

# Sasfin Horizon Stable Portfolio

October 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	6.27%
Sasfin BCI Opportunity Equity	4.57%
Sygnia ALSI Tracker	4.48%
Sasfin BCI Equity	2.65%
Sygnia SAPY Tracker	3.09%
Absa Property	6.92%
Coronation Strategic Income	23.41%
Futuregrowth Yield Enhanced Bond	23.28%
BCI Income Plus Fund	12.67%
Managed Cash	0.00%
BlackRock Developed World Index	10.73%
Nedbank USD Account	1.93%
<b>Total</b>	<b>100.0%</b>

## Risk Profile



## Minimum Recommended Investment Term

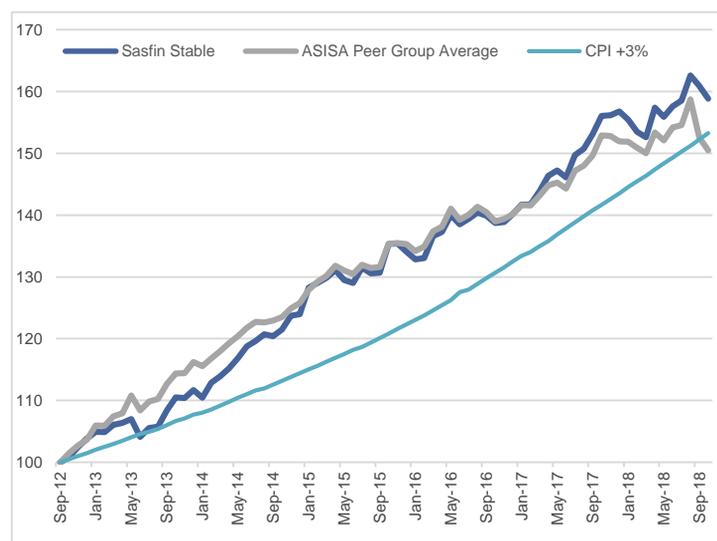


## Performance vs Benchmark

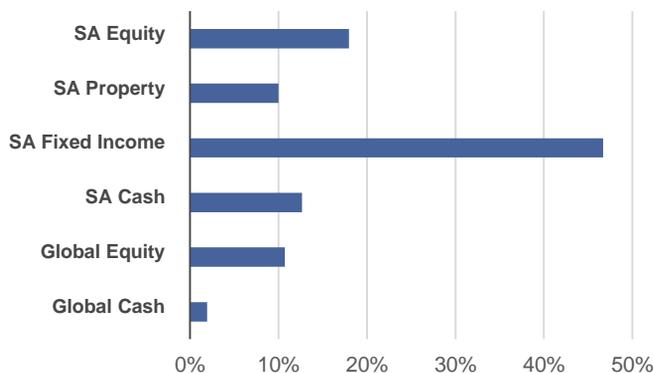
	1 Year	3 Year	5 Year	Since Inception
<b>Sasfin Horizon Stable</b>	1.8%	5.5%	7.5%	7.9%
<b>ASISA Peer Group Average</b>	1.1%	4.5%	6.2%	7.4%

Performance returns are calculated net of fees

## Cumulative Returns – Since Inception



## Asset Allocation



## Monthly Commentary

**South Africa:** The Rand lost ground against the US Dollar (-4.4%), British Pound (-2.2%) and the Euro (-1.8%) during the month. The JSE All Share lost 6.0% during October resulting in a decline of 11.0% over the last two months as global equities experienced its worst month thus far in 2018. The global sell-off was caused by numerous factors, the most important being; the IMF lowering its 2019 growth outlook for both the U.S and China, fears that U.S corporate earnings have peaked, political tensions with Saudi Arabia and the ever-present U.S - China trade war concerns. The medium-term budget policy statement, delivered by newly appointed Finance Minister Tito Mboweni did not exactly inspire the market with confidence and the ABSA manufacturing PMI number slipped from 43.2 in September to a fresh nine year low of 42.4 in October. Looking at some positive news, consumer price inflation remained stable at 4.9% year-over-year (YoY) and retail sales surprised on the upside increasing 2.5% YoY.

**International:** Economic data out of the U.S remains robust as its economy grew faster than expected with a YoY increase of 3.5% in Q3'18. Consumer spending also had its strongest showing in almost four years, increasing by 4.0%. This did not stop U.S equity markets posting its weakest showing thus far in 2018 as the S&P 500 (-7.0%), Dow Jones Industrial Average (-5.1%) and Nasdaq (-9.2%) all moved sharply lower. European markets also sold off heavily with the Euro Stoxx 600 (-6.7%), France CAC (-7.3%), German Dax (-6.5%), FTSE Italy (8.0%) and FTSE 100 (-5.1%) all moving lower. Markets did not react to German Chancellor, Angela Merkel, decision to step down as CDU party leader in December as she said she was "willing" to remain chancellor until 2021. They did, however, react to weak economic growth numbers as the eurozone slowed to its lowest level in four years. Eurozone GDP rose by only 0.2% in Q3'18, down from 0.4% in Q2'18. Italy's woes continue as GDP numbers slowed from 1.2% in Q2'18 to 0.8% in Q3'18. On the positive side, eurozone consumer confidence edged up by 0.2 points to -2.7 points, fuelling speculation that the ECB might stop its quantitative easing programme by the end of the year. The ECB kept rates steady and confirmed its asset purchases will be 15 billion euros until the end of the year.

**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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