THE GLACIER INVEST SSA

Continuously raising the portfolio construction bar

As solutions architects, we seek to meet the objectives of our clients by building tailored portfolios, targeted to their specific goals.

Our core principles of curiosity, candour, accountability and trust through co-operation and collaboration mean that we always strive to incrementally improve our processes and, ultimately, the outcomes for our clients.

glacier
by Sanlam

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INVESTMENT PROCESS

We believe that the purpose of portfolio management is to maximise the probability of a client achieving their desired outcome while adopting the appropriate amount of risk.

Our investment process comprises three main sub-processes, all of which we believe are central to providing good and repeatable outcomes:

1. Manager research and selection: ensure we identify truly skilful managers and get to know their particular investment style.
2. Market research and forecasting in order to determine when a particular investment style will be favoured.
3. Portfolio construction that combines superior yet diverse managers optimally to meet performance expectations.

The Glacier Invest Strategic Strategy Allocation (SSA): Deliberately raising the benchmark

More often than not, portfolio performances are compared to ASISA category averages to indicate relative performance. A peer group however does not meet the definition of a benchmark, as defined by the CFA institute. Moreover this benchmark includes the performance of all funds in the relevant category – even the lower-quality funds – making it a sub-par hurdle for performance measurement.

Glacier Invest deliberately raises the bar by creating a new standard, the Strategic Strategy Allocation (SSA) – a high quality, transparent benchmark against which the performance of our portfolios can be measured. Our starting performance hurdle is therefore automatically higher, providing a superior starting point from which to build portfolios for our clients.

Our portfolio construction process is a rigorously disciplined one, which starts with the construction of customised benchmarks against which each of our risk-profiled portfolios' performance can be measured. These customised benchmarks are referred to as SSAs (Strategic Strategy Allocations). They are created using our high conviction managers and strategies, increasing the probability of robust returns through the market/economic/business cycle. We only include the managers and strategies we have the most conviction in. The benchmarks are designed to beat the relevant peer group and are therefore more difficult to reach than typical peer benchmarks. They provide a better way to measure value-add and create greater transparency for investment committees.

The creation of these benchmarks enables the committee to make disciplined, rational decisions by following a robust and repeatable investment process. The portfolios are diversified across investment styles, strategies and asset classes from various ASISA categories, ensuring that they are adequately diversified for robust performance throughout a market cycle.

Our SSAs:

- Are not just created with funds from the peer universe in which they compete – they include funds from across a range of fund categories to ensure that the very best capabilities are represented, irrespective of ASISA category.
- Have a core allocation from within the ASISA category, with some high conviction managers to complement the portfolio.
- Ensure exposure to a combination of investment strategies, such as traditional Fama-French styles, large managers and boutique managers, and active and passive funds.

The SSA represents our best long-term view per risk profile for superior performance without any tactical weights applied.

The Glacier Invest Best Investment View (BIV): market and manager research driving tactical navigation

While the SSA is designed to achieve your client's risk-profiled return objective, the Best Investment View (BIV) is designed to achieve additional risk/return benefits through changing shorter-term market moves. The BIV uses our market research and manager research to make shorter-term tactical tilts to the SSA. The SSA is therefore used as a base for creating our Best Investment View (BIV).

The BIV is reviewed regularly by using attribution analysis to understand and improve results, and measure the extent of the value add of the investment committee.

The process is based on a thorough understanding of the client's objectives and blending the right underlying strategies, being deliberate about desired outcomes and explicitly managing risk to improve risk/return efficiency on an efficient frontier.

In a nutshell, the SSA is created to deliver superior long-term investment returns, regardless of market cycles, using our high conviction investment strategies and managers. The BIV uses the SSA as the backbone to enhance investment returns by tactically adapting to changing market conditions and exploiting investment opportunities which may present themselves in the shorter term.

The current SSA, established in 2017, revised in 2019

The original SSA was launched towards the end of 2017 to create an investible benchmark to assess investment decisions, as well as include superior managers in the investment universe. The SSA's intended lifespan is two years, which means that a revision process will take place every two years to ensure that our portfolios remain robust, able to navigate market volatility, and ultimately increase the prospect of clients achieving their stated goals. The SSAs established in 2019 are therefore up for evaluation and revision, informed by our ongoing manager and market research.

