

# SMARTPASSIVE CONSERVATIVE PORTFOLIO | APRIL 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

April started with another round of technology company and trade-war woes, with the S&P 500 tumbling below its 200-day moving average which is a key measure of momentum.

China retaliated against 25% tariffs proposed on Chinese goods by the US worth US\$50 billion by targeting high-value American exports, from airplanes to soybeans. In a further tit-for-tat move Trump raised the value of tariffs on Chinese goods to US\$100 billion. Although neither takes effect immediately, the dollar weakened and global stock markets fell. Markets recovered only after the US expressed willingness to negotiate.

Within a week Trump upset the markets again with a set of sanctions on Russia targeting individuals and entities connected to President Vladimir Putin. This immediately boosted commodity prices, in particular, aluminium and palladium.

On a positive note, Wall Street enjoyed a blockbuster earnings season thanks to US tax reforms, a weak US dollar and higher oil prices all playing key roles. The markets were also buoyed by optimism as North and South Korea held their first summit in over a decade.

On the economic front the US economy grew by an above-expectation annualised 2.3% in the first quarter, while consumer inflation, excluding energy and food, came in at 2.1% year-on-year in March. With inflation building up, the US Fed expects to increase interest rates three times in 2018 and 2019.

China's GDP rose by 6.8% from a year earlier in the first quarter, beating expectations. However, flagging exports and factory output may prove a drag in the coming months.

In South Africa, headline inflation came in at 3.8% year-on-year for the first quarter, driven by a decline in fuel and food prices. The IMF has revised its growth forecasts upwards to 1.5% in 2018 and 1.7% in 2019 due to the positive political changes, but warned that structural bottlenecks remain a concern.

The FTSE/JSE SWIX Index rose by 4.3%, with Resources up 9.4%, Industrials 5.8% and Financials 3.0%. The JSE All Bond Index fell by 0.7%, while the Rand weakened by 5.4% relative to the US dollar.

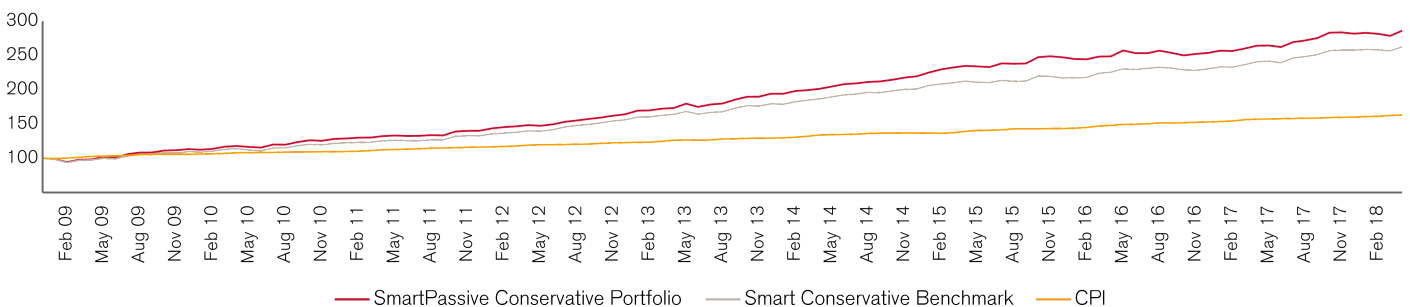
## STRATEGIC BENCHMARK

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 30 APRIL 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	2.8%	2.4%	0.4%
3 Months	1.2%	1.6%	-0.4%
6 Months	1.1%	2.2%	-1.2%
Year to Date	1.6%	1.9%	-0.3%
1 Year	8.4%	9.1%	-0.7%
3 Years	6.8%	7.3%	-0.5%
5 Years	10.5%	9.9%	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	4.8%	4.1%
Downside Deviation	2.3%	2.0%
% Positive Months	71.7%	71.7%
% Negative Months	28.3%	28.3%
Average Positive Month	1.5%	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.

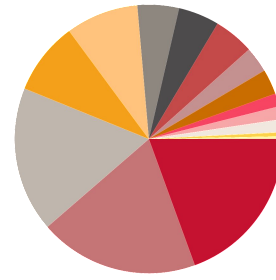
### Downside Deviation

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

### Maximum Drawdown

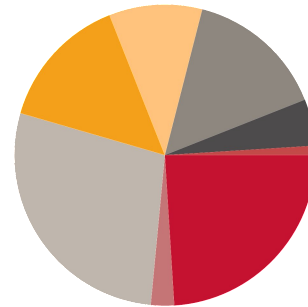
Calculates the worst historical loss in value from previous peak to subsequent trough.

## MANAGER ALLOCATION



■ Sygnia (Int) - 19.4%	■ Bateleur (EQ) - 1.6%
■ Sygnia (SWIX) - 19.2%	■ Fairtree (EQ) - 1.6%
■ Sygnia (Bond) - 17.5%	■ Investec (EQ) - 1.6%
■ Taquanta (MM) - 8.8%	■ Cash - 0.5%
■ Investec (MM) - 8.7%	■ STFI Seg - 0.3%
■ Absolute FoHFs - 5.0%	
■ Signature FoHFs - 4.9%	
■ Coronation (Bond) - 4.8%	
■ Sygnia (PRO) - 3.1%	
■ TAA - 3.0%	

## 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%	2.8%									1.6%

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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.