glacier by Sanlam

Glacier Invest Global Specialist Cautious

May 2022 Multi-Manager

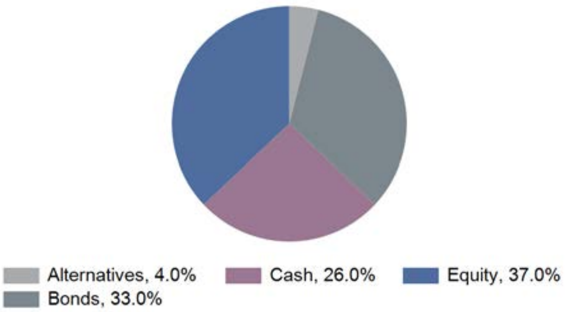
Fund Details

Currency	USD($)
Risk profile	Cautious
Investment period	3 years or longer
Launch date	01 October 2020

Fund Objectives

The investment objective of the Fund is to provide consistent levels of capital growth through a lower levels of exposure to global equity markets over a market cycle. This Fund is suitable for investors who require low capital growth over a 3-year or longer timeframe. The Fund may have an equity exposure of less than 50%, depending on the investment manager's investment strategy for a Cautious portfolio at the time.

Global Asset Allocation



Holdings as at Month End

Holdings as at Month End	%
Baillie Gifford Worldwide Long Term Global Growth	2.44
Dodge & Cox Worldwide - Global	5.00
Dodge & Cox Worldwide - Global Stock	3.00
Fidelity Funds - World	5.55
Fundsmith Equity	1.74
Goldman Sachs Global Core Equity Portfolio	3.70
Legg Mason Brandywine Global	5.00
MFS Meridian Funds - Global Equity	4.44
Nedgroup Investments Global Equity	4.03
Ninety One GSF Global Franchise	4.55
Pictet - PPMF (CH) - Phy	2.00
PIMCO GIS Low Average Duration	18.00
PIMCO GIS Total Return Bond	5.00
PIMCO Global Bond	18.00
Sanlam Global High Quality	2.55
Sanlam Real Assets	2.00
Schroder ISF Global Recovery	6.00
Vontobel - TwentyFour Absolute Return Credit	7.00

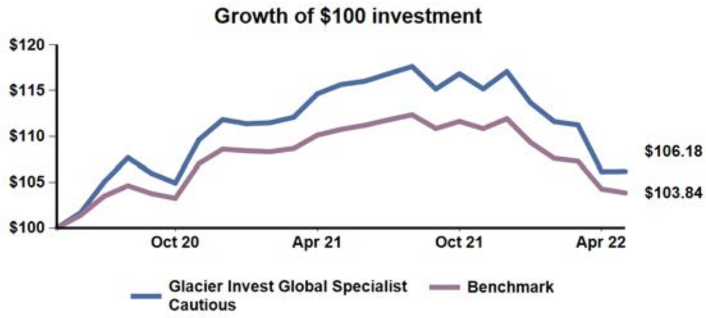
Key Information

Key Information	%

Benchmark	
EAA OE USD Cautious Allocation	100.00

Fees (incl. VAT)	
Annual Wrap fee	0.29
Underlying Manager TER's	0.72

Cumulative performance - 2 years*



Performance (%)	Fund*	Benchmark
1 Month	0.03	-0.39
3 Months	-4.86	-3.47
6 Months	-7.82	-6.30
YTD	-9.31	-7.21
1 Year	-8.20	-6.23
2 Years (annualised)	3.04	1.90
Since Launch (annualised)	0.12	0.05

Risk statistics (2 years)	Fund*	Benchmark
Returns (annualised)	3.04%	1.90%
Standard deviation (annualised)	7.13%	4.90%
% Positive months	62.50%	54.17%
Maximum drawdown	-9.76%	-7.56%
Sharpe ratio	0.39	0.33

* The simulated analysis before launch date was created using Morningstar and is for illustrative purposes only. It provides an indication of hypothetical past performance given historic asset and manager allocation, and cannot be construed as providing an indication of expected future performance.
The investor is liable for CGT on any transactions in the unit trusts of the underlying unit trusts within the wrap funds. Compulsory investments are not subject to CGT. Performance is calculated using net returns (after fees) of the underlying unit trusts, and quoted excluding wrap fund fees. Performance quoted is pre-tax. Fund performance numbers shown are for a notional portfolio and do not reflect the actual performance of the client invested in the wrap fund due to timing differences of investments or disinvestments of the client. Dual-listed wraps will reflect combined fund sizes and will reflect primary platform performance information. Benchmark returns for CPI are based on actual published returns and an estimated one month return for the month of the report date. ASISA Benchmark returns are the ASISA returns available as at the time of reporting.

