Horizon High Equity Portfolio

Asset Consulting | sasfin Wealth

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The Horizon High Equity Portfolio is a medium to high 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 0.35%
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.

PERFORMANCE SUMMARY

1 Year	3 Year	5 Year	Since Inception
5.3%	10.5%	7.1%	10.4%

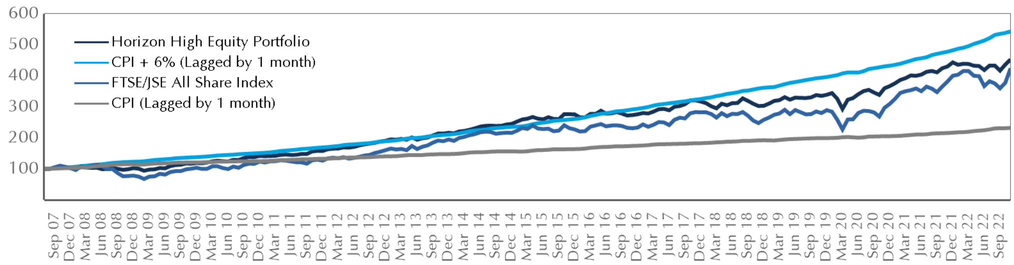
PERFORMANCE COMMENTARY

The soaring dollar played havoc with financial markets for the first nine months of 2022, resulting in a self-reinforcing downward spiral. Fortunately, October's US CPI print was the largest downward inflation surprise since the start of the pandemic, increasing the possibility of a soft-landing scenario. Cautious optimism has positioned us favourably to use the bounce to trim risk. UK Chancellor of the Exchequer Jeremy Hunt's Autumn Statement was also cautious and was very different from his predecessor's approach – the GBP55 bn plan includes GBP30 bn in spending cuts and GBP25 bn in tax increases and would be UK households ' largest tax burden of the post-WWII era. Despite Russian gas exports to Europe having fallen 82% YoY, EU gas inventories are now close to record highs as a result of demand reduction and a switch to liquid natural gas. Going forward, Fed caution and Chinese policy optimisation around zero-Covid and property sector support make a combination of dollar weakness and a decent market bounce a surprisingly likely scenario. The possibility for recovery is fragile, however, and many risks still exist.

We believe a significant amount of variance in portfolio returns over the next business cycle will be explainable by dollar dynamics. According to research by JPMorgan, the dollar is at its most overvalued level since the Bretton Woods break-up of the 1970s. Over the medium term, deglobalisation and geopolitical competition may cause global players to intensify their search for a greenback alternative. Considering the dollar from within an economic growth framework, a mild US recession/soft landing should see a weaker dollar; by contrast, a deep recession is likely to spark further strength. In this context, the mild recession alternative with dollar weakness seems a more likely outcome. Although we do not forecast a recession in 2023, rapidly tightening financial conditions will slow growth in 2023 and remain tight, constraining economic growth and creating a headwind for risk assets. This underpins our conviction that global economies have entered a low-growth environment, where beta and alpha should be chased conservatively via themes that drive the world economy's return to fundamental health.

The FTSE/JSE CAPPED SWIX Index climbed by 9.6%, Industrials were up 15.1% and Financials increased by 5.6%. The JSE All Bond Index rose by 3.9%, while the rand appreciated by 7.5% relative to the US dollar.

CUMULATIVE RETURNS



HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018	-1.6%	-3.2%	-2.2%	5.0%	-1.6%	2.2%	0.2%	4.8%	-2.5%	-2.9%	-2.4%	0.2%	**-4.4%**
2019	2.4%	2.8%	0.9%	2.9%	-2.4%	2.0%	-0.2%	-0.2%	0.6%	2.3%	-0.8%	1.0%	**11.7%**
2020	1.6%	-5.3%	-10.1%	10.2%	1.6%	3.8%	2.9%	1.2%	-2.4%	-2.2%	6.3%	2.0%	**8.3%**
2021	2.4%	2.9%	1.5%	2.2%	-0.3%	0.9%	2.2%	0.7%	-1.0%	3.2%	1.3%	3.1%	**20.8%**
2022	-1.8%	0.8%	-0.1%	-1.3%	-0.3%	-3.0%	3.4%	0.0%	-3.7%	4.6%	3.8%		**2.1%**

