



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 Africa - Real Estate - General | |
| Benchmark | FTSE/JSE SAPY (J253T) | |
| Inception Date of Fund | 5 August 2010* | |
| Inception Date of Class | 05 April 2014 | |
| Total Portfolio Size | 134.7 M | |
| NAV price | Launch | 100.00 (cpu) |
| | 30-Jun-18 | 110.68 (cpu) |
| JSE code | MCPFA | |
| ISIN number | ZAE000208534 | |
| Income Declaration | February, May, August, November | |
| Valuation | Valuation time | 22h00 (daily) |
| | Dealing cut-off | 14h00 (daily) |
| Payment | 3rd working day of Mar/Jun/Sep/Dec | |
| Minimum Initial Investment | R5 000 lump sum | |
| | R500 debit order | |
| Reg. 28 Compliant | No | |
| Issue date | 18 July 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 |
|--------------|---------------|---------------|---------------|--------|
| May-18 | 0.5175 | 0.0000 | 2.0200 | 2.5374 |
| Feb-18 | 0.0370 | 0.0000 | 0.0908 | 0.1278 |
| Nov-17 | 0.6179 | 0.0000 | 2.2368 | 2.8548 |
| Aug-17 | 0.0362 | 0.0000 | 0.4987 | 0.5349 |
| NAV Values | Apr-18 | May-18 | Jun-18 | |
| Fund Units | 141 698 118 | 140 845 109 | 122 255 779 | |
| Fund NAV | R 174 793 190 | R 164 126 464 | R 134 687 685 | |
| Class NAV | R 23 327 | R 22 024 | R 21 294 | |

*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 Property Fund is a property portfolio that seeks to sustain high long-term capital growth, specifically by providing a combination of high income and long-term capital appreciation.

Fund Objective

The portfolio will invest at least 80% of its market value in securities listed on the FTSE/JSE Real Estate industry group or similar sector of an international stock exchange and may include other high yielding securities from time to time. Up to 10% of the portfolio may be invested in securities outside the defined sectors in companies that conduct similar business activities as those in the defined sectors. The portfolio may invest in listed and unlisted financial instruments from time to time to achieve the Fund's objectives. The manager may also include currency swaps, interest rate and exchange rate swap transactions. Nothing shall preclude the manager from varying the ratio of securities in terms of changing economic factors or stock exchange conditions and from retaining cash in the portfolio and/or placing cash on deposit in terms of the Deed.

Limits and Constraints

- Maximum exposure limits as per the ASISA fund classification structure.
- Maximum exposure of 25% to offshore investments plus maximum of 5% in Africa
- The portfolio will invest at least 80% of its market value in securities listed on the FTSE/JSE Real Estate industry group or similar sector of an international stock exchange and may include other high yielding securities from time to time.
- Up to 10% of the portfolio may be invested in securities outside the defined sectors in companies that conduct similar business activities as those in the defined sectors.

Total Investment Charges

Period (annualised): Mar 17 to Feb 18

Total Expense Ratio (TER)

1.20%

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)

0.14%

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

Total Investment Charges

1.34%

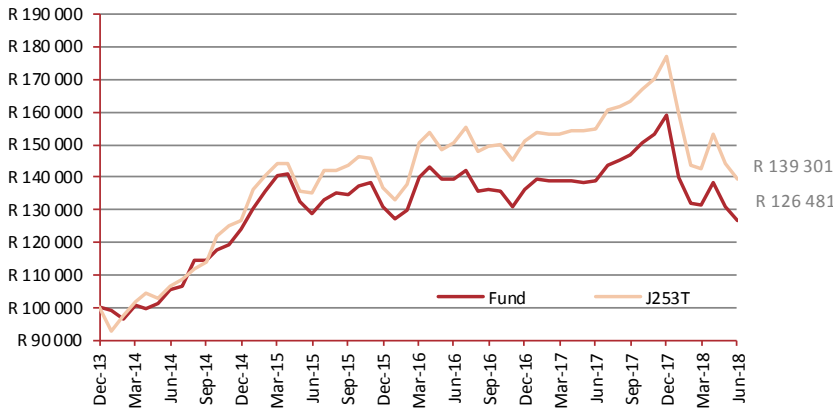
Transaction costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the Investment decisions of the investment manager and the TER. Inclusive of the TER of 1.20%, 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 | 10% of the outperformance of the FTSE/JSE SAPY (J253T) index over a rolling 24 months subject to a max. of 1% |
| Advisory Fee | N/A |
| Investment Management Fee | 0.85% (excl. VAT) |

Fund Performance

Growth of a R 100 000 Investment



* The graph reflects the performance of a lump sum investment.