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Commentary

Market Review

May opened largely with a continuation of similar themes from April, with hawkish central bank messaging, geopolitical tensions, lockdowns in China, and inflationary fears contributing to broader market volatility. In the U.S., the April jobs report was strong, and CPI in April rose an annualized 8.3%, remaining near a 40-year high. The US Federal Reserve ("the Fed") increased the federal funds rate 50 bps in May, as expected, and detailed its plan to begin reducing its balance sheet on June 1st. In reaction, the 10-year US Treasury yield reached roughly 3.13% during the month, its highest level since 2018.

Later in the month, however, the Fed's messaging was less hawkish than expected, given some weaker economic data. The May PMI survey came in relatively soft, Q1 GDP was revised lower, and the core PCE price index advanced less in April than March – fuelling thoughts that inflation may be easing.

This assessment that the Fed would not need to tighten as aggressively as initially feared to bring inflation down, contributed to a month-end rally. The 10-year Treasury yield closed the month at 2.84%, down about 9 bps over the month. The Bloomberg Global Aggregate bond index ended up 0.27%. Global equities ended in positive territory in May by the thinnest of margins, gaining 0.1%.

The continued Covid-related lockdowns in key Chinese cities impacted Asian markets, which only began to relax towards the end of the month. The Chinese government comforted the market by pledging support for technology "platform" businesses. The MSCI EM Index gained 0.4% in May, supported by rising commodity prices and the easing COVID restrictions in China.

The oil price posted double-digit gains (Brent Crude was up 12.5%) for the fourth time in six months, driven by supply uncertainty given the prospect of additional Russian sanctions on already suppressed inventory levels and rising demand. Prices for gold and silver declined, now having given up much of their year-to-date gains. Rising real interest rates have increased the opportunity cost of holding these yield-free precious metals. Gold posted a loss for May of 2.7%.

Comments on Fund Selection and Performance

Relative to the strategic asset allocation of the portfolio, the Glacier Global Specialist Cautious BIV portfolio was positioned, going into May, overweight to Developed Market (DM) equities and underweight to bonds and cash, and maintained an allocation to gold bullion. The portfolio also held a position in listed real asset securities, such as infrastructure, renewable energy and specialist property listed assets.

The tactical overweight allocation to gold bullion and listed real assets was thus at the expense of bonds and cash. Relative to both, the allocations to gold and listed real assets detracted from performance.

Our selection of DM equity managers outperformed the global equity benchmark over the month.

The asset allocation decision to maintain an underweight position in global bonds was an overall detractor to performance this month. In addition, most bond managers underperformed relative to the Barclays Global Aggregate Bond Index.

Our income managers, utilized for cash management, marginally outperformed their cash benchmark.

Overall, relative to the Fund's strategic asset allocation, tactical asset allocation was a detractor from relative performance. Manager selection, particularly in relation to DM equities, was a contributor to relative performance. The net result was outperformance relative to our strategic asset allocation benchmark of 0.09%, and outperformance of 0.63% versus the portfolio's benchmark, the EAA Fund USD Cautious Allocation peer group.

Outlook

There is a large amount of uncertainty on the economic outlook. The shifting composition of consumer spending from goods to services is an important post-pandemic re-adjustment as the economy normalises and the unprecedented amount of monetary and fiscal stimulus, particularly in the US, is unwound. In the US, household savings are extremely elevated, the labour market extraordinarily tight and supply bottlenecks continue to keep inflation high and uncertain.

Continued market volatility should be expected in the near term, given the myriad uncertainties around persistent inflation, rising interest rates and slowing economic growth.

The Fed will continue to be challenged to calibrate monetary tightening between conflicting signals, high inflation and weakening growth. The markets will also look forward to the Q2 reporting season and the impact of inflation on the consumer and company earnings.

A watchful and cautious stance is warranted.