Over the past two-year period, all SSAs beat their ASISA peer group averages. While the past few years have been highly volatile and event driven, our SSA portfolios still managed to deliver robust returns. We are pleased that our portfolios have recovered strongly after the initial risk-off events of 2020; however, we've taken lessons from these events to improve consistency of our portfolio outcomes going forward. Our managers and strategies used in the portfolios delivered on their return objectives, as indicated below.

Performance of the SSAs over the past two years, compared to ASISA peer group averages:

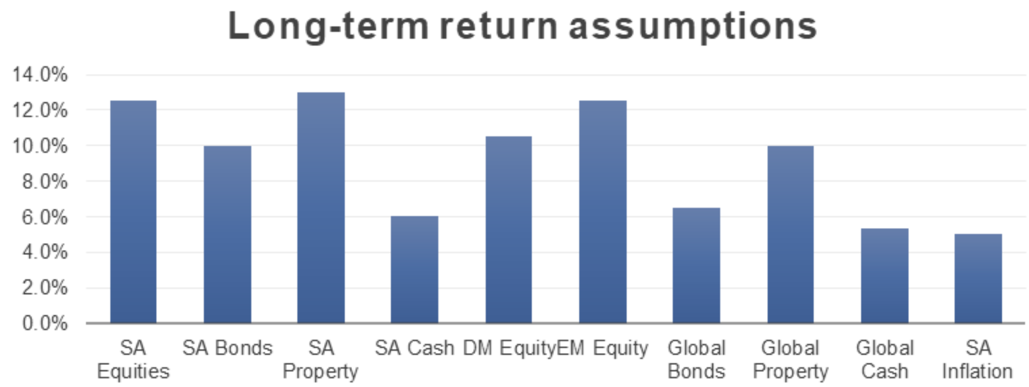
	YTD	1 Year	2 Years	3 Years	Common Inception
SSA Conservative	**5.96**	**8.29**	**6.55**	**7.41**	**7.44**
(ASISA) South African MA Income	4.90	7.02	6.04	6.85	6.94
SSA Cautious	**12.72**	**19.83**	**9.29**	**8.92**	**7.87**
(ASISA) South African MA Low Equity	9.62	14.98	7.58	7.60	6.38
SSA Moderate	**16.20**	**26.73**	**10.38**	**9.84**	**7.77**
(ASISA) South African MA Medium Equity	12.38	19.99	9.04	8.58	6.51
SSA Moderate Aggressive	**17.68**	**29.74**	**12.01**	**10.79**	**8.01**
(ASISA) South African MA High Equity	15.09	25.13	10.29	9.28	6.61
SSA Worldwide Flexible	**16.48**	**26.97**	**13.72**	**12.73**	**9.52**
(ASISA) Wwide MA Flexible	15.05	20.40	12.28	11.24	9.66

REVISED ALLOCATION

The revised Strategic Strategy Allocation of 2021

As part of our ongoing risk management process, the investment team revises the SSA portfolios every two years. This allows us to re-evaluate the overall portfolio construction per risk profile, and the rationale for the inclusion of each manager/strategy, in order to enhance our portfolio construction. Our process is ever-evolving and we continue to seek ideas to include in portfolios to achieve better client outcomes.

The graph below illustrates our long-term return expectations for major asset classes. Changes from our previous expectations include an upward revision of SA assets and a downward revision of global developed market assets from a pure valuation perspective. When incorporating our qualitative overlay, the decision was taken to increase strategic asset allocation (SAA) weights to offshore markets across our risk-profiled portfolios. While this seems counterintuitive considering our higher expected returns for local assets than for global assets, the increased foreign exposure gives us the added diversification benefit and risk management amidst a structurally weak local economic backdrop.



Key changes to our portfolios include the following:

- **Increased exposure to the Amplify SCI Strategic Income Fund:**
  We've been invested in the Amplify SCI Strategic Income Fund since its inception. The team at Terebinth Capital have been able to produce superior returns and display evidence of an evolving and dynamic investment process over the past few years. We have therefore increased our conviction in this fund and we have adjusted exposure across the SSA portfolios to reflect this.

- **Addition of the Granate SCI Multi Income Fund:**
  The Granate SCI Multi Income Fund was recently added to our buy-list after research conducted by our manager research team. This introduction improves our manager diversification and reduces concentration risks in our portfolio.

