



Deciding what to buy (or sell)??

November 2020

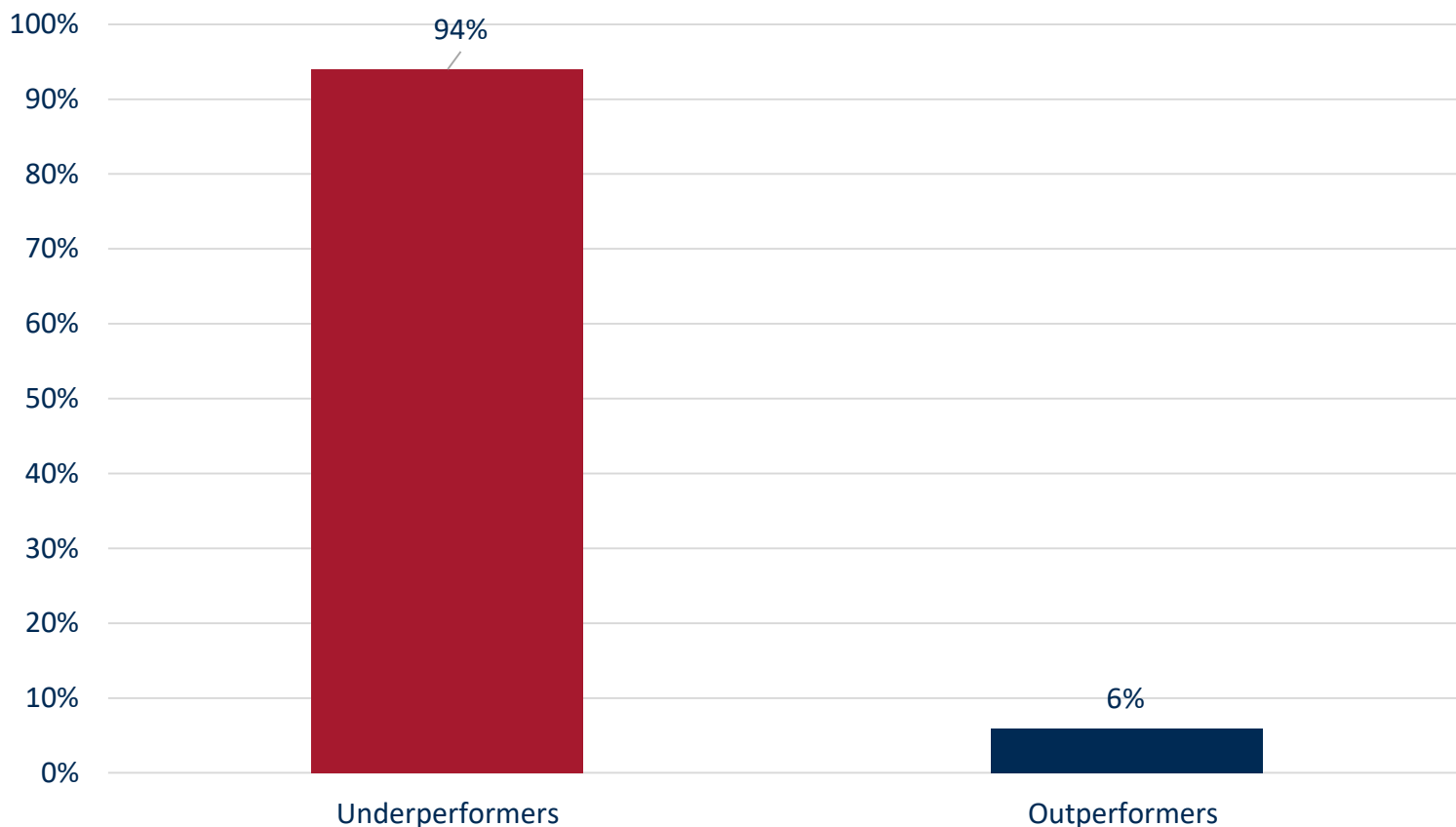


Timing is everything

The stock picker's dilemma



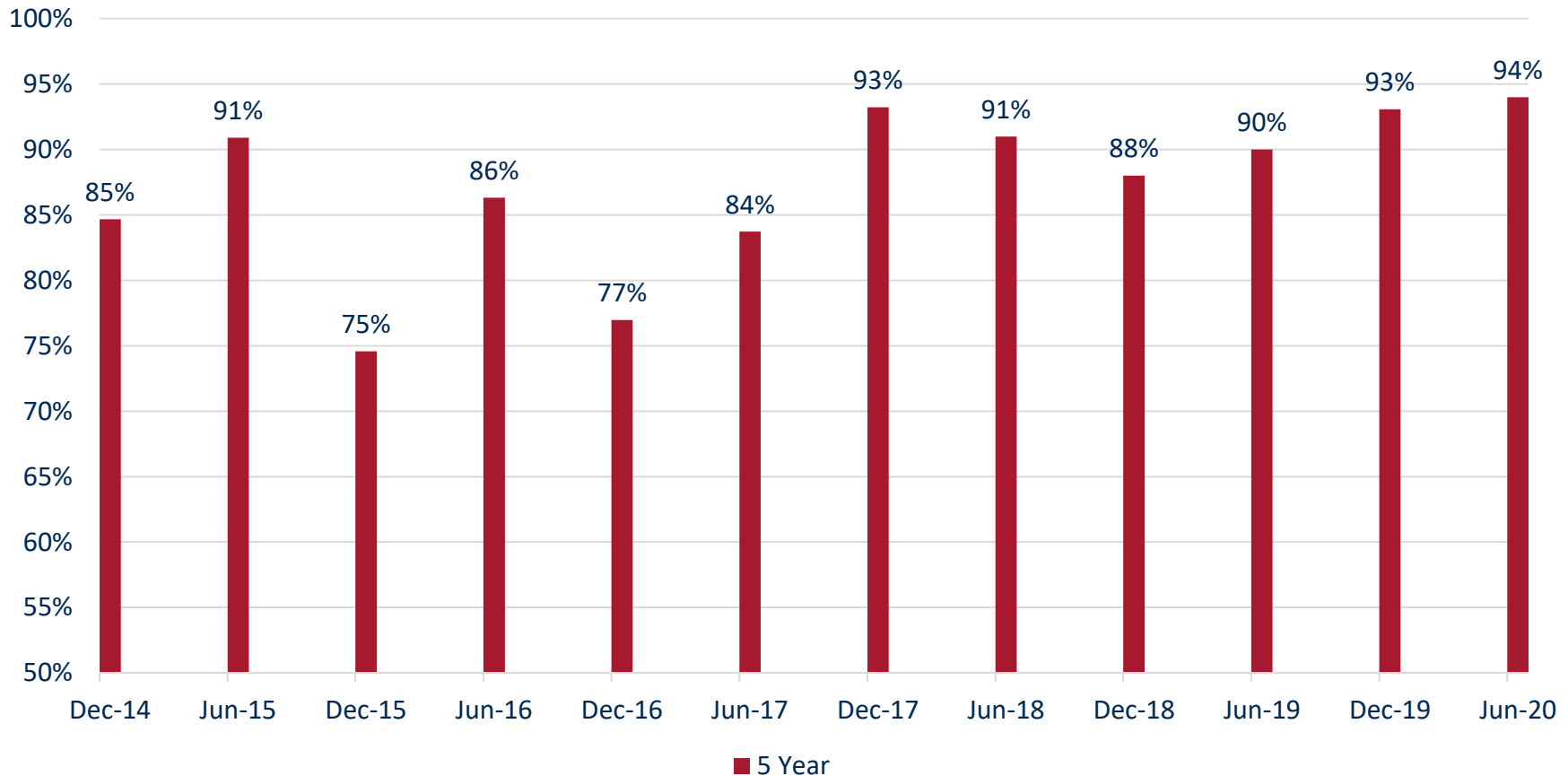
Professional “Stock Pickers” Underperformance SPIVA: S&P versus Active June 2020 (1)



1. Source: SPIVA South Africa Scorecard 30 June 2020. Based on percentage of active manager who outperform the S&P 50 Index over 5 years ended 30 June 2020.



Professional “Stock Pickers” Underperformance (1)



1. Source: SPIVA South Africa Scorecard from Dec 2014 to June 2020. Based on percentage of active managers who underperformed the S&P South Africa DSW Index from Dec 2014 - Dec 2018 and those who underperformed the S&P South Africa 50 Index from June 2019 to June 2020.



Stock Pickers dilemma: Help ?

“Don't look for the needle - buy the haystack”. J.Bogle





Timing is everything

The tactical allocator's dilemma



Getting the “macro” (asset class) calls right?

Key	Rank	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
