Horizon Stable Portfolio

Asset Consulting | sasfin Wealth

October 2020

The Horizon Stable 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
2.2%	4.8%	6.1%	9.8%

PERFORMANCE COMMENTARY

As the year slowly winds down, it cannot end fast enough for investors and markets alike. From a global pandemic, US elections and Brexit to the worst recession since World War II, it might seem like the 'end of days' to some. However, history has taught us that as with most things, "this too will pass".

Europe is currently facing its second round of lockdowns as coronavirus cases doubled in five weeks, according to Reuters. Countries imposing new lockdown measures this month include the UK, France, Germany, Portugal, and Italy. Meanwhile vaccine trials appear to have stalled, with a pause in at least two trials for safety reasons, making it highly unlikely that we will see a vaccine approved or released this year. In the US, Trump and Biden are facing off in what looks to be a close election. Many have high hopes for a Blue sweep, which would see the Democrats wrestling control of the White House, Senate and House seats. However, as we saw in the last US election, higher overall votes may not automatically equate to victory for Biden.

The outlook for emerging markets (EM) is looking up, with China driving the sector's growth prospects for 2021. China is the only big economy expected to show an advance this year, with the IMF projecting growth of 1.9% this year, followed by 8.2% next year. Keep an eye out for our EM ETF expected to launch early next year. Locally, Finance Minister Tito Mboweni found himself on the tightrope, as he struggled to back President Cyril Ramaphosa's ambitious Economic Reconstruction and Recovery while reining in consumption and a debt trajectory that looks set to swallow our GDP.

A key focus at this point should be the fact that markets are cyclical. While we cannot predict their exact movements, we do know that after markets have fallen, they tend to rise again. Already global equity markets have recovered their losses this year and are trading close to record highs against all odds. So, while it might be a tiny pinpoint, there is some light at the end of the tunnel. The FTSE/JSE SWIX Index lost 2.4%, with Industrials up 0.4% and Financials down 6.1%. The JSE All Bond Index advanced 0.9%, while the rand appreciated by 2.6% 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

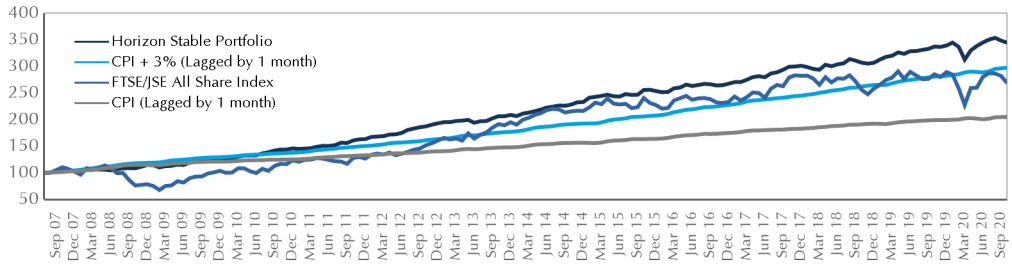
Sasfin is a premier South African banking group, providing business banking, wealth management, capital, specialised services and treasury services. Sasfin Asset Consulting, a division of Sasfin, provides a comprehensive, independent and highly professional financial advisory service to institutional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

FEES

Investment Managers: Up to 0.52%
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.

CUMULATIVE RETURNS



HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2016													
	-0.9%	0.2%	2.7%	0.6%	2.1%	-1.0%	0.7%	0.8%	-0.3%	-0.8%	0.2%	1.0%	**5.4%**
2017													
	1.1%	0.0%	1.6%	1.8%	0.7%	-0.7%	2.5%	0.8%	1.6%	2.0%	0.1%	0.5%	**12.6%**
2018													
	-0.8%	-1.2%	-0.5%	3.2%	-0.9%	1.2%	0.6%	2.6%	-1.0%	-1.2%	-0.6%	0.5%	**1.8%**
2019													
	2.0%	1.6%	0.7%	1.9%	-0.8%	1.5%	0.1%	0.7%	0.6%	1.3%	-0.2%	0.8%	**10.6%**
2020													
	1.6%	-2.3%	-7.1%	5.5%	2.5%	2.0%	1.6%	1.0%	-1.5%	-1.1%			**1.6%**