- **Addition of the Prescient Flexible Bond Fund:**
  Prescient's fixed income capability has been on our buy-list both for fixed bonds and flexible income mandates. We decided to add their Flexible Bond Fund to benefit from the manager's ability to exploit current local bond opportunities, with the benefit of moving duration without constraint.

- **Addition of the Aylett Balanced Prescient Fund:**
  The Aylett Balanced Prescient Fund has been a buy-list rated manager for the past few years and we have decided to include the fund within our cautious and moderate portfolios. We believe this fund will complement our existing exposure to the value style due to their process and philosophy, and we've decided to split our allocation to our incumbent value-biased manager (PSG) to reflect this.

- **Addition of the Nedgroup Inv Global Equity FF:**
  The Nedgroup Inv Global Equity Feeder Fund has been a long-standing manager on our buy-list and we have used the fund across our client base for many years. We have decided to add the fund to our Cautious portfolio for defensive offshore exposure and within our Worldwide Flexible portfolio for additional manager diversification.

- **Addition of the Obsidian SCI Balanced Fund:**
  The Obsidian SCI Balanced Fund has been a long-standing manager on our buy-list. We have decided to add the fund to our Moderate Aggressive portfolio as a core holding to aid manager diversification.

- **Addition of the Glacier Global Stock FF:**
  The Glacier Global Stock Feeder Fund, managed by Dodge and Cox, has been a leading value manager when compared to similar value-centric strategies. We have decided to add the fund to our Worldwide Flexible portfolio for explicit value exposure to promote our style neutral approach and complement existing managers in the portfolio.

PORTFOLIO CHANGES

The Conservative SSA

Exposure to the Nedgroup Inv Core Income Fund has been significantly reduced due to low expected returns from money market assets. This exposure was added to the Granate SCI Multi Income Fund in addition to 2.5% from the Prescient Income Provider Fund. The Amplify SCI Wealth Protector Fund was introduced to complement current allocations to SIM Inflation Plus and Amplify SCI Defensive Balanced (Matrix). This maintains 15% weight to SA MA Low Equity funds, but improves the portfolio efficiency upon optimisation.

SSA Conservative (SA MA Income)				
Style	**Fund**	**Old**	**New**	**Change**
MA Income - Core	Coronation Strategic Income	10.0%	10.0%	0.0%
MA Income - Quant/Absolute return	Prescient Income Provider	15.0%	12.5%	-2.5%
Income (MA) - Core/Defensive	SIM Active Income	15.0%	15.0%	0.0%
MA Low Equity - Multi style	Amplify SCI Defensive Balanced (Matrix)	7.5%	5.0%	-2.5%
MA Low Equity - Absolute return	SIM Inflation Plus	7.5%	5.0%	-2.5%
MA Income - Macro focussed/dynamic	Amplify SCI Strategic Income (Terebinth)	15.0%	15.0%	0.0%
Enhanced Money Market	Nedgroup Inv Core Income (Taqanta)	15.0%	7.5%	-7.5%
MA Income - Credit Focussed	BCI Income Plus (Fairtree)	15.0%	15.0%	0.0%
MA Income - Multi style	Granate SCI Multi Income	0.0%	10.0%	10.0%
MA Low Equity - GARP	Amplify SCI Wealth Protector (Truffle)	0.0%	5.0%	5.0%

The Cautious SSA

Our conviction in the Amplify SCI Strategic Income Fund has increased over the past 2 years while our conviction in the Coronation Strategic Income Fund has waned. While we expect superior returns from both strategies, we've decided to invest in the Amplify fund for a single allocation. The Aylett Balanced Prescient Fund was added to the portfolio to complement the existing manager selection and share the "value" exposure with PSG. The Nedgroup Inv Global Equity Fund was added to increase our exposure to global assets. We felt this fund is appropriate for this risk profile as Veritas have a cautious approach to equity selection and use cash within their portfolio to manage risk. Additional small changes listed below were implemented to improve the portfolio efficiency upon optimisation.

