

# SMARTACTIVE MODERATE PORTFOLIO | NOVEMBER 2017



## ABOUT THE PORTFOLIO

The SmartActive Moderate Fund is targeted at institutional clients seeking a medium risk market-linked portfolio with a dual focus on both strong returns and capital preservation. The Fund maintains a strategic 53% allocation to equities (domestic and international), with the balance invested in fixed interest instruments and alternative asset classes. 22% of the Fund is invested internationally. The portfolio operates on a multi-manager basis, using both actively and passively managed underlying portfolios, with the majority of the portfolios actively managed with the objective to outperform their respective benchmarks. A tactical asset allocation overlay is applied. This mandate is ideally suited as a low to medium risk investment for retirement funds, as well as a medium risk investment option for funds offering their members investment choice options. The objective of the fund is to outperform CPI + 4% per annum over a time horizon of 3 to 5 years.

## MONTHLY ECONOMIC COMMENTARY

Global markets started the month weaker, on lower commodity prices following concerns over the slowing growth in China. Equities fell sharply in the region, following the introduction of tighter regulation around corporate borrowing. In the US, the Fed signalled it is poised to raise interest rates again in December, despite low inflation. However, all was forgotten by month-end when both the S&P500 and the Nasdaq Composite hit new highs on stronger US earnings reports, prospects of US tax reforms, synchronised global growth and widespread expectations of continuing benign inflation.

The ultra-low interest rates in developed economies meant that the search for yield in emerging markets continued unabated. The US economy continued upwards, with US GDP growth coming in at 3.3% for the quarter. Even though China's short term indicators point to a slowdown, the economy grew by 6.8% year-on-year to September. Economic data from the eurozone continues to beat expectations, with GDP growing by 2.5% year-on-year to the end of September. More importantly, most short-term indicators remain positive.

In South Africa, S&P downgraded our local currency government debt to junk, while Moody's kept its rating unchanged for another three months. If Moody's downgrades our debt, South Africa will be excluded from the

Citibank's World Government Bond Index, which will lead to between US\$8 billion and US\$10 billion in expected outflows. Despite this, the rand strengthened, driven largely by an expectation that Cyril Ramaphosa is leading in the race for the ANC Presidency, as well as a weaker US dollar.

Unemployment stayed at 27.7% in the third quarter, business confidence remained at record lows and inflation came in at 4.8% year-on-year. On the fiscal front, the government announced it is looking to implement R30 billion in tax hikes and more than R50 billion of spending cuts in 2018 as it struggles to stabilise the ballooning public debt ratio.

Oil prices rose to their highest levels in more than two years, supported by rising global demand and expectations that OPEC, and other major oil producers, will extend the production cut deal for another nine months.

The JSE Capped SWIX Index returned 2.5%, with Resources, Financials and Industrials delivering -1.5%, 5.9% and 1.6% respectively. The JSE All Bond Index declined by -1.0%, while the rand strengthened by 3.3% relative to the US dollar.

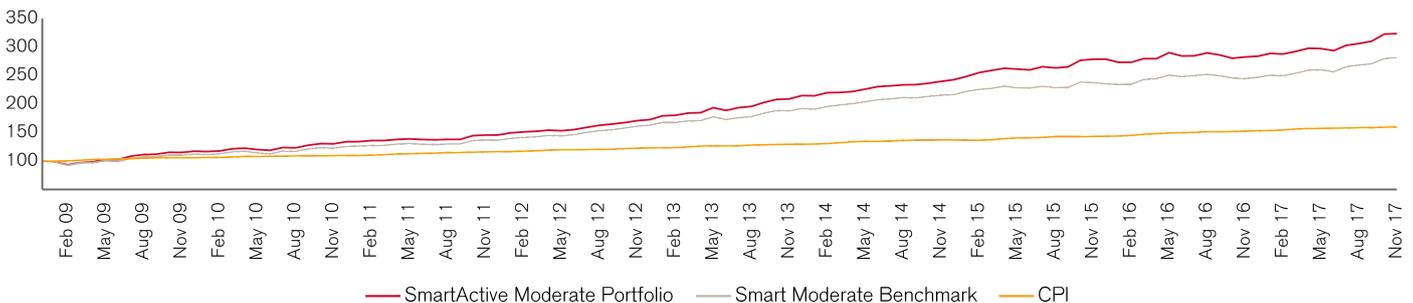
## STRATEGIC BENCHMARK

The strategic benchmark of the moderate fund is 36.1% SWIX, 2.5% SA Listed Property, 19% ALBI, 10.2% STeFI, 10% CPI, 15.9% MSCI All Country Index, 5.3% Barclays Global Aggregate Bond Index, 1% FTSE All Africa ex SA 30.

