



Consequence Private Wealth Investment Process

RESTRUCTURING OF THE CONSEQUENCE CAUTIOUS PORTFOLIO (EFFECTIVE JUNE 2021)

The Consequence Cautious Portfolio was historically constructed using multi-asset funds, whose risk and return targets were of a similar nature to that of the conservative strategy. This methodology has proven successful; however, it is also a costlier way to build portfolios and assumes a large reliance on the underlying managers to reflect our chosen asset allocation. In our efforts to constantly improve the risk/return profile of the portfolio as well as reduce cost, the Investment Committee has chosen to change the construction methodology of the Portfolio. This will result in the underlying multi-asset managers being replaced with specialist managers, enabling the Portfolio to invest with managers to access their sole focus and area of expertise and for the funds to accurately reflect the asset allocation decisions of the Investment Committee.

Although we are replacing multi-asset funds with specialist funds, you will still notice a common thread in the manager exposure. We are still investing with our favourite managers - the difference is that we are only accessing the areas where we see their best expertise. For example, whilst we are removing Ninety One Cautious Managed from the Portfolio; we are introducing Ninety One Equity and Ninety One Global Franchise to our SA Equity and Global components respectively. We are also increasing exposure to Ninety One Diversified Income within the Fixed Income component of the Portfolio.

CHANGES TO THE UNDERLYING FUNDS

The underlying unit trusts selected for the new portfolio have been subject to rigorous qualitative and quantitative analysis. The blend of unit trusts in each asset class achieves an appropriate degree of diversification. Allocations to each asset class are based on a pre-determined golden copy asset allocation benchmark, while taking the macroeconomic environment into account.

Consequence Cautious Old Portfolio	
Asset class	Fund
Multi-Asset	Allan Gray Stable
	Coronation Balanced Defensive
	Ninety One Cautious Managed
Fixed income	Coronation Strategic Income
	Ninety One Diversified Income
	Nedgroup Inv Flexible Income

Consequence Cautious New Portfolio	
Asset class	Fund
SA Equity	Fairtree Equity Prescient
	PSG Equity
	Ninety One Equity
Fixed income	Coronation Strategic Income
	Ninety One Diversified Income
	Allan Gray Bond
Global	Nedgroup Inv Core Global
	Ninety One Global Franchise

The new fund allocation brings a decrease in costs of 6bps.

ASSET ALLOCATION CHANGES

The changes will result in an asset allocation that reflects our highest conviction, accessed via specialist managers.