SSA Cautious (SA MA Low Equity)				
Style	**Fund**	**Old**	**New**	**Change**
MA Income - Core	Coronation Strategic Income	15.0%	0.0%	-15.0%
MA Low Equity - Multi style	Amplify SCI Defensive Balanced (Matrix)	12.0%	11.0%	-1.0%
MA Low Equity - Absolute return	SIM Inflation Plus	13.0%	10.0%	-3.0%
MA Low Equity - GARP	Amplify SCI Wealth Protector (Truffle)	10.0%	11.0%	1.0%
MA Flexible - GARP/absolute	Amplify SCI Flexible Equity (Abax)	5.0%	5.0%	0.0%
MA Low Equity - Core/passive	Satrix Low Equity Balanced Index	10.0%	12.0%	2.0%
Income (MA) - Core/Defensive	SIM Active Income	13.0%	13.0%	0.0%
MA High Equity - Quality/absolute	Ninety One Opportunity	10.0%	9.0%	-1.0%
MA Flexible - Value/contrarian	PSG Flexible	12.0%	6.0%	-6.0%
MA Income - Macro focussed/dynamic	Amplify SCI Strategic Income (Terebinth)	0.0%	13.0%	13.0%
Global Equity - Quality/absolute	Nedgroup Inv Global Equity FF (Veritas)	0.0%	4.0%	4.0%
MA High Equity - Value/Quality	Aylett Balanced Prescient	0.0%	6.0%	6.0%

The Moderate SSA

Exposure to the SIM Inflation Plus Fund was replaced with the SIM Medium Equity Fund. This gives us exposure to the same manager and team but in a fund more appropriate for the risk profile. The Coronation Optimum Growth Fund was added to increase exposure to global assets. This fund provides allocation to both developed and emerging market equites to benefit from exposure to multiple geographies. The Aylett Balanced Prescient Fund was added to the portfolio to complement the existing manager selection and share the "value" exposure with PSG. The Amplify SCI Strategic Income Fund was added to complement our flexible income exposure, currently invested with Coronation. Additional small changes listed below were implemented to improve the portfolio efficiency upon optimisation.

SSA Moderate (SA MA Medium Equity)				
Style	**Fund**	**Old**	**New**	**Change**
MA Income - Core	Coronation Strategic Income	12.0%	5.0%	-7.0%
MA Flexible - GARP/absolute	Amplify SCI Flexible Equity (Abax)	9.0%	7.0%	-2.0%
MA Low Equity - Relative value	Prudential Inflation Plus	10.0%	5.0%	-5.0%
MA High Equity - Core/passive	Satrix Balanced Index	20.0%	20.0%	0.0%
MA Low Equity - Absolute return	SIM Inflation Plus	10.0%	0.0%	-10.0%
MA Medium Equity - Multi style	Amplify SCI Absolute (Matrix)	10.0%	8.0%	-2.0%
MA High Equity - Quality/absolute	Ninety One Opportunity	10.0%	10.0%	0.0%
MA Flexible - Value/contrarian	PSG Flexible	10.0%	7.0%	-3.0%
MA Flexible - GARP	Truffle SCI Flexible	9.0%	10.0%	1.0%
MA Income - Macro focussed/dynamic	Amplify SCI Strategic Income (Terebinth)	0.0%	6.0%	6.0%
WW MA Flexible - Growth/EM	Coronation Optimum Growth	0.0%	5.0%	5.0%
MA Medium Equity - Absolute return	SIM Medium Equity	0.0%	10.0%	10.0%
MA High Equity - Value/Quality	Aylett Balanced Prescient	0.0%	7.0%	7.0%

The Moderate Aggressive SSA

The SIM Balanced Fund was removed after lacklustre performance and qualitative factors assessed by our manager research team. The Obsidian SCI Balanced Fund was introduced as a core holding to replace the allocation to SIM and complement existing manager selection in the portfolio. The Ninety One Global Franchise Feeder Fund was introduced to complement the exposure to the Coronation Optimum Growth Fund and diversify offshore exposure in the portfolio. Additional small changes listed below were implemented to improve the portfolio efficiency upon optimisation.

