Horizon High Equity Portfolio

Asset Consulting | sasfin Wealth

September 2023

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.

PERFORMANCE SUMMARY

1 Year	3 Year	5 Year	Since Inception
15.6%	11.6%	8.6%	10.2%

PERFORMANCE COMMENTARY

September was a month of further market pressure as oil prices rose to a 10-month high, raising concerns that an energy price shock will weigh on growth. Nonetheless, the Organisation for Economic Co-operation and Development raised its global growth forecast for this year to 3.0% from 2.7% in June in its Economic Outlook report, noting that the global economy is set for a slowdown in 2024 as interest rates weigh on economic activity and China's rebound disappoints. Central bank announcements continued to diverge based on differences in underlying growth and inflation: China cut its reserve requirement ratio by 0.25%, in line with its incremental easing policy, while the European Central Bank (ECB) raised rates by 0.25% to a 22-year high of 4.5%, the US kept rates flat as expected, and Japan similarly left its negative interest rate and the parameters of its yield curve control program unchanged. Developed market central banks are ready to converge at a higher-for-longer outlook. The Bank of England's chief economist, Huw Pill, called this the "Table Mountain" scenario, saying that rates will reach a long plateau at elevated levels, in line with the wide, flat summit of Cape Town's iconic mountain. Bond yields rose to reflect the new view and markets came under further pressure.

The global economy is at a crossroads. On the one hand, there are tentative signs of a rebound in global manufacturing, with new orders and new orders-to-inventory components of the global manufacturing PMI turning up. This suggests that businesses are starting to invest again and that demand is picking up. On the other hand, the global economy faces significant headwinds. The US is likely to experience a slowdown in the coming months as higher interest rates take effect and consumers run out of excess savings. In addition, China is experiencing deflationary conditions, and the war in Ukraine continues to cast a shadow over the global economy, disrupting supply chains and pushing up energy prices. As such, it is important to remain cautiously positioned: underweight equity and emerging markets and overweight the dollar and the US. A more positive outlook would require global interest rate cuts, de-escalation of the war in Ukraine or strong stimulus from China. However, conditions could also get worse if supply disruptions cause the oil price to spike.

The FTSE/JSE CAPPED SWIX Index decreased by 3.0%, Industrials were down 4.4% and Financials dropped by 3.8%. The JSE All Bond Index declined by 2.3%, while the rand appreciated by 0.5% relative to the US dollar.

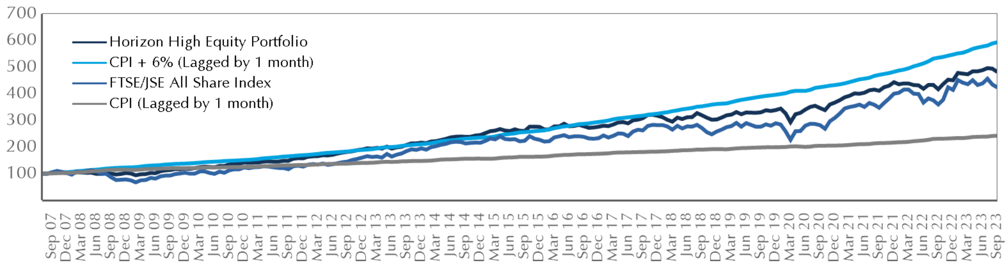
ABOUT SYGNIA

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.

CUMULATIVE RETURNS



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.

HISTORICAL PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
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%	-0.5%	**1.6%**
2023													
	6.1%	-0.6%	-0.5%	2.3%	0.0%	0.9%	1.6%	-0.5%	-2.5%				**6.9%**

FUND SUMMARY

Inception (back dated):		01-Aug-07
Number of Months		194
	FUND	**LMM**
Sharpe Ratio	0.02	-0.07
Sortino Ratio	0.02	-0.10

