

Performance Period	Fund Return	Benchmark*	Outperformance
6 Months	-3.5%	-2.0%	-1.5%
1 Year	-0.6%	0.4%	-1.0%
Since Inception (annualised)	1.0%	0.9%	0.1%

*Benchmark: Average of the SA Multi Asset High Equity ASISA category, calculated over a 1-year rolling period

Asset allocation	
Domestic Equity	37%
Global Equity	34%
Property	3%
Bonds	13%
Cash	13%

Top 5 Domestic Holdings

Prosus
Naspers
NewGold
Pick n Pay
AngloGold Ashanti

Top 5 Global Holdings

ServiceNow
Amazon
Microsoft
SPDR Gold Shares
Broadcom

Portfolio Manager: Richard Pitt / Walter Jacobs
Commentary for the Quarter ended 30 June 2020

Performance

For the quarter, the fund returned 10.3% vs. the Benchmark 13.5%. For the year, the fund returned -0.6% vs. the Benchmark 0.4%.

Macro

Over the quarter global stocks have rebounded, returning 19.4% in USD, leaving YTD performance at -5.8% in USD. The rally in the US has been driven by Info Tech stocks, which returned 30.5% in USD QTD. Our overweight exposure to this sector has been a large contributor to returns. While Q2 has seen a sharp rebound in equity markets, we see earnings performance being highly dependant on the development of a Covid-19 vaccine or more accurate point-of care-testing. This will likely lead to a safer exit of lockdowns and an eventual recovery in earnings. Bond yields are flat over the quarter, with US Treasuries still yielding 0.7%. Monthly US fund flows show cash in money markets is at an all-time high. Cash as a percentage of GDP is also at an all time high (25%). This move to cash shows that the market is still conservatively positioned.

In South Africa, local markets recovered, gaining 22.1% in ZAR. The Rand strengthened slightly over the quarter, gaining 2.8% against the USD. Bond yields have recovered, ending at 9.2% at end-June (vs. 11.2% at end-March). The SARB has slashed interest rates by 250bps this quarter with a 40% chance of the market pricing in another 25bps cut in the next 12 months. The SA government was already in a technical recession going into the Covid-19 outbreak. Largely influenced by SOE contingent claims (mostly Eskom) and weak economic growth, we aren't sure how government will deal with the large fiscal deficit gong forward.

Domestic Equity

The largest contributor to returns being the overweight exposure to Property. Specific domestic stock performers were Prosus (+30.3%), Investec Australia Property (+30.9%) and NewGold Issuer (+7.7%). Changes over the quarter included selling out of Bidvest & Foschini Group; and buying Aspen, Coronation Fund Managers and NEPI Rockcastle. Given domestic weakness, we continue to focus on higher-quality domestic names and expect the next 12 months to prove challenging for local markets.

Global Equity

The offshore component was the largest contributor to returns over the quarter (+26.1% in ZAR)
The global allocation is at the maximum level allowed.