

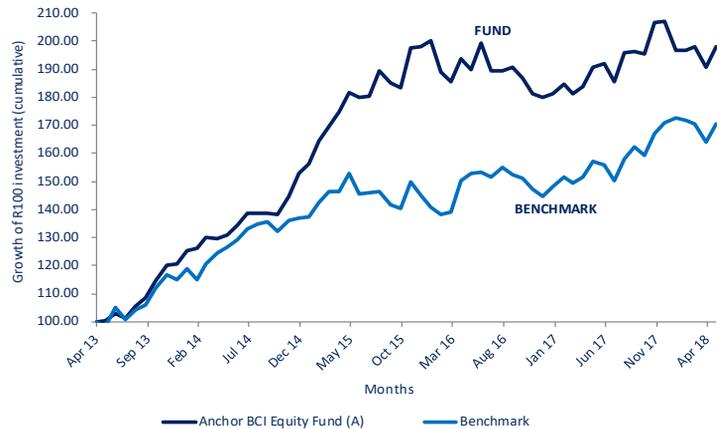
## INVESTMENT OBJECTIVE

The Anchor BCI Equity Fund is a general equity portfolio that seeks to sustain high long-term capital growth.

## INVESTMENT PHILOSOPHY

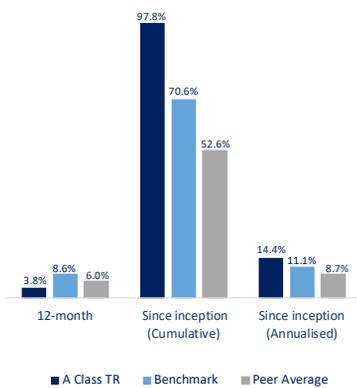
The portfolio is constructed from bottom-up, fundamental research with an investment philosophy that favours quality stocks with superior returns on capital, cash flows and pricing power. While acceptable valuation is an important component of the stock-selection process, the fund's style is not "value" – investments will be made in premium-rated stocks where the growth outlook and quality profile warrants it. The fund will also own shares that are often not well researched, yet offer exceptional valuation-driven opportunities. The quality of companies included is judged by rates of earnings growth, return on capital employed, cash conversion and stability of margins. The portfolio may, from time to time, invest in listed and unlisted financial instruments. The manager may include the following unlisted financial instruments: forward currency, interest rate and exchange-rate swap transactions for efficient portfolio management purposes. The portfolio's equity exposure will always exceed 80% of the portfolio's net asset value.

## CUMULATIVE PERFORMANCE VS. BENCHMARK SINCE INCEPTION



Investment performance is for illustrative purposes only and calculated by taking actual initial fees and ongoing fees into account for amount shown with income reinvested on reinvestment date.

## PERFORMANCE AT 30 APR 2018



Annualised return is the weighted average compound growth rate over the period measured

## ASSET & SECTOR ALLOCATION AT 30 APR 2018

Local Cash	0.6%
Offshore Cash	0.1%
Offshore Equity	6.4%
<b>Local Equity</b>	<b>92.9%</b>
Telecoms	0.0%
Industrials	2.1%
Technology	0.2%
Basic Materials	15.5%
Health Care	2.9%
Consumer goods	8.6%
Consumer services	23.5%
Financials	31.4%
Real Estate	8.7%
<b>Total</b>	<b>100%</b>

## TOP HOLDINGS AT 30 APR 2018

Naspers Ltd	11.4%
Old Mutual	4.7%
BHP Billiton	4.7%
Anglo American	4.6%
Barclays Africa	4.4%
Growthpoint	4.0%
Reinet Investments	3.9%
RMI Holdings	3.8%
Astoria Investments	3.8%
Redefine Properties	3.6%

## FUND MANAGER COMMENTARY AT 30 APRIL 2018

Global markets were reasonably firm in April (MSCI World +1.2%), and a bout of rand weakness, on the back of tightening monetary conditions in the US, gave further impetus to gains on the local bourse. The JSE's Capped SWIX Index delivered a 4% return for April, led higher by Naspers which gained close to 6% for the month after a torrid 1Q18 performance. Likewise, MTN clawed back 5% of its 1Q losses. The fund delivered a return of 3.7% for April, and is now in the top quartile in its category YTD, following a tough 2017. At an equity market index level, five stocks accounted for 40% of the total return in April, once again highlighting the index concentration issues faced by SA investors. At a sector level, resources performed especially well, with the Resi-10 Index gaining 9%. Our overweight position in BHP Billiton paid dividends during April, with this stock gaining 13%.

