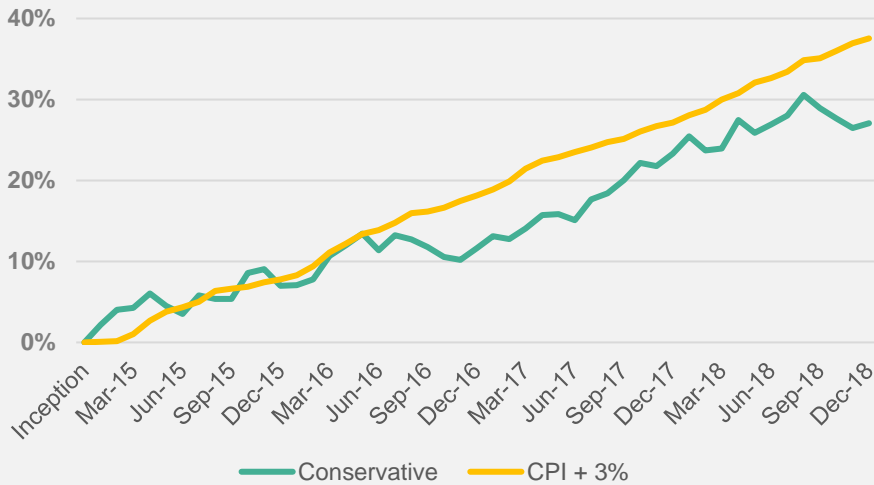


Sasfin Wealth | ETF Range

Conservative ETF Strategy

PORTFOLIO PERFORMANCE

Q4 DECEMBER 2018



PORTFOLIO FACTS

Sector: Global – Balanced

Benchmark: CPI + 3%

Regulation 28 compliant: Yes

Inception date: 1 January 2015

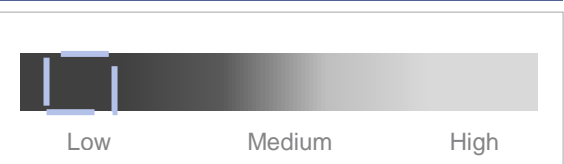
Investment Objective:

To achieve the benchmark return while maintaining an overall market position that is defensive. The benchmark is CPI + 3% over a 3 year rolling basis. Optimal asset allocation is determined using sophisticated loss aversion statistical modelling.

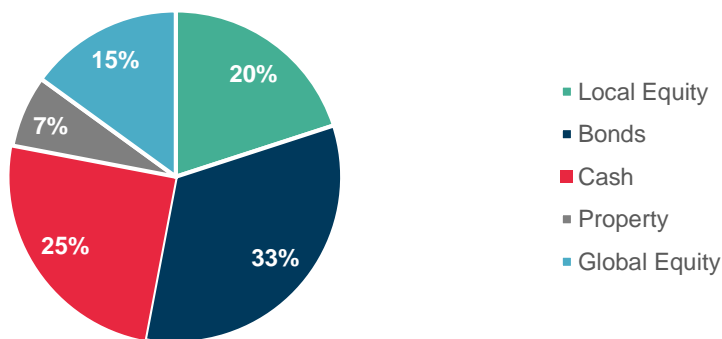
PORTFOLIO ANALYSIS

	Conservative	CPI + 3%
1 month	0.47%	0.42%
3 months	-1.43%	1.83%
6 months	0.12%	3.70%
1 year	3.05%	8.18%
2 years	6.71%	7.90%

RISK PROFILE



ASSET ALLOCATION



FEEES

Total Expense Ratio (TER)	0.77%
Transaction costs (TC)	0.08%
Total Investment Charge (TIC)	0.85%

TOP 5 HOLDINGS

NewFunds TRACI 3 Month ETF	25.00%
NewFunds GOVI ETF	16.25%
NewFunds ILBI ETF	16.25%
Satrix INDI ETF	8.00%
iShares Core S&P 500	7.50%

