

Asset allocation		Top Domestic Holdings	Top Global Holdings
Domestic Equity	38%	Distell Anglo American Shoprite Sibanye Stillwater Karoo000 Ltd	Osino Resources Alphamin Resources Blackstone Blackrock Facebook
Global Equity	39%		
Cash	23%		

Performance Period	Fund Return	Benchmark (CPI +5%)	Sector Average	JSE SWIX
1 Year	8.0%	8.1%	19.2%	21.8%
3 Years (annualised)	9.1%	9.0%	6.1%	5.0%
5 Years (annualised)	7.6%	9.1%	5.4%	5.3%
10 Years (annualised)	11.9%	9.9%	9.4%	10.4%
Since Inception (annualised)	13.1%	10.5%	10.6%	12.2%

Performance is reported for the A Class, net of fees
Sector Average: SA - Multi Asset – Flex
Inception date: November 2005

Portfolio Manager: Richard Pitt
Commentary for the Quarter ended June 2021

Performance

For the quarter, the fund returned -0.6% vs. the benchmarks 2.7%. Over 12 months, the fund returned 8.0% vs. the benchmarks 8.1%.

Macro

Global markets were up again in Quarter 2, returning 7.7% in USD and the US Equity market reached a new all time high, up 8.2% in USD for the quarter. The rise in equity markets was supported by an increased momentum in vaccine rollouts in developed countries, with more than 3 billion doses administered globally. Global earnings expectations have continued to rise and are now 10% higher than end- December 2019. Given where the global economy is now, central bank balance sheets have likely peaked, along with fiscal spending. How the markets behave as these two unwind is going to be the key.

In South Africa, equities were down 1.8% for the quarter, this was largely due to poor performance from Naspers & Prosus as well as Platinum Miners. The fund is underweight Naspers/Prosus. The retail sector did very well over the quarter and has returned to pre-covid levels. South African Bond yields are trading at 9.2% at end-June (vs. 9.5% at end-March). The SARB is pricing in at least one 25bps interest rate hike over the next 12 months.

Despite the bad news of South Africa being in the middle of its 3rd wave, the trade surplus is healthy and mining companies are providing a welcome boost to the stimulus. The fight against corruption has taken a turn with former President Jacob Zuma's prison sentence and the suspension of corruption-accused ANC secretary-general Ace Magashule. For an added bonus, interest rates are also extremely low. The economy has really been battered but we feel the bottom was reached 9 months ago and the country is now very close to coming out the other side. Based on this, we continue to increase our exposure to consumer cyclicals and away from local defensives.

The Portfolio

Specific stock performer in the fund was Distell (+43.1%). Having very low exposure to Naspers & Prosus was a big contributor to returns.

Changes over the quarter included buying Karoo000 Ltd and selling Aspen.

Global Equity

The holding in the BlueAlpha BCI Global Equity fund was a top contributor to performance (+9.0% in USD).

Changes over the quarter included buying Alphamin Resources and Osino Resources.