

Fund Objective

The primary objective of the portfolio is to deliver maximum capital growth over the long-term through investments in predominantly the equity market.

Fund Strategy

The portfolio's investment universe consists of equity securities listed on the Johannesburg Stock Exchange and assets in liquid form. The portfolio may also invest in participatory interests and other forms of participation in portfolios of collective investment schemes, registered in the Republic of South Africa. The portfolio will be allowed to invest in listed and unlisted financial instruments (derivatives) as allowed by the Collective Investment Schemes Control Act from time to time in order to achieve its investment objective. The manager shall be permitted to invest on behalf of the portfolio in offshore investments as legislation permits.

Fund Information

Ticker	NCEFA
Portfolio Manager	Adrian Clayton & Marco Barbieri
ASISA Fund Classification	South African - Equity - General
Risk Profile	Aggressive
Benchmark	ASISA Category Avg: SA - Equity - General
Fund Size	R 37,566,982
Portfolio Launch Date	05/07/2017
Fee Class Launch Date	05/07/2017
Minimum Lump Sum Investment	R 10,000
Minimum Monthly Investment	R 500
Income Declaration Date	June & December
Income Payment Date	1st business day of July & January
Portfolio Valuation Time	15:00
Transaction Cut Off Time	15:00
Daily Price Information	Local media
Repurchase Period	2-3 business days

Fees (Incl. VAT)

	A-Class (%)
Maximum Initial Advice Fee	3.45
Maximum Annual Advice Fee	1.15
Manager Annual Fee	0.97
Total Expense Ratio	1.14
Transaction Cost	0.38
Total Investment Charges	1.52
Performance Fee	0.14
TER Measurement Period	05 July 2017 - 31 March 2019

Total Expense Ratio (TER) is the percentage value of the Financial Product that was incurred as expenses relating 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 necessarily be an accurate indication of future TER's. The TER and Transaction Costs cannot be determined accurately because of the short life span of the Financial Product. Calculations are based on actual data where possible and best estimates where actual data is not available.

Transaction Cost (TC) is the percentage value of the Financial Product that was incurred as costs relating to the buying and selling of the assets underlying the Financial Product. 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.

Total Investment Charges (TER + TC) is the total percentage value of the Financial Product that was incurred as costs relating to the investment of the Financial Product.

Manager Performance Fee - Performance fee benchmark: ASISA Category Average: South African - Equity - General; Minimum Fee 0.85%; Maximum Fee 2.85%; Fee at Benchmark: 1.25%. All fees are inclusive of VAT. Performance fees are calculated as 20% of the outperformance of the benchmark over a rolling 12 month period.

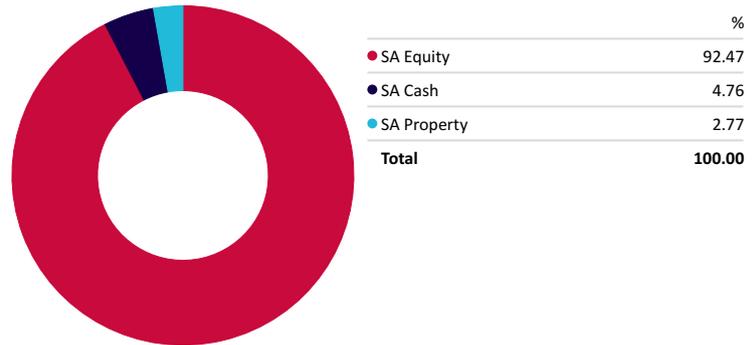
*These figures will become available once sufficient performance history has been met.

Top Ten Holdings

Portfolio Date	(%)
30/06/2019	
Naspers Ltd	9.69
Remgro Ltd	7.21
Old Mutual Ltd	6.28
Standard Bank Group Ltd	5.17
Investec Plc	4.80
British American Tobacco Plc	4.54
Reinet Investments SCA	3.77
Anheuser-Busch Inbev SA	3.74
Sasol Ltd	3.49
Compagnie Financiere Richmont SA	3.30

Asset Allocation

Portfolio Date: 30/06/2019



Annualised Performance (%)

	Fund	Benchmark
1 Year	-7.61	-1.44
3 Years	—	—
5 Years	—	—
Since Inception	-0.72	2.66

Cumulative Performance (%)

	Fund	Benchmark
1 Year	-7.61	-1.44
3 Years	—	—
5 Years	—	—
Since Inception	-1.47	5.59

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2018

Highest Annual %	-10.26
Lowest Annual %	-10.26

Risk Statistics (3 Year Rolling)*

Standard Deviation	—
Sharpe Ratio	—
Information Ratio	—
Maximum Drawdown	—

Distribution History (Cents Per Unit)

30/06/2019	15.17 cpu
31/12/2018	14.38 cpu

Risk Profile

Aggressive

You can afford to take on a higher level of risk (i.e., have a greater exposure to equities) because of your investment time horizon and/or your appetite for risk. You know that in taking the risk, you need to be patient if you want to achieve the results. So you are willing to invest for the long-term and are prepared to tolerate some volatility in the short-term, in anticipation of the higher returns you expect to receive in five years or beyond.

Glossary Terms

Annualised Returns

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

Asset Allocation

Asset allocation is the percentage holding in different asset classes (i.e. equities, bonds, property, etc.). It is used to determine the level of diversification in a portfolio.