Fund Composition

| | |
|----------------------------|--------|
| Growthpoint Properties Ltd | 24.29% |
| Redefine Properties Ltd | 13.23% |
| Attacq Ltd | 8.24% |
| Equites Property Fund Ltd | 7.32% |
| Nepi Rockcastle PLC | 7.19% |
| Vukile Property Fund LTD | 5.88% |
| Mas Real Estate Inc. | 5.53% |
| Spear Reit Ltd | 4.28% |
| Hyprop Investements Ltd | 4.17% |
| Delta Property Fund Ltd | 3.29% |

| Period | June-2018 | | May-2018 | | April-2018 | |
|-----------------|-----------|-----------|----------|-----------|------------|-----------|
| | Fund | Benchmark | Fund | Benchmark | Fund | Benchmark |
| 1 Month | -3.23% | -3.45% | -5.58% | -5.92% | 5.13% | 7.68% |
| 3 Months | -3.94% | -2.19% | -1.10% | 0.33% | -1.11% | -3.91% |
| 6 Months | -20.36% | -21.36% | -14.65% | -15.12% | -7.90% | -8.05% |
| YTD | -20.36% | -21.36% | -17.70% | -18.55% | -12.83% | -13.43% |
| 1 Year | -9.08% | -9.93% | -5.69% | -6.44% | -0.43% | -0.45% |
| 2 Years | -4.73% | -3.76% | -3.15% | -1.48% | -1.59% | -0.11% |
| 3 Years | -0.61% | 1.05% | -0.41% | 2.11% | -0.67% | 2.11% |
| 5 Years | | | | | | |
| Since Inception | 5.36% | 7.64% | 6.13% | 8.49% | 7.49% | 9.97% |

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

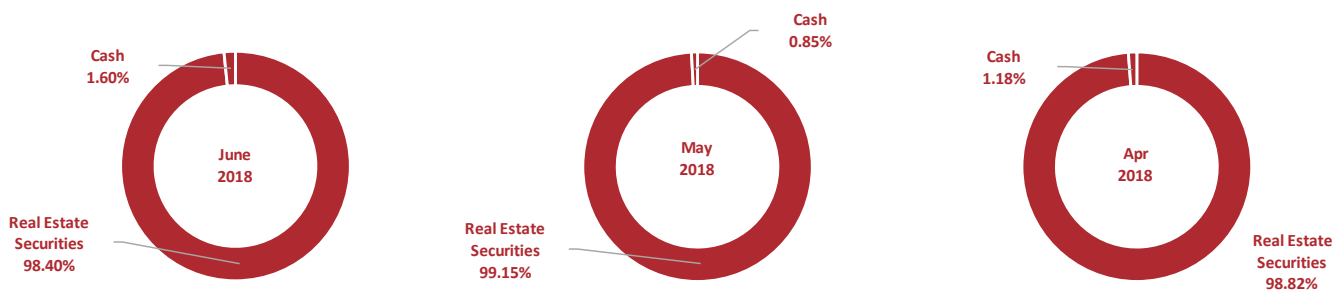
Risk Statistics

| Risk Stats | Fund (A) | Benchmark |
|-----------------------|----------|-----------|
| Volatility | 12.33% | 13.95% |
| Tracking Error | 7.20% | |
| Information Ratio | -0.32 | |
| Correlation | 0.86 | |
| Beta | 0.74 | |
| Sharpe Ratio | -0.04 | |
| Max (Rolling 12 Mths) | 42.21% | |
| Min (Rolling 12 Mths) | -9.08% | |
| Alpha | -1.88% | |

| Monthly Performance | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|---------------------|------|---------|--------|--------|-------|--------|--------|-------|--------|-------|--------|--------|---------|
| Fund | 2018 | -11.85% | -5.59% | -0.37% | 5.13% | -5.58% | -3.23% | | | | | | -20.36% |
| Benchmark | 2018 | -9.91% | -9.90% | -0.96% | 7.68% | -5.92% | -3.45% | | | | | | -21.36% |
| Fund | 2017 | 2.21% | -0.29% | -0.05% | 0.21% | -0.31% | 0.38% | 3.34% | 1.08% | 1.16% | 2.25% | 1.88% | 16.61% |
| Benchmark | 2017 | 1.63% | -0.37% | 0.11% | 0.51% | 0.11% | 0.29% | 3.70% | 0.76% | 1.19% | 1.99% | 1.92% | 17.16% |
| Fund | 2016 | -3.12% | 1.76% | 8.06% | 1.99% | -2.47% | 0.03% | 1.83% | -4.30% | 0.38% | -0.16% | -3.43% | 3.81% |
| Benchmark | 2016 | -2.98% | 3.65% | 9.48% | 1.95% | -3.27% | 1.17% | 3.26% | -4.89% | 1.09% | 0.50% | -3.34% | 10.43% |

| Asset Class Returns | Jun-18 |
|---------------------|--------|
| ALSI (TR) | 2.78% |
| ALBI (TR) | -1.17% |
| CASH | 0.57% |
| ZAR/USD | 13.71 |

