



# Sasfin Wealth | ETF Range

## Moderate Portfolio

### Market commentary

Globally, the Covid-19 pandemic continues to hold countries hostage, with the emergence of the Delta strain. Pharmaceutical companies are facing incessant pressure in terms of mass production. Dr Anthony Fauci, President Joe Biden's chief medical adviser, says the Delta variant accounted for more than 20% of new infections in the US and threatens the nation's efforts to eradicate Covid-19. While the FDA (Federal Drug Administration) and CDC (Centre for Disease Control) do not currently recommend a booster shot after receiving a vaccine, some virologists in the US have taken the Pfizer shot after already receiving the Johnson & Johnson (J&J) vaccine, claiming there are "too many unknowns and we can't wait for recommendations."

Locally, just over 3 million vaccines had been administered as of 01 July 2021. Both the Pfizer and the J&J vaccines are being rolled out. The Astra Zeneca vaccine has also been registered in South Africa. Government is currently reviewing the efficacy of the Sinovac, Sinopharm and Sputnik vaccines as well. The healthcare industry braces itself amidst increasing infection rates, largely attributed to the Delta variant.

Economies are recovering, although a recovery to pre-2019 levels may take some years, particularly in terms of debt repayments. Deputy Governor of the South African Reserve Bank, Kuben Naidoo, says the current lockdown restrictions are "merely a speed bump" and unlikely to derail the country's economic recovery. SA recorded a massive trade surplus of R54.6 billion for May 2021, marking the third consecutive month where the surplus has been above R50 billion.

The Constitutional Court ruling sentencing Former President Jacob Zuma to 15 months jail time for contempt of court has sent a very loud signal that no South African is above the law. This is sure to have several high-ranking ANC members fearing a little. It looks like the South African rollercoaster economy is set for another downhill turn, but we should see an improvement towards the third quarter as the national vaccine rollout gathers momentum. The FTSE/JSE SWIX Index fell 2.8%, Industrials were up 0.6% and Financials decreased by 2.6%. The JSE All Bond Index increased 1.1%, while the rand depreciated by 4.1% relative to the US dollar.

### Strategy

The portfolio continued with its momentum throughout 2021 to register yet another strong quarter. Domestic bonds and property continued to benefit from portfolio inflows. As the interest rates theme in developed economies are turning more hawkish, zero-yield assets such as commodities felt the brunt of the thematic shift. The effect of these shifts on our portfolios highlight our conviction that diversification across asset classes continues to be our best defense during a volatile climate.

Whilst we continue to support diversified exposure over asset classes, we are looking to refine the tactical allocation towards these asset classes as we consider the thematic shift of interest rates.

### Contact us

Telephone: 087 365 4888

Email: [swipclientservice@sasfin.com](mailto:swipclientservice@sasfin.com)

Website: [www.sasfin.com](http://www.sasfin.com)

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The reported strategy return includes a theoretical component calculation for the period from January 2015 to May 2016. Performance is based on the standard portfolio including physical offshore exposure. Clients invested in the limited portfolio or holding local ETF's instead of offshore ETF's may experience different performance returns. Returns have been calculated using the most accurate sources available and while every effort is taken to ensure the accuracy of the information contained herein, Sasfin Wealth shall not be liable for any errors, omissions or changes and disclaims any responsibility for any action which may be taken based on such information.