SA Property	1	41%	41%	50%	62%	27%	52%	32%	30%	30%	36%	57%	28%	41%	15%	21%	16%	25%
SA Bonds	2	18%	25%	47%	41%	19%	17%	14%	19%	19%	35%	29%	27%	34%	10%	17%	11%	15%
SA Equity	3	16%	15%	30%	34%	9%	12%	9%	15%	16%	27%	21%	17%	31%	7%	11%	8%	12%
SA Cash	4	12%	15%	24%	28%	7%	-4%	4%	11%	9%	22%	17%	11%	8%	3%	10%	7%	10%
Global Property	5	7%	8%	11%	17%	6%	-19%	4%	7%	9%	16%	8%	10%	6%	-5%	8%	7%	7%
Global Equity	6	4%	-3%	7%	7%	4%	-23%	-1%	1%	6%	6%	5%	10%	5%	-10%	1%	-9%	3%
Global Bonds	7	-12%	-8%	5%	5%	-6%	-25%	-19%	-4%	3%	5%	1%	6%	-4%	-12%	-4%	-25%	2%

Source: Morningstar. All returns are 1 calendar year returns in ZAR to their respective year ends. SA Property = FTSE/JSE SAPY TR Index, SA Equity = FTSE/JSE All Share TR Index, SA Bonds = FTSE/JSE ALBI TR Index, SA cash = STEFI Comp TR Index, Global Property = S&P Global Property 40 GR Index, Global Equity = MSCI World GR Index, Global Bonds = FTSE G7 GR Index. Past performance is not indicative of future performance.

