# ANCHOR CAPITAL



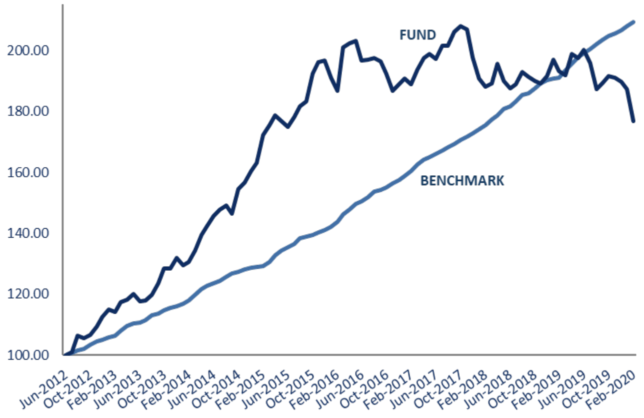
## PROFILE AND OBJECTIVE

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.

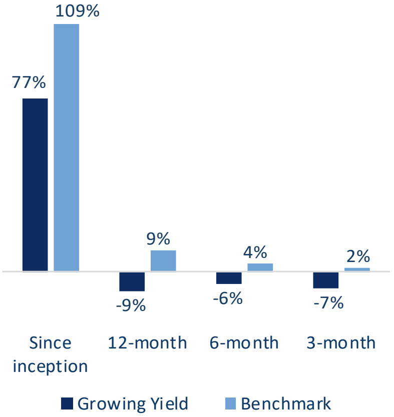
## SUITABLE FOR

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

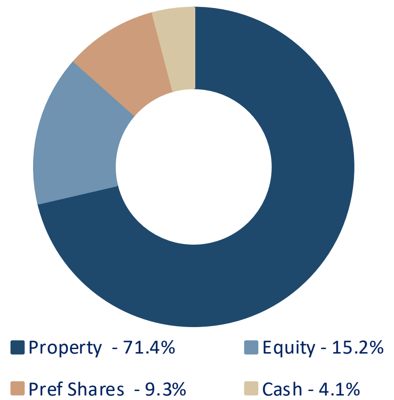



## PERFORMANCE AT 29 FEB 2020

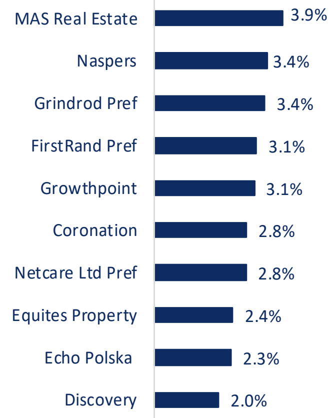



*Returns are provisional

## ASSET ALLOCATION AT 29 FEB 2020




## TOP EQUITY HOLDINGS AT 29 FEB 2020




## FUND MANAGER COMMENTARY AT 29 FEB 2020

Trade war worries seemed a distant memory as ongoing fears around the impact of the novel coronavirus (COVID-19) and infections spreading outside of China resulted in investors growing increasingly concerned about the virus' impact on global economic growth and company profits. Markets ended February in the red across the globe in a volatile month for world equities as worries about the virus outbreak mounted.

In South Africa (SA), the JSE ended February red across the board, with the FTSE JSE All Share Index closing the month 9.0% down (-10.6% YTD) as the share price of market-cap heavyweights such as Anheuser Busch InBev (-22.4% MoM), BHP Group (-13.8% MoM), British American Tobacco (BAT: -7.8% MoM), Naspers (-3.2% MoM), and Prosus (-2.4% MoM) were battered. On 24 February, the benchmark index had suffered its biggest fall since December 2008 (according to Bloomberg), dropping 4.46%. The Property Index was even harder hit and suffered its worst-ever monthly return - down 15.7%. However, it would appear that it is not fundamentals driving investors' exit from the listed property sector. SA companies that are reporting or supplying trading updates, although all emphasizing the difficult local economic circumstances, do not seem under an existential threat. Apart from a small group such as Rebosis and Delta, dividends are also still being paid. Rather it seems that confidence in the sector is at all-time lows and there are significantly more sellers than buyers.

Precipitous falls last month included:

- Fortress B – 33.2%
- Redefine – 24.48%
- Growthpoint – 16.55%

Although the outlook in SA is not positive, it would require an economic collapse for SA tenants not to pay any rent for property assets! Investors are thus advised to remain patient and calm and take advantage of the largest yields available in the sector since the early 2000s.

Finance Minister Tito Mboweni delivered his highly anticipated 2020 Budget Speech and, for the most part, it was favourably received by market analysts and economists. Mboweni said SA intends to cut c. R160bn from its public sector wage bill to contain a rising budget deficit. Clearly implementation will be key, but the focus on the expenditure side is a first for many years. In addition, as growth remains under massive pressure, the SARB will be under the microscope to cut rates - particularly given emerging global growth threats.

Unfortunately, in February there were no hiding places as SA stocks, including preference shares, fell and the fund returned a negative 5.6%.

## 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
R30.2mn

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.