

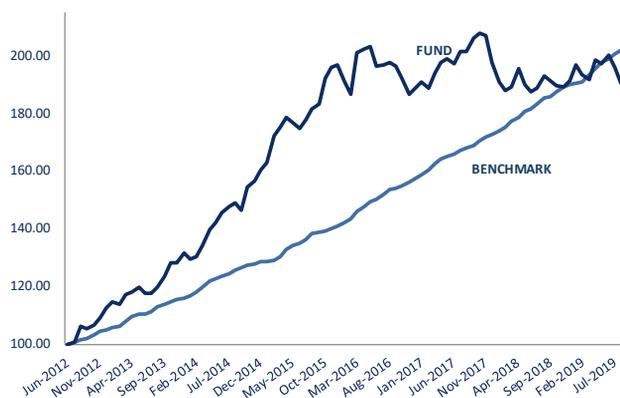
PROFILE AND OBJECTIVE

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.

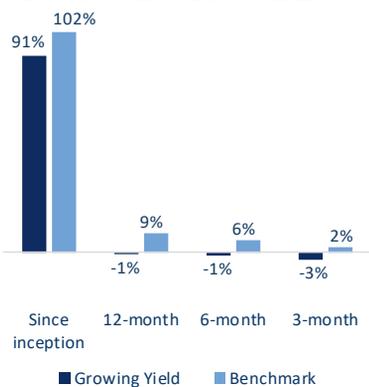
SUITABLE FOR

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

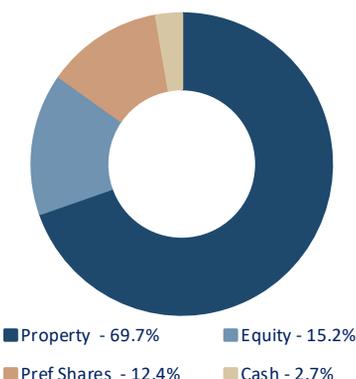


PERFORMANCE AT 31 AUG 2019



*Returns are provisional

ASSET ALLOCATION AT 31 AUG 2019



TOP EQUITY HOLDINGS AT 31 AUG 2019



FUND MANAGER COMMENTARY AT 31 AUG 2019

As South Africa continued to battle the toughest trading conditions and economic environment in decades, trade wars dominated global newsflow and a resolution seemed further and further away. This, together with a Boris Johnson government-led Brexit looking more like one without a deal with Europe, as well as continuing unrest in Hong Kong, meant that a handful of safe-haven assets, particularly the US 10-year Treasury bond, were the only winners in August.

Nearly one-third of the world's sovereign debt is now yielding a negative return. As bizarre as the concept seems, it is also unlikely to reverse anytime soon, as economic growth concerns start to permeate throughout markets. This is a poor environment for equities, and most major indices closed August in the red. At one point (on 13 August), the S&P 500, FTSE 100 and Hang Seng indices were all down by between 5% and 9%. The FTSE/JSE Dividend + Index was down over 5% for the month.

Locally, various commissions attempt to clear the way for a less corrupt and more investment-friendly environment. The Minister of Finance Tito Mboweni added to this impetus, releasing a concept document outlining various initiatives aimed at bolstering economic growth.

This is a step in the right direction and needs the full attention of policymakers going forward as the single most important agenda item in the country. However, the actions of some institutions (the public protector, in particular) as well as ongoing debates around land reform and the recently tabled National Health Insurance (NHI) bill, will continue to create uncertainty.

Property stocks were not spared from the general weakness exhibited in August. While some property counters reported results (Tower, Resilient, Emira), others issued pre-close trading updates (Delta, Rebosis, Redefine). However, all are reporting negative rental reversions and tenants that are under pressure. Nevertheless, as bad as current market forces seem to be, we believe that the worst is generally priced-in. Among the 21 stocks in the SA Listed Property Index (JSAPY), 7 reached five-year or lifetime lows, including large-cap counters such as Redefine and Hyprop. Outside of this, other stocks also reached all-time lows after falling out of the index, including Arrowhead, Octodec, Indluplace, Rebosis and Delta. While it is difficult to forecast exactly when a turnaround will happen, business models in the property sector that focus on ensuring clean capital structures i.e. lowering loan-to-value ratios (which are too high), whilst focusing on net property income and enabling good tenant experiences, will emerge as good investments at current prices.

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

The fund may use gearing from time to time.

BENCHMARK

CPI +5%

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.

MINIMUM INVESTMENTS

R1,000,000

FEE

1.25% p.a. (excl. VAT)

PORTFOLIO VALUE

R43.50mn