RISK ANALYSIS

	FUND	**LMM**
% Positive Months	64.9%	65.5%
% Negative Months	35.1%	34.5%
Best Month	10.2%	9.7%
Worst Month	-10.1%	-10.5%
Avg Negative Return	-1.7%	-1.9%
Maximum Drawdown	-14.8%	-23.8%
Standard Deviation	8.7%	9.3%
Downside Deviation	5.8%	6.7%

CORRELATIONS

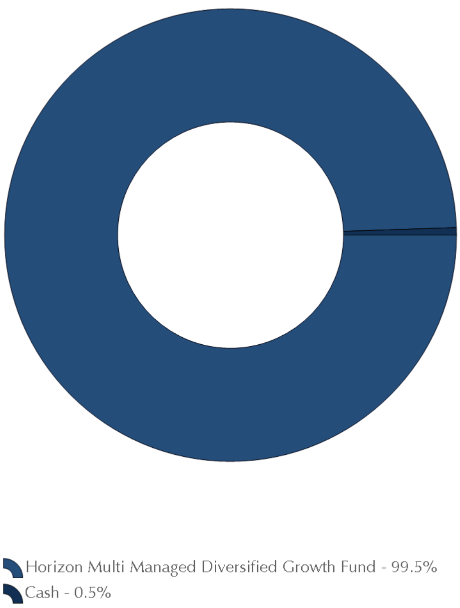
FTSE/JSE All Share Index	0.87	0.92
BESA All Bond Index	0.30	0.26

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.

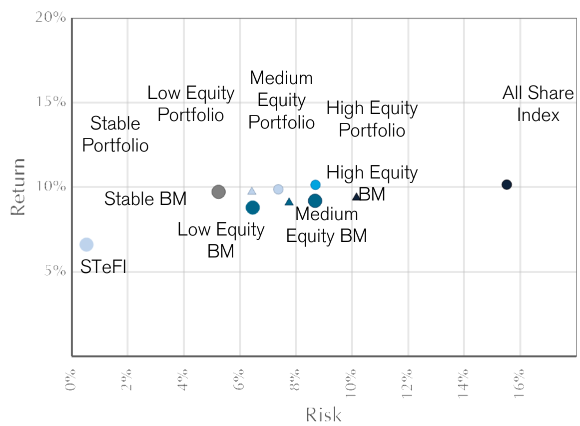
MANAGER ALLOCATION



PERFORMANCE ANALYSIS

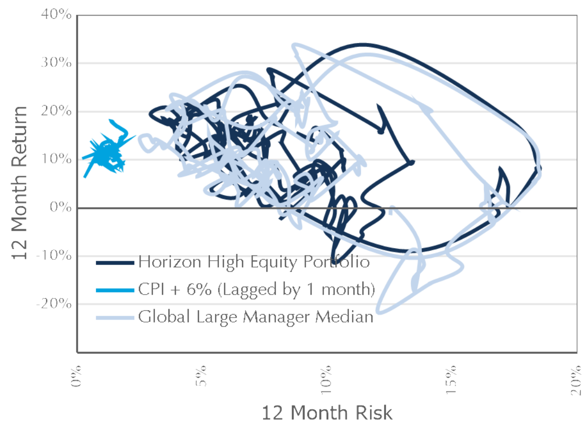
PERFORMANCE	**FUND**	**CPI + 6%**	**DIFFERENCE**
Calendar Years			
2017	14.8%	10.6%	4.2%
2018	-4.4%	11.2%	-15.5%
2019	11.7%	9.6%	2.2%
2020	8.3%	9.2%	-0.9%
2021	20.8%	11.5%	9.3%
2022	1.6%	13.4%	-11.8%
Periodic Performance			
1 month	-2.5%	0.7%	-3.2%
3 month	-1.4%	2.8%	-4.1%
6 month	1.8%	5.8%	-4.0%
Year to date	6.9%	8.4%	-1.5%
1 year	15.6%	10.8%	4.8%
2 year	8.2%	12.2%	-4.0%
3 year	11.6%	11.8%	-0.1%
5 year	8.6%	11.0%	-2.4%
10 year	8.8%	11.1%	-2.4%
Since Inception (back dated)	10.2%	11.6%	-1.4%

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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