# Sasfin Horizon High Equity Portfolio

July 2020

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|---|---|---|---|
| **ASISA Category** | SA Multi Asset High Equity | **Portfolio Manager** | Sasfin Asset Managers |
| **Launch Date** | 01-Dec-2012 | **Benchmark** | SA Multi Asset High Equity Category Average |

## Portfolio Description

The portfolio is managed as a core-satellite portfolio, combining active management and index investment strategies. The core of the portfolio is invested in passively-managed portfolios, while the satellites are invested in actively-managed, “high-alpha” portfolios. This portfolio is aimed at investors with a long term investment horizon. It has an inflation objective of CPI plus 6% over any rolling 6 year period.

The asset composition of the fund is compliant with Regulation 28 of the pension Funds Act of 1956.

The actual asset allocation of the portfolio may vary from strategic asset allocation due to market movement or tactical asset allocation decisions made from time to time by Sasfin Asset Managers.

## Investment Objective

The Fund aims to provide investment income and capital growth over the long term through investing primarily in local and international equity, fixed interest and cash instruments. The fund is optimized to have the highest probability of meeting the real return target over a 6 year investment period while minimising volatility. The Fund is actively managed by a combination of leading investment managers and value is added through specialist manager expertise and allocation skills.

## Manager Weightings

| Fund Managers | Weights |
|---|---|
| Dibanisa ALSI Tracker | 8.90% |
| Bateleur Equity | 6.70% |
| Sasfin BCI Opportunity Equity | 8.40% |
| Fairtree Equity Fund | 10.80% |
| Absa Property | 7.50% |
| Coronation Strategic Income | 4.50% |
| Sasfin BCI Flexible Income Fund | 14.00% |
| Futuregrowth Bond | 10.20% |
| BCI Income Plus Fund | 2.50% |
| BlackRock Worldwide Core | 24.50% |
| StateStreet Global Cash | 2.00% |
| **Total** | **100.00%** |

## Risk Profile

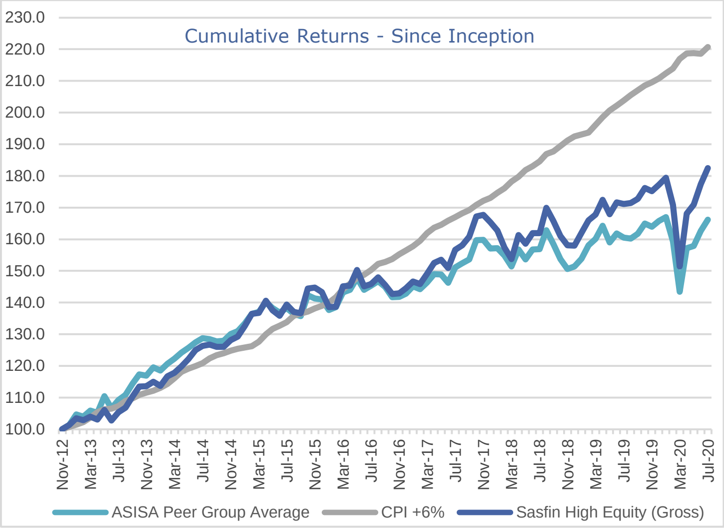
| Conservative | Cautious | Moderate | Assertive | Aggressive |
|---|---|---|---|---|

## Minimum Recommended Investment Term

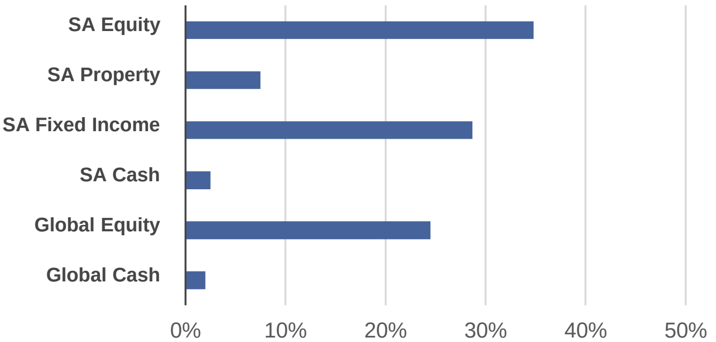
| + 3 Months | + 1 Year | + 3 Years | + 5 Years | + 7 Years |
|---|---|---|---|---|

