

SMARTASSETS MONTHLY INVESTMENT REPORTING

July 2019

Economic Commentary

Growth continues to slow with the JPM global average manufacturing PMI now firmly in contraction. Fortunately, markets remain supported by dovish central banks and fiscal stimulus in China. Not only did the Fed and SARB implement cuts but Australia, Turkey, Korea, Indonesia, Russia and Brazil amongst others cut rates.

In South Africa, Moody's commented that the "Government proposal to more than double support to Eskom is credit negative". The IMF slashed SA's growth forecast to 0.7% and 1.1% for 2019 and 2020 respectively. Fitch downgraded South Africa's outlook to negative. Unemployment hit a 16 year high at 29% in Q2. The SARB to cut rates by 0.25%, to 6.5% and the ANC announced it will push through with the nationalisation of the SARB.

In the US, the Fed cut the FFTR (Fed Funds Target Rate) 0.25% to 2.25% based on concerns that the US-China trade war is indirectly causing businesses to hold back on buying equipment. However, the market reacted badly to the news as Powell's statement was hawkish, calling the cut "a mid-cycle adjustment to policy".

The ECB left key policy rates on hold, but European Central Bank President Mario Draghi stressed the need for significant stimulus for the euro area economy as policymakers assessed the outlook as becoming "worse and worse". Alexander Boris de Pfeffel Johnson was announced as the new Conservative Party leader and UK prime minister. Growing fears of a no-deal Brexit have seen the sterling weaken, dropping close to referendum lows against the USD.

Amid the ongoing trade standoff with the US, China's economy slowed to its weakest pace since quarterly data began in 1992. However, monthly indicators provided signs that stabilisation is emerging.

The FTSE/JSE SWIX Index lost 2.2%, with Industrials increasing 1.5% and Financials tumbled 7.0%. The JSE All Bond Index dropped 0.7%, while the rand depreciated by 1.9% relative to the US dollar.

Investment Market Indices Returns (as at July 2019)

The investment market indices return are as follows:

Returns for periods greater than 1 Year are annualised.

HEADLINE INDICES

| | 1 MTH | 3 MTHS | 6 MTHS | 1 YEAR | 3 YEARS | 5 YEARS | 10 YEARS |
|---------------------------------------|---------|---------|---------|---------|---------|---------|----------|
| FTSE/JSE All Share TR ZAR | (2.37%) | (2.66%) | 6.56% | 2.19% | 5.63% | 5.15% | 12.12% |
| FTSE/JSE All Share Capped TR ZAR | (2.94%) | (2.57%) | 5.12% | 1.04% | 4.69% | 4.82% | 12.05% |
| FTSE/JSE Capped SWIX All Share TR ZAR | (3.13%) | (5.07%) | 0.73% | (3.45%) | 0.92% | 3.41% | - |
| FTSE/JSE All Share SWIX TR ZAR | (2.21%) | (4.85%) | 3.43% | (1.14%) | 2.85% | 4.64% | 12.26% |
| FTSE/JSE SA Listed Property TR ZAR | (1.20%) | 0.09% | (4.04%) | 0.08% | (3.70%) | 4.99% | 12.02% |
| Beassa ALBI TR ZAR | (0.74%) | 2.16% | 3.84% | 8.06% | 8.80% | 8.21% | 8.80% |
| STeFI Composite ZAR | 0.61% | 1.82% | 3.60% | 7.33% | 7.43% | 7.11% | 6.54% |
| MSCI ACWI GR USD | 0.84% | (0.45%) | 15.77% | 12.01% | 11.59% | 13.22% | 16.54% |

