MAZI ASSET MANAGEMENT PRIME PROPERTY FUND
(Class A)

November 2018

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Investor Risk Profile

Low | Low - Medium | Medium | **Medium - High** | High

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	70.4 M	
NAV price	Launch	100.00 (cpu)
	30-Nov-18	106.24 (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	30 December 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
Nov-18	1.2001	0.0168	2.0674	3.2843
Aug-18	0.1505	0.0429	0.7185	0.9119
May-18	0.5175	0.0000	2.0200	2.5374
Feb-18	0.0370	0.0000	0.0908	0.1278

NAV Values	Sep-18	Oct-18	Nov-18
Fund Units	65 588 047	66 316 318	66 316 058
Fund NAV	R 70 795 300	R 70 919 403	R 70 352 646
Class NAV	R 21 472	R 21 756	R 21 578

**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 acombination 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 totime.
- 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%**

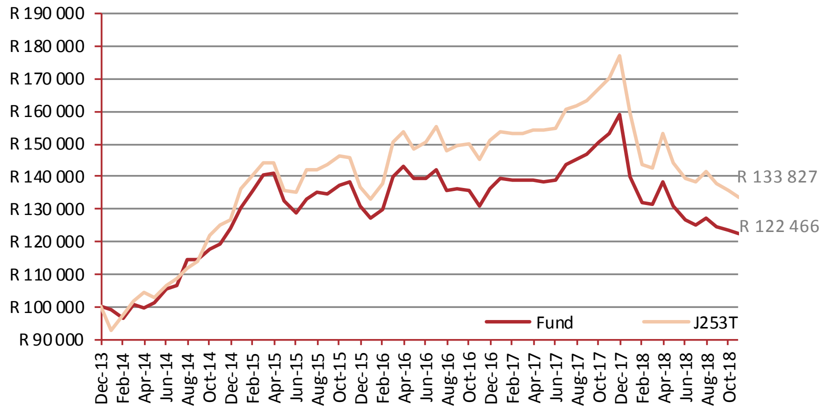
Transaction costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the Investment decisions of 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	25.84%
Redefine Properties Ltd	9.48%
Attacq Ltd	7.99%
Equites Property Fund Ltd	7.87%
Mas Real Estate Inc.	6.33%
Vukile Property Fund LTD	5.98%
Nepi Rockcastle PLC	5.56%
Hyprop Investements Ltd	5.15%
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Spear Reit Ltd	4.51%

	November-2018		October-2018		September-2018	
Period	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
1 Month	-0.81%	-1.29%	-0.99%	-1.69%	-1.84%	-2.60%
3 Months	-3.60%	-5.48%	-1.22%	-2.18%	-1.41%	-1.00%
6 Months	-6.30%	-7.24%	-10.81%	-11.59%	-5.29%	-3.17%
YTD	-22.88%	-24.45%	-22.25%	-23.47%	-21.48%	-22.15%
1 Year	-20.03%	-21.27%	-17.86%	-18.71%	-15.17%	-15.67%
2 Years	-3.37%	-3.95%	-4.67%	-4.95%	-4.29%	-3.90%
3 Years	-3.95%	-2.79%	-3.44%	-2.53%	-2.52%	-1.30%
5 Years						
Since Inception	4.21%	6.11%	4.38%	6.39%	4.59%	6.76%

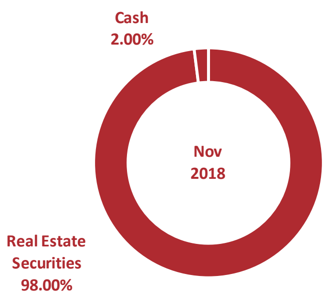
* Returns above one year are annualised; ** Fund Returns are net of fees

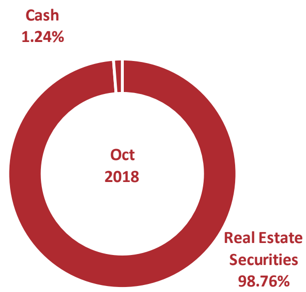
Risk Statistics		
Risk Stats	Fund (A)	Benchmark
Volatility	11.91%	13.52%
Tracking Error	6.92%	
Information Ratio	-0.27	
Correlation	0.86	
Beta	0.74	
Sharpe Ratio	-0.14	0.02
Max (Rolling 12 Mths)	42.21%	46.44%
Min (Rolling 12 Mths)	-20.03%	-21.27%
Alpha	-1.92%	

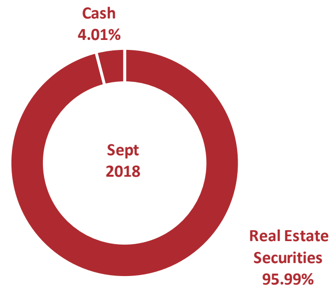
Monthly Performance		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund	2018	-11.85%	-5.59%	-0.37%	5.13%	-5.58%	-3.23%	-1.18%	1.64%	-1.84%	-0.99%	-0.81%		-22.88%
Benchmark	2018	-9.91%	-9.90%	-0.96%	7.68%	-5.92%	-3.45%	-0.50%	2.15%	-2.60%	-1.69%	-1.29%		-24.45%
Fund	2017	2.21%	-0.29%	-0.05%	0.21%	-0.31%	0.38%	3.34%	1.08%	1.16%	2.25%	1.88%	3.71%	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%	4.21%	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%	3.84%	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%	4.24%	10.43%

