

SMARTPASSIVE CONSERVATIVE PORTFOLIO | JANUARY 2018



ABOUT THE PORTFOLIO

The SmartPassive Conservative Fund is targeted at institutional clients seeking a low risk market-linked portfolio with dual focus on both strong returns and capital preservation. The Fund maintains a strategic 40% allocation to equities (domestic and international), with the balance invested in fixed interest instruments and alternative asset classes. There is a strategic allocation of 20% to offshore assets. The portfolio operates on a multi manager basis, using both actively and passively managed underlying portfolios, with the majority of the portfolios passively managed with the objective of achieving returns in line with their respective index benchmark. A tactical asset allocation overlay is applied based on prevailing market conditions. The objective of the fund is to outperform CPI + 3% per annum over a time horizon of 1 to 3 years. This mandate is ideally suited as a conservative investment for retirement funds, as well as a low risk investment option for funds offering their members investment choice options.

MONTHLY ECONOMIC COMMENTARY

The year commenced in an exuberant mood, with equity markets fuelled by synchronised strong global growth forecasts for 2018 and US legislation introducing tax cuts. Sentiment was helped by news that North Korea had offered an olive branch to South Korea, reducing some geopolitical risk. On a negative note, concerns about US protectionism featured high on the agenda of the World Economic Forum in Davos.

At the same time investors are watching for any signs of withdrawal of stimulus measures. This translated into a wave of bond selling since the Bank of Japan trimmed its purchases of longer-dated bonds. The eurozone, emerging markets and Japan remain the preferred investment destinations.

Sentiment towards the US dollar remained fragile after politicians supported a weak local currency, stating it is good for trade. The low exchange rate propped up dollar commodity prices, in particular gold and oil which broke through the US\$70 a barrel level.

In the US, most economic indicators continue to point to strong growth in 2018. At the same time, preliminary estimates indicate that the eurozone's economy grew by 2.5% last year, marginally ahead of the 2.3% expected for the US.

With consumer and business confidence at record highs and unemployment at a nine year low, the eurozone is set for a bumper 2018. China's economic growth for 2017 came in at 6.9%, higher than the government target of 6.5%.

In South Africa, the rand staged a valiant recovery, falling below R12/US\$1 for the first time in two-and-a-half years. Responsible for this is the political optimism about South Africa's prospects following the election of Cyril Ramaphosa as the President of the ANC, and US dollar weakness. Ramaphosa's rapid action against corruption, particularly at Eskom, combined with a powerful presence on the Davos stage, has done plenty to improve South Africa's image in the eyes of international investors.

The consumer price index rose by 4.7% year-on-year in December, mostly on the back of higher fuel prices. Other economic indicators, however, remained weak. The Reserve Bank kept interest rates unchanged but revised its GDP forecasts upwards to 0.9% growth in 2017 and 1.4% in 2018.

The FTSE Capped SWIX Index was down 0.4%, the JSE All Bond Index rose by 1.9% and the rand strengthened against the US dollar by 4.1%.

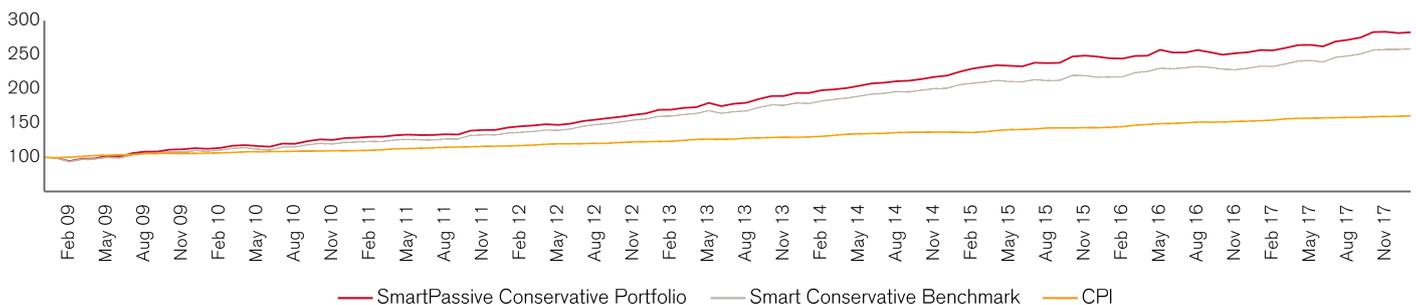
STRATEGIC BENCHMARK

The strategic benchmark of the conservative fund is 24% SWIX, 2.5% SA Listed Property, 28% ALBI, 14.5% STeFI, 10% CPI, 15% MSCI All Country Index, 5% Barclays Global Aggregate Bond Index, 1% FTSE All Africa ex SA 30

