

# Horizon Medium Equity Portfolio

July 2020

The Horizon Medium Equity Portfolio is a medium 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.

## 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 0.52%  
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.

## PERFORMANCE SUMMARY

| 1 Year | 3 Year | 5 Year | Since Inception |
|--------|--------|--------|-----------------|
| 6.4%   | 5.7%   | 6.0%   | 10.1%           |

## PERFORMANCE COMMENTARY

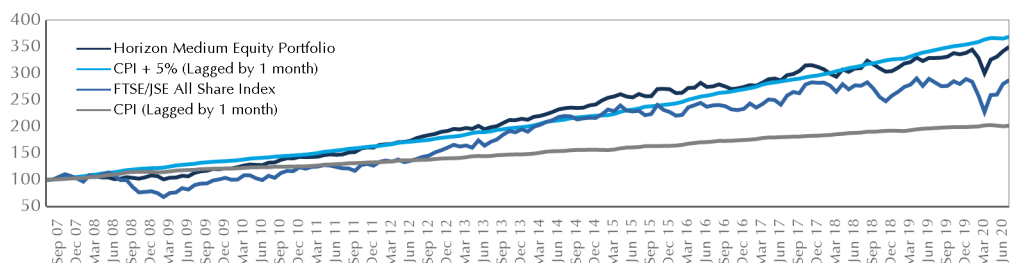
Markets rallied on strong economic data surprises as pent-up demand from the lockdown continued to drive a growth rebound. This was supported by positive news from the Moderna Covid-19 vaccine trial, and similar positive news from Johnson and Johnson and the AstraZeneca/Oxford Covid-19 vaccine trials.

The dollar had its weakest month in 5 years as US data disappointed, the number of confirmed Covid-19 cases rose, and the probability of a Democratic victory increased. While Trump trailed Hillary Clinton in the 2016 presidential polls, he only lagged by 3%, and national opinion polls put Biden almost 10% ahead of the incumbent going into November's US elections. Nevertheless, Trump stole the headlines, implementing sanctions against Chinese and Hong Kong officials, stripping Hong Kong of visa-free travel to the US and removing Hong Kong's special economic status. The US rejected China's claims to resources in the South China Sea and plans to prevent investment in US-listed Chinese firms. The US also ordered China to close its consulate in Houston to protect American IP and subsequently invaded the consulate. Despite this, China's stock market led the equity rally in July, as Trump's influence begins to wane.

SA has the world's fifth-highest caseload, above Mexico, Chile, the UK, Spain and Italy. As active cases in South Africa exploded, the country refined the lockdown; banning alcohol sales again and closing public schools for four weeks, while opening up inter-provincial accommodation for leisure. The epicentre is clearly now in Gauteng, while the Western Cape has actually experienced a declining rate of new cases despite lockdown restrictions opening up to level 3.

May's headline inflation decreased to 2.1%, its lowest point since October 2004, which allowed the SARB to cut rates a further 25bp to 3.5%. Despite these low cash yields, South Africa has the highest 10-year real yields, hedged into dollars, in the investable EM universe, followed by Brazil, which will keep South African bonds and currency in demand due to the global search for yield. However, South Africa does have a lot of debt to finance, and though this has been partly achieved through the IMF's approval of \$4.3bn in emergency funding to assist fighting the coronavirus pandemic, they noted that "there is a pressing need to ensure debt sustainability and implement structural reforms". The FTSE/JSE SWIX Index gained 2.4%, with Industrials down 1.2% and Financials up 1.2%. The JSE All Bond Index added 0.6%, while the rand appreciated by 2.0% relative to the US dollar.

## CUMULATIVE RETURNS



## HISTORICAL PERFORMANCE

|      | Jan   | Feb   | Mar   | Apr  | May   | Jun   | Jul  | Aug  | Sep   | Oct   | Nov   | Dec   | Year  |
|------|-------|-------|-------|------|-------|-------|------|------|-------|-------|-------|-------|-------|
| 2016 | -2.7% | 0.2%  | 3.5%  | 0.1% | 3.4%  | -2.7% | 0.4% | 1.4% | -1.4% | -1.8% | 0.5%  | 0.9%  | 1.6%  |
| 2017 | 1.2%  | -0.4% | 2.0%  | 2.3% | 0.5%  | -1.2% | 3.4% | 0.7% | 1.9%  | 3.5%  | 0.1%  | -1.0% | 13.7% |
| 2018 | -1.5% | -2.7% | -1.8% | 4.6% | -1.4% | 2.1%  | 0.2% | 4.5% | -2.1% | -2.3% | -2.0% | 0.4%  | -2.5% |
| 2019 | 2.1%  | 2.5%  | 0.8%  | 2.6% | -1.9% | 1.8%  | 0.0% | 0.2% | 0.6%  | 2.0%  | -0.7% | 0.8%  | 11.2% |
| 2020 | 1.8%  | -4.4% | -8.9% | 8.5% | 1.7%  | 3.1%  | 2.4% |      |       |       |       |       | 3.4%  |

## FUND SUMMARY

Inception (back dated): 01-Aug-07

Number of Months 156

|               | FUND  | LMM   |
|---------------|-------|-------|
| Sharpe Ratio  | -0.01 | -0.11 |
| Sortino Ratio | -0.01 | -0.14 |

