

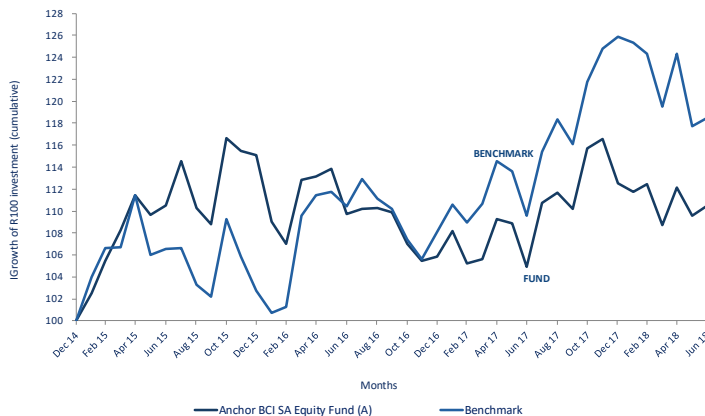
## INVESTMENT OBJECTIVE

The Anchor BCI SA Equity Fund is a general equity portfolio that seeks to sustain high long-term capital growth

## INVESTMENT PHILOSOPHY

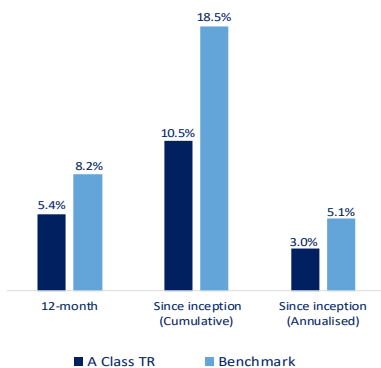
The portfolio is constructed from bottom-up, fundamental research with an investment philosophy that favours quality stocks with superior returns on capital, cash flows and pricing power. While acceptable valuation is an important component of the stock-selection process, the fund's style is not "value" – investments will be made in premium-rated stocks where the growth outlook and quality profile warrants it. The fund will also own shares that are often not well researched, yet offer exceptional valuation-driven opportunities. The quality of companies included is judged by rates of earnings growth, return on capital employed, cash conversion and stability of margins. As the name suggests, the fund's assets are limited to investing in South Africa only. The portfolio may, from time to time, invest in listed and unlisted financial instruments. The portfolio's equity exposure will always exceed 80% of the portfolio's net asset value.

## CUMULATIVE PERFORMANCE VS. BENCHMARK SINCE INCEPTION



Investment performance is for illustrative purposes only and calculated by taking actual initial fees and ongoing fees into account for amount shown with income reinvested on reinvestment date.

## PERFORMANCE AT 30 JUN 2018



Annualised return is the weighted average compound growth rate over the period measured

## ASSET & SECTOR ALLOCATION AT 30 JUN 2018

Local Cash	4.0%
<b>Local Equity</b>	<b>96.0%</b>
Telecoms	2.0%
Industrials	3.8%
Technology	0.1%
Basic Materials	18.4%
Health Care	0.0%
Consumer goods	8.6%
Consumer services	24.6%
Financials (ex. REIT)	30.7%
Real Estate	7.6%
<b>Total</b>	<b>100.0%</b>

## TOP HOLDINGS AT 30 JUN 2018

Naspers Ltd	12.3%
BHP Billiton	5.2%
Sasol Limited	5.2%
Anglo American	4.9%
Reinet Investments	4.5%
Astoria Investments	4.4%
Growthpoint	3.9%
RMI Holdings	3.8%
Redefine Properties	3.7%
Exxaro	3.2%

## FUND MANAGER COMMENTARY AT 30 JUN 2018

The Anchor BCI SA Equity Fund returned 0.9% in June, beating the JSE's Capped SWIX Index return of 0.7%. The fund is down 1.8% YTD against its benchmark's performance of a negative 5.9%. Whilst it is gratifying to do comparatively well, it is frustrating for that performance not to flow through to being absolutely rewarding. World markets (down 0.5% YTD) continued to tread water as pundits observe strong global growth and corporate earnings, but ponder over whether US President Donald Trump's actions which could spark trade wars are political posturing or have irrational growth-denting intentions. In SA, June was all about three things – a rand which weakened by over 8%, Naspers which was up c. 15% and miners which were up by 5%-plus MoM in many cases. SA Inc. continued to languish.

On balance, we had the right exposure and, while we do not necessarily discount an SA-Inc. bounce back, our exposure was also intentionally selective. In fact, during the month we nibbled on some beleaguered industrials, purchasing a small basket of Barloworld, Imperial and Bidvest. We also took smallish positions in MTN and Vodacom, where plummeting prices went far enough through our fair-value estimates to trigger a response.

