

SMARTASSETS SHARIAH PORTFOLIO | SEPTEMBER 2018



ABOUT THE PORTFOLIO

The SmartAssets Shariah Portfolio complies with the regulations that govern retirement funds (Regulation 28). Regulation 28 allows for the equity exposure to range from 0%-75% but, in accordance with Shari'ah guidelines, the combined equity and property holdings will never fall below 30%. The fund aims to provide Muslim investors with the opportunity to achieve long term wealth creation within a moderate level of risk. This is done by investing in a portfolio of equities listed on the JSE Limited and Sukuks, in accordance with the Islamic Principles approved by the Shari'ah Supervisory Board.

MONTHLY ECONOMIC COMMENTARY

As contagion spreads throughout emerging markets, from Argentina's fiscal concerns and IMF bailout, Turkey's twin deficits, Brazil's contentious elections, Russia's US sanctions and South Africa's economic recession, global traders have come up with another shorthand acronym; BRATS. South Africa is the only country within BRATS that has not seen its credit rating downgraded to junk, albeit our markets are pricing in that downgrade.

Beyond the idiosyncratic risks of the BRATS, the strong US dollar and rising US interest rates have continued to lead to outflows from emerging markets forcing them to hike interest rates once again, a vicious cycle which puts further strain on their economies. Turkey, in a sign of capitulation, raised interest rates from 17.8% to 24%, while Russia increased rates for the first time in four years. The only positive has been that this has been perceived as providing confirmation that the central banks of both countries remain relatively independent. At the same time Argentina and Kenya implemented austerity measures to appease the IMF. Together with weaker than expected US consumer price inflation, these policy adjustments brought some calm to the emerging markets and their currencies by month end.

The US economy continued to strengthen with equity markets hitting new highs, consumer confidence at its strongest levels in 18 years, and jobless claims at 49-year lows.

STRATEGIC BENCHMARK

GLMM: Global Large Manager Median

This has allowed the US Federal Reserve to increase interest rates once again and upgrade their growth expectations for 2019. Unfortunately, the picture looks less rosy for the rest of the world hit by a strengthening US dollar, oil prices at four-year highs and global trade wars. In response the OECD has announced that global economic growth has peaked and lowered its growth forecasts for 2018. There seems to be no end to the US and China trade war with both countries implementing new rounds of tariffs in September. Although the effects of the stand-off are unlikely to be significant economically, it does affect sentiment, amplifying concerns about geopolitical risks.

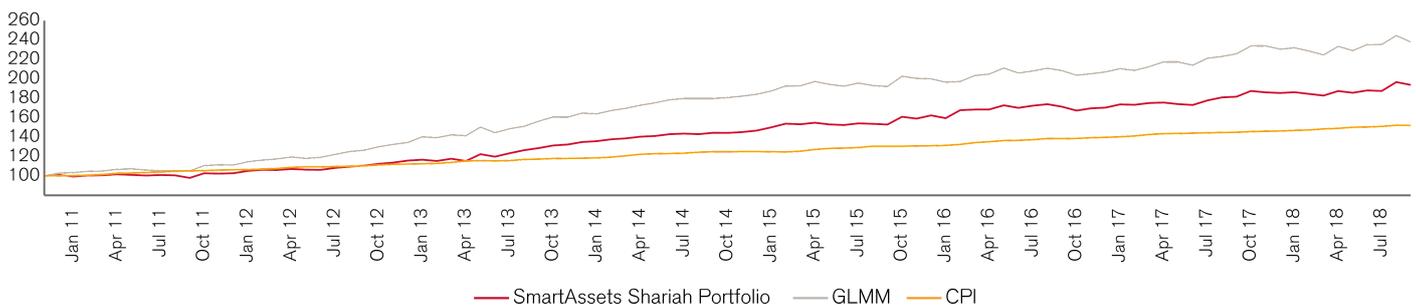
In South Africa, President Cyril Ramaphosa presented a viable economic plan based on refocussing R50bn of expenditure towards stimulating economic growth. The plan includes introduction of more competition in the telecommunications sector, relaxation of visa requirements, easing of immigration restrictions, finalisation of the Mining Charter and a R400bn infrastructure fund.

The FTSE/JSE SWIX Index dropped 4.5%, with Industrials down 8.1% and Financials 2.0% in the red. The JSE All Bond Index climbed 0.3%, while the rand appreciated by 4.0% relative to the US dollar.