OTHER FTSE/JSE INDICES

| | 1 MTH | 3 MTHS | 6 MTHS | 1 YEAR | 3 YEARS | 5 YEARS | 10 YEARS |
|--|---------|---------|---------|---------|---------|---------|----------|
| FTSE/JSE Resources 10 TR ZAR | (5.93%) | (1.72%) | 9.09% | 13.06% | 16.87% | (2.06%) | 3.49% |
| FTSE/JSE Industrials I 25 TR ZAR | 1.49% | (0.47%) | 14.22% | 0.83% | 3.24% | 6.62% | 17.02% |
| FTSE/JSE Financial 15 TR ZAR | (7.04%) | (7.55%) | (7.21%) | (3.49%) | 6.33% | 6.19% | 13.48% |
| FTSE/JSE Top 40 TR ZAR | (2.63%) | (2.60%) | 7.54% | 2.16% | 6.51% | 4.96% | 11.93% |
| FTSE/JSE Mid Cap TR ZAR | (1.99%) | (3.12%) | (0.15%) | 2.56% | (1.35%) | 4.53% | 12.14% |
| FTSE/JSE Small Cap TR ZAR | 0.51% | (2.34%) | (3.11%) | (8.84%) | (3.46%) | 1.67% | 11.19% |
| FTSE/JSE Dividend Plus TR ZAR | (2.59%) | (2.61%) | 3.27% | 7.47% | 11.02% | 6.51% | 11.63% |
| FTSE/JSE Preference Share TR ZAR | 0.71% | 3.70% | 11.98% | 19.94% | 9.14% | 6.98% | 7.36% |
| FTSE/JSE SA Listed Property Cap TR ZAR | (3.39%) | (4.48%) | (8.76%) | (8.37%) | (7.79%) | 1.06% | 9.94% |

SOUTH AFRICAN INFLATION RATES TO JULY 2019

| | 1 MTH | 3 MTHS | 6 MTHS | 1 YEAR | 3 YEARS | 5 YEARS | 10 YEARS |
|-------------------|-------|--------|--------|--------|---------|---------|----------|
| SA CPI (Headline) | 0.36% | 0.98% | 3.30% | 3.96% | 4.55% | 4.92% | 5.11% |

INTERNATIONAL INDICES IN ZAR

| | 1 MTH | 3 MTHS | 6 MTHS | 1 YEAR | 3 YEARS | 5 YEARS | 10 YEARS |
|------------------------------------|---------|---------|--------|--------|---------|---------|----------|
| MSCI ACWI GR USD | 0.84% | (0.45%) | 15.77% | 12.01% | 11.59% | 13.22% | 16.54% |
| MSCI World GR USD | 1.04% | (0.04%) | 16.89% | 12.77% | 11.86% | 13.85% | 17.23% |
| MSCI EM GR USD | (0.63%) | (3.59%) | 7.53% | 6.26% | 9.63% | 8.10% | 11.32% |
| BBgBarc Aggregate Bond Treasury TR | 0.40% | 2.00% | 11.69% | 16.39% | 1.92% | 8.40% | 9.28% |

OTHER INTERNATIONAL INDICES IN ZAR

| | 1 MTH | 3 MTHS | 6 MTHS | 1 YEAR | 3 YEARS | 5 YEARS | 10 YEARS |
|------------------------------|---------|---------|--------|--------|---------|---------|----------|
| DJ Industrial Average TR USD | 1.64% | 0.50% | 16.16% | 17.10% | 16.97% | 19.36% | 21.16% |
| Nikkei 225 Average TR JPY | 0.90% | (1.70%) | 12.17% | 8.74% | 9.97% | 13.66% | 14.79% |
| FTSE 100 TR GBP | (1.13%) | (4.13%) | 10.97% | 3.31% | 6.36% | 5.68% | 12.34% |
| S&P 500 TR USD | 1.96% | 0.53% | 18.90% | 16.85% | 14.20% | 17.74% | 20.99% |

EXCHANGE RATES

| | 1 MTH | 3 MTHS | 6 MTHS | 1 YEAR | 3 YEARS | 5 YEARS | 10 YEARS |
|---------|---------|----------|--------|--------|---------|---------|----------|
| USD/ZAR | 1.90% | 0.20% | 8.10% | 8.20% | 1.20% | 6.00% | 6.30% |
| EUR/ZAR | (0.70%) | (10.00%) | 4.60% | 2.50% | 0.80% | 2.10% | 3.70% |
| GBP/ZAR | (2.40%) | (6.50%) | 0.30% | 0.30% | (1.60%) | (0.70%) | 3.00% |

