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The Home of Retirement Funds

Wealth Management Seminar

etfSA.co.za
Investment Seminars
January/February 2017

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etfSA.co.za

Agenda

- **2016** performance – in context
 - Domestic
 - Currency
 - Offshore
 - Balanced Funds
- **2017** and beyond
 - What if you give up now?
 - What to expect?
 - An action plan to “trump” new year’s resolutions!

What did we expect of 2016?

Staying Afloat

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Remember the end of 2014?

- High tide
- Plain sailing for six years

- Storm clouds on the horizon

Strategic positioning for low tide conditions

- Risk off
 - Geographically, favour non-SA over SA
 - Within non-SA, favour developed markets over emerging markets
 - Within asset classes, favour equities over bonds
 - Within equities, favour defensive & high yielding sectors over cyclical & interest rate sensitive sectors
 - Within interest-bearing investments, favour cash, preference shares and inflation-linkers over regular bonds

Ships don't sink Because of the water Around them
Ships sink Because of the water that gets IN them
- Don't let what's happening around you get inside you
+ Weigh you down
#StayUp

What surprised us?



Brexit to be followed by Italeave. Czechout.
Finish. Slovakout. Latervia. Byegium.
Luxembye. Portugone. Donemark. Spaout.
Oustria. Polend.

Only one country will probably stay.

Remainia.

ORANGE



**IS
THE
NEW**



BLACK



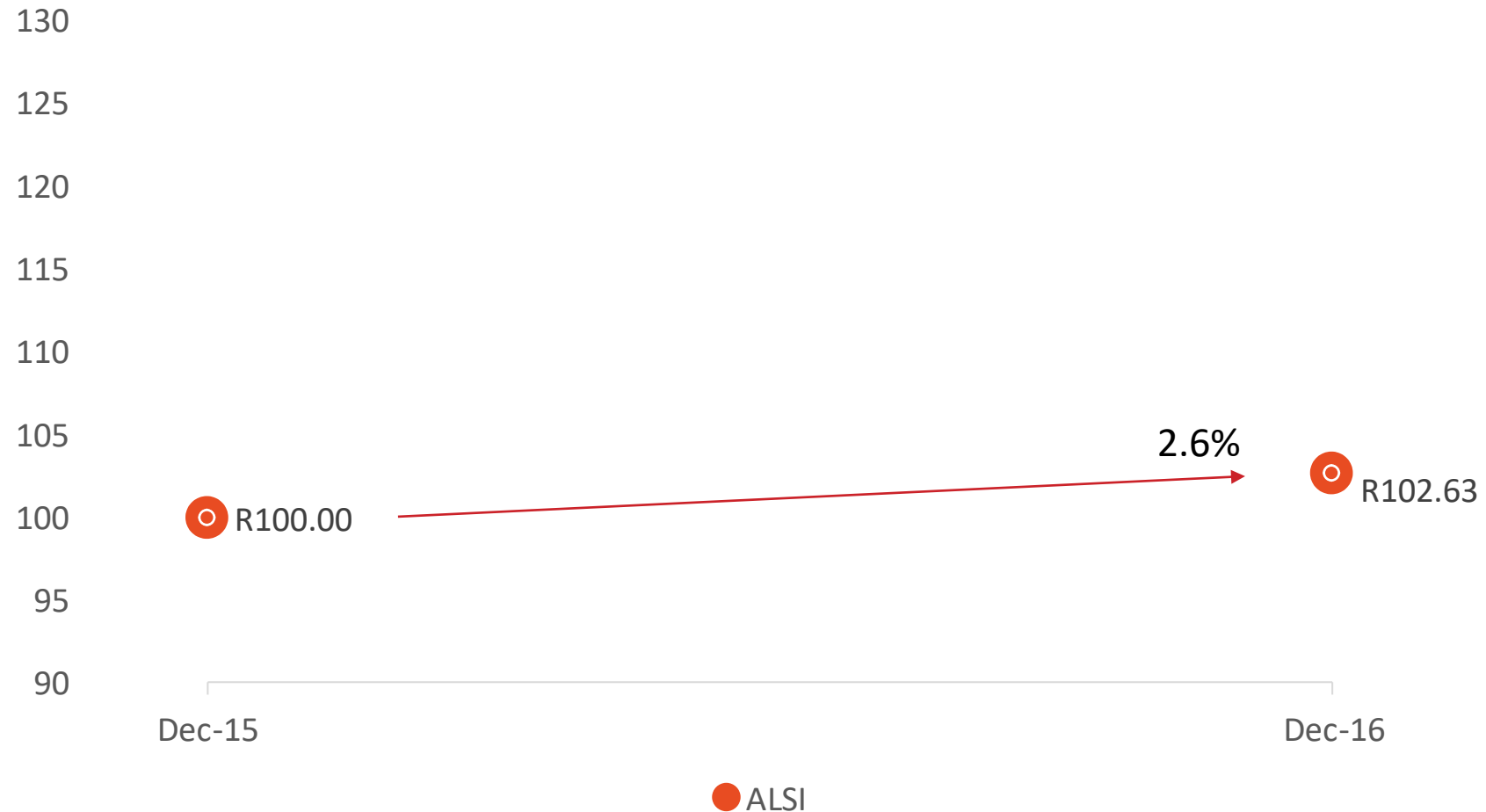
 Follow

Some people wishing this year will just
@#\$%!& end already.
[#Nkandla](#) [#SpyTapes](#) [#Gordhan](#)
[#NoConfidence](#) [#SONA2016](#)