INCEPTION

20 February 2015

CUMULATIVE PERFORMANCE



SYGNIA LIFE LIMITED

Registration No. 2000/022679/06

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Sygnia

PERFORMANCE TO 30 SEPTEMBER 2018

YEAR*	FUND	BENCHMARK	OUTPERFORMANCE
2011	1.7%	8.1%	-6.4%
2012	12.7%	20.9%	-8.3%
2013	16.5%	22.5%	-6.0%
2014	8.7%	11.7%	-3.0%
2015	10.7%	8.6%	2.0%
2016	4.9%	3.6%	1.4%
2017	8.9%	11.3%	-2.5%
PERIOD*	FUND	BENCHMARK	OUTPERFORMANCE
1 Month	-1.5%	-2.8%	1.3%
3 Months	3.0%	1.1%	1.9%
6 Months	6.0%	5.9%	0.1%
Year to Date	4.5%	3.1%	1.3%
1 Year	6.7%	5.3%	1.3%
3 Years	8.2%	7.4%	0.8%
5 Years	8.5%	8.8%	-0.2%

*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%	6.3%
Downside Deviation	2.0%	2.8%
% Positive Months	63.3%	65.0%
% Negative Months	36.7%	35.0%
Average Positive Month	1.6%	1.8%
Average Negative Month	-0.9%	-1.2%
Average Return	0.7%	0.7%
Best Month	5.2%	5.5%
Worst Month	-2.3%	-2.8%
Largest Drawdown	-3.8%	-4.0%

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.

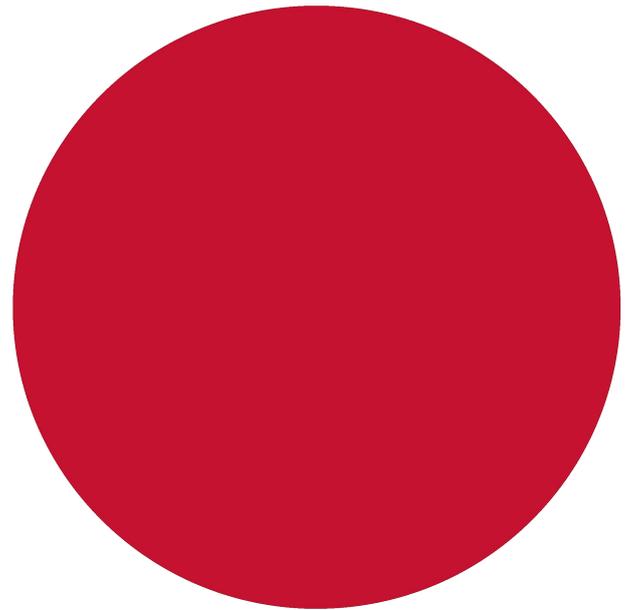
Downside Deviation

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

Maximum Drawdown

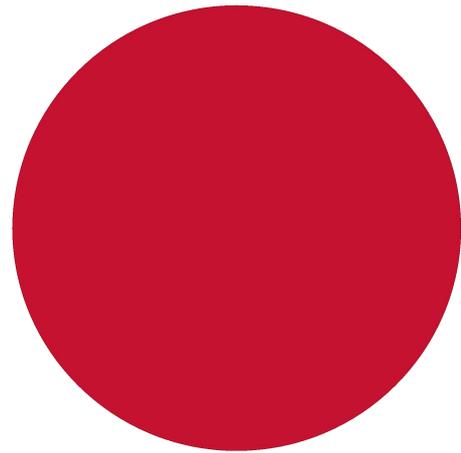
Calculates the worst historical loss in value from previous peak to subsequent trough.

MANAGER ALLOCATION



Old Mutual Asset Management - 100.0%

STRATEGIC ASSET ALLOCATION



Islamic Balanced - 100.0%

MONTHLY PERFORMANCE FIGURES

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2014	0.7%	1.4%	0.7%	1.3%	0.5%	1.3%	0.4%	-0.4%	1.0%	-0.1%	0.6%	1.1%	8.7%
2015	2.3%	2.6%	-0.4%	1.0%	-1.1%	-0.4%	1.1%	-0.3%	-0.5%	5.2%	-1.2%	2.1%	10.7%
2016	-1.8%	5.2%	0.4%	0.0%	2.5%	-1.5%	1.3%	0.9%	-1.5%	-2.3%	1.4%	0.4%	4.9%
2017	1.9%	-0.2%	1.1%	0.3%	-0.9%	-0.5%	2.7%	1.8%	0.4%	3.3%	-0.8%	-0.3%	8.9%
2018	0.4%	-0.9%	-0.9%	2.6%	-1.0%	1.3%	-0.3%	4.9%	-1.5%				4.5%

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.