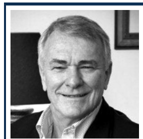
GLOBAL BRIEF

Third Quarter 2014



Editorial Comment

Mike Borland, Director, FIRSTGLOBAL GROUP

At the forefront of most investors' minds at present is the state of local and global markets. We have seen a serious clean-out/correction and it is global, with very few shares spared. Pessimism on world markets is rising quickly and plenty of bad news is being bandied about in the media (very little good news).

The headwinds being faced are real and not to be underestimated. These include weakness in the Eurozone, notably in Germany, which had hitherto been the bulwark of growth in the region. Political rumblings in Greece about exiting the IMF programme have reminded everyone that the peripheral states in Europe still have deep structural problems to solve.

Then there is the question of slowing growth in China. While the authorities there have introduced some measures to stimulate demand, they are unlikely to push stimulus too hard, for fear of feeding a domestic credit bubble.

So far, the US has been showing steady progress, though some recent data sets have introduced an element of doubt. Geopolitical fears, including war in the Middle East, tensions in the Ukraine and the possible spread of Ebola in the West have raised uncertainty levels. A few more cases of Ebola in western countries could hurt confidence and economic activity (e.g. cancelling travel plans and the like) and hit growth in a similar way that cold weather knocked activity in the US at the start of the year.

For all of these fears, there is one major source of comfort for investors, and that is the likely behaviour of central banks.

Despite talk of the Fed raising rates sometime next year, the Fed is very unlikely to do so until it is sure the markets can absorb them. The Fed will err on the side of accommodation, not daring to raise rates in the face of weak or even ambiguous data, especially while inflation remains contained.

It (the pessimism) could reach a peak quite soon, which usually represents an excellent buying opportunity; exactly when, no one knows. It could even be there now. If one wishes to up-weight one's equity allocation, gradually buying into this downturn should prove rewarding.

The following quote from a very recent Wall Street Journal article provides some appropriate perspective here:

"Most investors understand that stocks produce superior long-term returns, but at the cost of higher volatility. Yet every time - every single time - there's even a hint of volatility, the same cry is heard from the investing public: "What is going on?!" Nine times out of ten, the correct answer is the same: Nothing is going on. This is just what stocks do. Since 1900 the S&P 500 has returned about 6% per year, but the average difference between any year's highest close and lowest close is 23%. Someone once asked J.P. Morgan what the market will do. "It will fluctuate," he allegedly said. Truer words have never been spoken."

Again, in the context of South African domiciled investors,

- the general stock market correction;
- our own issues with, inter alia, labour demands; and
- our urgent need locally for a skilled workforce (against the backdrop of the need for education and recent introduction of shocking immigration laws);

all serve to underscore the vital importance of carefully considered diversification and an active and deliberate strategy of asset allocation both locally and inter-nationally.

In this edition, we consider the very recent turnaround to what were to have been imminent and long awaited changes to the Tax Treatment of Retirement Funding contributions, we revisit the importance of Retirement Planning, we consider the vital question of Trustee appointment for family Trusts and finally we include our usual update on our range of local and offshore investments funds.

Enjoy the read.

Retirement Tax Reforms Postponed

Employers, employees, self-employed individuals and the entire retirement fund industry – and of course, the advisers to them – have been gearing up for much awaited and heralded changes to the tax treatment of Retirement Funds (This slot had been reserved for a comprehensive discussion of these).

These have been in the pipeline for a few years and, after previous "false starts" were almost a dead certainty to take effect on 1 March 2015. These changes have been put on hold for at least a year, and have set back a potential boost to your retirement savings.

These reforms were to have brought about (amongst other things) the ability to enjoy higher tax deductibility of fund contributions, uniformity in the way contributions for Pension, Provident and Retirement Annuity Funds were to have been allowed, a restructure of the way Provident Fund benefits could be taken, increased minimum amounts below which Retirement Annuity and Pension Fund members will not have to buy an annuity on retirement and the ability to transfer funds from Provident to Pension Funds tax free.