COMMODITIES IN ZAR

| | 1 MTH | 3 MTHS | 6 MTHS | 1 YEAR | 3 YEARS | 5 YEARS | 10 YEARS |
|--------------------------|---------|----------|--------|---------|---------|---------|----------|
| LBMA Gold Price PM USD | 1.84% | 10.07% | 15.23% | 26.52% | 2.84% | 8.00% | 10.64% |
| LBMA Platinum PM PR USD | 7.27% | (2.91%) | 13.58% | 13.68% | (7.91%) | (4.74%) | 2.87% |
| LME Copper PR USD | (0.25%) | (9.05%) | 2.97% | 3.21% | 7.68% | 1.90% | 6.42% |
| Oil Price Brent Crude PR | (1.57%) | (11.50%) | 12.47% | (5.03%) | 16.21% | (3.99%) | 5.09% |

SmartAssets Investment Returns (as at July 2019)

The gross-of-fees historical investment performance of the SmartAssets portfolios as at July 2019 has been as follows:

| | 1 MONTH | 3 MONTHS | 1 YEAR | 3 YEARS | 5 YEARS |
|--|--------------|----------------|--------------|----------------|--------------|
| <u>Aggressive Portfolios</u> | | | | | |
| SmartActive Aggressive Portfolio | (0.50%) | (1.54%) | 5.09% | 5.60% | 7.88% |
| Benchmark | (0.51%) | (1.54%) | 4.79% | 5.79% | 7.30% |
| Excess Return | 0.01% | - | 0.30% | (0.19%) | 0.58% |
| SmartPassive Aggressive Portfolio | (0.49%) | (1.54%) | 4.87% | 5.40% | 7.34% |
| Benchmark | (0.51%) | (1.54%) | 4.79% | 5.79% | 7.30% |
| Excess Return | 0.02% | - | 0.08% | (0.39%) | 0.04% |
| <u>Moderate Portfolios</u> | | | | | |
| SmartActive Moderate Portfolio | (0.25%) | (0.68%) | 5.90% | 6.44% | 8.15% |
| Benchmark | (0.31%) | (0.60%) | 5.81% | 6.50% | 7.64% |
| Excess Return | 0.06% | (0.08%) | 0.09% | (0.06%) | 0.51% |
| SmartPassive Moderate Portfolio | (0.25%) | (0.63%) | 5.91% | 6.23% | 7.73% |
| Benchmark | (0.31%) | (0.60%) | 5.81% | 6.50% | 7.64% |
| Excess Return | 0.06% | (0.03%) | 0.10% | (0.27%) | 0.09% |
| <u>Conservative Portfolios</u> | | | | | |
| SmartActive Conservative Portfolio | (0.08%) | 0.04% | 7.16% | 7.32% | 8.53% |
| Benchmark | (0.15%) | 0.11% | 6.56% | 7.03% | 7.91% |
| Excess Return | 0.07% | (0.07%) | 0.60% | 0.29% | 0.62% |
| SmartPassive Conservative Portfolio | (0.07%) | 0.08% | 6.79% | 6.96% | 8.17% |
| Benchmark | (0.15%) | 0.11% | 6.56% | 7.03% | 7.91% |
| Excess Return | 0.08% | (0.03%) | 0.23% | (0.07%) | 0.26% |
| <u>Preserver</u> | | | | | |
| SmartActive Preserver | 0.30% | 0.91% | 7.67% | 7.96% | 8.26% |
| Benchmark | 0.20% | 0.89% | 6.64% | 6.92% | 7.22% |
| Excess Return | 0.10% | 0.02% | 1.03% | 1.04% | 1.04% |
| SmartPassive Preserver | 0.31% | 1.34% | 7.92% | 7.92% | 8.17% |
| Benchmark | 0.20% | 0.89% | 6.64% | 6.92% | 7.22% |
| Excess Return | 0.11% | 0.45% | 1.28% | 1.00% | 0.95% |

Shari'ah Compliant Portfolio

| | 1 MONTH | 3 MONTHS | 1 YEAR | 3 YEARS | 5 YEARS |
|--------------------------------|--------------|--------------|--------------|----------------|----------|
| SmartAssets Shari'ah Portfolio | (0.15%) | 0.61% | 6.27% | 4.95% | - |
| Benchmark | (0.57%) | (2.23%) | 2.36% | 5.02% | - |
| Excess Return | 0.42% | 2.84% | 3.91% | (0.07%) | - |

