

# ANCHOR LONG SHORT SNN RETAIL HEDGE FUND

Minimum Disclosure Document (MDD)

April 2018

## FUND PROFILE

The fund is suitable for investors with a medium term investment horizon, seeking capital preservation and exposure to primarily local assets.

## FUND OBJECTIVE

The investment goal of the Anchor Long Short SNN Retail Hedge Fund (the "Fund") is to generate absolute returns in excess of short term interest rates and have a low correlation to the general equity market. The Fund will consist of geared exposure to various local and international financial instruments including equities, derivatives, fixed income, and unlisted instruments. The Fund will emphasize the reduction of stock specific risk and derivatives will be actively used to manage risk and lock in return in the Fund.

## FUND PERFORMANCE

Annualised Returns	April '18	3 month	6 month	12 month	Since Inception (Annualised)	Highest	Lowest
Anchor Long Short SNN Retail Hedge Fund	2.65%	3.14%	-2.04%	3.10%	8.94%	21.75%	-3.79%
Benchmark (STEFI * 1.2)	0.74%	2.08%	4.29%	9.03%	8.00%		
SA Equity Market (SWIX)	4.33%	-2.06%	0.12%	9.69%	11.56%		

Source of Data: Bloomberg Date: 30/04/2018

The performance figure given show the yield on a Net Asset value ("NAV") basis. The yield figure is not a forecast. Performance is not guaranteed and investors should not accept it as representing expected future performance. Individual investor performance may differ as a result of initial fees, time of entry/actual investment date, date of reinvestment, and dividends withholding tax. The annualised total return is the average return earned by an investment each year over a given time period. Actual annual figures are available from the manager on request. The highest and lowest 1 year returns represent the highest and lowest actual returns achieved during any single calendar year since the original launch date of the fund. The annualised performance figures prior to 1 August 2016 include returns earned prior to the fund being regulated under CISCA.

## MANAGER COMMENTARY

Punctuated by plenty of holidays, the month of April provided decent returns after a disappointing 1st quarter. The largest macro theme globally was higher US bond yields leading to US\$ strength. Although this has the consequence of weaker Emerging Market currencies, including the Rand, Equity markets seem to be comfortable with the US 10-year nudging 3.0%, a psychological and technical barrier that has been unbroken for 7 years now. This is because it is largely based on good economic growth indicators, corporate profitability, and consumer confidence, in the US. Although trade tariff tensions and Trump's political strategies continue to cast shadows, at the moment these are playing second fiddle to the encouraging macro outlook.

In SA a weaker Rand generally means a stronger equity market and this month was no exception. Certainly, commodity shares were strong performers in spite of the fact that the stronger US\$ was holding metal prices back. Billiton shone in particular (+13%) as its oil exposure helped and it reported sound operational production numbers for Q1. Although Tencent got caught up in some severe Tech / FAANG stock volatility in the US, the discount closed helping Naspers gain 6% for the month. Other stock positions which helped the portfolio were based around specific events /

reports and included:

**Pik N Pay:** Released a trading statement for FY 2018 showing good top line gains accompanied with margin improvements. The position was closed as the stock jumped over 10% in 2 days.

**Old Mutual:** Managed separation timetable detailed, and value unlock now more tangible

**Life Healthcare:** (a) In talks to sell 47.5% in Max Healthcare for circa \$500mn, (b) Trading statement for results to March 31 showing good progress with bedding down AMG acquisition;

