

# SMARTACTIVE AGGRESSIVE PORTFOLIO | DECEMBER 2017



## ABOUT THE PORTFOLIO

The SmartActive Aggressive Fund is targeted at institutional clients seeking a higher risk market-linked portfolio with strong focus on maximisation of returns. The Fund maintains a strategic 70% allocation to equities (domestic and international), with the balance invested in fixed interest instruments and alternative asset classes. 25% 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 higher risk investment for retirement funds, as well as a more aggressive investment option for funds offering their members investment choice options. The objective of the fund is to outperform CPI + 5% per annum over a time horizon of at least 5 years.

## MONTHLY ECONOMIC COMMENTARY

Market volatility in December was largely driven by the uncertainty surrounding US tax cuts and the length of quantitative easing programmes run by central banks. South Africa's markets reeled from the revelations of massive fraud at Steinhoff International, and from a strengthening rand which pulled down rand hedges. Month-end saw some uncertainty dissipate as the US adopted a bill overhauling its tax code and cutting corporate tax rates from 35% to 21%, with more modest reductions for individual taxpayers.

The US economy continued to perform in line with expectations, with the unemployment rate at a 17-year low of 4.1%. As expected, the US Fed raised interest rates to the range of 1.25% to 1.5%, but left its outlook of three further rate increases in 2018 and 2019 unchanged. US GDP growth is expected to come in at 2.5% in 2018, slowing to 2.1% in 2019.

Business activity in the eurozone revved higher in December, led by strong factory output and an upturn in the service sector. The unemployment rate dropped to 8.8% in October, the lowest level since 2009. The ECB revised its growth and inflation forecasts upwards, but stuck to its pledge to provide stimulus for as long as needed and kept interest rates steady.

Brent crude, the global oil benchmark, rose to over US\$67 a barrel on supply constraints.

The S&P500 set a new record in 2017, by delivering positive returns every month of the year, a feat not recorded since records started in 1928.

Bitcoin gained new legitimacy with the launch of Bitcoin futures on both the Chicago Mercantile and Chicago Board Options Exchanges, while Nasdaq announced it planned to offer the same next year.

In South Africa, the strong rand can be attributed to Cyril Ramaphosa winning the ANC Presidency, and a number of high profile court rulings against President Jacob Zuma. On the economic front, GDP growth came in at an annualised 2.0% in the third quarter, business confidence improved and inflation fell to 4.6% year-on-year. Also, the National Energy Regulator granted Eskom a 5.23% tariff increase for the 2018/2019 financial year, instead of the 19.9% it had requested.

The FTSE/JSE Capped SWIX Index climbed by 0.9%, with Resources down 1.1%. The JSE All Bond Index rose by 5.7%, while the rand strengthened by 9.4% relative to the US dollar.

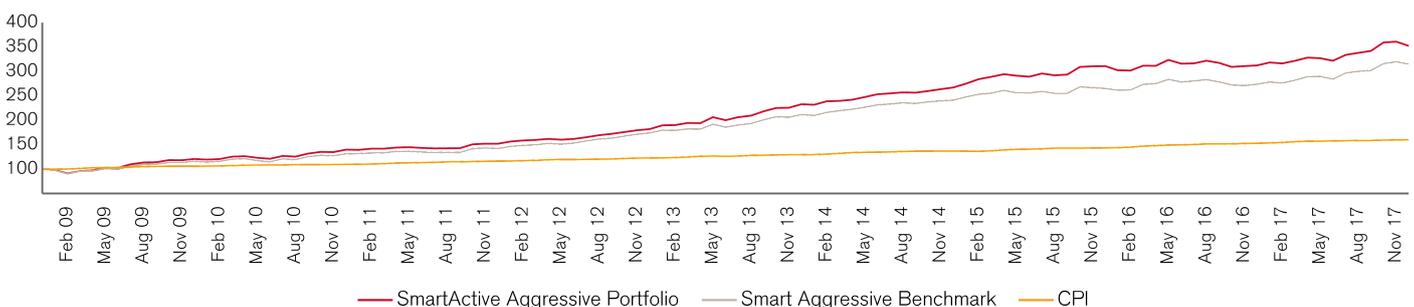
## STRATEGIC BENCHMARK

The strategic benchmark of the aggressive fund is 51% SWIX, 2.5% SA Listed Property, 9% ALBI, 2.5% STeFI, 10% CPI, 18% MSCI All Country Index, 6% Barclays Global Aggregate Bond Index, 1% FTSE All Africa ex SA 30.