This has involved extensive communication amongst affected parties, including the providing for and setting up of proposed new Retirement Fund Rules and the proposed increases of contributions, mostly in recognition of the fact that all but the very privileged few, need every bit of help and incentive they can get to bolster retirement savings.

The National Treasury has, under pressure from COSATU, agreed to delay the date on which the changes will take effect to March 2016, but add that should there be no agreement at the National Economic and Labour Council (Nedlac) next year, the implementation may be moved out for a further year — ie to March 2017.

So, for the meanwhile and for possibly an extended period, it is, as they say in the army, "as you were". The status quo remains for at the very least, another year, and possibly longer.

This just serves to re-emphasise the fact that every South African individual needs to recognise the personal responsibility to make an early and committed start to providing for a dignified and financially secure retirement for him or herself.

Retiring with Dignity

Marize van der Merwe, Glacier Research

The risk of capital loss is a concept that is, without a doubt, well-known and feared by virtually every investor. It continues to dominate investment decisions and investors seem to be blissfully unaware of other, equally important, risks involved in making decisions surrounding their retirement. Another equally important risk is the danger of not saving enough for retirement. The outcome is that, today, the majority of retirees unfortunately need to deal with this harsh reality on a daily basis, when their monthly income just doesn't meet their lifestyle requirements.

So why does the notion of losing capital play such a prominent role in the decision-making process of investors, often to the detriment of not meeting their income needs at retirement?

The concept of behavioural finance is useful in trying to explain why this occurrence tends to happen. The powerful force of human emotions often causes investors to go against good investment practice. In times of market uncertainty investors often act irrationally and lose sight of their long term financial goals. They allow the most recent historic events to dictate their behaviour, leading to a short-term investment focus that is sure to destroy value. Consequently investors tend to experience the risk of capital loss as an immediate threat to their savings and a scenario that could realistically occur today.

In trying to minimize this threat, they often end up being too conservative when making investment decisions. On the contrary, the realization of retiring with inadequate savings will only be evident at retirement. It is not seen as an immediate threat and takes the focus off meeting their retirement needs.

It is obvious that human emotions can have a detrimental impact on investors' retirement goals and should therefore not be underestimated. Financial intermediaries have a critical role to play in protecting the client against their own investment imperfections and retaining the client's focus on their long term retirement goals.

Let's consider some of the imperfections investors need to be protected against and the detrimental impacts thereof:

The first mistake investors tend to make is to postpone saving for retirement. It is often argued that they are too young to be thinking about retirement. The need for a car or other consumables are high on the priority list of purchases when their first few paychecks or bonuses arrive. Unknowingly they cut down on their investment time horizon and drastically reduce the probability of meeting their retirement goals. The effect of compound interest over time is often referred to as the 8th wonder of the world and is one of the best investment tools that should not be overlooked. Investors should be encouraged to start saving as early as possible, because the longer their investment time horizon the better the effect of compound interest and the probability of meeting their income needs at retirement.

Secondly, when investors finally start investing for retirement they tend to underestimate the portion of their salary that needs to be saved. Investors who start saving in their early 20's need to save between 13% and 20% of their salary if they want to retire at 55 as oppose to 44% and 70% if they only start saving at 40 or 45. The longer investors wait to save for retirement, the higher the portion of their salary they will have to contribute to give them any chance of retiring with dignity at 55.

Thirdly, investors tend to be too conservative and invest for retirement without holding sufficient or any inflation beating (real) assets. Statistics from ASISA confirms the conservative nature of the South African investor. The retail market composition indicates that 32% of retail investors are currently invested in money market funds. History shows us that this portion remains high and tends to fluctuate around 30%. These investors seems to be comforted by the fact that the probability of losing their capital is virtually zero, but are seemingly unaware that their investments rarely beat inflation. The picture looks even worse on an after-tax basis.

