

Asset allocation		Top 5 Domestic Holdings	Top 5 Global Holdings
Domestic Equity	48%	Naspers FirstRand Capitec Old Mutual Pick n Pay	Ulta Beauty AutoZone MasterCard Broadcom ServiceNow
Global Equity	29%		
Property	9%		
Bonds	10%		
Cash	4%		

**Portfolio Manager: Richard Pitt / Walter Jacobs**  
**Commentary for the Quarter ended 31 March 2019**

### 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.

### Asset Allocation

The best performing asset classes over the quarter were Equity & Fixed Income, which both contributed to returns. Specifically, the global equity component was the largest contributor to returns.

### Domestic Equity

Our largest domestic sectoral positions included an overweight in Banks, Property and Domestic Cyclical. Underweight positions include Rate Sensitives, pure Rand Hedges and Telcos. The largest contributors to returns were Banks and having no exposure to Rate Sensitives or Telcos. The largest detractors from performance were underweights in Global Cyclical and Rand Hedges – however, this was countered with direct global exposure, which was the best performer over the quarter.

Specific domestic stock performers were Capitec (+20.8% QTD), and Astral Foods (+12.0% QTD), while the underweight position in Naspers detracted from returns. Changes over the quarter included buying Anglo American Platinum and selling Shoprite.

In anticipation of a South African rebound, we see 2 key hurdles – the May general election and a plausible solution to Eskom. Should both issues see some resolution, we would aim to increase exposure to SA domestic names.

### Global Equity

Direct global exposure makes up 29% of the total portfolio. This portion was the largest contributor to returns over the quarter, returning 15.4% in ZAR (15.1% in USD vs. the MSCI World Index's 12.5%).

On a sector basis, top contributors to performance were Consumer Discretionary (+23.0% in USD QTD) and Info Tech (+25.6% 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 ServiceNow (+38.4% in USD QTD).