2016 performance in context

SA Equity



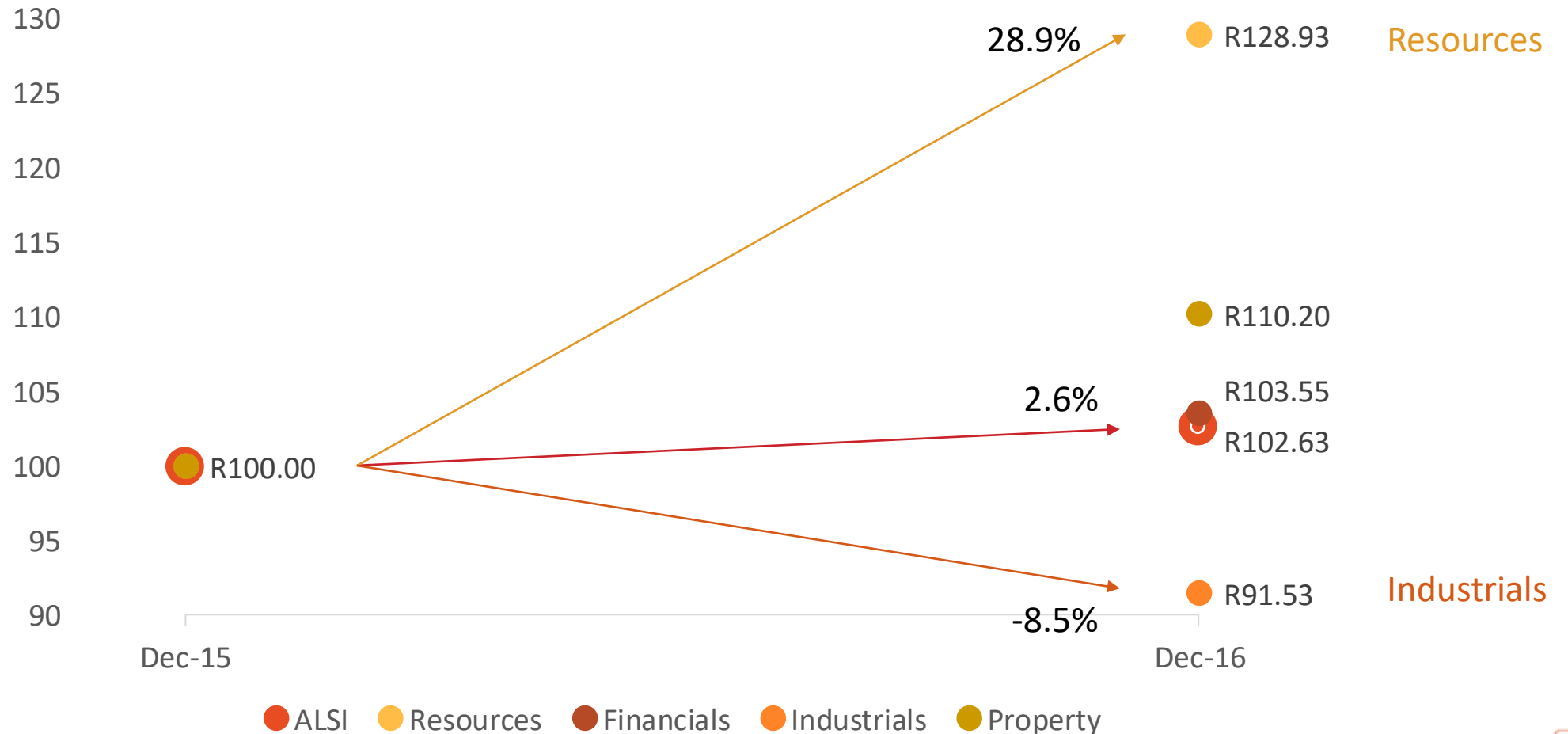
Source: JSE data; etfSA calculations

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2016 performance in context

SA Equity

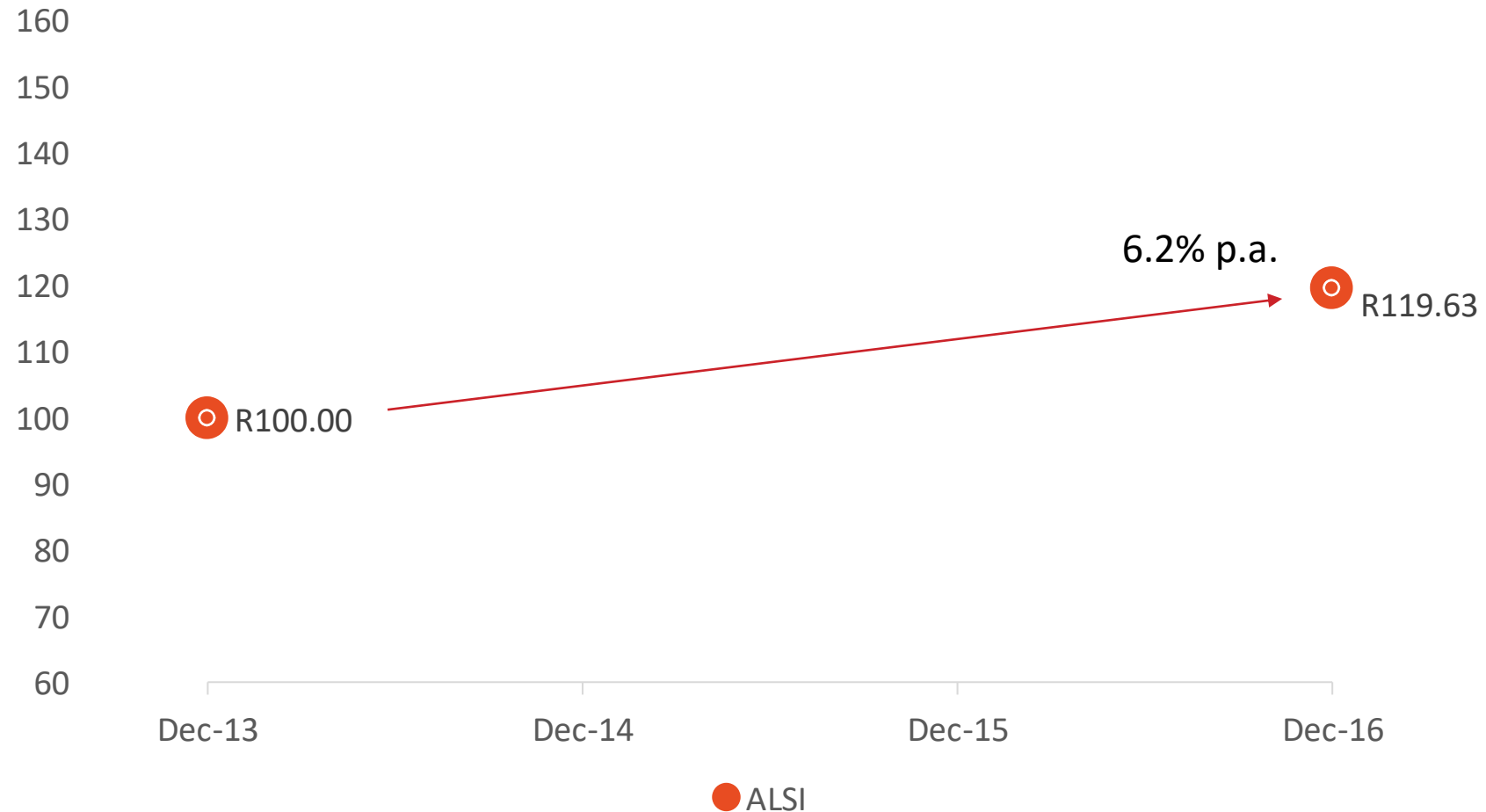


Source: JSE data; etfSA calculations

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3 year performance in context SA Equity

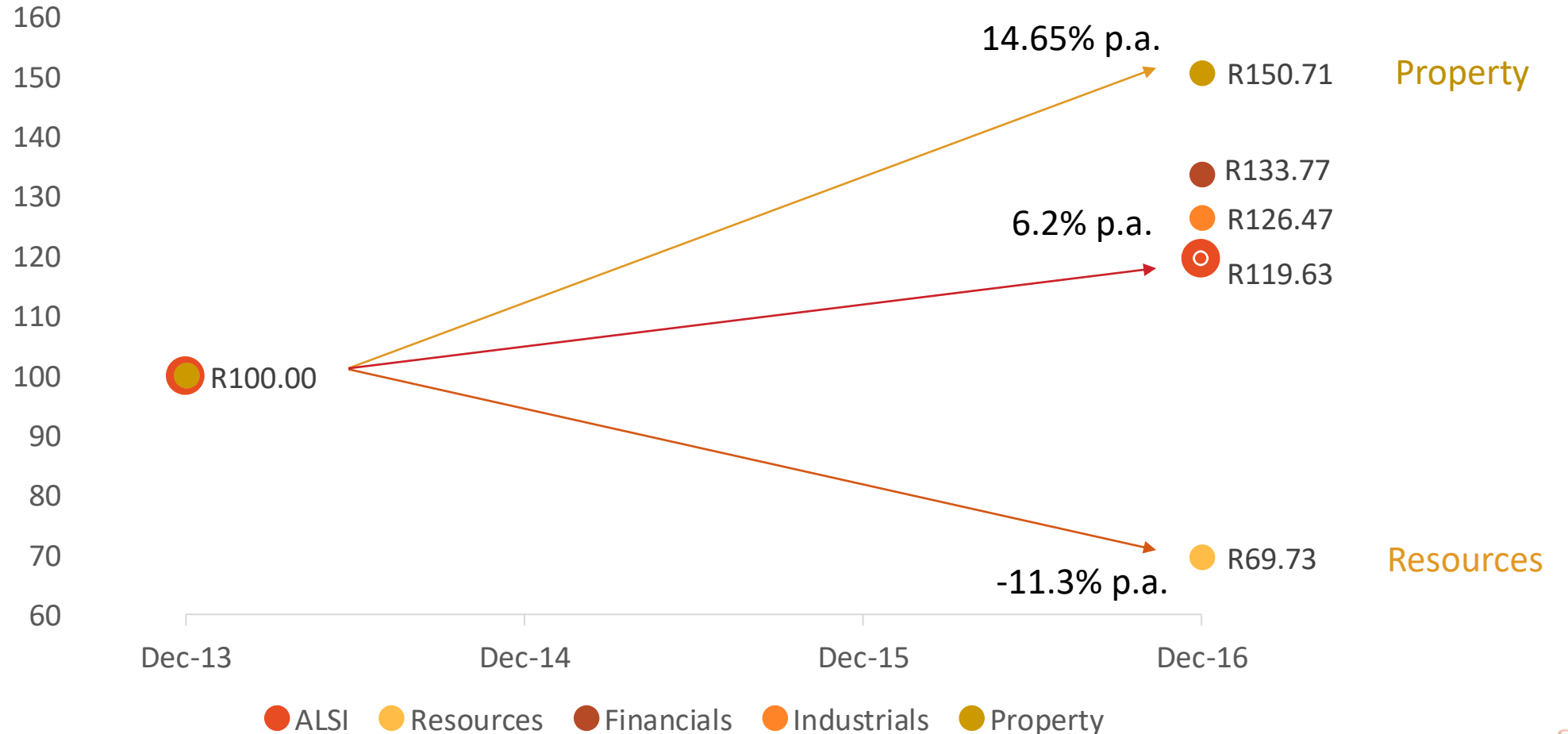


Source: JSE data; etfSA calculations

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3 year performance in context SA Equity