Another market, dominated by extremely conservative investors, is in our neighbouring country Namibia. Surprisingly, nearly 85% of Namibian investors are invested in money market type funds with this phenomenon being evident for quite some time. Even though the tax structure on interest is more favourable in Namibia, there is still an enormous task that awaits the Namibian financial intermediary, in terms of educating investors on the devastating effects of retirement savings not beating inflation.

Why is it so important to beat inflation? The main reason is that inflation causes money to lose its purchasing power. In simple terms, try to remember what a bread or newspaper cost a few years ago versus what it costs today? Or maybe how much house or car prices increased over the years?

Given this, it is essential that retirement savings beat inflation over time. If investors are not able to achieve this they will have to downsize their lifestyles to enable them to live off their retirement savings. This harsh reality surprises many retirees today and shatters their dream of retiring with dignity after a lifetime of hard work.

Table 1: *Annualised from 1999 to the present time*

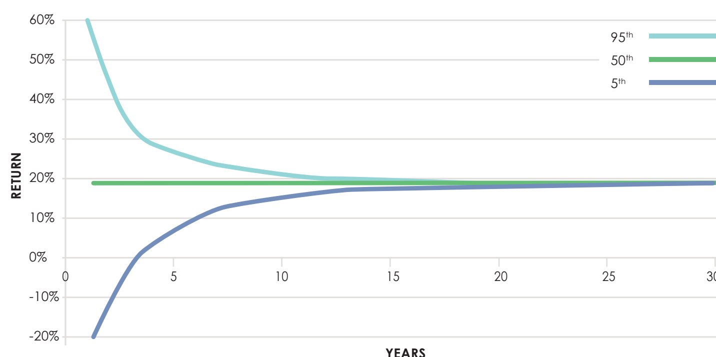
	Returns	Real Returns	Std Deviation
JSE	15.62%	9.78%	17.86%
ALBI	12.31%	6.47%	7.55%
CASH	9.14%	3.30%	2.62%
INFLATION	5.84%		

Source: Glacier Research *(Note: JSE Returns excl Dividends)*

Consequently it is vital to hold real assets in your portfolio. Equities are by far the best performing asset class over the long term and the best inflation beating asset (positive real returns) to hold. However, short term performance can be extremely volatile at times (see table 1).

Despite this, studies have shown that equity returns becomes rather predictable over time, as is evident from the graph on the next page where the average annualized return over the last 20 – 30 years was close to 20%. In essence, if an investor has a reasonable time horizon ahead of him he can actually not afford to exclude equities from his portfolios.

Increasing predictability



Source: Glacier Research

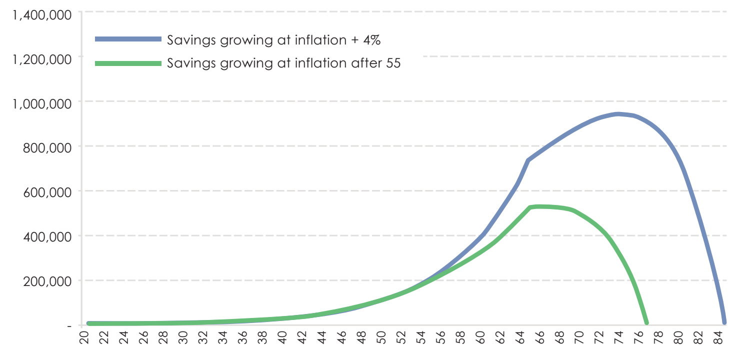
It is clear that investors need to hold real assets to give them any chance of meeting their retirement needs. However, increasing the exposure towards real assets in a portfolio will increase the risk of such a portfolio. Conservative investors should definitely not be discouraged and think that their default option is cash only. They should understand that it's imperative to maintain a good balance between their psychological risk profile and their needs for retirement when making investment decisions. The limited risk they are willing to take on, in line with their psychological risk profile, makes it a challenge to beat inflation in the long run. There are however excellent fund managers in the flexible categories that have proven their ability to protect capital in market downturns while still managing to deliver inflation beating returns in the long run. Managers with the ability to successfully move between asset classes, in different and difficult market conditions, are however scarce and careful consideration should

be given when picking these funds.

Finally, as investors reach retirement it is essential that the investment process does not end here. The biggest mistake investors tend to make is to move all their saving into cash the moment they retire to entirely reduce investment risk. Many investors are unaware of the detrimental effects of moving too conservative too quickly. It can mean the difference between retiring comfortably versus the harsh reality of depleting ones capital. Due to improvements in medical technology people tend to live longer and retirees need an income that will last another 20-30 years, on average, after retirement. This is a very long time in investment terms.

It is therefore crucial to grow one's asset base above inflation for a few more years after retirement at levels of risk that are more appropriate for a client drawing an income. The graph below indicates that a client's capital can last an additional 8 years by investing in funds that deliver returns 4% above inflation while drawing a reasonable income.

Financial intermediaries have a pivotal role to play in guiding investors to successfully plan for and retire with dignity. The intermediary is that person who is willing to walk alongside his client every step of the way. Someone who the client can trust and who is the first one to protect the client against himself when the road gets rocky or uncertain. While proper communication is critical to clarify retirement goals and impart knowledge, more important considerations are all the relevant risks (referred to in this article) which should be taken into account.



Source: Glacier

Everyone wants to retire with dignity, especially after having worked a lifetime for one's hard earned cash. However, the reality is that very few people are able to get it right and unfortunately there is no second chance.

Potential pitfalls when picking trustees for a family trust

Marteen Michau, Head of Fiduciary and Tax, Sanlam Private Wealth

Who should act as trustee for a family trust? A family member, a professional independent trustee, or both? This is one of the biggest decisions to be made in estate planning – and it's a decision which can have massive consequences for the heirs and the estate if not carefully thought through.

Marteen Michau, head of fiduciary and tax at Sanlam Private Wealth, says the most important function of a board of trustees is to take control of a trust's assets and take all reasonable steps to protect these assets for the benefit of the beneficiaries. "When deciding on trust investments for example, they should take the beneficiaries' needs into consideration and ensure a reasonable return where necessary without speculating. Trustees are also responsible for day-to-day administration of the trust, keeping a record of all trustees' decisions and providing the beneficiaries with full disclosure of all financial matters."

These responsibilities are governed by common law principles and legislation. "Trustees have a formal fiduciary duty, meaning they should always act in the best interests of the trust beneficiaries. Their appointment and duties are governed by the Trust Property Control Act. Trustees must therefore have detailed knowledge of the terms of the trust deed. They must also perform their duties with the skill, care and diligence expected of someone managing the affairs of another. Making sure that the people you appoint are more than capable of carrying out these duties with expertise and deep insight, is vital, over and above exercising their discretion with the necessary objectivity and independence."

Michau says trustees often don't realise they can be held personally liable if they are neglecting their duties. "There are several instances where the beneficiaries have successfully taken the trustees to court over assets improperly managed. In some cases, the trustees do not regard the trust assets as being separate from their own, and enrich or benefit themselves in the process."

Given the enormity of the task, opting for a family member can seem tempting. After all, blood is thicker than water. But perhaps they don't have the technical skills to make all the right decisions. Michau suggests carefully considering the following:

- **Choose the right number of trustees.** Decision-making should either be by majority vote or unanimously. Where there are only two trustees, decisions have to be unanimous. With four, it can lead to a deadlock. And having too many trustees is impractical. "There

are no hard and fast rules, but we usually recommend three trustees. This means a majority vote can be reached if necessary," she says.

- **Consider whether trustees have the right skills to carry out fiduciary duties.** "At least one of the trustees – whether professional or family member – needs to know how to administer a trust and document trust transactions."

