

31 October 2018

TVC Wealth Cautious

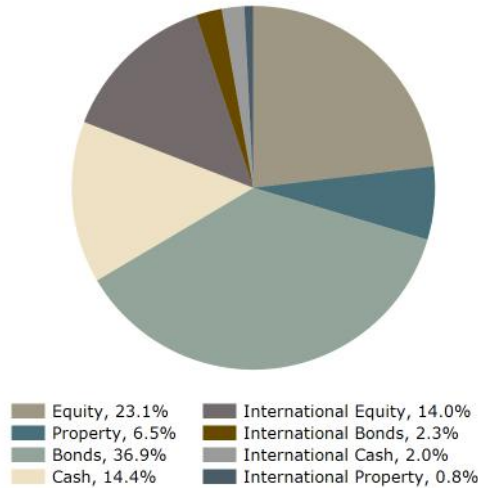
Fund Details

Fund Category	SA Multi Asset Low Equity
Benchmark	Avg SA Multi Asset Low Equity
Risk Profile	Cautious
Investment period	3 years
Launch Date	01 November 2017
Fund Size	R 0

Fund Objective

The wrap fund aims to provide investors with stable income and a high level of capital stability. The probability of capital loss over the medium to long term is low. The fund will consist primarily of income orientated assets with a below average exposure to equities (maximum of 40%). Investors in this fund should have a minimum investment horizon of 3 years. The fund is compliant with Regulation 28 of the Pension Funds Act, 1956.

Asset Allocation

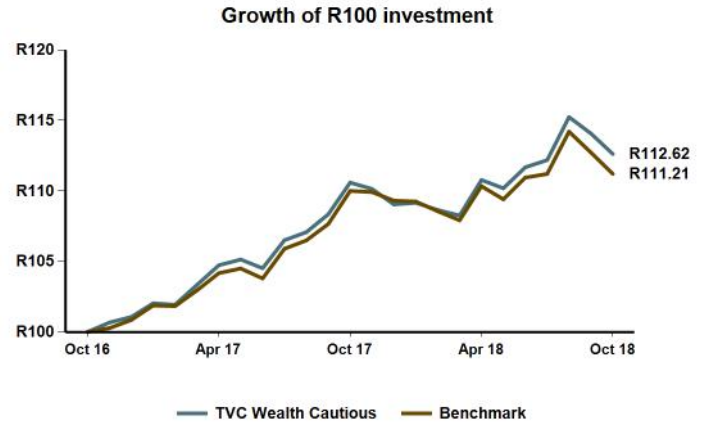


Investor Profile

This fund is suitable for investors looking for:

- Stable income and a high level of capital stability
- Low probability of capital loss over the medium to long term
- A minimum investment horizon of 3 years

Cumulative performance - 2 years *



Performance (%)	Fund*	Benchmark
1 Month	-1.27	-1.34
3 Months	0.39	0.00
6 Months	1.66	0.79
1 Year	1.83	1.10
2 Years (annualised)	6.12	5.46
Since Launch	1.83	1.10

Risk statistics (2 years)	Fund*
Returns (annualised)	6.12%
Standard deviation (annualised)	3.87%
% Positive months	62.50%
Maximum drawdown	-2.27%
Sharpe ratio	-0.34

Manager Selection (%)

Coronation Strategic Income	10.00	Sanlam Multi Managed Defensive FoF	10.00
Investec Opportunity	10.00	Satrix Low Equity	10.00
Matrix Defensive Balanced	10.00	SIM Active Income	10.00
Nedgroup Opportunity	12.00	SIM Inflation Plus	10.00
PSG Flexible	15.00	SMM Property	3.00

Monthly Fund Performance* (%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2018	0.11	-0.47	-0.36	2.33	-0.53	1.35	0.46	2.72	-1.01	-1.27			3.28
Fund 2017	0.96	-0.10	1.38	1.35	0.39	-0.59	1.90	0.53	1.18	2.08	-0.41	-1.00	7.89
Fund 2016											0.67	0.40	1.07

Fees (% incl. VAT)

Annual wrap fee	0.40
Underlying Manager TER's	0.95

* The simulated analysis before launch date was created using Morningstar and is for illustrative purposes only. It provides an indication of hypothetical past performance given historic asset and manager allocation, and cannot be construed as providing an indication of expected future performance. 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 IMF highlighted that the world economy is plateauing as the lender cut its growth forecast for the first time in more than two years, citing escalating trade tensions and stresses in emerging markets. Investors have continued to overhaul their expectations for the US economy and the prospects for interest rate tightening after the dramatic sell-off on global sovereign debt markets early in October. Also, the sharpness of the bond sell-off has rattled equity investors. As such, global equities were hit by a heavy bout of selling, as participants continued to focus on the recent jump in global bond yields. Locally, the underlying economic conditions remain weak, with consumers under pressure from rising inflation and high unemployment, and businesses still grappling with weak demand conditions and a difficult policy environment. Also, the October MTBPS did not address fiscal slippage, and did little to convince investors that the stimulus package would materially drive short-term growth prospects.

Developed market equities were hurt by expectations of lower earnings as trade tensions escalated in October. Technology stocks were at the forefront of the selling. As such, the MSCI World index delivered some -3.32% in rands. Emerging market equities came under significant pressure, which reversed their outperformance of most of the past two years. The MSCI EM index underperformed their developed market counterpart delivering some -4.73% in rands. As developed market bond yields backed higher during the month, the JP Morgan Global Aggregate delivered some 3.12% in rands. Furthermore, emerging market bonds underperformed their developed counterparts delivering some 2.15% in rands. Given the rout in risk assets during October, the rand depreciated some 4.16% relative to the dollar.

Local equities came under pressure in October, hurt by economic weakness and rising global risk aversion. The weak economy translated into poor earnings prospects, pressuring financial and industrial stocks. The recent weakness in dominant Naspers due to a sell-off in Tencent also hurt the overall market. As such, the ALSI declined some -5.76% in rands. Longer dated bonds yields rose during October, largely on the back of the MTBPS. Also, bond yields were driven by movements in the rand, with currency weakness driving yields mostly higher. As such, the ALBI delivered some -1.71% in rands. Inflation-linked bonds outperformed their sovereign counterparts in October. Furthermore, the month presented a favourable inflation uplift as the lagged CPI prints generated 0.64% in rands. Given rising bond yields and equity market weakness, the listed property market also sold off. As such, the SAPY index delivered some -1.69% in rands. Money market rates were largely unchanged through October, and cash delivered some 0.59% in rands.

Portfolio Manager



Stephan Venter

BCom Accounting
BCompt (Hons) CTA
BCom (Hons) in Financial
Analysis and Portfolio
Management

About the Portfolio Manager

Stephan joined Sanlam Investments as a Portfolio Manager in November 2015, he has 10 years' experience in financial markets and the financial services industry and is currently working under supervision. He started his career at Deloitte and completed his articles at the Deloitte Cape Town office in 2008 as part of the FIST division focussing mostly on pension funds and asset management clients.

Post articles he traded mostly risk currencies and single stock futures. In 2011 he enrolled at UCT for a second honours degree to further enhance his investment knowledge in the field of financial analysis and portfolio management. During 2012-2013 he lectured financial management, alternative investments and portfolio management at Stellenbosch University. The last 2 years he was part of the Discovery Invest Investment Specialist team advising on constructing retail client portfolios.

Manager Information

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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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