Ultra-Conservative (Money Market)

| | 1 MONTH | 3 MONTHS | 1 YEAR | 3 YEARS | 5 YEARS |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|
| SmartAssets Money Market Portfolio | 0.76% | 2.18% | 8.54% | 8.68% | 8.03% |
| Benchmark | 0.55% | 1.66% | 6.64% | 6.76% | 6.47% |
| Excess Return | 0.21% | 0.52% | 1.90% | 1.92% | 1.56% |

SmartSingles

Aggressive Portfolios

| | 1 MONTH | 3 MONTHS | 1 YEAR | 3 YEARS | 5 YEARS |
|-------------------------|--------------|----------------|----------------|----------------|----------------|
| Coronation Managed Fund | (0.69%) | (3.12%) | 1.20% | 4.72% | 5.55% |
| Benchmark | (0.93%) | (2.58%) | 1.99% | 4.89% | 5.97% |
| Excess Return | 0.24% | (0.54%) | (0.79%) | (0.17%) | (0.42%) |

Moderate Portfolios

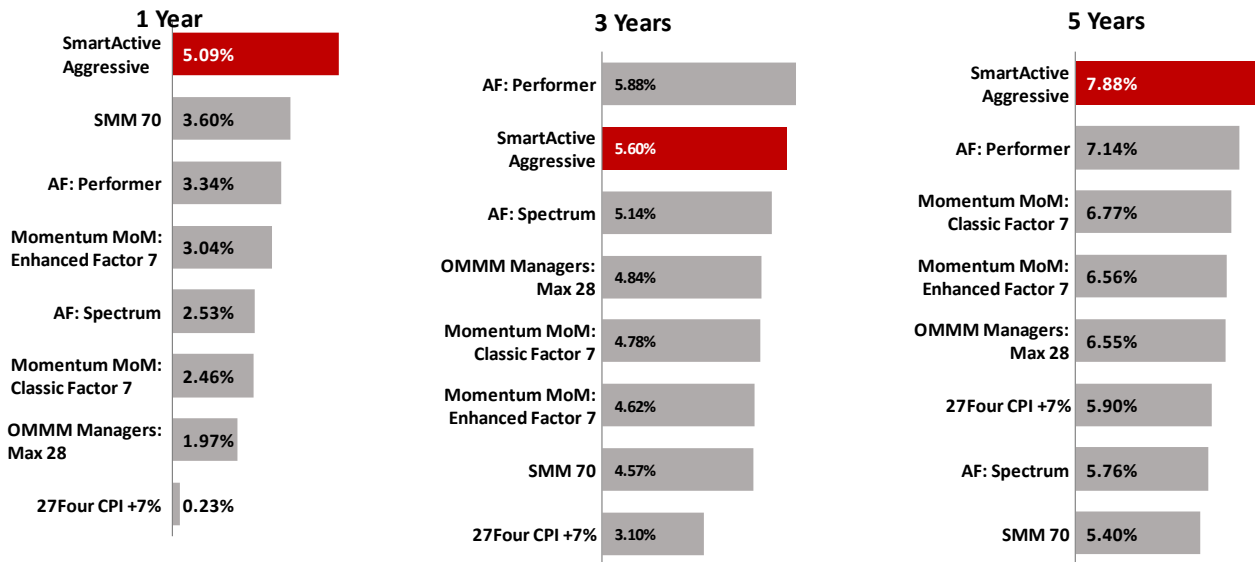
| | | | | | |
|----------------------------------|----------------|----------------|----------------|----------------|--------------|
| Allan Gray Global Balanced Fund | (1.07%) | (5.48%) | (1.35%) | 4.04% | 6.43% |
| Benchmark | (0.93%) | (2.58%) | 1.99% | 4.89% | 5.97% |
| Excess Return | (0.14%) | (2.90%) | (3.34%) | (0.85%) | 0.46% |
| Coronation Global Houseview Fund | 0.10% | (2.58%) | 2.67% | 5.33% | 6.47% |
| Benchmark | (0.93%) | (2.58%) | 1.99% | 4.89% | 5.97% |
| Excess Return | 1.03% | - | 0.68% | 0.44% | 0.50% |
| Investec Balanced Fund | (1.46%) | (1.93%) | 2.91% | 5.59% | 7.70% |
| Benchmark | (0.93%) | (2.58%) | 1.99% | 4.89% | 5.97% |
| Excess Return | (0.53%) | 0.65% | 0.92% | 0.70% | 1.73% |

SmartAssets investment returns for periods greater than one year have been annualised. Returns prior to inception are simulated returns based on reasonable assumptions using similar strategies managed by Sygnia.

