



31 December 2017

Lalapanzi Conservative

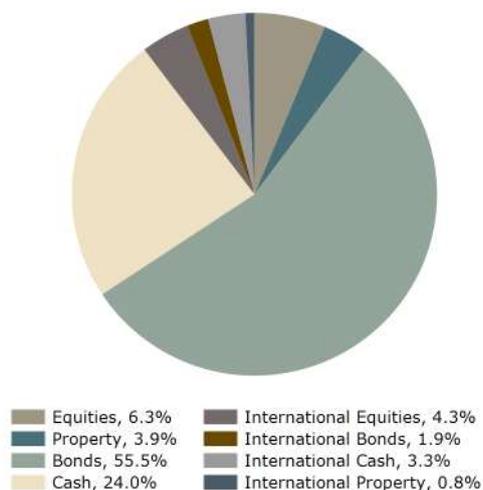
**Fund Details**

<b>Fund Category</b>	SA Multi Asset Income
<b>Benchmark</b>	CPI+2% over a 2-year rolling period
<b>Risk Profile</b>	Conservative
<b>Investment period</b>	1 year or longer
<b>Launch Date</b>	01 July 2016
<b>Fund Size</b>	R 6 million

**Fund Objective**

The wrap fund aims to provide investors with a high level of income over the short term. The preservation of capital is of primary importance. The fund will consist primarily of income orientated assets with limited exposure to equities (maximum of 20%). Investors in this fund have an investment horizon of 2 years or longer. The fund is compliant with Regulation 28 of the Pension Funds Act, 1956.

**Asset Allocation**

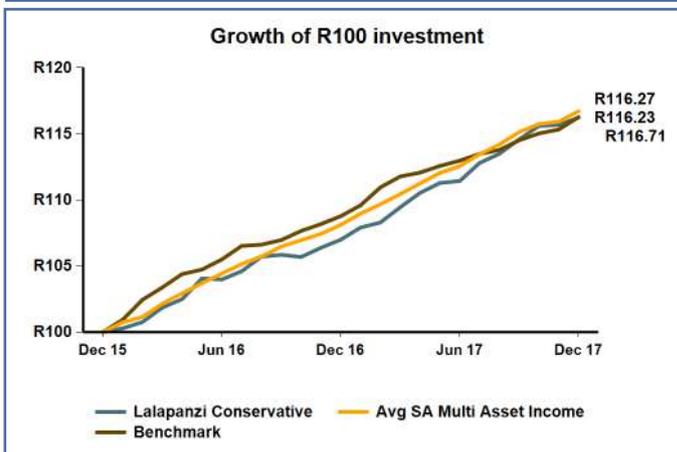


**Investor Profile**

This fund is suitable for investors looking for:

- High level of income over the short term
- Capital preservation, with limited exposure to equities
- A minimum investment horizon of 2 years or longer

**Cumulative performance - 2 years \***



Performance (%)	Fund*	Fund Benchmark	Avg SA Multi Asset Income
1 Month	0.47	0.82	0.67
3 Months	1.44	1.53	1.37
6 Months	4.31	2.92	3.69
1 Year	8.64	6.90	7.96
2 Years (annualised)	7.81	7.83	8.03
YTD	8.64	6.90	7.96
Since Launch	7.71	6.70	7.70

Risk statistics (2 years)	Fund*
Returns (annualised)	7.81%
Standard deviation (annualised)	1.49%
% Positive months	91.67%
Maximum drawdown	-0.16%
Sharpe ratio	0.23

**Manager Selection (%)**

Coronation Strategic Income	25.00	Sanlam Multi Managed Defensive FoF	7.50
Nedgroup Stable	7.50	SIM Active Income	22.50
Prescient Income Provider	27.50	SIM Inflation Plus	10.00

Monthly Fund Performance* (%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2017	0.86	0.36	1.06	0.99	0.68	0.13	1.22	0.62	0.96	0.89	0.07	0.47	8.64
Fund 2016	0.27	0.47	1.09	0.63	1.53	-0.08	0.60	1.06	0.14	-0.16	0.67	0.57	6.98

**Fees (% incl. VAT)**

Annual wrap fee	0.57
Underlying Manager TER's	0.76

\* The simulated analysis before launch date was created using Morningstar and is for illustrative purposes only. It provides an indication of hypothetical past performance given historic asset and manager allocation, and cannot be construed as providing an indication of expected future performance. The investor is liable for CGT on any transactions in the units of the underlying unit trusts within the wrap funds. Compulsory investments are not subject to CGT. Performance is calculated using net returns (after fees) of the underlying unit trusts, and quoted excluding wrap fund fees. Performance quoted is pre-tax. Fund performance numbers shown are for a notional portfolio and do not reflect the actual performance of the client invested in the wrap fund due to timing differences of investments or disinvestments of the client. Benchmark returns for CPI are based on actual published returns and an estimated one month return for the month of the report date. ASISA Benchmark returns are the ASISA returns available as at the time of reporting.

