

# Sasfin Horizon Low Equity Portfolio

February 2019

<b>ASISA Category</b>	SA Multi Asset Low Equity	<b>Portfolio Manager</b>	Philip Bradford, CFA
<b>Launch Date</b>	27-Sep-2012	<b>Benchmark</b>	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 has an inflation objective of CPI plus 4% over any 4 year rolling 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 4 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	9.57%
Sasfin BCI Opportunity Equity	6.85%
Sygnia ALSI Tracker	6.82%
Sasfin BCI Equity	4.08%
Sygnia SAPY Tracker	3.35%
Absa Property	7.76%
Coronation Strategic Income	18.47%
Futuregrowth Yield Enhanced Bond	18.73%
BCI Income Plus Fund	5.68%
Managed Cash	0.34%
BlackRock Developed World Index	15.90%
Nedbank USD Account	2.44%
<b>Total</b>	<b>100.0%</b>

## Risk Profile

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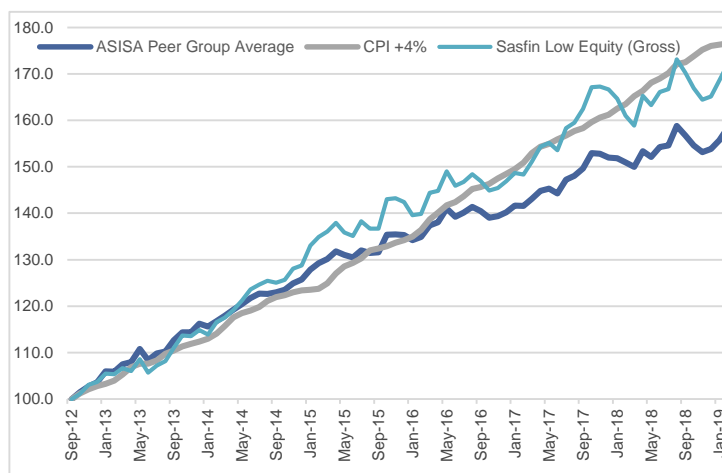
## Minimum Recommended Investment Term

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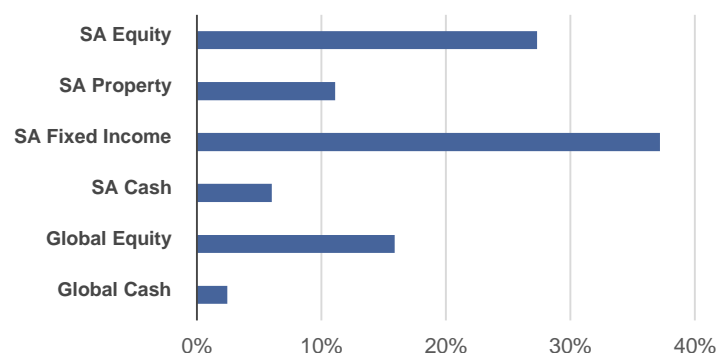
## Performance vs Benchmark

	1 Year	3 Year	5 Year	Since Inception
<b>Portfolio Return (Gross)</b>	6.9%	7.2%	8.1%	8.7%
<b>Portfolio Return (Net)</b>	6.2%	6.4%	7.4%	8.1%
<b>ASISA Peer Group Average (Net)</b>	5.0%	5.5%	6.3%	7.4%

## Cumulative Returns – Since Inception



## Asset Allocation



## Monthly Commentary

**South Africa:** The positive start to 2019 continued as the JSE All Share has now recorded back-to-back positive monthly returns. The local bourse added 3.4% during the month to end on 56 002 index points. Strong global corporate earnings, ongoing trade talks between the U.S and China, a weaker Rand, and a dovish tone out of the U.S Federal Reserve as well as the Bank of England pushed markets higher. Locally it was a busy month which included more bad news than good. On the (somewhat) positive side, President Cyril Ramaphosa delivered the 2019 State of the Nation address, in which he sounded serious about reform at Eskom as he announced the struggling SOE will be restructured into three separate entities namely: generation, transmission and distribution. The President also announced R100bn in spending will go towards infrastructure development over the next 10 years. Inflation also continued to decline, dropping from 4.5% in December, measured year-on-year (YoY), to 4.0% in January. This opens the door to a possible rate cut in 2019. On the negative side, February saw the return of load-shedding, of which the effects are sure to be seen in the coming months. The ABSA manufacturing PMI also fell from 50.7 in December to 49.9 in January, falling short of the consensus number of 50.5 and mining output also declined by 4.8% as gold and copper production disappointed. The Rand lost ground against the US Dollar (-6.0%), British Pound (-7.1%) and the Euro (-5.2%) during the month.

**International:** The S&P 500 (+3.0), Dow Jones (+3.7%) and Nasdaq (+3.4%) all ended the month higher. The minutes of the January Federal Open Market Committee meeting confirmed the dovish shift in thinking at the Fed, with the word "patience" repeatedly being mentioned. Fourth quarter GDP numbers exceeded expectations, coming in at 2.6% YoY vs expectations of 2.3% YoY. As at the end of February 96% of S&P 500 companies have reported results for the final quarter of 2018. With 69% of them reporting a positive EPS surprise and 61% a positive revenue surprise. European markets recorded back-to-back positive months to start 2019. The Euro Stoxx 50 (+4.4%), FTSE Italy (+4.7%), German Dax (+3.1%), France's CAC (+5.0%) and FTSE 100 (+1.5%) all moved higher. Looking at economic data, conditions are still difficult in the EU. An increase in underlying inflation was a rare piece of good news for the ECB but remains below its target of 2.0%. Italy recorded its lowest manufacturing PMI (47.8) since 2013 which suggests the recession which began late last year may well drag on into 2019. Brexit uncertainty continues to weigh on business sentiment as the 29 March deadline to leave the EU draws closer. The UK services PMI fell to 50.1 and many businesses cited Brexit as the key reason for weaker demand.

## 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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## 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.

## Contact Details

Sasfin Asset Managers (Pty) Ltd  
Registered Financial Service Provider,  
FSP number 21664.  
29 Scott Street, Waverley, 2090  
Tel: (011) 809 7500  
Fax: (086) 574 5310  
Email: SasfinCI@sasfin.com