

# Chalford Wealth RA Recurring Portfolio

May 2019



## Who should invest

Suitable for clients who have long term retirement financial planning objective. A client who can commit to regular monthly retirement contributions over a long period of time. The client needs to understand that such savings will be exposed to long- and short-term market volatility but also understands the benefits of "Rand Cost Averaging" over extended periods.

## Market & portfolio commentary

South Africa's GDP collapsed much more than the market anticipated in the first quarter of 2019. Negative growth numbers of -3.2% were significantly worse than expectations. Market consensus was for a contraction of 1.6% in Q1, largely due to the expected impact of load shedding. We feel that it is time for Cyril Ramaphosa to implement firm initiatives to stimulate economic growth and employment, to curb corruption and improve education. Due to the absence of significant structural reform and an overhaul of many SOE's, there is an increasing likelihood that South Africa is becoming a value trap as we struggle to gain any growth momentum and improvement in investor and consumer confidence. Many of SA's large corporates are struggling to find growth and have started to cut jobs and downsize their footprint in response to the current economic conditions.

Despite all this negativity, the SA Top 40 Index is up by 11.7% for the year to date. The last 4% of this recovery can be ascribed to a much weaker Rand which was trading at above R15 to the US Dollar at the time of writing. Our portfolios do benefit from the weaker Rand now, but we are wary of the daily SA, US & Chinese politics that may send markets / currencies higher or lower for any reason. We trust that this unstable period will end and that the direction of our trades will be justified by reasonable judgement despite the political rhetoric that continues to move capital markets locally and globally.

## Technical Overview

<b>Strategy Manager</b>	MitonOptimal SA
<b>Assets Under Administration</b>	USD\$ 1.2 billion
<b>Annual Mandate Fee</b>	0.20% p.a. (excl. VAT)
<i>This excludes Advisor, Administration &amp; Underlying Fund fees which are disclosed in a Record of Advice provided by your Advisor</i>	
<b>Benchmark</b>	CPI +7% p.a.
<b>Valuation</b>	Quarterly Reporting
<b>Risk</b>	High risk

### Investment strategy

This investment strategy includes a diversification of asset classes, managed by some of the most talented fund managers. The High growth strategy aims to outperform SA inflation by 7% p.a. net of fund management fees over a rolling 6-year period. The Strategy only invests in asset allocation, target return and money market unit trust funds and aims to limit volatility to between 6.57 - 11.20% p.a. standard deviation. The strategy is diversified and managed by asset class in accordance with Regulation 28 of the Pension Fund Act. The Strategy aims to provide aggressive investors with consistent real returns over the medium to long term within acceptable risk parameters.

### Suitable products

Suitable products would include Retirement Annuity investment vehicles.

Collective Investments are generally medium to long-term investments. The value of participating interests may go down as well as up and past performance is not necessarily a guide to the future. Commission and incentives may be paid and, if so, are included in the overall cost. Performance figures are sourced from IRESS for lump sum investments including income distribution, at NAV to NAV basis. The performance figures do not include annual LISP Administration fees. A Fund of Funds collective investment may invest in other collective investments, which levy their own charges. Collective Investment prices are calculated on a Net Asset Value basis and auditor's fees, bank charges, trustee and RSC levies are levied against the portfolio. Chalford Wealth (Pty) Ltd, Registration number 2013/106760/07 is an authorised financial service provider FSP number 15207. Should you have any further queries or complaints please contact Chalford Wealth (Pty) Ltd. For your information, the FAIS ombudsman provides an independent and objective advisory service. Should you not be satisfied with the outcome of a complaint handled by Chalford Wealth (Pty) Ltd, please write to: The Ombudsman, PO Box 74571, Lynnwoodridge, 0040. Telephone (012) 470 9080/99. Fax (012) 348 3447. Email: [info@faisombud.co.za](mailto:info@faisombud.co.za)

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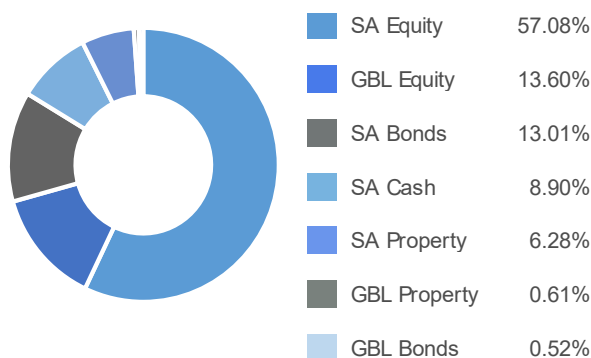
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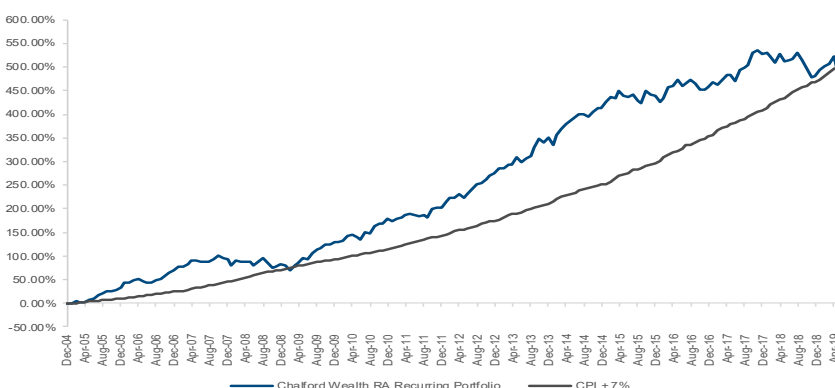
## Performance & volatility

		3 Mths %	6 Mths %	1 Year %	3 Years %	5 Years %	Since launch %
Performance	Portfolio	-1.67	2.43	-3.02	3.38	21.80	492.75
	Benchmark	3.03	5.73	12.01	41.62	80.59	499.06
Volatility	Portfolio	12.93	9.12	8.41	7.33	7.12	9.04

## Latest asset weightings



## Performance v benchmark since launch



## Neutral asset allocation

SA Equity	SA Property	SA Fixed Interest	SA Money Market	Global Assets
56%	3%	15%	5%	21%

## Composition

Portfolio holdings	Weight %	AMC %	TER %
Allan Gray Equity A	21.00	1.15	1.94
IP High Conviction Equity A	20.00	0.86	1.21
Coronation Top 20 A	12.00	1.15	0.89
Coronation Strategic Income P	10.00	0.51	0.54
Granate SCI Unconstrained Fixed Interest A	10.00	0.98	1.00
PSG Equity E	10.00	0.86	2.51
Nedgroup Inv Entrepreneur R	7.00	1.15	1.17
Nedgroup Inv Property A	5.00	1.15	1.16
Old Mutual Global Equity R	5.00	1.15	1.23
<b>Total Portfolio</b>	<b>100</b>		<b>1.29</b>

Data provided by IRESS and GIR. Care has been taken to ensure that the information is correct but the suppliers neither warrant, represent nor guarantee the contents of the information, nor do they accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein.