

ANCHOR PROPERTY LONG SHORT SNN QI HEDGE FUND

Minimum Disclosure Document (MDD) – Class 1

July 2018

FUND PROFILE

The fund is suitable for investors with a medium term investment horizon seeking exposure to primarily local property assets.

FUND OBJECTIVE

The investment goal of the Anchor Property Long Short SNN QI Hedge Fund (the “Fund”) is to benefit from the potential out-performance of property in excess of the long term cost of borrowing as measured by South African interest rates (12m JIBAR) plus 100bps. The Fund buys and sells South African listed and unlisted property shares and may sell South African Government bonds short. The short sale acts as a financing mechanism and/or protection against potential interest rate increases.

FUND PERFORMANCE

Annualised Returns	July '18	3 month	6 month	12 month	Since Inception (Annualised)
Anchor Property Long Short SNN QI Hedge Fund	0.39%	-4.13%	-0.69%	-0.18%	10.15%
Benchmark (JIBAR + 100bps)	0.77%	2.29%	4.51%	9.32%	8.96%

Source of Data: Bloomberg Date: 31/07/2018

The performance figure given show the yield on a Net Asset value (“NAV”) basis. The yield figure is not a forecast. Performance is not guaranteed and investors should not accept it as representing expected future performance. Individual investor performance may differ as a result of initial fees, time of entry/actual investment date, date of reinvestment, and dividends withholding tax. The annualized total return is the average return earned by an investment each year over a given time period. Actual annual figures are available from the manager on request. The highest and lowest 1 year returns represent the highest and lowest actual returns achieved during any single calendar year since the original launch date of the fund. The annualised performance figures prior to 1 August 2016 include returns earned prior to the fund being regulated under CISCA.

MANAGER COMMENTARY

Although the currency (Rand 3.3% stronger) and bond price movements (R186 yield down 26 basis points) suggest a positive month in the SA yield market, once again this did not filter through to property shares.

In global markets the two major themes were continuing rhetoric on trade wars, particularly by the US President, and earnings reporting season. US GDP growth came in at 4.1% but there is some concern that this may be “peak earnings” and future commentary may be led by data reflecting slowing economic conditions.

How nice a problem this would be to have in SA! Unfortunately, GDP growth forecasts are moving the other way after the very poor 1st quarter print. Although a recession (two successive negative quarters) may be avoided, the overall growth rate for 2018 is now likely to be circa 1%, with most economists forecasting just below 2% for 2019.

On the positive side President Ramaphosa raised the promise of a total of approximately \$35bn in investment from Dubai, Saudi Arabia and China respectively, earmarked for infrastructural investment. The BRICS conference in Sandton received good press and a Chinese bank committed a further \$15bn loan to Eskom. Although these events helped provide a boost to the listed property market at the end of a volatile month, the headline index and most major stocks ended in the red.

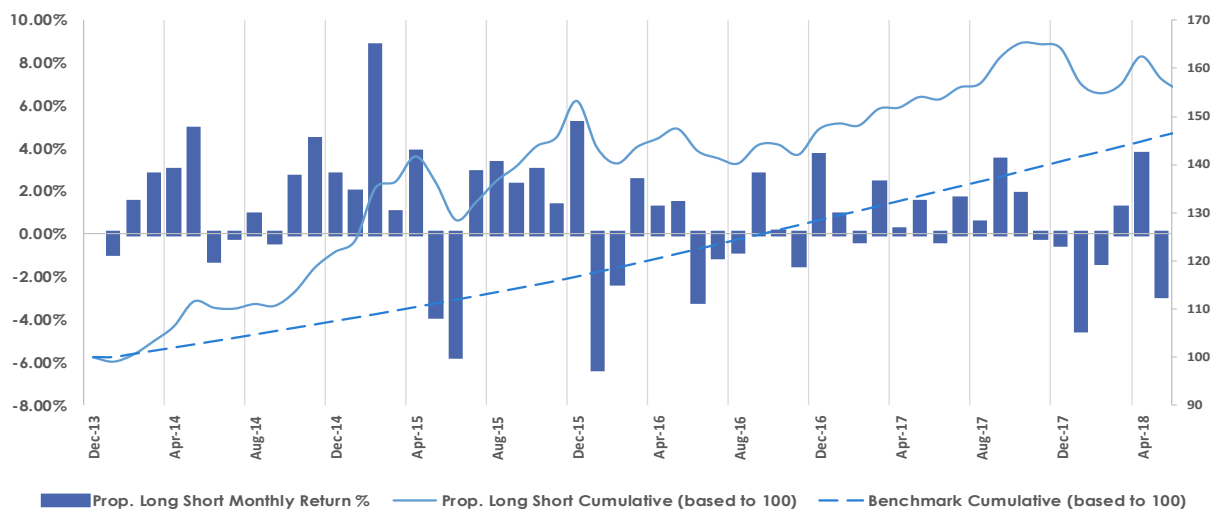
The problems continue for Resilient and Fortress, down 8% and 3% respectively in July, while heavyweight Growthpoint also lost ground (-2%). The fund managed to return +0.39% based largely on taking part in a Vukile capital raise and benefitting from a short position in Sirius Real estate where the cost of carry seems low given how far yields have pushed out in the sector. Overall positioning is still long and this is being added to in order to take advantage of the yields on offer.

