

# SMARTPASSIVE CONSERVATIVE PORTFOLIO | MARCH 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

March brought a sharp market correction, triggered by an escalating trade war waged by US President Donald Trump, a sell-off in technology shares, and an increase in US interest rates. The sell-off in technology stocks was caused by Facebook's data breach scandal, chip maker Nvidia's suspension of self-driving car tests after a fatal crash, Trump criticising Amazon for not paying taxes and renewed concerns about Tesla's production plans.

The past quarter delivered the worst returns in eight years, with the FTSE All World Index down 1.4%, the S&P 500 Index down 1.2%, the FTSE 100 Index down 8.0%, the Nikkei Index down 5.8% and the FTSE/JSE All Share Index down 6.0%.

The month started with the US imposing 25% tariffs on imports of steel and 10% on aluminium, prompting warnings of retaliation from other countries. By month-end, the US had imposed 25% tariffs on US\$60 billion of Chinese imports, citing violation of US intellectual property rights. Given the strong economic data and a pick-up in inflation, the US Fed increased interest rates to between 1.5% and 1.75%, while projecting two more increases for 2018. The US Fed expects a GDP growth rate of 2.7% in 2018.

On the opposite side of the spectrum, business activity in the eurozone slowed for a second month, while inflation, at 1.1% year-on-year, came in lower than expected despite a steady fall in unemployment.

Chinese economic data was a mixed bag, with the country setting a target of "around 6.5%" for 2018 economic growth. China's actual growth in 2017 came in at 6.9%, buoyed by global demand and aggressive government efforts to keep the economy stable.

In South Africa, the equity market delivered its worst quarterly performance since September 2011. This came against a backdrop of largely positive news, with Moody's retaining its investment grade rating of South Africa's debt, fourth quarter GDP growth surprising on the upside at 3.1%, manufacturing activity improving, inflation slowing to 4.0% and the Reserve Bank cutting interest rates to 6.5%.

In March, the FTSE/JSE SWIX Index delivered -5.0%, the JSE All Bond Index 2.1% and the FTSE/JSE Property Index -1.0%. The rand weakened by 0.3% relative to the US dollar.

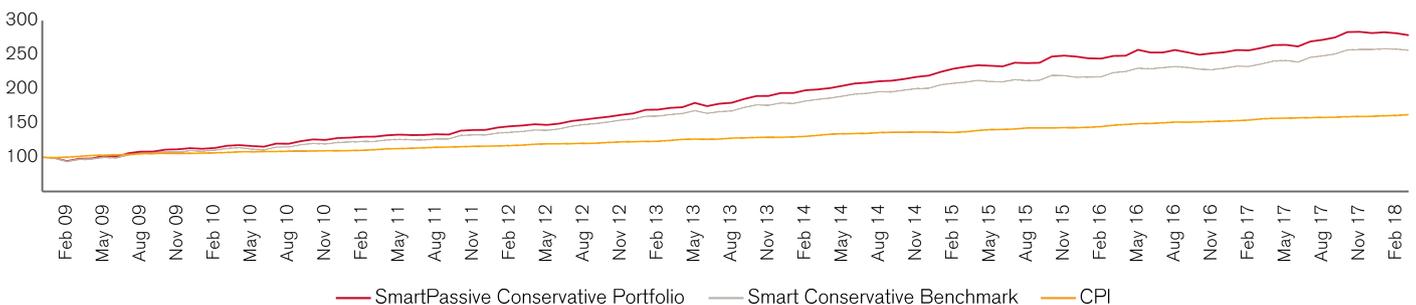
## STRATEGIC BENCHMARK

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



## PERFORMANCE TO 31 MARCH 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	-1.0%	-0.7%	-0.4%
3 Months	-1.1%	-0.5%	-0.7%
6 Months	1.2%	2.2%	-1.0%
Year to Date	-1.1%	-0.5%	-0.7%
1 Year	7.1%	8.5%	-1.3%
3 Years	6.2%	6.9%	-0.7%
5 Years	10.1%	9.5%	0.5%

\*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	4.7%	4.1%
Downside Deviation	2.3%	2.0%
% Positive Months	71.7%	71.7%
% Negative Months	28.3%	28.3%
Average Positive Month	1.4%	1.3%
Average Negative Month	-0.8%	-0.6%
Average Return	0.8%	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.

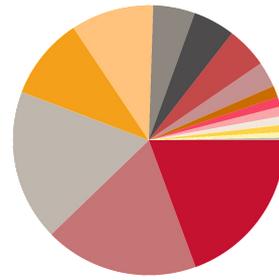
### Downside Deviation

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

### Maximum Drawdown

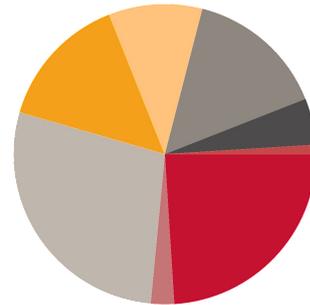
Calculates the worst historical loss in value from previous peak to subsequent trough.

## MANAGER ALLOCATION



Sygnia (Int) - 19.4%	Investec (EQ) - 1.2%
Sygnia (SWIX) - 18.3%	Bateleur (EQ) - 1.2%
Sygnia (Bond) - 18.1%	TAA - 1.0%
Taquanta (MM) - 9.8%	Steyn (EQ) - 0.9%
Investec (MM) - 9.8%	Cash - 0.6%
Absolute FoHFs - 5.0%	STFI Seg - 0.3%
Coronation (Bond) - 5.0%	
Signature FoHFs - 4.9%	
Sygnia (PRO) - 3.1%	
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%	-0.5%	-1.0%										-1.1%

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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.