

Index Solutions Balanced A

2024-04-30

The portfolio's objective is to offer diversified exposure to domestic and international equity, fixed income, real estate, and money market asset classes while maintaining a high level of risk. The portfolio complies with Regulation 28 of the Pension Funds Act.

Each investor owns a fully segregated portfolio that we manage individually. We calculate the fact sheet performance by aggregating all investors in the portfolio, Individual portfolios may vary due to differences in investment size and timing.

Portfolio Information

The Manager	Index Solutions
The Distributor	The Itransact Investment Platform
Fund Category	Managed Portfolio of Exchange Traded Funds
Benchmark	Sector : SA Mt South African Multi Asset High Equity TR in ZA
Risk Band	Growth
Inception Date	2013-05-10
TIC	0.59%
Daily Portfolio Information	www.itransact.co.za
Custodian/Trustees	ABSA Investor Services
Minimum Monthly Investment	ZAR 300
Minimum Lump Sum	ZAR 5,000
Distributions	Reinvested

Investment Strategy

This portfolio is an actively managed, multi-asset investment which comprises of low cost JSE-listed Exchange Traded Funds (ETFs). The ETFs undergo a meticulous screening process using proprietary rule-based, quantitative algorithms to identify the most efficient and well diversified ETFs before capital is allocated according to the portfolio's specific risk parameters

Asset Allocation

Instrument Name	Weighting
1Nvest S&P500 InfoTech ETF	31.29%
Satrix Traci 3 Month Money ETF	13.59%
Satrix Indi ETF	11.05%
1Nvest SA Bond ETF	10.93%
Satrix Namibia Bond ETF	9.09%
Satrix Fini ETF	8.55%
Satrix Value Equity ETF	7.12%
Satrix MSCI India ETF	4.21%
1Nvest Gold ETF	2.59%

Asset Class	Domicile	Weighting
Equity	Foreign	35.50%
Equity	Domestic	26.71%
Money	Domestic	13.59%
Bond	Domestic	10.93%
Bond	Foreign	9.09%
Commodity	Domestic	2.59%

Performance

The performance table below is the performance as of 2024-04-30. The performances shown are net of all the Manager's total expenses and net of all expenses of the underlying ETF manager. The benchmark is the Sector : SA Mt South African Multi Asset High Equity TR in ZA.

Invested Period	Period Return	Benchmark
1 Month	-0.45%	0.47%
3 Months	1.18%	2.31%
6 Months	15.41%	10.84%

Invested Period	Annualised Return	Benchmark
1 Year	16.98%	7.55%
3 Years	10.37%	8.16%
5 Years	8.75%	8.25%
10 Years	7.94%	6.80%
Inception (2013-05-10)	7.64%	

Suitability Of This Investment Plan

This portfolio product is suitable to those who:

1. Prefer to be exposed to a balanced multi asset investment strategy.
2. Prefer higher levels of investment risk.
3. Prefer higher amounts of equity exposure.
4. Require a medium to long-term savings vehicle.

Fees

We calculate fees and charges on a daily basis and deduct them from the portfolio at the end of each calendar quarter. Total investment fees and charges comprise an annual investment management fee of 0.30% (excluding Vat), and other cost such trade fees, brokerage fees, settlement costs, statutory costs and Vat.

How To Invest

Our portfolios are accessible to investors through the Itransact investment platform, conveniently located at www.itransact.co.za

Online Support

Investors and financial advisors are encouraged to sign up for online services with Itransact at www.itransact.co.za, where they can view all their investment information online.

Investment Manager Report: Multi-Asset Investment Insights For 2024

Overview

This report synthesizes key insights derived from a multiple discussions among investment managers from Present Investment Management, Sentio Capital Management, Visio File Management, and Schroders, Old Mutual Wealth, Equilibrium, Glacier Invest, Schroders, Ninety One, Flagship Asset Management and M&G Investments. The discussions all focused on the current and anticipated conditions in the multi-asset investment landscape in 2024.

Market Outlook And Economic Forecasts

The prevailing sentiment among investment managers is cautiously optimistic regarding the global economy, with significant emphasis on the variability of future market conditions. Key insights include: - Interest Rates and Inflation: The peak of interest rate hikes appears to be behind us, with expectations leaning towards potential rate reductions later in the year. Although inflation is believed to have peaked, its medium to long-term trajectory remains uncertain. - Recession Likelihood: Opinions vary on the potential for a recession in 2024, with predictions ranging from a soft landing to high uncertainty in economic forecasts, underscoring the need for readiness for various outcomes.

Strategic Investment Approaches

1. Equity and Bond Markets: The evolving correlation between equity and bond markets has posed challenges to traditional 60/40 equity-bond strategies, particularly due to atypical market behaviors observed since 2022.
2. Commodities and Alternatives: Diversification into commodities and other alternative investments is strongly recommended as a hedge against traditional market volatility and as part of a robust multi-asset strategy.
3. Geopolitical Risks and Portfolio Hedging: The importance of considering geopolitical risks was highlighted, with recommendations to incorporate gold and other safe-haven assets to hedge against potential market downturns triggered by global conflicts.

Investment Opportunities And Challenges

1. Tech Sector: There are concerns over the overvaluation in the technology sector, balanced by recognition of the growth potential driven by structural trends like AI integration. Selective investment in high-quality tech stocks with solid fundamentals and reasonable valuations is advised.
2. Emerging Markets: Opportunities in emerging markets, particularly in Asia and specifically China, are noted, despite ongoing concerns about structural challenges in the region. These markets are seen as offering significant valuation gaps.

Company-Specific Investment Strategies

1. South Africa and Emerging Markets: We have identified value opportunities in South African equities, which now appear cheap with low earnings multiples. Accordingly, we are shifting our focus from industrials and financials to these value exposures. While China also presents valuation opportunities, we remain cautious due to structural, fiscal, and regulatory concerns and will not increase our exposure there.
2. India's Market Opportunities: India's rapidly growing manufacturing base represents a significant opportunity, and we are actively increasing our exposure to this market.
3. Technology Investments: Our position on tech stocks remains stable, driven largely by the performance of the "Magnificent 7" (Apple, Microsoft, Alphabet, Amazon, NVIDIA, Tesla, and Meta). We anticipate a shift in focus from chip and hardware suppliers to end-user service providers such as Alphabet and Meta as the AI industry matures. We also expect other U.S. stocks to begin catching up to these leading stocks amid continued growth.
4. European Investments: The EU market remains somewhat cheap, and we plan to maintain our investments there.
5. Fixed Income Strategy: Our research indicates that the correlation between stocks and bonds is over-reported. We will maintain our investments in Namibian bonds but will decrease our exposure to South African bonds due to these findings.
6. Gold: We have already incorporated gold into our Regulation 28 compliant portfolios.

Remaining Invested

I was clear from the discussions that managers are encouraging investors to remain invested as all the manager were taking a fully invested approach due to the many current opportunities for good growth.

Conclusion

This report provides a comprehensive overview of the current multi-asset investment landscape, emphasizing strategic diversifications and preparedness for multiple economic outcomes as 2024 approaches. Our company-specific strategies are aligned with these insights, focusing on emerging market opportunities, cautious engagement with high-risk regions, and a balanced approach to technology investments. This report offers a foundation for informed decision-making in investment activities, helping portfolio managers and institutional investors understand the strategic recommendations and diverse perspectives shared by leading investment management companies, alongside our company-specific strategic directives.

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