Horizon Medium Equity Portfolio

Asset Consulting | sasfin Wealth

August 2022

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.

PERFORMANCE SUMMARY

1 Year	3 Year	5 Year	Since Inception
4.6%	8.9%	7.3%	10.1%

PERFORMANCE COMMENTARY

Global markets rallied through August on the back of cooling US inflation. The Fed's inflation vs. growth balancing act continued against the backdrop of a relatively robust economy, as avenues for continued inflation declines in the near term unfolded. Producer prices confirmed that inflationary pressures have peaked in a robust economy despite a technical recession. The labour market remains strong, suggesting voracious appetite for workers in industries struggling to keep up with pent-up demand. The uptick in consumer sentiment during August can largely be attributed to US households having accumulated $2.2 trillion (9% of GDP) of excess savings since the start of the pandemic. However, a hawkish Fed at the recent Jackson Hole meeting, meant markets ended the month lower.

The situation around the Taiwan Strait remains a key global geopolitical risk. In contrast to the last Taiwan Strait crisis, US intervention this time around will take place against the ominous presence of China's navy, considered the world's largest, and a strong Chinese economy. China recently cut its key rate by 10 bps to 2.75% while the People's Bank of China (PBOC) lowered its benchmark lending rates and stepped-up support for the property market with additional loans. More policy stimulus is likely and there is a potential for COVID-19 restrictions to ease further.

Emerging Markets continued to offer a better outlook despite the strong dollar, with some specific markets offering unique pockets of opportunity. India, which derives only 12% of its GDP from exports, has high projected growth in 2023. Indonesia, Malaysia, and Vietnam have shown resilience against imported inflation due to their favourable position of net food- and-energy exporters.

South Africa's energy crisis continued, with the private sector showing its mettle. Private sector efforts are slowly but surely demoting the state to the position of pure liability by increasing commercial generation of solar power 94% year-on-year to 826 megawatts in 2021, with another 54% of growth forecasted for this year. The ANC's economic transformation committee challenged the South African Reserve Bank's independence at the party's five-year policy conference around the end of July, suggesting increased engagement between National Treasury and the central bank on policy matters. However, Finance Minister Enoch Godongwana quickly shot this down. The FTSE/JSE CAPPED SWIX Index fell by 1.3%, Industrials were down 0.6% and Financials decreased by 2.3%. The JSE All Bond Index rose by 0.3%, while the rand depreciated by 2.3% 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

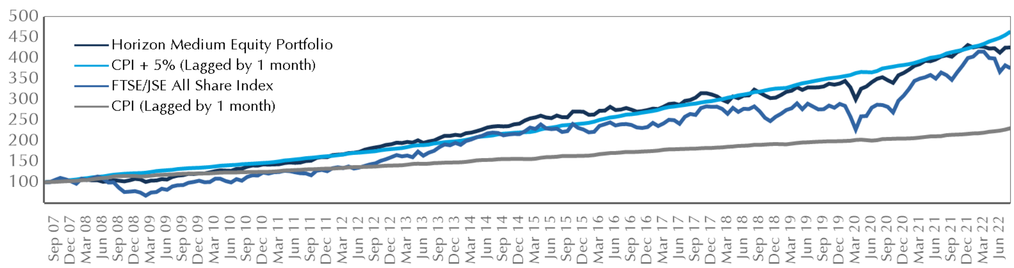
Sasfin is a premier South African banking group, providing business banking, wealth management, capital, specialised services and treasury services. Sasfin Asset Consulting, a division of Sasfin, provides a comprehensive, independent and highly professional financial advisory service to institutional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

FEES

Investment Managers: Up to 0.35%
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.

