

Asset allocation		Top Domestic Holdings	Top Global Holdings
Domestic Equity	48%	Thungela Resources Anglo American FirstRand	Osino Resources Alphamin Resources AbbVie
Global Equity	34%	Shoprite Anglo American Platinum Sibanye Stillwater	BlackRock Facebook
Cash	7%		
Derivatives	11%		

* As percentage of total fund holdings, incl. futures

Performance Period	Fund Return	Benchmark (CPI +5%)	Sector Average
1 Year	10.5%	9.7%	12.5%
3 Years (annualised)	11.4%	9.1%	9.4%
5 Years (annualised)	10.6%	9.2%	7.2%
10 Years (annualised)	11.2%	9.8%	9.3%
Since Inception (annualised)	13.2%	10.5%	11.0%

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 March 2022

Performance

For the quarter, the fund returned 1.5% vs. the CPI plus benchmark of 2.5%. Over 12 months, the fund has outperformed the benchmark returning 10.5% vs. the benchmark's 9.7%.

Macro

Following a strong year in 2021 the first quarter of 2022 proved to be challenging for both global equities and bonds. Going into the year the topic of elevated inflation, high market valuations and the prospect of Fed rate hikes was a clear threat to the investment environment. As the Fed tone got more hawkish market expectations of up to 7 hikes caused a sell off in growth and a rally in value stocks. At the same time geopolitical tensions between Russia and the Ukraine were growing, culminating in a full-scale invasion on the 24th of February. Not surprisingly the intra month drawdown for the World Index reached 13% during the quarter. Russia is a major energy producer and together with the Ukraine supplies about 30% of global wheat exports. The ongoing war will clearly add to the surge in inflation, impact supply chain disruption further and in turn must be a risk factor for global growth. Surprisingly, Europe is now flat from the invasion date and the S&P500 and World Index are up over 5% from that date. For the quarter, the World Index declined by 5% in US\$ which given the news seems a good outcome.

Locally the biggest impact from global forces is going to be food and transport inflation. We don't think there are clear winners on an 18-month view. We own Shoprite which clearly has some benefit to its revenue line, but it also has a large labour component. Its biggest edge is its hold over supplier market share. Other winners under the current geopolitical climate will be commodity producers with prices likely to remain elevated. In this regard to key holdings are Anglo American and Thungela Resources. We do think there are clear losers, mainly food producers and durable consumption. The SA trade surplus should persist this year as metal prices (exports) offset oil (imports).

The other positive is that SA was not swept up in the Liquidity induced rally of global stocks over the last 3 years. Earnings and sentiment are at a point that make SA look very attractive globally. MSCI SA returned 20% in USD for the quarter.

The Portfolio

The biggest contributor over the quarter was Thungela Resources which gained 117% as the Ukraine conflict caused a huge rally in the seaborne coal market. The company is well placed to make super profits over the short term. Other contributors included FirstRand and Anglo American.

The global component was the biggest drag on performance based on a fall in global equities and a strengthening of the ZAR by about 10% against the US\$. Our holding in the BlueAlpha Global Equity Fund declined by 15% in ZAR. Offshore winners included Alphamin Resources (+29% in USD), AbbVie (+20% in USD) and Osino Resources (+14% in USD).