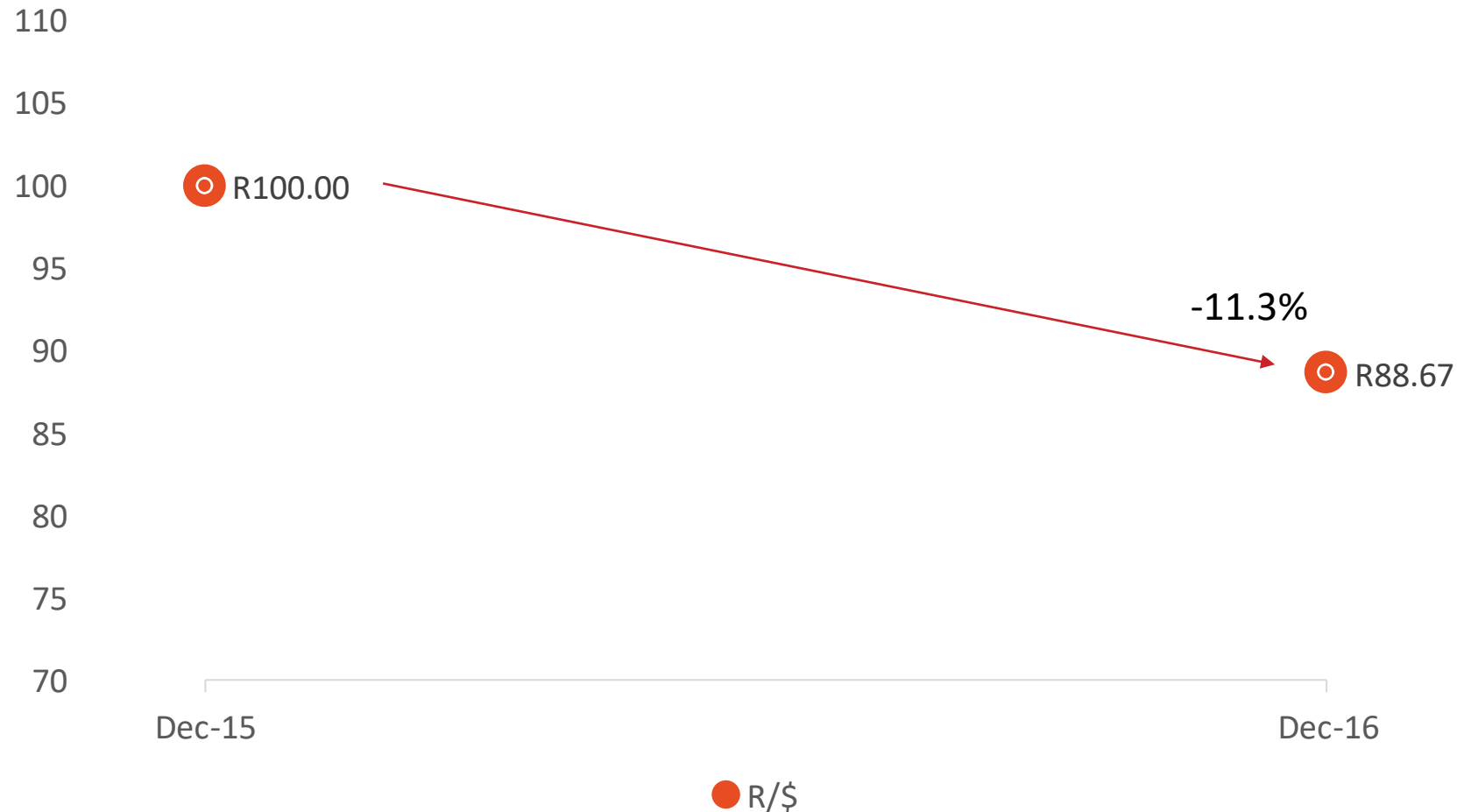
Source: JSE data; etfSA calculations

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2016 performance in context

Currencies



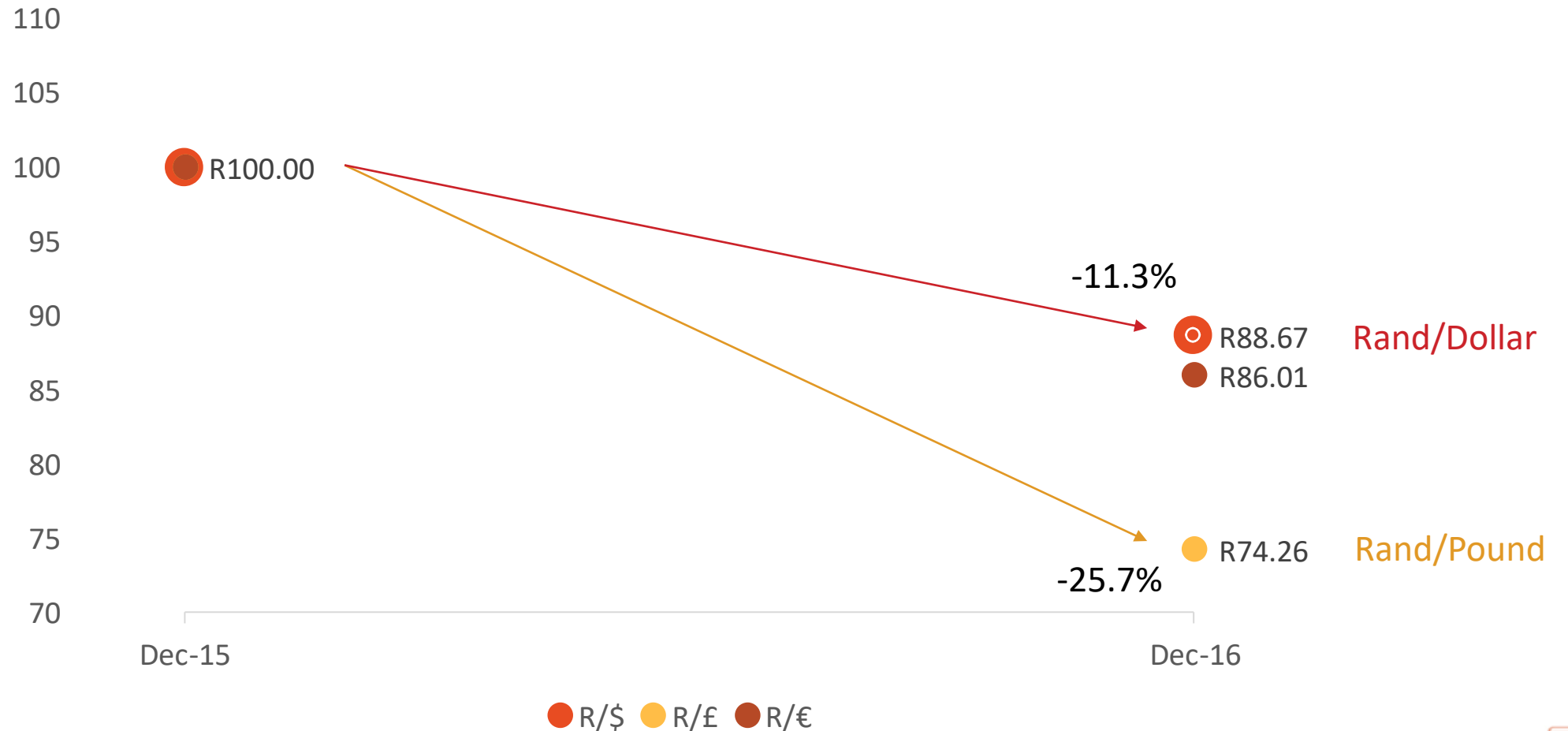
Source: JSE data; etfSA calculations

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2016 performance in context

Currencies