CUMULATIVE RETURNS



HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
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%	1.1%	-2.1%	-1.8%	5.4%	1.6%	**7.6%**
2021	2.2%	2.4%	1.1%	2.0%	-0.2%	1.1%	1.8%	0.7%	-0.9%	2.8%	1.3%	2.8%	**18.5%**
2022	-1.4%	0.6%	-0.3%	-1.0%	0.2%	-2.5%	2.9%	0.1%					**-1.4%**

FUND SUMMARY

	FUND	LMM
Inception (back dated):		01-Aug-07
Number of Months		181
Sharpe Ratio	-0.01	-0.08
Sortino Ratio	-0.02	-0.11

RISK ANALYSIS

	FUND	LMM
% Positive Months	68.5%	65.7%
% Negative Months	31.5%	34.3%
Best Month	8.5%	9.7%
Worst Month	-8.9%	-10.5%
Avg Negative Return	-1.5%	-1.9%
Maximum Drawdown	-12.9%	-23.8%
Standard Deviation	7.3%	9.3%
Downside Deviation	5.2%	6.9%

CORRELATIONS

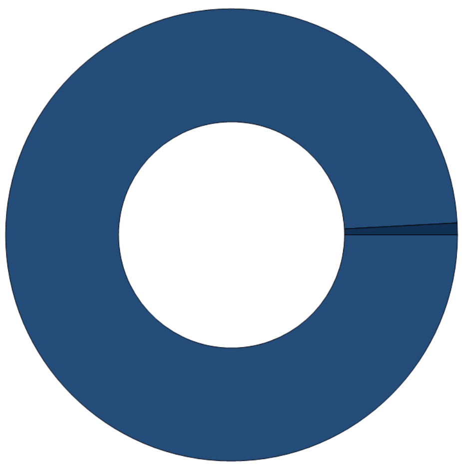
FTSE/JSE All Share Index	0.83	0.93
BESA All Bond Index	0.31	0.23

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

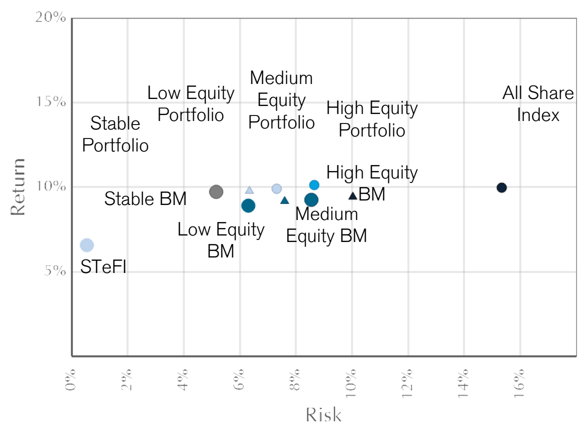


Horizon Multi Managed Accumulation Fund - 99.2%
Cash - 0.8%

PERFORMANCE ANALYSIS

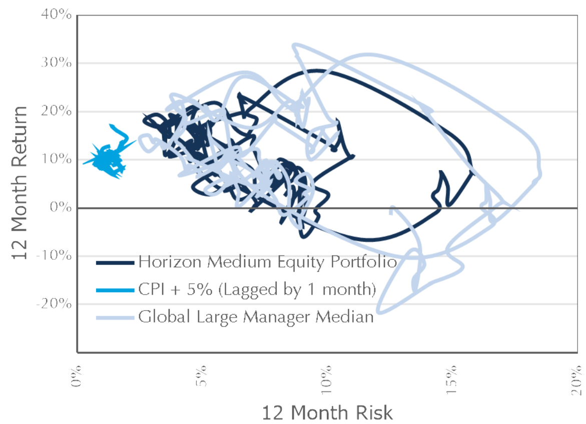
PERFORMANCE	FUND	CPI + 5%	DIFFERENCE
Calendar Years			
2016	1.6%	11.6%	-10.0%
2017	13.7%	9.6%	4.1%
2018	-2.5%	10.2%	-12.7%
2019	11.2%	8.6%	2.7%
2020	7.6%	8.2%	-0.6%
2021	18.5%	10.5%	8.0%
Periodic Performance			
1 month	0.1%	1.9%	-1.8%
3 month	0.4%	4.4%	-4.0%
6 month	-0.7%	7.9%	-8.6%
Year to date	-1.4%	9.6%	-11.0%
1 year	4.6%	12.9%	-8.3%
2 year	9.7%	11.3%	-1.6%
3 year	8.9%	10.2%	-1.3%
5 year	7.3%	10.0%	-2.6%
10 year	8.9%	10.3%	-1.4%
Since Inception (back dated)	10.1%	10.7%	-0.6%

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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