PRIME INVESTMENTS

MAZI ASSET MANAGEMENT PRIME PROPERTY FUND

(Class A)

January 2019

Mazi Investment Pedigree

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	72.7 M	
NAV price	Launch	100.00 (cpu)
	31-Jan-19	109.3 (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	20 February 2019	

**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	Nov-18	Dec-18	Jan-19
Fund Units	66 316 058	68 545 969	66 651 434
Fund NAV	R 70 352 646	R 70 384 963	R 72 686 989
Class NAV	R 21 578	R 22 026	R 19 021

**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 Asset Management 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%**

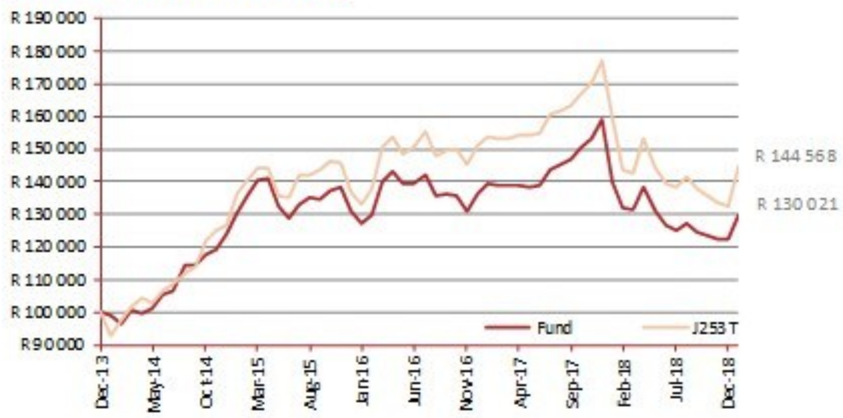
Transaction costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of 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	27.50%
Redefine Properties Ltd	10.09%
Attacq Ltd	8.35%
Equites Property Fund Ltd	8.31%
Mas Real Estate Inc.	6.79%
Nepi Rockcastle PLC	6.13%
Vukile Property Fund LTD	5.70%
Hyprop Investements Ltd	5.03%
Spear Reit Ltd	4.42%
Resilient Reit Limited	3.93%

	January-2019		December-2018		November-2018	
Period	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
1 Month	6.13%	9.18%	0.04%	-1.06%	-0.81%	-1.29%
3 Months	5.31%	6.63%	-1.75%	-3.99%	-3.60%	-5.48%
6 Months	4.03%	4.30%	-3.14%	-4.95%	-6.30%	-7.24%
YTD	6.13%	9.18%	-22.85%	-25.26%	-22.88%	-24.45%
1 Year	-7.12%	-9.42%	-22.85%	-25.26%	-20.03%	-21.27%
2 Years	-3.35%	-3.01%	-5.15%	-6.42%	-3.37%	-3.95%
3 Years	0.78%	2.86%	-2.25%	-1.11%	-3.95%	-2.79%
5 Years	5.55%	9.25%	4.14%	5.78%		
Since Inception	5.30%	7.52%	4.08%	5.68%	4.07%	5.90%

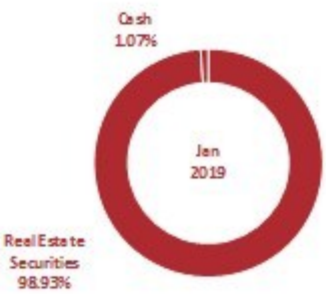
*Returns above one year are annualised; **Fund Returns are net of fees

Risk Statistics		
Risk Stats	Fund (A)	Benchmark
Volatility	11.98%	13.85%
Tracking Error	6.95%	
Information Ratio	-0.32	
Correlation	0.86	
Beta	0.74	
Sharpe Ratio	-0.06	0.12
Max (Rolling 12 Mths)	42.21%	46.44%
Min (Rolling 12 Mths)	-22.85%	-25.26%
Alpha	-1.89%	

Monthly Performance		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund	2019	6.13%												6.13%
Benchmark	2019	9.18%	-	-	-	-	-	-	-	-	-	-	-	9.18%
Fund	2018	-11.85%	-3.59%	-0.37%	3.15%	-3.58%	-3.25%	-1.18%	1.64%	-1.84%	-0.99%	-0.81%	0.04%	-22.85%
Benchmark	2018	-9.91%	-3.90%	-0.96%	7.68%	-3.92%	-3.45%	-0.30%	2.15%	-2.60%	-1.69%	-1.29%	-1.06%	-25.26%
Fund	2017	2.21%	-0.29%	-0.05%	0.21%	-0.51%	0.58%	3.54%	1.08%	1.16%	2.25%	1.88%	3.71%	16.61%
Benchmark	2017	1.63%	-0.57%	0.11%	0.51%	0.11%	0.29%	3.70%	0.76%	1.19%	1.99%	1.92%	4.21%	17.16%

Asset Class Returns	Jan-19
ALSI (TR)	2.81%
ALBI (TR)	2.90%
CASH	0.60%
ZAR/USD	13.27

