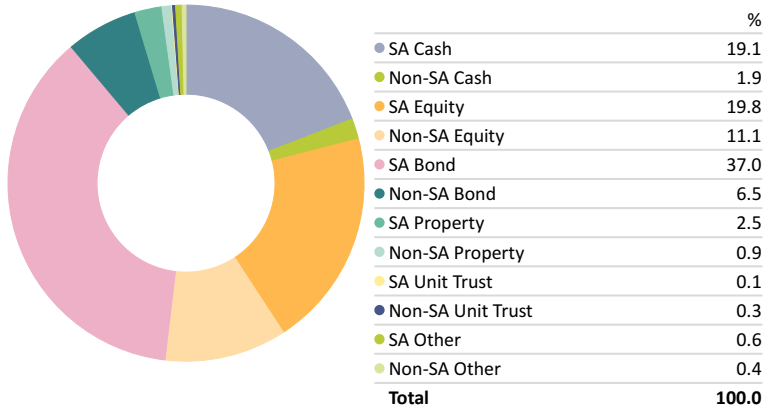
Locally, bond markets delivered decent returns as the ALBI returned 3.70% while inflation-linked instruments added 2.86%. The best-performing fixed income asset class was in the longer-end of the yield curve (7-12 years) which delivered 4.61%. Cash (STeFI) returned 1.80%, underperforming preference shares which returned a healthy 5.50%. Property (ALPI) was positive, adding 1.48%.

Global markets rallied despite signs of slower economic growth, ongoing trade tensions and muted inflation. Markets in almost all regions gained supported by the world's major central banks, in response to the weak global backdrop, becoming progressively more accommodative.

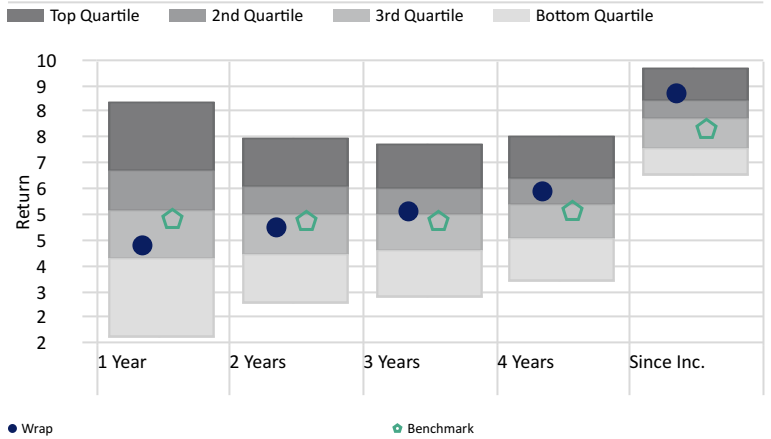
Emerging market equities lagged their developed market counterparts as US-China trade tensions escalated, raising concern about the global growth slowdown. Developed market equities returned 3.35% in US dollar terms (0.54% in rand) while emerging market equities gave up 0.31% in USD (-3.02% in rand). The Fed continued to keep rates unchanged (target range 2.25% - 2.5%) with a possible rate cut expected later this year as it remains "patient" in its approach to policy. The Bank of England continued to hold interest rates at 0.75% as uncertainty around Brexit and concern about trade tensions persist. Similarly, the ECB kept interest rates unchanged at 0% on concerns relating to its inflation outlook and global growth concerns. This was in line with expectations.

Asset Allocation

Portfolio Date: 2019/07/31



Quartile Peer Group Ranking



Risk Statistics

Time Period: 2016/08/01 to 2019/07/31

	Wrap	BM
Alpha	0.15	0.00
Sharpe Ratio (arith)	-0.56	-0.62
Std Dev	3.65	3.82

Manager Allocation

Portfolio Date: 2019/07/31

SIM Inflation Plus B4
 Prescient Income Provider A2
 Nedgroup Inv Flexible Inc B1
 STANLIB Absolute Plus B1
 Allan Gray Balanced C
 Prudential Inflation Plus B
 Investec Opportunity E
 PSG Balanced E

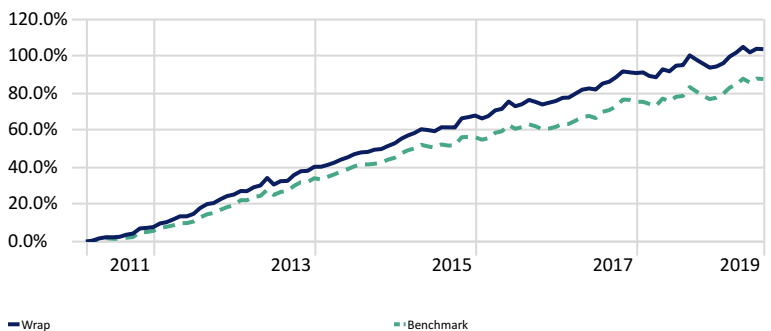
Performance Summary

As of Date: 2019/07/31

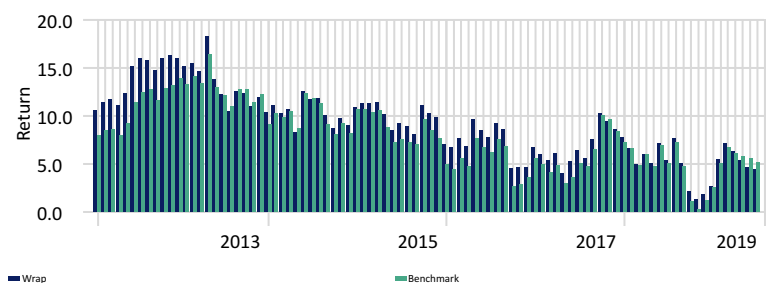
	1M	3M	6M	1Y	2Y	3Y	Since Inc.
Wrap	-0.10	-0.59	3.82	4.40	4.89	5.38	8.50
Benchmark	-0.13	-0.09	4.36	5.13	5.07	5.07	7.72

Cumulative Investment Growth

Time Period: Since Common Inception (2011/03/01) to 2019/07/31



Rolling Returns - 1 year



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Source: Morningstar Direct