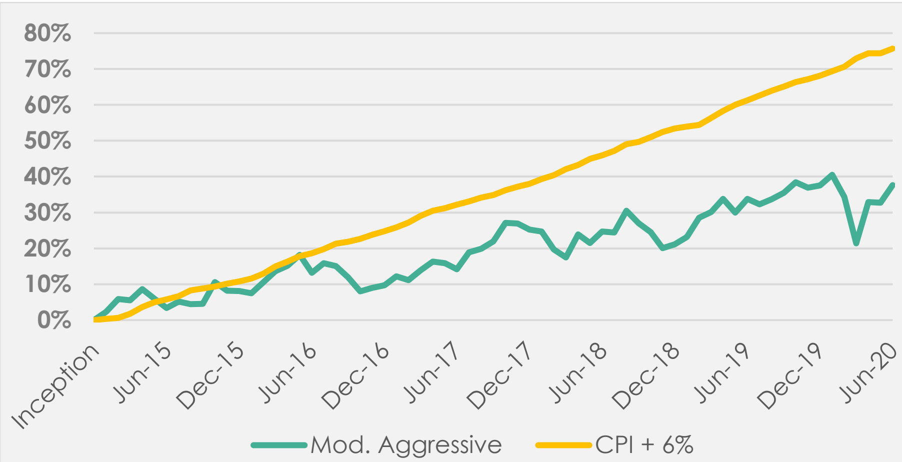
Sasfin Wealth | ETF Range

Moderately Aggressive Portfolio

PORTFOLIO PERFORMANCE — Q2 JUNE 2020



PORTFOLIO FACTS

Sector: Global – Balanced

Benchmark: CPI + 6%

Regulation 28 compliant: Yes

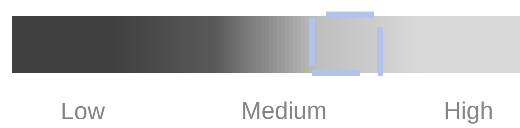
Inception date: 1 January 2015

Investment Objective:
To maximise long-term returns for this risk strategy, achieving a minimum of CPI + 6% over a 3 year rolling basis. Optimal asset allocation is determined using sophisticated loss aversion statistical modelling

PORTFOLIO ANALYSIS

	Moderately Aggressive	CPI + 6%
3 months	13.37%	1.56%
6 months	0.05%	4.51%
1 year	2.84%	8.96%
3 years	6.42%	9.94%
5 years	5.89%	10.68%