Asset Allocation



Data Source: Collective Endeavours Consulting (Pty) Ltd

Fund Commentary

The Market

December capped a very tumultuous year for both Domestic and Global Markets. 2018 started off well with several tailwinds supporting global growth. A strong performing US economy was boosted by low rates, full employment, additional US fiscal stimulus measures and topped off with corporate tax cuts. China looked set to continue their growth path which would also provide a boost to Emerging Markets who were commodity exporters into China. The Eurozone was improving, boosted by an undervalued euro, rising confidence and pent-up demand. The UK seemed to be making good progress on its Brexit negotiations with expectations of a favourable Brexit deal on the cards. On the Domestic front, SA markets benefitted from the positive sentiment post the ANC elections in December 2017, with markets pricing in a return to growth which was to be driven by greater private sector investment along with a turnaround in the State-Owned Entities given the improvement in governance.

Unfortunately, the optimism was short lived and faded post quarter one with both Domestic and Global markets being driven down by macro and geopolitical risks. On the Global front, markets were impacted by concerns around the US-China trade wars which began escalating in magnitude, the pace of US Fed tightening, a breakdown in Brexit negotiations, coupled with concerns regarding the health of the Eurozone, along with increased regulatory policies that were impacting certain sectors (e.g. China gaming and US Tobacco to mention a few).

South Africa and other Emerging Markets took their cue from the developed markets and also gave back their first quarter gains. South Africa however did perform better than some of their EM peers such as China, Turkey, Dubai and South Korea. The currency and equity markets bore the brunt of the negativity with the rand weakening by 14% against the dollar and the SWIX down 11.7% on a total return basis for 2018. In addition to the tough macro backdrop, we also had domestic issues to deal with, key concerns being the technical recession in the 2nd and 3rd quarters, uncertainty regarding the Land Expropriation policy and issues resurfacing regarding the health of our State-Owned Entities, in particular Eskom.

Fund Commentary

The SAPY's poor performance year to date continued into quarter 4 with the index returning -4.0% for the quarter on a total return basis. This brought the year to date number to -25.3%, the sectors worst yearly performance on record and considerably worse than the 2008 return of -4.5%. If we remove the performance of the Resilient Group, the Index return was -10.7%. It is no surprise then that Property was the worst performing asset class in 2018, with Equities (SWIX All Share Total Return) returning negative 11.7% for 2018, while Bonds (Albi) returned 7.7% and Cash (SteFi) 7.3%.

The top performers for the quarter in the SAPY were Fortress A (+7.6%), Investec Australia (which replaced Arrowhead in the December index-rebalancing) (+4.5%), Vukile (+3.0%) and Redefine (+1.5%). Those that struggled in the quarter included Rebosis (-55.1%), Accelerate (-16.8%), SA Corporate (-14.1%), Nepi-Rockcastle (-12.1%) and Hyprop (-11.7%).

Key events over the quarter included renewed concerns regarding the financial position of Edcon given requests by the retailer for lenders to extend waivers ahead of their planned recapitalisation as well as for retail REITS to grant rental reductions. This had a negative impact on the retail RETIS that have large exposures to the group (including Hyprop, Resilient, Vukile, L2D, Arrowhead, Accelerate and Rebosis).

Nepi-Rockcastle came under renewed pressure in the quarter after Viceroy released a report on the company and cited concerns with regards to differences between Nepi's local versus group financial filings, concerns with how the company was founded and the dealings of the previous Chairman, Dan Pascariu, rejection by the company of a request to allow an independent investigation into issues raised by large shareholders in August as well as a concern over the relative valuation of Nepi versus other property companies operating in the CEE region. Nepi lost 13.7% in November before returning 2.7% in December to close off the quarter down 12.1% and the year down 45.4%. This had a significant impact on the sector as at its peak in December 2017, Nepi-Rockcastle represented 16.9% of the SAPY.

One of the key concerns that we had leading up to 2018 was the large amount of non-recurring income that was being distributed by companies and which we felt was leading to unsustainable distributable earnings base. We felt that earning bases would eventually need to be re-based and that it was likely that this would have a material impact on share prices. This theme has come through in 2018 as we saw significant pressure on firms that reduced dividends from prior guidance. The list of such firms include Rebosis (which cited weakness in New Frontier Properties along with the removal of non-recurring income in the distributions going forward) (-70.5% for 2018), Arrowhead (-34.2%), Accelerate (-32.4%) and SA Corporate (-26.8%).

UK-exposed companies also had a very tough year being faced with a perfect storm of concerns around Brexit, the rising threat of e-commerce and further Company Voluntary Announcements (CVA's) being released by retailers. INTU bore most of the brunt of this having 2 mergers cancelled (Hammerson and then a consortium which included Peel, Olayan and Brookfield Property Groups). The share returned negative 47.2% for 2018.INTU was not alone in this territory with other UK names also suffering similar fates, Capital and Regional (-42.6%), Tradehold (-41.5%), New Frontier (-31%) and Hammerson (-29.1%).

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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