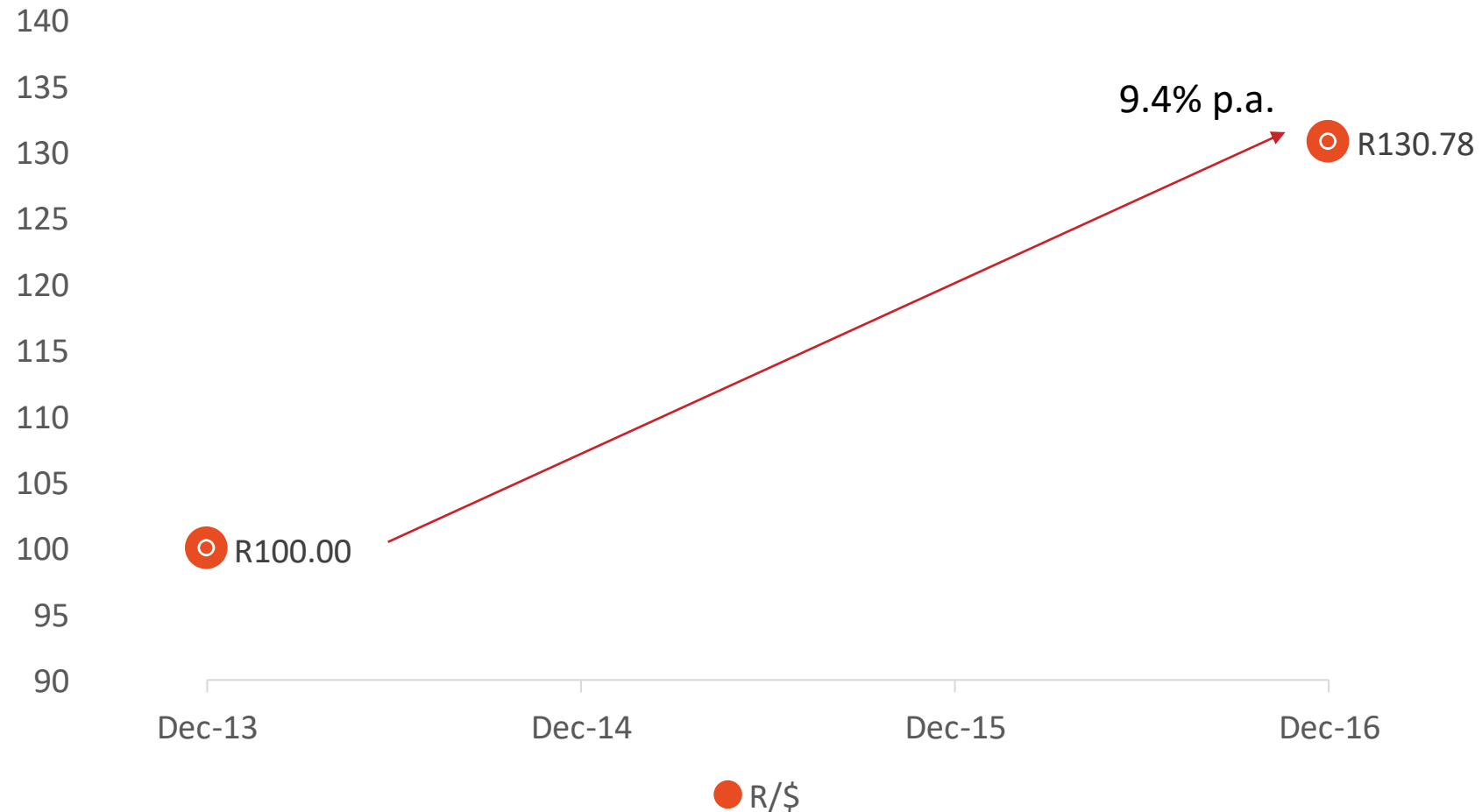
Source: JSE data; etfSA calculations

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3 year performance in context

Currencies



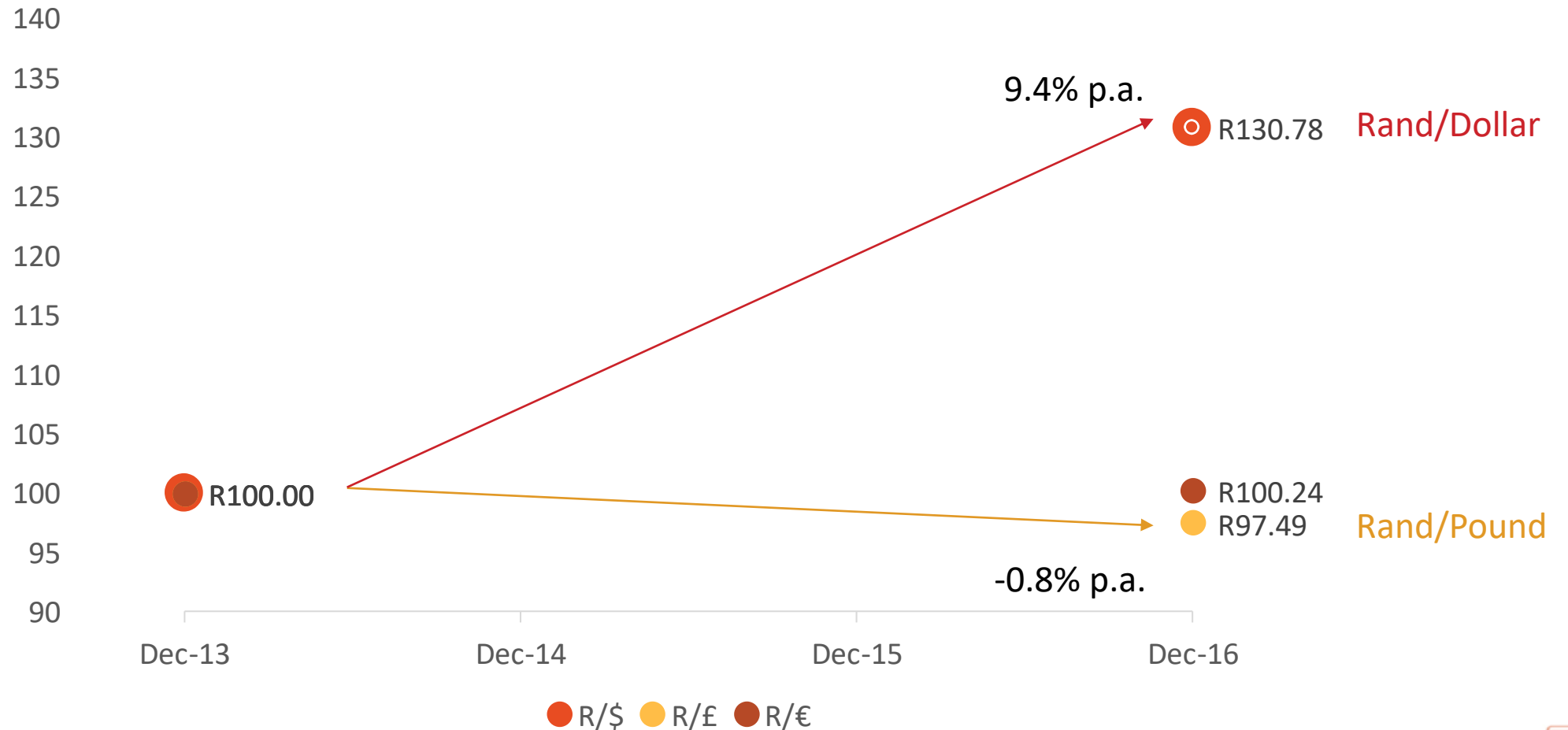
Source: JSE data; etfSA calculations

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3 year performance in context