MONTHLY RETURN PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2014	-0.88%	1.49%	2.75%	2.97%	4.88%	-1.19%	-0.16%	0.87%	-0.34%	2.62%	4.42%	2.75%	21.89%
2015	1.94%	8.78%	0.96%	3.84%	-3.82%	-5.70%	2.88%	3.30%	2.25%	2.98%	1.32%	5.25%	25.83%
2016	-6.31%	-2.30%	2.46%	1.19%	1.40%	-3.13%	-1.04%	-0.78%	2.73%	0.06%	-1.44%	3.67%	-3.86%
2017	0.85%	-0.29%	2.35%	0.16%	1.44%	-0.31%	1.61%	0.49%	3.44%	1.84%	-0.12%	-0.48%	11.47%
2018	-4.48%	-1.29%	1.19%	3.70%	-2.86%	-1.69%	0.39%						-5.14%

Performance stated net of management and performance fees. The annualised performance figures prior to 1 August 2016 include returns earned prior to the fund being regulated under CISCA.

INVESTMENT PERFORMANCE



Source of Data: Bloomberg Date: 31/07/2018

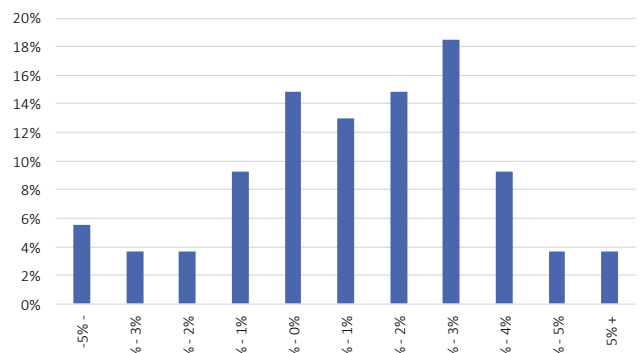
Note: the investment performance is for illustrative purposes only. The investment performance is calculated by taking the actual initial fees and all ongoing into account for the amount shown; and income is reinvested on the reinvestment date.

STATISTICS

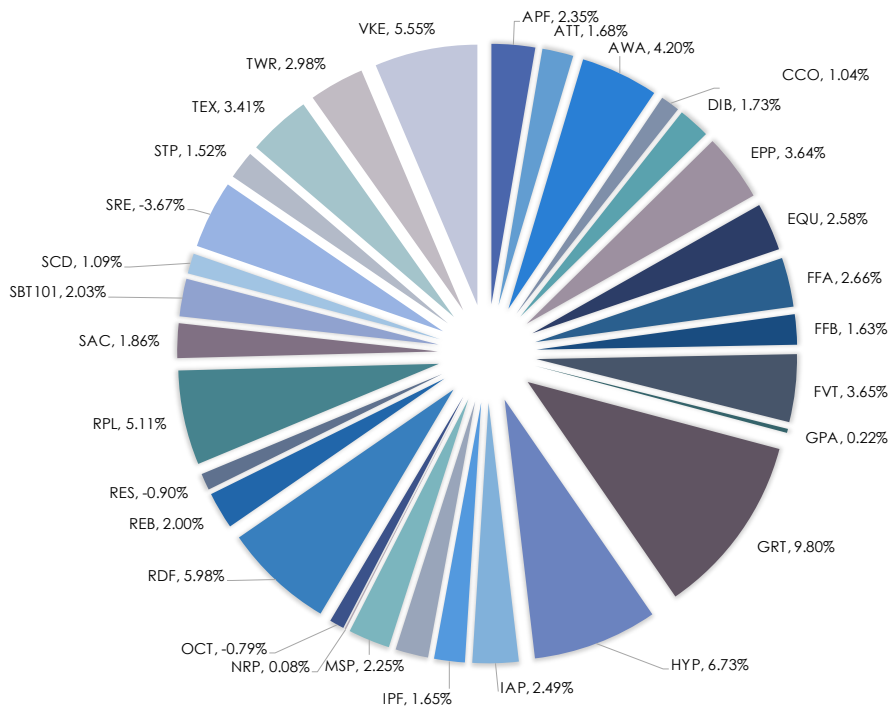
	End July 2018
Net Exposure	76.30%
Gross Exposure	87.13%
Cash + Net Exposure	151.87%
% of Positive Months	63%
% of Negative Months	37%
Sharpe Ratio (since inception)	0.10
Annualised Daily Volatility (historic)	13.48%

