

# Horizon Stable Portfolio

November 2021

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.

## 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 0.42%  
Platform: Up to 0.15%

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
15.5%	11.0%	9.6%	10.5%

## PERFORMANCE COMMENTARY

Markets tumbled in November on the news of the Omicron variant. This was on the back of a fourth Covid wave already racing through Europe. However, growth in Asia is set to recover as mobility has increased significantly. While quantitative easing is expected to end in 2022, the central bank balance sheets will not shrink, and global policy rates will see only a mild increase. Rising uncertainty around Covid will allow monetary policy to stay more accommodative for longer.

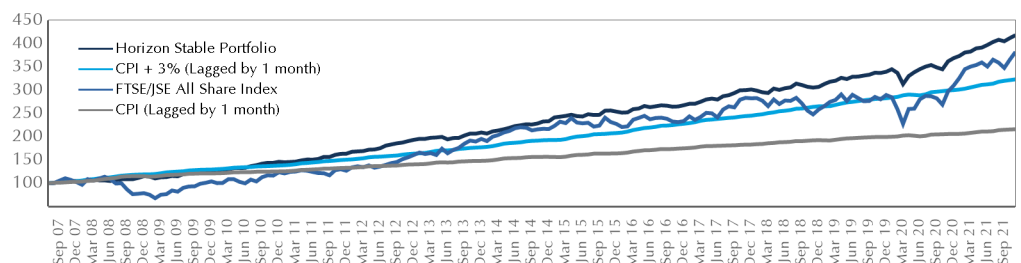
Natural gas prices in Europe surged more than 17% on news that German energy regulators suspended certification proceedings for the Nord Stream 2 natural gas pipeline. The pipeline would allow Russia to double its exports to Germany. Meanwhile, relations between the US and China have improved with President Joe Biden reiterating that the US doesn't seek to change China's political system and doesn't support Taiwan independence. A lowering of tariffs would provide an upside risk to Chinese and US growth. US October headline inflation increased by the most since 1990 at 6.2%. However, inflation expectations remain well anchored and within the range consistent with the Fed achieving its 2% personal consumption expenditure (PCE) target.

South African finance minister Enoch Godongwana emphasised government's "unflinching commitment to fiscal sustainability" in his first medium term budget policy statement. Treasury estimates debt will peak at 78.1% in 2025/6, down from 88.9% forecasts in February this year.

Although the budget overall was well balanced, the annual reports of State-Owned Enterprises show that several of the 26 larger and more familiar entities are close to total failure. These include Eskom, the SABC, PetroSA, Denel and the Land Bank.

As a result, South African bond yields remain very attractive, pricing in the risk that exists with the highest prospective real yield in the investable universe (Colchester Oct 2021). A conservative Monetary Policy Committee raised interest rates 25 basis points (bps) in November. The South African Reserve Bank's quarterly projection model implies a 25bps rate hike at every MPC meeting next year, with the repo rate rising to 6% by the end of 2023, below its previous assumption. The FTSE/JSE SWIX Index climbed 0.7%, Industrials were up 6.4% and Financials fell 2.6%. The JSE All Bond Index increased 0.7%, while the rand depreciated by 5.4% relative to the US dollar.

## CUMULATIVE RETURNS



## HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2017</b>	1.1%	0.0%	1.6%	1.8%	0.7%	-0.7%	2.5%	0.8%	1.6%	2.0%	0.1%	0.5%	<b>12.6%</b>
<b>2018</b>	-0.8%	-1.2%	-0.5%	3.2%	-0.9%	1.2%	0.6%	2.6%	-1.0%	-1.2%	-0.6%	0.5%	<b>1.8%</b>
<b>2019</b>	2.0%	1.6%	0.7%	1.9%	-0.8%	1.5%	0.1%	0.7%	0.6%	1.3%	-0.2%	0.8%	<b>10.6%</b>
<b>2020</b>	1.6%	-2.3%	-7.1%	5.5%	2.5%	2.0%	1.6%	1.0%	-1.5%	-1.1%	4.9%	1.9%	<b>8.6%</b>
<b>2021</b>	1.2%	2.0%	0.5%	1.8%	0.4%	1.4%	1.6%	1.2%	-0.8%	1.7%	1.5%		<b>13.4%</b>