Currencies

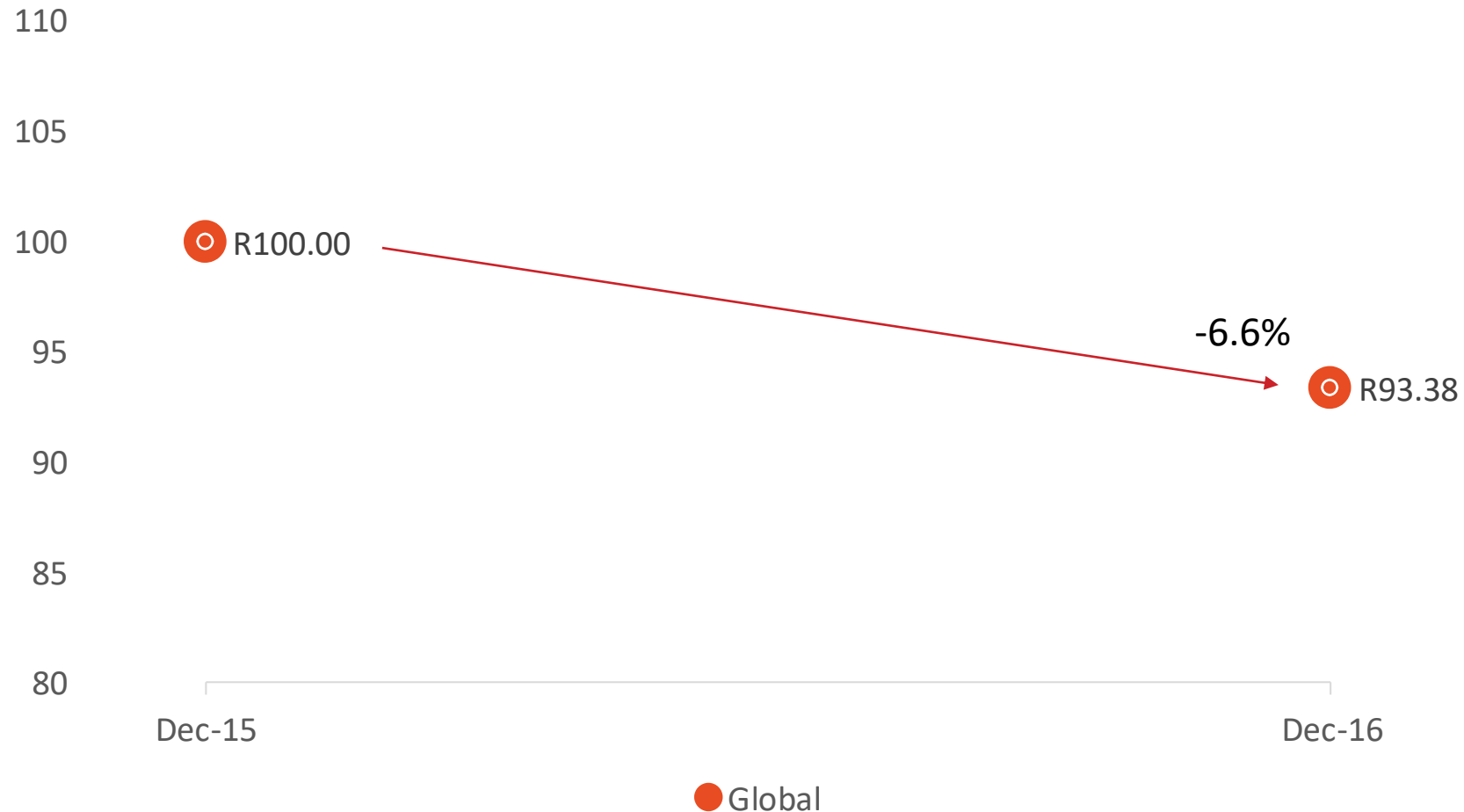


Source: JSE data; etfSA calculations

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2016 performance in context Offshore

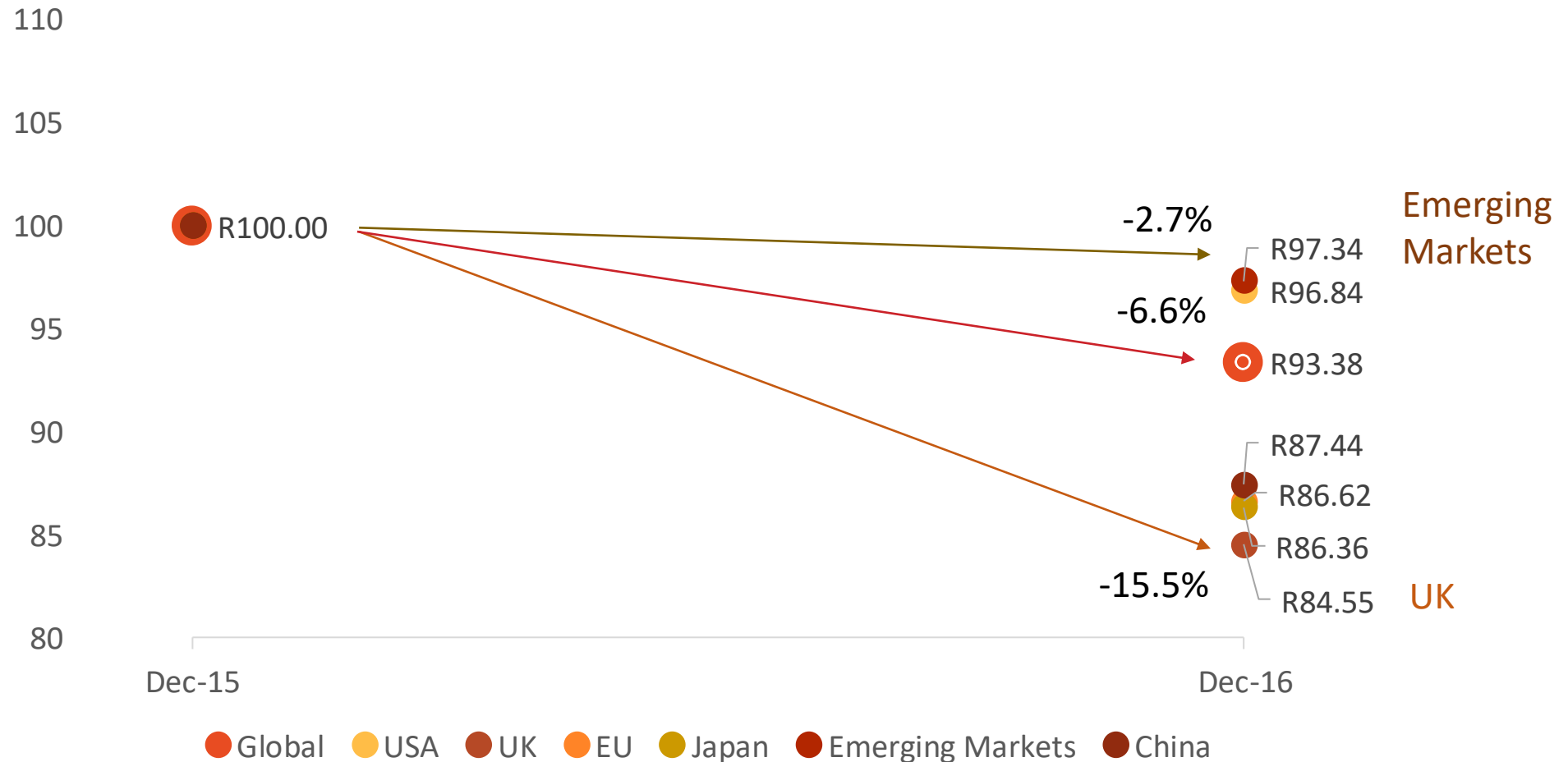


Source: ProfileMedia data; etfSA calculations

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2016 performance in context Offshore

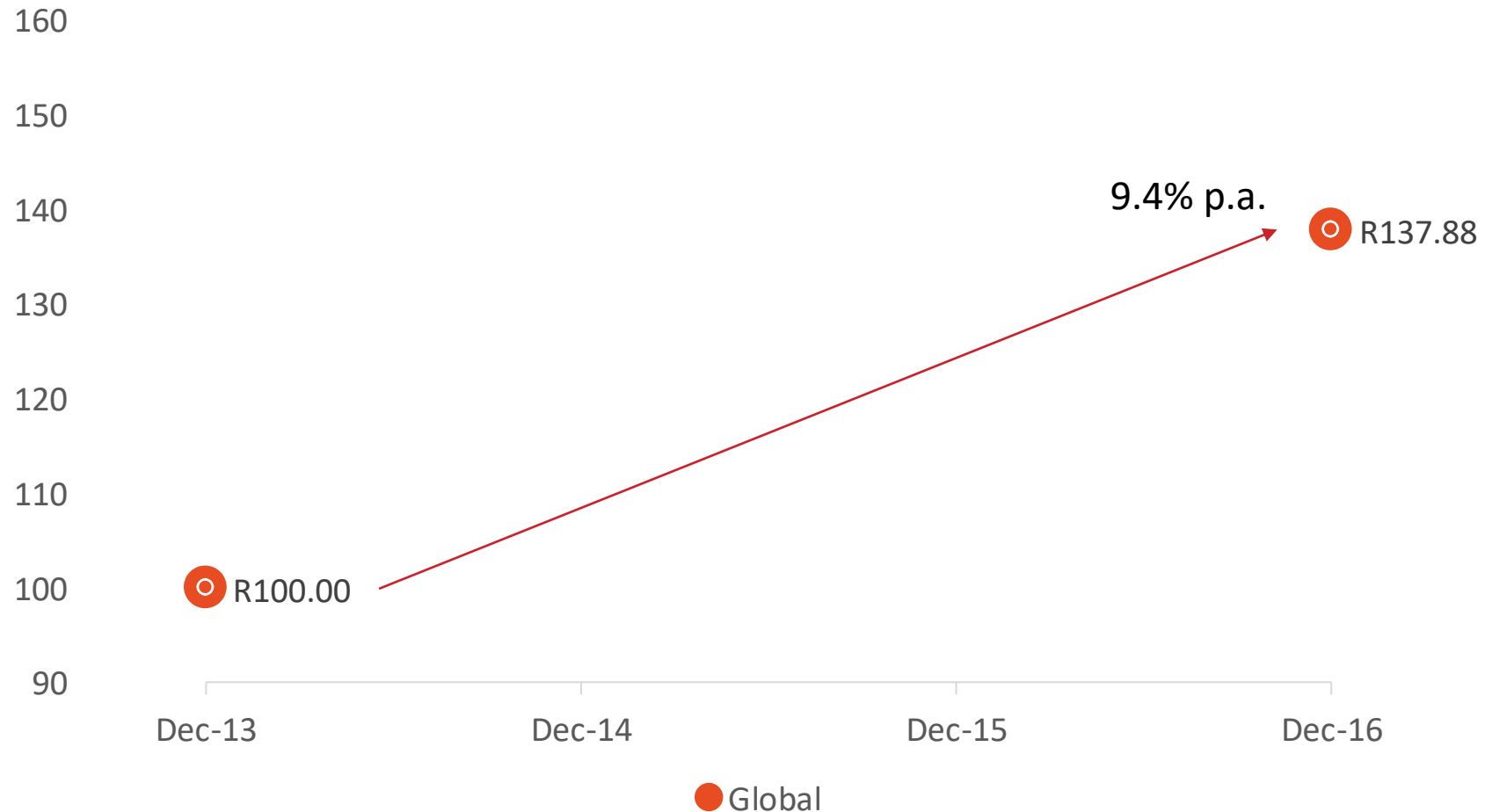


Source: ProfileMedia data; etfSA calculations

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3 year performance in context Offshore

