



# Core Equity Portfolio - Quarterly

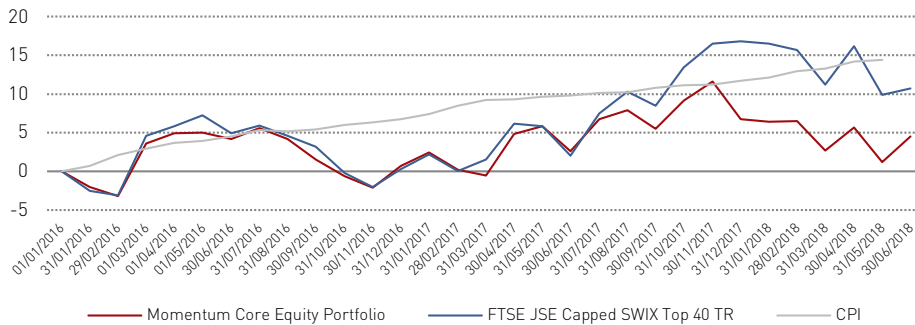
## Investment Objective

This is a high conviction portfolio focused on maximising risk adjusted returns to the investors over the medium to long-term by investing in JSE listed shares. The returns of this portfolio are based on the ability of the JSE All Share index to deliver returns in excess of inflation and the ability of the portfolio manager to identify undervalued securities within this asset class.

## Investment Profile

- Investors who have a longer investment term and want the highest possible risk adjusted return on their invested capital.
- Value-based investors with high risk tolerance.
- Investors who understand that there are investment cycles that cause share prices to fluctuate.

## Cumulative Performance



June 2018

Risk profile



Investment information

**Inception date**

1 January 2016

**Investment manager**

Momentum Securities

**Stockbroker/custodian**

Momentum Securities

**Management fee**

Max 1.25% (annual)

**Minimum lump sum**

R 250 000

**Redemption periods**

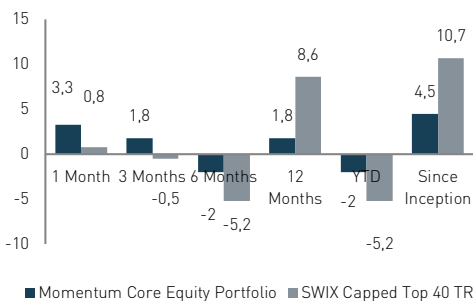
3 business days

**Benchmark**

Capped SWIX Top 40 TR Index

Target CPI Plus 4%

## Cumulative Performance



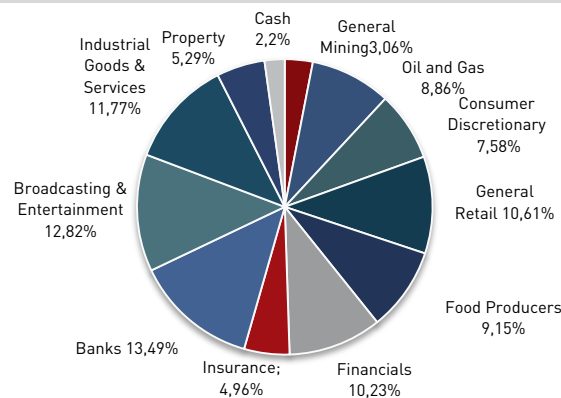
## Cumulative Performance

	Portfolio	Benchmark
1 Month	3,3%	0,8%
3 Months	1,8%	-0,5%
6 Months	-2,0%	-5,2%
12 Months	1,8%	8,6%
YTD	-2,0%	-5,2%
Since Inception	4,5%	10,7%

## Top 5 Holdings

Naspers (NPN)	12,82%
Reinet (RNI)	10,23%
Anheuser-Busch (ANH)	7,58%
Barclays (BGA)	6,15%
Sasol (SOL)	5,71%
<b>TOTAL</b>	<b>42,49%</b>

## Sector Allocation



## Economic overview

The US economy is forecast to expand at a faster pace this year than last, while the global economy should grow at the same steady pace as it did last year. Headwinds are however now appearing, with rising inflation and short-term interest rates, contracting money supply and less buying support from Central Banks for financial markets.

Rising interest rates, a strong US dollar, global political uncertainty (Turkey and Italy) and trade wars have negatively impacted investor sentiment this year. These factors, in the first half of 2018, have made conditions difficult for Emerging Markets, which have lost about 8% (in USD). Over the next 24 months, global interest rates are forecast to rise and together with tightening money supply, will continue to impact the global economy and investor confidence negatively. Going

forward these factors are likely to be headwinds to global financial markets' performance.

In South Africa the positive sentiment following the outcome from the December ANC elective conference has started to wain as there has been little follow through from economic growth. Recently the Rand has weakened and financial markets have been volatile, in line with other Emerging Markets. Going forward SA economic growth is likely to be sluggish and only start to improve next year. Equity markets are looking fully valued given where we are in the earnings cycle, and we remain cautious given the lower than average projected returns.

## Market Overview

Over the last 12 months, ended 30 June 2018, we saw the following performance in the SA financial markets: the Rand was 5% weaker relative to the US dollar, the Top 40 index's total return was 16.90%, the All Bond index returned 10.19% and cash returned 7.33%.

Over the last year, the best performing major equity sector was the Resources sector up 44.56% (mainly driven by strong performances from Sasol and the large cap diversified miners, Anglo American and BHP Billiton); the Financials sector was up 16.81% and the Industrial sector was up 8.95%.

## Portfolio Activity

During the second quarter we introduced Glencore, Discovery, FirstRand and Tigerbrands and increased our exposure to Anheuser Busch. We reduced our Sasol exposure while removing Mediclinic, Aspen, Mondi and Billiton. Our cash exposure decreased substantially over the period as we bought into weakness.

The portfolio increased 1.8% for the quarter with the primary increase of 3.3% for the month of June, the weakening Rand contributed to the performance of rand hedge stocks. For the past 12 months the portfolio has increased 1.8% with the JSE Swix Capped Top 40 up 8.6%.