

# Sasfin Horizon Medium Equity Portfolio

September 2017

**Portfolio Category** SA Multi Asset Medium Equity

**Portfolio Manager** Philip Bradford, CFA

**Launch Date** 01-Nov-2012

**Benchmark** CPI + 5% (rolling 5 year period)

## Portfolio Description

The portfolio is managed as a core-satellite portfolio, combining active management and index investment strategies. The core of the portfolio is invested in passively-managed portfolios, while the satellites are invested in actively-managed, "high-alpha" portfolios. This portfolio is aimed at investors with a long term investment horizon. It is expected to have an inflation objective of CPI plus 5%.

The asset composition of the fund is compliant with Regulation 28 of the pension Funds Act of 1956.

The actual asset allocation of the portfolio may vary from strategic asset allocation due to market movement or tactical asset allocation decisions made from time to time by Sasfin Asset Managers.

## Investment Objective

The Fund aims to provide investment income and capital growth over the long term through investing primarily in local and international equity, fixed interest and cash instruments. The fund is optimized to have the highest probability of meeting the real return target over a 5 year investment period while minimising volatility. The Fund is actively managed by a combination of leading investment managers and value is added through specialist manager expertise and allocation skills.

## Manager Weightings

Fund Managers	Weights
Bateleur Equity	11.77%
Sasfin BCI Opportunity Equity	6.70%
Sygnia ALSI Tracker	8.36%
Sasfin BCI Equity	6.71%
Sygnia SAPY Tracker	3.80%
Absa Property	8.96%
Coronation Strategic Income	13.60%
Futuregrowth Yield Enhanced Bond	13.58%
Investec Money Market	2.40%
Prescient Cash	2.40%
Managed Cash	0.50%
BlackRock Developed World Index	18.55%
Nedbank USD Account	2.67%
<b>Total</b>	<b>100.00%</b>

## Risk Profile

Conservative	Cautious	Moderate	Assertive	Aggressive
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## Minimum Recommended Investment Term

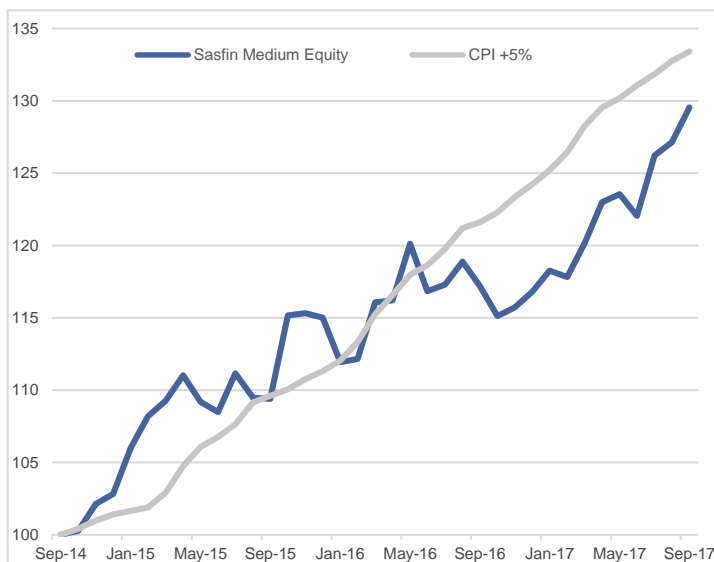
+ 3 Months	+ 1 Year	+ 3 Years	+ 5 Years	+ 7 Years
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## Performance vs Benchmark

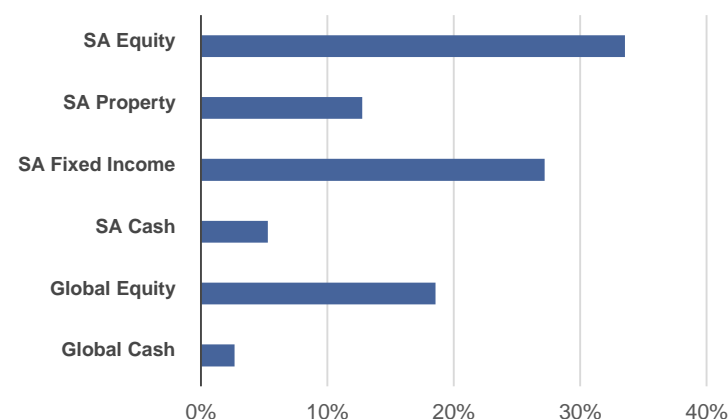
	3 Month	6 Month	1 Year	3 Year	5 Year
<b>Sasfin Horizon Medium Equity</b>	6.2%	7.8%	10.5%	9.0%	10.6%
<b>CPI + 5%</b>	1.8%	4.0%	9.7%	10.1%	10.6%

