



WEALTH
TAILORED FUND PORTFOLIOS

WEALTH MANAGER CPI PLUS 2% PORTFOLIO

MONTHLY PORTFOLIO REPORT

AUGUST 2019

RISK PROFILE



RECOMMENDED MINIMUM INVESTMENT TERM



INCEPTION DATE: 22 May 2017

INVESTMENT OBJECTIVE

The Wealth Manager CPI Plus 2% Portfolio represents a model investment strategy that seeks to grow capital and income at a steady pace for investors with an investment horizon beyond three 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 is considered to be relatively conservative and therefore mainly invests in low risk asset classes such as cash and fixed income. This ensures that the strategy provides the necessary capital protection during volatile periods, while also being positioned to benefit from rising markets.

RETURN OBJECTIVE/PERFORMANCE TARGET

The investment strategy targets returns of CPI + 2% p.a. over rolling three year periods.

BENCHMARK

The Wealth Manager CPI Plus 2% Portfolio is measured against Headline CPI (urban) plus 2%.

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): 0.90%

PERFORMANCE DATA*

	% PERFORMANCE (> 1 YEAR ANNUALISED)					
	1 months	6 months	1 year	3 years	5 years	6 years
Portfolio	1.01%	2.04%	4.43%	7.00%	8.03%	9.29%
Benchmark	0.52%	1.48%	6.03%	6.64%	7.02%	7.26%

RISK STATISTICS*

Measure	Portfolio
Maximum Drawdown	-3.75%
Sharpe Ratio	0.67
Standard Deviation	3.95%

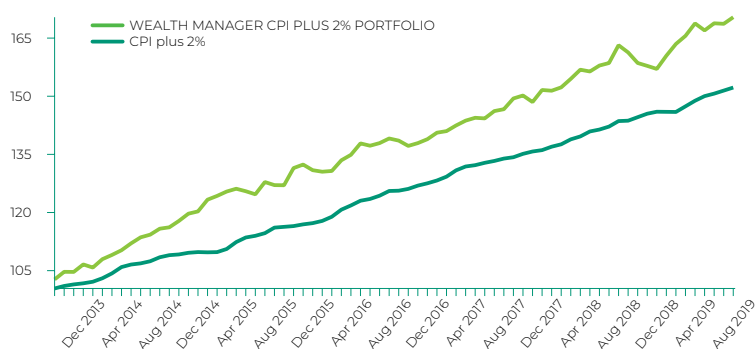
ASSET ALLOCATION

ASSET CLASS	ACTIVE/ PASSIVE SPLIT	STRATEGIC (%)	TACTICAL (%)
SA Equity	75/25	14.0	12.0
SA Fixed Income	Active	51.0	63.5
SA Property	Active	5.0	2.5
Global Equity	25/75	16.0	18.0
Global Fixed Income	None	11.0	0.0
Global Property	Active	3.0	4.0

ASSET MANAGERS IN SOLUTION



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, performance is calculated based on holding of the untaxed class. In the table above, all returns prior to the inception date is based on simulated returns.





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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

The escalation of the US-China trade war against the backdrop of a slowing global economy hit equity markets hard. The MSCI All Country World index lost 2.3% in dollars in August. While the 2019 returns are still solid at 13.8% despite this loss, over one year returns are 0% due to the big slump in the fourth quarter of 2018.

As investors piled into the perceived safety of developed market bonds, the yield on US 30-year Treasury fell below 2% for the first time ever, suggesting investors expect the Fed to undershoot its inflation target for the next three decades. German yields plunged to new record lows, and a record \$17 trillion in global bonds trade at negative yields. The FTSE World Government Bond returned 2.6% in August, lifting year-to-date returns to 8% in dollars.

Listed property benefited from the decline in bond yields and was positive in the month despite the equity rout. The FTSE EPRA/NAREIT Developed index returned 1.8% in August, lifting year-to-date returns to 17% and one-year returns to 8%, ahead of bonds and equities.

Despite the decline in US yields, the dollar remains supported by declines everywhere else. Bank of America Merrill Lynch estimates that 95% of all the positively-yielding investment grade government and corporate bonds in the world are American. The rand lost 5.8% to end the month at R15.18 per dollar. Over the past year, the rand is 3% weaker against the dollar, boosting the return from global assets for local investors somewhat.

Local equities followed global markets lower. The 2.4% decline on the FTSE/All Share index means the year-to-date return at the end of August was 6.8%. Over twelve months, the local market is down 2.6%. This is partly due to August 2018 being a particularly strong month, when the All Share briefly hit 60,000 points. The FTSE/JSE Capped SWIX performed even worse, with the 2.7% loss virtually wiping out 2019 gains and the one-year number deeply in the red at -7%. The FTSE/JSE All Property Index lost 3% in the month and is still 11% down over 12 months.

Despite the negative narrative around potential downgrades, South African bonds were positive in August. The All Bond index returned 1% in the month, lifting year-to-date and one-year returns to 7.9% and 11% respectively, ahead of cash. The yield on the 10-year government bond declined somewhat from 9.2% to 9.1%, but remains elevated relative to other emerging markets and sky-high compared to developed markets.

CONTACT DETAILS

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Entities making the Discretionary Model Portfolios available

Old Mutual Wealth Tailored Fund Portfolios ("TFP") is a division of Old Mutual Life Assurance Company South Africa Limited ("OMLACSA"), registration number 1999/004643/06, which is a discretionary financial services provider authorised in terms of the Financial Advisory and Intermediary Service Act 37 of 2002 ("FAIS") with licence number 703.

Old Mutual Investment Services (Pty) Ltd ("OMIS"), registration number 1996/000452/06, is an administrative financial services provider authorised in terms of FAIS.

Unit Trust Managers registered in terms of the Collective Investment Scheme Control Act 45 of 2002.

What are Discretionary Model Portfolios?

A Discretionary Model Portfolio is a combination of Old Mutual or other unit trust funds that are grouped together by TFP and made available by OMIS on its administrative platform.

Unit Trust Disclaimers

You should ideally see unit trusts as a medium to long term investment. The fluctuations of particular investment strategies affect how a fund performs. Your fund value may go up or down. Therefore, investment capital or return on your investment cannot be guaranteed. How a fund has performed in the past does not necessarily indicate how it will perform in the future. The fees and costs charged for managing your investment are accessible on the relevant fund's Minimum Disclosure Document (MDD) or table of fees and charges, both available on the manager's public website. Unit trusts are traded at ruling prices, may borrow to fund client disinvestments and may engage in script lending. The daily price is based on the current market value of the underlying fund's assets plus income minus expenses (NAV of the portfolio) divided by the number of units on issue. Should the underlying fund hold assets in foreign countries it may have risks regarding liquidity, the repatriation of funds, political and macro-economic situations, foreign exchange, tax, settlement, and the availability of information. Please contact us for risks specific to each country. A fund of fund is a portfolio that invests in other funds which levy their own charges, which could result in a higher fee structure for the fund of funds. The Net Asset Value to Net Asset Value figures are used for the performance calculations. The performance quoted is for a lump sum investment. The performance calculation includes income distributions prior to the deduction of taxes and distributions are reinvested on the ex-dividend date. Performances may differ as a result of actual initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Performance returns are the time-weighted return over the performance period measured. A manager has the right to close the portfolio to new investors in order to manage it more efficiently in accordance with its mandate.