

# Wealth Manager Income Wrap



As of 2020/11/30

**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

South Africa's GDP plunged 17.1% in Q2, slipping deeper into recession, resulting in an annualised growth rate of -51%. The market expected a decrease of 16.5% year-on-year. This collapse was due to the impact of the Covid-19 pandemic, the hard lockdown and the slow, gradual unwinding of lockdown restrictions during recent months. Apart from agriculture, forestry and fishing (15.1% vs 26.8%), all sectors experienced a collapse in output. Construction fell 76.6%, manufacturing fell 74.9%, mining fell 73.1%, transport, storage & communication fell 67.9% and trade, catering & accommodation fell 67.6%.

The South African market delivered a feeble return in Q3. The All Share Index gained 0.67%. Gains were led by small caps which advanced 3.48%. Mid- and large-caps followed suit, returning 1.34% and 0.63%. Resources continued its trajectory and was the best-performer returning 6.03%. However, SA Industrials (including dual listed companies) and Financials bucked the trend, returning -2.29% and -1.64%. Industrials returned 0.32%.

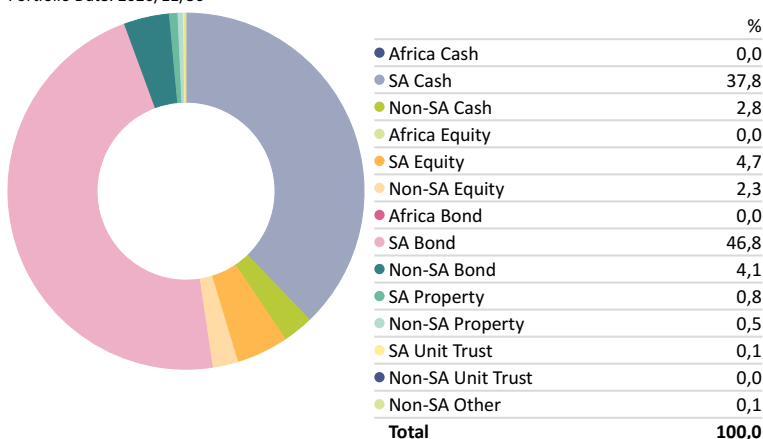
While the SARB cut interest rates by 25 bps in July, the rate remained unchanged, at 3.50% in September, as widely expected. Policymakers indicated that while risks to the growth and inflation outlook are balanced, monetary policy single-handedly cannot improve economic growth nor reduce fiscal risks. Inflation moved closer to the lower end of the central bank's target band, reaching 3.1%, in line with market expectations. The rand strengthened 3.44% against the US dollar, while weakening 0.58% against the British pound and 0.75% against the euro.

Locally, bond markets delivered modest returns. The ALBI returned 1.45% while inflation-linked instruments added 1.21%. The best-performing fixed income asset class was in the shorter-end of the yield curve (3-7 years) which delivered 4.19%. The short end of the yield curve (1-3 years) delivered 2.40%, while the long end (12+ years) eked out 0.25%. Cash (STeFI) returned 1.16%. Preference shares lost 4.83%. Property, the worst performer, shed 15.40%.

