

Asset allocation		Top 5 Domestic Holdings	Top 5 Global Holdings
Domestic Equity	40%	Naspers Anglo American MultiChoice	Broadcom Ulta Beauty Apple
Global Equity	27%	FirstRand Atlantic Leaf Properties	Blackstone Accenture
Cash	33%		

Performance Period	Fund Return	Benchmark (CPI +5%)	Sector Average	JSE SWIX
1 Year	11.7%	9.6%	4.9%	0.4%
3 Years (annualised)	4.6%	9.6%	3.5%	3.8%
5 Years (annualised)	7.1%	9.9%	5.4%	6.2%
10 Years (annualised)	14.6%	10.2%	10.8%	14.3%
Since Inception (annualised)	13.6%	10.8%	9.7%	13.0%

Performance is reported for A Class, net of fees  
Sector Average: SA - Multi Asset - Flex

**Portfolio Manager: BlueAlpha Investment Team**  
**Commentary for the Quarter ended 31 March 2019**

#### Performance

For the quarter, the fund returned 9.8% vs. the JSE Swix (6.0%). On a 12 month basis, the fund has outperformed, returning 11.7% vs. the JSE Swix (0.4%).

#### Macro

Global markets recovered over the quarter, returning 12.5% in USD. The US was the strongest-performing region, returning 13.7% vs. Europe (11.3%), Asia ex-Japan (11.4%) and Japan (7.3%) – all returns in USD. Markets were largely driven by a U-turn from Central Banks' halting interest rate hikes, and increased Chinese stimulus. It should be noted that earnings expectations have yet to recover. Global earnings growth is expected to come in at 10.4% for 2019.

South African markets, despite having produced positive absolute returns, still trailed the World Index, returning 8.0% vs. the MSCI World Index's 12.8% in ZAR. The Rand has appreciated against the US Dollar over the quarter, gaining 2%. However, relative to other Emerging Market currencies, Rand strength has been subdued. Bond yields have remained elevated, ending at 9.1% at end-March (vs. 9.3% at the end of 2018). The SARB also appears to have halted rate hikes, given weak consumer data and muted inflation. For the first time since the first quarter of 2018, the market is pricing in a 60% of a 25bps cut in interest rates in the next 12 months.

#### Domestic Equity

The fund is underweight all domestic equity sectors. Given this, the largest domestic contributors to returns were the underweights in Domestic Cyclical & Defensives. The largest detractor from performance was the underweight in pure Rand Hedges. However, this was more than counter-balanced by offshore exposure.

Specific stocks performers were African Rainbow Capital (+29.1% QTD), MultiChoice (+13.9% QTD) and Glencore (+12.3% QTD), while the underweight positions in Naspers and Sasol detracted from returns. Changes over the quarter included buying African Rainbow Capital and Anglo American Platinum.

We see 2 keys hurdles in the way of a South African rebound – the May general election and a plausible solution to Eskom. Should both issues see some resolution, we would consider increasing exposure to SA domestic names.

#### Global Equity

Direct global exposure makes up 27% of the total portfolio, but effective exposure to offshore assets is closer to 36%. This portion was the largest contributor to returns over the quarter, returning 17.1% in ZAR (16.7% in USD vs. the MSCI World Index's 12.5%).

On a sector basis, top contributors to performance were Consumer Discretionary (+18.7% in USD QTD) and Info Tech (+27.8% in USD QTD). Having no exposure to Consumer Staples and Energy detracted from returns. Specific stock contributors included Ulta Beauty (+42.4% in USD QTD) and SS&C Technologies (+41.4% in USD QTD).