ANCHOR CAPITAL

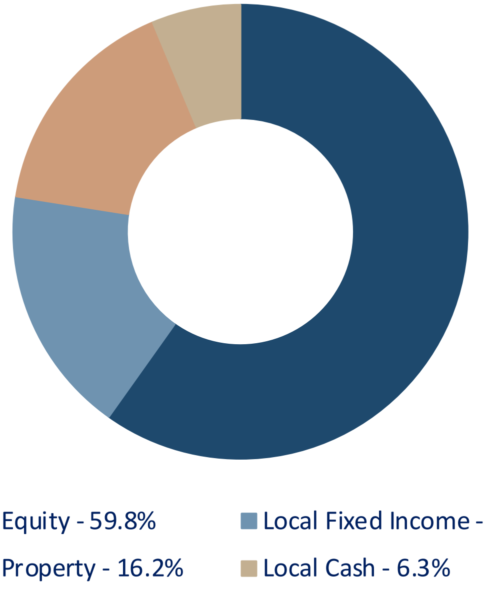
PROFILE AND OBJECTIVE

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.

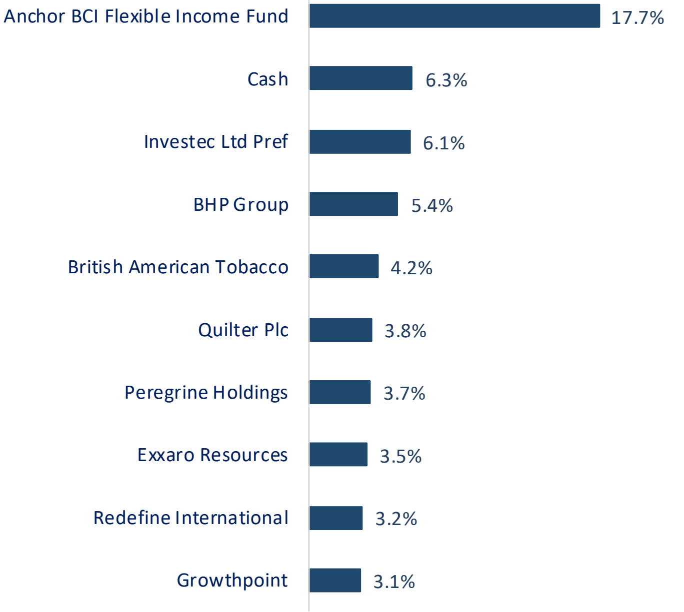
SUITABLE FOR

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.

ASSET & SECTOR ALLOCATION AT 29 FEB 2020



TOP HOLDINGS AT 29 FEB 2020



MARKET COMMENTARY AT 29 FEB 2020

Unfortunately, February's much-anticipated budget speech, which generally exceeded expectations, was delivered against a backdrop of global risk aversion related to the economic impact of the new coronavirus and the ensuing global sell-off overwhelmed any positive impact that the budget may have had on local asset prices. The rand continued to sell off with other emerging market currencies, ending the month 4% weaker against the US dollar. A slew of top-40 companies reported earnings in February, most of them mining companies. These mining company earnings were generally disappointing, weighed down by either commodity prices or, in the case of iron ore and platinum group metals, where commodity prices were strong, volumes generally disappointed.

Woolworths and Shoprite also reported results in February and both showed decent results in their SA food businesses with satisfactory food price inflation. However, their offshore businesses continued to disappoint. The Property Index recorded its worst-ever monthly return and, although the outlook for the property sector is not positive, it would require an economic collapse for SA tenants to not pay any rent for property assets. Thus, we advise some patience and calm to take advantage of the largest yields in the sector since the early 2000s. In the domestic bond space, this asset class is cheap and although it is highly plausible that things might get worse before they get better, our perspective is that we should lock-in the 10% yields available on domestic duration assets, which this will deliver over time.

PORTFOLIO MANAGEMENT

Anchor Private Clients (APC) runs a robust investment process, in consultation with Anchor Asset Management. The product of this process is segregated mandates, of which the Equity mandate is one. The APC investment process takes inputs from Anchor Asset Management and overlays metrics appropriate for private client portfolio management.

FACTS AND FIGURES

INCEPTION DATE
June 2012

BENCHMARK
CPI +5%

MINIMUM INVESTMENT
R1,000,000

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

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. The fund may use gearing from time to time.