○ ● ● Help?



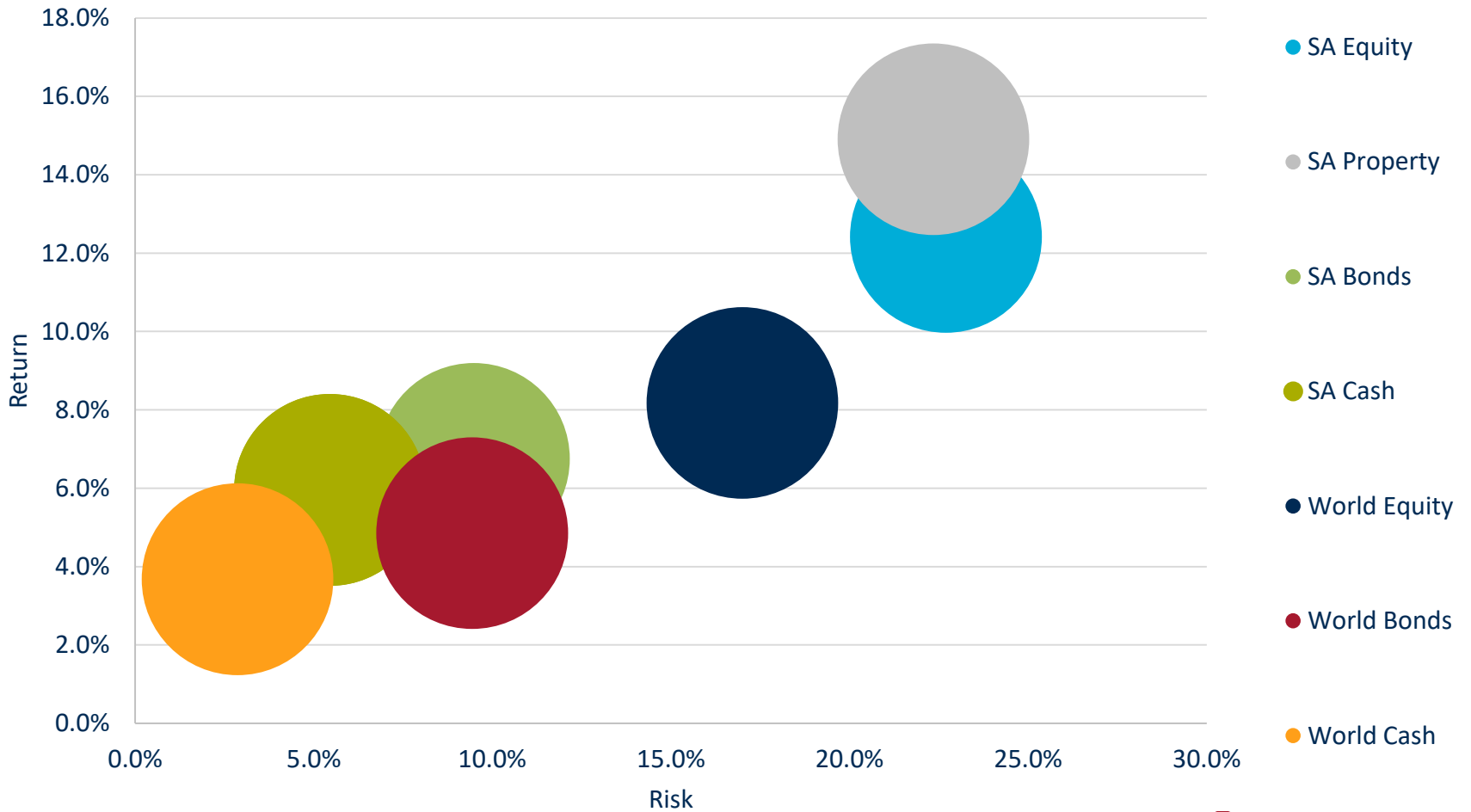
Deciding what to buy (or sell)? (1)

