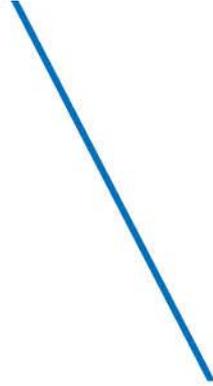


# Wealth Range – Model Portfolios

Snapshot review for the period ended December 2018



**STANLIB**  
MULTI-MANAGER

# Agenda

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- Cash-Income Solution (Cash+1%)
- Wealth Preserver Solution (CPI+3%)
- Wealth Enhancer Solution (CPI+5%)
- Wealth Accumulator Solution (CPI+7%)



Jennifer Henry, CFA, FRM

Head of Portfolio Management: Retail Clients



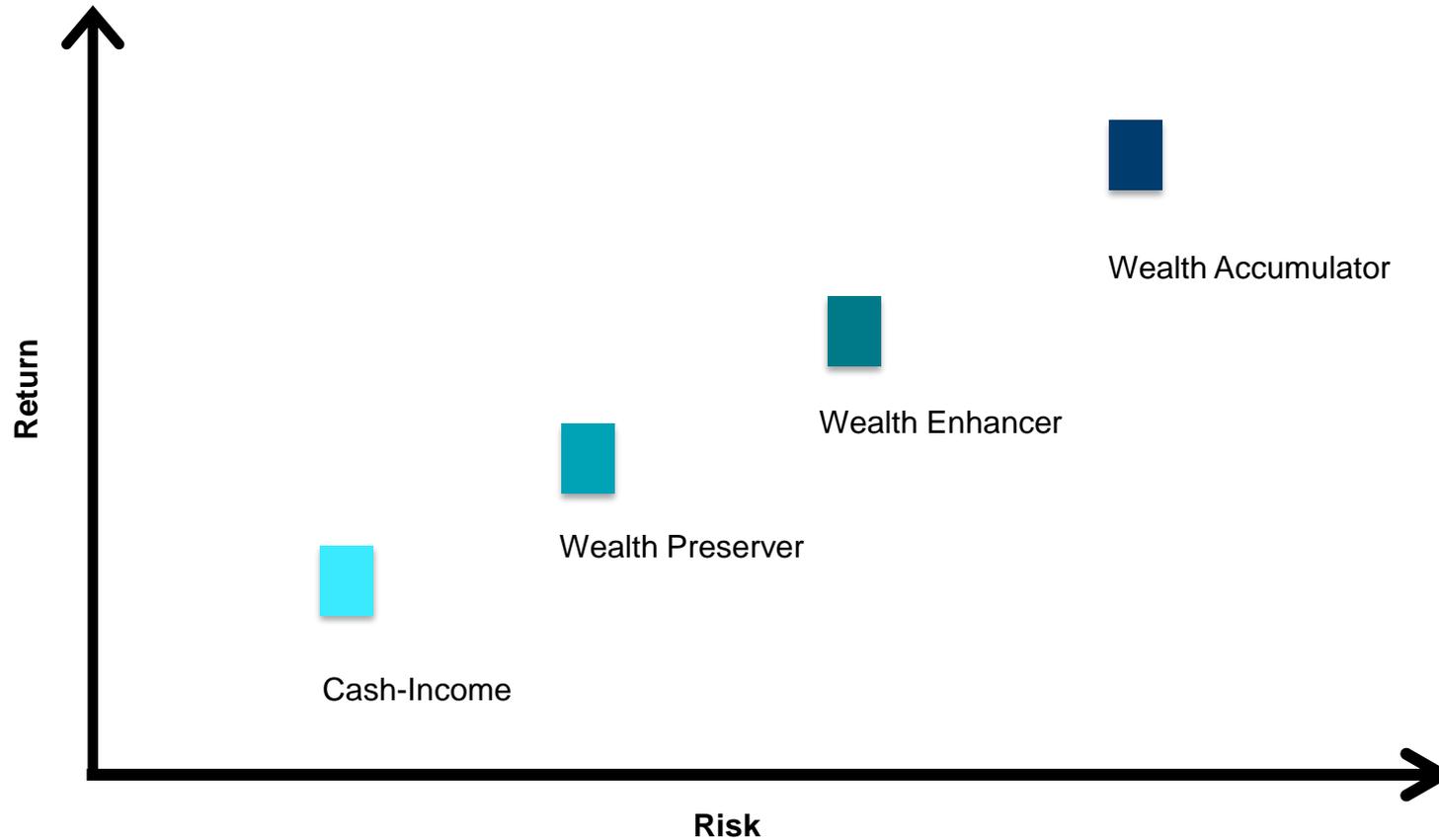
Renate Potgieter, CFA

Portfolio Manager

**STANLIB**  
MULTI-MANAGER

# Wealth Range

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Time to achieve return

1 – 2 years

3 – 5 years

6 – 10 years

# Cash-Income Solution

## Performance Review

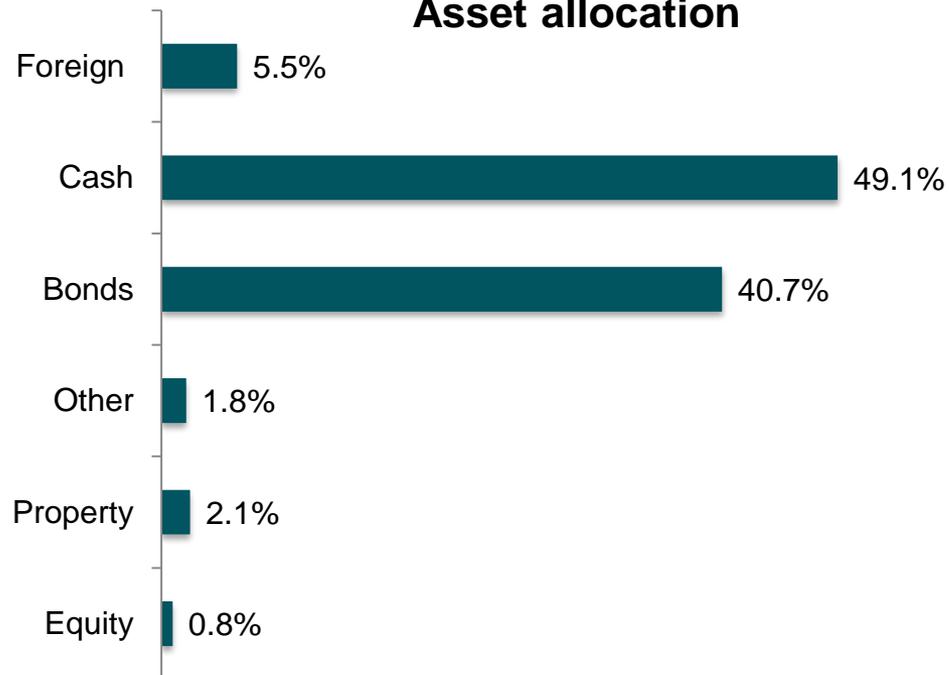
### Managers

**CORONATION**  
FUND MANAGERS

**PRESCIENT**

**STANLIB**

### Asset allocation



	Quarter	1 year	3 years p.a.	5 years p.a.
Cash Income (Cash+1%)	2.0%	8.1%	8.7%	8.0%
Stefi+1%	1.8%	7.5%	7.7%	7.2%

# Cash-Income Solution

## *Performance Summary*

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### Performance Overview

The portfolio is comfortably ahead of its Cash+1% benchmark over the past year, with the income orientated Funds continuing to produce good performance. The Solution remains comfortably ahead of the peer group over the quarter, year as well as longer periods.

- **Coronation Strategic Income Fund** outperformed the benchmark over the final quarter of 2018, as well as over the year. The Fund has performed broadly in line with the peers over these periods. Fixed rate NCDs continue to hold appeal, while credit spreads remain expensive. The over 10% offshore allocation aided performance over the quarter and year. The 5% allocation to property detracted as the sector sold off – Coronation continue to find value in the sector and will look to increase exposure if there is further weakness.
- **STANLIB Income Fund** is the best performing fund over the year, and also had a good quarter. Returns on the Fund were generated by investments in high yielding credit – the fourth quarter saw credit spreads compressing further, which benefited the portfolio

→ **Prescient Income Provider** had a strong quarter, which aided good performance for the year as well. The conservative positioning contributed as markets sold off, driven by the negative sentiment around US and global growth. Outperformance came from good quality credit as well as inflation protection strategies.

