

The Gupta's, the Rand and the ugly

Will President Zuma need to go? That is the burning question after the past weeks shenanigans. Both Vytjie Mentor's and Deputy Finance Minister Mcebisi Jonas's revelations about the Gupta's have helped break the Rand through the R 16.00 to the US Dollar mark.

The rand's weakness comes at a time when ratings agency Moody's is in the country to assess whether it should downgrade South Africa's credit rating. Another important announcement today is whether the South African Reserve Bank will raise interest rates in an already difficult economic environment that is on the brink of recession.

The African National Congress (ANC) will need to decide on Zuma, and the party's future, as Zuma's credibility is probably at its lowest since coming into office. Zuma is supposed to appear before parliament today.

All of this is not helping the economy and definitely not helping the retirement fund industry. We require stability and good leadership to ensure that the members of retirement funds achieve good investment returns and a bright future.



How have the investments done?

Let us have a look at the movers and shakers over the past 12 and 60 months (as at 29/02/2016).

As expected, the Rand has performed extremely poorly against the other major currencies and those returns top the list for the past 12 months.

Due to the weak economy, the conservative investments have outperformed, in the past year, due to their large holding of conservative investments such as cash and lower exposure to equities / shares.

The Consumer Price Index (CPI) is currently at 6.23% year-on-year meaning that majority of the equity portfolios have been below this for the same period.

Remembering that retirement investing is a long-term goal, the portfolios have beaten inflation well over the 5 year period (annualised returns) and majority of the portfolios have also beaten the JSE All Share Index.

Portfolio / Index	1 Year	5 Years
FTSE/JSE Industrials Index	3.0%	22.1%
FTSE/JSE SA Listed Property Index (SAPY)	-2.0%	18.4%
Rand/dollar movements	35.4%	17.9%
FTSE/JSE Financials Index	-8.4%	17.8%
Momentum Enhanced Factor 7	2.5%	15.3%
Investment Solutions Performer	5.2%	15.0%
Coronation Managed	-1.6%	14.7%
Momentum Enhanced Factor 6	3.6%	14.4%
OMAM (Old Mutual) Profile Pinnacle	2.6%	14.2%
FTSE/JSE Shareholder Weighted (SWIX)	-5.0%	14.0%
Allan Gray Unit Trust Balanced	10.6%	13.8%
Liberty Corporate Preferred Assets	1.2%	13.3%
Momentum Enhanced Factor 5	4.6%	12.4%
Rand/euro movements	31.2%	12.3%
FTSE/JSE All-Share Index (ALSI)	-4.4%	12.3%
Momentum Enhanced Factor 4	5.1%	10.9%
Allan Gray Stable Fund	14.6%	10.7%
Momentum Enhanced Factor 3	5.9%	10.0%
Liberty Stable Growth Fund	8.0%	9.9%
SIM (Sanlam) Inflation Plus	5.3%	9.4%
Flagship IP Prudential Variable Fund	-4.6%	8.4%
BEASSA All Bond Index (ALBI)	-3.7%	7.3%
Momentum Real Return	3.1%	7.3%
Momentum Money Market	7.5%	6.6%
Short-term Fixed Interest Composit (SteFI)	6.6%	5.8%
Consumer Price Index (CPI)	6.2%	5.6%
Shari'ah Portfolio	-3.7%	4.7%
FTSE/JSE Resources Index	-35.4%	-10.9%

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