

28 February 2018

Enhance Income

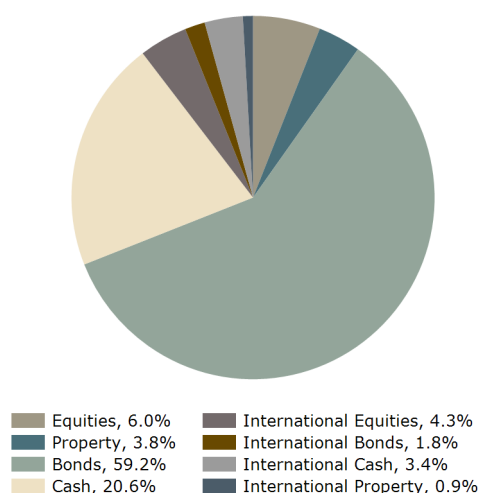
Fund Details

Fund Category	SA Multi Asset Income
Benchmark	Avg SA Multi Asset Income
Risk Profile	Conservative
Investment period	1 year or longer
Launch Date	01 August 2012
Fund Size	R 36 million

Fund Objective

The wrap fund aims to provide investors with a high level of income over the short term. The preservation of capital is of primary importance. The fund will consist primarily of income orientated assets with limited exposure to equities (maximum of 20%). Investors in this fund have an investment horizon of 1 year or longer. The fund is compliant with Regulation 28 of the Pension Funds Act, 1956.

Asset Allocation

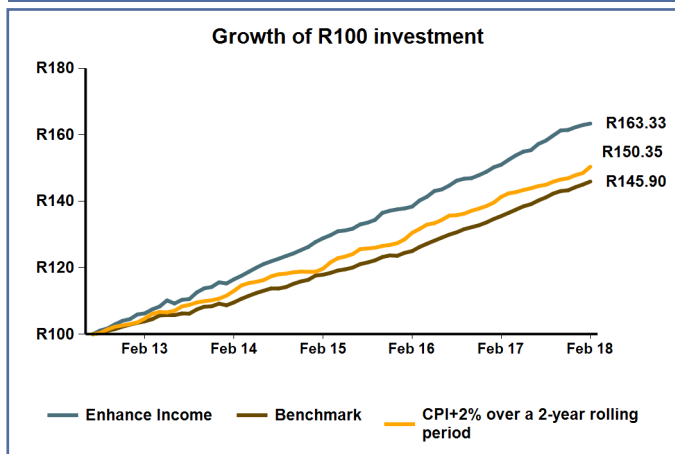


Investor Profile

This fund is suitable for investors looking for:

- High level of income over the short term
- Capital preservation, with limited exposure to equities
- A minimum investment horizon of 1 year or longer

Cumulative performance since launch *



Performance (%)	Fund*	Fund Benchmark	CPI+2% over a 2-year rolling period
1 Month	0.27	0.63	1.26
3 Months	1.19	1.84	2.36
6 Months	3.25	3.39	3.75
1 Year	8.19	7.66	6.40
2 Years (annualised)	8.65	8.04	7.35
3 Years (annualised)	8.22	7.37	7.89
5 Years (annualised)	8.98	7.03	7.50
YTD	0.67	1.16	1.72
Since Launch	9.18	7.00	7.58

Risk statistics (2 years)	Fund*
Returns (annualised)	8.65%
Standard deviation (annualised)	1.21%
% Positive months	100.00%
Maximum drawdown	0.00%
Sharpe ratio	0.95

Manager Selection (%)

Coronation Balanced Defensive	10.00	SIM Active Income	25.00
Coronation Strategic Income	20.00	SIM Inflation Plus	15.00
Prescient Income Provider	30.00		

Monthly Fund Performance* (%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2018	0.40	0.27											0.67
Fund 2017	0.92	0.51	0.97	0.91	0.71	0.27	1.21	0.63	0.98	0.95	0.10	0.52	9.01
Fund 2016	0.21	0.39	1.33	0.81	1.22	0.33	0.81	1.02	0.40	0.12	0.60	0.69	8.21

Fees (% incl. VAT)

Annual wrap fee	0.57
Underlying Manager TER's	0.66

* The investor is liable for CGT on any transactions in the units of the underlying unit trusts within the wrap funds. Compulsory investments are not subject to CGT. Performance is calculated using net returns (after fees) of the underlying unit trusts, and quoted excluding wrap fund fees. Performance quoted is pre-tax. Fund performance numbers shown are for a notional portfolio and do not reflect the actual performance of the client invested in the wrap fund due to timing differences of investments or disinvestments of the client. Benchmark returns for CPI are based on actual published returns and an estimated one month return for the month of the report date. ASISA Benchmark returns are the ASISA returns available as at the time of reporting.