## Performance vs Benchmark

| | 1 Year | 3 Year | 5 Year | Since Inception |
|---|---|---|---|---|
| **Portfolio Return (Gross)** | 6.6% | 5.2% | 5.5% | 8.2% |
| **Portfolio Return (Net)** | 6.0% | 4.6% | 4.9% | 7.6% |
| **ASISA Peer Group Average (Net)** | 3.5% | 3.2% | 3.7% | 6.9% |




## Asset Allocation



sasfin | Asset Managers
beyond a bank

## Monthly Commentary

The month of July heralded the commencement of the second-quarter reporting season. What is significant about this reporting period is that it would be the first quarter in which companies would report results whereby they were exposed for the full period to the impact of the COVID-19 pandemic and lockdowns.

To date, roughly two-thirds of the S&P 500 have reported results for the second quarter of 2020 and the results make for some interesting reading. Perhaps the most surprising outcome thus far, has been that over 80% of companies that have reported have beaten analysts' expectations. This is the highest percentage of companies reporting an earnings surprise since the global financial crisis in 2008. On an aggregate basis, reported earnings have exceeded analysts' expectations by roughly 20%. However, one should not confuse beating expectations with strong performance. Most companies pulled their 2020 earnings guidance earlier this year which meant analysts were essentially flying blind when setting expectations. On a blended basis, combining both companies that have reported as well as those that are yet to report, the earnings decline for the second quarter will be 36%. Despite an aggregate decline in earnings, two sectors have actually achieved year-on-year earnings growth, those being Utilities (+5%) and Healthcare (+2%), with Information Technology (-1%) down slightly. Unsurprisingly, the sectors that have or are expected to suffer the biggest earnings losses are Financials (-53%), Consumer Discretionary (-79%), Industrials (-86%) and Energy (decline of over 100%).

The US reported GDP for the second quarter which showed the economy shrank by nearly 10% (-33% on an annualised basis), its biggest contraction in post-war history. Roughly 50 million Americans are unemployed, personal incomes are on the decline and as mentioned above, corporate profits are expected to decline by more than 30%.

The price of gold continues to rise and has now eclipsed its previous high in 2011 as it broke through the $1,800 mark ending the month at $1,963/ozt - up nearly 30% for the year. The higher gold price has been a driving force behind the strong performance of gold mining stocks which continue to drive the recovery in the local stock market as the JSE All Share Index ended the month up 3%. Much like its US counterpart, the recovery in the local stock market stands in contrast to the struggling South African economy, which has been severely hit by the COVID-19 crisis. To alleviate some of the pressure on struggling consumers and corporates, the South African Reserve Bank cut interest rates by 25 basis points. The prime rate of interest now stands at a record low 7.0% which is great news for those with debt burdens but not so much for those relying on interest to support their living standards. As additional support, the South African government has engaged with the International Monetary Fund to provide emergency support in the form of a $4.3bn loan to meet financial constraints stemming from the pandemic.

## Fees

| | |
|---|---|
| **Investment managers** | Up to 0.35% |
| **Platform** | Up to 0.11% |

Fees are quoted per annum and excluding VAT. The investment manager fees are based on strategic weightings and may vary from time to time. The portfolio may include investment managers with performance fee structures. This may result in higher overall fees, but only when performance targets agreed have been exceeded. Details of performance fees paid to underlying managers over the previous calendar year will be provided to clients on request.

## Contact Details

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## Notes and Disclaimer

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