PORTFOLIO PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2015	2.15%	1.82%	0.24%	1.72%	-1.46%	-0.94%	2.18%	-0.38%	0.01%	3.01%	0.43%	-1.87%	7.00%
2016	0.06%	0.68%	2.68%	1.21%	1.27%	-1.81%	1.67%	-0.47%	-0.83%	-1.09%	-0.33%	1.28%	4.31%
2017	1.35%	-0.30%	1.15%	1.45%	0.12%	-0.67%	2.23%	0.63%	1.39%	1.77%	-0.32%	1.27%	10.49%
2018	1.72%	-1.39%	0.20%	2.83%	-1.23%	0.83%	0.85%	2.00%	-1.26%	-0.98%	-0.92%	0.47%	3.05%

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Market commentary

South Africa: The quarter started with a somewhat surprising move by the SARB to increase the repo rate by 25 basis-points to 6.75%. Reserve Bank Governor Lesetja Kganyago suggested that the Bank had the choice of either holding off hiking rates now or being pre-emptive in an attempt to reduce inflationary expectations. Then the ABSA manufacturing PMI reached a 15-month low of 42.4 in October, we saw weaker than expected tourist accommodation occupancy and a larger than expected current account deficit in Q3 of 3.5% which all weighed negatively on the market. On the positive side, the South African economy rebounded in Q3 as the GDP expanded by 2.2% vs consensus of 1.6%. S&P Global credit ratings agency left South Africa's local and foreign currency ratings unchanged. But the JSE All Share still lost 5.3% during the quarter, despite adding 4.1% during the month of December. Industrials lost 7.0% following a 30% decline in British American Tobacco while Resources (-4.5%) pulled back following a 38.0% decline in the price of Brent crude oil which ended the quarter on \$53.80.

International: The U.S started the quarter on the right foot as its economy grew faster than expected with a YoY increase of 3.5% in Q3'18. Consumer spending also had its strongest showing in almost four years, increasing by 4.0%. This was followed with stronger than expected jobs numbers as well as third quarter corporate earnings rising by more than 25% YoY. However, in December markets moved sharply lower following the FOMC decision to increase interest rates by 25 basis points, as expected, but unexpectedly lowered its economic growth projections for 2019 from 2.5% to 2.3%. Furthermore, markets had to deal with a U.S government shutdown from the 22nd December as Congress refused to grant President Trump the necessary funding to build his border wall. This resulted in the S&P 500 (-14.0%), Dow Jones (-11.8%) and Nasdaq (-17.5%) to move significantly lower.

In contrast to the U.S, Europe started the quarter on the back foot as economic activity in the Eurozone slowed, recording its softest expansion numbers in four years, while Germany and Italy's economies unexpectedly contracted during the third quarter. On a more optimistic note, the ECB decided it will cease its quantitative easing (QE), all the major EU banks passed the annual stress tests and Italy lowered its budget deficit forecast from 2.40% of GDP to 2.04%. These positives weren't enough to buoy markets as the Euro Stoxx 600 (-13.2%), German Dax (-13.8%), France CAC (-13.9%), Spain's IBEX (-9.1%), FTSE Italy (-11.5%) and FTSE 100 (-10.4%) all ended the quarter lower.

Strategy

This strategy has a healthy exposure to bonds which continue to remain resilient over the long term. However, very weak local and global equity markets have resulted in a negative quarter. For the strategy to track back in line with its long-term CPI plus target over the longer term, risk assets like equity need to revert back to their long term mean performance over time.

We continue to be comfortable with the portfolio's positioning to provide consistent long-term returns in line with its objective.

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Disclaimer

This fact sheet has been prepared by Sasfin Wealth Investment Platform (PTY) Ltd (SWIP), an authorised Financial Services Provider, FSP no. 45334, in terms of the Financial Advisory and Intermediary Services Act 37 of 2002 and a member of Sasfin Wealth; Physical Address - 29 Scott Street Waverley, Johannesburg, 2090 - Telephone. +27 11 809 7500.

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The reported strategy return includes a theoretical component calculation for the period from January 2015 to May 2016. Performance is based on the standard portfolio including physical offshore exposure. Clients invested in the limited portfolio or holding local ETF's instead of offshore ETF's may experience different performance returns. Returns have been calculated using the most accurate sources available and while every effort is taken to ensure the accuracy of the information contained herein, Sasfin Wealth shall not be liable for any errors, omissions or changes and disclaims any responsibility for any action which may be taken based on such information.