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Manager Comment

Inflation fears pushed asset prices lower for the month. While the CBOE VIX volatility index is easing from its February highs far above its long-term average of 20, investors are now starting to pay attention to tendency for volatility to accelerate to a greater extent relative to the decline in equity prices. Developed market equity delivered -4.30% in dollar terms and -4.87% in rand, as the market expects the Fed to step up the pace of its interest rate increases this year. Emerging markets were equally impacted, delivering -4.73% in dollar terms and -5.30% in rand terms. All of the funds in the portfolio were affected by these negative returns, however February losses were limited to 3.3%.

The latest rise in developed market bond yields resulted in the JP Morgan Global Aggregate delivering -0.97% in dollar terms and -1.55% in rand terms as the US 10 year treasury yield pushed closer to 3%. Also, the JP Morgan EM Bond index followed its developed market counterpart lower for the month delivering -2.23% in dollar terms and -2.80% in rand terms. Furthermore, higher bond yields resulted in Developed Market Property delivering -6.65% in dollar terms and -7.20% in rand terms.

South Africa's 2018 budget seemed to please investors. The ascendance of Cyril Ramaphosa to the presidency buoyed sentiment, and the rand relative to the dollar rallied 0.59% to a three year high and bond yields fell to a level last seen more than two years ago. Critically, a sales tax increase and sizable spending cuts have reduced the risk of a Moody's downgrade to junk. However, the budget statement was a telling reminder of the significant challenges faced by the new leadership of the ruling ANC. The local All Share Index followed global markets lower delivering -1.97%. Naspers was down -3.30% for the month and contributed -0.62% to the equity market total return. Financials however benefitted from the improving sentiment and delivered 5.11%. The ALBI index delivered 3.93%, and inflation-linked bonds lagged the sovereign counterparts delivering 1.30%. Local cash delivered 0.54%. The listed property market has had a rocky start to 2018, with February being no exception. Volatility being driven by a strengthening rand, speculation around a Viceroy research report and hedge fund managers aggressively short selling specific companies. Local property collapsed -9.90% over the month. More importantly, approximately 81% of the sectors drawdown was driven by three shares (Nepi Rockcastle, Resilient, and Fortress B) that constitute approximately 24% of the sector.

This affected the portfolio very slightly with Coronation Balanced Defensive and SIM Inflation Plus delivering negative returns. Overall returns were slightly positive, with the portfolio up 0.26% in February.

Portfolio Manager



Rafiq Taylor

BCom (Hons) Financial Analysis and Portfolio Management, BCom (Politics, Philosophy & Economics)

About the Portfolio Manager

Rafiq heads up the retail consulting function within the investment team. This follows his roles at Sanlam Investments' multi manager business, Sanlam Multi Manager International, which he joined in 2006. He was initially appointed as an Investment Analyst and was responsible for carrying out manager research analysis. He was later promoted to Portfolio Manager, managing investment portfolios for institutional and retail investors. In 2012, Rafiq helped establish the retail investment consulting offering that he now heads up.

He started his career in the financial services industry in 2004 as a Client Service Consultant at Glacier Financial Solutions (previously Innofin), where he serviced financial advisers.

Rafiq holds B.Com in Politics, Philosophy and Economics and B.Com (Honours) in Financial Analysis and Portfolio Management from the University of Cape Town.

Manager Information

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Investment Committee

The investment committee forms an integral part of the investment management process. The investment committee members are involved in the process of multi management by participating in the Investment Committee Framework (the "Framework"). This Framework provides intermediaries with a platform to share their research and views with qualified investment professionals who will, based on certain constraints, construct a portfolio taking the intermediary's research into account.

Peter Strydom
Garth Strydom
Kevin Fowle
Rafiq Taylor
Barbara Erni

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