

# **Conservative Absolute Growth Fund**

28 February 2015

Please note that this document is meant for information purposes only and is not a fund fact sheet

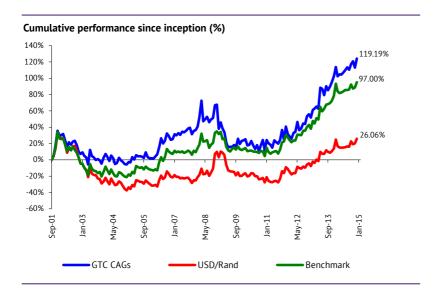
## Risk Profile of the Fund Moderate Risk

### Investment mandate and objective

The Rand-based international conservative balanced fund comprises diversified asset classes and investment strategies, with a low to medium exposure to equities and absolute return managers. The fund includes multiple specialized managers, through various geographic locations, which culminate in a low to medium risk fund. The fund aims to achieve an absolute return of cash plus 3%, over rolling 3 year periods. The fund is priced in South African Rand.

**Investment features:** Rand-based international exposure

Multiple asset class exposure Diversified investment strategies



#### **Fund Facts**

Manager: Inception date: Benchmark: Coronation International September '01 Composite Benchmark consists of: 35% MSCI World Index

45% Citigroup World Government Bond Index 20% US T-Bills

Absolute return target:

The absolute return target on this fund is to attain growth in excess of 6.5% per year in US Dollar

terms

### Performance since inception (%)

	3 Month	6 Month	1 Year	2 Year*	3 Year*	5 Year*	Since inception
CAGs Fund	3.27	4.53	8.71	16.28	20.44	11.93	6.01
Composite Benchmark**	4.44	5.71	7.08	16.79	17.45	11.46	5.50
Absolute Target Return <sup>1</sup>	6.21	11.43	13.70	20.32	21.32	14.14	7.50
ZAR/USD	4.89	8.68	8.16	14.44	15.40	8.58	2.26

<sup>\*</sup>Annualised

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<sup>\*\*</sup>Composite Benchmark came into use on 1 Oct 09 and consists of 35% MSCI World Index [ZAR], 45% Citigroup World Government Bond Index [ZAR], 20% US T-Bills [ZAR]. Prior to 1 Oct 09 the benchmark used was US 3-month T-Bills.

<sup>&</sup>lt;sup>1</sup> The absolute return target on this fund is to attain growth in excess of 6.5% per year in US Dollar All performances shown are one month in arrears except for the Rand Dollar exchange rate The composite benchmark has been adjusted for fees.



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### 6 month performances (%)



### Strategy allocation as at 28 February 2015



### Top 10 equity holdings (%)

As at 31 December 2014			
Apollo Global Management			
Blackstone Group			
Comcast Corporation			
Discovery Communications			
eBay Inc			
Fortress Investment Group			
KKR & Co			
Porsche Automobil			
Tata Motors			
Twenty-First Century Fox			

#### Portfolio comment

Volatility was the hallmark of global markets during the month of December driven by continued low interest rate policies as well as a rapidly falling oil price. This was evidenced by the fluctuations in the S&P 500 which declined almost 5% mid-month to rebound strongly at month end to close just below record highs. This sudden rebound was occasioned by a statement from the Federal Reserve Open Market Committee (FOMC) that they would be "patient" with regard to the normalisation of monetary policy. Stock market volatility as measured by the VIX, which measures market expectation of near term volatility, rose to an intra-month high of 23.57. The MSCI World gained 1.1% USD over the quarter driven almost exclusively by the US (4.81%), with Europe and Japan falling 4.30% and 2.40% respectively. 2014 has seen the US dollar gaining against all global currencies with both the Yen and the Euro losing more than 12% against the rampant greenback. Coupled with falling commodity prices, notably oil, markets were notably volatile with a wide dispersion in market returns.

Fixed income markets fared little better, with the Citigroup Global Bond Index showing a 2.15% detraction over the quarter ending the year in negative territory.

The fund had a disappointing quarter with exposure to EM markets detracting. It should be highlighted that investment decisions within the fund are based on long term prospects and earnings streams of individual companies as opposed to any short term macroeconomic outlook or individual company prospects. The fund remains defensively positioned with the anticipation of continued volatility.

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