SSA Moderate Aggressive (SA MA High Equity)				
Style	**Fund**	**Old**	**New**	**Change**
MA High Equity - Core/valutation	Coronation Balanced Plus	9.0%	9.0%	0.0%
MA High Equity - Core/passive	Satrix Balanced Index	20.0%	20.0%	0.0%
MA High Equity - Relative value	SIM Balanced	10.0%	0.0%	-10.0%
MA Flexible - Quality	Bateleur Flexible Prescient	8.0%	10.0%	2.0%
MA Flexible - Value/contrarian	PSG Flexible	12.0%	10.0%	-2.0%
MA Flexible - GARP	Truffle SCI Flexible	8.0%	10.0%	2.0%
MA High Equity - GARP	Abax Balanced Prescient	8.0%	8.0%	0.0%
WW MA Flexible - Growth/EM	Coronation Optimum Growth	5.0%	3.0%	-2.0%
MA High Equity - Growth/momentum	Amplify SCI Balanced (Laurium)	10.0%	10.0%	0.0%
MA Income - Macro focussed/dynamic	Amplify SCI Strategic Income (Terebinth)	5.0%	8.0%	3.0%
MA Income - Quant/Absolute return	Prescient Income Provider	5.0%	0.0%	-5.0%
Global Equity - Quality	Ninety One Global Franchise FF	0.0%	3.0%	3.0%
MA High Equity - GARP/macro-thematic	Obsidian SCI Balanced	0.0%	9.0%	9.0%

The Worldwide Flexible SSA

The decision was made to exclude explicit exposure to local property via the SMM Property Fund. We've decided that property exposure can be included indirectly should our active managers find opportunities within the asset class. We have decided to remove the Ninety One Global Multi Asset Income Fund due to a very low expected return from global income assets. The manager is retained on our buy-list for inclusion should opportunities present themselves. The BCI Income Plus Fund was removed in favour of an allocation to the Prescient Flexible Bond Fund. We feel that the Prescient fund gives us access across the bond curve without the constraint of being invested in credit only. We have also included exposures to the Nedgroup Inv Global Equity Feeder Fund and the Glacier Global Stock Feeder Fund to diversify our global manager selection. Additional small changes listed below were implemented to improve the portfolio efficiency upon optimisation.

SSA Worldwide Flexible (WW MA Flexible)				
Style	**Fund**	**Old**	**New**	**Change**
MA Flexible - GARP	Centaur BCI Flexible	8.0%	9.0%	1.0%
WW MA Flexible - Growth/EM	Coronation Optimum Growth	20.0%	15.0%	-5.0%
Global Equity - Core/systematic	Old Mutual Global Equity (Merian)	7.0%	7.0%	0.0%
MA Flexible - Growth/absolute	Amplify SCI Flexible Equity (Abax)	8.0%	8.0%	0.0%
SA Equity - Multi style/dynamic	Fairtree Equity Prescient	5.0%	6.0%	1.0%
MA Flexible - GARP	Truffle SCI Flexible	8.0%	9.0%	1.0%
MA Flexible - Value/contrarian	PSG Flexible	10.0%	10.0%	0.0%
SA Property - Multi style	SMM Property (Satrix, Sesfikile, Absa)	5.0%	0.0%	-5.0%
Global Equity - Passive	Satrix MSCI World Equity FF	7.0%	13.0%	6.0%
Global Equity - Quality	Ninety One Global Franchise FF	6.0%	6.0%	0.0%
Global MA - Income/Defensive	Ninety One Global Multi Asset Income	6.0%	0.0%	-6.0%
MA Income - Credit Focussed	BCI Income Plus (Fairtree)	10.0%	0.0%	-10.0%
SA Bonds - Flexible duration	Prescient Flexible Bond	0.0%	5.0%	5.0%
Global Equity - Quality/absolute	Nedgroup Inv Global Equity FF (Veritas)	0.0%	6.0%	6.0%
Global Equity - Value/contrarian	Glacier Global Stock FF (Dodge & Cox)	0.0%	6.0%	6.0%

NEW FUND MANAGER INSIGHTS

These are funds which are on the Glacier Invest buy-list and are being utilised for the first time across the SSA portfolios. Some insights on the funds and managers are provided below.

Glacier Global Stock Feeder Fund, managed by Dodge and Cox

The Glacier Global Stock Feeder Fund is suitable for investors seeking global equity exposure across primarily developed, but also emerging markets. The Glacier Global Stock Feeder Fund is a rand-denominated fund that invests directly into the Dodge & Cox Worldwide Global Stock Fund (USD class). Dodge & Cox was founded in 1930, in San Francisco. With more than 90 years' experience in the market, they have a long history of successfully managing funds through various economic cycles. They are a purely investment-focused business, managing only six core strategies, which allows them to focus on areas in which they are experts. The four qualitative factors that stand out are the size, experience and stability of the investment team, the rigour of the investment process, the independence of the firm, and the active employee ownership. Although the benchmark is the MSCI World Index, the fund typically tends to have significant emerging market exposure relative to the benchmark. The fund is moderately concentrated relative to the vast universe against which it is benchmarked, typically holding around 80-90 stocks in the portfolio. The fund will, under normal circumstances, consist of at least 40% non-US securities. Philosophically, the fund has a bias towards value stocks and since inception, it has outperformed its value style beta.