Michau's recommendation is that – whether or not family members are appointed – each trust contracts a professional independent trustee or an institution providing professional trustee services. "This will give peace of mind that the trust will be managed properly and in terms of legal requirements. A professional independent trustee will also be able to advise the other trustees of any legislative changes, such as changes in tax laws, and the potential impact of these on the trust. In the case of a legacy trust spanning several generations, an institution providing professional trustee services will provide continuity without disrupting the trust's activities from one generation to the next," she concludes.

Editorial Comment: *With the clear and unequivocal Common Law and Statutory responsibility on all Trustees, as accountable custodians of Trustee assets for the benefit of the nominated beneficiaries, it is also very important that "token" Trustees review their situations in this context. To clarify, "friendly" Trustees are sometimes appointed where certain Settlors / Family Members / Testators wish to retain control of Trust affairs whilst, on the face of it, providing for sufficient numbers of independent Trustees to present a suitably objective team. "Token" Trustees are exactly that and are at times excluded from any knowledge or decisions relating to the Trust's finances, and, at times, signing off financials or other important documents in which they have neither had any involvement nor applied their minds in the context of their specific duties. Informed and participative Trusteeship is, in any event, not for the feint at heart — beware — take on "Token" Trusteeship at your own peril.*

FIRSTGLOBAL Asset Management: Investment Update

Klaas Venter, Chief Investment Officer, and Adri Viljoen, Investment Analyst

The FG IP Jupiter Income FoF returned 4.5% year to date and 6.2% over the past 12 months, outperforming the benchmark Alexander Forbes Short Term Fixed Income Index which returned 4.3% and 5.6% respectively over both periods. The failure of African Bank (ABIL) and subsequent impact on bond and equity holders took centre stage in August. Three of the underlying funds had limited exposure to ABIL debt and the Jupiter fund declined by 0.29% in August as a result. Cadiz opted to create a "side-pocket" of the Absolute Yield Fund, transferring the ABIL securities into a separate portfolio, as trading and interest and capital payments on debt have been suspended, impacting on liquidity of these securities. Notwithstanding the weak economy, increased inflationary pressures left the SARB with little choice but to increase interest rates further during their July meeting, albeit it only being 25 basis points, bringing the repo rate to 5.75%. Gill Marcus also announced that she will leave the SARB at the end of her five year term in November. No changes were made to the Fund during the review period.

The FG IP Venus Cautious FoF returned 6.3% year to date and 10.6% over the past 12 months, outperforming the benchmark peer group average return of 5.7% and 9.1% respectively over both periods. The fund's performance is in the first or second quartile of peers over all rolling three year periods since inception. Very few underlying funds had exposure to ABIL and resultant impact on fund performance was minimal. The sell-off in the local equity market during August and September impacted on fund performance, the fund declined by 0.1% in August, but managed to end September unchanged. The Venus Fund remained well positioned for a more conservative investor, diversified between local equities (18%), global equities (13%), property (8.5%) and the remainder in income assets. Two new funds were added during the quarter, the Saffron MET Opportunity Income Fund and the Nedgroup Investments Property Fund. The Saffron fund has a low correlation with the other income funds while the Nedgroup Fund has managed to beat the property index since its inception in July 2010 through active management and will complement the more benchmark-cognisant Prudential Property fund.

The FG IP Saturn Flexible FoF returned 7.2% year to date and 11.4% over the past 12 months, outperforming the benchmark peer group overage return of 6.6% and 10.7% respectively over both periods. The fund's performance is in the top quartile of peer funds over all rolling five year periods since inception. The Saturn fund was impacted by the sell-off in global equity markets in September and ended the month 0.5% lower. The fund was not impacted by the ABIL suspension as only the Coronation fund had limited exposure to ABIL (0.5%). The fund is fairly fully invested in equities, with 56% exposure to local and global equities (max 60% allowed). The underlying managers have increased exposure to listed property securities during the review period. The Saturn fund is well diversified between funds that are more conservatively positioned (ABSA, Investec, Truffle) and

funds with a slightly higher risk profile (36One and Visio) and should therefore perform satisfactory in various market outcomes. Exposure to the Rezco fund was increased during the review period.

