Horizon Low Equity Portfolio

Asset Consulting | sasfin Wealth

June 2020

The Horizon Low Equity Portfolio is a low risk balanced fund that aims to deliver superior real returns over the medium to longer term, with a strong focus on risk management through the combination of active and passive investment strategies.

This portfolio is managed on a multi-manager basis and includes international exposure. The strategic allocation to various asset classes is set out in the description of the strategic benchmark. Each manager appointed to manage assets within a particular asset class has been selected on the basis of rigorous quantitative and qualitative analysis.

The underlying managers have been selected, mandated, monitored and reviewed by Sasfin Asset Consulting on behalf of their clients. The portfolio complies with Regulation 28 of the Pension Funds Act, 1956 as amended.

PERFORMANCE SUMMARY

1 Year	3 Year	5 Year	Since Inception
4.2%	6.5%	6.6%	10.1%

PERFORMANCE COMMENTARY

We are halfway through the year and, despite a strong recovery, markets are still caught between conflicting signals. On the positive side, forward-looking indicators such as Empire and Philly Surveys suggest that the recession is already over in the US; global growth is set to rebound in Q3 as economies open up; a Covid-19 vaccine is likely soon given the unprecedented government funding to drug makers; policy remains supportive; and a potential Biden victory could contain geopolitical risk with China.

On the negative side, the IMF revised its global growth outlook lower and now expects GDP to contract by 4.9% in 2020 (previously -3.0%), the most in six decades; company results show massive damages to earnings; Trump continues his sabre -rattling against China; and the Covid-19 infection rate is on the rise again. However, the increase is far slower than before and for now, policymaker preferences are leaning towards isolated measures for lockdowns, partly due to lower-than-modelled hospitalisation rates. As Trump's campaign for re-election in November heats up, we are likely to see a continued escalation of US/China tensions.

US President Trump criticised China's handling of the Covid-19 pandemic, stating that the US could consider a complete decoupling from the Chinese economy. An underwhelming rally in Tulsa dampened Trump's odds of retaining the presidency, down to 47% compared to Biden's 53%. The coronavirus crisis will keep the dollar elevated in the near term as a safe haven asset, but as the crisis resolves we could see the start of long-term dollar weakness, particularly if Biden takes the reins.

In a special adjustment budget, the first of its kind, Tito Mboweni announced that with the Covid-19 recession, fiscal deterioration accelerated: gross national debt is now expected to reach 81.8% of GDP in the current year. The IMF estimates GDP growth in South Africa to contract by 8% this year. The government has resolved to implement active economic reform measures that will raise growth, create jobs and stabilise the debt-to-GDP ratio. But even with these reforms, gross debt-to-GDP is expected to peak at a massive 87.4% in four years. Moody's responded to the budget stating that the reforms "will be very difficult to achieve." Meanwhile SAA's restructure has once again been delayed by the unions. We wait for the MTBPS. The FTSE/JSE SWIX Index gained 8.1%, with Industrials and Financials up 8.3% and 3.1% respectively. The JSE All Bond Index fell 1.2%, while the rand appreciated by 1.4% relative to the US dollar.

ABOUT SYGNIA

Sygnia is a financial services group specialising in the design and management of customised multi-manager product solutions for institutional clients in South Africa and globally. Sygnia Life is a registered life assurance company within the group.

ABOUT SASFIN

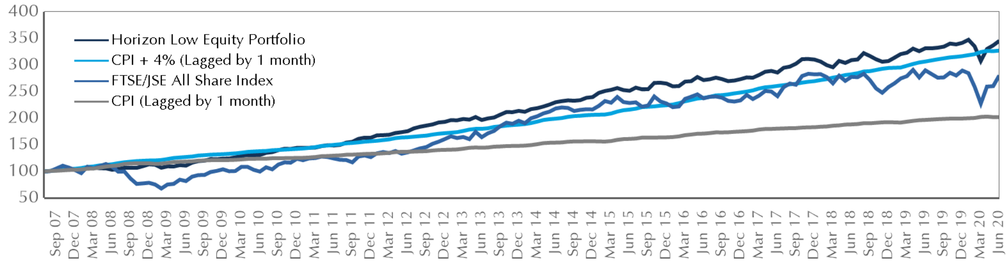
Sasfin is a premier South African banking group, providing business banking, wealth management, capital, specialised services and treasury services. Sasfin Asset Consulting, a division of Sasfin, provides a comprehensive, independent and highly professional financial advisory service to institutional clients.

FEES

Investment Managers: Up to 0.53%
Platform: Up to 0.28%

The above fees exclude VAT, performance fees and fund expenses. The investment management fees consist of fees charged by the underlying investment managers and Sasfin Asset Managers. The indicative investment management fees are based on the respective strategic weightings of the underlying investment managers. The investment management fees will vary from time to time based on the actual manager weightings.

