

# Wealth Manager Income Wrap



As of 2020/01/31

**Investment Manager:** Jonathan Moodie  
**Investment Consulting:** Glacier Discretionary Fund Management  
**Benchmark:** SA CPI + 2% over a rolling two years  
**Inception Date:** 01 March 2017  
**Wrap Fund Fees:** 50bps per annum (the fee excludes underlying Collective Investment Fees)

## Mandate Description

This portfolio is suitable for individuals seeking to preserve capital over a rolling 1 year period and maximise income. To achieve this, the portfolio will have a maximum exposure of 20% 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 slowed during the third quarter, falling 0.6%, while the market expected growth of 0.1%. This contraction was as a result of the mining, manufacturing and transport, storage and communication industries shrinking. Mining production decreased 6.1%, manufacturing output declined 3.9% and transport storage and communication output dropped 5.4%. Despite this, business confidence rose for the first time in two years, reaching 26 in the fourth quarter.

In contrast to the previous quarter, the SA market recovered in Q4 as the All Share advanced 4.63%. The rebound was led by mid-cap counters, followed by large- and small-caps. Mid-cap shares rose 12.91%, large-caps gained 4.54% and small-caps returned 0.74%. Healthcare was the best-performing sub-sector returning an impressive 20.50%, followed by Basic Materials which returned 13.78%. The worst-performing sector was Telecommunications which shed 13.31%.

The SARB kept the repo rate unchanged at 6.5%. The key driver of this decision was inflation remaining below the midpoint of the central bank's target band and a struggling domestic economy. The inflation rate decreased to 3.6% in November (its lowest level since December 2010) as the cost of food and non-alcoholic beverages continued to slowdown and transport prices fell. The rand strengthened 7.50% against the US dollar, 0.26% against the British pound and 4.91% against the euro.

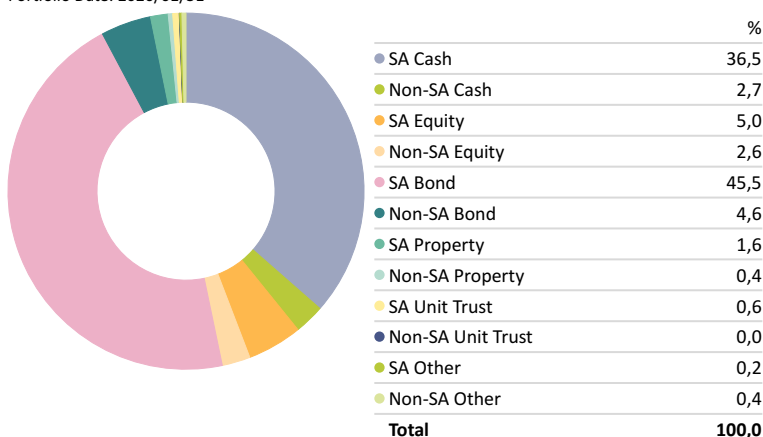
Locally, bond markets delivered modest returns as the ALBI returned 1.73% while inflation-linked instruments shed 1.04%. The best-performing fixed income asset class was in the shorter-end of the yield curve (3-7 years) which delivered 2.66%. Cash (STeFI) returned 1.74%. Preference shares were the best performer delivering 2.97%. Property (ALPI) eked out 0.58%.

Global markets continued to rally in base-currency terms as US-China trade talks showed positive progress and fears of a global recession faded. However, returns in rand terms were mixed as the rand strengthened against major currencies.