The SmartAssets portfolios have also out-performed their competitors over long periods of time as per the multi-manager industry surveys below:

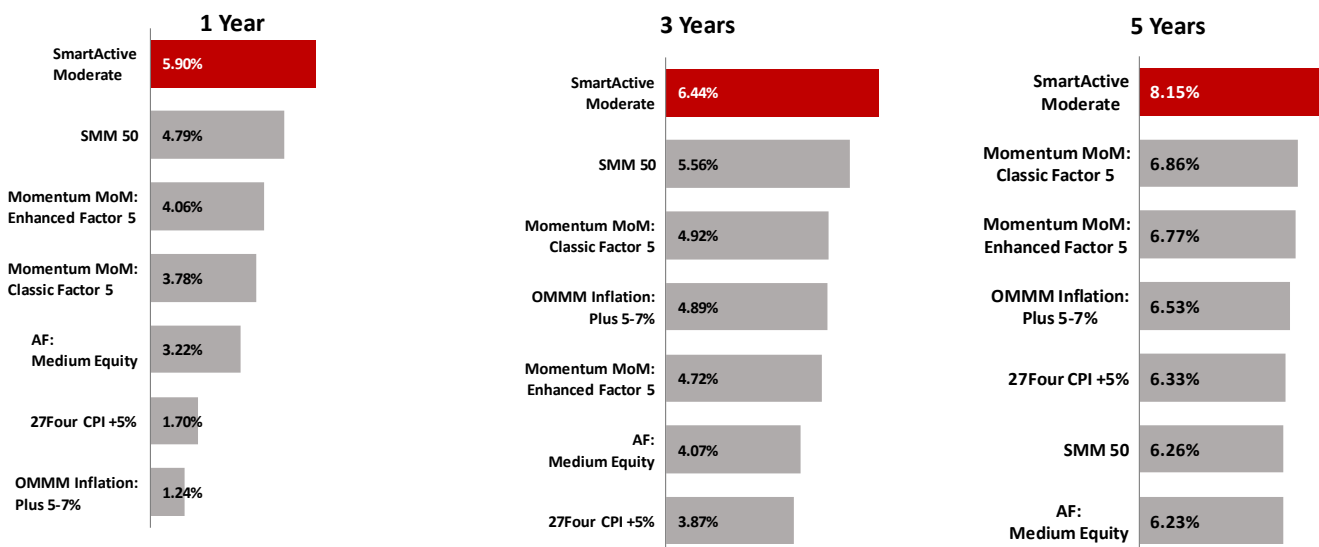
NMG Active Aggressive Managers Survey

As at July 2019



