

## Fund Managers Thoughts

The All Share Index sold off a further 4.5% in September while encountering another heavyweight falling more than 30% in the month. Aspen's share price fell aggressively post its earnings miss, while Naspers continued to track backwards due to a delay in the monetisation of Tencent's recent game launches. South Africa finds itself in the midst of an unprecedented emerging market sell off combined with a nervous market which aggressively sells off stocks that underperform or encounter any ESG concerns. Commodity prices remained strong, with our view of this being maintained into the Chinese winter shutdowns. On the political front, the appointment of Tito Mboweni was timely due to mounting pressure on Nhlhla Nene, and Cyril Ramaphosa's need to maintain his perseverance for good governance. The appointment of a credible candidate in Mr Mboweni was essential given his decade-long tenure as the SARB Governor, seeing South Africa through the global financial crisis.

South Africa has a busy fourth quarter ahead which includes a Moody's rating review, the Mid-term budget and the "Expropriation Without Compensation" (EWC) bill being submitted to Government.

We believe Cyril Ramaphosa's economic stimulus plans will start producing some green shoots which will be positive for local listed companies and potentially the Rand. We believe a convincing win with above 60% majority and no coalition Government may create a second round Ramaphoria effect for our local stock market.

## 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

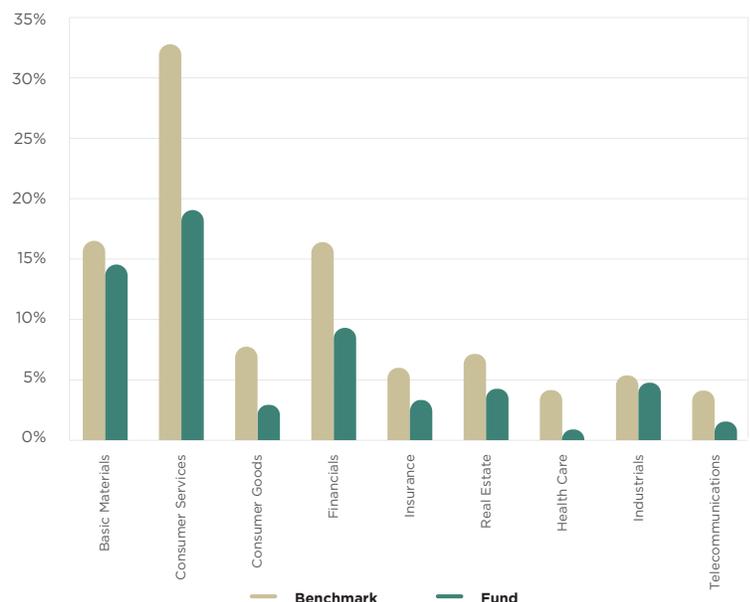
## Positioning Our Portfolio

Capricorn's higher weighting in commodities performed well in September, however our exposure to Aspen detracted from performance as it sold off aggressively in the month. Small caps continued to sell off and remain out of favour as the prospects for SA Inc. remain uncertain with growth appearing lacklustre.

Overall, we are holding high cash balances to deploy into opportunities. We believe SA industrials are at cheap levels while quality companies like Bidvest continue to grow in a tough market. Self-help stories and resilience to grow in tough markets are qualities we looking for in companies, and believe these attributes will result in premium ratings through this cycle. The contributors to performance in September were mining stocks, Echo Polska Properties and Capitec, while detractors from performance in the month were Aspen, Naspers and SA small cap stocks.



## Sector weightings: Benchmark vs Fund



Date: as at 30/09/2018 Source: Capricorn Fund Managers (Pty) Ltd

# Sanlam Collective Investments Balanced Fund

September 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     | R377m                         |
| Minimum Investment | R100,000                      |
| Manager Annual Fee | 1.02%                         |
| Launch Date        | 01/07/2016                    |
| Benchmark          | Asisa Multi Asset High Equity |

Date: 30/09/2018 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.

## Cumulative Performance Since Inception

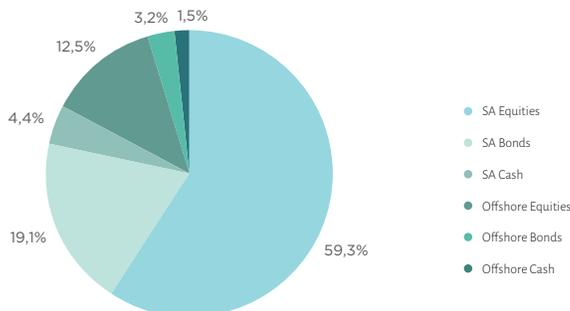


Date: as at 30/09/2018. Source: Capricorn Fund Managers (Pty) Ltd

## Annualised Performance Since Inception



## Equity Asset Allocation



Date: as at 30/09/2018. Source: Capricorn Fund Managers (Pty) Ltd  
[www.capricornfundmanagers.com](http://www.capricornfundmanagers.com)

## Largest Holdings

- |                    |                          |
|--------------------|--------------------------|
| Naspers            | African Rainbow Minerals |
| The Foschini Group | NMC Health               |
| Standard Bank      | Echo Polska Properties   |
| Capitec            | Anglo American           |
| Sasol              | Glencore Xtrata          |

## 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%   | (4.5%) |        |        |        | <b>(3.1%)</b> | <b>(1.8%)</b> |

Date: as at 30/09/2018 (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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