

FACT SHEET

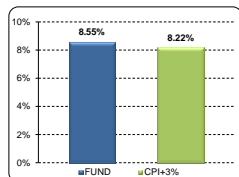
Fund Description

This is a capital preservation and asset allocation Fund that blends strategies employed in the Balondolzi Money Market, Bonds, and Equity Funds. Derivative strategies are used for hedging purposes. The Fund is Reg.28 compliant.

Fund Objectives

To outperform CPI (inflation) plus 3% over a rolling 3 year period. The equity benchmark is the FTSE JSE Top 40 Index, the bond benchmark is the All Bond Index (ALBI), the property benchmark is the South Africa Listed Property Index (SAPY), and the cash benchmark is STeFi Call.

Investment Performance

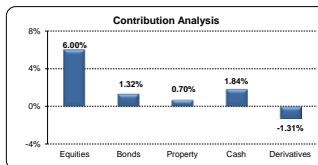
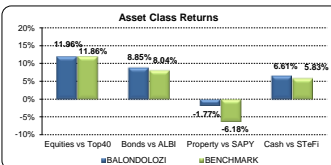
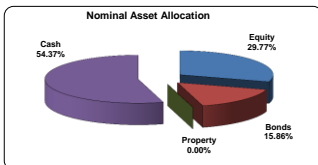


	Fund	Benchmark	Alpha
Cumulative Performance			
1 month	1.02%	0.25%	0.77%
3 months	3.25%	1.36%	1.89%
6 months	5.34%	4.08%	1.26%
YTD	5.65%	4.09%	0.96%
1 year	9.98%	7.23%	2.75%
3 years	8.14%	7.93%	0.21%
Calendar Year Performance			
2015	5.35%	8.27%	-2.92%
2016	5.12%	9.65%	-4.53%
2017	12.28%	7.70%	4.58%

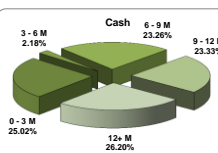
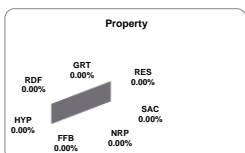
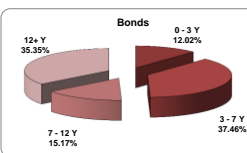
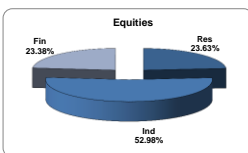
Inception: 28-Mar-2012
Inflation figures lagged by 1 month.

	Equities	Top 40	Bonds	ALBI	Property	SAPY	Cash	STeFi
1 month	-0.45%	-0.33%	2.21%	2.42%	0.00%	-0.50%	0.73%	0.55%
3 months	-0.10%	0.11%	2.55%	-0.76%	0.00%	-9.62%	2.26%	1.60%
6 months	-1.20%	-1.02%	5.60%	4.54%	-7.74%	-13.16%	4.52%	3.22%
YTD	-1.00%	-0.62%	6.68%	6.48%	-18.79%	-21.76%	5.28%	3.83%
1 year	8.56%	8.13%	10.86%	11.18%	-9.29%	-13.59%	8.63%	6.67%
3 years	6.48%	6.33%	7.97%	8.25%			8.13%	6.82%
2015	7.32%	7.52%	0.21%	-3.93%			6.63%	5.60%
2016	-1.46%	-1.60%	14.15%	15.45%			8.31%	7.28%
2017	23.77%	23.07%	9.32%	10.22%	21.15%	17.15%	8.28%	6.86%

Fund Analysis



Sector Analysis



Investment Risk Measures

	Fund	Benchmark	ALSI	ALBI	Property
Return	8.55%	8.22%	11.86%	8.04%	-6.18%
Sharpe Ratio	0.59	1.57	0.48	-0.89	
Sorino Ratio	1.28	-4.43	0.89	-1.40	
Max Drawdown	-2.67%	-0.21%	-6.73%	-6.67%	-3.34%
Drawdowns	22	2	32	28	10

Tracking Error

Equities	0.55%
Bonds	2.66%

Benchmark Comparisons

	Fund	Benchmark
Money Market Duration	97.15	90.00
Bond Duration	5.90	7.31
Banks	12.35%	12.35%
Chemicals	0.00%	0.00%
Consumer Goods	0.00%	0.00%
Diversified REITs	0.00%	0.00%
Equity Investment Instruments	0.00%	0.00%
Forestry & Paper	3.66%	3.66%
General Industrials	2.82%	2.82%
Health Care	1.70%	1.70%
Insurance	5.41%	5.41%
Investment Services	1.42%	1.42%
Media	22.27%	22.27%
Mining	0.00%	0.00%
Pharmaceuticals	1.53%	1.53%
Real Estate	0.00%	0.00%
Retailers	0.00%	0.00%
Telecommunications	4.67%	4.67%

Fund Comment

Lingering trade war concerns continue to weigh on markets at the start of the third quarter as escalating trade tensions remain the theme for July.

