

INVESTMENT



# PRO PICK

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## SASIX INVESTMENT OF THE WEEK

### PROTECTING THE WHITE LION

The white lion is a rare variety of the African lion that is naturally found only in the Timbavati region of Limpopo and the southern Kruger Park. Isolating the gene that gives the white lion its distinctive appearance will protect it from poaching, hunting and illegal trading.

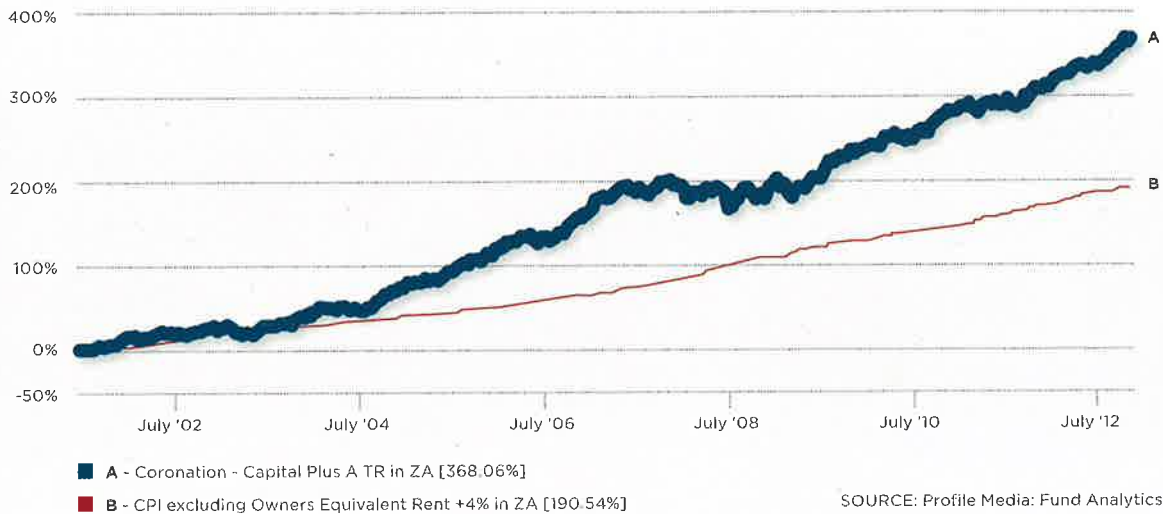


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## Coronation Capital Plus



**T**he low interest rate environment we currently find ourselves in has caused many investors searching for yield to look beyond traditional interest-bearing investments such as cash and bonds. Cash yields anywhere between 2% and 5% depending on whether you choose a bank product or a unit trust money market account. Bonds on the other hand have benefited from falling rates and yield in the region of 7% for new investments, with elevated levels of capital risk.

One option available to investors is to chase higher total returns (yield + capital growth) instead of interest returns only. In the retail market that would mean that investors would need to consider funds from the Domestic – Asset Allocation Prudential – Low Equity category and/or the Domestic – Asset Allocation – Target, Real and Absolute Return category.

Funds in these categories are able to invest in a wider choice of assets (equities, property, bonds, cash, offshore) and have restrictions on the amount of exposure to risky assets.

Our preference in this space is the Coronation Capital Plus (CCP) fund. The fund was launched in July 2001 and has a benchmark of CPI + 4% per annum. From a risk-management perspective, the fund aims to protect capital over rolling 12-month periods. It has built up a credible track record since inception on both the return and the risk-management side.

In terms of returns, the fund has managed to outperform its benchmark by close on 4% per annum. In terms of risk it was only during the global financial crisis in 2008 that the fund delivered negative returns over rolling 12-month periods. However, it delivered at worst -6% over a 12-month period, which saw the JSE fall

by as much as 35%.

One of the attractions of the CCP fund is the strong management team that runs the fund. The portfolio management team includes Louis Stassen and Henk Groenewald. This team-based approach ensures continuity and depth. The fund has attracted over R14bn in assets and remains one of the most consistent in terms of relative performance in its category. It had a 32% local equity exposure as at end October 2012, and about 26% offshore.

The fund can invest up to 60% in risky assets (property, equity, offshore), which is high. Investors can consider the Allan Gray Stable or the Coronation Balanced Defensive Fund for a more conservative approach. These funds can invest in the same asset classes but are more restricted in terms of their exposure to growth (risky assets). ■