

31 December 2016

Taylorred Moderate Aggressive

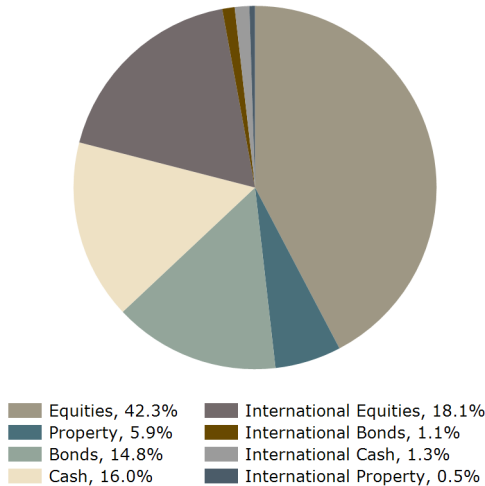
**Fund Details**

<b>Fund Category</b>	SA Multi Asset High Equity
<b>Benchmark</b>	CPI+5% over a 5-year rolling period
<b>Risk Profile</b>	Moderate Aggressive
<b>Investment period</b>	5 years
<b>Launch Date</b>	01 October 2014
<b>Fund Size</b>	R 3 million

**Fund Objective**

The wrap fund aims to provide a high level of capital growth over the long term. Investors in this fund are prepared to tolerate high fluctuations in the value of their investment over the short term. The fund will be diversified across all major asset classes with a bias towards equities (maximum of 75%). Investors in this fund should have a minimum investment horizon of 5 years. The fund is compliant with Regulation 28 of the Pension Funds Act, 1956.

**Asset Allocation**

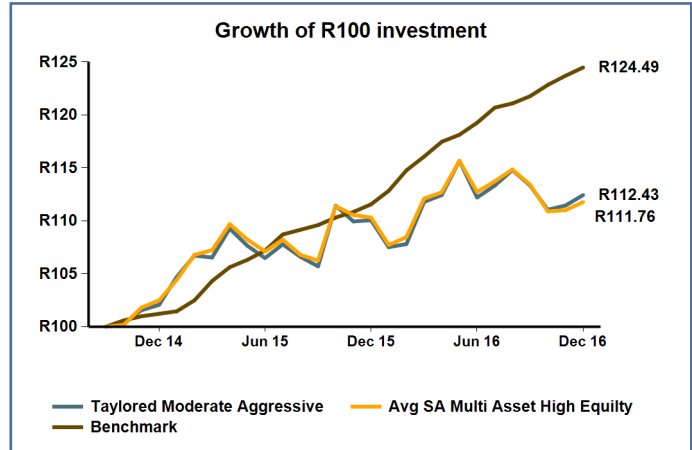


**Investor Profile**

This fund is suitable for investors looking for:

- High level of capital growth
- Able to tolerate high levels of volatility
- A minimum investment horizon of 5 years

**Cumulative performance since launch \***



Performance (%)	Fund*	Fund Benchmark	Avg SA Multi Asset High Equity
1 Month	0.89	0.63	0.69
3 Months	-0.80	2.23	-1.46
6 Months	0.20	4.38	-0.85
1 Year	2.16	11.59	1.31
2 Years (annualised)	4.96	10.91	4.44
YTD	2.16	11.59	1.31
Since Launch	5.34	10.23	5.07

Risk statistics (2 years)	Fund*
Returns (annualised)	4.96%
Standard deviation (annualised)	7.10%
% Positive months	58.33%
Maximum drawdown	-3.99%
Sharpe ratio	-0.23

**Manager Selection (%)**

Coronation Balanced Plus	10.00	Sanlam Multi Managed Balanced FoF	21.25
Investec Opportunity	12.75	Satrix Balanced Index	10.00
Prudential Balanced	20.00	SIM Balanced	10.00
Rezco Value Trend	16.00		

Monthly Fund Performance* (%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2016	-2.31	0.27	3.70	0.58	2.87	-2.99	1.01	1.29	-1.27	-2.02	0.36	0.89	2.16
Fund 2015	2.58	1.94	-0.17	2.57	-1.49	-1.08	1.22	-1.09	-0.85	5.43	-1.34	0.10	7.84
Fund 2014										0.29	1.26	0.50	2.06

**Fees (% incl. VAT)**

Annual wrap fee	0.57
Underlying Manager TER's	1.10

\* 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 does 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.

