

# INN8 INVEST STABLE GROWTH

Monthly Model Portfolio Factsheet as of 31 Mar 2024



## Portfolio Information

<b>Discretionary Fund Manager</b>	INN8 Invest
<b>Client Need</b>	High Income, Low Growth
<b>Outcome Objective</b>	SA CPI +2-3% over rolling 3-yr period
<b>Benchmark</b>	(ASISA) South African MA Low Equity - Average
<b>Launch Date</b>	01 January 2022
<b>Risk Profile</b>	Moderately Conservative
<b>Regulation 28 Compliant</b>	Yes

## Risk Description

This portfolio is suitable for investors who seek a diversified mix of asset classes, including growth assets, but still places an emphasis on the preservation of their capital. These investors are willing to accept some market volatility in order to achieve inflation beating returns but accept that they will have to forego higher returns in favour of greater stability.

## Investment Objective

This portfolio seeks to provide moderate long-term growth of capital and good income, with a low probability of capital loss over the short term. Its objective is to outperform the South African MA Low Equity peer group average and achieve a return of CPI plus 2-3% p.a. over a rolling three-year period.

## Investment Strategy

The portfolio uses a multi-manager approach with a flexible asset allocation strategy. Asset allocation decisions are largely outsourced to the underlying portfolio managers. Manager selection and blending is an integral part of the service provided by INN8 Invest. As the appointed DFM of the portfolio, INN8 Invest will monitor the portfolio on a continuous basis, ensuring alignment to all of the stated objectives.

## What Costs Can I Expect to Pay?

Model Portfolio Charge (MPC) incl. VAT	0.29%
Underlying Funds TER incl. VAT	0.73%
Underlying Funds TIC incl. VAT	0.83%

Please refer to the end of the factsheet for detailed notes on fees.

## Performance\*

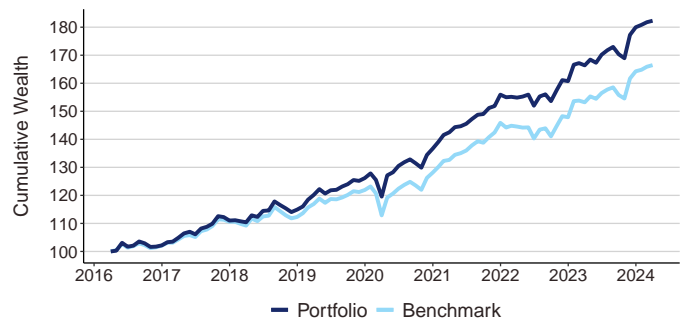
	YTD	1 Year	2 Years	3 Years	5 Years	Since Inception
Portfolio	1.3%	9.6%	8.5%	8.6%	8.7%	7.8%
Benchmark	1.3%	8.7%	7.3%	7.9%	7.3%	6.6%
CPI+2% (1 month lag)	1.5%	7.6%	8.3%	8.1%	7.1%	7.0%

Returns greater than one year are annualised.  
\* Returns are net of Investment Fees.

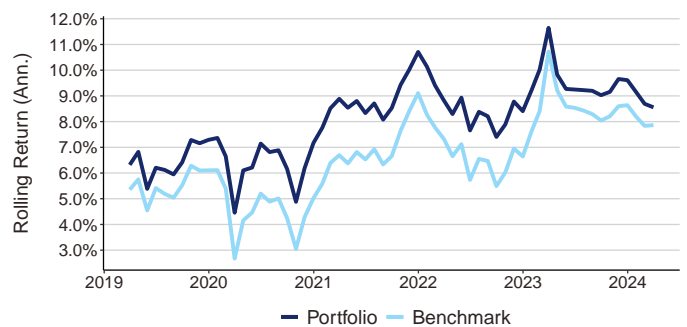
## Risk Statistics - Last 3 Years

	Portfolio	Benchmark
Volatility	4.99%	5.21%
Max. Drawdown	-2.53%	-3.82%
Sharpe Ratio	0.54	0.40