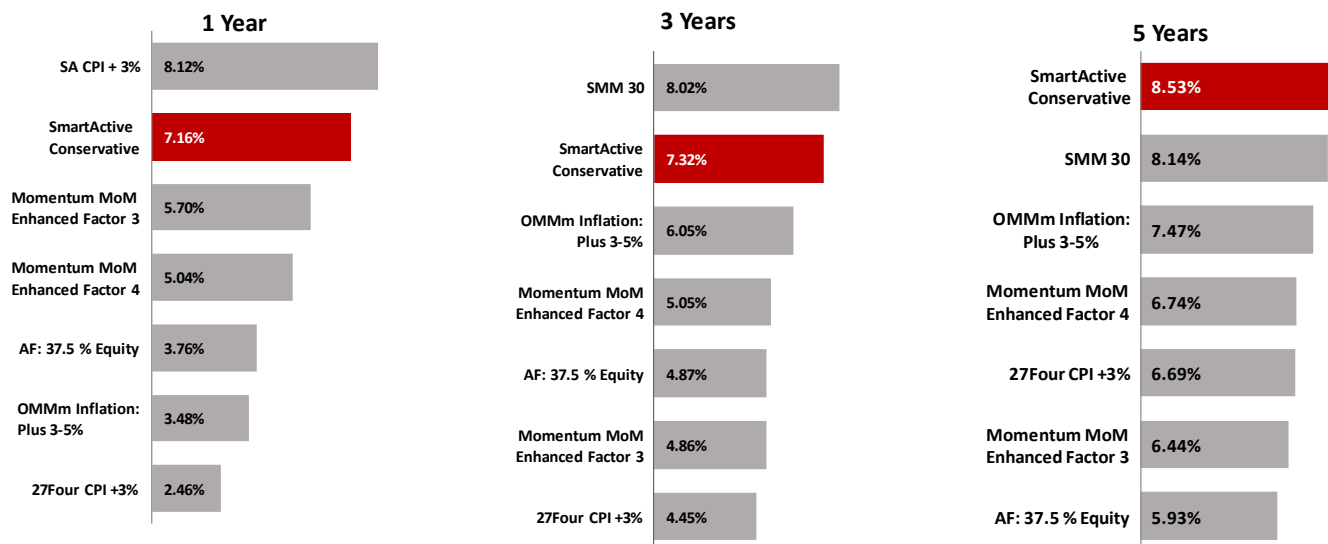
NMG Active Moderate Managers Survey

As at July 2019



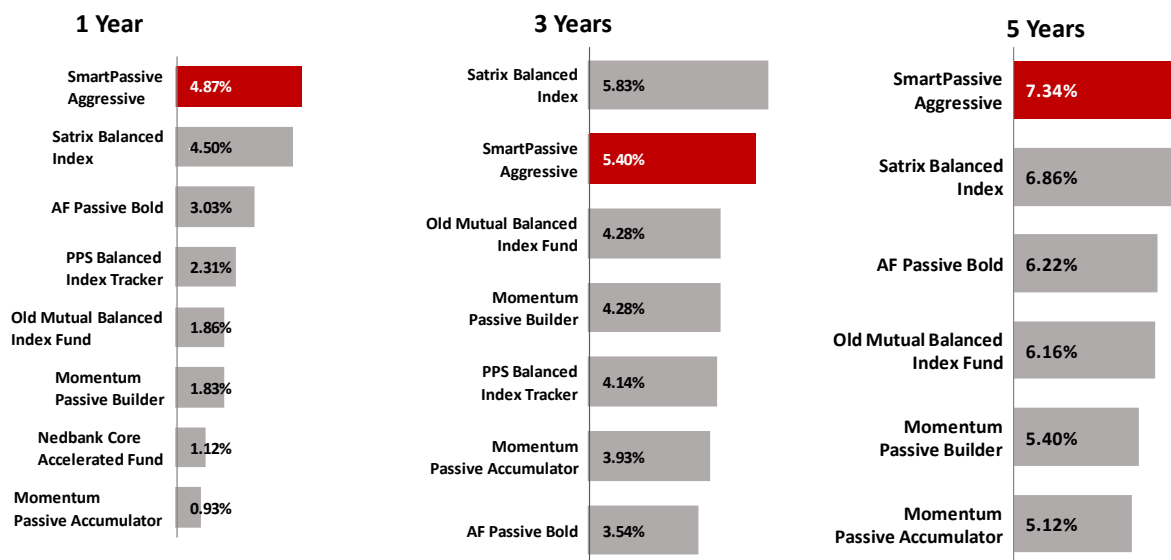
NMG Active Conservative Survey

As at July 2019



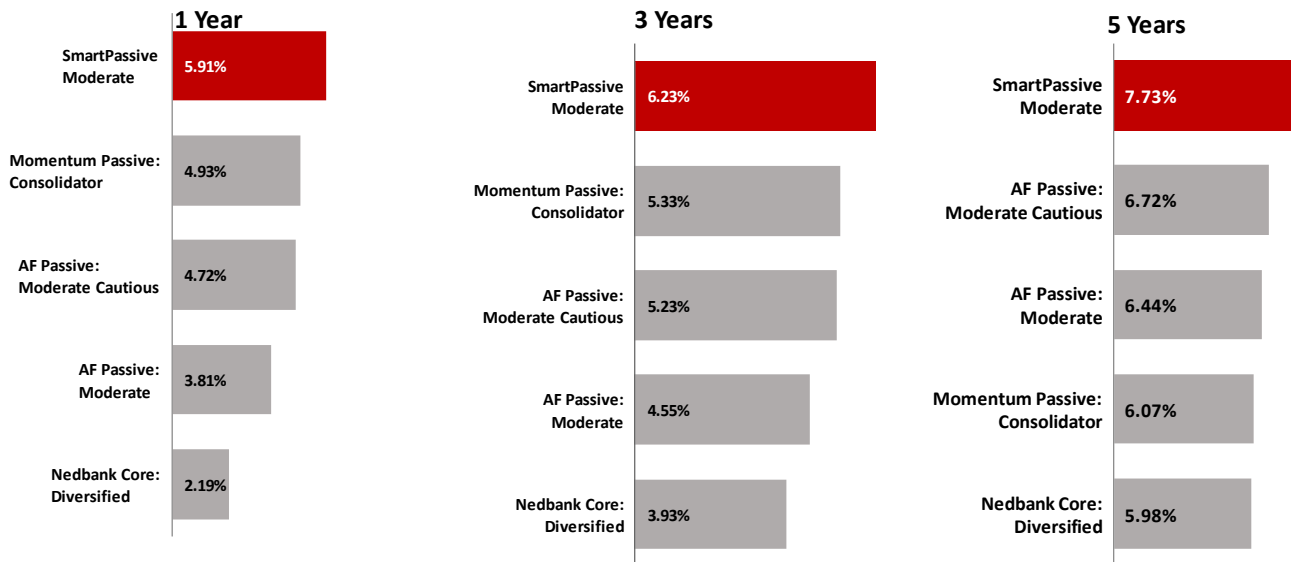
NMG Passive Aggressive Survey