CUMULATIVE RETURNS



HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2016													
	-2.0%	0.2%	3.2%	0.3%	2.9%	-2.1%	0.6%	1.1%	-1.0%	-1.4%	0.4%	1.0%	**3.1%**
2017													
	1.2%	-0.2%	1.9%	2.2%	0.5%	-1.0%	3.1%	0.7%	1.8%	2.9%	0.1%	-0.4%	**13.5%**
2018													
	-1.2%	-2.2%	-1.3%	4.0%	-1.2%	1.7%	0.4%	3.8%	-1.7%	-1.9%	-1.5%	0.4%	**-0.9%**
2019													
	2.1%	2.1%	0.8%	2.4%	-1.5%	1.7%	0.0%	0.4%	0.6%	1.7%	-0.4%	0.9%	**11.2%**
2020													
	1.7%	-3.6%	-8.2%	7.3%	2.0%	2.6%							**1.1%**

FUND SUMMARY

Inception (back dated):		01-Aug-07
Number of Months		155
	FUND	**LMM**
Sharpe Ratio	-0.02	-0.12
Sortino Ratio	-0.03	-0.15

RISK ANALYSIS

	FUND	LMM
% Positive Months	68.4%	65.2%
% Negative Months	31.6%	34.8%
Best Month	7.3%	9.7%
Worst Month	-8.2%	-10.5%
Avg Negative Return	-1.1%	-2.0%
Maximum Drawdown	-11.4%	-23.8%
Standard Deviation	6.4%	9.5%
Downside Deviation	4.9%	7.1%

CORRELATIONS

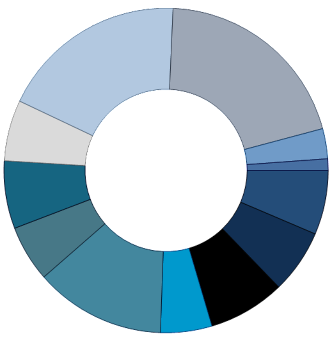
FTSE/JSE All Share Index	0.77	0.93
BESA All Bond Index	0.36	0.20

MARKET STRESS MONTHS

	FUND	ALSI
September 2008	-0.2%	-13.2%
October 2008	-0.1%	-11.6%
February 2009	-5.0%	-9.9%
March 2020	-8.2%	-12.1%

Returns are gross of fees. Proforma performance numbers for periods prior to inception of the portfolio are based on actual performance of the underlying building blocks used in the portfolio. These risk and return numbers are shown to aid in the understanding of potential future performance and risk characteristics of the product.

MANAGER ALLOCATION

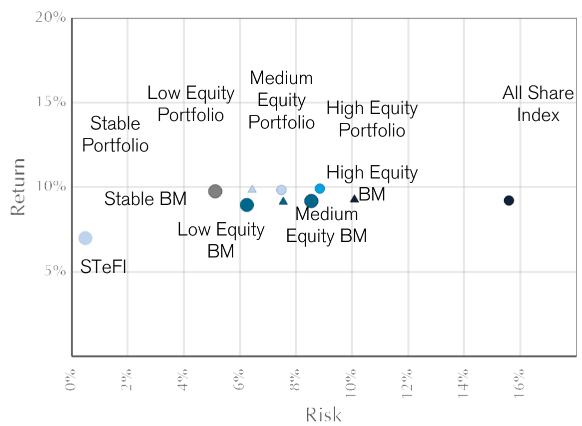


- Sygnia ALSI Equity Index Tracker Portfolio - 6.4%
- Sasfin BCI Opportunity Equity Fund - 6.4%
- Fairtree Equity Portfolio - 7.7%
- Bateleur Equity Prescient Fund - 5.1%
- FutureGrowth Yield Enhanced Bond Fund - 13.0%
- Coronation Strategic Income Fund - 5.6%
- Sygnia Life Absa Property Fund - 6.8%
- BCI Income Plus Fund - 6.1%
- Sasfin BCI Flexible Income Fund - 18.7%
- BlackRock Developed World Index Sub Fund - 20.2%
- Nedbank USD Account - 3.0%
- Cash - 1.1%

PERFORMANCE ANALYSIS

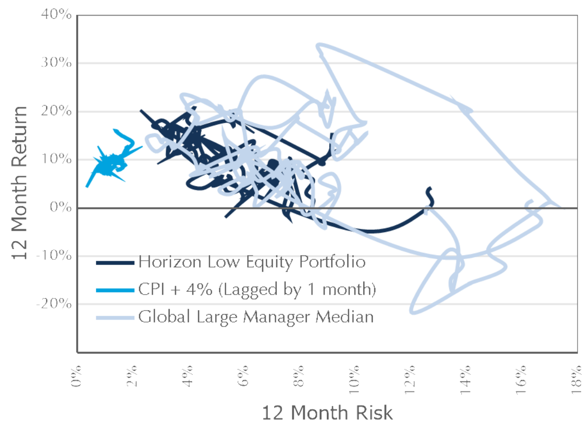
PERFORMANCE	FUND	CPI + 4%	DIFFERENCE
Calendar Years			
2014	12.1%	9.8%	2.3%
2015	10.6%	8.8%	1.8%
2016	3.1%	10.6%	-7.5%
2017	13.5%	8.6%	4.9%
2018	-0.9%	9.2%	-10.1%
2019	11.2%	7.6%	3.6%
Periodic Performance			
1 month	2.6%	0.3%	2.3%
3 month	12.3%	0.8%	11.5%
6 month	1.1%	3.3%	-2.2%
Year to date	1.1%	3.3%	-2.2%
1 year	4.2%	6.7%	-2.5%
2 year	5.7%	7.6%	-1.9%
3 year	6.5%	7.8%	-1.3%
5 year	6.6%	8.6%	-2.0%
10 year	10.2%	9.0%	1.2%
Since Inception (back dated)	10.1%	9.6%	0.5%

RISK/RETURN COMPARISON



This chart compares how each portfolio in the range has performed against its benchmark and other relevant comparators in risk and return space since inception.

12 MONTHS RISK/RETURN SNAIL TRAIL



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