INVESTMENT REPORT

May 2019 • ISSUE 312

BRENTHURST

THE HOME OF WEALTH

THE POWER OF INDEPENDENT ADVICE

IN THIS ISSUE

"The fund delivered 17% YTD, with assets under management in excess of $18 million and gaining traction."

FOR MORE INFO CONTACT US
www.brenthurstwealth.co.za

BRENTHURST RANKED BEST BOUTIQUE WEALTH MANAGER IN SA 2017 AND RUNNER-UP IN 2018 AT INTELLIDEX WEALTH MANAGER AND PRIVATE BANKS AWARD

intellidex
Top Private Banks & Wealth Managers

JHB (HQ)	+27 (0) 11 799 8100
JHB (SANDTON)	+27 (0) 10 035 1391
PTA	+27 (0) 12 347 8240
NEWLANDS	+27 (0) 21 418 1236
BELLVILLE	+27 (0) 21 914 9646
STELLENBOSCH	+27 (0) 21 882 8706
MAURITIUS	+ 230 5843 5215

NEW BRENTHURST GLOBAL EQUITY FUND SHOWS ITS METTLE

By Brian Butchart, Managing Director and CFP®, Brenthurst Wealth Management

This investment offers local investors exposure to global top index trackers and ETFs, including Vanguard and Black Rock.

Global politics and economics have caused volatility in financial markets in recent times and reports of an expected slowdown have made investors very nervous. During such times of turmoil and uncertainty, an effective diversified strategy and prudent fund selection can provide assurance to manage those nerves.

A popular investment solution to reduce costs and provide effective diversification are index tracker- and exchange-traded funds (ETFs). An ETF is a fund which tracks a stock market index and trades like regular stocks on the exchange, whereas index funds track the performance of a benchmark index of the market. Research has shown some passive investment solutions have surpassed some of their active counterparts in terms of capital and income growth and as a result, passive solutions have become increasingly popular.

The debate between active vs passive has been raging on for decades. The late John Bogle, founder of Vanguard, was the poster boy for promoting low-cost index funds and there is no doubt, based on historical evidence, that index trackers are effective as part of a long-term portfolio to provide cost effective accessibility to multiple asset classes and markets across the world. Vanguard, one of the best-known and established passive asset managers, has been very successful in delivering long-term returns to its clients.

The greatest benefit of these types of products is they provide multi-company, industry, country and tradeable asset class exposure at a relatively low cost. The range of nuances within these offerings has also expanded, including focus areas like dividend yield, volume, quality or geography, with access to multiple themes such as renewable energy, robotics or healthcare to name a few.

Brenthurst Wealth Management (PTY) LTD FSP No. 7833

ETFs and index trackers are usually low cost, with significantly lower fees than those of actively-managed funds. They are easy to understand and use, and investors' expectations are easy to manage. If you invest in a market index, you know you are going to get the market index return (less a small fee). This all means diversification or risk management can start at a much simpler level. ETFs and trackers allow clients to pool their money in order to allow smaller investors access to asset classes which may be difficult to hold in small denominations.

Although passive investing provides some obvious benefits, various index funds these days give exposure to almost anything. This means that you still need to have some sort of stock-picking strategy, which then is no longer passive investing. The combination of a passive selection of investments then becomes an active decision.

Passive investors can also have very different returns, as there are multiple indexes that can be tracked and an explosion of ETFs to choose from. This is especially relevant, as passive investment solutions have increased significantly over the past ten years. This means the returns passive investors achieve might vary across the board, depending on which index, asset, ETF or market you are tracking.

Therefore, skilled active managers can still add significant value and alpha to long-term portfolios, and be supportive of an investment solution which combines both active and passive strategies.

There are a number of ETF and tracker funds offering a multitude of investment opportunities and solutions globally, most of which, such as the Vanguard range of index funds, are not Financial Sector Conduct Authority approved.

For these reasons and to further ease access to low cost international equity solutions, Brenthurst established its own fund of this nature in 2018, in association with Momentum Global Investment Management (MGIM), called the Brenthurst Global Equity Fund.

This unique opportunity allows investment into passive ETFs and trackers, actively managed by Glyn Owen at MGIM.

This fund is used as part of our core portfolio together with other passive- and actively-managed funds to construct bespoke international investment strategies. This investment offers local investors exposure to the top index trackers and ETFs in the world, including Vanguard, Black Rock and other global giants.

It not only offers investors exposure to global stock markets but as far as we can determine, it is the only FSCA-approved international fund investing entirely in ETFs and trackers. The fund is the latest addition to our range of funds giving exposure to leading companies, regions, currencies and countries at a fraction of the cost of other internationally-managed equity funds.

THE CURRENT TOP 10 ETF AND TRACKER HOLDINGS IN THE FUND:

These types of investments provide diverse allocation across geographies, investment styles and themes, and reduce risk. The recipe has been tested over three, five and ten years. The annual volatility was shown to be substantially lower than most international equity funds due to the diverse nature of the portfolio, which outperformed the MSCI world index over ten years on a back-tested basis. In addition, the lower cost resulted in better outcomes than some of the managed general equity funds over the same period.

