



# Focused Core Equity Portfolio - Quarterly

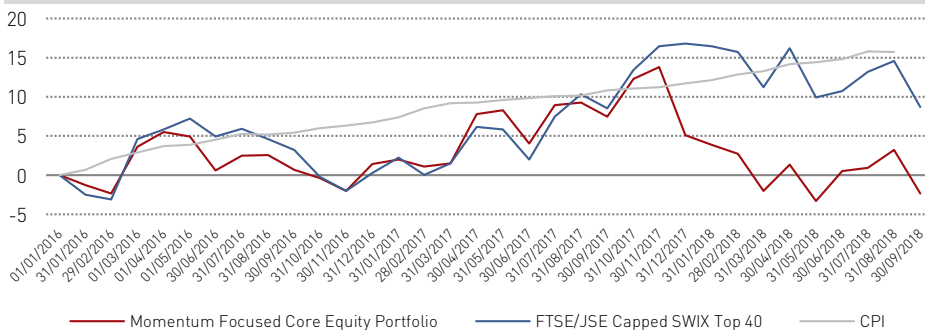
## Investment Objective

This is a sub-set of the core equity portfolio aimed at smaller value accounts. Therefore, 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. The portfolio offers the same capital growth as the Core Equity Portfolio, with a narrower selection of instruments.

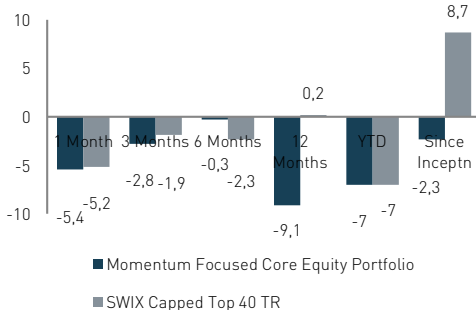
## Investment Profile

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

## Cumulative Performance



## Cumulative Performance



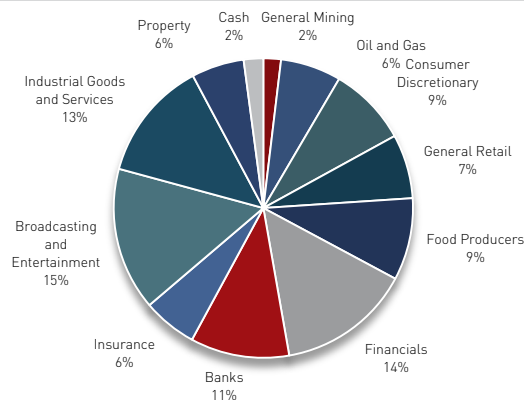
## Cumulative Performance

	Portfolio	Benchmark
1 Month	-5,4%	-5,2%
3 Months	-2,8%	-1,9%
6 Months	-0,3%	-2,3%
12 Months	-9,1%	0,2%
YTD	-7,0%	-7,0%
Since Inception	-2,3%	8,7%

## Top 5 Holdings

Naspers (NPN)	15,44%
Reinet (RNI)	14,40%
Anhueser Busch (ANH)	8,56%
Barclays (BGA)	7,42%
Woolies (WHL)	6,93%
<b>TOTAL</b>	<b>52,75%</b>

## Sector Allocation



## September 2018

## Risk profile



**HIGH**

## 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%

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## Economic overview

Tax cuts and improved consumer dynamics have supported the US economy, which is now in the later part of its expansion. Rising US wage and producer price inflation will see further US interest rate hikes and result in slower economic growth. Higher US interest rates and slower earnings growth will act as headwinds to US financial markets returns. In addition to, rising US interest rates contracting money supply (less buying support from Central Banks) will have a negative impact on financial markets.

So far this year, rising interest rates, a strong US dollar, global political uncertainty and trade wars have negatively impacted investor sentiment. This has seen a sharp decline in emerging markets and in any assets that are deemed by investors as risky. Going forward, the conditions outlined

above are likely to persist and will result in slower global growth. These factors will continue to have a negative impact on investor confidence, and will be headwinds to global financial markets' performance.

In South Africa the positive sentiment following the outcome from the ANC December elective conference has worn off resulting in our local markets selling off, impacted by both local and global factors. Going forward SA economic growth is likely to be sluggish and only start to improve next year.

USD commodity prices, with the exception of the USD oil price, have been flat to weaker this year.

## Market Overview

Over the last 12 months, ended 30 September 2018, we saw the following performance in the SA financial markets: the rand was -4.4% weaker relative to the US dollar (-16.4% over the last 6 months), the Top 40 index's total return was 3.3%, the All Bond index returned 7.1% and cash returned 7.2%.

Over the last year, the best performing major equity sector was the Resources sector up 26.9% (mainly driven by strong performances from Sasol and the large cap diversified

miners, Anglo American and BHP Billiton); the Financials sector was up 8.1% and the Industrial sector was down -7.7%.

With the SA equity market having pulled back 7%, post the end of the third quarter, some value is starting to selectively emerge in the SA equity market.

## Portfolio Activity

During the third quarter we made no changes to the portfolio. The portfolio decreased 2.8% for the quarter with the primary decrease of 5.4% for the month of September; the performance was driven by the losses in our Food producers' holdings and our big weighting in Naspers. Retailers and banks also came under pressure with weakening Emerging

markets. For the past 12 months the portfolio has decreased 9.1% with the JSE Swix Capped Top 40 up 0.2%.