- Prior to 1 November 2012 notional returns have been used to calculate longer term returns

## Cumulative Returns – 3 Years



## Asset Allocation



## Monthly Commentary

**South Africa:** The SARB unexpectedly left its benchmark repo rate steady at 6.75% in September. The South African economy expanded an annualized 2.5% on quarter in the three months to June. The unemployment rate came in at 27.7% in the second quarter of 2017, unchanged from the previous period's 13-year high. Inflation rate increased to 4.8% from 4.6% in July which was the lowest since September of 2015 but below market expectations of 4.9%. The ALSI was down 0.9% in month with Financials and Resources being the main contributors to this, down 1.9% and 1.0% respectively. The R186, SA's benchmark bond finished the month at 8.55%. The rand had a tough month and lost 4.3% and 8.0% to the dollar and pound respectively.

**International:** The Fed left the target range for its federal funds rate unchanged at 1% to 1.25% during its September meeting. The US economy expanded an annualized 3.1% on quarter in the second quarter of 2017. The Dow Jones and S&P were both up over 2% in the month whilst the Nasdaq was only up 1%. The ECB held its benchmark refinancing rate at 0%. The Eurozone economy expanded 0.6% on quarter in the three months to June. European markets were strong in September with the Dax up 6.4% and the Cac 40 up 4.9%. The Bank of England voted by seven to two to keep the Bank Rate at a record low of 0.25%. The UK economy expanded 0.3% on quarter in the three months to June. The FTSE had a negative month, down 0.7%. The benchmark interest rate in China was last recorded at 4.35%, it was last cut by 25bps in October 2015. The Chinese economy advanced 1.7% quarter-on-quarter in the three months to March. The Chinese markets had a negative September with the Shanghai and Hang-Seng down 0.3% and 1.2% each. The Bank of Japan left its key short-term interest rate unchanged at -0.1% at its September meeting. The Japanese economy advanced 0.6% quarter-on-quarter in the June quarter of 2017. The Nikkei had a strong month, up 4.2%. Commodities had a mixed month with Brent Crude up 9.9% whilst gold and platinum were down 3.2% and 8.7% respectively.

**Our Position:** We are maintaining our maximum exposure in international equities according to the fund's risk/return profile, with zero in offshore bonds. Locally we see no reason to invest in local companies that have 'challenging' conditions. We have retained our exposure to SA equities with an emphasis on 'international companies listed on the JSE'. We have an overweight position in property stocks, well diversified between local and foreign exposure. Local property continues to offer good potential real returns, foreign property in developed markets is continuing to benefit from relatively low interest rates and improving growth dynamics and provides additional protection from currency depreciation. We have an overweight position in local bonds which is comprised of managers who, in combination, take advantage of high yielding corporate opportunities and low duration instruments which has benefited our investors in the current environment.

## Notes and Disclaimer

- The portfolio was fundamentally changed on 1 November 2012 on conversion to a core-satellite model. Accordingly past investment returns have been calculated using notional model portfolios which illustrate the investment performance that would have been experienced if the changes had been applied earlier. These back tested notional returns are not necessarily a guide to the future investment performance of the portfolio and do not constitute any form of guarantee. Investors are urged to note that in any event past investment returns are not an accurate indication of future returns and that the value of investments will fluctuate up and down over time.
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## Fees

<b>Investment managers</b>	Up to 0.41%
<b>Platform</b>	Up to 0.28%

Fees are quoted per annum and excluding VAT. The investment manager fees are based on strategic weightings and may vary from time to time. The portfolio may include investment managers with performance fee structures. This may result in higher overall fees, but only when performance targets agreed have been exceeded. Details of performance fees paid to underlying managers over the previous calendar year will be provided to clients on request.

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