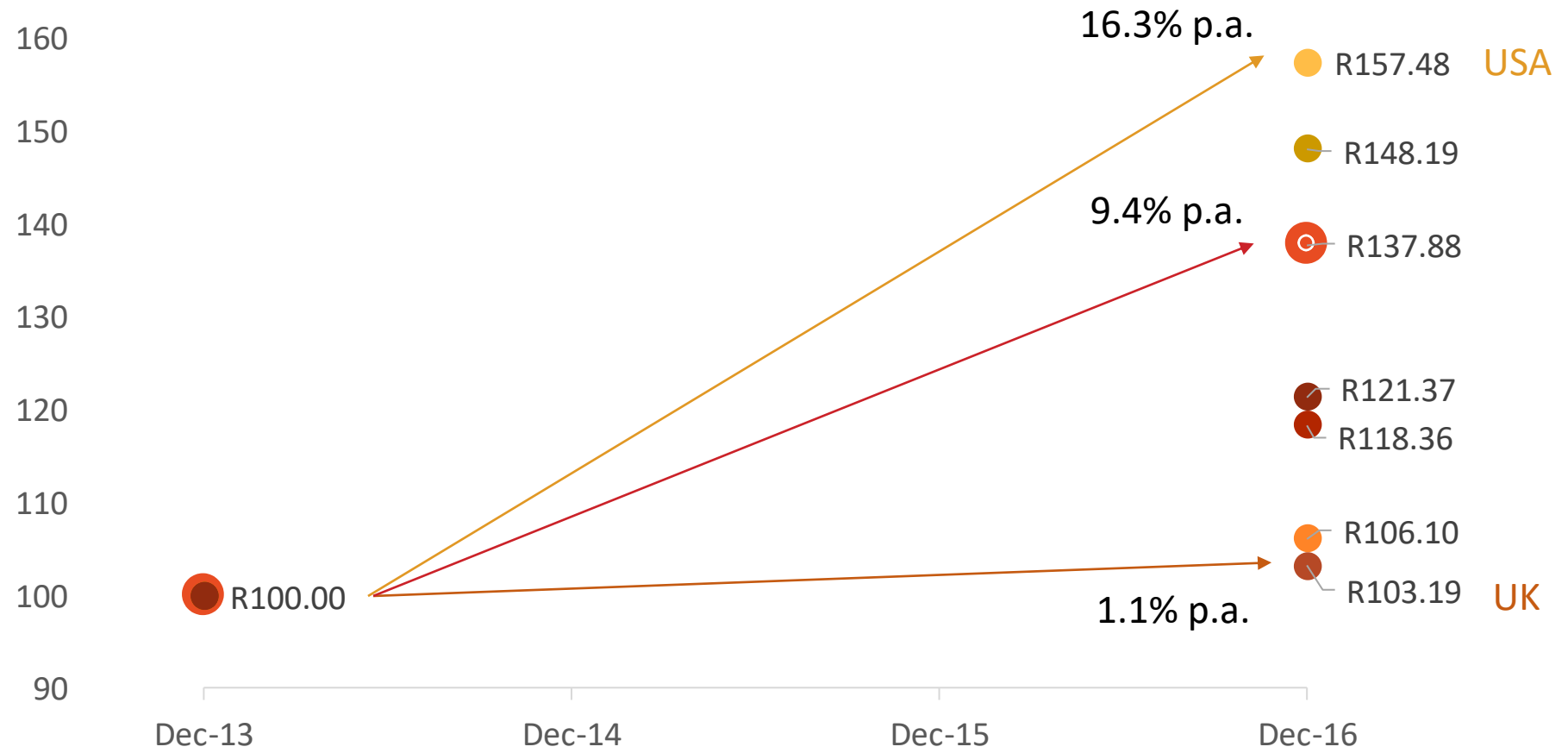


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3 year performance in context Offshore



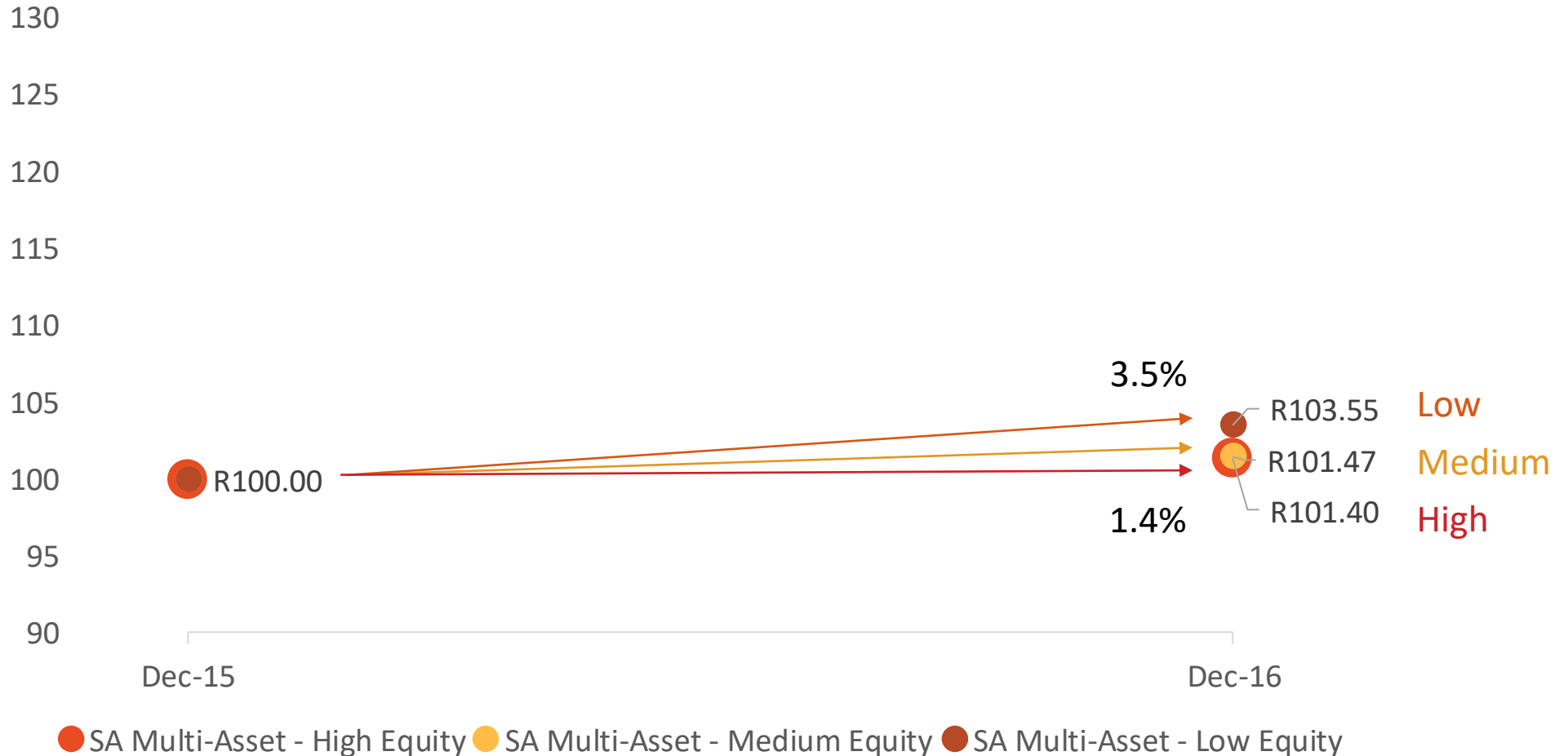
Source: ProfileMedia data; etfSA calculations

