

## Fund Managers Thoughts

Global trade tensions remain elevated with a tit-for-tat response from both the US and China. Consequently, Capricorn looks to take advantage of attractively priced ZAR hedges with growing earnings momentum. We believe Sappi, Mondi, BHP Billiton and Naspers are most attractive in the current environment. Although we remain positive on an SA Inc. recovery under the new leadership, we think SA Inc. may take some time to come back into favour and gather momentum. In our view, a second round of “Ramaphoria” is likely as Cyril consolidates further power ahead of national elections and proceeds with attracting further foreign investments into SA which will lead to sustainable job creation. We welcome Cyril’s success in attracting \$34bn of investment and a better than expected outcome at the KZN & Gauteng provincial elections.

## Fund Managers



### Matthew Auerbach

Fund Manager  
M.COM, CA(SA), CFA  
15 yrs industry experience



### Seten Naidoo

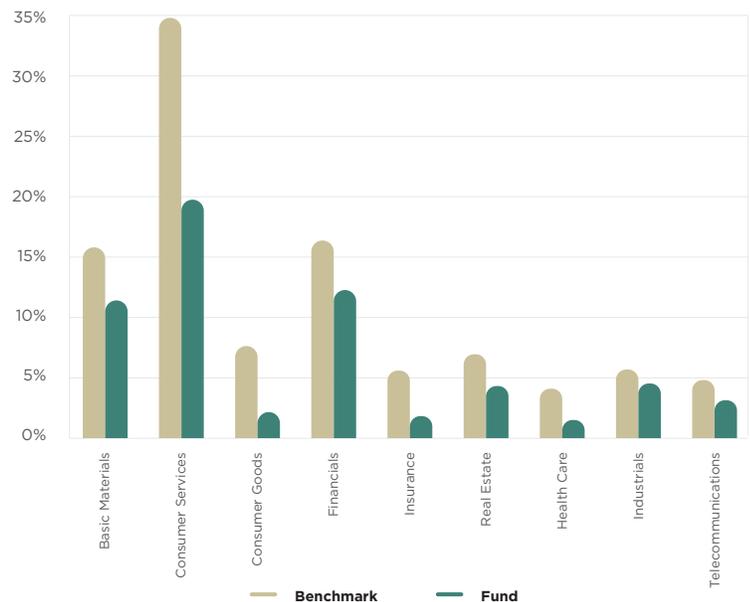
Fund Manager / Analyst  
BBuSci (Fin Hons)  
8 yrs industry experience  
Top rated equity analyst

## Positioning Our Portfolio

The Capricorn SCI Balanced Fund underperformed the market in July. The largest detractors to performance were Naspers, Glencore and offshore stocks. The banks and insurance sectors rallied in July along with our ZAR hedge stocks (British American Tobacco, Sappi, MTN and Mondi). The offshore portfolio underperformed due to a sell off in US tech stocks, Twitter’s disappointing results, and a stronger Rand. Glencore were issued with a subpoena by the US Department of Justice which resulted in the company’s stock falling over 10%, negatively impacting our performance. Capricorn’s momentum investment style continues to favour markets and sectors with tailwinds and momentum. We remain bullish on Naspers due to its 40% plus earnings growth momentum together with management’s focus on unwinding the discount to Tencent while also dealing with its current weighting issue in the SA market. We favour the paper and commodities sector, while also taking an exposure in Saudi Arabia as the region gains MSCI inclusion and also looks to consolidate previously fragmented sectors such as banking and healthcare.



## Sector weightings: Benchmark vs Fund



Date: as at 31/07/2018 Source: Capricorn Fund Managers (Pty) Ltd

# Sanlam Collective Investments Balanced Fund

July 2018 · Market Commentary

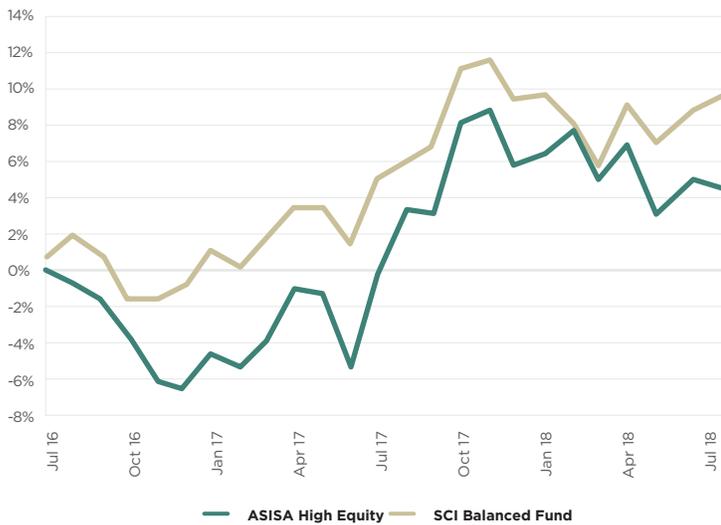
## Why choose our fund

The Capricorn Sanlam Collective Investments Balanced Fund is a well-diversified portfolio housing moderate risk qualities with the primary objective of capital preservation, while generating long term real returns. The portfolio invests in a combination of equities, bonds, money market instruments, listed property as well as international equities and fixed interest investments to diversify return streams and reduce risk. This fund has a maximum equity exposure of 75% and maximum allocation of 25% to offshore asset classes. The fund is Reg 28 compliant, therefore suitable for pension funds and retirement savings.

