

31 December 2017

Taylorred Moderate

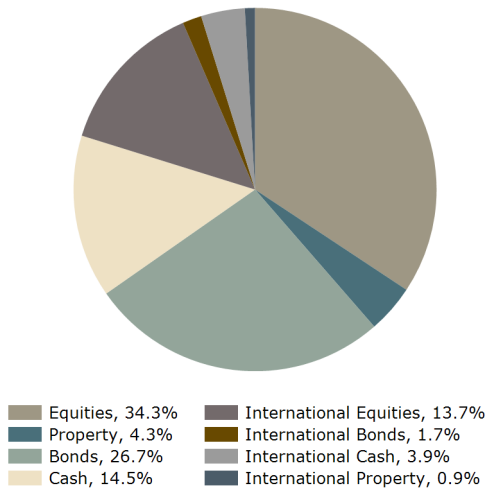
#### Fund Details

<b>Fund Category</b>	SA Multi Asset Medium Equity
<b>Benchmark</b>	CPI+4% over a 3-year rolling period
<b>Risk Profile</b>	Moderate
<b>Investment period</b>	3 years or longer
<b>Launch Date</b>	01 October 2014
<b>Fund Size</b>	R 380 083

#### Fund Objective

The wrap fund aims to provide a reasonable level of capital growth over the medium term. Investors in this fund are prepared to tolerate moderate fluctuations in the value of their investment over the short term. The fund will be diversified across all major asset classes with an average exposure to equities (maximum of 60%). Investors in this fund should have a minimum investment horizon of 3 years or longer. The fund is compliant with Regulation 28 of the Pension Funds Act, 1956.

#### Asset Allocation

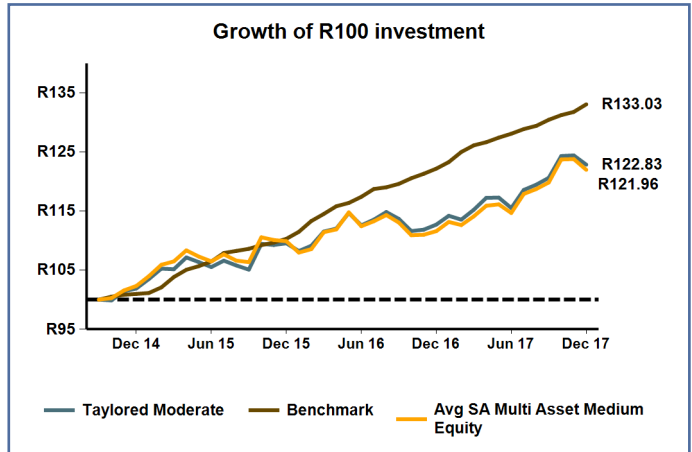


#### Investor Profile

This fund is suitable for investors looking for:

- Capital growth over the medium term
- Able to tolerate moderate volatility over the short term
- A minimum investment horizon of 3 years or longer

#### Cumulative performance since launch \*



Performance (%)	Fund*	Fund Benchmark	Avg SA Multi Asset Medium Equity
1 Month	-1.26	0.97	-1.47
3 Months	1.84	2.00	1.79
6 Months	6.34	3.88	6.37
1 Year	8.99	8.90	9.30
2 Years (annualised)	5.89	9.83	5.35
3 Years (annualised)	6.43	9.63	6.03
YTD	8.99	8.90	9.30
Since Launch	6.53	9.18	6.30

Risk statistics (2 years)	Fund*
Returns (annualised)	5.89%
Standard deviation (annualised)	4.92%
% Positive months	70.83%
Maximum drawdown	-2.80%
Sharpe ratio	-0.32

#### Manager Selection (%)

Allan Gray Balanced	10.00	Sanlam Multi Managed Balanced FoF	15.00
Coronation Strategic Income	10.00	Satrix Balanced Index	15.00
Foord Conservative	15.00	SIM Inflation Plus	25.00
Nedgroup Opportunity	10.00		

Monthly Fund Performance* (%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2017	1.32	-0.57	1.47	1.75	0.03	-1.50	2.64	0.75	0.97	3.05	0.09	-1.26	8.99
Fund 2016	-1.19	0.83	2.20	0.45	2.36	-1.83	0.86	1.14	-1.01	-1.82	0.21	0.77	2.88
Fund 2015	1.56	1.70	-0.10	1.90	-0.74	-0.78	1.02	-0.76	-0.67	4.15	-0.17	0.26	7.50

#### Fees (% incl. VAT)

Annual wrap fee	0.57
Underlying Manager TER's	0.93

\* 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 final quarter of 2017 saw broad-based gains in global purchasing manager and confidence indices, pointing to double digit earnings growth over the coming quarters in key developing economies, helping to allay market concerns about stretched equity market valuations. Also, the US Congress passed the much anticipated tax reforms, which should boost US economic growth in 2018. The tax legislation will have a positive impact in the near- to-medium term, but the price tag casts a shadow over the longer-run benefit.

The MSCI World index delivered 5.14% in dollar during the quarter. The MSCI Emerging Markets (EM) index outperformed its developed market counterpart, delivering 7.09% in dollar during the quarter. Global bonds delivered 1.03% in dollar, while emerging markets delivered -0.32% in dollar. In contrast, global inflation-linked bonds rallied some 2.85% in dollar, outperforming nominal global bonds. Listed global property benefitted the most from the Fed's dovish inflation outlook to yield some 3.82% in dollar.

In South Africa, S&P Global Ratings downgraded the country's sovereign debt to sub-investment grade and Moody's placed the country on review for a downgrade. The rand recorded a weak point of around R14.55 against the dollar in mid-November. Notwithstanding expectations of a weaker rand following the ratings downgrade, the rand gained on the back of a weaker US dollar and expectations that Cyril Ramaphosa was set to win the ANC Presidency in December.

The general risk-on environment over the quarter saw the ALSI deliver 7.44% in rand, where financials buoyed market returns with the FINI 15 returning some 19.23% in rand. December witnessed a scandal out of one of South Africa's most important global companies. The specific nature of the irregularities at Steinhoff still remains a matter of speculation. Steinhoff's fall from grace saw its share value drop nearly 90% in a week. In the run up to the ratings review the ALBI YTM sold off 7.37% during the first two months of the quarter. But this move was largely reversed soon after and the bond market had a strong rally into the year-end on the back of the ANC elective conference outcome and the market largely anticipating the negative stance of the ratings agencies. Over the quarter, the ALBI delivered some 2.22% in rand, underperforming SA listed property, which yielded 8.32% in rand. Inflation-linked bonds marginally underperformed its nominal counterparts, delivering 1.52% in rand.

The global growth outlook remains positive despite geopolitical risks. Confidence indices in a number of developed countries have reached their highest levels since the global financial crisis. The domestic economic growth outlook remains subdued but positive, with both consumer and business confidence remaining low given the political uncertainty. It seems likely that 2018 is likely to be another challenging year for investors and we remain committed to constructing portfolios robust enough to weather potential challenges.

### 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.

### Manager Information

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