→ **STANLIB Money Market Fund** has produced a sound 12-month performance and is comfortably ahead of the South African IB Money Market Peer Group Average. It continues to be the defensive Fund in the solution, taking much lower risk, yet has performed broadly inline with our Cash +1% benchmark which is pleasing.

### Positioning and outlook

- The Solution remains appropriately diversified across the managers in the portfolio, with the manager line up remaining unchanged.
- Overall, underlying managers remain cautious, yet continue to look for opportunities as market volatility increases.

# Wealth Preserver Solution

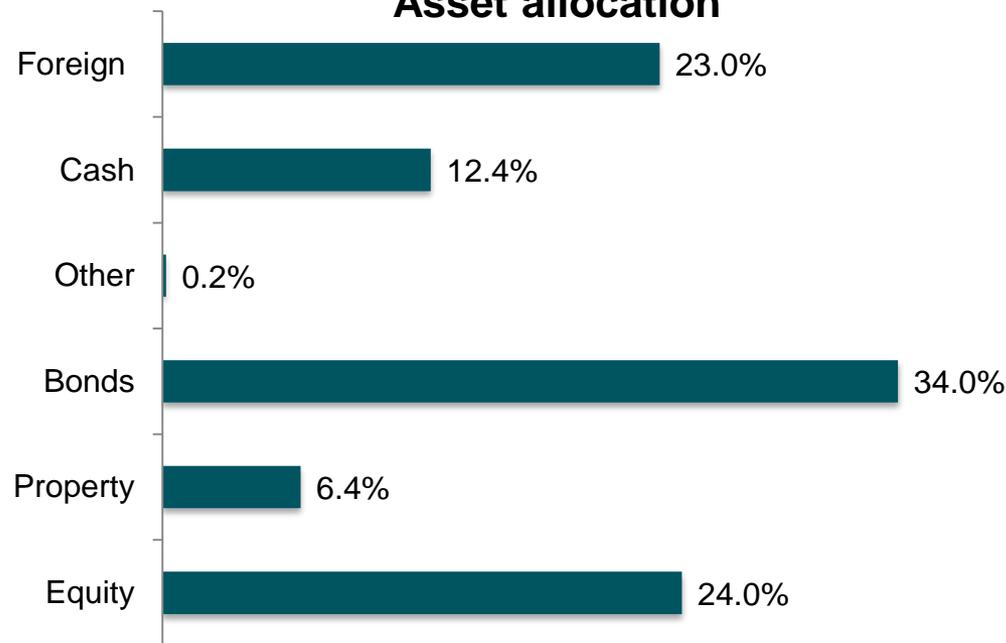
## Performance Review

### Managers



STANLIB

### Asset allocation



	Quarter	1 year	3 years p.a.	5 years p.a.
Wealth Preserver (CPI+3%)	-3.3%	-0.5%	3.3%	4.9%
CPI+3%	1.8%	8.2%	8.5%	8.4%

# Wealth Preserver Solution

## *Performance Summary*

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### Performance Overview

The CPI+3% Solution is over **3% behind its inflation plus benchmark over a three-year** investment horizon. While this is disappointing, asset classes have struggled against the inflation objective, with only SA Income and SA Bonds outperforming CPI+3% over three years. The solution has underperformed the peers.

- **Coronation Capital Plus** had a tough quarter, and the one year returns have also struggled. The high allocation to risk assets (both equity and property) detracted from performance. Stock selection, with exposure to underperforming shares like MTN and British American Tobacco (BTI), detracted further.
- **Prudential Inflation Plus Fund** remains overweight equity, which detracted as the market sold down. In addition, with almost 14% exposure to property, the worst performing asset class over the year, performance struggled further. Foreign equity exposure also dragged on performance. As a result, Prudential Inflation Plus is the worst performing Fund in the solution for 2018.

- **Investec Cautious Managed** had a tough quarter, lagging the peers. However, their one year returns have been strong given the tough environment, outperforming peers by 3.7%. The Fund's preference for foreign equity over SA equity contributed over the year, yet dragged on performance in the final quarter of 2018. The Fund has largely avoided property (only 0.5% exposure at the end of December), which contributed given the sharp sell off in the asset class.
- **STANLIB Low Equity Balanced Tracker Fund** underperformed the peers over the quarter and 12 months. The high allocation to inflation linked bonds detracted, as did the low exposure to foreign. Having no local property contributed to relative returns.

