

ANCHOR LONG SHORT SNN RETAIL HEDGE FUND

Minimum Disclosure Document (MDD) – Class 1

June 2019

FUND PROFILE

The fund is suitable for investors with a medium-term investment horizon, seeking capital preservation and exposure to primarily local assets.

FUND OBJECTIVE

The investment goal of the Anchor Long Short SNN Retail Hedge Fund (the “Fund”) is to generate absolute returns in excess of short-term interest rates and have a low correlation to the general equity market. The fund will consist of geared exposure to various local and international financial instruments including equities, derivatives, fixed income, and unlisted instruments. The fund will emphasise the reduction of stock-specific risk and derivatives will be actively used to manage risk and lock-in return in the fund.

FUND PERFORMANCE

	Jun '19	3-month	6-month	12-month	Since Inception (annualised)
Anchor Long Short SNN Retail Hedge Fund	1.53%	2.77%	6.29%	3.50%	7.41%
Benchmark (STEFI * 1.2)	0.66%	2.16%	4.29%	8.80%	8.14%
SA Equity Market (SWIX)	2.88%	2.90%	6.86%	1.11%	8.27%

Source of Data: Bloomberg Date: 30/06/2019

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 annualised 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

All South African asset categories enjoyed gains in June, a rare occurrence over the last few years! Around the globe it appears that dovish central banks are the order of the day. The US 10-year bond yields dropped further, briefly edging below 2% during the month, the first time 10-year rates have breached this level since before US President Donald Trump’s election in November 2016. The Rand strengthened 3.5% as the US\$ came under pressure against this interest rate backdrop. Given the anaemic growth outlook in SA, fixed income remains well bid and the hunt for yield continues. The R186 has returned 7.7% for the 6 months just ended, better than the equity market (+6.9%), the listed property sector (6.0%) and cash (3.7%)

Locally, the move upwards in the equity markets seems contrary to poor economic data that continues to come out and further reduce GDP growth forecasts, which are now almost unanimously coming in at <1% for 2019. Indeed the prospect of another negative GDP print in 2Q 2019, tipping SA into a second recession in 18 months, now seems very real. The President’s SONA address earlier in the month was therefore keenly awaited, and although there are some admirable economic goals, the path to get to them was not made clear. Within this scenario there are pockets of reason to be optimistic and fundamentals may start to override the constant political seesaw we have witnessed as headline news for a long period.

Mining stocks were at the forefront of the domestic equity market rally in June, with the materials sector delivering more than half of the 2.9% the Capped SWIX Index returned in June. Iron ore prices were up double digits (in US dollar terms) for the second consecutive month, enough to drive YTD gains to almost 60% and providing a strong boost for the diversified miners. Gold miners were also up strongly off the back of an 8% spike in the gold price. Naspers was the other key contributor to monthly performance, up 4.4% for the month as positive trade sentiment helped drive its largest subsidiary, China’s Tencent, up 5.2% in rand terms

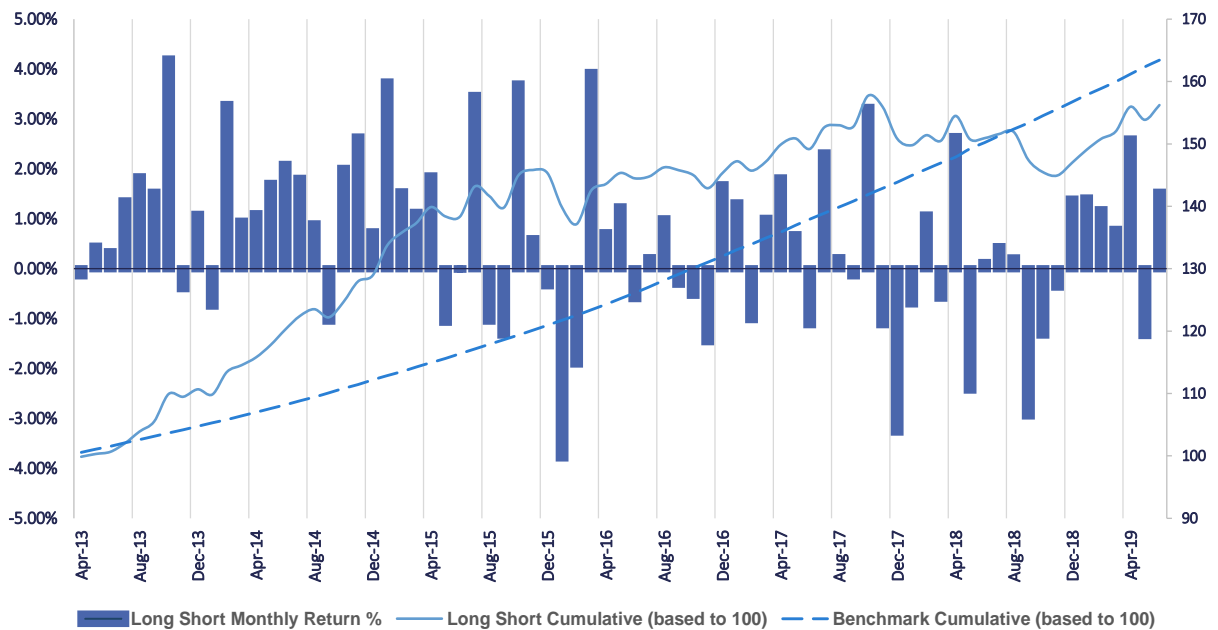
This is the last factsheet I will be writing as Fund Manager and the fund will be combined with the Capricorn Stable Fund from July 1st with Stephan Engelbrecht as Fund Manager. I will remain involved in the process and the Hedge Fund Desk and continue to firmly believe in the merits of the product. Thanks to all clients for their support.