Asset Allocation



Data Source: Collective Endeavours Consulting (Pty) Ltd

Fund Commentary

The Market

The SAPY's poor performance year to date continued in quarter 2 with the index returning -2.20% for the quarter. This brought the year to date number to -21.4%, considerably worse than the performance of the other asset classes. As a comparison, Equities (SWIX All Share) returned -1.7% for June YTD, while Bonds (Albi) returned 4.0% and Cash (SteFi) 3.5%.

The top performers for the quarter were mainly the Resilient Group of companies which made up some performance following the poor quarter 1. Best performers were Greenbay (36.5%), Fortress (26.5%), Resilient (25.4%), Nepi-Roc (6.5%). Most of these quarterly gains occurred in April, with May and June recording negative returns for the Resilient Group companies. Given the rotation into offshore counters for the quarter this meant that the local exposed names struggled, mainly led down by Arrowhead (-14.4%), Attacq (-13.6%), SA Corporate (-10.5%), Equites (-9.9%) and Accelerate (-9.7%).

Key events over the quarter included Greenbay's purchase of Resilient's 50% stake in Locaviseu-Sociedade in Portugal. Locaviseu-Sociedade is the holding company of the Forum Coimbra and Forum Viseu shopping centres. Resilient's stake in Locaviseu-Sociedade will be acquired for a purchase consideration of EUR66.4mn.

MAS paid EUR95mn to acquire the Atrium Militari shopping centre in Bucharest from Atrium. Militari is located west of Bucharest's city centre and was opened in 2009. The mall has Militari has 53 tenants spread across 56,416 square metres of GLA, of which 95% is retail and the rest being Office. The acquisition price represents a yield of 7.5%.

It was a busy period for Mas with the company also acquiring New Uberior House in Edinburgh, Scotland. Total purchase price was GBP71mn which will be settled with bank debt of GBP39m and equity of GBP32m. The property is let to a single tenant, Bank of Scotland, over several leases, all of which expire in December 2025. The property was acquired at a net initial yield of 5.82%.

Hyprop raised R782mn as part of an accelerated bookbuild with the proceeds being used to de-gear the balance sheet. Over the period the company also put off plans to separately list Hystead, the CEE division, citing poor market conditions that hindered the listing

Vukile expanded further into Spain with the acquisition of the Habaneras Shopping Centre in the coastal city of Torrevieja for EUR80.6mn (R1.2billion). The acquisition was executed through Vukile's 98.7percent-owned Spanish Reit subsidiary Castellana Properties and takes the total value of Vukile's Spanish portfolio via Castellana to almost EUR400m. The 24158m² Habaneras Shopping Centre was developed in 2005 and refurbished in 2014. Nearly half its space is dedicated to fashion, including a collection of Inditex brands. The weighted average lease termination of 6.1 years to expiry and 3.8 years to the next breaks. The centre was acquired at a net initial yield of 6.1percent and the transaction was funded with 50% debt.

L2D announced plans to convert to a REIT that will be listed on the JSE as a new company. L2D, Stanlib REIT Fund Managers, Liberty Group and Liberty Holdings agreed to cancel the existing put option. It also plans to internalize the management company of L2D which will result in NewCo taking over from the manager the asset management functions in relation to both the Liberty Two Degrees and the LPP co-owned property portfolios. Consideration in respect of the internalization and the acquisition, which totals R1.5bn, is intended to be funded by debt.

Equites raised R800mn via an accelerated bookbuild with the proceeds being used to de-gear the balance sheet, pursue strategic acquisition opportunities both in South Africa and the United Kingdom, as well as pursue further land acquisitions in key logistics nodes for future growth and development.

Fund Performance

The Mazi Property fund generated a total return of -3.7% gross of fees for the quarter, underperforming the SAPY by 1.5%. The main drivers of underperformance were our positions in Equities and Attacq as well as our underweight positions in Resilient, Nepi-Roc, Fortress and Greenbay.

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.


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