### Positioning and outlook

- The Solution's equity (SA and foreign) exposure is over 41%. A large portion of this (17.3%) comes from foreign equity.
- The Solution remains well diversified across asset classes, with over 46% in income assets and 23% in foreign.

# Wealth Enhancer Solution

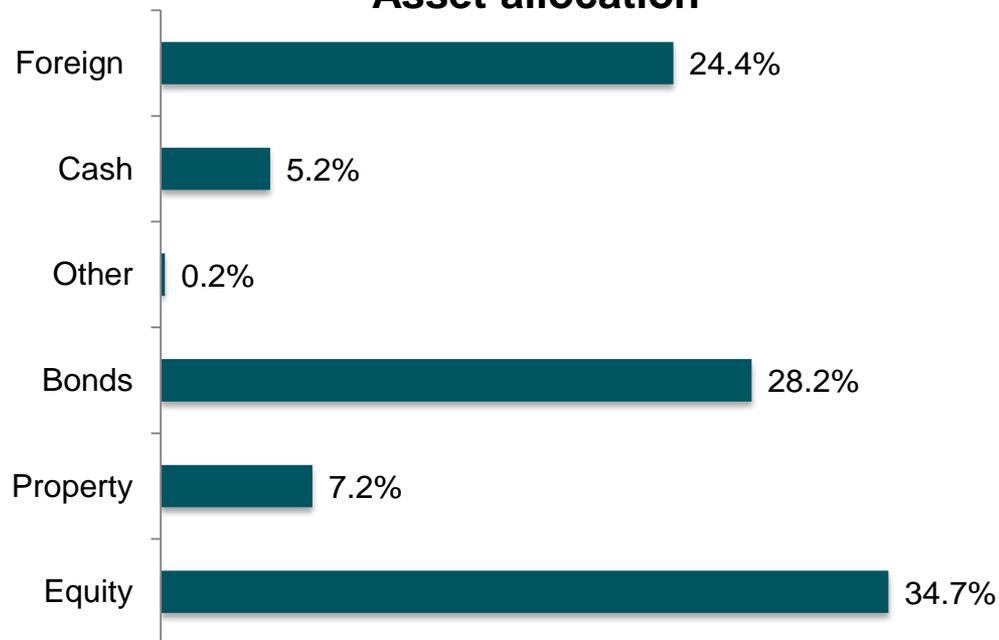
## Performance Review

### Managers



STANLIB

### Asset allocation



	Quarter	1 year	3 years p.a.	5 years p.a.
Wealth Enhancer (CPI+5%)	-4.8%	-3.3%	3.1%	5.8%
CPI+5%	<b>2.3%</b>	<b>10.2%</b>	<b>10.5%</b>	<b>10.4%</b>

# Wealth Enhancer Solution

## *Performance Summary*

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### Performance Overview

The CPI+5% Solution is **ahead of the peers over three-year and longer periods** which is pleasing given the tough environment over the past few years. Given the void of CPI+5% beating returns from the asset classes, it is understandable that the solution has underperformed the inflation objective.

- **Coronation Capital Plus** had a tough quarter, and the one year returns have also struggled. The high allocation to risk assets (both equity and property) detracted from performance. Stock selection, with exposure to underperforming shares like MTN and British American Tobacco (BTI), detracted further.
- **Investec Opportunity Fund** had a very tough quarter, being the worst performing fund in the solution. However, the strong performance from the rest of 2018 resulted in the fund remaining ahead of peers over the year. The overweight to global equity contributed to performance, given depreciation of the rand, as did an overweight to resources.

- **Prudential Inflation Plus** remains overweight equity, which detracted as the market sold down. In addition, with almost 14% exposure to property, the worst performing asset class over the year, performance struggled further. Foreign equity exposure also dragged on performance.

- **STANLIB High Equity Balanced Tracker Fund** underperformed over the quarter and year, resulting from the high beta of a passive offering. Given the aggressive positioning of the fund, while this performance is disappointing, it is inline with our expectations.