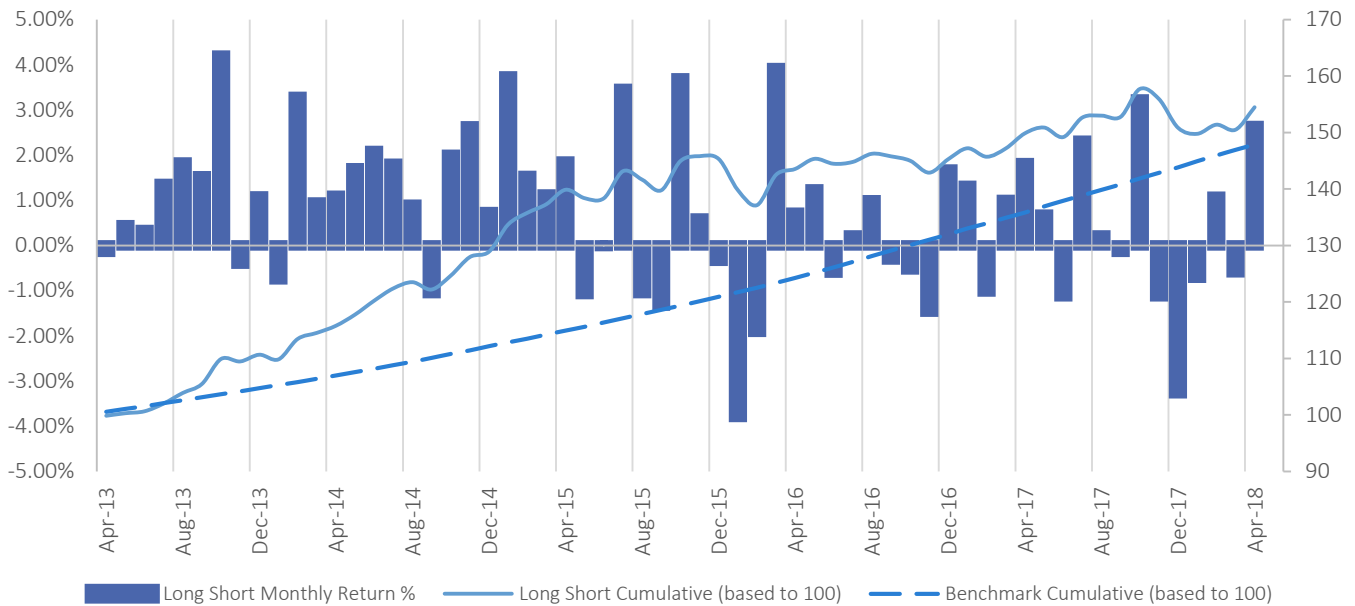
The fund bought ALSI40 futures and sold some Naspers, the rationale being the index would outperform the stock as Tencent seems to be rangebound in the short term. Overall the more positive fundamental view we have led to increasing exposure to the equity market to a range of 50% - 55%/ NAV in the month. The fund returned 2.65% and is now positive (+2.4%) for the year to date.

## MONTHLY RETURN PERFORMANCE

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013				-0.14%	0.45%	0.34%	1.36%	1.84%	1.53%	4.20%	-0.40%	1.09%	10.67%
2014	-0.75%	3.29%	0.95%	1.10%	1.71%	2.09%	1.81%	0.90%	-1.05%	2.01%	2.64%	0.74%	16.48%
2015	3.74%	1.54%	1.13%	1.86%	-1.07%	-0.01%	3.47%	-1.05%	-1.33%	3.70%	0.60%	-0.34%	12.74%
2016	-3.79%	-1.91%	3.93%	0.72%	1.24%	-0.60%	0.22%	1.00%	-0.31%	-0.53%	-1.46%	1.68%	-0.02%
2017	1.32%	-1.02%	1.01%	1.82%	0.68%	-1.12%	2.32%	0.22%	-0.15%	3.23%	-1.12%	-3.27%	3.82%
<b>2018</b>	<b>-0.71%</b>	<b>1.08%</b>	<b>-0.59%</b>	<b>2.65%</b>									<b>2.42%</b>

Performance stated net of management and performance fees.

## INVESTMENT PERFORMANCE



Source of Data: Bloomberg Date: 30/04/2018

Note: the investment performance is for illustrative purposes only. The investment performance is calculated by taking the actual initial fees and all ongoing into account for the amount shown; and income is reinvested on the reinvestment date.

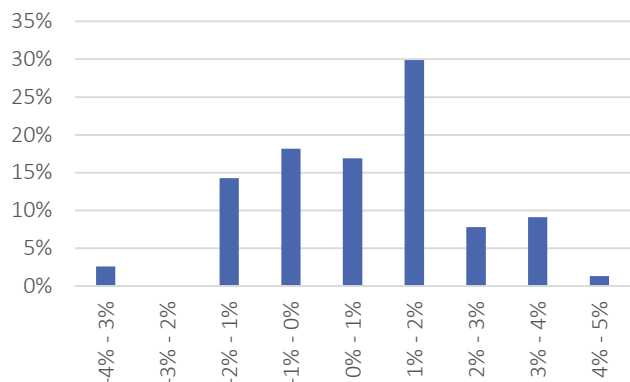
## STATISTICS

	End April 2018
Net Exposure	49.13%
Gross Exposure	60.90%
Cash + Net Exposure	140.97%
% of Positive Months	64%
% of Negative Months	36%
Sharpe Ratio (since inception)	1.05
Annualised Daily Volatility (historic)	6.41%