BRENTHURST GLOBAL EQUITY FUND, MARCH 2019

SECURITY	ASSET CLASS	WEIGHT
iShares Edge MSCI USA Quality Factor ETF	Equity	10.6%
iShares Edge MSCI USA Momentum Factor ETF	Equity	10.4%
iShares Edge MSCI USA Value Factor ETF	Equity	9.9%
Vanguard Global Stock Index	Equity	8.5%
iShares Core MSCI Emerging Markets IMI ETF	Equity	7.8%
Vanguard FTSE Emerging Markets ETF	Equity	7.6%
iShares Edge MSCI World Quality Factor ETF	Equity	7.4%
iShares Edge MSCI World Value Factor ETF	Equity	7.4%
Vanguard Japan Stock Index	Equity	7.1%
iShares Edge MSCI Europe Value Factor ETF	Equity	4.4%
Total		**81.1%**

(1)DIRECT HOLDING (2) INDIRECTLY HELD IN THE MOMENTUM IF GLOBAL EQUITY FUND

Source Momentum Global Investment Management IF Global Equity Fund

Past performance is not indicative of future returns

THE FUND DELIVERED A STELLAR 17% YEAR-TO-DATE RETURN, WITH ASSETS UNDER MANAGEMENT IN EXCESS OF $18 MILLION AND GAINING TRACTION.

This combination of both passive and active strategies complements one another and potentially offers superior long-term outcomes, as opposed to either investment strategy in isolation.

Any investment strategy however should always be carefully considered in consultation with an advisor, who can address the risks and assess suitability to individual circumstances.

ADVISOR PROFILE: **BRIAN BUTCHART, MANAGING DIRECTOR**

BRIAN is a co-founder and Managing Director of Brenthurst Wealth and head of financial planning in Cape Town. Brian is also responsible for compliance and operations nationally across all six offices.

He has been in the financial services industry since 1998, and has previously worked at Citadel and Magnus Heystek International.

Brian is a CERTIFIED FINANCIAL PLANNER® professional, a member of the Financial Planning Institute of South Africa and is fully qualified to give advice on all investment matters.

Email: brian@brenthurstwealth.co.za
Phone: +27 21 914 9646 | **Mobile:** + 27 82 3355117

THE WORLD INVESTMENT SEMINARS

HOSTED IN ASSOCIATION WITH MOMENTUM AND RAPPORT

THE SPEAKERS:

► **Mike Schüssler,** Keynote Speaker and Economist
► **Glyn Owen,** Investment Director at Momentum Global Investment (London)
► **Magnus Heystek,** Investment Strategist and Director Brenthurst Wealth

STELLENBOSCH SEMINAR

Date: Monday, 10 June 2019 I **Time**: 16:00 to 18:15/18:30
Venue: Lanzerac Hotel

GEORGE SEMINAR

Date: Tuesday, 11 June 2019 I **Time:** 16:00 to 18:15/18:30
Venue: Oubaai Hotel

PRETORIA SEMINAR

Date: Thursday, 13 June 2019 I **Time:** 16:00 to 18:15/18:30
Venue: CSIR Conference Centre

CLICK HERE TO REGISTER ONINE: http://www.bwm.co.za/seminars/

It is with pleasure that we extend this personal invitation to each and every client of BRENTHURST WEALTH to attend our upcoming investment seminar at NO CHARGE.
Members of the public will be required to pay R200 pp.

Info: pr@brenthurstwealth.co.za **+ 27 (0)11 799 8100**

MIKE SCHÜSSLER, owner of **Economists Dotcoza, an Economic Consultancy**, has been extensively quoted in the media over the last three decades.

Mike's innovative research on employment and household issues has earned him much praise. He is the most quoted and endorsed economist in South Africa for his insights from Academia to Analysts the world over.

His innovative approach has led to new economic measurement indices and management tools such as Transport cost adjustment and logistics indices, the BankservAfrica transaction index and the ABSA SMME Index.

Mike has won the Economist of the Year competition twice; one of only three economists to have won this competition more than once in the past twenty five years.

CONSULT AN ACCREDITED FINANCIAL ADVISOR TO DEVISE AN INVESTMENT PLAN SUITED TO YOUR INDIVIDUAL REQUIREMENTS, CIRCUMSTANCES & GOALS

JOHANNESBURG	**+27 (0) 11 799 8100**
SANDTON	**+27 (0) 10 035 1391**
PRETORIA	**+27 (0) 12 347 8240**
NEWLANDS	**+27 (0) 21 418 1236**
BELLVILLE	**+27 (0) 21 914 9646**
STELLENBOSCH	**+27 (0) 21 882 8706**
MAURITIUS	**+230 5843 5215**

www.brenthurstwealth.co.za

BRENTHURST RANKED BEST BOUTIQUE WEALTH MANAGER IN SA 2017 & RUNNER-UP 2018 INTELLIDEX WEALTH MANAGER