Capital Volatility

Volatility is a measure of 'risk' and refers to the extent to which the price of an investment or capital value fluctuates over a certain period of time. Funds with high volatility usually offer the potential for higher returns over the longer-term than low volatility funds.

Cumulative Returns

Cumulative return is the total growth experienced over the period measured.

Derivatives

Derivatives are instruments generally used as an instrument to protect against risk (capital losses), but can also be used for speculative purposes. Examples are futures, options and swaps.

Distributions

The income that is generated from an investment and given to investors through monthly, quarterly, biannual or annual distribution pay-outs.

Diversification

This is a strategy designed to reduce risk within a portfolio by combining a variety of investments (or asset classes) such as equities, bonds, cash or property, which are unlikely to all move in the same direction at the same time. This is designed to reduce the risk (and protect against capital losses) within a portfolio. Diversification allows for more consistent performance under a wide range of economic conditions as it smoothes out the impact of negative market events. The positive performance of some investments or asset classes should neutralize the negative performance of others.

Financial Instruments

Derivatives also known as financial instruments (such as a future, option, or warrants) whose value derives from and is dependent on the change in value of an underlying asset (such as a commodity, currency, or security) to protect against risk (capital losses).

Fund Objective

The fund objective is the portfolio's core goal.

Fund Strategy

The fund strategy is the way that the fund is managed to achieve the fund objective.

Information Ratio

The Information Ratio measures the market risk-adjusted performance of an investment or portfolio. The greater a portfolio's Information Ratio, the better its risk-adjusted performance has been compared to the market in general.

Collective Investment Schemes

Collective Investment Schemes (CIS) (also called unit trusts) are portfolios of assets such as equities, bonds, cash and listed property, in which investors can buy units. They allow private investors to pool their money together into a single fund, thus spreading their risk across a range of investments, getting the benefit of professional fund management, and reducing their costs.

Market Capitalization

Market capitalization is the total value of the issued shares of a publicly traded company; it is calculated by multiplying the share price by the number of shares in issue.

Maximum Drawdown

The maximum drawdown measures the highest peak to trough loss experienced by the fund.

Participatory Interests

When you buy a unit trust, your money is pooled with that of many other investors. The total value of the pool of invested money in a unit trust fund is split into equal portions called participatory interests or units. When you invest your money in a unit trust, you buy a portion of the participatory interests in the total unit trust portfolio. Participatory interests are therefore the number of units that you have in a particular unit trust portfolio.

Performance Fee

Performance fees are incentive fees earned by the manager for performance in excess of the benchmark.

Sharpe Ratio

The Sharpe Ratio measures total risk-adjusted performance of an investment or portfolio. It measures the amount of risk associated with the returns generated by the portfolio and indicates whether a portfolio's returns are due to excessive risk or not. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been (i.e. a higher return with a contained risk profile, where the portfolio manager is not taking excessive risk to achieve those returns).

Standard Deviation

Standard deviation (also called monthly volatility) is a measure of how much returns on an investment change from month to month. It is typically used by investors to gauge the volatility expected of an investment.

Portfolio Manager Comment

As at 30 June 2019

It's an interesting environment with tail events (both to the upside and downside) taking place in various areas of the market – this offers opportunity, but also results in extreme manager relative performance differences. There are effectively two camps of managers, those participating in the 'trend' or momentum area of the market, which means heavy resource exposure and then those less exposed to resources due to concerns around capital preservation. The unique market structure in South Africa (where 21% of the JSE All Share index is constituted by commodity exposure) lends itself to binary outcomes and tail events for market participants. What is also worth noting is that the center of the market – good businesses that are non-resource based has been in limbo.

South African equities have been a mixed bag in 2019, outperformance (albeit with extreme volatility) of commodity companies has dominated (resources are 21% higher year-to-date) the market while domestically focused companies have underperform both in terms of share price performance (the local financial index has gained 5% year-to-date and the industrial index is down 5.8%) and with respect to their earnings trajectory. Certain local stocks look cheap – although not many, there are a grouping of SA companies where free cash flow yields are elevated and ratings are no longer high, but earnings projections are dismal as underlying economic growth in the system is vacant. Contrast this to commodity businesses where ratings are high when applying normalized earnings but profitability levels are also elevated as spot prices for certain commodities have exceeded market expectations. It is also true that capacity is being well managed amongst the mining giants, helping to control supply in tight markets caused by supply disruptions.

The resource story and the level of bullishness by managers invested within that space becomes more questionable when the demand-side of the equation is thoroughly interrogated. Chinese investment spending growth peaked in 2003 and has been falling ever since, year-on-year growth is now under 8%, having been closer to 20% between 2003 and 2013. Air pollution regulations and Chinese interventions to stimulate the economy have certainly played a meaningful role in buoying commodities, but the extent of appreciation of share prices, driven by spikes in physical metal prices to levels significantly higher than the marginal cost of production, makes for vulnerability. We remain underweight commodities which is consistent with our quality at a reasonable price philosophy. This is hurting performance from an allocation perspective – we are not exposed to a sector of the market going parabolic, but we are redeeming ourselves by continued positive selection effects – our stock picking within the rest of the market is adding value.

We feel comfortable that the businesses within our portfolio have sustainable and enduring franchises that are best equipped to survive the ongoing economic malaise occurring in South Africa. Our work has focused on margins of safety with financial and operational robustness. Until the underlying fundamentals within the economy change, conservatism will remain our approach.

Portfolio Managers

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Additional Information

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