Fund Facts	
Portfolio Size	R422m
Minimum Investment	R100,000
Manager Annual Fee	1.02%
Launch Date	01/07/2016
Benchmark	Asisa Multi Asset High Equity

Date: 31/07/2018 Source: Capricorn Fund Managers (Pty) Ltd  
 \*Annualised Return is calculated from the historical returns of the fund since inception and is the annual growth rate that gets you from the initial investment value to the ending investment value if you assume that the investment has been compounding annually over the time period.

## Inception to date

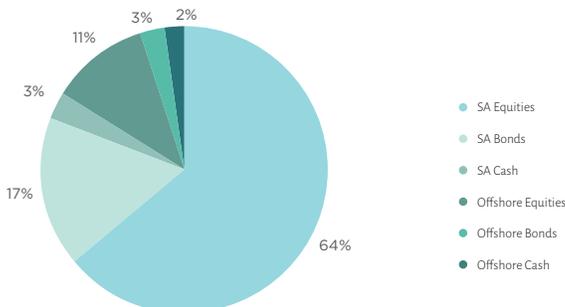


## Cumulative Performance Since Inception



Date: as at 31/07/2018. Source: Capricorn Fund Managers (Pty) Ltd

## Equity Asset Allocation



## Largest Holdings

- |                    |                          |
|--------------------|--------------------------|
| Naspers            | Sappi                    |
| The Foschini Group | Sasol                    |
| Standard Bank      | British American Tobacco |
| Capitec            | BHP Billiton             |
| Libstar            | NMC Health               |

## Historical Monthly Returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Benchmark
2016							(0.0%)	(0.5%)	(1.4%)	(1.5%)	(2.5%)	(0.4%)	<b>(6.1%)</b>	<b>(0.9%)</b>
2017	1.8%	(0.5%)	1.2%	2.8%	(0.2%)	(3.9%)	5.0%	3.3%	(0.2%)	5.1%	0.5%	(3.1%)	<b>11.9%</b>	<b>9.9%</b>
2018	0.8%	1.1%	(2.4%)	1.9%	(3.6%)	1.5%	(0.2%)						<b>(1.0%)</b>	<b>(0.6%)</b>

Date: as at 31/07/2018 (net of fees). Source: Capricorn Fund Managers (Pty) Ltd

## Important information

Sanlam Collective Investments (RF) (Pty) Ltd registered and approved Manager in Collective Investment Schemes in Securities. Collective investment schemes are generally medium- to long-term investments. Past performance is not necessarily a guide to future performance, and that the value of investments / units / unit trusts may go down as well as up. A schedule of fees and charges and maximum commissions is available from the Manager on request. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-div date. Performance is calculated for the portfolio and the individual investor performance may

differ as a result of initial fees, actual investment date, date of reinvestment and dividend withholding tax. Performance fees are calculated at 20% above the benchmark performance (Asisa Multi Asset High Equity). Lump sum investment performances are being quoted. Sanlam Collective Investments retains full legal responsibility for this co-named portfolio. The portfolio management of the fund is outsourced to Capricorn Fund Managers, an authorised financial services provider in terms of the FAIS Act. The Manager has a right to close the portfolio to new investors in order to manage it more efficiently in accordance with its mandate. The information contained within this document has been prepared by Capricorn Fund Managers (Pty) Ltd and is unaudited.

## Contact Information

### Investment Manager

Capricorn Fund Managers (Pty) Limited  
 Capricorn House  
 32 Impala Rd  
 Chislehurst  
 2196  
 South Africa

### Management Company

Sanlam Collective Investments  
 RF (Pty) Ltd  
 T: 0860 100 266  
 E: [service@sanlaminvestments.com](mailto:service@sanlaminvestments.com)

### For enquiries please contact

Matthew Auerbach  
 T: +27 11 666 0719  
[matthewa@capricornsa.com](mailto:matthewa@capricornsa.com)

Licensed by the Financial Services Board  
 License number: 863

### For enquiries please contact

Seten Naidoo  
 T: +27 11 666 0738  
[setenn@capricornsa.com](mailto:setenn@capricornsa.com)