MONTHLY RETURN PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013				-0.14%	0.45%	0.34%	1.36%	1.84%	1.53%	4.20%	-0.40%	1.09%	10.67%
2014	-0.75%	3.29%	0.95%	1.10%	1.71%	2.09%	1.81%	0.90%	-1.05%	2.01%	2.64%	0.74%	16.48%
2015	3.74%	1.54%	1.13%	1.86%	-1.07%	-0.01%	3.47%	-1.05%	-1.33%	3.70%	0.60%	-0.34%	12.74%
2016	-3.79%	-1.91%	3.93%	0.72%	1.24%	-0.60%	0.22%	1.00%	-0.31%	-0.53%	-1.46%	1.68%	-0.02%
2017	1.32%	-1.02%	1.01%	1.82%	0.68%	-1.12%	2.32%	0.22%	-0.15%	3.23%	-1.12%	-3.27%	3.82%
2018	-0.71%	1.08%	-0.59%	2.65%	-2.43%	0.12%	0.44%	0.22%	-2.95%	-1.33%	-0.37%	1.40%	-2.57%
2019	1.42%	1.18%	0.79%	2.59%	-1.34%	1.53%							6.29%

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.
*Estimated return

INVESTMENT PERFORMANCE



Source of Data: Bloomberg Date: 30/06/2019

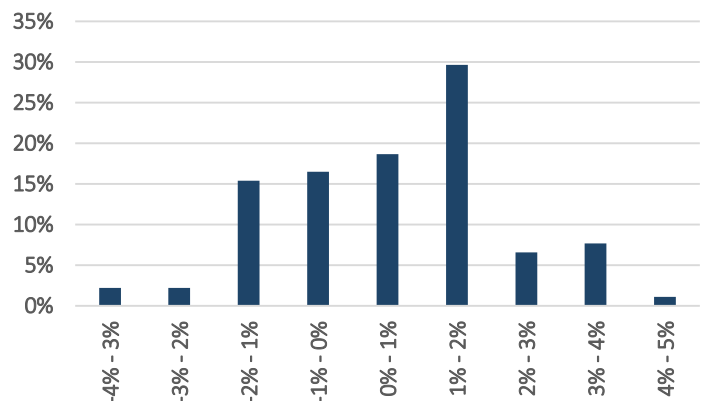
Note: the investment performance is for illustrative purposes only. The investment performance is calculated by taking the actual initial fees and all ongoing into account for the amount shown; and income is reinvested on the reinvestment date.