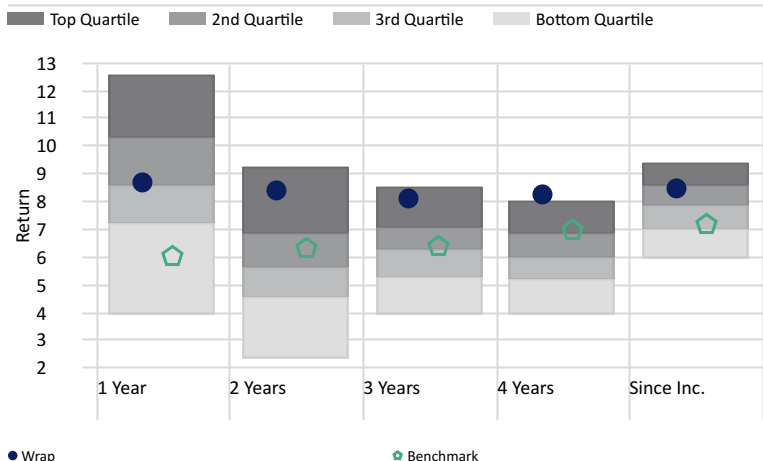
Developed market equities lagged their emerging market counterparts as trade tensions remain and slowing global growth and political uncertainties persist. Developed market equities rose 8.19% in US dollar terms (flat (0.07%) in rand) and emerging market equities rallied 11.36% in USD (gaining 3.00% in rand). The Fed lowered interest rates, for the third time in 2019, to 1.50% - 1.75%. The ECB kept interest rates unchanged at 0% citing the reason to remain at this low level until their target of 2% is realised. While the British economy remains weak, the Bank of England kept rates unchanged at 0.75% indicating it would cut rates should Brexit uncertainties persist or global growth fails to improve.

## Asset Allocation

Portfolio Date: 2020/01/31



## Quartile Peer Group Ranking



## Risk Statistics

Time Period: 2017/02/01 to 2020/01/31

	Wrap	BM
Alpha	0,84	0,00
Sharpe Ratio (arith)	0,81	-0,89
Std Dev	0,98	1,01

## Manager Allocation

Portfolio Date: 2020/01/31

Nedgroup Inv Flexible Inc B1  
 Prescient Income Provider A2  
 BCI Income Plus C  
 SIM Inflation Plus B4  
 Prescient Money Market B1  
 SIM Active Income B4  
 Investec Diversified Income H  
 Allan Gray Stable C

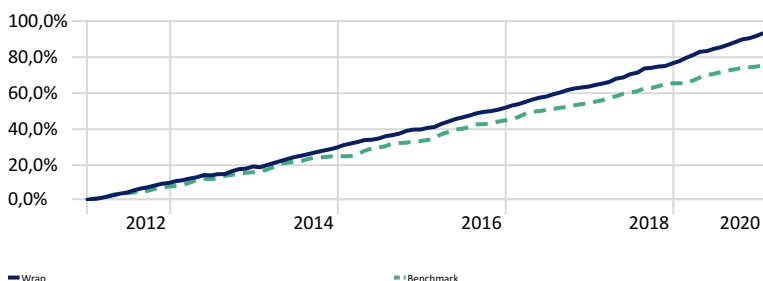
## Performance Summary

As of Date: 2020/01/31

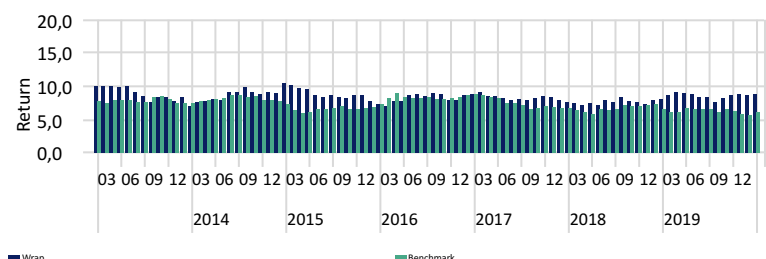
	1M	3M	6M	1Y	2Y	3Y	Since Inc.
Wrap	0,84	1,84	4,23	8,76	8,42	8,13	8,48
Benchmark	0,42	0,84	2,24	6,07	6,32	6,44	7,21

## Cumulative Investment Growth

Time Period: Since Common Inception (2012/01/04) to 2020/01/31



## Rolling Returns - 1 year



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Source: Morningstar Direct