As at July 2019



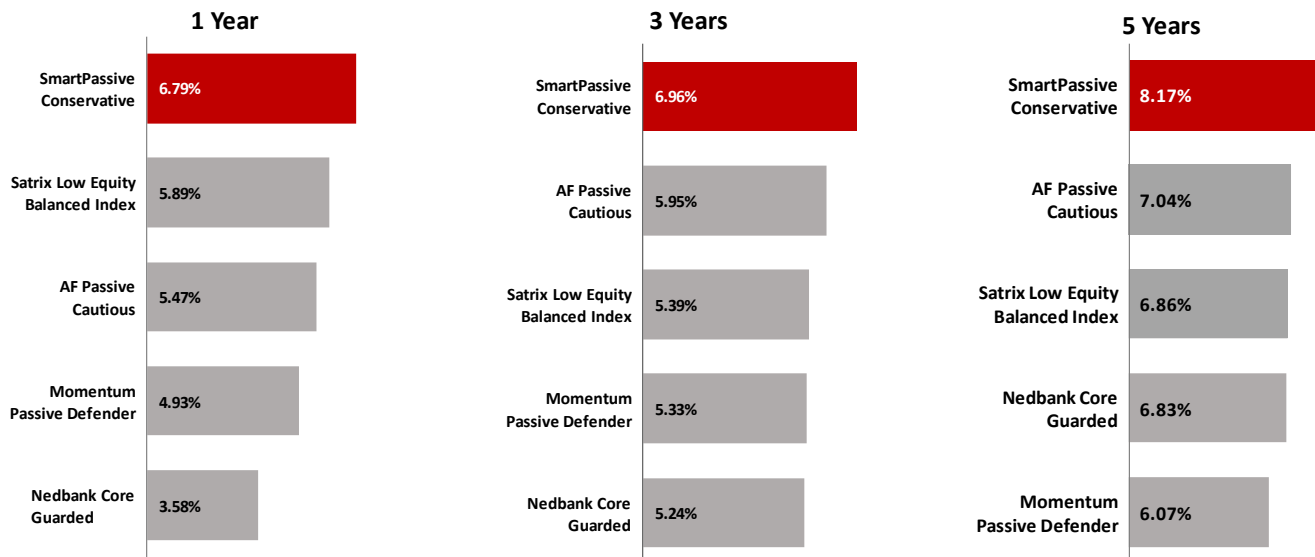
NMG Passive Moderate Managers Survey

As at July 2019



NMG Passive Conservative Managers Survey

As at July 2019



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