MultiAsset IP Balanced Plus Fund

29 February 2020

THIS IS THE MINIMUM DISCLOSURE DOCUMENT AS REQUIRED BY BOARD NOTICE 92

FUND INFORMATION

Inception date: 22 January 2015
Sector: South African - Multi-Asset - High Equity
Risk profile: Aggressive
Minimum investment: Lump sum: R10 000; Monthly: R500
Asset composition: Equity, Fixed Interest, Property and Cash
Regulation 28: Compliant with Regulation 28
Benchmark: CPI + 6%
Fund Size: R 161,900,765
Income declaration: Bi-annual (Mar / Sep)
Distributions (Class A): CPU

JSE Code: MAIPA
Annual mgmt fee (excl. VAT): 0.90%
TER (%): 1.68
TC (%): 0.16
TIC (%): 1.84
NAV: 1,101.8
Units in Issue: 5,911,105

Annual fee breakdown:
Class A: Administration: 0.15%
Class B1: Administration: 0.15%

Class A: Asset Management: 0.75% (Altinvest 0.60%)
Class B1: Asset Management: 0.35% (Altinvest 0.20%)

Total Expense Ratio (TER) of the value of the financial product was incurred as expenses relating to the administration of the financial product. Transaction Cost (TC) of the value of the financial product was incurred as costs relating to the buying and selling of the assets underlying the financial product. Total Investment Charges (TIC) of the value of the financial product was incurred as costs relating to the investment of the financial product. Period (annualised) from 01 Jan 2017 to 31 Dec 2019.

A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER’s. Transaction Costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER.

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.

APPLICATION

This fund is suitable for aggressive investors (subject to Regulation 28 Constraints) with an investment time horizon of 5 years or more 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

Tony Bell
BCom (Hons), MBA
Portfolio Manager

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.

Warren Brown
MBA, PhD
Portfolio Manager & Key Individual

Key Individual, Head of Multi Management, Warren Brown brings 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.

Collective Investment Schemes are generally medium to long term investments. The value of participatory interests or the investment may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investment schemes are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from the manager.

The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The Manager retains full legal responsibility for the Fund, regardless of Co-Naming arrangements. Transaction cutoff time is 14:30 daily. Each portfolio may be closed for new investments. Valuation time is 20:00. Prices are published daily and available in newspapers countrywide, as well as on request from the Manager.

IP Management Company (Pty) Ltd is the authorised Manager of the Scheme – contact 021 673 1340 or clientservices@ipmc.co.za. Standard Bank is the trustee / custodian – contact compliance-ip@standardbank.co.za. Additional information including application forms, the annual report of the Manager and detailed holdings of the portfolio as at the last quarter end are available, free of charge, from clientservices@ipmc.co.za.

IP Management Company is a member of ASSA. A statement of changes in the composition of the portfolio during the reporting period is available on request. The performance is calculated for the portfolio. The individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. The fund is invested in portfolios of collective investment schemes that levy their own charges, and which could result in a higher fee structure for the fund.

Date of issue: 12/03/2020
INVESTMENT COMMENTARY

Investors recoiled 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 clampedown 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 retrace 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 cost 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 over 30 percent in USD cash. We remain defensively positioned as it appears unlikely that this crisis will be resolved within the next month.

An analysis of factors affecting the adherence to the policy objective is contained in the fund management commentary together with performance as reported. A detailed listing of changes from the previous quarter is available on request from info@miplan.co.za or clientservices@ipmc.co.za

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