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2016 performance in context

Balanced Funds

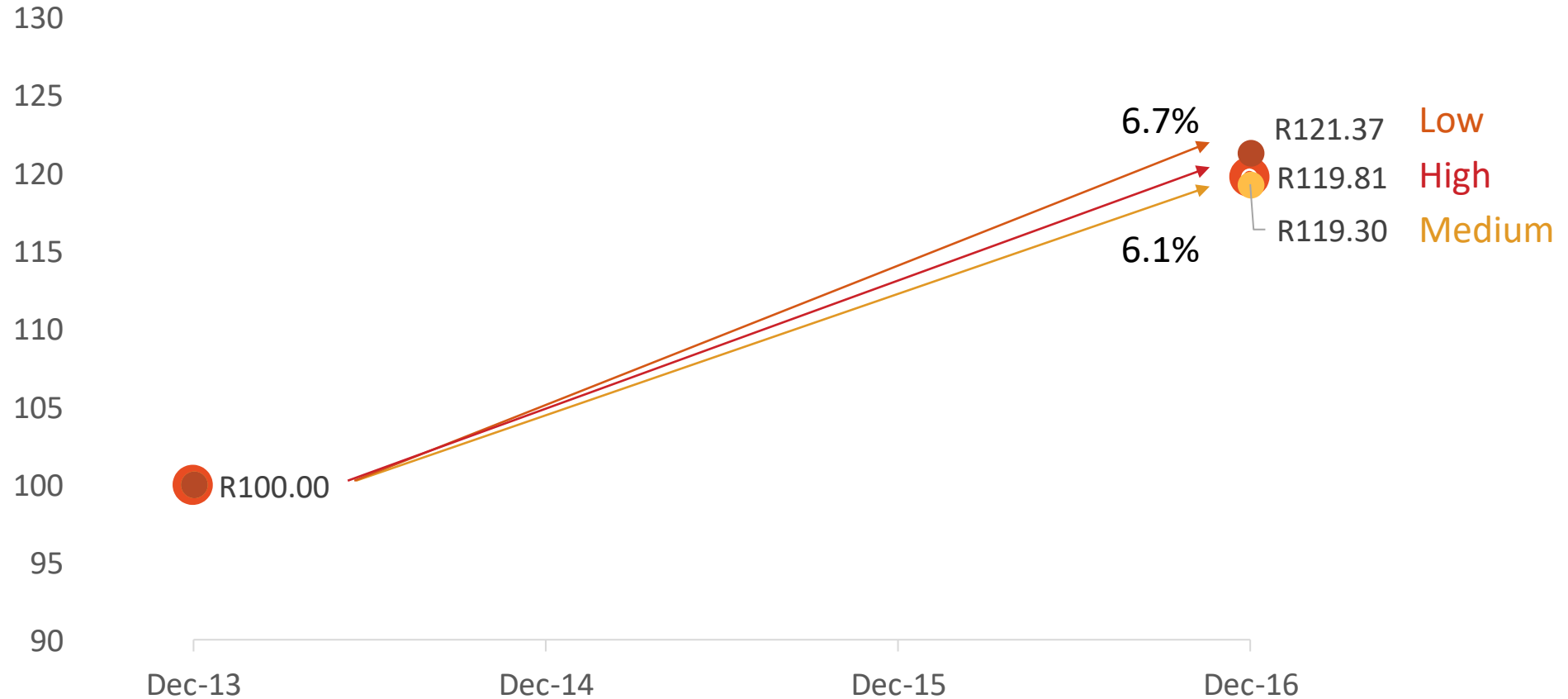


Source: ProfileMedia data; etfSA calculations

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3 year performance in context Balanced Funds



● SA Multi-Asset - High Equity ● SA Multi-Asset - Medium Equity ● SA Multi-Asset - Low Equity

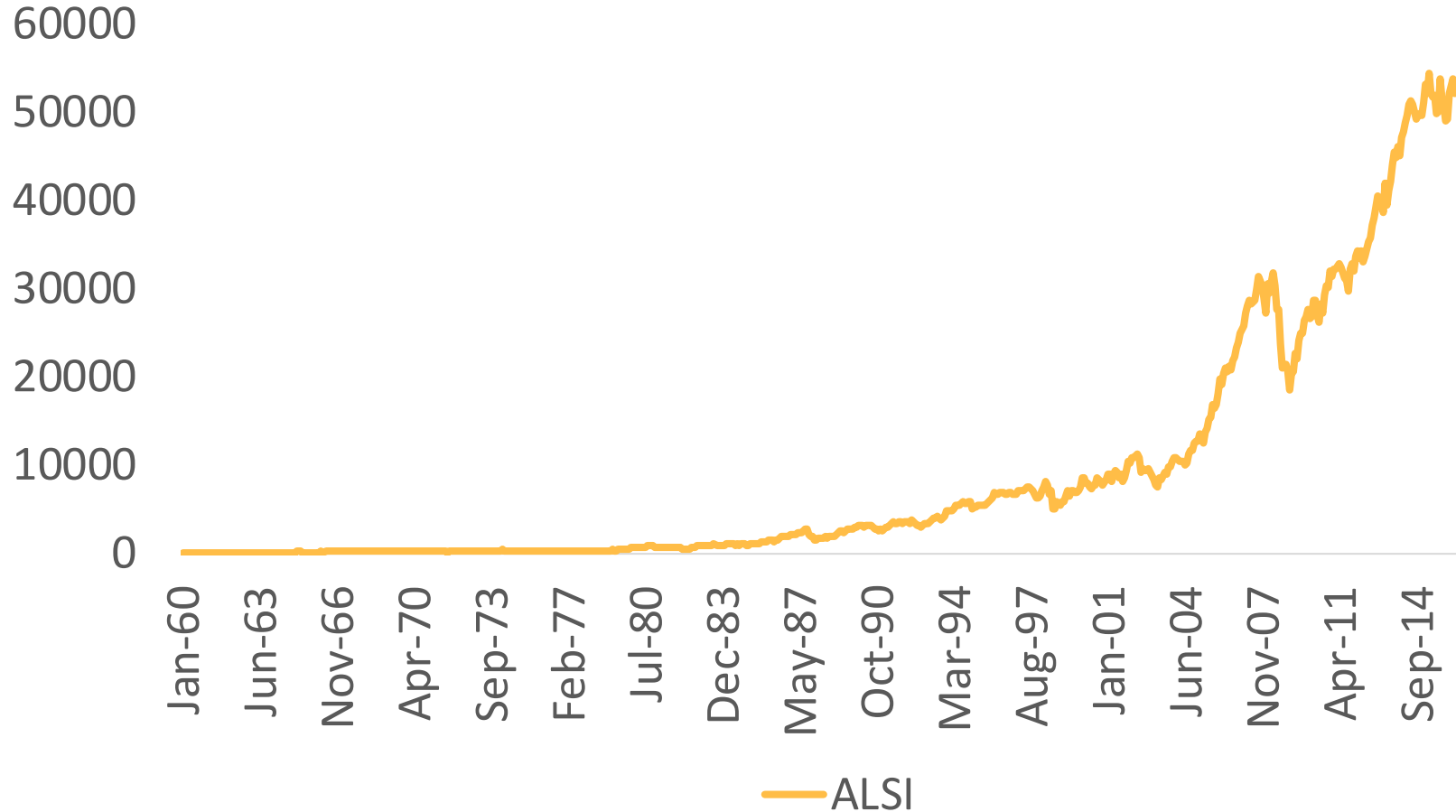
Source: ProfileMedia data; etfSA calculations

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So what now?