Despite the flat market, there are some interesting stories emerging: Vodacom has declined from R180 to R120/share; The implied PE of Outsurance in RMI is now 10x; Barclays Africa now trades at a forward 7.5x PE and 7.7% DY; reasonable quality property companies trade at >10% yields; Exxaro trades at a forward 7.6x PE and 5% dividend yield, and Sasol looks cheap.

## RISK PROFILE: HIGH

Low	Mod-Low	Mod	Mod-High	High
<ul style="list-style-type: none"> <li>This portfolio has a higher exposure to equities than any other risk profiled portfolio and therefore tend to carry higher volatility due to high exposure to equity markets.</li> <li>Expected potential long term returns are high, but the risk of potential capital losses is high as well, especially over shorter periods.</li> <li>Therefore, it is suitable for long term investment horizons.</li> </ul>				

## HIGH / LOW MONTHS BY YEAR

Dates	2015	2016	2017	2018
High	7.2%	5.4%	5.5%	3.2%
Low	-3.8%	-5.3%	-3.7%	-3.3%

<b>FUND NAME</b>	Anchor BCI SA Equity Fund
<b>ISIN NUMBER</b>	ZAEO00195251
<b>INCEPTION DATE</b>	22 January 2015
<b>BENCHMARK</b>	FTSE JSE Capped SWIX J433T index
<b>MINIMUM INVESTMENTS</b>	R25,000 Lump sum R1,000 monthly debit order
<b>FUND CLASSIFICATION</b>	SA Equity General
<b>UNIT PRICE</b>	R108.26

<b>DISTRIBUTIONS</b>	Semi-annual Declaration Date: 28 Feb/31 Aug
	2016 Distribution (cpu): Feb: 0; Aug: 0
	2017 Distribution (cpu): Feb: 0.43; Aug: 0.84
	2018 Distribution (cpu): Feb 1.01

<b>PORTFOLIO VALUE</b>	R55.47 mn

## FEES & FAIS DISCLOSURE

Initial fees (BCI) (incl VAT)	0.00%
Advisory Fee (Max) (incl VAT)	3.45%
Ongoing Advisory Fee (Max) (incl VAT)	1.15%

Annual Management Fee (incl VAT)	
Class A	1.15%
Performance fee	None

TER and Transaction Cost (incl VAT)	
Basic	Mar 18: 1.26% (PY): 1.27%
Portfolio Transaction Cost	Mar 18: 0.62% (PY): 1.20%
Total Investment Charge	Mar 18: 1.88% (PY): 2.46%

A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's. Transaction Costs are a necessary cost in administering the Fund and impacts Fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Fund, the investment decisions of the investment manager and the TER. The TER and Transaction Costs cannot be determined accurately because of the short life span of the Fund. Calculations are based on actual data where possible and best estimates where actual data is not available. The TER and Transaction cost calculations are based upon the portfolio's direct costs for the financial year ended 31 August 2017, whilst the underlying portfolio's ratio and cost calculations are based upon their most recent published figures, being 31 March 2018.

### FAIS CONFLICT OF INTEREST DISCLOSURE

Please note that your financial advisor may be a related party to the co-naming partner and/or BCI. It is your financial advisor's responsibility to disclose all fees he/she receives from any related party. The portfolio's TER includes all fees paid by portfolio to BCI, the trustees, the auditors, banks, the co-naming partner, underlying portfolios, and any other investment consultants/ managers as well as distribution fees and LISP rebates, if applicable. The portfolio's performance numbers are calculated net of the TER expenses. The investment manager earns a portion of the service charge and performance fees where applicable. In some instance portfolios invest in other portfolios which forms part of the BCI Schemes. These investments will be detailed in this document, as applicable.

Boutique Collective Investments adopted the ASISA Standard on Effective Annual Cost ("EAC"). The EAC measure allows you to compare charges on your investments as well as their impact on your investment returns prior to investing. For further information regarding the ASISA Standard on Effective Annual Cost and access to the EAC calculator please visit our website at [www.bcis.co.za](http://www.bcis.co.za).