YOUR GOALS



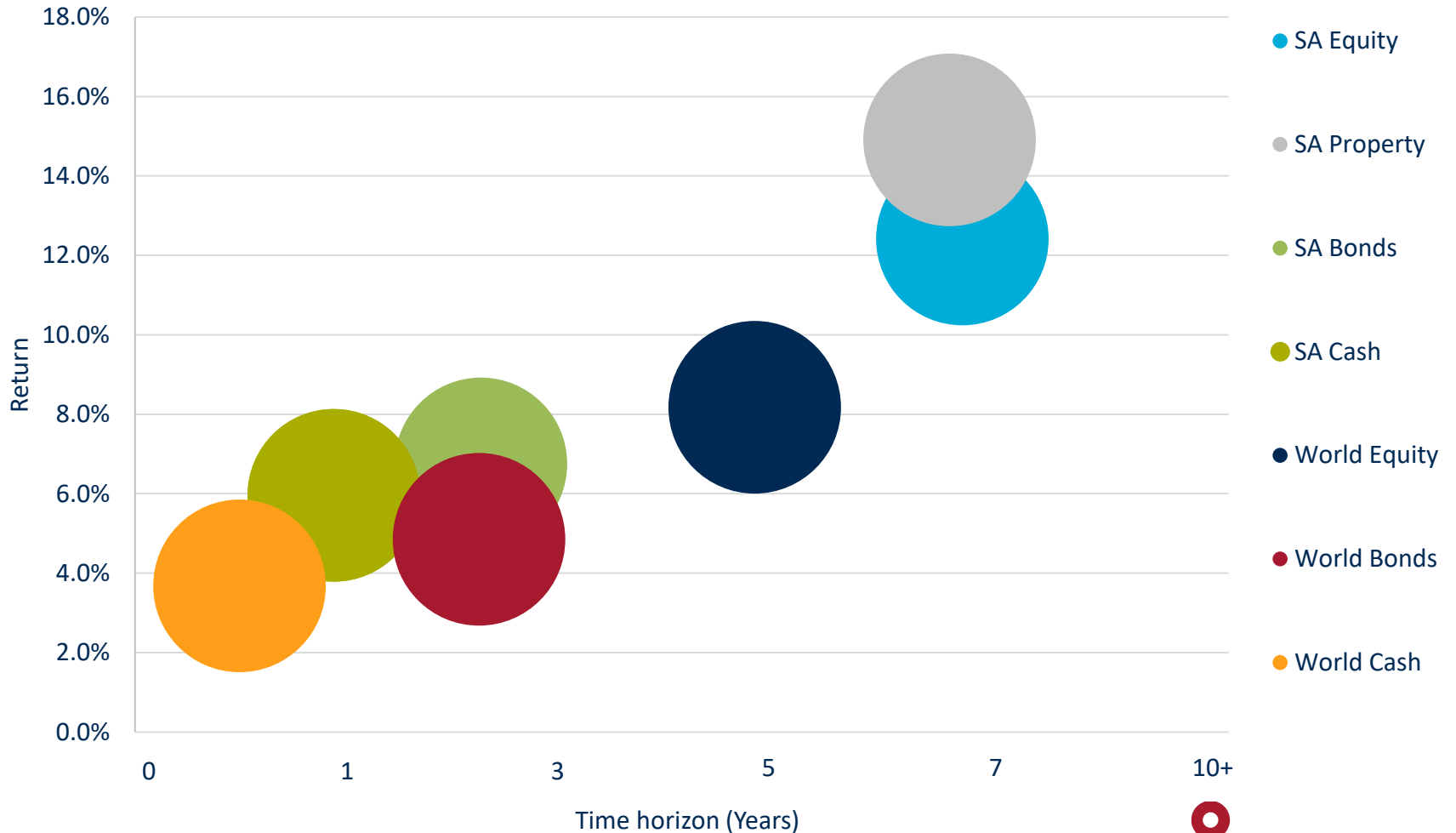


Asset Class Risk and Return





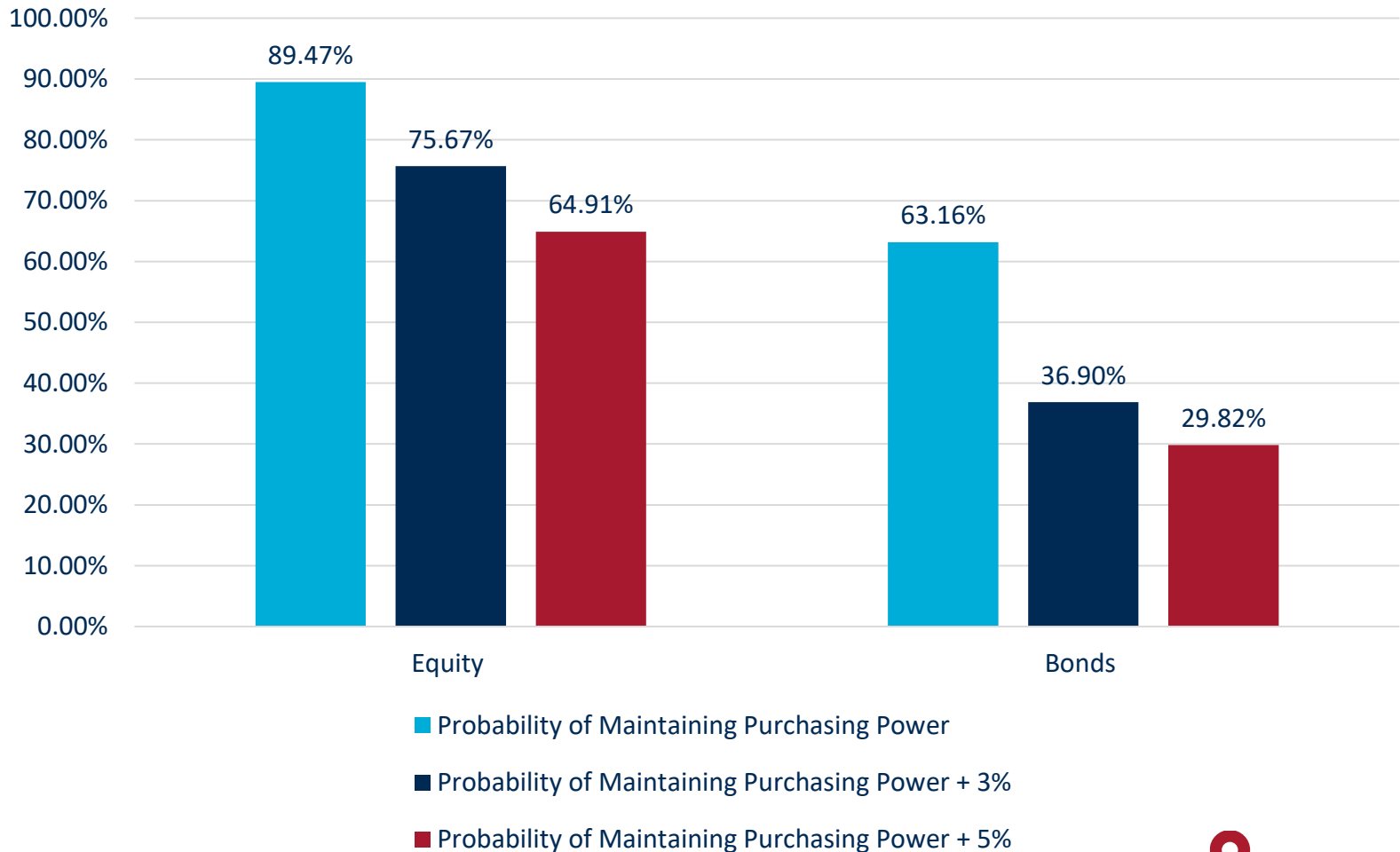
Asset Class: Time Horizons (1)



1. This graph is for illustrative purposes only and does not constitute financial advice. Return Source: Dimson-Staunton-Marsh, Morningstar Direct. Past performance is not indicative of future performance.



Asset Class Risk and Return





Asset Allocation 1 Year (1)

Key	Rank	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
SA Property	1	41%	41%	50%	62%	27%	52%	32%	30%	30%	36%	57%	28%	41%	15%	21%	16%	25%
SA Bonds	2	18%	25%	47%	41%	19%	17%	14%	19%	19%	35%	29%	27%	34%	10%	17%	11%	15%
SA Equity	3	16%	15%	30%	34%	9%	12%	9%	15%	16%	27%	21%	17%	31%	7%	11%	8%	12%
SA Cash	4	12%	15%	24%	28%	7%	-4%	4%	11%	9%	22%	17%	11%	8%	3%	10%	7%	10%
Global Property	5	7%	8%	11%	17%	6%	-19%	4%	7%	9%	16%	8%	10%	6%	-5%	8%	7%	7%
Global Equity	6	4%	-3%	7%	7%	4%	-23%	-1%	1%	6%	6%	5%	10%	5%	-10%	1%	-9%	3%
Global Bonds	7	-12%	-8%	5%	5%	-6%	-25%	-19%	-4%	3%	5%	1%	6%	-4%	-12%	-4%	-25%	2%

Source: Morningstar. All returns are 1 calendar year returns in ZAR to their respective year ends. SA Property = FTSE/JSE SAPY TR Index, SA Equity = FTSE/JSE All Share TR Index, SA Bonds = FTSE/JSE ALBI TR Index, SA cash = STEFI Comp TR Index, Global Property = S&P Global Property 40 GR Index, Global Equity = MSCI World GR Index, Global Bonds = FTSE G7 GR Index. Past performance is not indicative of future performance.