We believe BHP's valuation remains compelling as it trades at around 8.5x spot earnings, while we expect a bid for the Group's shale assets to possibly be forthcoming by year-end, which could equate to as much as 8% of the market cap. A meaningful component of these proceeds could come back to shareholders via dividends or buybacks, given pressure by activist investors. During the month, we switched our holdings of Shoprite into Pick n Pay, at a similar weighting (2%). Pick n Pay's recent results highlighted two important things for us: 1) the company appears to have gained market share in its final fiscal quarter, which is encouraging for operational leverage (if sustained); and 2) the non-repeat of the Group's voluntary retrenchment programme costs, plus the annualisation of the benefits, should provide a 25%-30% tailwind to FY19 results. This places Pick n Pay at parity with Shoprite on a forward P/E basis, with significantly more operating leverage.

## RISK PROFILE: HIGH

	Low	Mod-Low	Mod	Mod-High	High
• This portfolio has a higher exposure to equities than any other risk profiled portfolio and therefore tend to carry higher volatility due to high exposure to equity markets.					
• Expected potential long term returns are high, but the risk of potential capital losses is high as well, especially over shorter periods.					
• Where the asset allocation contained in this MDD reflect offshore exposure, the portfolio is exposed to currency risks					
• Therefore, it is suitable for long term investment horizons.					

## HIGH / LOW MONTHS BY YEAR

Dates	2014	2015	2016	2017	2018
High	5.6%	7.7%	4.9%	5.8%	3.7%
Low	-0.3%	-2.2%	-5.6%	-5.0%	-3.6%

**FUND NAME**  
Anchor BCI Equity Fund

**ISIN NUMBER**  
ZAE000175626

**INCEPTION DATE**  
5 April 2013

**BENCHMARK**  
FTSE JSE Capped SWIX J433T index

**MINIMUM INVESTMENTS**  
R25,000 lump sum  
R1,000 monthly debit order

**FUND CLASSIFICATION**  
SA Equity General

**UNIT PRICE**  
R184.79

**DISTRIBUTIONS**  
Semi-annual Declaration Date: 28 Feb/31 Aug  
2016: Distribution (cpu): Aug 0.58  
2017 Distribution (cpu): Feb 0.79; Aug 1.24  
2018 Distribution (cpu): Feb 1.25

**PORTFOLIO VALUE**  
R1.02 billion

**BOUTIQUE**  
+ COLLECTIVE  
INVESTMENTS

## FEES & FAIS DISCLOSURE

Initial fees (BCI) (incl VAT)	0.00%
Advisory Fee (Max) (incl VAT)	3.45%
Ongoing Advisory Fee (Max) (Incl VAT)	1.15%
<b>Annual Management Fee (incl VAT)</b>	
Class A	1.15%
Performance fee	None
<b>TER and Transaction Costs (incl VAT)</b>	
Basic	Dec 17: 1.18% (PY): 1.18%
Portfolio Transaction Cost	Dec 17: 0.62% (PY): 0.54%
Total Investment Charge	Dec 17: 1.80% (PY): 1.72%

A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's.

Transaction Costs are a necessary cost in administering the Fund and impacts Fund 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 Fund, the investment decisions of the investment manager and the TER. The TER and Transaction cost calculations are based upon the portfolio's direct costs for the financial year ended 31 August 2017, whilst the underlying portfolio's ratio and cost calculations are based upon their most recent published figures, being 31 December 2017.

## FAIS CONFLICT OF INTEREST DISCLOSURE

Please note that your financial advisor may be a related party to the co-naming partner and/or BCI. It is your financial advisor's responsibility to disclose all fees he/she receives from any related party. The portfolio's TER includes all fees paid by portfolio to BCI, the trustees, the auditors, banks, the co-naming partner, underlying portfolios, and any other investment consultants/ managers as well as distribution fees and LISP rebates, if applicable. The portfolio's performance numbers are calculated net of the TER expenses. The investment manager earns a portion of the service charge and performance fees where applicable. In some instance portfolios invest in other portfolios which forms part of the BCI Schemes. These investments will be detailed in this document, as applicable.

Boutique Collective Investments adopted the ASISA Standard on Effective Annual Cost ("EAC"). The EAC measure allows you to compare charges on your investments as well as their impact on your investment returns prior to investing. For further information regarding the ASISA Standard on Effective Annual Cost and access to the EAC calculator please visit our website at [www.bcis.co.za](http://www.bcis.co.za).