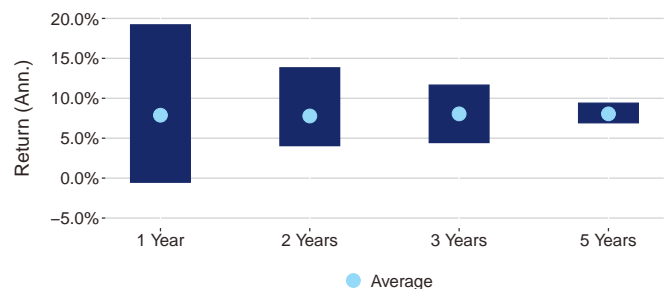
## Investment Growth\*



## 3 Year Rolling Return Chart - Since Inception\*

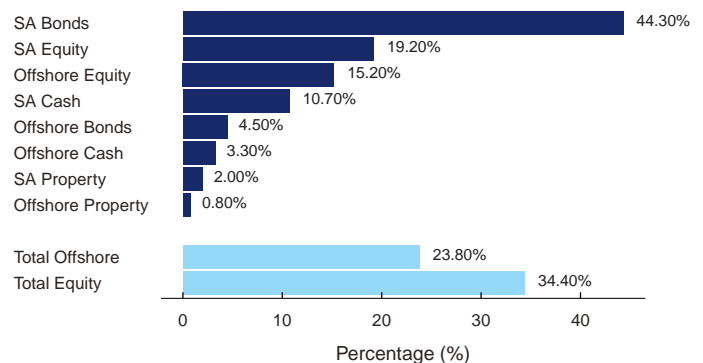


## Rolling Return Distribution

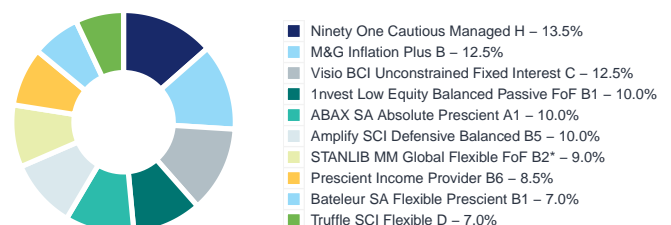


The rolling return distribution chart illustrates the highest, lowest, and average annualized returns over the specified period.

## Asset Allocation



## Portfolio Holdings



\* The STANLIB Multi-Manager Global Flexible FoF is a multi-managed fund invested in a combination of skilful global asset managers such as Pimco, Blackrock, JP Morgan, Veritas, Sands Capital, Arrowstreet, Hosking, Sanders, Amundi, Brandywine and Alliance Bernstein.

## Quarterly Comments - As at 31 December 2023

- The solution outperformed its benchmark over the quarter.
- Risk assets performed relatively well over the quarter and most major asset classes delivered a positive return. Cash, which was the best performing major asset class in Q3, produced the lowest return in Q4.
- M&G had a good quarter with the fund's sizable equity exposure (relative to peers) contributing to returns. Their meaningful exposure to both SA nominal bonds and Inflation Linked Bonds also aided performance.
- The STANLIB MM Global Flexible FoF produced a solid return over the quarter. The biggest contributor to performance was the fund's exposure to the SMM Global Equity Fund (roughly 70% of the portfolio).
- Truffle struggled over the quarter with stock selection negatively impacting returns. The biggest detractors from performance included Pick n Pay, Absa, Alibaba, Sasol and British American Tobacco.
- Prescient struggled over the quarter given the fund's lower duration (relative to some of their peers). Their absolute return mindset tends to lead to underperformance during strong bond market rallies.

## Performance Drivers - As at 31 December 2023

	What helped?	What detracted?
<b>Asset Allocation</b>	<ul style="list-style-type: none"> <li>• SA Equity and Nominal Bonds</li> <li>• Global Equity</li> </ul>	<ul style="list-style-type: none"> <li>• SA and Global Cash</li> </ul>
<b>Manager Selection</b>	<ul style="list-style-type: none"> <li>• M&amp;G Inflation Plus</li> <li>• STANLIB MM Global Flexible FoF</li> </ul>	<ul style="list-style-type: none"> <li>• Truffle SCI Flexible</li> <li>• Prescient Income Provider</li> </ul>