Asset Allocation 3 Years (1)

Key	Rank	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
SA Property	1	44%	40%	35%	24%	11%	12%	17%	24%	31%	31%	35%	17%	12%	11%	14%
SA Bonds	2	29%	38%	35%	16%	10%	10%	17%	21%	28%	31%	32%	15%	12%	7%	9%
SA Equity	3	17%	34%	26%	9%	10%	9%	11%	16%	17%	23%	19%	14%	9%	4%	9%
SA Cash	4	15%	17%	21%	9%	7%	6%	7%	13%	17%	19%	14%	9%	8%	4%	7%
Global Property	5	9%	10%	10%	9%	6%	6%	7%	13%	16%	11%	12%	7%	7%	0%	7%
Global Equity	6	8%	8%	8%	5%	-4%	-5%	7%	10%	8%	9%	6%	7%	7%	0%	5%
Global Bonds	7	-5%	4%	7%	5%	-10%	-5%	1%	6%	5%	6%	2%	6%	4%	-1%	-4%

Source: Morningstar. All returns are 3 calendar year returns annualised in ZAR to their respective year ends. SA Property = FTSE/JSE SAPY TR Index, SA Equity = FTSE/JSE All Share TR Index, SA Bonds = FTSE/JSE ALBI TR Index, SA cash = STEFI Comp TR Index, Global Property = S&P Global Property 40 GR Index, Global Equity = MSCI World GR Index, Global Bonds = FTSE G7 GR Index. Past performance is not indicative of future performance.



Asset Allocation 5 Years (1)

Key	Rank	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
SA Property	1	37%	27%	22%	18%	14%	16%	20%	24%	30%	23%	21%	12%	14%
SA Bonds	2	29%	19%	20%	15%	11%	11%	19%	21%	28%	23%	16%	12%	10%
SA Equity	3	20%	13%	10%	9%	9%	10%	19%	21%	18%	17%	14%	8%	8%
SA Cash	4	12%	11%	9%	8%	9%	9%	19%	16%	17%	13%	12%	8%	7%
Global Property	5	11%	10%	9%	8%	8%	8%	8%	11%	13%	10%	8%	7%	6%
Global Equity	6	9%	9%	8%	6%	1%	7%	6%	10%	6%	7%	6%	6%	6%
Global Bonds	7	1%	7%	7%	4%	-1%	4%	5%	6%	6%	6%	6%	6%	1%

Source: Morningstar. All returns are 5 calendar year returns annualised in ZAR to their respective year ends. SA Property = FTSE/JSE SAPY TR Index, SA Equity = FTSE/JSE All Share TR Index, SA Bonds = FTSE/JSE ALBI TR Index, SA cash = STEFI Comp TR Index, Global Property = S&P Global Property 40 GR Index, Global Equity = MSCI World GR Index, Global Bonds = FTSE G7 GR Index. Past performance is not indicative of future performance.



Asset Allocation 7 Years (1)

Key	Rank	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
SA Property	1	27%	25%	21%	19%	16%	16%	23%	20%	21%	19%	19%
SA Bonds	2	20%	21%	17%	15%	12%	13%	20%	19%	19%	18%	15%
SA Equity	3	10%	10%	11%	11%	11%	12%	18%	18%	16%	11%	9%
SA Cash	4	10%	9%	11%	11%	11%	11%	16%	12%	13%	10%	8%
Global Property	5	9%	9%	8%	9%	8%	11%	9%	10%	10%	9%	7%
Global Equity	6	6%	6%	8%	8%	8%	9%	6%	9%	8%	8%	7%
Global Bonds	7	4%	5%	8%	8%	8%	7%	6%	6%	6%	6%	6%

Source: Morningstar. All returns are 7 calendar year returns annualised in ZAR to their respective year ends. SA Property = FTSE/JSE SAPY TR Index, SA Equity = FTSE/JSE All Share TR Index, SA Bonds = FTSE/JSE ALBI TR Index, SA cash = STEFI Comp TR Index, Global Property = S&P Global Property 40 GR Index, Global Equity = MSCI World GR Index, Global Bonds = FTSE G7 GR Index. Past performance is not indicative of future performance.



Asset Allocation 10 Years (1)

Key	Rank	2012	2013	2014	2015	2016	2017	2018	2019
SA Property	1	26%	23%	21%	18%	16%	15%	16%	17%
SA Bonds	2	19%	19%	18%	17%	12%	12%	15%	17%
SA Equity	3	13%	15%	16%	15%	11%	11%	13%	11%
SA Cash	4	11%	13%	15%	14%	10%	11%	12%	11%
Global Property	5	8%	9%	11%	13%	10%	9%	8%	9%
Global Equity	6	8%	9%	9%	7%	8%	9%	7%	9%
Global Bonds	7	6%	8%	7%	7%	7%	7%	6%	7%

Source: Morningstar. All returns are 10 calendar year returns annualised in ZAR to their respective year ends. SA Property = FTSE/JSE SAPY TR Index, SA Equity = FTSE/JSE All Share TR Index, SA Bonds = FTSE/JSE ALBI TR Index, SA cash = STEFI Comp TR Index, Global Property = S&P Global Property 40 GR Index, Global Equity = MSCI World GR Index, Global Bonds = FTSE G7 GR Index. Past performance is not indicative of future performance.