## RISK ANALYSIS

|                     | FUND   | LMM    |
|---------------------|--------|--------|
| % Positive Months   | 68.6%  | 65.4%  |
| % Negative Months   | 31.4%  | 34.6%  |
| Best Month          | 8.5%   | 9.7%   |
| Worst Month         | -8.9%  | -10.5% |
| Avg Negative Return | -1.5%  | -2.0%  |
| Maximum Drawdown    | -12.9% | -23.8% |
| Standard Deviation  | 7.5%   | 9.5%   |
| Downside Deviation  | 5.5%   | 7.1%   |

## CORRELATIONS

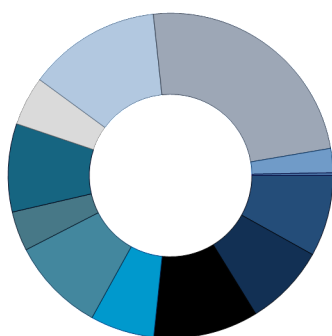
|                          |      |      |
|--------------------------|------|------|
| FTSE/JSE All Share Index | 0.83 | 0.93 |
| BESA All Bond Index      | 0.30 | 0.20 |

## MARKET STRESS MONTHS

|                | FUND  | ALSI   |
|----------------|-------|--------|
| September 2008 | -1.2% | -13.2% |
| October 2008   | -1.5% | -11.6% |
| February 2009  | -5.7% | -9.9%  |
| March 2020     | -8.9% | -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 | - 8.1%  |
| Sasfin BCI Opportunity Equity Fund         | - 8.1%  |
| Fairtree Equity Portfolio                  | - 10.4% |
| Bateleur Equity Prescient Fund             | - 6.4%  |
| FutureGrowth Yield Enhanced Bond Fund      | - 9.4%  |
| Coronation Strategic Income Fund           | - 3.9%  |
| Sygnia Life Absa Property Fund             | - 8.8%  |
| BCI Income Plus Fund                       | - 4.9%  |
| Sasfin BCI Flexible Income Fund            | - 13.2% |
| BlackRock Developed World Index Sub Fund   | - 24.0% |
| Nedbank USD Account                        | - 2.4%  |
| Cash                                       | - 0.3%  |

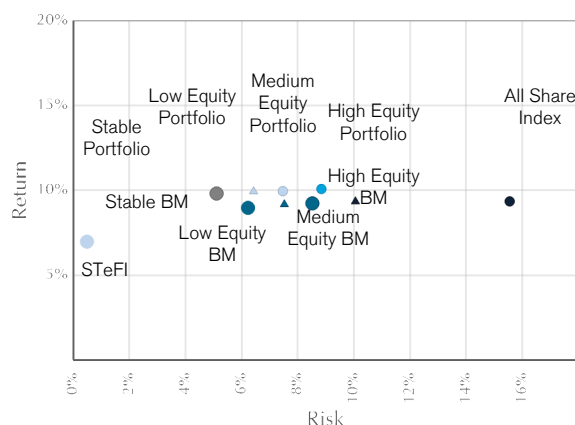
## FOR MORE INFORMATION CONTACT:

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## PERFORMANCE ANALYSIS

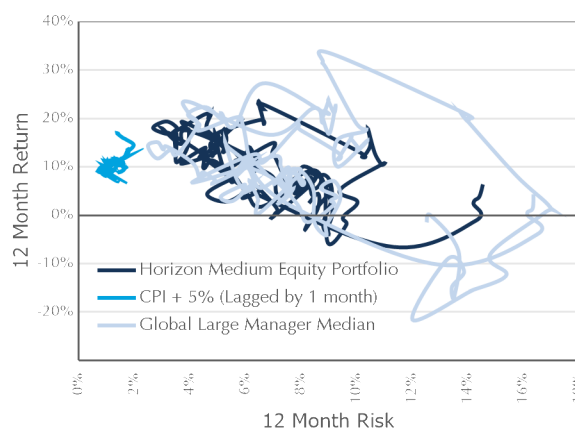
| PERFORMANCE                  | FUND  | CPI + 5% | DIFFERENCE |
|------------------------------|-------|----------|------------|
| <b>Calendar Years</b>        |       |          |            |
| 2014                         | 12.5% | 10.8%    | 1.7%       |
| 2015                         | 11.9% | 9.8%     | 2.1%       |
| 2016                         | 1.6%  | 11.6%    | -10.0%     |
| 2017                         | 13.7% | 9.6%     | 4.1%       |
| 2018                         | -2.5% | 10.2%    | -12.7%     |
| 2019                         | 11.2% | 8.6%     | 2.7%       |
| <b>Periodic Performance</b>  |       |          |            |
| 1 month                      | 2.4%  | 0.9%     | 1.5%       |
| 3 month                      | 7.4%  | 0.6%     | 6.8%       |
| 6 month                      | 1.5%  | 3.4%     | -1.9%      |
| Year to date                 | 3.4%  | 4.1%     | -0.7%      |
| 1 year                       | 6.4%  | 7.2%     | -0.8%      |
| 2 year                       | 6.3%  | 8.3%     | -2.1%      |
| 3 year                       | 5.7%  | 8.7%     | -3.1%      |
| 5 year                       | 6.0%  | 9.5%     | -3.5%      |
| 10 year                      | 10.2% | 10.0%    | 0.2%       |
| Since Inception (back dated) | 10.1% | 10.6%    | -0.4%      |

## 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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