



Fund Objectives and Key Facts

Fund Performance

Portfolio Commentary

Contact Details and Disclaimer

Investor Risk Profile

High
Medium - High
Medium
Low - Medium
Low

Fund Facts

Classification	South African - Equity - General	
Benchmark	FTSE/JSE SWIX	
Inception Date of Fund	5 August 2010*	
Inception Date of Class	05 April 2014	
Total Portfolio Size	836 M	
NAV price	Launch	100.00 (cpu)
	31-May-18	263.84 (cpu)
JSE code	MCEFA	
ISIN number	ZAE000208559	
Income Declaration	February, August	
Valuation	Valuation time	22h00 (daily)
	Dealing cut-off	14h00 (daily)
Payment	3rd working day of Mar/Sep	
Minimum Initial Investment	R5 000 lump sum	
	R500 debit order	
Reg. 28 Compliant	No	
Issue date	17 June 2018	

*Previously known as the Mazi MET Capital Equity fund, the fund amalgamated with Prime on the 9th of September 2015

Portfolio Income in Cents Per Unit (cpu)

Distribution	Dividend	Interest	Other	Total
Feb-18	1.4325	0.0537	0.1196	1.6058
Aug-17	1.9352	0.1665	0.1132	2.2149

NAV Values	Mar-18	Apr-18	May-18
Fund Units	267 579 090	281 667 032	317 041 721
Fund NAV	R 716 600 584	R 776 318 469	R 835 959 203
Class NAV	R 3 649 722	R 3 812 215	R 3 727 045

*All figures have been rounded to the nearest Unit and Rand

Mandate Compliance

The Fund remains within the reporting fund regime as at the date of this report.

Portfolio profile

The Mazi Capital Prime Equity Fund is a general equity portfolio that seeks to sustain high long-term capital growth.

Fund Objective

The portfolio may invest in financial instruments to achieve its objectives from time to time. The manager may include unlisted forward currency, interest rate and exchange rate swap transactions for efficient portfolio management. The portfolio's equity exposure shall always exceed 80% with the balance, if any, invested in liquid assets. Nothing shall preclude the manager from varying the ratios of securities or assets in liquid form in changing economic environment or market conditions to meet the requirements of legislation or from retaining cash or placing cash on deposit. The manager shall reserve the right to close the portfolio to new investors.

Limits and Constraints

- Maximum exposure limits as per the ASISA fund classification structure.
- Maximum offshore exposure of 25% plus max 5% in Africa.
- The portfolio equity exposure will always exceed 80% with the balance, if any, invested in assets in liquid form.

Total Investment Charges

Period (annualised): Mar 17 to Feb 18

Total Expense Ratio (TER) 1.22 %

Expenses related to the administration of the Financial Product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not be necessarily be an accurate indication of future TER's.

Transaction Costs (TC) 0.49 %

Costs relating to the buying and selling of the assets underlying the Financial Product

Total Investment Charges (TIC) 1.71 %

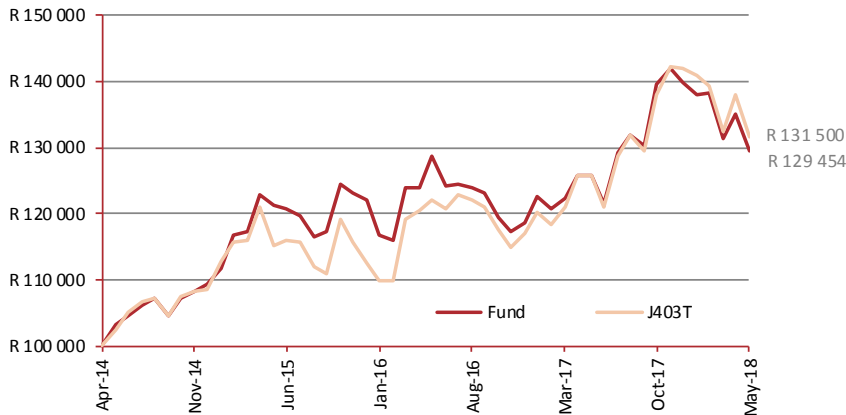
Transaction costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the Investment decisions of the investment manager and the TER. Inclusive of the TER of **1.22 %**, a performance fee of 0.00% of the net asset value of the class of the Financial Product was recovered.