RISK PROFILE



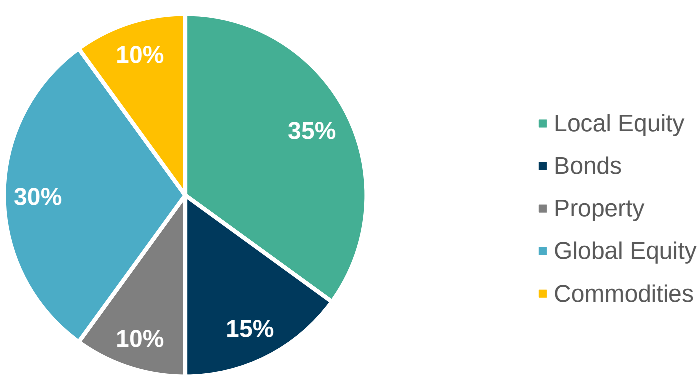
FEES

Total Expense Ratio (TER)……….……..0.83%

Transaction costs (TC)………….....……..0.08%

Total Investment Charge (TIC).………...0.91%

ASSET ALLOCATION



TOP 5 HOLDINGS

iShares Core S&P 500 ………….....…..14.91%

Satrix INDI ETF.....................................13.38%

1nvest Property ETF ………….............9.89%

New Funds GOVI ETF ……..………..….7.46%

New Funds ILBI ETF ……………….…..7.46%

PORTFOLIO PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2016	-0.60%	2.82%	2.84%	1.34%	2.64%	-4.21%	2.34%	-0.68%	-2.71%	-3.52%	0.91%	0.66%	**1.49%**
2017	2.26%	-0.93%	2.45%	2.09%	-0.35%	-1.43%	4.10%	0.85%	1.67%	4.27%	-0.15%	-1.34%	**14.10%**
2018	-0.41%	-3.99%	-1.84%	5.46%	-1.95%	2.62%	-0.19%	4.84%	-2.63%	-2.00%	-3.56%	0.89%	**-3.24%**
2019	1.71%	4.33%	1.21%	2.80%	-2.87%	3.01%	-1.18%	1.13%	1.34%	2.13%	-1.09%	0.50%	**13.57%**
2020	2.14%	-4.40%	-9.63%	9.48%	-0.15%	3.71%							**0.05%**

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Market commentary

2020 has been a rollercoaster ride for investors, be it their emotional state or the value of their investment portfolio. The market highs in February were soon followed by a cataclysmic fall in markets as the coronavirus grew into a global pandemic and economies came to a virtual standstill with lockdown measures implemented across the globe. Fast-forward a couple of months to the halfway mark of 2020, we are now seeing lockdown measures being eased, economies are reopening and stock markets have recovered most of their losses, some even reaching new highs. Despite the rapid recovery in stock markets we are still in the midst of a pandemic, a recession has begun, millions of jobs have been lost, supply chains are irreparably damaged and certain industries are fighting to stay alive. The disconnect between the economy and stock markets - or Mainstreet and Wallstreet - has left many wondering how stock markets could not only recover during these unprecedented times, but also how they could recover so quickly.

From its peak in mid-February, the MSCI All Country World Index - a benchmark for global markets - lost over one third of its value before hitting its nadir in March. Since then, global stock markets have recovered quite dramatically as the index has risen by 37% and is only 10% shy of its peak. US markets have experienced the strongest recovery as the S&P500 Index rebounded by 39% since its low in March and had its best quarter in over 20 years ending the period up by 20% and is now only 8% below its lifetime high seen in February earlier this year. Across the pond we have also seen a recovery in European markets though not as pronounced as in the US. The STOXX 50 Index and the FTSE 100 Index increased, by 30% and 24% respectively, from their March lows, ending the second quarter up by 12% and 9% respectively. Despite their recoveries both indices are still trading 10% lower than the highs they had reached earlier this year. Closer to home, the JSE All Share Index has had a strong recovery increasing by 43% since its lows and it is now only 6% below the high that it reached earlier in the year.

There are a couple of factors that have led to a recovery in markets. One factor that appears to be driving the recovery is news flow relating to the testing of potential treatments and vaccines for COVID-19. Biotech firms continue to tease with news of promising test results which are cheered by markets. Another factor driving the recovery in stocks is the reopening of economies following lockdown. Despite steep declines in various economic indicators be it retail sales, manufacturing indices or employment figures, we are beginning to see an improvement in these statistics as economies reopen - though not quite a full recovery. Arguably, the biggest factor contributing to the recovery in stocks markets, as well as the disconnect between Mainstreet and Wallstreet, has been the support received from central banks and governments. Trillions of dollars in liquidity and stimulus measures have been provided with the promise of more to come.

We are yet to see the full impact that the pandemic and ensuing lockdowns has had on corporate earnings. One cannot underestimate how severely impacted businesses have been during this period, especially those in travel, restaurants, hotels, casinos - not mention smaller businesses with no real access to financial support. Corporate failures have begun to emerge and there has been a spike in bankruptcy filings in the US. Despite government support in the near-term many firms may not be able to survive once this support dries up. The change in behaviour of consumers may also see a decline in demand for certain industries who may now be staring into the sunset. On the flip side, firms that have benefited from the pandemic specifically those of the “digital-age” are seeing their stock prices climb to new heights, with little concern for price or valuation. With all this being said, fundamentals and valuations are of less importance at the moment, with investors hopeful that a vaccine will be found while stock prices remain drugged up on the back of the FED’s injections.

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