Nedgroup Investments Global Equity Feeder Fund, managed by Veritas Asset Management

Veritas was founded in 2003 with an absolute return mindset of running investments, which means there's considerable emphasis placed on capital protection and their philosophy and investment process lead them to quality companies that have growth prospects. This is a very concentrated portfolio that will typically hold between 25 and 40 stocks, with individual stocks not exceeding 8% of the fund alongside sector and regional limits of 30% and 40%, respectively. The fund primarily invests in developed market equity, with little to no emerging market exposure. It seeks to achieve long-term capital growth by investing in a concentrated number of high quality, attractively valued, well-run companies with strong balance sheets, dominant market positioning and companies believed to be more immune to global economic cycles. This serves as a good defensive strategy to include in an aggressive portfolio as the fund, based on its style beta, tends to do well in an earnings decline and de-rating environment; and should typically keep up with the market in an earnings growth environment. Lastly, this fund can also have a large allocation to cash (tactical holding of a 20% maximum) if the portfolio manager can't find enough attractive investment opportunities. This also speaks to their absolute-return focus as they won't be fully invested if sufficient opportunities aren't present.

Obsidian SCI Balanced Fund

Obsidian Capital was formed in June 2007 by Richard Simpson and Royce Long as primarily a hedge fund offering, but this has grown to include long-only products. Their investment philosophy is termed "marry the market cycle with the valuation". This essentially means that the style of the manager is value, but because of their top-down ability, they will tend to buy later than most value managers, thereby capturing more growth and momentum than their value peers. As their philosophy implies, they do a large amount of top-down work. It is something that sets them apart from most, if not all value managers. The inefficiency they are trying to take advantage of is that the valuation of a business will tend to be driven by the market cycle. Through understanding the cycle, they can understand this valuation and by being good at macroeconomic analysis, they can avoid the value trap and catch more of the upside. Their asset allocation process is also top down driven and quantitative evidence demonstrates that they have a strong ability to generate excess over the peer group in this regard. From a fixed income perspective, they are primarily interested in active duration management. They have no strategic asset allocation and see their positioning as clean slate and more tactical in nature. This enables them to be more nimble and active in their portfolio positioning through the cycle, allowing them to quickly take advantage of market opportunities.

Amplify SCI Strategic Income Fund, managed by Terebinth Capital

Terebinth Capital has a hedge-fund mindset in the fixed income space, and can be considered a risk manager before being a fund manager. Furthermore, they believe that some of the biggest long-term investment opportunities in the fixed income market are not necessarily driven by structural inefficiencies, but by a lack of understanding and application of trends and macro drivers of the global economy. Consequently, they maintain a strong focus on staying with macro themes and implementing strategies in liquid assets that lower volatility and trading costs. Their comparative edge lies in their strong research capability and unconstrained approach to portfolio construction, using the full ambit of the fixed income universe. They have also managed to demonstrate a strong ability to play the yield curve, and do not shy away from shifting the portfolio's duration profile as market events occur. Subsequently, when they spot a potential trend developing that is considered not to be part of mainstream thinking, this is where they potentially offer the most value-add relative to peers. Asset allocation is a sub-function of the time horizon of a trade idea and heavily depends on their assessment of the macro environment at the time. There are no set benchmark weightings they apply, and they are firmly of the opinion that at all times the portfolio should reflect their best investment view. Additionally, it is their fundamental belief that fixed income processes, by nature, are bounded due to the interaction of policy rates and inflation, such that qualitative (macro-economic) together with quantitative (macro-quants) research and modelling are inseparable. Thus, Terebinth's quantitative models are based on the principle of cyclicality, employing a mean-reversion framework.