## FUND SUMMARY

Inception (back dated): 01-Aug-07

Number of Months 172

	FUND	LMM
Sharpe Ratio	0.03	-0.03
Sortino Ratio	0.04	-0.04

## RISK ANALYSIS

	FUND	LMM
% Positive Months	75.6%	66.9%
% Negative Months	24.4%	33.1%
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%	9.3%
Downside Deviation	4.2%	7.0%

## CORRELATIONS

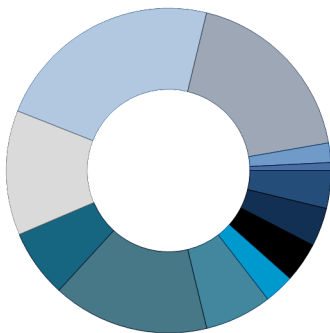
FTSE/JSE All Share Index	0.74	0.93
BESA All Bond Index	0.52	0.21

## 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 Itrix Top 40 ETF - 3.8%
Sasfin BCI Opportunity Equity Fund - 3.8%
Fairtree Equity Portfolio - 4.0%
Bateleur Equity Prescient Fund - 3.0%
Sygnia Absa Property Equity Fund - 6.7%
FutureGrowth Yield Enhanced Bond Fund - 15.6%
Coronation Strategic Income Fund - 6.8%
BCI Income Plus Fund - 12.4%
Sasfin BCI Flexible Income Fund - 22.8%
BlackRock Developed World Index Sub Fund - 18.5%
Nedbank USD Account - 1.9%
Cash - 0.8%

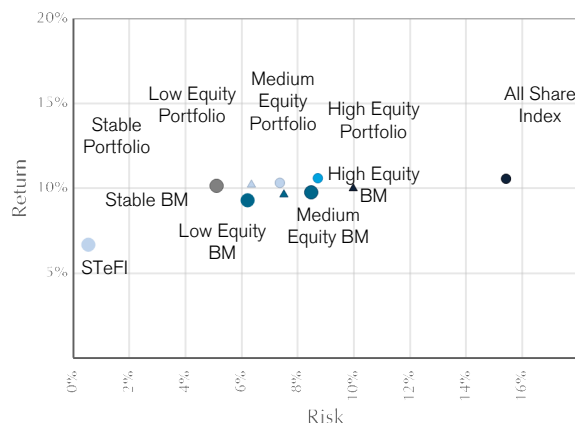
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## PERFORMANCE ANALYSIS

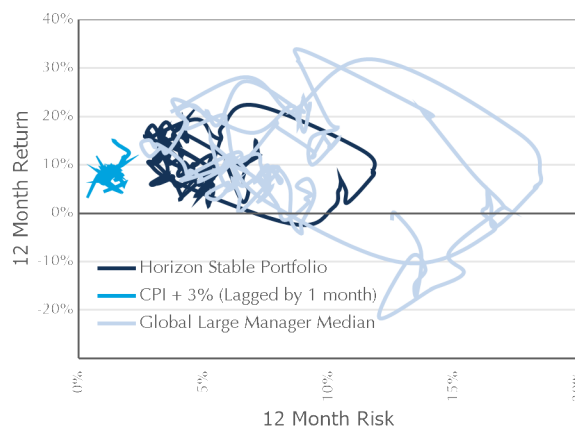
PERFORMANCE	FUND	CPI + 3%	DIFFERENCE
<b>Calendar Years</b>			
2015	8.8%	7.8%	1.1%
2016	5.4%	9.6%	-4.2%
2017	12.6%	7.6%	5.0%
2018	1.8%	8.2%	-6.3%
2019	10.6%	6.6%	4.0%
2020	8.6%	6.2%	2.5%
<b>Periodic Performance</b>			
1 month	1.5%	0.5%	1.0%
3 month	2.4%	1.6%	0.8%
6 month	6.8%	3.8%	3.0%
Year to date	13.4%	7.7%	5.7%
1 year	15.5%	8.0%	7.6%
2 year	11.4%	7.1%	4.3%
3 year	11.0%	7.0%	4.1%
5 year	9.6%	7.4%	2.2%
10 year	9.9%	8.0%	1.9%
Since Inception (back dated)	10.5%	8.5%	2.0%

## 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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