

30 June 2018

Enhance Income

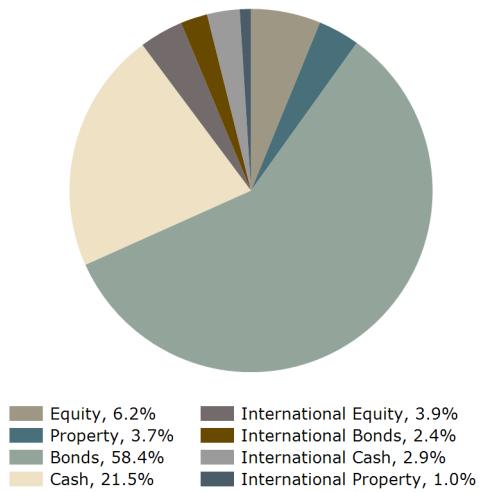
#### Fund Details

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 52 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 2 years or longer. The fund is compliant with Regulation 28 of the Pension Funds Act, 1956.

#### Asset Allocation

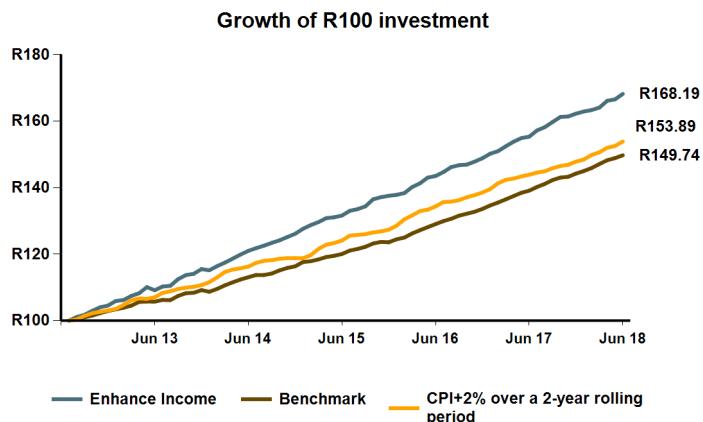


#### Investor Profile

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 2 years or longer

#### Cumulative performance since launch \*



Performance (%)	Fund*	Fund Benchmark	CPI+2% over a 2-year rolling period
1 Month	0.99	0.57	0.90
3 Months	2.51	1.79	2.16
6 Months	3.66	3.82	4.11
1 Year	8.28	7.65	6.96
2 Years (annualised)	8.26	7.72	7.02
3 Years (annualised)	8.52	7.64	7.44
5 Years (annualised)	9.03	7.21	7.53
YTD	3.66	3.82	4.11
Since Launch	9.18	7.06	7.56

#### Risk statistics (2 years)

Fund*
Returns (annualised)
Standard deviation (annualised)
% Positive months
Maximum drawdown
Sharpe ratio

#### 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	0.46	1.25	0.25	0.99							3.66
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	1.30	0.81	1.22	0.34	0.82	1.03	0.40	0.12	0.60	0.69	8.21

#### Fees (% incl. VAT)

Annual wrap fee	0.58
Underlying Manager TER's	0.65

\* 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

The global outlook continues to be positive for growth, with some deterioration in economic momentum as the winds of trade war, geopolitical risk, domestic political fractures, and debt-related risks loom, with financial markets already reflecting mounting vulnerabilities. The positive cyclical backdrop is expected to support earnings growth over the rest of the year. The risks to this outlook, however, are elevated, and include the mature stage of the economic and financial cycle and increased trade tensions. Among developed markets it is expected that falling unemployment and slowly building inflation drive central banks towards monetary tightening. Furthermore, heightened trade tensions are a threat to the positive global trend and tit-for-tat measures could derail the momentum of investment and trade. As such, the World Bank highlighted that global growth is set to slow over the next two years as central banks raise borrowing rates and fiscal stimulus starts to fade in countries such as the US and China.

Global equities made gains in a volatile quarter, as resilient economic and earnings data contended with an unsettling geopolitical backdrop. The MSCI World index delivered 1.73% in dollars while emerging market equities declined some 7.90% in dollars, as emerging market currencies depreciated on capital flight and an unwinding of the carry trade. This saw the rand depreciate some 13.55%. In bond markets, US 10-year Treasury yields rose significantly in April, and touched a seven-year high in May, before the risk-off investment environment led to the buying of safe-haven assets. Subsequently, The JP Morgan Global Aggregate index declined some 2.46% in dollars as bond yields pushed higher. Emerging market bonds had a difficult quarter and underperformed their developed market counterparts. As such, the JP Morgan EM index slumped 4.14% in dollars. Furthermore, the global property market rerated over the quarter, gaining some 5.43% in dollars.

The local equity market fared better than the broad emerging market basket during the second quarter. The ALSI gained 4.54% in rands. A strong quarter for Resource and Industrial shares helped the local market post positive returns. As such, in rands, the Resi20 index and Indi25 index delivered 21.73% and 5.29% respectively. The Fini15 bucked the trend, delivering -6.63% for the quarter. Foreigners were net sellers of the local bond market to the tune of R68.1 billion for the quarter, as investors remain concerned about the recurring theme related to the reversal of 'easy money'. The SA 10-year yield pushed 85 bps higher and settled at 9.04% at month end. As such, the ALBI delivered -3.78% in rands. Inflation-linked bonds underperformed their sovereign counterparts, delivering -4.99% in rands. Furthermore, the local listed property market came under pressure as bond yields pushed higher. As such, the SAPY index delivered -2.19% in rands. Furthermore, local cash returned 1.76% for the quarter.

Fund with larger offshore and equity exposures therefore performed well with the SIM Inflation Plus and Coronation Balanced Defensive driving returns over the quarter while the SIM Active Income Coronation Strategic Income lagged.

## 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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## Enhance Income

### 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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