

# Sage Wealth Management Multi Managed Investments



## Sage SCI\* Moderate Solution Fund of Funds Class B4

December-2018

### Fund Objective

The objective of the Sage SCI Moderate Solution Fund of funds is to secure steady growth of capital, and to offer a return of at least CPI+5% over a rolling three year period. The portfolio will aim never to have a negative return over any one year period.

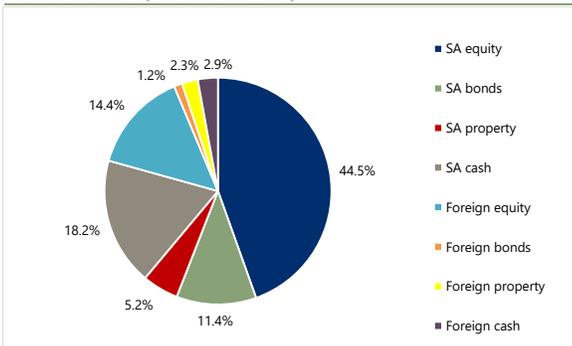
### Fund Strategy

The investment manager, Sage Wealth Management Proprietary Limited, follows the multi manager style of investing and will invest the portfolio in the participatory interests of various collective investment schemes managed by different specialist managers. The target of CPI+5% will be achieved through the construction of a portfolio with a strategic asset allocation appropriate for a CPI+5% objective.

### Fund Information

<b>ASISA Fund Classification</b>	SA Multi Asset Medium Equity
<b>Risk Profile</b>	Moderate
<b>Benchmark</b>	CPI+5% p.a.
<b>Fee Class Launch date</b>	3-Jan-11
<b>Portfolio Launch date</b>	1-Nov-06
<b>Minimum investment</b>	Lump sum: R5 000   Monthly: R500
<b>Portfolio Size</b>	R 420 million
<b>Quarterly Distributions</b>	31/03/2018: 12.63 cents per unit 30/06/2018: 6.28 cents per unit 30/09/2018: 14.18 cents per unit 31/12/2018: 1.75 cents per unit
<b>Income decl. dates</b>	31/03   30/06   30/09   31/12
<b>Income price dates</b>	1st working day after declaration (distributed on the following working day)
<b>Portfolio valuation time</b>	17:00
<b>Transaction cut off time</b>	15:00
<b>Daily price information</b>	www.sanlamunittrusts.co.za
<b>Repurchase period</b>	3 working days

### Asset Allocation (as at 31 Dec 2018)



\*SCI - Sanlam Collective Investments

\*\*Source: Morningstar; Sourced 31 December 2018

\*\*\*TER Measurement period: 01 January 2016 - 31 December 2018

### Risk Profile (Moderate)

This is a medium-risk portfolio that aims to deliver income and capital growth over the medium term. This portfolio is designed to minimise volatility and aims to cultivate as smooth a ride as possible. There is exposure to risky asset classes (equities) necessary to grow capital over the medium to long term, and is managed in compliance with Regulation 28. This portfolio has a medium to long-term investment horizon. The portfolio is diversified across all major asset classes with an average exposure to equities, and offers real (after inflation) returns but with lower volatility.

### Why choose this fund

- The fund aims to provide investors with a steady growth in capital over the longer term.
- The fund's asset allocation is appropriate for a moderate investor.
- The underlying fund managers manage exposure to the various asset classes.
- The fund is managed by a combination of leading South African investment managers.
- The fund is diversified across the major asset classes.
- Investing in this solution is a cost effective way of accessing the best investment expertise both locally and abroad.