Portfolio Fees

Management Fee	0.15% (excl. VAT)
Performance Fee	20% of the outperformance of the FTSE/JSE SWIX (J403T) index over a rolling 24 months subject to a max. of 2%
Advisory Fee	N/A
Investment Management Fee	0.85% (excl. VAT)

Fund Performance

Growth of a R 100 000 Investment



Fund Composition

Naspers Ltd	22.10%
Standard Bank Group Ltd	5.34%
Firstrand Ltd	4.90%
Old Mutual Plc	4.85%
Anglo American Plc	3.79%
Sasol Ltd	2.68%
Shoprite Holdings Ltd	2.58%
Compagnie Fin Richemont	2.46%
Sanlam Ltd	2.43%
British American Tobacco PLC	2.38%

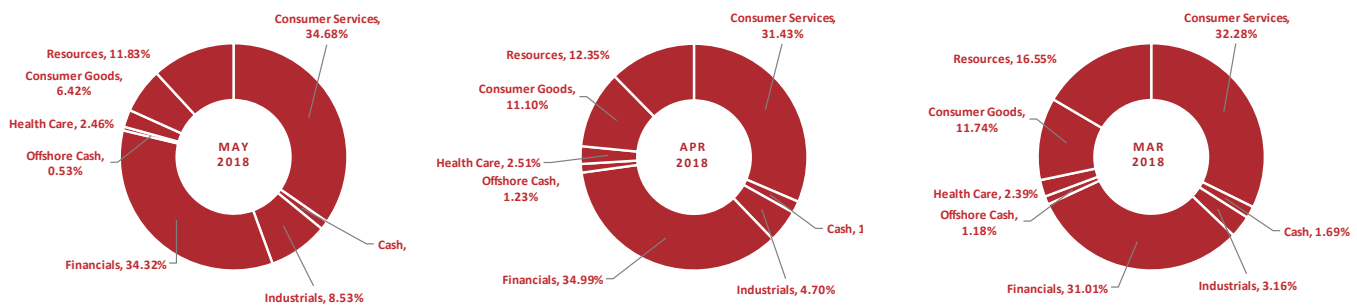
Period	May-2018		April-2018		March-2018		Risk Statistics		
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Risk Metrics	Fund (A)	Benchmark
1 Month	-4.24%	-4.76%	2.93%	4.33%	-5.04%	-5.00%	Volatility	10.01%	10.75%
3 Months	-6.40%	-5.60%	-2.02%	-2.06%	-6.08%	-6.76%	Tracking Error	2.19%	
6 Months	-8.88%	-7.50%	-3.13%	0.12%	0.81%	2.22%	Information Ratio	-0.19	
YTD	-7.43%	-7.36%	-3.33%	-2.73%	-6.08%	-6.76%	Correlation (SWIX ALSI)	0.92	
1 Year	2.91%	4.54%	7.38%	9.69%	7.37%	9.41%	Beta	0.84	
2 Years	0.32%	3.75%	4.43%	7.02%	3.00%	5.43%	Sharpe Ratio	0.01	
3 Years	2.23%	4.55%	3.23%	4.51%	3.89%	4.50%	Max (Rolling 12 Mths)	22.89%	
5 Years							Min (Rolling 12 Mths)	-4.57%	
Since Inception	6.53%	6.94%	7.66%	8.22%	6.90%	7.10%	Alpha	-0.37%	

* Returns above one year are annualised; ** Fund Returns are net of fees

Monthly Performance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	
Fund	2018	-1.34%	0.24%	-5.04%	2.93%	-4.24%								-7.43%
Benchmark	2018	-0.68%	-1.18%	-5.00%	4.33%	-4.76%								-7.36%
Fund	2017	3.23%	-1.47%	1.38%	2.92%	-0.08%	-3.38%	6.27%	2.00%	-1.11%	7.11%	1.81%	-1.57%	17.89%
Benchmark	2017	2.57%	-1.49%	2.24%	4.06%	-0.07%	-3.83%	6.34%	2.42%	-1.73%	6.51%	3.09%	-0.16%	21.22%
Fund	2016	-4.51%	-0.70%	6.88%	0.13%	3.78%	-3.50%	0.31%	-0.54%	-0.64%	-3.02%	-1.63%	1.05%	-2.88%
Benchmark	2016	-2.31%	0.06%	8.32%	1.25%	1.34%	-1.27%	1.88%	-0.66%	-0.89%	-2.81%	-2.35%	1.98%	4.13%

