FUND INFORMATION

Inception date  
22 January 2015

South African - Multi-Asset - Medium Equity

Risk profile  
Moderate

Minimum investment  
Lump sum: R10 000; Monthly: R500

Asset composition  
Equity, Fixed Interest, Property and Cash

Regulation 28  
Compliant with Regulation 28

Benchmark  
CPI + 4%

Fund Size  
R 155,660,778

Income declaration  
Bi-annual (Mar / Sep)

Distributions (Class A):  
CPU

Mar 2019  
16.81

Sep 2019  
19.61

OBJECTIVE

The MultiAsset IP Balanced Fund is a risk-managed balanced portfolio comprising a range of domestic and foreign asset classes. The fund aims to achieve moderate capital appreciation with reasonable volatility. The asset allocation of the fund will be varied according to the manager’s view on the macroeconomic outlook as well as the attractiveness of each asset class and may include equities, bonds, money market and property.

DESCRIPTION

The objective of the fund is to achieve returns of at least 4.5% annualised in excess of inflation (CPI) over rolling 3 year periods whilst simultaneously controlling the risk of underperforming CPI over any rolling 12 month period. The fund will comply with all prudential requirements and regulations controlling retirement funds or such other applicable legislation as may be determined for retirement funds.

APPLICATION

This fund is suitable for investors with a moderate risk profile and with an investment time horizon of between 3 and 5 years who wish to have their fund managed to a specified real return target with appropriate risk controls. In achieving this objective, the fund applies asset allocation and manager selection disciplines described herein.

FUND MANAGEMENT EXPERIENCE

Having started out as an accountant, Tony moved to Southern Life Asset Management and soon became assistant General Manager of Investments. His move to Syfrets Managed Assets created the opportunity for Tony to become Chief Investment Officer at Nedcor Investment Bank. As CIO of PeregrineQuant and more recently Vunani Fund Managers Tony brings a wealth of experience especially in running the overall asset allocation of the fund. His MBA thesis “Portfolio Management - an Alternative Approach” which was awarded with distinction reflects Tony’s interest in understanding how the macro environment affects markets and asset class returns.

Tony Bell  
BCom (Hons), MBA  
Portfolio Manager

Key Individual, Head of Multi Management, Warren Brown with him extensive experience in derivatives, fixed interest, equity and multi management. Starting his career as a derivative analyst at HSBC, he joined Syfrets and became CIO of Community Growth and portfolio manager of their flagship Unit Trust Fund. Warren then joined Old Mutual’s multimanager Symmetry as Head of Fixed Interest. As CEO of Investment Consulting at Fund Solutions and more recently Independent Actuaries and Consultants, Warren combined his asset management experience with fund solution experience.

Warren Brown  
MBA, PhD  
Portfolio Manager & Key Individual

INVESTMENT PROCESS

MultiAsset’s primary tenet is to construct a range of target return portfolios that, individually or combined, allow the investor the greatest opportunity to attain their financial goals. Selecting the right asset manager and implementing an appropriate asset allocation forms the basis of our philosophy.

Selecting the Managers

MultiAsset has identified four key criteria that define a manager’s unique DNA:

* Beta – sensitivity of investment returns to changes in market returns
* Alpha – extent to which a fund has outperformed the sector average
* Win-loss ratio – ratio of “winning trades” (positive returns) to “losing trades” (negative returns)
* Recovery-drawdown ratio – ratio of recovery time following maximum drawdown performance to previous peak

With the intimate understanding of each manager’s unique “DNA”, we are able to capture individual manager excellence and combine them synergistically.

Selecting an Appropriate Asset allocation

* Understanding the risk and diversification attributes of each asset class in relation to the investment objective and time horizon forms the foundation.
* An active tactical asset allocation overlay ensures that the fund is tilted to take cognizance of the global macro environment.
INVESTMENT COMMENTARY

Investors receded as equity markets declined precipitously in February. The catalyst appears to have been the rapid spread throughout the world of the nCov virus, despite the clampdown of labour movement in China. Equity markets repriced risk as many feared both a supply and demand side shock. This may happen as China struggles to mobilise its labour force and the West increasingly quarantines new areas impacted by the virus. Given the level of unpredictability in both the magnitude and extent, financial markets will rally and retract based on both perception and news flow. Central banks have intervened with another round of monetary stimulus as the US Fed cut rates by a rather dramatic 50 basis points. Importantly, while central banks can lower the price of money, it is the velocity of money that matters at this point in time. Consumers need to feel confident in their capacity to derive income from gainful employment while companies need to be able to produce the goods and services that consumers demand. With most of the industrial complex remaining closed at the time of writing, only time will tell how much of an impact the breakdown in the supply chain will be on the prospect for global growth.

Performance for the month favoured bonds and cash as most equity markets recorded negative returns. Your portfolio was well protected as the foreign component was well protected, with less than 20% in USD cash. While performance was positive, we advise clients to maintain a long-term perspective and not react to short-term market movements.

CONTACT DETAILS

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