### Fund Holdings

Managers	Target Allocation
Allan Gray Balanced	19.5
Bateleur Flexible Prescient	15.0
Coronation Balanced Plus	15.0
Nedgroup Opportunity	15.0
Sanlam Select Defensive Balanced Fund A1	15.0
Satrix Balanced Index	10.0
PSG Flexible	10.0
SA Cash	0.5

### Annualised Performance\*\*

Class B4	Fund	Benchmark
Year to date	-2.61%	10.18%
1 year	-2.61%	10.18%
3 years	1.56%	10.47%
5 years	4.96%	10.40%
Inception <sup>^</sup>	6.82%	11.10%

<sup>^</sup>since Inception date 03/01/2011

### Calendar Performance \*\*

Class B4	Fund	Benchmark
2014	11.30%	10.81%
2015	9.28%	9.77%
2016	-0.12%	11.61%
2017	7.68%	9.62%
2018	-2.61%	10.18%

### Risk Metrics (3 years)\*\*

Class B4	Fund
Standard deviation	6.74
Sharpe ratio	-0.78
Maximum drawdown	-7.12
Percentage of positive months	58.33

### Actual highest and lowest annual returns\*\*

Class B4	Year	Return
Highest Annual %	2014	11.30%
Lowest Annual %	2018	-2.61%

### Fees (Inclusive Of VAT)\*\*\*

Class B4	Fee
Advice initial fee (max.)	n/a
Advice annual fee (max.)	1.15
Manager annual fee	0.75
<b>Total expense ratio (TER)</b>	<b>1.79</b>
Transaction costs (TC)	0.20
<b>Total investment charge (TER + TC)</b>	<b>1.99</b>

administered by



### Fee Information

Total Expense Ratio (TER): The value of the Financial Product incurred as expenses relating to the administration of the Financial Product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. TER includes the annual management fee, performance fee and administrative costs and includes VAT but excludes portfolio transaction costs (except in the case of an entry or exit charge paid by a fund when buying or selling units in another fund) expressed as a percentage of the average daily value of the Fund calculated over a rolling three year period (or since inception where applicable). Where funds invest in the participatory interests of foreign collective investment schemes, these may levy additional charges which are included in the relevant TER.

Transaction Cost (TC): The value of the Financial Product incurred as costs relating to the buying and selling of the assets underlying the Financial Product. Transaction Costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER.

Total Investment Charges (TER + TC): The value of the Financial Product incurred as costs relating to the investment of the Financial Product. A fund of fund unit trust only invests in other unit trusts, which levy their own charges, which could result in a higher fee structure for these funds. The fund manager may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. This fund is also available via certain LISPS (Linked Investment Services Providers), who levy their own fees.

Advice fee: any advice fee is negotiable between the client and their financial advisor. An annual advice fee negotiated is paid via a repurchase of units from the investor.

Obtain a personalised cost estimate before investing by visiting [www.sanlamunittrusts.co.za](http://www.sanlamunittrusts.co.za) and using our Effective Annual Cost (EAC) calculator. Alternative, contact us at 0860 100 266.

### Portfolio Manager(s)

#### Sage Investment Team

Registration Number: 2007/002035/07

FSP Number: 47866

### Portfolio Manager Disclaimer

The management of investments are outsourced to the Sage Investment Committee, FSP 47866, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002.

### Trustee Information

Standard Bank of South Africa Ltd

Tel no.: 021 441 4100, E-mail: [Trustee-SanlamFX@standardbank.co.za](mailto:Trustee-SanlamFX@standardbank.co.za)

### Manager Information

Sanlam Collective Investments (RF) (Pty) Ltd.

Physical address: 2 Strand Road, Bellville 7530. Postal address: PO Box 30 Sanlamhof 7532.

Tel: +27 (21) 916 1800, Fax: +27 (21) 947-8224, Email: [service@sanlaminvestments.com](mailto:service@sanlaminvestments.com)

Website: [www.sanlamunittrusts.co.za](http://www.sanlamunittrusts.co.za)

### Portfolio Manager Commentary

The FoF is a combination of underlying managers all of whom have proven track records and the ability to generate significant outperformance over time. The FoF has been constructed to make full use of the available equity allowance within the sector, but managers have considerable discretion in whether they choose to utilise it.

At quarter-end, the look through equity allocation of the FoF was 58.9% which is close to the 60% maximum allowed by the category. The bulk of the equity allocation (44.5%) is South African (SA) equities with the foreign allocation of 24.6% mainly invested in foreign equity (18.2%). The remainder of the FoF is mainly invested in South African fixed interest assets which now offer an attractive real yield.

