

# BALANCED GROWTH PORTFOLIO

DECEMBER 2020



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managers

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## PORTFOLIO FACTS

|  |               |
|--|---------------|
| <b>Benchmark</b>                         | CPI + 4%      |
| <b>Mandate Inception (CPI + 4%)</b>      | January 2006  |
| <b>Easy Equities Portfolio Inception</b> | February 2018 |
| <b>Investment Horizon</b>                | > 3 Years     |

## INVESTMENT OBJECTIVES

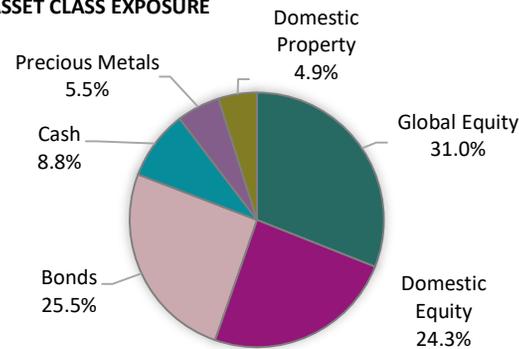
To steadily build wealth for investors over the long-term by balancing income generation and capital growth, whilst protecting the value of the investment against the risk of loss by using a mixed selection of assets.

## INVESTMENT STRATEGY

Cannon Asset Managers' Balanced Growth Portfolio invests across all the major asset classes, including equities, property, bonds, commodities and cash to produce long-term investment returns with a moderate risk profile. The strategic allocation to the various asset classes is fixed at optimal weights, although this is varied tactically from time-to-time to protect investments against market risks or to take advantage of asset class mispricing.

The exposure within the different asset classes is managed on a passive basis, which ensures holdings deliver efficient asset-class returns and costs are kept as low as possible. The goal of the portfolio is to steadily create wealth for investors over the longer term by balancing income generation and capital growth whilst managing the risk of investment losses.

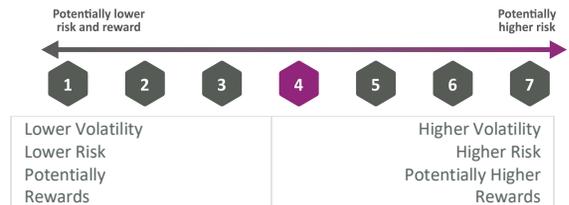
## ASSET CLASS EXPOSURE



## INVESTMENT GUIDELINES

Cannon Asset Managers' Balanced Growth Portfolio invests in a portfolio of equities, property, bonds, commodities and cash. The portfolio is managed to comply with the investment limits governing retirement funds (Regulation 28 of the Pension Funds Act). This means the portfolio may hold foreign assets with an exposure of up to 30% of the investment value, with an allowance for an additional 10% for African (ex-South Africa) investments. The portfolio may have exposure to growth assets, including equities (up to 60% as a medium-equity investment) and property (up to 25%). As a result, the portfolio will not hold more than 85% exposure to equities and property combined and will never have less than 60% exposure to South African assets.

## SUITABLE FOR\*



The portfolio is suited to investors who:

- are looking for steady, long-term capital growth ahead of consumer price inflation;
- have an investment horizon of at least three years; and
- can tolerate market fluctuations and short-term capital drawdown as part of a long-term wealth creation process.

## BENCHMARK

The investment results of the portfolio are measured against two benchmarks, namely:

- the market value-weighted average return of funds in the ASISA South African Multi-Asset Medium Equity Category, as reported by Morningstar ([www.morningstar.com](http://www.morningstar.com)); and
- the rate of consumer price index inflation plus 4 percent (CPI + 4%).

As a medium-risk investment, the portfolio also has an implicit objective to achieve investment returns whilst managing volatility and drawdowns such that the portfolio produces a return above the rate of consumer price inflation over a rolling three-year period.



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\* Riskalyze is a cutting-edge technology that identifies your acceptable levels of risk and reward with unparalleled accuracy. Using this tool, we ensure that your portfolio aligns with your investment goals and expectations. For more information please go to [www.riskalyze.com](http://www.riskalyze.com).



## EFFECTIVE ANNUAL COST (EAC)

|   |      |
|---|------|
| Underlying Fund Total Expense Ratio (TER) | 0.41 |
| Transaction Costs                         | 0.13 |
| Asset Management Charge                   | 0.65 |
| Effective Annual Cost (%)                 | 1.19 |

The estimated effective annual cost is made up of (a) the weighted average of the total expense ratio (TER) of the exchange traded funds that make up the portfolio; (b) a reasonable best estimate of the transaction costs incurred in managing the portfolio; and (c) the asset management fee charged by Cannon Asset Managers as the portfolio advisor. Keeping investment costs as low as possible is an explicit objective of Cannon Asset Managers as the portfolio advisor.

