

SA DIVIDEND INCOME EQUITY PORTFOLIO

SEPTEMBER 2019

Key information

Benchmark

- FTSE/JSE Capped SWIX All Share Index TR (net)

Fees

- 0.75% per annum (excl. VAT)

Minimum portfolio size

- R1 million

Top 10 holdings*

Absa Group Ltd
British American Tobacco PLC
Cie Financière Richemont SA
FirstRand Ltd
Liberty Holdings Ltd
Mondi Ltd
Nedbank Group Ltd
Old Mutual Ltd
Sanlam Ltd
Tiger Brands Ltd

*Sorted alphabetically

About the portfolio manager

Adriaan Pask, Chief Investment Officer

- 14 years of investment experience
- 12 years with PSG Wealth (Pty) Ltd
- BCom (Financial Analysis)
- BCom (Hons) (Financial Management)
- MCom (Business Management)
- PhD (Economic and Management sciences)

About the lead analyst

Franco Pretorius, Head of Equity Research

- 20 years of investment experience
- BCom (Economics)
- BCom (Hons) (Investment Management)

Overview

The PSG Wealth House View SA Dividend Income Equity Portfolio posted a return of 0.76% for September 2019, outperforming the FTSE/JSE Capped SWIX Index TR (net of fees), which was up by 0.53%. Fourteen of the 21 portfolio stocks outperformed the benchmark. Since inception, the PSG Wealth House View SA Dividend Income Equity Portfolio has had an annualised negative return of 1.13%, slightly underperforming the FTSE/JSE Capped SWIX Index TR (net of fees), which is down by an annualised 1.12% over the same period.

Philosophy

We apply a disciplined, bottom-up biased investment philosophy to our stock selection process with a specific preference for high quality and high yielding equity investments. Investments are screened for their liquidity, their profitability throughout the business cycle, the quality of their reported earnings, their cash generating ability, dividend policies as well as their financial structure.

Investment objective

The aim is to create a portfolio of investments with a sustainable and growing dividend yield that is diversified across sectors. The investment is suitable for investors who require a regular and growing stream of income, derived from dividends with the potential of real growth in capital value.

Market commentary

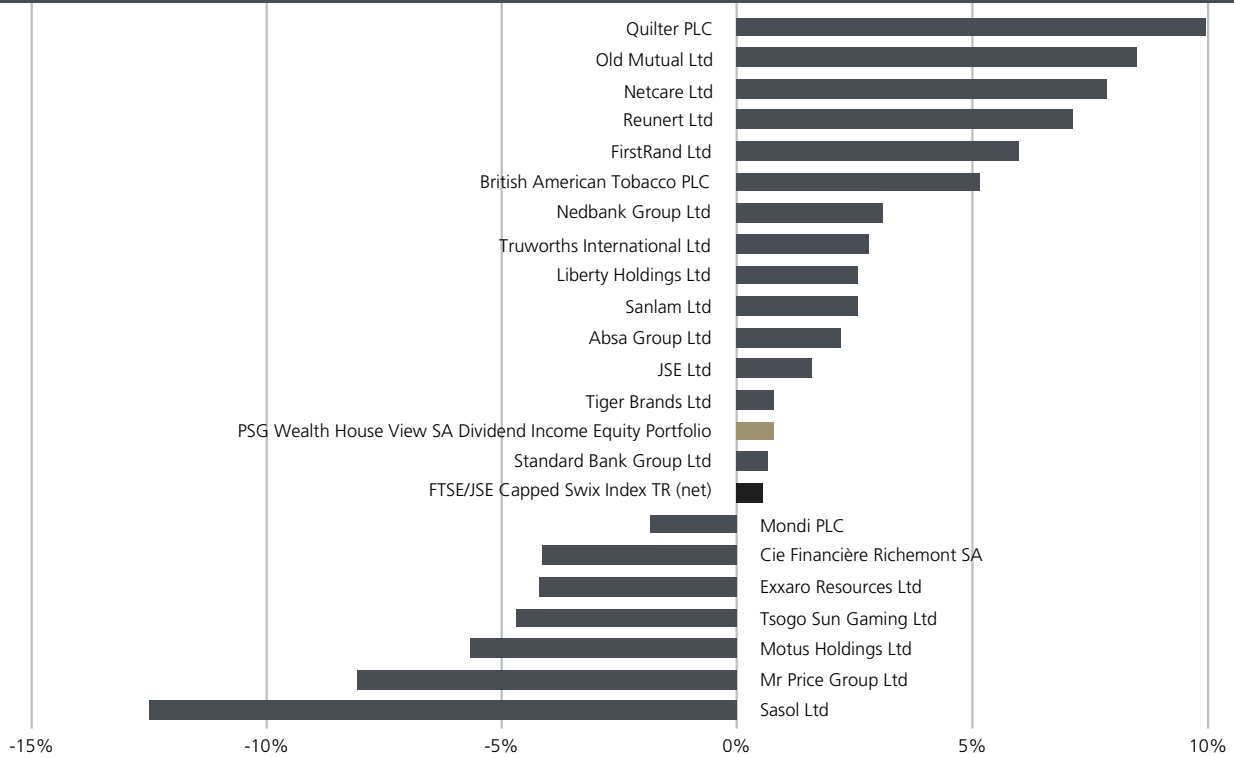
During September, the MSCI Emerging Market Index Net TR (USD) ended up 1.91%, underperforming the MSCI World Index Net TR (USD), which posted a return of 2.13%. The ALSI TR (USD) underperformed the MSCI

Emerging Market Index, showing a return of 0.36% for September. The one-month return for ALSI TR (ZAR) was up 0.19%.