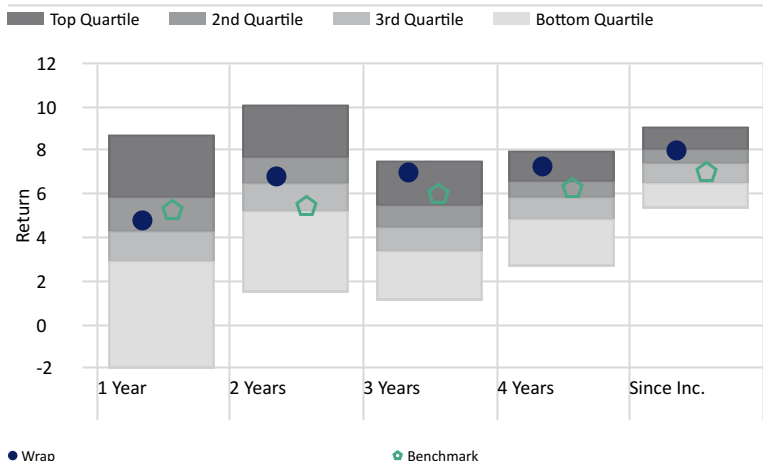
As the search for a viable vaccine continues, countries around the world are grappling with a second wave of the Covid-19 pandemic. Developed market equities lagged their emerging market counterparts. They rose 7.52% in US dollar terms (gaining 3.82% in rand). Emerging market equities rallied 8.73% in USD (gaining 4.99% in rand). Global bonds delivered 2.66% in US dollar terms (losing 0.87% in rand). The Fed kept interest rates unchanged at 0-0.25%, in line with market expectations. It indicated this level will remain through to at least 2023 to help the economy recover from the pandemic. Similarly, the ECB and Bank of England kept rates unchanged at 0% and 0.1%. The ECB will continue its purchases under the Pandemic Emergency Purchase Programme (PEPP). It intends to buy up to €1.35 trillion worth of debt through to June 2021.

## Asset Allocation

Portfolio Date: 2020/11/30



## Quartile Peer Group Ranking



## Risk Statistics

Time Period: 2017/12/01 to 2020/11/30

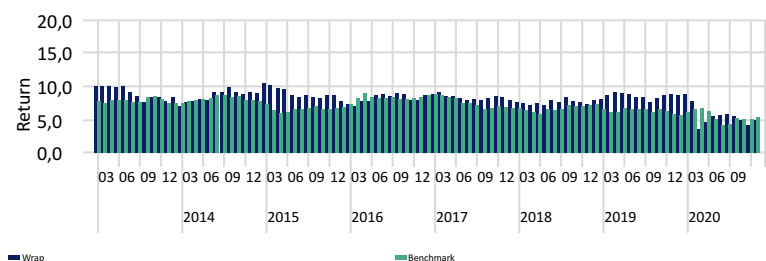
	Wrap	BM
Alpha	-0,03	0,00
Sharpe Ratio (arith)	0,10	-0,53
Std Dev	2,55	1,33

## Manager Allocation

Portfolio Date: 2020/11/30

Cadiz BCI Money Market A  
 SIM Inflation Plus B4  
 Cadiz BCI Enhanced Income C  
 Ninety One Diversified Income H  
 Nedgroup Inv Flexible Inc B1  
 SIM Active Income B4  
 Prescient Income Provider A2  
 BCI Income Plus C

## Rolling Returns - 1 year



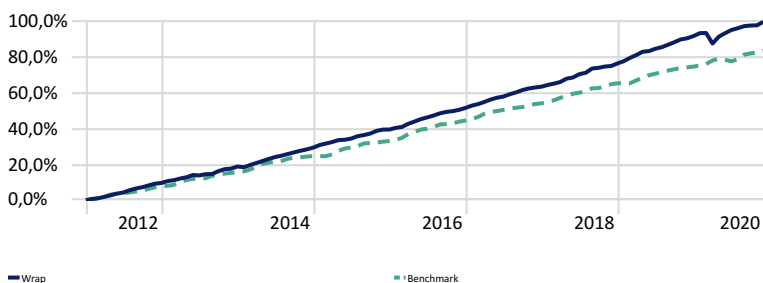
## Performance Summary

As of Date: 2020/11/30

	1M	3M	6M	1Y	2Y	3Y	Since Inc.
Wrap	0,98	1,21	3,25	4,82	6,81	6,99	8,04
Benchmark	0,42	1,09	2,80	5,26	5,48	6,04	7,05

## Cumulative Investment Growth

Time Period: Since Common Inception (2012/01/04) to 2020/11/30



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Source: Morningstar Direct