## Underlying Managers and Approach

	<b>Invest Low Equity Balanced Pasv FoF</b>	<b>ABAX SA Absolute Prescient</b>	<b>Amplify SCI Defensive Balanced</b>	<b>Bateleur SA Flexible Prescient</b>	<b>M&amp;G Inflation Plus Fund</b>
<b>Investment Approach and Role within Solution</b>	<ul style="list-style-type: none"> <li>• Passively managed multiasset fund.</li> <li>• Helps to reduce overall cost in the Solution.</li> <li>• Limited deviation from SAA - adding certainty to asset allocation and tracking error.</li> </ul>	<ul style="list-style-type: none"> <li>• Conservatively managed with a strong focus on capital preservation. Helps to reduce the overall risk of the Solution.</li> <li>• Adds a quality and GARP style.</li> <li>• Use of non-traditional assets (e.g. convertible bonds and derivatives) differentiates it from others in the Solution.</li> </ul>	<ul style="list-style-type: none"> <li>• Focused on risk management.</li> <li>• Has a solid hedge fund track record.</li> <li>• The team has strong skills around asset allocation and has a flexible approach.</li> <li>• Brings a downside protection thinking to the Solution.</li> </ul>	<ul style="list-style-type: none"> <li>• Traditionally been a cash/equity play but will take advantage of opportunities in other asset classes.</li> <li>• Smaller size adds more alpha levers than larger managers (i.e. active in mid-caps).</li> <li>• Hedge fund background adds a risk management focus – absolute return mindset</li> <li>• Aims to provide equity-like returns at lower levels of risk.</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic asset allocation approach.</li> <li>• Fund has a relatively high, strategic allocation to ILB's.</li> <li>• Complements flexible funds that do not typically have a reasonable exposure to SA Government Bonds, ILB's and property.</li> <li>• Equity selection follows a benchmark-aware, relative value approach with no significant style bias.</li> </ul>
	<b>Ninety One Cautious Managed</b>	<b>Prescient Income Provider</b>	<b>STANLIB MM Global Flexible FoF</b>	<b>Truffle SCI Flexible</b>	<b>Visio BCI Unconstrained Fixed Intst</b>
<b>Investment Approach and Role within Solution</b>	<ul style="list-style-type: none"> <li>• Adds a quality style to the overall Solution.</li> <li>• Absolute return mindset – allows for some benchmark drift (tracking error).</li> <li>• Less flexible in terms of TAA - taking longer term views.</li> </ul>	<ul style="list-style-type: none"> <li>• Differentiated offering due to quantitative fixed income approach.</li> <li>• Absolute return mindset.</li> </ul>	<ul style="list-style-type: none"> <li>• A slightly more aggressive return profile than most other flexible funds in the Solution i.e. Bateleur.</li> <li>• Adds more domestic equity exposure compared to Bateleur and Truffle.</li> <li>• Considers downside protection.</li> <li>• Adds additional alpha by taking opportunistic shortterm positions.</li> </ul>	<ul style="list-style-type: none"> <li>• Bottom-up, relative valuation approach.</li> <li>• Equity centric but utilises more levers (asset classes) compared to other 'cash/ equity' type flexible funds</li> <li>• Aims to provide equity-like returns within a wellmanaged risk framework.</li> </ul>	<ul style="list-style-type: none"> <li>• Focused on risk adjusted returns.</li> <li>• Aims to provide bond like returns at lower volatility.</li> <li>• Makes use of multiple alpha levers.</li> <li>• Highly flexible in terms of duration exposure.</li> </ul>

## Fee Disclaimer

The Solution charges a Model Portfolio Charge of 0.25% p.a., ex VAT (0.29% incl. VAT), and this fee is accrued daily and paid monthly via a repurchase of units from the investor. Charges relating to the underlying portfolios are included in the TER and TIC, and these are payable within the underlying portfolios' NAV.

**Underlying Funds TER:** The weighted-average of the Total Expense Ratios (TER) of the underlying portfolios. Each fund's TER represents the fund's charges, levies and fees. A higher fund's TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER should not be regarded as an indication of future TERs.

**Underlying Funds TIC:** The weighted average of the Total investment Charge of the underlying portfolios. TIC represents the fund's TER plus brokerage, securities transfer taxes and STRATE levies.

Source: INN8 Invest and Morningstar. Quoted returns are net of MPC and underlying fund fees but are gross of tax, platform fees, advisory fees. The Solution launch date is 01 January 2022, and any performance prior to this is modelled using actual historical returns of the underlying portfolios as at inception for illustrative purposes. The Since Inception return figures reflect annualized performance since the start of the back-testing period of the model portfolio (not the period since the model was launched). The Since Inception date is 18 March 2016. It is not possible to calculate back-tested returns for periods earlier than this due to a lack of performance history for one or more of the underlying funds used in the model portfolio. Returns are not guaranteed and historical returns are not an indication of expected future returns.

Advice Fee | INN8 Invest does not provide financial advice and therefore does not charge advice fees. However, where an annual advice fee has been negotiated between the investor and their financial adviser, the advice fee will be paid by the LISP via a repurchase of units from the investor's account.

Effective Annual Cost (EAC) | For EAC calculations of the Solution, please refer to the investor's LISP statement. The Model Portfolio charge will be reflected in the "Other" category of the EAC table, whilst the in-fund fees of the underlying portfolios in the "Fees for Investment Management" category.

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