All figures are quoted exclusive of value added tax (15% as of 1 April 2018). Independent financial advisors are eligible to charge an additional advice fee of up to 0.50% per annum.

## REGULATION 28 COMPLIANCE & SAVINGS WRAPPER

Cannon Asset Managers' Balanced Growth Portfolio is managed to comply with the restrictions and requirements imposed by Regulation 28 of the Pension Funds Act. However, investors are not obliged to invest in the portfolio via a savings wrapper.

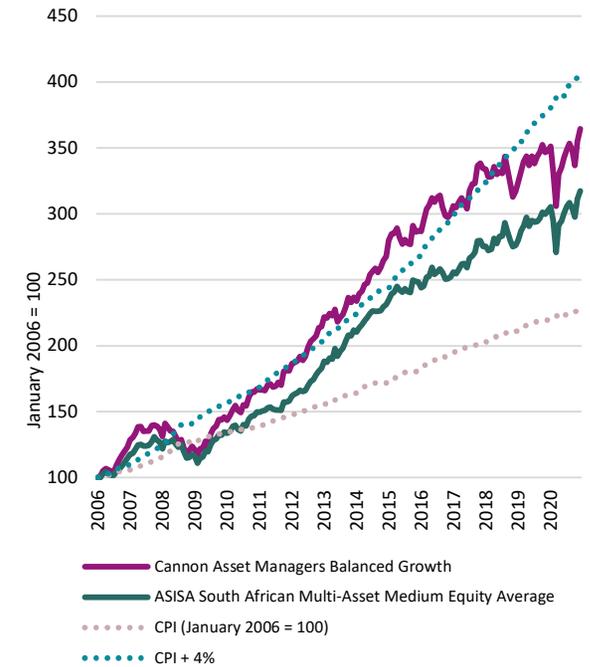
**Retirement Annuity:** If you choose to invest in the portfolio via a retirement annuity, an additional fee of 0.30% per annum will be levied for the savings wrapper, increasing the effective annual cost to 1.49%.

**Living Annuity:** If you invest via a living annuity an additional fee of 0.40% per annum will be levied for the savings wrapper, increasing the effective annual cost to 1.59% per annum.

## PORTFOLIO ATTRIBUTES & INVESTMENT RESULTS

| Return & Risk Attributes      | Benchmark (CPI + 4%) | ASISA Average | Balanced Growth Portfolio |
|-------------------------------|----------------------|---------------|---------------------------|
| Average Yearly Return (%)     | 9.9                  | 8.0           | 8.9                       |
| Average Yearly Volatility (%) | 1.5                  | 6.8           | 8.5                       |
| One-Year Return               | 7.2                  | 4.9           | 4.8                       |
| Three-Year Return             | 8.0                  | 4.8           | 2.9                       |
| Five-Year Return              | 8.8                  | 5.0           | 4.9                       |
| Ten-Year Return               | 9.3                  | 7.8           | 8.1                       |
| Return Since Inception (%)    | 305.5                | 217.4         | 264.5                     |
| Highest Monthly Return        | 2.4                  | 7.8           | 8.0                       |
| Lowest Monthly Return         | -0.9                 | -8.2          | -7.8                      |
| Highest Annual Return         | 18.2                 | 22.2          | 30.9                      |
| Lowest Annual Return          | 6.1                  | -12.9         | -17.0                     |
| Positive Months (%)           | 98.3                 | 67.6          | 63.7                      |
| Success Rate (%)              | NA                   | 69.4          | 66.0                      |

## PERFORMANCE



¶ The return and investment performances set out in this document are for illustrative purposes only. The performance is calculated by taking the actual initial fees and all ongoing fees into account for the strategic asset allocation percentages of the portfolio and all income is reinvested on the reinvestment date. For the period from 2006 to 2018, proxy data were used based on Cannon Asset Managers underlying mandates to represent the portfolio's returns. The highest and lowest annual returns reported are on a rolling 12-month basis since inception, and not per calendar year; this metric is intended to capture how much the portfolio and the benchmark returns have varied for a rolling 12-month period. The portfolio is managed to comply with Regulation 28 of the Pension Funds Act.

‡ The Success Rate measures the instances in which the investment performance of the portfolio is ahead of consumer price inflation over the investment horizon of the portfolio, as noted under the section "Benchmark".

The effective annual cost (EAC) calculation is made in accordance with ASISA effective annual cost (EAC) standard available at [www.asisa.org.za/codes-standards-guidelines/standards/](http://www.asisa.org.za/codes-standards-guidelines/standards/).

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