## SUBSCRIPTIONS

Valuation time	15h00
Transaction cut-off time	14h00
Payment reference	Initials and Surname

Please send proof of deposit to fax (011) 263 6152 or e-mail [instructions@bci-transact.co.za](mailto:instructions@bci-transact.co.za)

## DISCLAIMER

Boutique Collective Investments (RF) (Pty) Ltd ("BCI") is a registered Manager of the Boutique Collective Investments Scheme, approved in terms of the Collective Investments Schemes Control Act, No 45 of 2002 and is a full member of the Association for Savings and Investment SA. Collective Investment Schemes in securities are generally medium to long term investments. The value of participatory interests may go up or down and past performance is not necessarily an indication of future performance. The Manager does not guarantee the capital or the return of a portfolio. Collective Investments are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees, charges and maximum commissions is available on request. BCI reserves the right to close the portfolio to new investors and reopen certain portfolios from time to time in order to manage them more efficiently. Performance figures quoted for the portfolio are from Morningstar, as at the date of this document for a lump sum investment, using NAV-NAV with income reinvested and do not take any upfront manager's charge into account. Income distributions are declared on the ex-dividend date. Actual investment performance will differ based on the initial fees charge applicable, the actual investment date, the date of reinvestment and dividend withholding tax. Should the portfolio invest into another Anchor BCI co-named portfolio, the investing fund will be reimbursed for any net investment management fees incurred by the investment so that there is no additional fee payable to Anchor.

Certain investments - including those involving futures, options, equity swaps, and other derivatives may give rise to substantial risk and might not be suitable for all investors. Boutique Collective Investments (RF) Pty Ltd retains full legal responsibility for the third party named portfolio. Although reasonable steps have been taken to ensure the validity and accuracy of the information in this document, BCI does not accept any responsibility for any claim, damages, loss or expense, however it arises, out of or in connection with the information in this document, whether by a client, investor or intermediary. This document should not be seen as an offer to purchase any specific product and is not to be construed as advice or guidance in any form whatsoever. Investors are encouraged to obtain independent professional investment and taxation advice before investing with or in any of BCI/the Manager's products.

## MARKET COMMENTARY

On the international front, the US eked out positive returns in June, while most other markets retreated. The historic meeting between North Korean leader, Kim Jong-un and US President Donald Trump took place in Singapore on 12 June and was arguably the high point of the month before the possibility of trade wars moved back into focus and spilt the party. Central banks were also in on the action during June, with the US Federal Reserve (Fed) delivering a much anticipated 0.25% rate hike, while the European Central Bank (ECB) announced plans to wind down its quantitative easing (QE) programme by year end, but maintain rates at current levels until at least 3Q19.

Emerging markets (EMs) were in the eye of the storm during June, with the Brazilian stock market down over 5% and the Shanghai Composite Index ending the month 8% lower. To make matters worse for China, economic data released during the month was disappointing, with industrial production and fixed-asset investment both coming in below expectations (the latter coming in at its slowest pace since 1999).

Oil prices were again higher in June as large drawdowns in US oil inventories surprised markets. US equities were higher for the month, with the S&P 500 dragged upwards by the interest rate sensitive real estate and consumer staples sectors, which benefited as risk aversion kept a lid on bond yields. The US dollar was also positive against most major currencies as the country's monetary policy continues to diverge from other major developed markets.

In SA, it was all about two factors - a 8% weakening of the currency and a 15% rise in Naspers (which comprises 20% of the All Share Index). The weaker currency fed through (positively and negatively) into share prices, with the FTSE JSE All Share Index (J203) gaining 2.6% MoM (down 3.2% YTD). Financial counters felt the most pressure with the FINI-15 dropping 2.8% MoM (-9.7% YTD), while Industrials closed 4.6% higher MoM (-4.7% YTD). Resource counters performed well as a rally in some commodity prices buoyed the Resi-10 to end June 6.4% in the green (the index is now up an impressive 16.1% YTD).

JSE earnings rose over 10% in the last 12 months and we expect earnings growth of 12% and 16% over the next 12 and 24 months, respectively. If SA economic growth accelerates, 2019 could see even higher growth rates. Following the 6% decline in the Capped Swix this year, many shares and sectors have moved into attractive territory. Risks have certainly increased, but all of the factors highlighted above indicate the potential for more positive returns than we have experienced over the last few years. Earlier in the year we had nudged equities to overweight (a 14% projected return) and we retain this positioning.

## FUND MANAGEMENT

The Anchor BCI SA Equity Fund is managed by the Anchor Capital Investment Team

## INFORMATION AND DISCLOSURES

### Investment Manager

Anchor Capital (Pty) Ltd is an authorised Financial Services Provider FSP 39834.

- Additional information, including application forms, annual or quarterly reports can be obtained from BCI, free of charge or can be accessed on our website ([www.bcis.co.za](http://www.bcis.co.za))
- Valuation takes place daily and prices can be viewed on our website ([www.bcis.co.za](http://www.bcis.co.za)) or in the daily newspaper.
- Actual annual percentage figures are available to existing investors on request.
- Upon request the Manager will provide the investor with quarterly portfolio investment holdings reports

### Management Company Information

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 Email: [clientservices@bcis.co.za](mailto:clientservices@bcis.co.za)  
[www.bcis.co.za](http://www.bcis.co.za)

### Custodian/Trustee Information

The Standard Bank South Africa Ltd  
 Tel: 021 441 4100