Locally, equities were the best performing asset class during September, locking a return of 1.91%. Cash returned 0.59%, bonds 0.53% and property 0.30% for the month.

On a sectoral basis, industrials showed the best performance. This was largely driven by WBHO and Tencor share price rallies, which were on the back of favourable results and trading statements released during September. The communication services sector had the worst performance for the month, most significantly influenced through ground lost by MultiChoice Group and Telkom.

Performance attribution



Significant contributors and detractors

Quilter PLC: Quilter was the best performing stock in the portfolio with a return of 9.70% for September.

Old Mutual Ltd: Old Mutual was the second-best performing stock, showing a return of 8.29%.

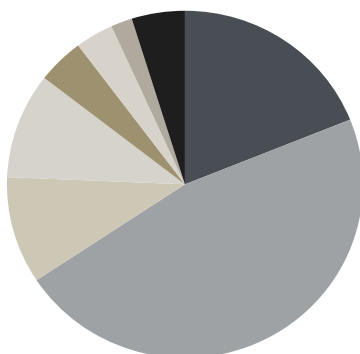
Netcare Ltd: Netcare ended the month higher, returning 7.67%.

Sasol Ltd: Sasol was the worst performing stock in the portfolio and ended the month down 12.12%.

Mr Price Group Ltd: Mr Price ended September 7.83% lower.

Motus Holdings Ltd: Motus had a negative return of 5.50% for the month.

Sector allocation



Consumer Discretionary	18.9
Financials	46.8
Materials	10.0
Consumer Staples	9.8
Energy	4.3
Industrials	3.5
Healthcare	1.9
Telecommunication Services	0
Real Estate	0
Information Technology	0
Utilities	0
Cash	4.8
Total	100

- An overweight exposure to the energy sector, paired with an underweight position in the consumer staples sector, were the most significant detracting factors for portfolio alpha.
- The overweight position in financials and the underweight exposure toward the communication services sector aided the portfolio alpha generation the most.

Risk and Return Attribution Analysis

Performance since common inception

Time period: 30/04/2016 to 30/09/2019	Currency: South African rand		Source data: total, daily return					
	Return	Std dev	Excess return	Sharpe ratio	Worst quarter	Max drawdown	Up capture ratio	Down capture ratio
PSG Wealth House View SA Dividend Income Equity Portfolio	-1.13	1.00	0	-0.03	-8.24	-24.29	102.28	101.96
FTSE/JSE Capped Swix Index TR (net)	-1.12	0.88	N/A	-0.04	-5.81	-18.93	100	100

One-month performance

Time period: 31/08/2019 to 30/09/2019	Currency: South African rand		Source data: total, daily return			
	Return	Std dev	Excess return	Sharpe ratio	Max drawdown	
PSG Wealth House View SA Dividend Income Equity Portfolio	0.76	1.14	0.23	0.01	-6.43	
FTSE/JSE Capped Swix Index TR (net)	0.53	1.03	N/A	0	-5.55	

Notes on our reporting technique/method

1. Initial investments are always made within the specified target. Market movements may, from time-to-time results in active weights that are in excess of the target. Material deviations will be addressed through rebalancing within a 12-month period.
2. Initial allocations are always made within the specified target. Market movements may, from time-to-time results in active weights that are in excess of the target. Material deviations will be addressed through rebalancing within a 12-month period.
3. The proportion of stocks held in the portfolio that have an investment grade rating according to Bloomberg's default risk rating. Cash is added to this total.
4. Reflects the impact on the relative performance of the portfolio if the stock falls by 25%, assuming all other stocks are flat. Calculated as the active weight, multiplied by -25% for the largest active position.
5. Reflects the impact on the relative performance of the portfolio if the sector falls by 25%, assuming all other sectors are flat. Calculated as the active weight multiplied by -25% for the largest active position.

Mandatory disclosure

PSG Wealth is a brand underneath PSG Konsult Ltd, which consists of the following legal entities: PSG Multi-Management (Pty) Ltd, PSG Securities Ltd, PSG Fixed Income and Commodities (Pty) Ltd, PSG Scriptfin (Pty) Ltd, PSG Invest (Pty) Ltd, PSG Life Ltd, PSG Employee Benefits Ltd, PSG Trust (Pty) Ltd, and PSG Wealth Financial Planning (Pty) Ltd. Affiliates of the PSG Konsult Group are authorised financial services providers. The opinions expressed in this document are the opinions of the writer and not necessarily those of PSG Konsult Group and do not constitute advice. Although the utmost care has been taken in the research and preparation of this document, no responsibility can be taken for actions taken on information in this document. Should you require further information, please consult an adviser for a personalised opinion. The fund may from time to time invest in a portfolio managed by a related party within the PSG Group. The Fund Manager may use the brokerage services of a related party, PSG Securities Ltd. PSG Multi-Management (Pty) Ltd (FSP No. 44306) may invest in a fund/s that are not registered as a Collective Investment Scheme in terms of FAIS legislation.

Contact information

Building 1, The Ingress, Corner of Magwa and Lone Creek Crescents,
Waterfall City, Waterfall, 2090, Gauteng, South Africa
PO Box 61295, Marshalltown, 2107, South Africa
Tel: 011 996 5200
Fax: 011 996 5499
www.psg.co.za

PSG Multi-Management (Pty) Ltd

Authorised Financial Services Provider | FSP No. 44306
Directors: AE Pask
Reg No 2012/000352/07