Source of Data: Bloomberg Date: 31/07/2018

Frequency Distribution of Returns



ASSET ALLOCATION



RISK AND REWARD PROFILE



This indicator is based on historical data and may not be a reliable indication of the future risk profile of the portfolio. The risk category shown is not guaranteed and may change over time. The lowest category does not mean the investment is risk free. There may be other special areas of risk relating to the investment including: liquidity risk, credit risk, market risk, and settlement risk. The Manager does not provide financial advice. Our risk indicator does not imply that the portfolio is suitable for all types of investors. Please consult your financial adviser.

PORTFOLIO DETAILS

INVESTMENT MANAGER Anchor Capital (Pty) Ltd	ANNUAL MANAGEMENT FEE 1.0% (one percent)	BENCHMARK 12-month JIBAR + 100bps
PORTFOLIO MANAGER Glen Baker	PERFORMANCE FEE 20% over hurdle rate (benchmark) High watermark applies, uncapped	INCOME DISTRIBUTION (CPU) Quarterly Jun 2017: 815.46 cpu Sep 2017: 1 255.16 cpu Dec 2017: 1 833.12 cpu Mar 2018: 1336.98
PORTFOLIO CATEGORY Property Specialist Hedge Fund (ZAR)	INITIAL FEE 0%	PORTFOLIO VALUATION Monthly
LAUNCH DATE 29 January 2014 (Inception date) 1 August 2016 (CISCA transition date)	TOTAL EXPENSE RATIO (incl. VAT)* Total Expense Ratio (TER): 1.65% Transaction Costs (TC): 0.46% Total Investment Charge (TIC): 2.11%	TRANSACTION CUT-OFF Last day of the month prior, for investment on the 1st day of the next month, 10:00am
PORTFOLIO SIZE R50.97m	NAV PER UNIT 1 458.04	
PARTICIPATORY INTEREST 34,955 units		

* A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. Transaction Costs are a necessary cost in administering the financial product and impacts financial product 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 financial product, the investment decisions of the investment manager and the TER. The TER is reported excluding performance fees for the first 12 months of the portfolio. The Manager has applied its mind hereto and is of the view that any reporting of TER with performance fee at this stage maybe inaccurate and potentially misleading to investors. The TER and Transaction cost is calculated since inception (annualised) for the period ending 30 June 2017.

CONTACT INFORMATION

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MANDATORY DISCLOSURES

Collective Investment Schemes are generally medium to long-term investments. The value of participatory interests (units) may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investments are traded at ruling prices and can engage in scrip lending and borrowing. A schedule of fees, charges and maximum commissions is available on request from the manager, as well as a detailed description of how performance fees are calculated and applied. The manager does not provide any guarantee in respect to the capital or the return of the portfolio. Excessive withdrawals from the fund may place the fund under liquidity pressure and in such circumstances, a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed. Commission and incentives may be paid, and if so, are included in the overall costs. Portfolios may be closed. Prices are published daily on our website and local media. Additional information, including Key Investor Information Documents, Minimum Disclosure Document, as well as other information relating to the portfolio is available, free of charge, on request from the manager.

Investors should note that the value of an investment is dependent on numerous factors which may include, but not limited to, share price fluctuations, interest and exchange rates and other economic factors. Where funds are invested in off-shore assets, performance is further affected by uncertainties such as changes in government policy, taxation, currency risk, and other legal or regulatory developments. The Manager ensures fair treatment of investors by not offering preferential fee or liquidity terms to any investor within the same strategy. Should the portfolio invest into another Anchor co-named portfolio, the investing fund will be reimbursed for any net investment management fees incurred by this investment so that there is no additional fee payable to Anchor.

The manager is registered and approved by the Financial Sector Conduct Authority under the Collective Investment Schemes Control Act 45 of 2002. The manager retains full legal responsibility for the portfolio. Anchor Capital (Pty) Ltd (FSP No. 39834) is authorised under the Financial Advisory and Intermediary Services Act 37 of 2002 to render investment management services. FirstRand Bank Limited, acting through its Rand Merchant Bank Trustee and Custody Division, is the appointed trustee and can be contacted on 087 736 1732.

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