FUND SUMMARY

Inception (back dated):		01-Aug-07
Number of Months		184
	FUND	LMM
Sharpe Ratio	0.03	-0.05
Sortino Ratio	0.05	-0.07

RISK ANALYSIS

	FUND	LMM
% Positive Months	65.8%	66.3%
% Negative Months	34.2%	33.7%
Best Month	10.2%	9.7%
Worst Month	-10.1%	-10.5%
Avg Negative Return	-1.8%	-2.0%
Maximum Drawdown	-14.8%	-23.8%
Standard Deviation	8.7%	9.3%
Downside Deviation	6.0%	6.9%

CORRELATIONS

FTSE/JSE All Share Index	0.87	0.92
BESA All Bond Index	0.30	0.24

MARKET STRESS MONTHS

	FUND	ALSI
September 2008	-2.4%	-13.2%
October 2008	-3.0%	-11.6%
February 2009	-6.5%	-9.9%
March 2020	-10.1%	-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.

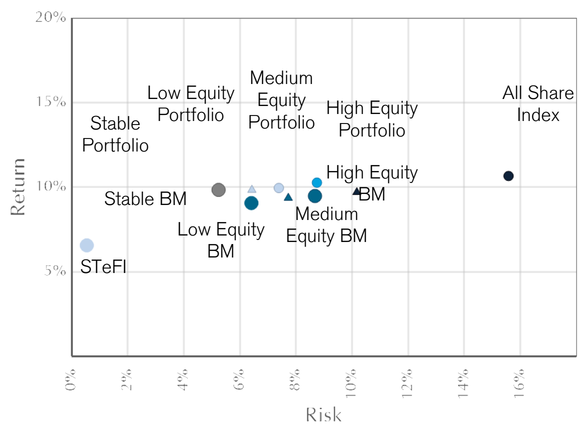
MANAGER ALLOCATION

Horizon Multi Managed Diversified Growth Fund - 99.9%
Cash - 0.1%

PERFORMANCE ANALYSIS

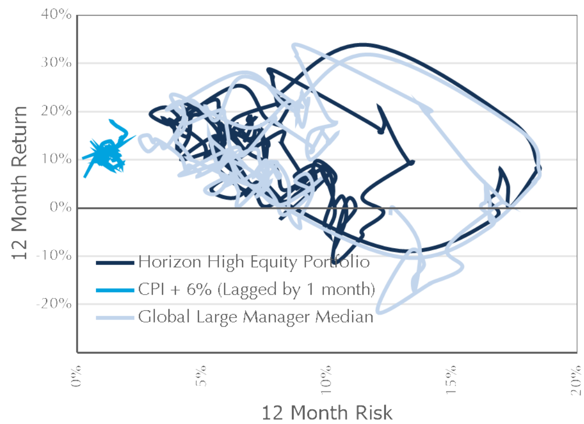
PERFORMANCE	FUND	CPI + 6%	DIFFERENCE
Calendar Years			
2016	0.2%	12.6%	-12.4%
2017	14.8%	10.6%	4.2%
2018	-4.4%	11.2%	-15.5%
2019	11.7%	9.6%	2.2%
2020	8.3%	9.2%	-0.9%
2021	20.8%	11.5%	9.3%
Periodic Performance			
1 month	3.8%	0.8%	2.9%
3 month	4.5%	2.1%	2.4%
6 month	4.9%	6.9%	-2.0%
Year to date	2.1%	12.6%	-10.4%
1 year	5.3%	13.6%	-8.4%
2 year	12.1%	12.3%	-0.1%
3 year	10.5%	11.3%	-0.8%
5 year	7.1%	10.9%	-3.8%
10 year	9.1%	11.2%	-2.0%
Since Inception (back dated)	10.4%	11.7%	-1.3%

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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