INCEPTION

07 August 2014

CUMULATIVE PERFORMANCE



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PERFORMANCE TO 31 JANUARY 2018

YEAR*	FUND	BENCHMARK	OUTPERFORMANCE
2012	17.2%	17.6%	-0.4%
2013	18.2%	15.0%	3.2%
2014	13.1%	12.0%	1.1%
2015	12.6%	8.0%	4.7%
2016	2.6%	6.1%	-3.5%
2017	11.1%	11.9%	-0.9%
PERIOD*	FUND	BENCHMARK	OUTPERFORMANCE
1 Month	0.4%	0.3%	0.1%
3 Months	-0.1%	0.7%	-0.8%
6 Months	5.0%	5.0%	0.0%
Year to Date	0.4%	0.3%	0.1%
1 Year	10.1%	10.9%	-0.7%
3 Years	7.9%	7.8%	0.1%
5 Years	10.8%	10.1%	0.7%

*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	4.6%	4.0%
Downside Deviation	2.5%	2.1%
% Positive Months	75.0%	75.0%
% Negative Months	25.0%	25.0%
Average Positive Month	1.4%	1.3%
Average Negative Month	-0.8%	-0.6%
Average Return	0.9%	0.8%
Best Month	3.8%	3.4%
Worst Month	-2.6%	-2.4%
Largest Drawdown	-2.8%	-2.4%

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.

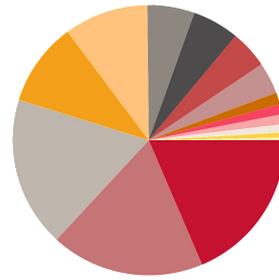
Downside Deviation

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

Maximum Drawdown

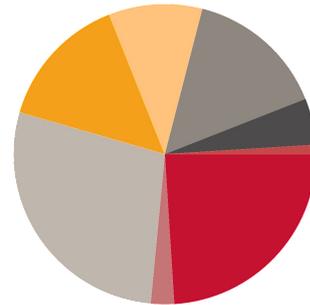
Calculates the worst historical loss in value from previous peak to subsequent trough.

MANAGER ALLOCATION



Sygnia (SWIX) - 18.6%	Investec (EQ) - 1.2%
Sygnia (Int) - 18.2%	Bateleur (EQ) - 1.2%
Sygnia (Bond) - 18.0%	Steyn (EQ) - 1.0%
Taquanta (MM) - 10.0%	Cash - 0.6%
Investec (MM) - 10.0%	STFI Seg - 0.3%
Signature FoHFs - 5.6%	
Absolute FoHFs - 5.6%	
Coronation (Bond) - 4.5%	
Sygnia (PRO) - 3.8%	
Fairtree (EQ) - 1.4%	

STRATEGIC ASSET ALLOCATION



SA Equities - 24.0%	Int. Equities - 15.0%
SA Properties - 2.5%	Int. Bonds - 5.0%
SA Fixed Interest - 28.0%	Africa Equity - 1.0%
SA Money Market - 14.5%	
SA Hedge Funds - 10.0%	

MONTHLY PERFORMANCE FIGURES

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2014	0.0%	2.1%	0.6%	1.0%	1.6%	1.7%	0.6%	1.0%	0.4%	1.1%	1.4%	0.9%	13.1%
2015	2.5%	2.0%	1.3%	1.0%	-0.3%	-0.4%	2.3%	-0.3%	0.2%	3.8%	0.6%	-0.6%	12.6%
2016	-1.0%	-0.2%	1.6%	0.2%	3.4%	-1.5%	0.0%	1.5%	-1.3%	-1.4%	0.9%	0.6%	2.6%
2017	1.3%	-0.2%	1.4%	1.6%	0.1%	-0.9%	2.7%	0.9%	1.3%	2.9%	0.1%	-0.6%	11.1%
2018	0.4%												0.4%

DISCLAIMER - SYGNIA LIFE LIMITED

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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