## SUBSCRIPTIONS

Valuation time	15h00
Transaction cut-off time	14h00
Payment reference	Initials and Surname

Please send proof of deposit to fax (011) 263 6152 or e-mail [instructions@bci-transact.co.za](mailto:instructions@bci-transact.co.za)

## MARKET COMMENTARY

April saw the rhetoric and anxiety around global trade wars ease as US President Donald Trump's focus shifted to sanctions. Seven Russian oligarchs with close links to the government, their companies, 17 Russian government officials and a bank were slapped with sanctions, ostensibly as punishment for Russia's involvement in the Syrian war. Trump is also unlikely to extend Iranian sanction-relief at the upcoming mandatory review in May. US interest rates ground higher, but unlike the spike experienced early in the year when wage inflation surprised, the latest rate sell-off has been a grind higher with rising commodity prices expected to drive inflation. US 2-year government bond yields are now as high as they've been since before the onset of the global financial crisis (GFC) in 2008.

US 10-year bond yields breached 3% for the first time since the 2013 taper tantrum, though their rise has been less steady than the shorter-term rates. This, as concerns around the length of the current economic cycle, the impact of quantitative easing (QE) in Europe and Japan and the increase in the issuance of US shorter-term debt have impacted long-term US interest rates. Rising US rates dragged the dollar higher, arresting a slide that's seen the US currency fall against other major currencies for over a year. The British pound was softer with continued Brexit uncertainty and economic growth and inflation coming in below expectations.

US Brent crude oil rose comfortably back above \$70/bbl during April, aided by concerns around the supply impact of potential Iranian sanctions, surprising drawdowns in US oil and gasoline inventories during the month and rhetoric from the Saudis about targeting \$80/bbl prices.

S&P companies started reporting 1Q18 earnings in April with c. 60% of S&P 500 companies posting results during the month. The impact of tax cuts and sustained US dollar weakness drove earnings over 20% higher YoY (for companies that have reported) - more than 6% ahead of expectations. Tax cuts and currency weakness should sustain earnings growth for the remainder of 2018, but with 1Q18 out of the way, 12-month earnings forecasts now start to incorporate 1Q19, which is expected to see the return of mid-single digit growth as the tax and currency impacts fade.

Global equities delivered positive returns for the first time in three months. European stocks were up strongly during the month, with euro weakness providing some relief for their export-heavy corporates. Emerging markets were also generally stronger (with the exception of sanction-affected Russian stocks) - India led the way with a recovery from its recent slump. Amongst the sectors, energy companies were the standout performers and the yield-sensitive consumer staples companies continued their slide (the S&P 500 Consumer Staples Index is now down 11% YTD).

## FUND MANAGEMENT

The Anchor BCI Equity Fund is managed by the Anchor Capital Investment Team

## INFORMATION AND DISCLOSURES

### Investment Manager

Anchor Capital (Pty) Ltd is an authorised Financial Services Provider FSP 39834.

- Additional information, including application forms, annual or quarterly reports can be obtained from BCI, free of charge or can be accessed on our website ([www.bcis.co.za](http://www.bcis.co.za))
- Valuation takes place daily and prices can be viewed on our website ([www.bcis.co.za](http://www.bcis.co.za)) or in the daily newspaper.
- Actual annual percentage figures are available to existing investors on request.
- Upon request the Manager will provide the investor with quarterly portfolio investment holdings reports.

### Management Company Information

Boutique Collective Investments (RF) (Pty) Ltd  
 Catnia Building  
 Bella Rosa Village, Bella Rosa Street  
 Belville, 7530  
 Tel: 021 007 1500/1/2 | 021 914 1880, Fax: 086 502 5319  
 Email: [clientservices@bcis.co.za](mailto:clientservices@bcis.co.za)  
[www.bcis.co.za](http://www.bcis.co.za)

### Custodian/Trustee Information

The Standard Bank South Africa Ltd  
 Tel: 021 441 4100

## DISCLAIMER

Boutique Collective Investments (RF) (Pty) Ltd ("BCI") is a registered Manager of the Boutique Collective Investments Scheme, approved in terms of the Collective Investments Schemes Control Act, No 45 of 2002 and is a full member of the Association for Savings and Investment SA. Collective Investment Schemes in securities are generally medium to long term investments. The value of participatory interests may go up or down and past performance is not necessarily an indication of future performance. The Manager does not guarantee the capital or the return of a portfolio. Collective Investments are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees, charges and maximum commissions is available on request. BCI reserves the right to close the portfolio to new investors and reopen certain portfolios from time to time in order to manage them more efficiently. Performance figures quoted for the portfolio are from Morningstar, as at the date of this document for a lump sum investment, using NAV-NAV with income reinvested and do not take any upfront manager's charge into account. Income distributions are declared on the ex-dividend date. Actual investment performance will differ based on the initial fees charge applicable, the actual investment date, the date of reinvestment and dividend withholding tax. Investments in foreign securities may include additional risks such as potential constraints on liquidity and repatriation of funds, macroeconomic risk, political risk, foreign exchange risk, tax risk, settlement risk as well as potential limitations on the availability of market information.

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