The SWIX (Capped) Equity Index has returned just 2.9% p.a. over the past three years, and -10.9% over the past year. This disappointing short-term return has made it difficult for the FoF to achieve its CPI+5% p.a. objective recently, despite many of the underlying managers delivering pleasing relative out-performance over this period.

Despite negative equity market returns, and a significant equity allocation, the FoF limited its losses over the past year. The managers in the FoF remain confident in their equity positions, and their potential upside, and we are excited about the prospects for the FoF going forward.

There were no manager changes made over the previous quarter.

### Additional Information

All reasonable steps have been taken to ensure the information on this MDD is accurate. The information to follow does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act. Independent professional financial advice should always be sought before making an investment decision.

The Sanlam Group is a full member of the Association for Savings and Investment SA. Sanlam Collective Investments (RF) (Pty) Ltd is a registered and approved Manager in Collective Investment Schemes in Securities. Collective investment schemes are generally medium- to long-term investments. Past performance is not necessarily a guide to future performance, and that the value of investments / units / unit trusts may go down as well as up. A schedule of fees and charges and maximum commissions is available from the Manager on request. Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge.

Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. Collective investments are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any deductible expenses such as audit fees, brokerage and service fees. Forward pricing is used. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-div date.

Performance is calculated for the portfolio and the individual investor performance may differ as a result of initial fees, actual investment date, date of reinvestment and dividend withholding tax. The manager has the right to close the portfolio to new investors in order to manage it more efficiently in accordance with its mandate. The performance of the portfolio depends on the underlying assets and variable market factors. Lump sum investment performances are quoted.

The Manager retains full legal responsibility for this third-party-name portfolio. All the portfolio options presented are approved collective investment schemes in terms of Collective Investment Schemes Control Act, No 45 of 2002 Cisca. The fund may from time to time invest in foreign countries and therefore it may have risks regarding liquidity, the repatriation of funds, political and macroeconomic situations, foreign exchange, tax, settlement, and the availability of information. A fund of funds portfolio is a portfolio that invests in portfolios of collective investment schemes that levy their own charges, which could result in a higher fee structure for the fund of funds.

### Glossary Terms

#### Annualised total returns

Annualised return is the weighted average compound growth rate over the period.

#### Capital growth

Capital growth is the profit made on an investment, measured by the increase in its market value over the cost price. It is also called capital appreciation.

#### Fund of funds

A "fund of funds" is an investment strategy of holding a portfolio of other investment funds rather than investing directly in stocks, bonds or other securities. This type of investing is often referred to as multi-manager investment. Investing in a fund of funds may achieve greater diversification. The benefit of diversification is that it can reduce volatility and the overall risk in the portfolio, while maintaining returns.

#### Liquidity

The ability to easily turn assets or investments into cash. Under normal market conditions, withdrawal can take up to seven working days.

#### LISP (Linked Investment Service Provider)

A Linked Investment Service Provider is a financial institution which packages, distributes and administers a broad range of unit trust based investments. Any investment made through these products gives an investor a single point of entry into a selection of different investments.

#### Regulation 28

Regulation 28 of the Pension Funds Act sets out prudent investment limits on certain asset classes in investment funds. It applies specifically to investments in Retirement Annuities and Preservation Funds.

The allowed maximum exposures to certain asset classes are: 75% equities; 25% property; 30% foreign (offshore) assets and 10% to African assets.

#### Total Expense Ratio (TER)

This is the total costs associated with managing and operating an investment (excluding administration, financial planning and servicing fees). These costs consist primarily of management fees and additional expenses such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the fund is divided by the fund's total assets under management to arrive at a percentage amount, which represents the TER.

#### Unit trusts

Unit trusts (also called a collective investment scheme) are portfolios of assets such as equities, bonds, cash and listed property, in which investors can buy units. They allow private investors to pool their money together into a single fund, thus spreading their risk across a range of investments, getting the benefit of professional fund management, and reducing their costs.

#### Highest and Lowest Annual Returns

The highest and lowest 12 month returns are based on calendar years since inception