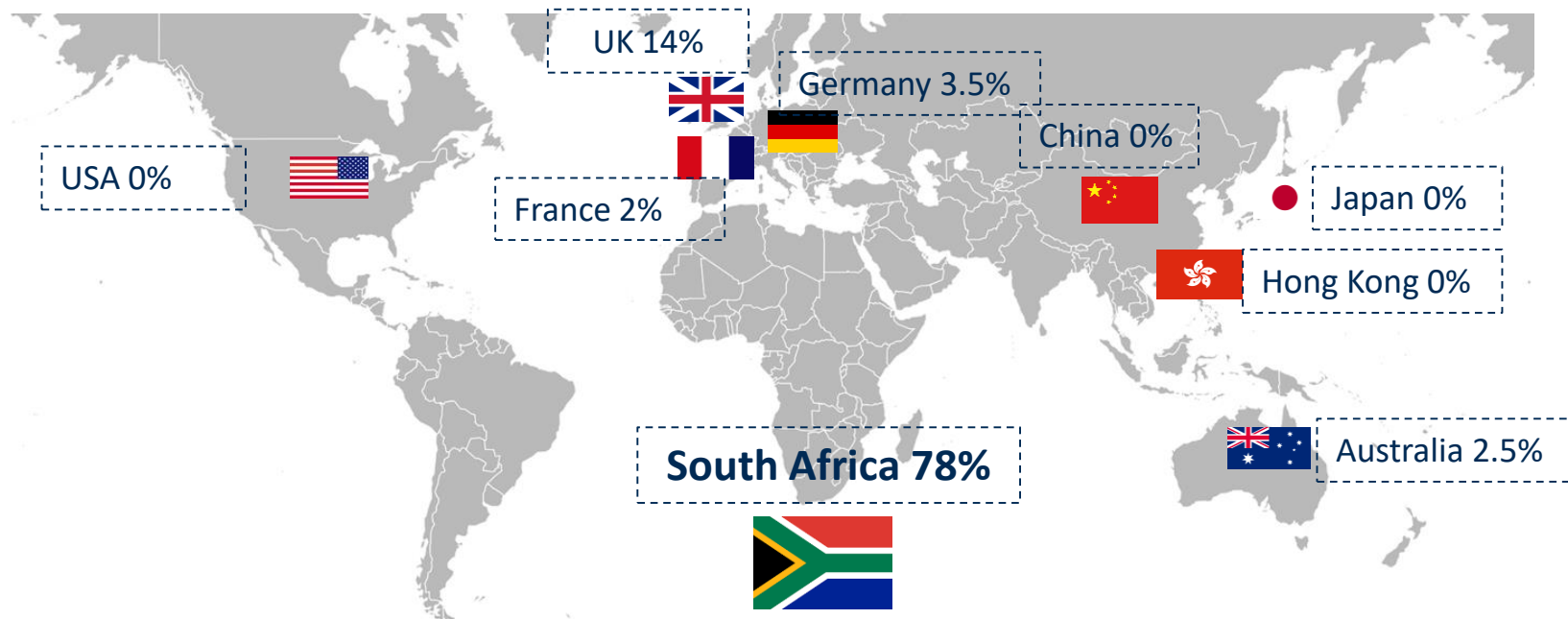
○ ● ● How much offshore?



What is “Home Bias”?

- *Home bias is the behavioural trend where investors tend to **hold the majority of their portfolio in local investments, ignoring the **benefits of diversifying into global investments*****

