

## Fund Managers Thoughts

A volatile trading environment seems likely ahead resulting from an extended trade war with neither China nor the US budging. Emerging markets are under pressure with our peers doing South Africa no favours due to high inflation and materially weaker currencies. We are concerned with the SARB raising rates as inflation rises and our currency seems structurally weaker for now. Accordingly we look to increase the offshore weighting of our fund while holding our higher weighting towards Rand Hedge and commodity stocks. We favour Rand hedges of Sappi, Aspen, Bidcorp and the mining stocks as China looks to intensify its winter shut downs of polluting industries. The structurally weaker Rand will favour our largely Rand hedge biased All Share Index which may provide share price momentum and a potential repeat of 2017's performance, which was materially better in the second half.

## Fund Managers



### Matthew Auerbach

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



### Seten Naidoo

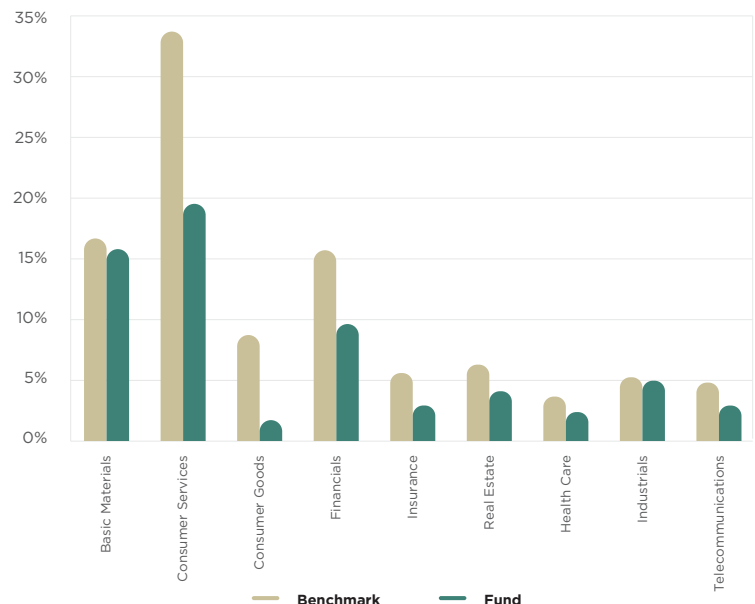
Fund Manager / Analyst  
BBuSci (Fin Hons)  
8 yrs industry experience  
Top rated equity analyst

## Positioning Our Portfolio

Capricorn funds experienced a volatile August with Blue Label Telecoms, MTN, Libstar and Naspers underperforming in the period due to unforeseen events. Our expectation of a weaker Rand worked in our favour as our commodity and Rand hedge stocks negated the losses mentioned above. Retail companies reported earnings in line with expectations but depicted a depressed business environment in both clothing and food retail, reinforcing our view of the consumer remaining under pressure. Mining stocks reported healthy balance sheets amid strong commodity prices and look likely to improve cash returns to shareholders. Financial stocks appear expensive given our weak Rand view, higher inflation outlook and potential electioneering ahead of 2019. Consequently we look to trim our financials exposure into the current share price strength.



## Sector weightings: Benchmark vs Fund



Date: as at 31/08/2018 Source: Capricorn Fund Managers (Pty) Ltd

# Sanlam Collective Investments Balanced Fund

August 2018 · Market Commentary

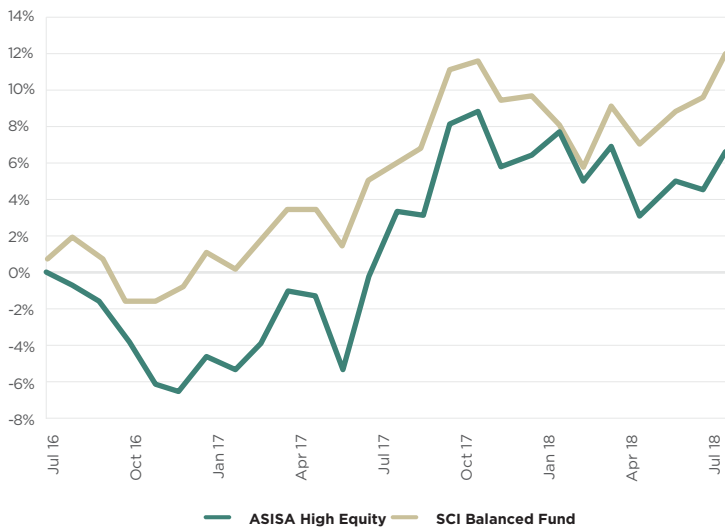
## Why choose our fund

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     | R399m                         |
| Minimum Investment | R100,000                      |
| Manager Annual Fee | 1.02%                         |
| Launch Date        | 01/07/2016                    |
| Benchmark          | Asisa Multi Asset High Equity |

Date: 31/08/2018 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

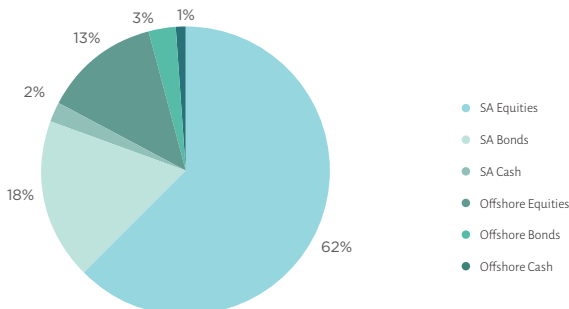


## Cumulative Performance Since Inception



Date: as at 31/08/2018. Source: Capricorn Fund Managers (Pty) Ltd

## Equity Asset Allocation



## Largest Holdings

- Naspers
- The Foschini Group
- Standard Bank
- Capitec
- Bid Corporation
- Balwin Properties
- African Rainbow Minerals
- Aspen
- Sappi
- 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%) | 2.5%   |        |        |        |        | <b>1.4%</b>   | <b>4.5%</b>   |

Date: as at 31/08/2018 (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

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