ANCHOR CAPITAL

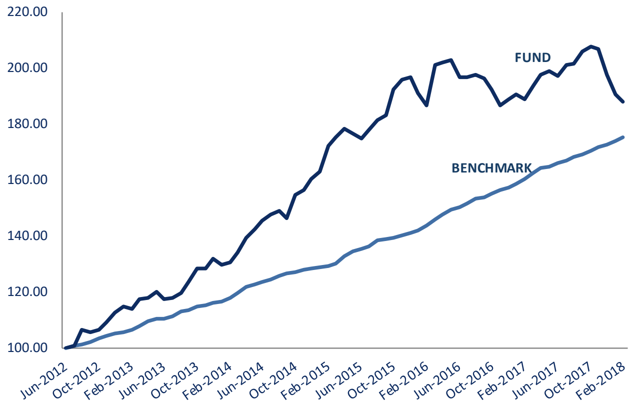
PROFILE AND OBJECTIVE

The portfolio seeks to offer investors an attractive mix of yield and growth. The objective of the fund is to deliver a yield in the region of 7%, growing at 7% p.a. Achieving this would enable the portfolio to reach its objective of CPI +5% on a compound basis over a 3-year rolling period. There will be volatility within the period. The asset mix includes property shares, high-dividend equities and preference shares.

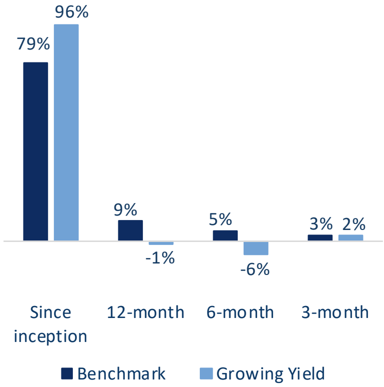
SUITABLE FOR

The portfolio is suitable for investors who wish to earn a higher return than cash, but do not wish to take full equity exposure. This is a long-term investment and volatility should be expected on the way to reaching the long-term goal. The high yield provides some protection against this volatility.

FUND PERFORMANCE VS. BENCHMARK SINCE INCEPTION

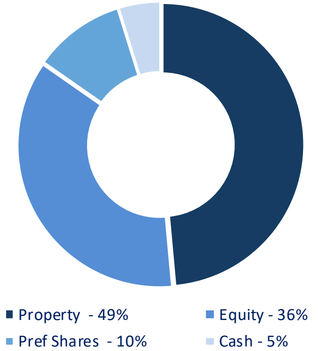


PERFORMANCE AT 30 APR 2018

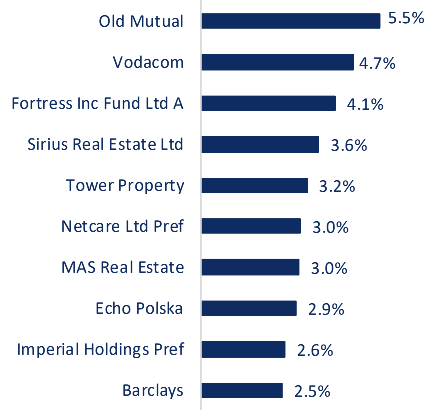


Figures are estimates and will be finalized during May

ASSET ALLOCATION AT 30 APR 2018



TOP EQUITY HOLDINGS AT 30 APR 2018



FUND MANAGER COMMENTARY AT 30 APR 2018

Punctuated by plenty of holidays, the month of April provided decent returns after the unprecedented volatility and negative performance of the 1st quarter. The largest macro theme globally was higher US bond yields leading to Dollar strength – the US$ index was up 1.5% for the month. As usual, the ZAR proved to be a high beta play on the strong dollar, dropping 5% against the USD and 3.3% against the EUR and GBP.

This had the usual effects of pushing SA bond rates up but was beneficial for the equity market overall. The Property sector proved to be by far the strongest performing asset class within this environment. But this was due both to the factors discussed above, providing a boost to the Rand hedge element of the market, and more importantly because of a recovery in the prices of what is now commonly known as the "Resilient stable."

Whilst these stocks have fallen from over 40% of the index at the start of the year to just over 20% at the end of the first quarter, their outsize moves (between 35% and 45% up) still accounted for the majority of the strength in the sector.

The fund returned 3.4% for the month, benefiting from positions in Fortress A and Greenbay, as well as Old Mutual as the details and timetable around their managed separation program became more tangible.

FUND MANAGERS

PETER ARMITAGE

Peter is a CA(SA) and has worked in the local investment industry for 20 years. He ran the investment teams at Merrill Lynch and Nedcor Securities and prior to Anchor Capital was CIO of Investec Wealth & Investment.

GLEN BAKER

Glen has a B Com Honours degree and has completed the JSE and Safex exams. He has 25 years' experience in financial markets. In that time, he has headed up equity derivatives divisions at major local and international institutions. He has both equity and fixed income experience. He was most recently at RMB before joining Anchor Capital in Feb 2013.

INCEPTION DATE
June 2012

BENCHMARK
CPI +5%

MINIMUM INVESTMENTS
R1,000,000

FEE
1.25% p.a. (excl. VAT)

PORTFOLIO VALUE
R74.44mn

The fund may use gearing from time to time.

This portfolio can be structured in a segregated portfolio or housed in a structured-equity note. The latter negates dividend withholding tax and a capital guarantee can be provided.