Prescient Flexible Bond Fund

Prescient, founded by Guy Toms and Herman Steyn in 1998, is one of the highest rated fixed income houses in the industry, and continues to grow into a very formidable business aptly stewarded by Guy. Prescient has a very clear understanding of their investment philosophy and their processes are systematic, which is all underpinned by a risk management framework which focuses on managing potential downside against potential upside. The risk conscious metrics that we would like to see from the fund are still impressive, even though they have had periods of underperformance - demonstrating how they stay true to their philosophy in that aspect. The fund invests in cash and high-quality capital market instruments, where a number of techniques are used to generate returns, including duration management, yield enhancements via credit exposure and risk management strategies, where these strategies are designed to provide downside protection. The fund aims to outperform both the JSE All Bond Index and the STeFI Call Index over time, utilising active bond and cash management combined with strategies which aim to reduce risk over time. The fund has a medium to high risk tolerance level with no duration limits.

Granate SCI Multi Income Fund

Granate Asset Management (GAM) is a boutique asset manager that was established by individuals from the Cadiz Asset Management team, including Jonathan Myerson and Bronwyn Blood, as well as Vaneshen Naidoo and Dalya Abromowitz. Blood is the portfolio manager of the Granate Multi Income Fund and she is supported primarily by Naidoo, who is a property analyst and Money Market portfolio manager, and Abromowitz, a credit analyst. While Blood manages the fund, all decisions, including the intended duration and credit instrument selection, are made by consensus across the broad investment team. While the benchmark for the fund is STeFI + 1%, GAM targets the greater of STeFI + 2% or CPI + 3% when constructing the portfolio, and each asset that is considered for inclusion is assessed against this target. Along with this return consideration is a distinctive effort to manage volatility and drawdown risk. The fund is able to invest across the spectrum of fixed income assets, including property and preference shares, but there is an explicit focus on credit. The approach is a cautious one, characterised by reasonable dynamism in asset allocation, the use of credit, and relatively limited, but dynamic use of duration. With reference to credit, GAM has managed to take advantage of the fund's size and the ability to make nimble and rapid decisions, taking advantage of secondary opportunities in the credit market and trading the fund's credit holdings. This demonstrates a disciplined and objective approach to credit, as opposed to a structural bias to credit regardless of valuation risk. Each asset is assessed from a bottom-up, fundamental perspective, using qualitative inputs, as well as quantitative measures. This is augmented by top-down input, in terms of which GAM considers a strategic asset allocation in order to both manage the odds of achieving the required returns and to control for the volatility in the fund. This SAA stipulates maximum allocations to broad asset classes, although the range of exposure is generally broad. Additionally, GAM tends to not increase the duration of the fund to greater than 2 years, to control for interest rate risk.

Aylett Balanced Prescient Fund

Aylett & Co. Fund Managers is an independently owned asset manager founded by Walter Aylett in 2005. Aylett is the key decision maker on this fund but is supported by senior analysts Dagon Sachs and Justin Ritchie. Aylett invests with an absolute mind-set, focusing on quality and entry price to intrinsic value, and being risk averse in times of market exuberance. This preference for quality and valuation in their bottom-up stock picking process drives asset allocation decisions, in that the level of equity allocation is determined by the amount of investable opportunities available. However, the manager also relies on the qualitative judgment, market "feel" and insight of the portfolio managers, particularly Walter Aylett, to make asset allocation and stock selection calls. In this regard, Aylett seems less reliant on a single style or risk premium and more on this qualitative insight and judgment to drive stock selection. This manifests in an equity style in which stock-specific risk dominates, with value and quality being the main style characteristics. The extent to which they implement this absolute mind-set, as well as their willingness to stick to process while being patient and thorough before purchasing stocks, is among their competitive advantages and is what differentiates them from most managers. Another differentiator is Aylett's ability to invest in small and midcap stocks mostly due to their size.

World-class research remains our primary focus

Our main objective remains to increase the prospect of clients achieving their stated goals.

When managing client portfolios, being conscious of the risks at play is of utmost importance to us. We believe that a thorough investment process gives us the ability to manage those risks through appropriate portfolio construction.

At the end of the day we operate as the custodians of our clients' capital. Therefore, conducting world-class manager and market research remains our primary focus to enable us to construct robust portfolios that will help navigate volatility in the market.

Our scale has allowed us to negotiate better fees on our clients' behalf, which will add to improving the desired outcomes and overall client experience.

Contact Glacier Invest

Glacier Invest is the discretionary fund management offering of Glacier Financial Solutions (Pty) Ltd ("Glacier"). Glacier has partnered with Sanlam Multi-Manager International (Pty) Ltd, part of the Sanlam Investments Group, to optimise the investment management responsibilities.

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