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### Manager Comment

The final quarter of 2017 saw broad-based gains in global purchasing manager and confidence indices, pointing to double digit earnings growth over the coming quarters in key developing economies, helping to allay market concerns about stretched equity market valuations. Also, the US Congress passed the much anticipated tax reforms, which should boost US economic growth in 2018. The tax legislation will have a positive impact in the near- to-medium term, but the price tag casts a shadow over the longer-run benefit.

The MSCI World index delivered 5.14% in dollar during the quarter. The MSCI Emerging Markets (EM) index outperformed its developed market counterpart, delivering 7.09% in dollar during the quarter. Global bonds delivered 1.03% in dollar, while emerging markets delivered -0.32% in dollar. In contrast, global inflation-linked bonds rallied some 2.85% in dollar, outperforming nominal global bonds. Listed global property benefitted the most from the Fed's dovish inflation outlook to yield some 3.82% in dollar.

In South Africa, S&P Global Ratings downgraded the country's sovereign debt to sub-investment grade and Moody's placed the country on review for a downgrade. The rand recorded a weak point of around R14.55 against the dollar in mid-November. Notwithstanding expectations of a weaker rand following the ratings downgrade, the rand gained on the back of a weaker US dollar and expectations that Cyril Ramaphosa was set to win the ANC Presidency in December.

The general risk-on environment over the quarter saw the ALSI deliver 7.44% in rand, where financials buoyed market returns with the FINI 15 returning some 19.23% in rand. December witnessed a scandal out of one of South Africa's most important global companies. The specific nature of the irregularities at Steinhoff still remains a matter of speculation. Steinhoff's fall from grace saw its share value drop nearly 90% in a week. In the run up to the ratings review the ALBI YTM sold off 7.37% during the first two months of the quarter. But this move was largely reversed soon after and the bond market had a strong rally into the year-end on the back of the ANC elective conference outcome and the market largely anticipating the negative stance of the ratings agencies. Over the quarter, the ALBI delivered some 2.22% in rand, underperforming SA listed property, which yielded 8.32% in rand. Inflation-linked bonds marginally underperformed its nominal counterparts, delivering 1.52% in rand.

The global growth outlook remains positive despite geopolitical risks. Confidence indices in a number of developed countries have reached their highest levels since the global financial crisis. The domestic economic growth outlook remains subdued but positive, with both consumer and business confidence remaining low given the political uncertainty. It seems likely that 2018 is likely to be another challenging year for investors and we remain committed to constructing portfolios robust enough to weather potential challenges.

### Investment Committee

The investment committee forms an integral part of the investment management process. The investment committee members are involved in the process of multi management by participating in the Investment Committee Framework (the "Framework"). This Framework provides intermediaries with a platform to share their research and views with qualified investment professionals who will, based on certain constraints, construct a portfolio taking the intermediary's research into account.

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### Portfolio Manager



**Stephan Venter**

Bcom (Accounting)  
Bcompt (Hons) CTA  
Bcom (Hons) in Financial  
Analysis and Portfolio  
Management

### About the Portfolio Manager

Stephan joined Sanlam Investments as a Portfolio Manager in November 2015, he has 10 years' experience in financial markets and the financial services industry and is currently working under supervision. He started his career at Deloitte and completed his articles at the Deloitte Cape Town office in 2008 as part of the FIST division focussing mostly on pension funds and asset management clients.

Post articles he traded mostly risk currencies and single stock futures. In 2011 he enrolled at UCT for a second honours degree to further enhance his investment knowledge in the field of financial analysis and portfolio management. During 2012-2013 he lectured financial management, alternative investments and portfolio management at Stellenbosch University. The last 2 years he was part of the Discovery Invest Investment Specialist team advising on constructing retail client portfolios.

### Manager Information

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