The FG IP Mercury Equity FoF returned 9% year to date and 12% over the past 12 months, underperforming the benchmark FTSE/JSE All Share Total Return Index return of 10% and 15% respectively. The local stock market was more volatile over the review period, surpassing the 52 000 index level early in July for a new all-time high, but experiencing a sharp sell-off towards the end of the end of the quarter. The All Share Index ended the quarter down 1%. Mediclinic and Aspen were the top performing stocks, gaining in excess of 10% during the quarter, while most resource shares lagged. The Coronation fund and Satrix Rafi fund were the only two funds with small exposures to ABIL equity and the resultant loss of capital was limited. As the equity market is trading on expensive valuations, we believe that active managers will have a higher probability of protecting capital during periods of sell-off. We therefore lowered exposure to the Satrix fund while exposure to Foord Equity Fund was increased.

The FG IP International Flexible FoF returned 9.5% year to date and 18.3% over the past 12 months, matching the benchmark composite index return of 9.5% and 18% respectively over both periods. The fund benefited from the sharp weakening of the rand against the US dollar during the review period. There is increasing focus on the US Federal Reserve and the timing of the first interest rate hike in 2015, after bond purchases (QE) are expected to come to an end in October. Markets are also watching the European Central Bank closely as it is expected that they will announce their own quantitative easing program in the near future to combat low inflation and stimulate faltering growth. No changes were made to the underlying managers during the review period. The two FGAM funds made a 5% allocation to the FirstState Global infrastructure Fund. This fund invests in infrastructure and utility companies, which tend to be non-cyclical and less volatile and add to the diversification of the FGAM funds. We remain underweight global bonds and have opted to invest in the FirstState fund instead.

Asset Allocation as at 31 August 2014

Fund	Local Equity	Local Property	Local Bonds	Local Cash	Foreign
FG IP Jupiter Income FoF	0%	4%	25%	65%	6%
FG IP Venus Cautious FoF	18%	8%	16%	37%	20%
FG IP Saturn Flexible FoF	41%	7%	16%	15%	21%
FG IP Mercury Equity FoF	89%	2%	0%	6%	4%
FG IP International Flexbile FoF	0%	0%	0%	5%	95%

Quarterly Performance of general indices

Index	Asset Class	3Q 2013	4Q 2013	1Q 2013	2Q 2014	Year to date 2014*
STEFI Composite Index	Local Cash	1,28%	1,30%	1,31%	1,42%	4,29%
Beassa ALBI Total Return	Local Bonds	1,91%	0,13%	0,89%	2,46%	5,66%
FTSE/JSE SA Listed Property (Total Return)	Local Property	-1,31%	0,99%	1,82%	4,43%	14,01%
FTSE/JSE Africa All Share (Total Return)	Local shares	12,53%	5,53%	4,29%	7,18%	9,39%
JP Morgan World Govt Bond index (USD)	Global Bonds	2,68%	-1,26%	2,70%	2,28%	1,59%
EPRA/NAREIT Global Index (USD)	Global Property	1,65%	-1,37%	3,14%	6,53%	4,27%
MSCI AC World (USD)	Global Shares	7,38%	6,93%	0,61%	4,31%	2,03%
US Dollar/South African Rand (+ weaker, - stronger)	Exchange Rate	1,58%	3,24%	1,78%	1,14%	7,62%

*(Return until 30 September 2014)