## INCEPTION

28 October 2014

## CUMULATIVE PERFORMANCE



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## PERFORMANCE TO 31 DECEMBER 2017

YEAR*	FUND	BENCHMARK	OUTPERFORMANCE
2012	19.8%	22.3%	-2.6%
2013	28.0%	21.7%	6.3%
2014	14.7%	13.8%	0.9%
2015	16.4%	9.9%	6.5%
2016	0.4%	3.3%	-2.8%
2017	12.8%	15.1%	-2.3%
PERIOD*	FUND	BENCHMARK	OUTPERFORMANCE
1 Month	-2.4%	-1.5%	-0.9%
3 Months	3.0%	4.3%	-1.3%
6 Months	9.4%	10.8%	-1.4%
Year to Date	12.8%	15.1%	-2.3%
1 Year	12.8%	15.1%	-2.3%
3 Years	9.7%	9.3%	0.3%
5 Years	14.1%	12.6%	1.5%

\*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	7.1%	6.8%
Downside Deviation	3.5%	2.9%
% Positive Months	71.7%	66.7%
% Negative Months	28.3%	33.3%
Average Positive Month	2.1%	2.1%
Average Negative Month	-1.3%	-1.1%
Average Return	1.1%	1.0%
Best Month	6.4%	5.5%
Worst Month	-3.0%	-3.2%
Largest Drawdown	-4.4%	-4.5%

## 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.

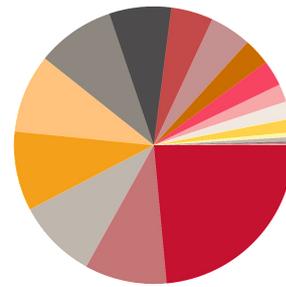
### Downside Deviation

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

### Maximum Drawdown

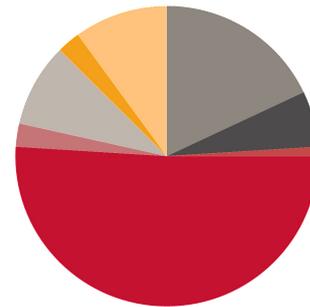
Calculates the worst historical loss in value from previous peak to subsequent trough.

## MANAGER ALLOCATION



■ Sygnia (Int) - 23.5%	■ Realignment Portfolio - 3.0%
■ Sygnia (SWIX) - 9.5%	■ Sygnia (Bond) - 2.1%
■ Steyn (EQ) - 9.3%	■ Absa (PRO) - 2.0%
■ Fairtree (EQ) - 9.3%	■ TAA - 1.6%
■ Investec (EQ) - 9.2%	■ Investec (MM) - 0.5%
■ Bateleur (EQ) - 9.1%	■ Taquanta (MM) - 0.5%
■ Coronation (Bond) - 7.2%	■ Africa Cash - 0.2%
■ Signature FoHFs - 4.9%	■ Sygnia (Africa) - 0.2%
■ All Star FoHFs - 4.8%	■ Cash - 0.1%
■ Sygnia (PRO) - 3.1%	

## STRATEGIC ASSET ALLOCATION



■ SA Equities - 51.0%	■ Int. Equities - 18.0%
■ SA Properties - 2.5%	■ Int. Bonds - 6.0%
■ SA Fixed Interest - 9.0%	■ Africa Equity - 1.0%
■ SA Money Market - 2.5%	
■ SA Hedge Funds - 10.0%	

## MONTHLY PERFORMANCE FIGURES

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2013	4.2%	0.2%	2.3%	-0.2%	6.4%	-3.0%	3.1%	1.5%	4.3%	3.1%	0.2%	3.2%	28.0%
2014	-0.5%	3.1%	0.3%	1.0%	2.2%	2.3%	0.7%	0.8%	-0.2%	1.3%	1.5%	1.3%	14.7%
2015	2.9%	3.3%	1.7%	1.9%	-1.0%	-0.7%	2.3%	-1.3%	0.5%	5.3%	0.4%	0.2%	16.4%
2016	-2.8%	-0.2%	3.3%	-0.1%	3.9%	-2.3%	0.2%	1.7%	-1.4%	-2.6%	0.5%	0.5%	0.4%
2017	1.9%	-0.6%	1.7%	2.0%	-0.4%	-1.6%	3.7%	1.3%	1.2%	5.1%	0.5%	-2.4%	12.8%

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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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THE SUM OF ALL THINGS