

# Sasfin Horizon High Equity Portfolio

November 2018

**ASISA Category** SA Multi Asset High Equity

**Portfolio Manager** Philip Bradford, CFA

**Launch Date** 27-Sep-2012

**Benchmark** SA Multi Asset High 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 has an inflation objective of CPI plus 6% over any rolling 6 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 6 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	13.99%
Sasfin BCI Opportunity Equity	9.95%
Sygnia ALSI Tracker	9.87%
Sasfin BCI Equity	5.95%
Sygnia SAPY Tracker	3.96%
Absa Property	9.56%
Coronation Strategic Income	11.78%
Futuregrowth Yield Enhanced Bond	11.67%
BCI Income Plus Fund	2.57%
Managed Cash	-0.05%
BlackRock Developed World Index	20.76%
Nedbank USD Account	0.00%
<b>Total</b>	<b>100.0%</b>

## Risk Profile

Conservative	Cautious	Moderate	<b>Assertive</b>	Aggressive
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## Minimum Recommended Investment Term

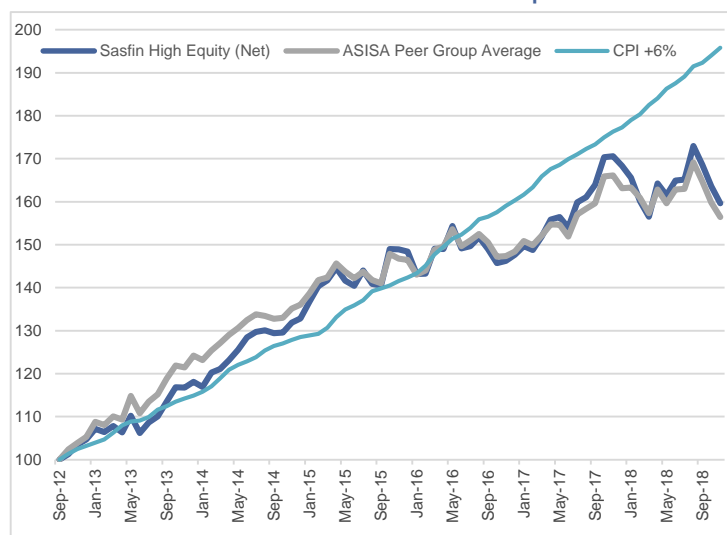
+ 3 Months	+ 1 Year	+ 3 Years	<b>+ 5 Years</b>	+ 7 Years
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## Performance vs Benchmark

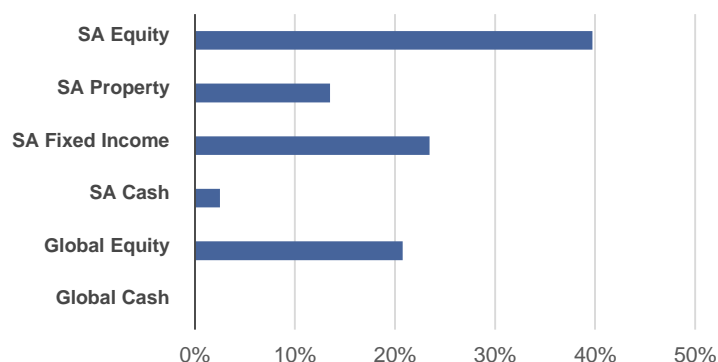
	1 Year	3 Year	5 Year	Since Inception
<b>Sasfin Horizon High Equity</b>	-6.4%	2.4%	6.5%	7.8%
<b>ASISA Peer Group Average</b>	-5.8%	2.2%	5.2%	7.1%

Performance returns are calculated net of fees

## Cumulative Returns – Since Inception



## Asset Allocation



## Monthly Commentary

**South Africa:** The JSE All Share recorded its third consecutive month of losses, declining by another 3.3% during November. The index has now lost 14.3% since September. The big news during the month was the somewhat surprising move by the SARB to increase the repo rate by 25 basis-points to 6.75%. Reserve Bank Governor Lesetja Kganyago suggested that the Bank had the choice of either holding off hiking rates now or being pre-emptive in an attempt to reduce inflationary expectations. Under the circumstances, the decision to go ahead with a rate hike now implies that it may be several months before interest rates are increased again. On the positive side, S&P Global Credit Ratings agency left South Africa's local and foreign currency ratings unchanged. However, it is important to note that the unchanged credit rating is predicated on the expectation that domestic economic growth will improve to 2% or more over the next few years. The Rand gained ground against the US Dollar (+6.1%), British Pound (+6.2%) and the Euro (+6.2%) during the month.

**International:** As expected, the Federal Open Market Committee (FOMC) left rates on hold during the month, but the minutes of the meeting did not suggest an imminent "pause" as was previously expected. Almost all participants thought that another rate hike would be warranted "fairly soon" (i.e in December) and that "further gradual increases" would be required. All three major U.S indices posted gains during November as the S&P 500 (+1.8%), Dow Jones Industrial Average (+1.7%) and Nasdaq (+0.3%) all moved higher. Third-quarter earnings were strong, especially in the US where EPS grew in excess of 25% YoY. The robust earnings numbers did little to buoy sentiment and markets were especially sensitive to any guidance about future earnings being constrained by margin pressure associated with higher costs. Markets will now turn its focus towards the uncertain outcome around Brexit negotiations.

**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.
- Benchmarks are probability indicators for ongoing targeting and assessment purposes 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 0.42%
<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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