STATISTICS

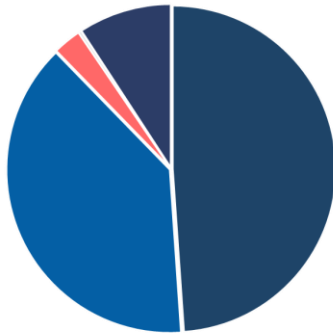
	End June 2019
Net Exposure	48.96%
Gross Exposure	62.83%
Cash + Net Exposure	142.44%
% of Positive Months	64%
% of Negative Months	36%
Sharpe Ratio (since inception)	0.00
Annualised Daily Volatility (historic)	7.00%

Source of Data: Bloomberg Date: 30/06/2019

FREQUENCY DISTRIBUTION OF RETURNS

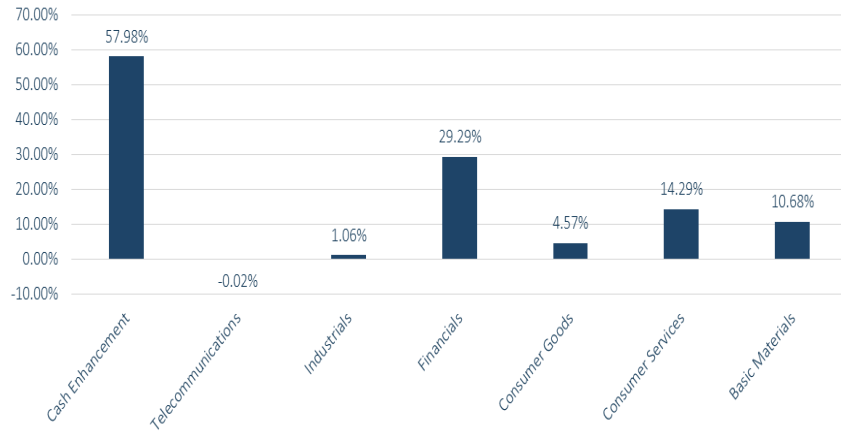


ASSET ALLOCATION



- Cash Enhancement (Anchor BCI Flexible Income Fund) - 58.0%
- Nett positions in shares - 46.0%
- Property - 3.3%
- Option - -0.4%
- Equity Hybrid - 10.9%

SECTOR ALLOCATION (% of NAV)



*Asset allocation shown as percentage of the fund NAV which will not add to 100% due to equity exposure being taken via margin products for efficiency reasons. A portion of cash is invested in the ABFIA to enhance cash returns.

TOP EQUITY HOLDINGS

Top-3 Long Positions	%
Naspers	12.51
Exxaro	3.78
Discovery	2.90

Top-3 Short Positions	%
Steinhoff Pref. Shares	-1.64
Richemont	-1.49
Sun International	-1.31

PORTFOLIO DETAILS

INVESTMENT MANAGER

Anchor Capital (Pty) Ltd

PORTFOLIO MANAGER

Glen Baker

PORTFOLIO CATEGORY

Single-Manager Multi Strategy (ZAR)

LAUNCH DATE

1 April 2013 (Inception date)

1 August 2016 (CISCA transition date)

PORTFOLIO SIZE

R54.32mn

PARTICIPATORY INTEREST

37, 310 units

ANNUAL MANAGEMENT FEE

1.5% (one and a half percent)

PERFORMANCE FEE

20% over hurdle rate (benchmark)

High watermark applies, uncapped

INITIAL FEE

0%

TOTAL EXPENSE RATIO (incl. VAT)*

Total Expense Ratio (TER): 1.92%

Transaction Costs (TC): 0.27%

Total Investment Charge (TIC): 2.19%

NAV PER UNIT

1,464.8047

BENCHMARK

120% of cash returns (STEFI Index)

INCOME DISTRIBUTION (CPU)

Annually

Jun 2017: 842.20 cpu

Sep 2017: 1,263.97 cpu

Dec 2017: 959.25 cpu

Mar 2018: 1,002.84 cpu

Dec 2018: 2,680.34 cpu

PORTFOLIO VALUATION

Monthly

TRANSACTION CUT-OFF

Last day of the month prior, for investment on the 1st day of the next month, 10:00am

* 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 may be inaccurate and potentially misleading to investors. The TER and Transaction cost is calculated since inception (annualised) for the period ending 31 January 2019.

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.

CONTACT INFORMATION

MANAGEMENT COMPANY

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Website: www.snnmanco.com
Directors: J F Louw, I Burke, L Fourie, G Rate, H J Pienaar (Non-Executive)

INVESTMENT MANAGER

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Registration No: 2009/002925/07
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Website: www.anchorcapital.co.za

TRUSTEE

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T: 087 736 1732

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 foreign investments are included in the portfolio, performance is further affected by uncertainties such as changes in government policy, political risks, tax risks, settlement risks, foreign exchange risks, 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 is the appointed trustee and can be contacted on 087 736 1732.

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