Performance and quartile rankings in sector for periods until 30 September 2014

Index	Year to date	6 Months	1 Year	3 Years*	5 Years*
FG IP Jupiter Income FoF	**4,48%**	**3,06%**	**6,21%**	**7,45%**	**7,65%**
Cadiz Absolute Yield Fund	2,88%	1,49%	4,69%	7,55%	8,11%
Coronation Strategic Income Fund	5,61%	4,29%	7,83%	9,10%	9,72%
Prudential Enhanced Income Fund	5,03%	3,38%	6,76%	8,24%	9,21%
SIM Active Income Fund	5,16%	3,72%	6,55%	6,96%	7,55%
SA Multi Asset Income Category Average	3,99%	2,88%	6,03%	6,78%	7,33%
STEFI Composite Index	4,29%	2,94%	5,64%	5,49%	5,92%
FG IP Venus Cautious FoF	**6,28%**	**4,70%**	**10,58%**	**11,96%**	**11,28%**
36One MET Equity Fund	5,85%	5,15%	14,00%	*not started*	*not started*
Cadiz Absolute Yield Fund	2,88%	1,49%	4,69%	7,55%	8,11%
Coronation Strategic Income Fund	5,61%	4,29%	7,83%	9,10%	9,72%
Coronation Optimum Growth Fund	6,98%	7,65%	18,45%	28,76%	19,23%
Coronation Top 20 Fund	5,42%	0,17%	9,62%	22,45%	18,77%
Investec Diversified Income Fund	3,61%	2,30%	4,93%	*not started*	*not started*
Nedgroup Investments Entrepreneur Fund	9,86%	8,25%	14,01%	27,78%	22,39%
Nedgroup Investments Opportunity Fund	8,66%	5,41%	14,59%	18,05%	14,11%
Prudential Enhanced Income Fund	5,03%	3,38%	6,76%	8,24%	9,21%
Prudential Enhanced SA Tracker Fund	13,54%	11,67%	15,10%	19,74%	20,11%
SIM Active Income Fund	5,16%	3,72%	6,55%	6,96%	7,55%
SA Multi Asset Low Equity Category Average	5,71%	4,19%	9,06%	11,74%	10,17%
FG IP Saturn Flexible FoF	**7,15%**	**5,16%**	**11,40%**	**15,81%**	**13,54%**
36One MET Flexible Opportunity Fund	5,15%	5,84%	12,69%	24,55%	23,50%
ABSA Absolute Fund	6,97%	5,78%	9,55%	11,54%	10,61%
Coronation Market Plus Fund	7,58%	4,95%	12,79%	21,48%	17,71%
Investec Opportunity Fund	6,25%	3,40%	8,95%	14,01%	13,01%
Rezco Value Trend Fund	4,70%	3,95%	11,02%	23,48%	17,79%
Truffle Flexible Fund	11,26%	7,93%	19,15%	22,04%	*not started*
Visio MET Actinio Fund	5,94%	6,72%	14,23%	24,71%	21,13%
SA Multi Asset Medium Equity Category Average	6,57%	4,50%	10,69%	13,73%	11,84%
FG IP Mercury Equity FoF	**8,12%**	**4,51%**	**11,63%**	**18,80%**	**16,53%**
36One MET Equity Fund	5,85%	5,15%	14,00%	*not started*	*not started*
Coronation Top 20 Fund	5,42%	0,17%	9,62%	22,45%	18,77%
Foord Equity Fund	11,25%	7,00%	18,22%	26,62%	22,04%
Gryphon All Share Tracker Fund	9,33%	5,60%	14,96%	22,55%	17,69%
Nedgroup Investments Entrepreneur Fund	9,86%	8,25%	14,01%	27,78%	22,39%
Prudential Equity Fund	9,33%	5,55%	16,47%	23,73%	18,69%
SIM Rafi 40 Index Fund	6,64%	0,67%	12,18%	18,39%	*not started*
FTSE/JSE Africa All Share (Total Return)	9,39%	4,90%	15,44%	22,18%	18,01%
SA Equity General Category Average	8,46%	4,09%	14,10%	19,48%	15,61%
FG IP International Flexbile FoF	**9,45%**	**9,25%**	**18,34%**	**21,24%**	**13,09%**
*Data longer than 12 months are annualised	*1st quartile*	*2nd quartile*	*3rd quartile*	*4th quartile*	

