

# Sasfin Horizon Stable Portfolio

September 2018

**ASISA Category** SA Multi Asset Low Equity

**Portfolio Manager** Philip Bradford, CFA

**Launch Date** 27-Sep-2012

**Benchmark** SA Multi Asset Low Equity Category Average

## 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 3% over any rolling 3 year period.

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 3 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	6.24%
Sasfin BCI Opportunity Equity	4.42%
Sygnia ALSI Tracker	4.45%
Sasfin BCI Equity	2.63%
Sygnia SAPY Tracker	3.01%
Absa Property	7.06%
Coronation Strategic Income	23.52%
Futuregrowth Yield Enhanced Bond	23.67%
Investec Money Market	6.08%
Prescient Cash	6.08%
Managed Cash	0.16%
BlackRock Developed World Index	10.89%
Nedbank USD Account	1.80%
<b>Total</b>	<b>100.0%</b>

## Risk Profile

Conservative	Cautious	Moderate	Assertive	Aggressive
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## Minimum Recommended Investment Term

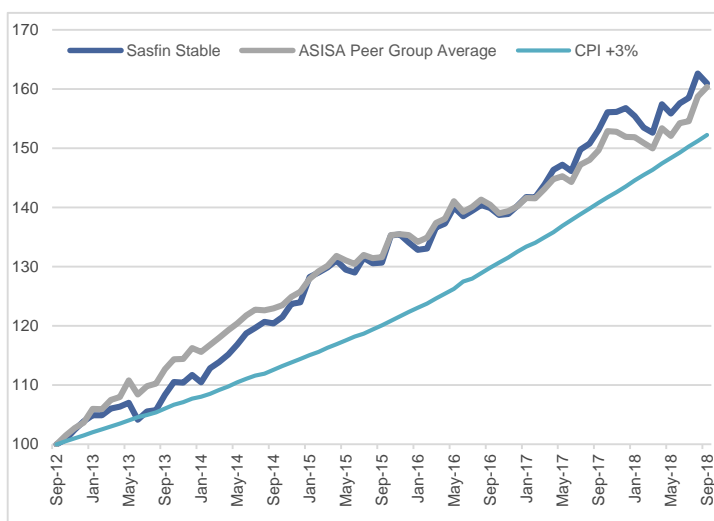
+ 3 Months	+ 1 Year	+ 3 Years	+ 5 Years	+ 7 Years
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## Performance vs Benchmark

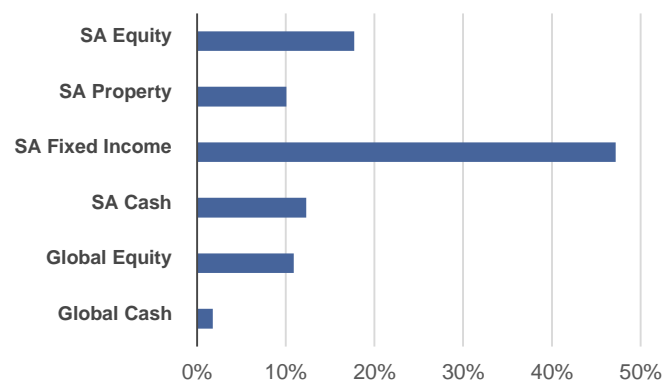
	1 Year	3 Year	5 Year	Since Inception
<b>Sasfin Horizon Stable</b>	5.1%	7.2%	8.2%	8.2%
<b>ASISA Peer Group Average</b>	4.7%	6.0%	6.8%	7.8%

Performance returns are calculated net of fees

## Cumulative Returns – Since Inception



## Asset Allocation



## Monthly Commentary

**South Africa:** Local economic data over the quarter did not inspire investors with confidence as the SACCI business confidence numbers, retail sales and the ABSA Purchasing Managers Index (which is at a 9-yr low) all came in below expectations. The SARB did keep rates steady at 6.5% even though Consumer Price Inflation numbers reached a 10-month high of 5.1% in July. The JSE All Share lost 3.3% in a quarter that included the worst performing month of the year, August, which saw the local bourse decline 5.1%. Industrials lost 8.4% with Naspers following Tencent lower as the Chinese tech conglomerate is facing increasing gaming regulation in China. Resources (+3.2%) continued its strong performance as the Brent crude oil price reached its highest level in 4-years to end the quarter on \$82.72. Financials (+2.7%) recovered some of the losses it suffered during the second quarter as the market reacted to better than expected corporate earnings from the banks. With the IMF downgrading South Africa's 2018 GDP growth rate to 0.8% from 1.5% earlier this year, the market can only look forward to the mid-term-budget, taking place in October, for any signs of optimism going in to the holiday season.

**International:** Global economic data and market performance portrays two very different stories. On the one side we are seeing continued strength in the U.S economy with retail sales growing at its fastest pace since 2012, the unemployment rate dropping to 3.7%, the lowest it has been since 1969, GDP numbers upwardly revised to 4.2%, consumer confidence at an 18-year high and back-to-back quarters of corporate earnings growth in excess of 20%. The U.S Federal Reserve continued to tighten monetary policy as the market brushed aside another 0.25% rate hike to record the longest ever bull run in recorded history. All three U.S indices recorded new all-time highs during the quarter with the S&P 500 adding 7.2%, Dow Jones Industrial Average adding 9.0% and the Nasdaq recorded its third straight quarter of gains during 2018, adding 7.1%. Moving across the Atlantic, the UK is only growing at 0.6% with growth expected to peak at 1.1% during 2018 while European economic sentiment dropped for the ninth consecutive month. All of this resulted in mixed market performances as the EuroStoxx 600 (+0.4%) and France CAC (+3.1%) moved higher, but the German Dax (-0.5%) and FTSE 100 (-1.7%) all lost ground during the quarter.

**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

- Performance returns are calculated net of fees.
- While every effort is taken to ensure the accuracy of the information contained herein, Sasfin shall not be liable for any errors or omissions and disclaims any responsibility for any action which may be taken based on such information.
- While historical data and reasonable market related assumptions have been used in the construction of some of the data, these are general indicators only for the purpose of ongoing targeting and assessment and are not guaranteed.
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- The Fact Sheet does not constitute any form of advice or recommendation and Investors must consult their advisors and independently assess and confirm all material information before making any decision or taking any action.

## Fees

<b>Investment managers</b>	Up to 0.39%
<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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