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**Manager Comment**

The last quarter of 2016 was dominated by the surprise election of Donald Trump as the next president of the US. The result follows the growing anti-establishment trend such as the Brexit vote in the UK, which has added more uncertainty to global markets. Towards the latter part of the year, the US Fed raised interest rates another 25 basis points, which was largely expected by markets. Locally, South Africa managed to avoid a sovereign international credit rating downgrade from Standard & Poors, who held their rating unchanged at BBB- with a negative outlook.

Global markets were quite mixed during the quarter, as developed markets (+2.29% in USD) significantly outperformed emerging market (-4.56% in USD) equities. For the year, however, emerging markets (+8.58% in USD) outperformed developed markets (+5.32% in USD). Global bonds sold off considerably during the quarter, falling 7.07%, while global property followed a similar trend, declining 5.37%, both in USD. For the year, global bonds and global property were up 2.09% and 5% respectively in USD. Locally, equity markets performed in line with the emerging market trend, declining 2.09% over the quarter and returning a disappointing +2.63% over the year. Large cap stocks were the largest decliners over both of these periods as the Top 40 declined 3% for the quarter and 1.6% for 2016. The banking sector had a particularly good quarter on the back of the credit rating decision, while mining stocks slumped lower on weaker metals prices. Over the year, however, resources outperformed industrials and financials stocks in what generally was a year where value outperformed the so-called quality stocks, which for so long have been the key driver of returns. Nominal bonds returned a modest +0.35% for the quarter, which is certainly not a bad outcome considering the sell-off in bonds globally over the same period. For the year bonds were the leading asset class returning +15.45%. Inflation-linked bonds were down 1.07% for the quarter while over the year they returned +6.27%. Local property and cash returned +1.26% and +1.88% respectively in the quarter and +10.20% and +7.39% respectively in 2016. The rand bucked the emerging market trend ending stronger against major currencies in the quarter while over 2016 was stronger against most developed market currencies (over 13% against the US dollar).

Funds with a more defensive approach and larger cash holdings performed better during the quarter as flexible fixed income funds performed well. Funds with larger local and emerging market equity exposure typically struggled, as well as those funds which had exposure towards global bonds and property.

The year 2016 will certainly be remembered as a tough one for investors as uncertainty mounted and sentiment swayed frequently and dramatically throughout the year. It's in these difficult periods that investors need to maintain a clear focus of their investment objectives and act accordingly to make considered, unemotional investment decisions. Market risks remain and we maintain the belief, as we have throughout the year, that in these uncertain markets maintaining a diversified blend of risk appropriate strategies is the most appropriate method for creating wealth in the long term.

**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.

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**Portfolio Manager**



**Pawan Singh, MBA**

BCom, Accounting  
MBA, Finance &  
Investments  
CFA L3 candidate

**About the Portfolio Manager**

Pawan has been a Portfolio Manager with Sanlam Investments since August 2014. Pawan has 7 years' international experience in the financial markets and banking industry. He started his career in Mumbai working for an accounting firm before moving to New York, USA where he finished his MBA studies and also completed an internship with UBS Financial in their wealth management group. Post MBA he went to work for Deloitte at their global headquarters in New York where he worked as a cash flow modeller structuring Credit Derivatives, Asset Backed and Mortgage Backed Securities. In South Africa he has worked for Capitec Bank as a Financial Analyst and also consulted independently for W.K. Kellogg Foundation regarding listed equities in South Africa.

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