Equities returned -0.33% (FTSE/JSE Top 40); nominal bonds delivered 2.42% (ALBI); inflation linked bonds returned 0.26% (CIL) and cash returned 0.53% as indicated by the STeFi Call Index in Jul 2018.

During the same period; the yield for the R186 (benchmark bond) fell by -26 basis points to end the month at 8.58% whilst the historic price to earnings (P/E) ratio for the FTSE/JSE Top 40 drifted higher by +0.03 points to close at 20.22. Concurrently, the near term volatilities ticked down by -0.38% (SAVI) to 16.79% whilst medium-term break-evens tightened by -0.3% to 5.3%. Yields for 12-month negotiable certificates of deposits fell by -5.8 bps to close the month at 7.98%. Foreigners bought assets worth R1.7 billion as markets rallied during the month of Jul 2018.

Overall, the fund delivered 1.02% for the month. The cash strategy returned 0.73%, hedged equities in the fund returned -0.10%, whilst bonds returned a 2.21%. Equities posted a negative return which meant the protection contributed positively to the performance of the fund. On the fixed interest front, the returns for bonds were lower than the benchmark due to the rally in the yields when the fund had a short position versus the benchmark. Cash outperformed due to a long duration stance, whereby yield pickup instruments were bought.

After registering a value of 4.4% in May 2018, headline inflation for Jun 2018 was 4.6% (consensus 4.8%). On the same note, the price for Brent crude oil fell by 6.54%, to end the month at \$74.06 per barrel and the Rand appreciated against the Dollar by 3.33% to close at R13.28 per dollar. The seasonally adjusted Kagiso Purchasing Managers' Index (PMI) declined by 1.9 index points to reach 47.9 in Jun 2018.

On the global front, US dollar traded sideways as the Fed Chair Powell reiterated that the Fed will continue to raise rates steadily. Trade wars between the US and China seem to continue but, thankfully, has calmed down between the US and EU following the agreement reached between US President Donald Trump and the European Union to negotiate on trade. On the economic side of things, initial jobless claims rose by 3,000 during the week ending on 30 June to reach 231,000 however these numbers remained near multi-decade lows. US inflation indicators suggest increased price pressures with headline CPI continually printing above the 2% level at 2.8%. Demand pull inflation seems to be accelerating as non-farm payroll numbers for June were higher than market expectations (213,000 vs 915,000). Wage growth in June was 2018's strongest so far at 4.89% with the official unemployment rate at an 18-year low. Finally, US economic growth accelerated to an annual rate of 4.1% during the second quarter, compared with a revised 2.2% in the first quarter.

Euro area's economic momentum gained steam in June. Euro-zone PMI rose from 54.1 in May to 54.8 in June; ending the indicator's downward fall since January 2018 and signalling expanding business activity. Eurozone growth reflected a solid 2.5% year-on-year growth aligned with June expectations. Mixed economic data came from China, while China's GDP growth in the second quarter and fixed asset investment in June matched forecasts at 6.5% and 6% respectively. June retail sales beat expectations by 0.2% at 9% and industrial production printed 6% for the month missing expectations of 6.5%.

Locally the market largely took its cues from global events and concerns over the health of the local economy continued. The central bank announced that the main lending rate, the repo-rate, was unchanged at 6.5% but risks to inflation were rising and the outlook for economic growth had worsened. The South African Reserve Bank downgraded growth forecast for 2018 from 1.7% to 1.2%. Boosting sentiment, however, was the important outcome from the BRICS meeting, where China pledged to inject nearly \$15bn into South Africa's economy, spread across the parastatals as well as various infrastructure projects. On the economic side, manufacturing grew 2.3% year-on-year in May, ahead of expectations by 0.6%. Despite improved manufacturing output, sentiment remains poor hinting at slow growth going forward. Headline consumer inflation quickened, although less than expected, to 4.6% year-on-year in June from 4.4% in May.

Given this backdrop, valuations still suggest that equities are stretched whilst models suggest that bonds are fairly priced. Thus, the fund will maintain its defensive stance in equities and bonds. The fund decreased its bonds exposure to 15%. Since credit spreads are widening, the fund will look to maintain exposure in high quality names to benefit from the yield pickup whilst minimising the risk of widening spreads noticed in lower rated credits. Going forward, the managers will not hesitate to take short term opportunities offered by the volatility in the markets.

Fees
0.50% : R0 - R250m
0.45% : R250 - R250m
0.40% : +R500m