FUND SUMMARY

Inception (back dated):	01-Aug-07
Number of Months	159

	FUND	LMM
Sharpe Ratio	-0.10	-0.15
Sortino Ratio	-0.12	-0.21

RISK ANALYSIS

	FUND	LMM
% Positive Months	74.2%	64.8%
% Negative Months	25.8%	35.2%
Best Month	5.5%	9.7%
Worst Month	-7.1%	-10.5%
Avg Negative Return	-1.0%	-2.0%
Maximum Drawdown	-9.3%	-23.8%
Standard Deviation	5.1%	9.5%
Downside Deviation	4.2%	7.0%

CORRELATIONS

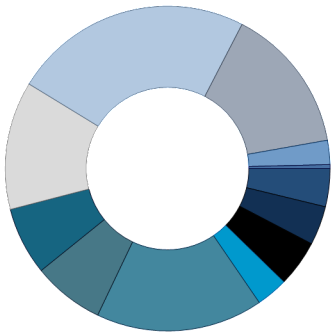
FTSE/JSE All Share Index	0.74	0.93
BESA All Bond Index	0.52	0.20

MARKET STRESS MONTHS

	FUND	ALSI
September 2008	0.4%	-13.2%
October 2008	-0.3%	-11.6%
February 2009	-3.5%	-9.9%
March 2020	-7.1%	-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

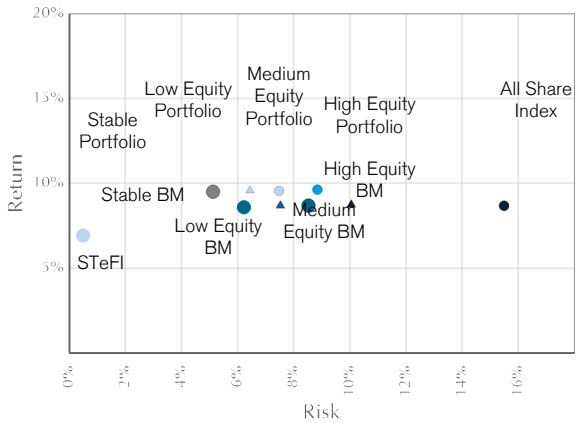


- Sygnia ALSI Equity Index Tracker Portfolio - 3.8%
- Sasfin BCI Opportunity Equity Fund - 3.9%
- Fairtree Equity Portfolio - 4.6%
- Bateleur Equity Prescient Fund - 3.2%
- FutureGrowth Yield Enhanced Bond Fund - 16.6%
- Coronation Strategic Income Fund - 7.1%
- Sygnia Life Absa Property Fund - 6.8%
- BCI Income Plus Fund - 12.8%
- Sasfin BCI Flexible Income Fund - 23.8%
- BlackRock Developed World Index Sub Fund - 14.6%
- Nedbank USD Account - 2.4%
- Cash - 0.4%

PERFORMANCE ANALYSIS

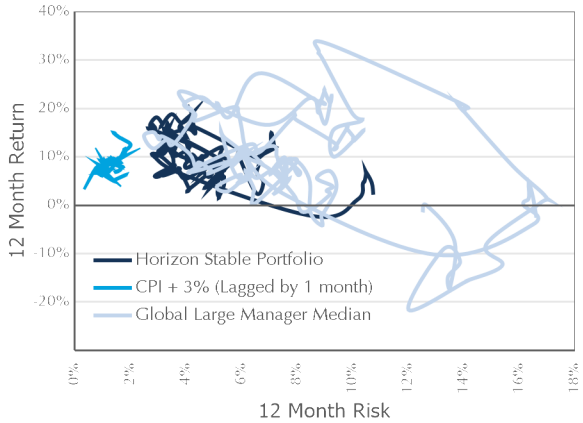
PERFORMANCE	FUND	CPI + 3%	DIFFERENCE
Calendar Years			
2014	11.6%	8.8%	2.8%
2015	8.8%	7.8%	1.1%
2016	5.4%	9.6%	-4.2%
2017	12.6%	7.6%	5.0%
2018	1.8%	8.2%	-6.3%
2019	10.6%	6.6%	4.0%
Periodic Performance			
1 month	-1.1%	0.4%	-1.5%
3 month	-1.6%	2.4%	-4.0%
6 month	4.4%	2.5%	1.9%
Year to date	1.6%	5.4%	-3.8%
1 year	2.2%	6.0%	-3.8%
2 year	5.9%	6.6%	-0.6%
3 year	4.8%	7.0%	-2.2%
5 year	6.1%	7.6%	-1.5%
10 year	9.1%	8.1%	1.1%
Since Inception (back dated)	9.8%	8.6%	1.2%

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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