Asset Class Returns	Nov-18
ALSI (TR)	-3.17%
ALBI (TR)	3.87%
CASH	0.58%
ZAR/USD	13.87

Asset Allocation







***Data Source:** Collective Endeavours Consulting (Pty) Ltd*

Fund Commentary

The Market

The global economy has continued on its steady growth path, led by the US, where growth accelerated in 2018 on the back of fiscal stimulus and an improving trade deficit. The expectation is, however, for growth to slow as trade is hampered by increased tariffs, the effects of fiscal stimulus fade, and higher interest rates (in the US, and into 2019, in the Eurozone).

Emerging markets have suffered somewhat in the third quarter, due to sharp declines in confidence, rising US interest rates, a stronger dollar and trade concerns. This has been reflected in the sharp selloff in EM currencies and bonds, particularly Argentina, South Africa and Turkey. The domestic economy slipped into recession in the second quarter of the year, when GDP contracted by 0.7% QoQ, and this led to most analysts revising their growth forecasts lower, most to below 1% for 2018. There is some potential upside for the 3rd and 4th quarter growth numbers, particularly in the agricultural sector, while the stimulus package announced in late September along with a series of short term strategic measures should boost confidence. More detail on the stimulus package will be provided in the mid term budget in late October, due to be delivered by new Finance Minister Tito Mboweni following Nhlanhla Nene's resignation.

With lingering concerns about the impact of escalating trade tensions between US and China, emerging markets on the whole will remain vulnerable, with tighter financial conditions expected and a rotation into US assets. While a number of EM central banks have already raised interest rates, the SARB has held off, despite risks to the inflation outlook from a weaker ZAR and stubbornly high oil prices. By the end of the quarter, the ZAR had strengthened marginally. Local equity markets suffered negative returns, while fixed income assets saw small, but positive numbers. Cash remains the best performer in 2018.

Fund Commentary

The SAPY returned -1% for the quarter, underperforming cash (STeFI, +1.7%) and bonds (ALBI, +0.8%), but outperforming equities (SWIX, -2.2%). On a year-to-date basis, SAPY remains the worst performer with -22.2% total return, relative to cash (+5.3%), bonds (+4.8%), and equities (-3.8%).

Given the rotation into offshore companies for the quarter this meant that the local exposed companies struggled. The top performers in the SAPY for the quarter were EPP (+18.2%), Fortress A (+14.6%), Equites (+13.6%), MAS (+9.2%) and NEPI (+8.6%). Counters that underperformed in the quarter included Rebosis (-12.5%), Accelerate (-11.3%), Attacq (-9%), Growthpoint (-8.9%) and Arrowhead (-6.4%).

There has been a widespread de-rating of the SA listed property market, due to weaker than anticipated domestic trading conditions, higher interest rates and disappointing economic data. As expected, many funds have adjusted their dividend per share growth lower, and in some instances are having to rebase their distributions significantly lower to a more sustainable level.

We remain concerned that investigations into allegations of market manipulation by the Resilient Group are not broad enough. The response from the group of companies has done little to inspire confidence.

We continue to see value Attacq, with the conversion to a REIT now complete. The potential disposal of the Africa investments should improve distributable earnings, while domestically the key driver remains the developments at Waterfall. The counter is targeting distribution growth of between 7.5% and 9.5% for FY19, which is well above current sector average.

The investment case for Equites remains intact, with the counter making good acquisitions both domestically and offshore, at favourable lease terms. We expect Equites to continue to pursue strategic acquisition opportunities both in South Africa and the United Kingdom, as well as further land acquisitions in key logistics nodes for future growth and development.

Accelerate's pre-close with management confirmed our bearish view on the counter, with negative distribution growth forecast for FY18. Rebosis remains hamstrung by the offshore holding in NFP, a weak balance sheet, recent management changes, and poor trading at the Forest Hill and Baywest Malls. This led to Rebosis rebasing their distributions lower by ~10%. The impact of rebased distributions was felt by Arrowhead, whose holding in Rebosis means a large chunk of their own distribution growth is determined by this holding. Arrowhead subsequently revised their own guidance lower from 5-6% lower, to negative 10-12%.

Most of EPP's performance was driven by the weaker ZAR in August and September, while NEPI also benefited from a weaker currency. MAS remains our preferred CEE investments play given the healthier balance sheet, development pipeline, and higher initial yields achieved on quality acquisitions to date. MAS has an improving quality of income given the decision not to pay distributions from reserves, and sufficient balance sheet capacity available to fund developments.

The main drivers of outperformance were our overweight positions in Equities, Delta and MAS. Detractors were an overweight position in Attacq and underweight positions in NEPI and EPP.

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.

PRIME INVESTMENTS

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(Class A)

November 2018

Mazi Investment Pedigree

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