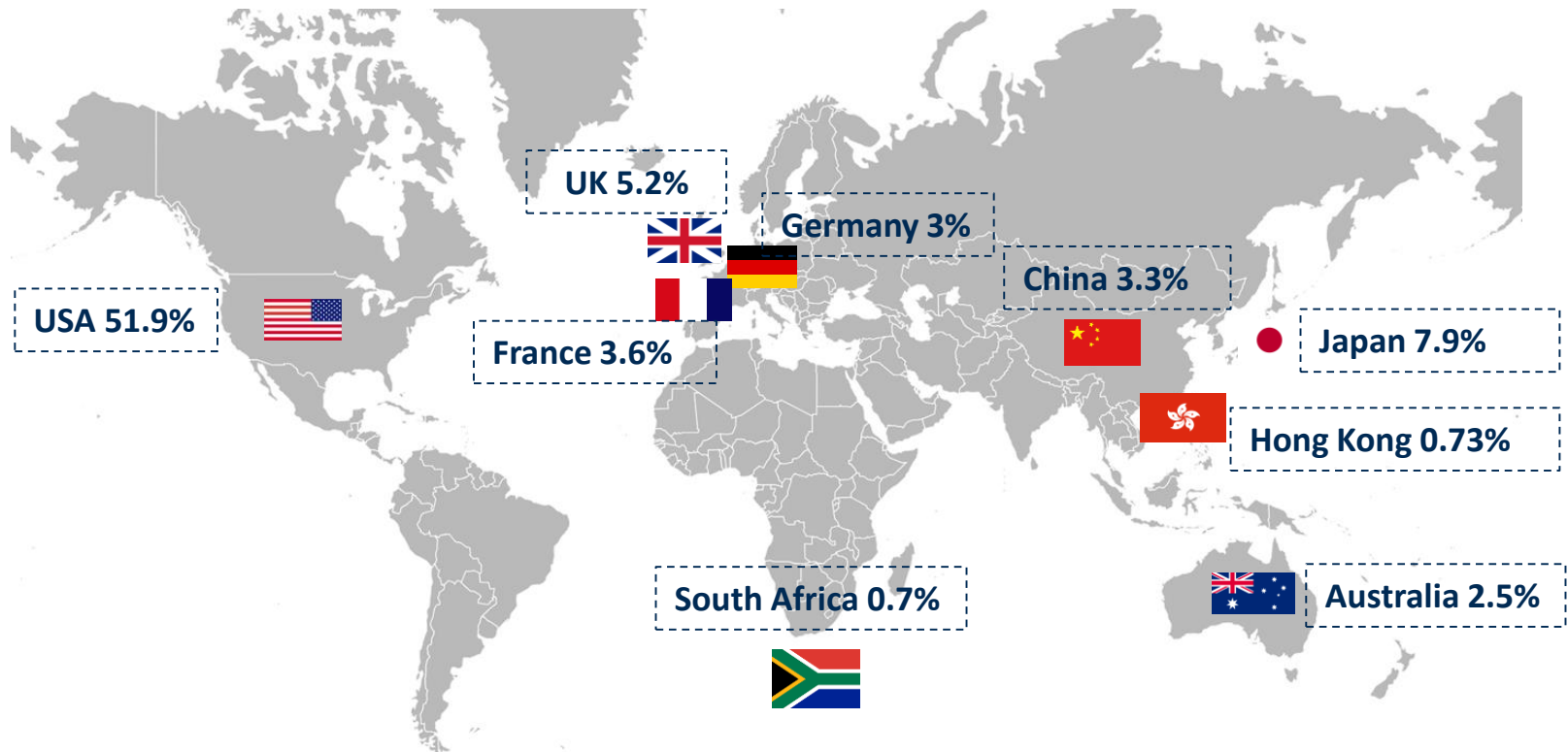
Example: This is what home bias looks like





All Country World Index

South Africa < 1% of the Global Markets



Source: MSCI and iShares



Why do investors have “Home Bias”?

- **Familiarity:**
 - Investors have a tendency to invest in companies which are familiar to them
 - Investors may be overly optimistic about domestic markets
- **Regulations:**
 - Exchange control, R1m – 10m annual allowance
 - Pension Fund Regulation, Reg 28, Minimum of 75% of assets must be invested locally
- **Practicality:**
 - Home or business ownership
 - Offshore brokering is expensive, intimidating and often has high minimums



CoreShares JSE-Listed ETF Range

Fund Name	Share Code	Management Fee	ETF TER	Distributions	Category	Benchmark
Equity – South Africa						
CoreShares Top 50	CTOP50	0.20%	0.25%	Quarterly	Core, 10% Capped	S&P South Africa 50 Index
CoreShares S&P SA Dividend Aristocrats	DIVTRX	0.40%	0.55%	Quarterly	Income	S&P South Africa Dividend Aristocrats
CoreShares Scientific Beta Multi-Factor Index Fund	SMART	0.40%	0.56%	Quarterly	Smart Beta	Scientific Beta CS South Africa 6FEW
Equity – Global						
CoreShares S&P500	CSP500	0.25%	0.33%	Semi-annually	Core	S&P 500 Index
CoreShares S&P Global Dividend Aristocrats	GLODIV	0.35%	0.66%	Semi-annually	Income	S&P Global Dividend Aristocrats Blend
Listed Property – South Africa						
CoreShares SA Property Income ETF	CSPROP	0.35%	0.46%	Quarterly	Income	SA Property Income
Listed Property – Global						
CoreShares S&P Global Property	GLPROP	0.40%	0.47%	Semi-annually	Core	S&P Global Property 40 Index
Fixed Income						
CoreShares Preftrax	PREFTX	0.45%	0.61%	Quarterly	Income	FTSE/JSE Preference Share Index (J251)



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