Offshore Funds

Hennie Fourie, Director, FIRSTGLOBAL GROUP

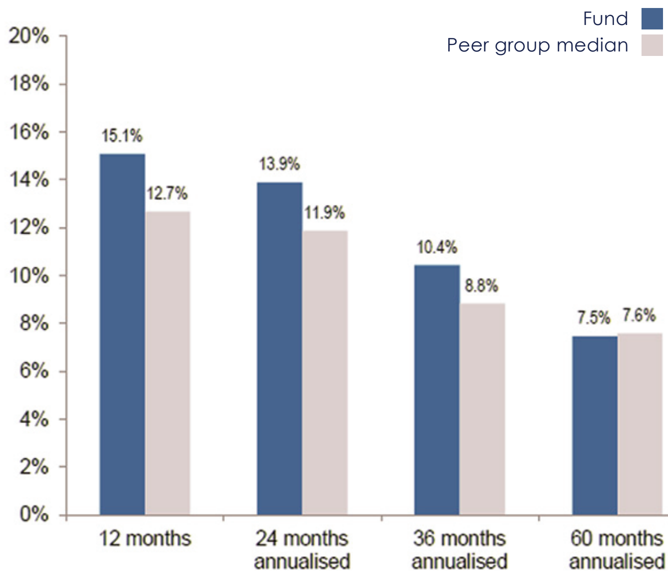
While some asset classes, especially fixed income markets, appear to be fully valued, we continue to uncover opportunities in other areas, including select parts of the equity markets. Over the quarter we completed trades to build a

5% exposure to global infrastructure in both funds. This will complement our overweight position in Global Property. Our underweight position in Global bonds started to contribute positively as Global Bond Managers struggled against a backdrop of the ending quantitative easing in the USA.

FGAM Global Growth

The FGAM Global Growth Fund is in the second quartile of funds with a similar investment mandate over 1 and 2 years, and in the first quartile over 3 years, according to fund data provider Morningstar.

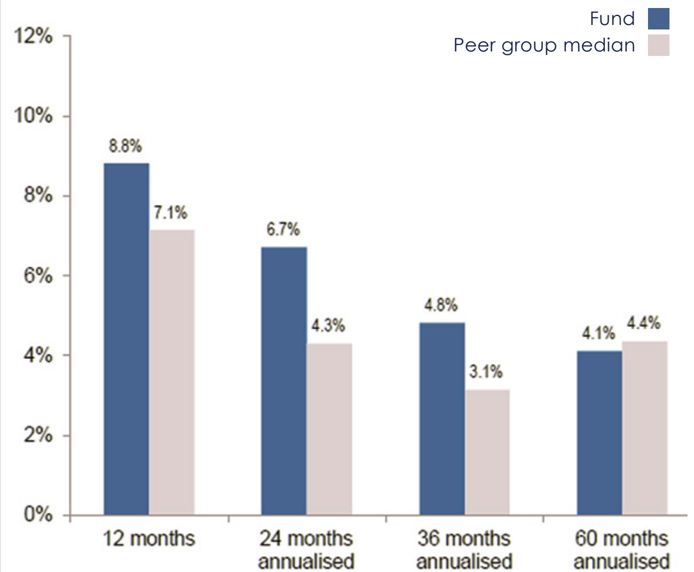
Fund Performance



FGAM Global Cautious funds

The FGAM Global Cautious Fund is in the top quartile of funds with a similar investment mandate over 1, 2 and 3 years, according to fund data provider Morningstar.

Fund Performance



Please note: the above performance figures are as at end August 2014.

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