

Wealth Manager Cautious Wrap



As of 2019/11/30

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

South African GDP grew 3.1% in Q2 2019 – in stark contrast to the 3.2% contraction during Q1 and ahead of market expectations (2.4%). This expansion is largely due to Eskom turning the lights back on, leading to a recovery in mining and manufacturing. Mining rebounded, growing 14.4% on the back of positive contributions of metal ores. Manufacturing rose 2.1% while Finance, real estate and business services expanded 4.1%, supported by the banking and insurance sectors. Business confidence slumped to a 20-year low as concerns of an ailing economy continue to grow.

The SA market retracted in Q3 as the All Share lost 4.57%. Underperformance was led by large caps, followed by small- and mid-cap shares. The Top 40 shed 5.22% while small- and mid-caps fell 3.22% and 1.81%. Consumer Goods was the best-performing sector returning a negative 0.82%, followed by Healthcare which fell 2.50%. The worst-performing sector was Telecommunications which shed 7.77%.

While the SARB cut interest rates by 25 bps in July, the rate remained unchanged, at 6.50%, in September in the face of economic growth concerns. Inflation is anchored at the mid-point of the target range (3%-6%) albeit decreasing meaningfully to 4% in July, before normalising to 4.3% in August. There remains upside risks to the inflation outlook – stemming from fuel, electricity and water prices. The rand weakened against major currencies – 7.35% against the US dollar, 4.02% against the British pound and 2.97% against the euro.

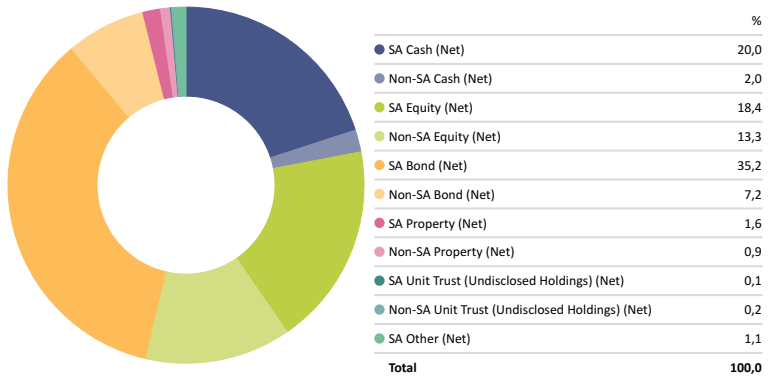
Locally, bond markets delivered modest returns as the ALBI returned 0.70% while inflation-linked instruments eked out 0.12%. The best-performing fixed income asset class was in the shorter-end of the yield curve (3-7 years) which delivered 1.25%. Cash (STeFI) was the best-performing local asset class, returning 1.79% and underperforming preference shares which returned a decent 2.75%. Property (ALPI) shed 4.18%.

Global markets continued to rally despite trade war tensions, a slowing global economy and muted inflation. Markets continue to gain as central banks maintain their accommodative stance.

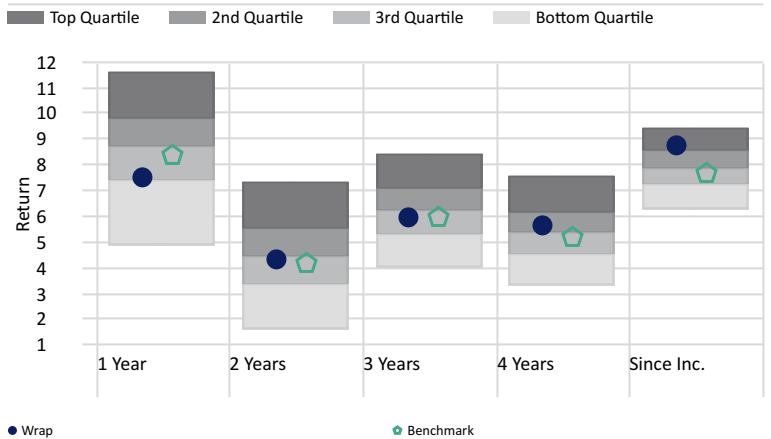
Emerging market equities lagged their developed market counterparts as trade tensions remain. Developed market equities remained flat (0.08%) in US dollar terms (increasing 7.44% in rand) and emerging market equities shed 5.11% in USD (clawing back 1.87% in rand). The Fed lowered interest rates to 1.75% - 2% – its second cut since GFC. The ECB cut the interest rate on the deposit facility by 10bps to -0.50% while keeping the rate on main refinancing operations and the rate on the marginal lending facility unchanged at 0% and 0.25%. Also, the ECB will restart its €2.6trn stimulus programme for an unlimited period. The Bank of England kept rates unchanged at 0.75%, indicating it would gradually raise rates given a smooth Brexit and a pickup in global growth.

Asset Allocation

Portfolio Date: 2019/10/31



Quartile Peer Group Ranking



Risk Statistics

Time Period: 2016/12/01 to 2019/11/30

	Wrap	BM
Alpha	-0,06	0,00
Sharpe Ratio (arith)	-0,38	-0,37
Std Dev	3,52	3,70

Manager Allocation

Portfolio Date: 2019/11/30

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

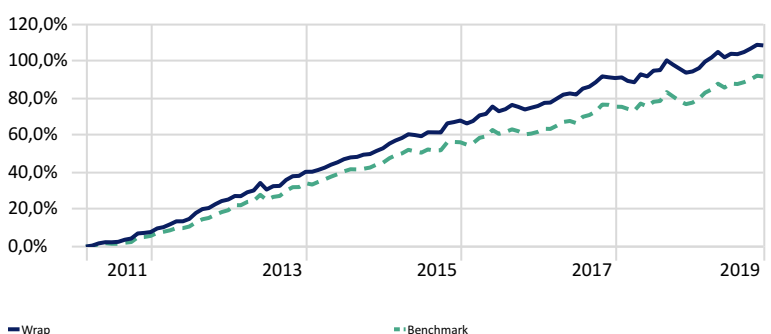
Performance Summary

As of Date: 2019/11/30

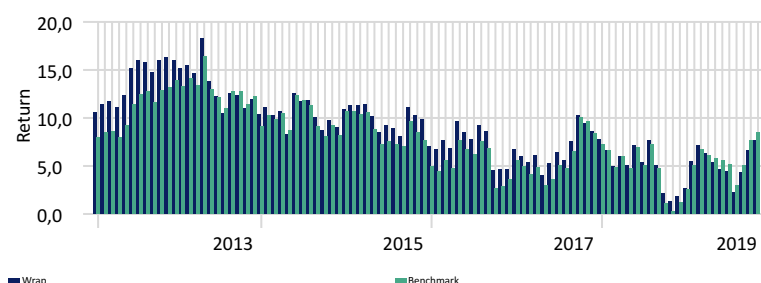
	1M	3M	6M	1Y	2Y	3Y	Since Inc.
Wrap	-0,15	1,74	3,18	7,59	4,40	6,03	8,44
Benchmark	-0,22	1,62	3,22	8,43	4,24	6,00	7,67

Cumulative Investment Growth

Time Period: Since Common Inception (2011/03/01) to 2019/11/30



Rolling Returns - 1 year



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