## INCEPTION

10 November 2011

## CUMULATIVE PERFORMANCE



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## PERFORMANCE TO 30 NOVEMBER 2017

YEAR*	FUND	BENCHMARK	OUTPERFORMANCE
2012	18.6%	19.4%	-0.8%
2013	24.3%	17.9%	6.4%
2014	13.0%	12.7%	0.3%
2015	14.9%	8.8%	6.1%
2016	1.8%	4.9%	-3.0%
PERIOD*	FUND	BENCHMARK	OUTPERFORMANCE
1 Month	0.2%	0.7%	-0.5%
3 Months	5.6%	5.0%	0.7%
6 Months	8.8%	8.3%	0.6%
Year to Date	14.0%	14.0%	-0.1%
1 Year	14.5%	15.1%	-0.6%
3 Years	10.5%	9.3%	1.2%
5 Years	13.6%	11.8%	1.8%

\*Returns for periods greater than one year have been annualised. Returns prior to inception are simulated returns based on reasonable assumptions using similar strategies managed by Sygnia.

## RISK STATISTICS

	FUND	BENCHMARK
Standard Deviation	5.6%	5.1%
Downside Deviation	3.0%	2.3%
% Positive Months	76.7%	73.3%
% Negative Months	23.3%	26.7%
Average Positive Month	1.7%	1.6%
Average Negative Month	-1.0%	-0.9%
Average Return	1.1%	0.9%
Best Month	4.7%	4.2%
Worst Month	-2.5%	-2.7%
Largest Drawdown	-3.4%	-3.0%

## GLOSSARY

### Standard Deviation

It is a statistical measure reflecting the variability of returns. The higher the number, the less predictable the returns can be expected to be in the future.

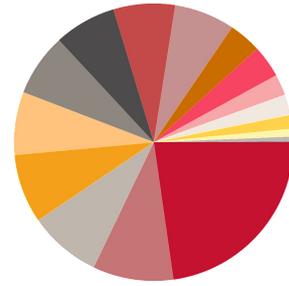
### Downside Deviation

A similar measure to the standard deviation except that it only considers months in which there are negative returns.

### Maximum Drawdown

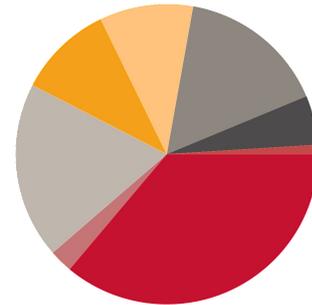
Calculates the worst historical loss in value from previous peak to subsequent trough.

## MANAGER ALLOCATION



■ Sygnia (Int) - 22.7%	■ Absolute FoHFs - 3.7%
■ Coronation (Bond) - 9.3%	■ Sygnia (PRO) - 2.5%
■ Investec (MM) - 8.4%	■ Sygnia (Bond) - 2.4%
■ Taquanta (MM) - 8.1%	■ Absa (PRO) - 1.6%
■ Steyn (EQ) - 7.3%	■ Africa Cash - 0.9%
■ Fairtree (EQ) - 7.3%	■ Cash - 0.6%
■ Sygnia (SWIX) - 7.2%	■ Sygnia (Africa) - 0.1%
■ Bateleur (EQ) - 7.1%	
■ Investec (EQ) - 7.0%	
■ Signature FoHFs - 3.8%	

## STRATEGIC ASSET ALLOCATION



■ SA Equities - 36.1%	■ Int. Equities - 15.9%
■ SA Properties - 2.5%	■ Int. Bonds - 5.3%
■ SA Fixed Interest - 19.0%	■ Africa Equity - 1.0%
■ SA Money Market - 10.2%	
■ SA Hedge Funds - 10.0%	

## MONTHLY PERFORMANCE FIGURES

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2013	3.8%	0.5%	2.1%	0.4%	4.7%	-2.5%	2.6%	1.1%	3.6%	2.6%	0.4%	2.8%	24.3%
2014	-0.2%	2.6%	0.2%	0.8%	1.9%	2.0%	0.6%	0.7%	0.1%	1.1%	1.4%	1.2%	13.0%
2015	2.4%	2.7%	1.5%	1.4%	-0.5%	-0.5%	2.1%	-0.8%	0.6%	4.4%	0.6%	0.1%	14.9%
2016	-1.9%	-0.1%	2.4%	0.0%	3.8%	-2.0%	0.1%	1.8%	-1.2%	-2.0%	0.8%	0.4%	1.8%
2017	1.8%	-0.4%	1.6%	1.9%	-0.2%	-1.2%	3.1%	1.1%	1.3%	4.1%	0.2%		14.0%

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The returns of the policy are market linked and are not guaranteed. The market value of the policy will therefore fluctuate, and past performance is not necessarily a guide to future performance. The investments referred to in this document are generally medium-to-long term investments. Fluctuations or movements in exchange rates may cause the value of the underlying international investments to increase or decrease. Commission and incentives may be paid and, if so, would be included in the overall costs. Life funds are offered under the life licence of Sygnia Life Limited (a registered long-term insurer) and are administered by Sygnia Life Limited and Sygnia Asset Management (Pty) Limited (a registered financial services provider).

To the extent that the fund invested in hedge funds this may result in unique and/or additional risks.



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