Source of Data: Bloomberg

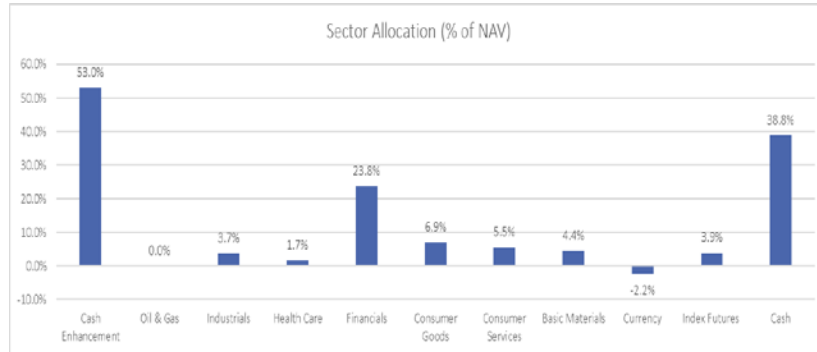
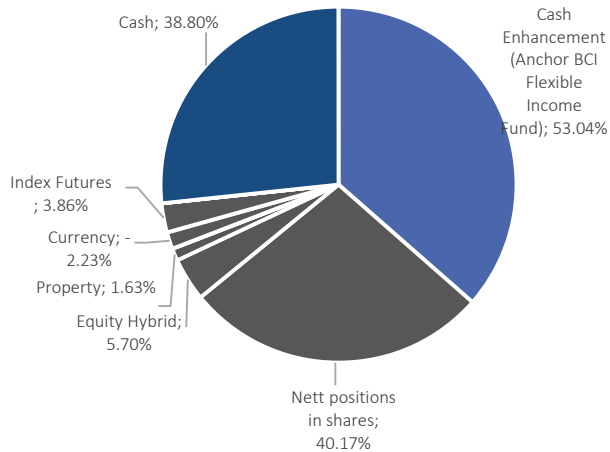
Date: 30/04/2018

## FREQUENCY DISTRIBUTION OF RETURNS



## ASSET ALLOCATION

## SECTOR ALLOCATION (% of NAV)



\*Asset allocation shown as percentage of the fund NAV which will not add to 100% due to equity exposure being taken via margin products for efficiency reasons. Portion of cash is invested in the ABFIA to enhance cash returns.

## TOP EQUITY HOLDINGS

Top 3 Long Positions	%
Naspers	7.71%
ALSI-F-JUN18	3.86%
Old Mutual	2.83%

Top 3 Short Positions	%
Clicks	-1.43%
Steinhoff Pref. shares	-1.09%
Nedbank	-0.41%

## PORTFOLIO DETAILS

### INVESTMENT MANAGER

Anchor Capital (Pty) Ltd

### PORTFOLIO MANAGER

Glen Baker

### PORTFOLIO CATEGORY

Single-Manager Multi Strategy (ZAR)

### LAUNCH DATE

1 April 2013 (Inception date)

1 August 2016 (CISCA transition date)

### PORTFOLIO SIZE

R80.6m

### ANNUAL MANAGEMENT FEE

1.5% (one and a half percent)

### PERFORMANCE FEE

20% over hurdle rate (benchmark)

High watermark applies

### INITIAL FEE

0%

### TOTAL EXPENSE RATIO (incl. VAT)\*

Total Expense Ratio (TER): 1.86%

Transaction Costs (TC): 0.3%

Total Investment Charge (TIC): 2.16%

### BENCHMARK

120% of cash returns (STEFI Index)

### INCOME DISTRIBUTION (CPU)

Quarterly

Mar 2017: 955.98 cpu

Jun 2017: 842.20 cpu

Sep 2017: 1 263.97 cpu

Dec 2017: 959.25 cpu

Mar 2018: 1 002.84 cpu

### PORTFOLIO VALUATION

Monthly

### TRANSACTION CUT-OFF

Last day of the month prior, for investment

on the 1<sup>st</sup> day of the next month

\* A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. 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. The TER is reported excluding performance fees for the first 12 months of the portfolio. The Manager has applied its mind hereto and is of the view that any reporting of TER with performance fee at this stage maybe inaccurate and potentially misleading to investors.

## RISK AND REWARD PROFILE



This indicator is based on historical data and may not be a reliable indication of the future risk profile of the portfolio. The risk category shown is not guaranteed and may change over time. The lowest category does not mean the investment is risk free. There may be other special areas of risk relating to the investment including: liquidity risk, credit risk, market risk, and settlement risk. The Manager does not provide financial advice. Our risk indicator does not imply that the portfolio is suitable for all types of investors. Please consult your financial adviser.

## CONTACT INFORMATION

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Website: [www.sannegroup.co.za](http://www.sannegroup.co.za)  
Directors: J F Louw, I Burke, L Fourie, G Rate, H J Pienaar (Non-Executive)

### INVESTMENT MANAGER

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### TRUSTEE

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