3 year consolidation phase prepares for next wave up

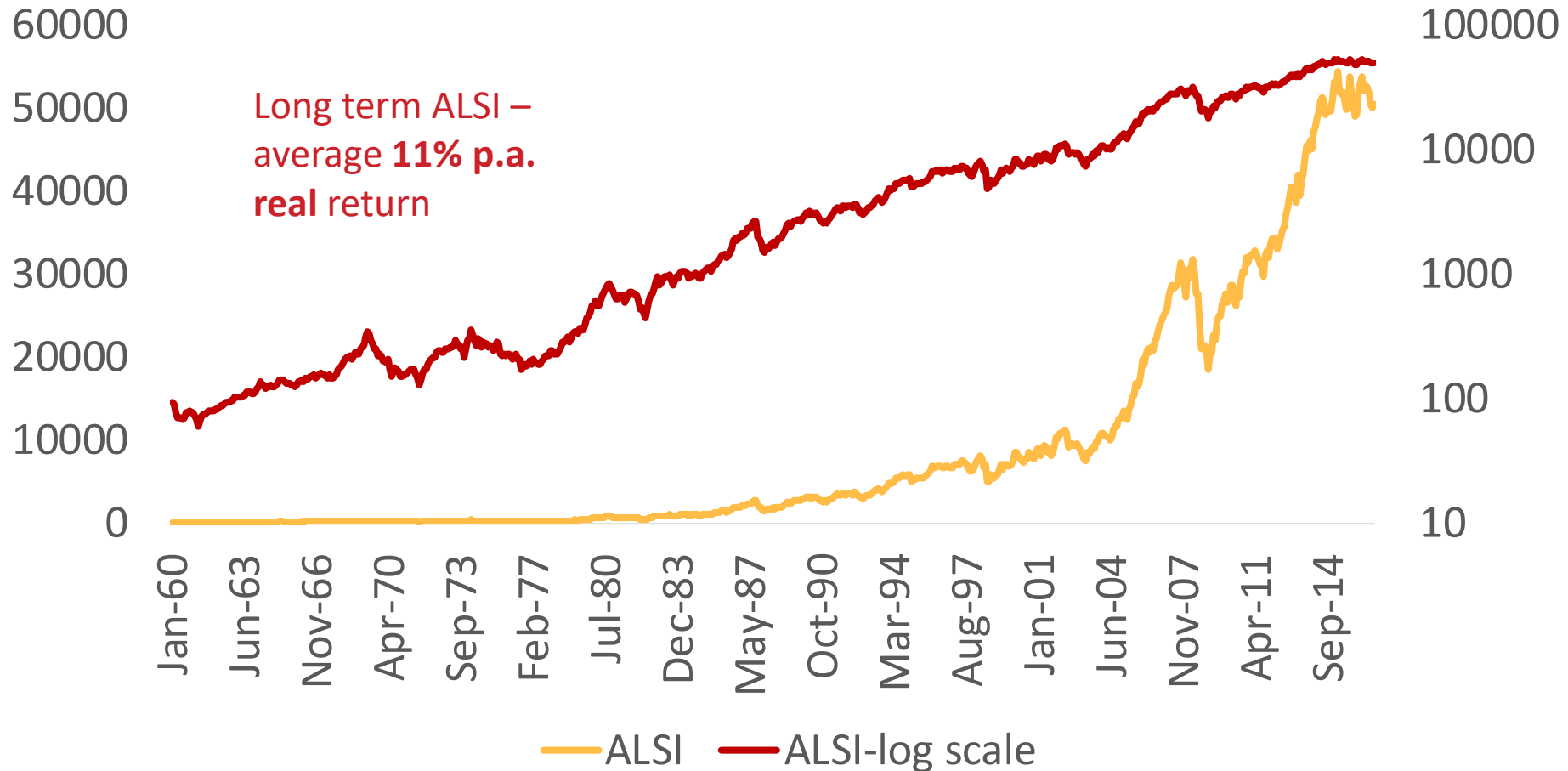


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3 year consolidation phase prepares for next wave up

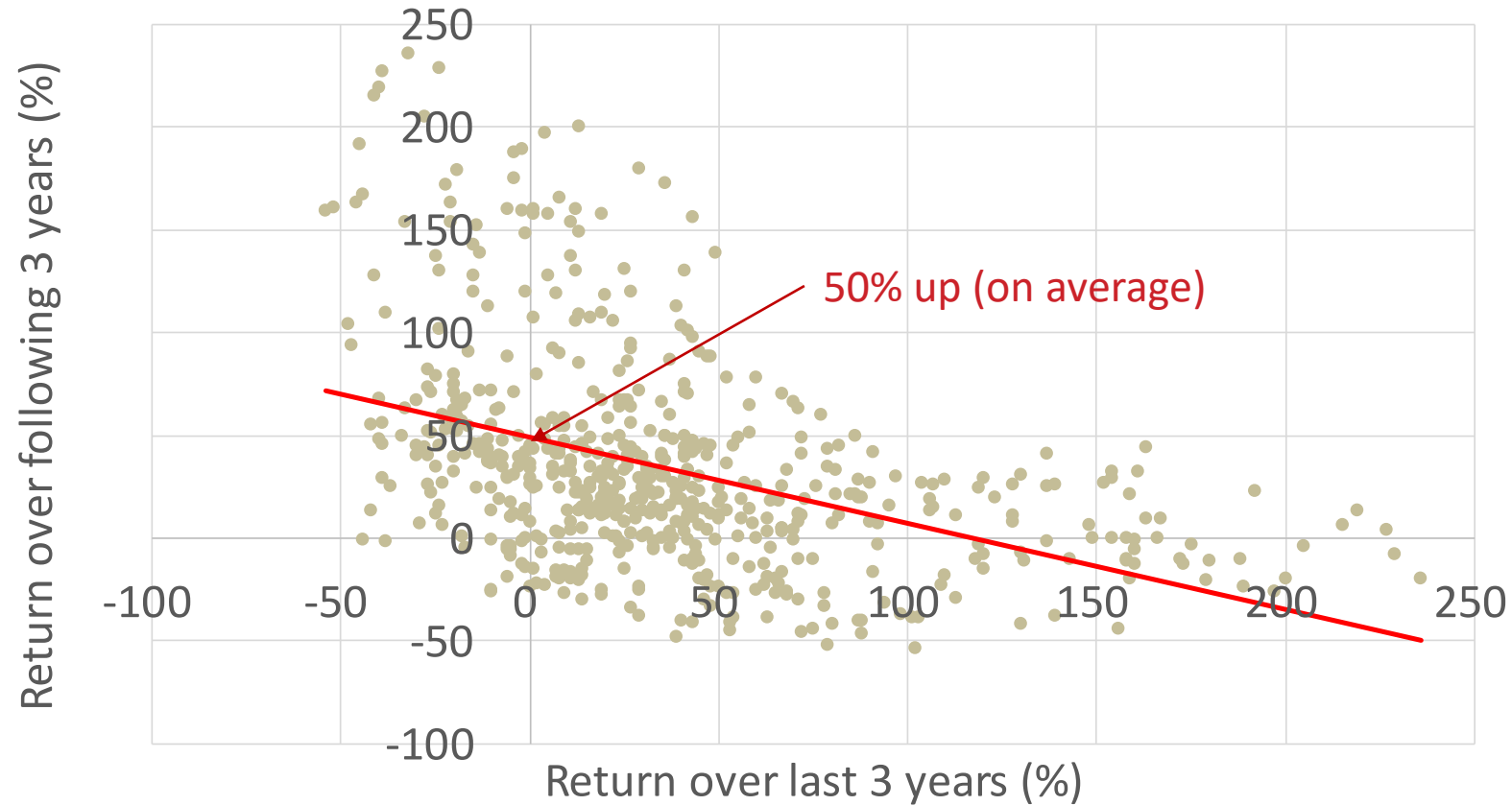


Source: JSE data; etfSA calculations

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3 year consolidation phase expected return over next 3 years



Source: JSE data; etfSA calculations

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3 year consolidation phase expected return over next year



Source: JSE data; etfSA calculations

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What to expect in 2017

South Africa

- **Equity** markets to recover, supported by
- **Rand** to resume weakening trend later in year
- **Inflation** to moderate, taking pressure off **interest rates**
- **Political** (ANC) uncertainty – three conferences = **policy** uncertainty
- **GDP** improves, but too low to dent **unemployment**

Global

- **US** fiscal stimulus to replace monetary stimulus
- US & Emerging Markets (India etc.) to lead **global GDP** higher
- **King dollar** to put pressure on other currencies – good for exporters
- **Inflationary** pressures to build
- **Commodity price** increases capped by strong US dollar
- Continued rise of **nationalism** & **protectionism**

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So what?

Action Plan for 2017 (& beyond)

- **Emergency Fund**
- **Tax Free Investment**
 - Especially if you are younger; or
 - If you do not currently pay income tax
- **Retirement Savings**
 - Use it to reduce current tax burden
 - Invest tax savings in tax free account
- **Discretionary**

Closing Thoughts

How to avoid making emotional decisions

- Define your goal, design a strategy to reach that goal AND **STICK TO IT**
- Focus on what you can control
 - **C**osts!
 - **C**ontributions
 - **C**onsistency
- Get an investment “buddy”
- Acknowledge (the majority of) news flow for what it is:
Entertainment



#StayInvested
#KeepInvesting
#InvestMore

Question time...



...after Mike

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