### Positioning and outlook

- We remain confident in the solution's construction framework.
- The Solution has 55% exposure to equity. The global exposure (24.4% in total) is a good diversifier.

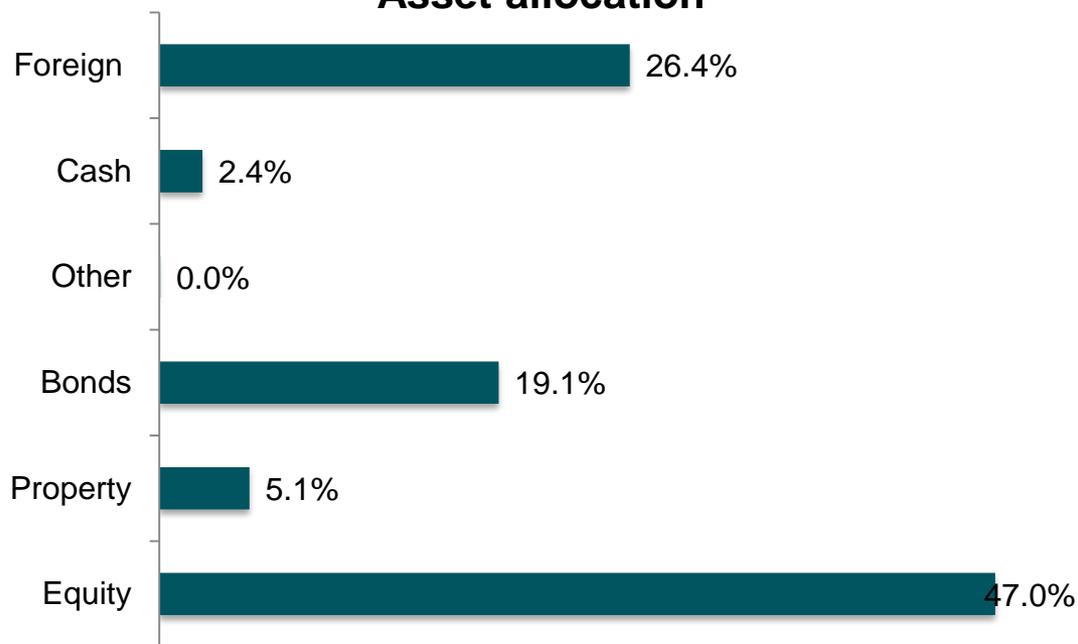
# Wealth Accumulator Solution

## Performance Review

### Managers



### Asset allocation



	Quarter	1 year	3 years p.a.	5 years p.a.
Wealth Accumulator (CPI+7%)	-5.9%	-4.3%	2.7%	5.7%
CPI+7%	2.8%	12.2%	12.5%	12.4%

# Wealth Accumulator Solution

## Performance Summary

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### Performance Overview

Given the protracted drought of inflation beating returns, the CPI+7% Solution continues to disappoint relative to the inflation plus objective over three and five years. However, the Solution is ahead of the **ASISA SA High-Equity Peer Group Average over the three-year and longer periods.**

- **Prudential Balanced** struggled over the quarter, yet remains the best performer in the solution over the year. They remain over-weight SA equities given their positive view on valuations. They prefer resources shares with exposure to global growth like Sasol and Anglo American, but also find value in financials like Standard Bank and Old Mutual.
- **Coronation Balanced Plus** had a tough quarter and year, ending the year as the Solution's worst performing active manager. The fund's high equity and property allocation detracted as risk assets sold off. In addition, stock selection detracted given the holdings in underperforming shares like MTN and British American Tobacco (BTI). MTN's Nigeria woes continued, and the FDA continues to weigh on tobacco companies.

- **Foord Balanced** remains our most bearish manager and has a large exposure to rand hedges, given their concerns around the SA economy. Foord's large holding in New Gold ETF (+15% during year) provided some protection in 2018, but positions in BTI and Aspen detracted from performance.
- **STANLIB High Equity Tracker Fund** underperformed over the quarter and year, resulting from the high beta of a passive offering. Given the aggressive positioning of the fund, while this performance is disappointing, it is inline with our expectations.

### Positioning and outlook

- We remain happy with this Solution's construction framework.
- The Solution has 68% exposure to equity. The global exposure (26.4% in total) is a good diversifier.

# Disclaimer

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