Sasfin Horizon Stable Portfolio

February 2019

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	6.32%
Sasfin BCI Opportunity Equity	4.52%
Sygnia ALSI Tracker	4.50%
Sasfin BCI Equity	2.69%
Sygnia SAPY Tracker	2.92%
Absa Property	6.76%
Coronation Strategic Income	22.99%
Futuregrowth Yield Enhanced Bond	23.31%
BCI Income Plus Fund	11.89%
Managed Cash	0.31%
BlackRock Developed World Index	11.23%
Nedbank USD Account	2.55%
Total	**100.0%**

Risk Profile

Conservative	Cautious	Moderate	Assertive	Aggressive

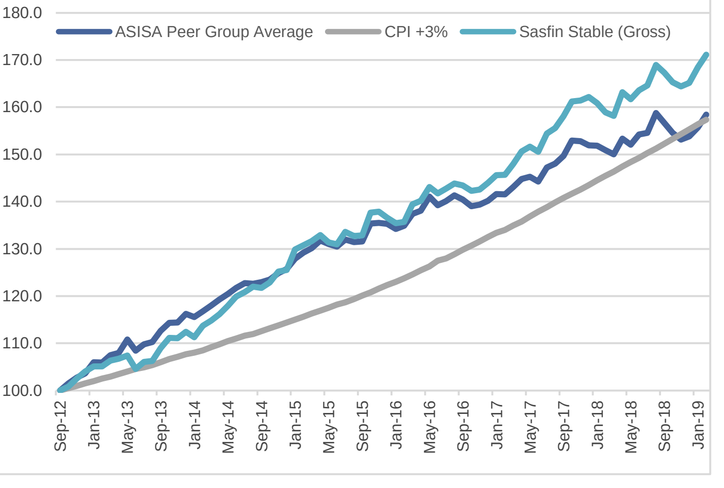
Minimum Recommended Investment Term

+ 3 Months	+ 1 Year	+ 3 Years	+ 5 Years	+ 7 Years

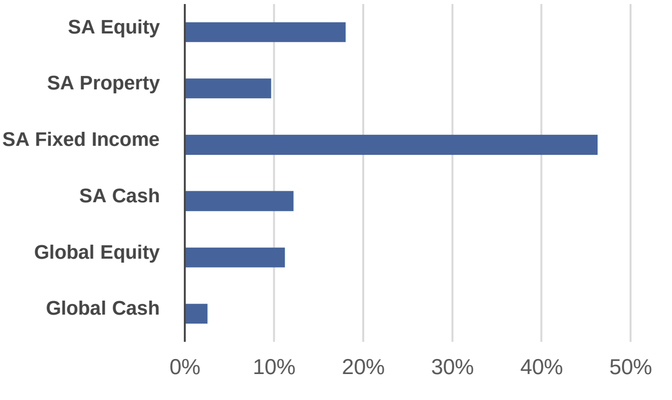
Performance vs Benchmark

	1 Year	3 Year	5 Year	Since Inception
Portfolio Return (Gross)	7.7%	8.0%	8.5%	8.7%
Portfolio Return (Net)	6.9%	7.2%	7.8%	8.0%
ASISA Peer Group Average (Net)	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.

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Fees

Investment managers	Up to 0.39%
Platform	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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