Asset Class Returns	May-18
ALSI (TR)	-3.50%
ALBI (TR)	-1.95%
CASH	0.59%
ZAR/USD	12.67

Asset Allocation



Fund Commentary

The Market

The global economy has been on a stable, steady growth path over recent quarters. Over the course of 2017, we saw improving job growth in the US, inflation rising but remaining contained in most developed economies, a surge in consumer and business confidence across Europe and robust domestic demand in emerging markets. But there are a few dark clouds on the horizon. Faster than expected wage growth raised concerns that US interest rates would rise faster than anticipated. Renewed signs of protectionism come at a time when economic momentum is slowing from the pace of 2017, and global macroeconomic data begins surprising to the downside. China centralised power around President Xi Jinping by abolishing the term limits, meaning that more emphasis will be placed on Chinese structural reform implementation, but this also leaves room for policy and decision-making error. The impact of US-Chinese trade sanctions will continue to be closely watched by markets.

Global equity markets experienced a correction in Q1, impacted by concerns about the path of US interest rates and concerns over trade wars. Under new leadership, the Fed revised the expected rate of interest rate hikes upwards and suggested that up to 4 interest rate increases could be expected this year. South African inflation risks remain well contained (food inflation, energy costs, strong currency), as was evident in lower CPI print of 4% in March. The SARB's Monetary Policy Committee noted that macro risks have dissipated over the quarter, and cut the central policy rate by 25bps to 6.5%. These factors are expected to further boost consumer and business confidence, and lead to greater fixed investment by both the public and private sectors, and hence ultimately to sustainably higher economic growth.

Domestically, Moody's kept South Africa's foreign and local currency rating unchanged at Baa3, and lifted the outlook from negative to stable. This means that South Africa at least remains investment grade with one rating agency, hence downgrade risk is now priced out in the near term. The Moody's decision was based on greater policy certainty given the changes in SA's leadership and improved political will to implement changes at SOEs. An improved fiscal position, post the 2018 budget (despite an increase in the VAT rate and further pressure on highly taxed personal incomes) also contributed positively to Moody's assessment of SA. Growth forecasts were revised higher, after GDP grew by 3.1% in Q4 2017, exceeding the consensus forecast of 1.8%. The rand appreciated markedly given these outcomes.

Over the first quarter of 2018 the fund lost 5.7%, outperforming the benchmark by 1.1% (gross of fees) given the benchmark's 6.8% negative performance. This has been a difficult start to the year for equity markets, with the positive sentiment resulting from the political changes in December being eclipsed by fears of a global trade war resulting from the utterances of certain world leaders. Key themes resulting in the performance of the portfolio included:

- Our exposure to specific retail companies (Cashbuild, The Foschini Group, Truworths) contributed positively to fund performance. Key factors impacting these companies were the positive sentiment for the country as well as the positive outcome of the court case against the Department of Trade and Industry;
- Actual and perceived business failures in Tiger Brands and Capitec (and PSG) respectively impacted negatively on positions that we held in these companies. Aspen Pharmacare (which we hold) was also negatively impacted by speculation of adverse reports being published about the company – these fears did not come to fruition and the company recovered somewhat following the release of good financial results;
- The strengthening of the Rand impacted certain companies negatively – especially in the mining sector as well as companies with Rand-hedge qualities. In this regard our positions in Exxaro, Anglo American Platinum, Gold Fields, Glencore detracted from performance;
- Our limited or avoidance of exposure to the Resilient group of companies, British American Tobacco, MTN, Sappi and Woolworths benefitted performance.

Glossary of Terms

Volatility is a statistical measure of the dispersion of returns for a given security or market index.

Tracking error is a measure of the risk in an investment portfolio that is due to active management decisions made by the portfolio manager; it indicates how closely a portfolio follows the index to which it is benchmarked.

Information ratio, is a measure of the risk-adjusted return of a portfolio. In this case, it measures the active return of the manager's portfolio divided by the amount of risk that the manager takes relative to the benchmark.

Sharpe Ratio is a measure for calculating risk-adjusted return. It is the average return earned in excess of the risk-free rate per unit of total risk.

Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole.

Alpha is a measure of the active return on an investment. It represents the excess returns of a fund relative to the return of a suitable benchmark.



Links

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