



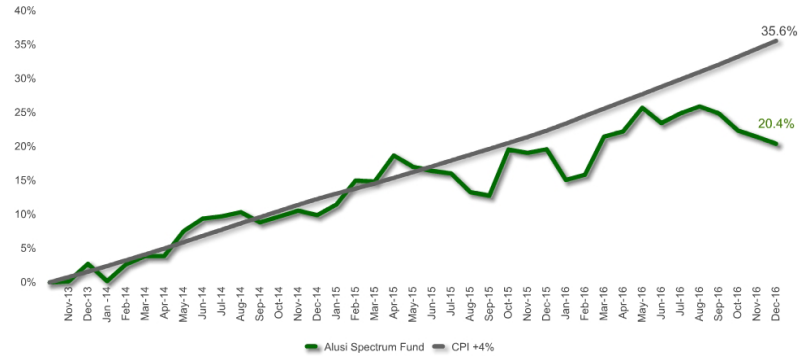
**ALUSI**  
SPECTRUM BALANCED  
FUND OF FUNDS

Q4 DECEMBER 2016

Conscious investing for  
a brighter tomorrow

**GENERAL FUND INFORMATION**

<b>Launch Date</b>	1 November 2013
<b>Fund Class</b>	A
<b>Benchmark</b>	CPI+4%
<b>Fund Category</b>	Prudential Variable Equity
<b>Investment Minimum</b>	R1,000,000
<b>Income Distribution</b>	1 March, 1 June, 1 September & 1 December
	2015: 1 Sep 1.17 cpu; 1 Nov incomplete
	2016: 1 Mar 0.66 cpu; 1 Jun 0.98 cpu;
	1 Sep 0.70 cpu; 1 Dec 0.50 cpu

**CUMULATIVE FUND PERFORMANCE**

**PORTFOLIO AND MARKET OVERVIEW**

At least 2016 ended the year on a far better note than what it started with. You may recall in January of this year, South Africans were dealing with the removal of a Finance Minister, global markets were roiling after the first interest hike by the US Federal Reserve since the financial crisis, and the Rand weakened dramatically on the back of concerns around the political upheaval, and a possible downgrade to our sovereign debt. For good measure, the year produced some more upsets like Brexit, as well as the election of Donald Trump to the highest office in America.

After the initial negative reaction to all of these events, markets eventually managed to find a firmer footing, and indeed has rallied post the surprise Trump victory. This can partly be explained by the fact that markets view Trump's economic policies as reflationary, as he is looking to increase government spending on infrastructure, and reduce taxes for corporates and individuals to boost consumer spending in the US. Of course, the issue of sentiment can add further impetus to this sense of a change in policy direction, and despite global interest rates having moved up on the back of higher growth expectations, risky assets like equities and emerging markets has gone up.

In December, the Rand strengthened by 2.3% against the USD, and 3.3% against the EUR. The FTSE/JSE SWIX gained 2%, Government Bonds gained by 1.57%, and listed property increased by as much as 4.2% for the month. The Fund returned -0.84% for the month, but this was due the Fund being wound down, based on a full termination by the client. Given that the liquidation of assets took place in the first week of December, most asset classes were negative for the first few days of December, before staging a strong turnaround in the second half of December. Given that the client termination was done with effect 01 December, the manager had no choice but to submit liquidation notices to the underlying managers.

2017 should see a gradual improvement in the South African economy, which should also see more Rand stability, and slightly better performance for the local equity market. Barring any major political upheaval, the fixed interest and property market should continue to perform reasonably well. These markets did however have a very strong 2016, and the same level of returns are unlikely.

The Fund will be fully wound down and closed by the end of January 2017, and as such, this will be the last official fund commentary for the Fund.

**WHO ARE THE FUND MANAGERS?**


**Lynn Miller**  
Portfolio Manager  
B.Com (Accounting); CA(SA)



**Pieter Davis**  
Portfolio Manager and Head of Business Strategy  
B.Com; B.Hons (B&A); MBA; CFA

## IMPORTANT INFORMATION

Collective Investment Schemes in Securities (Unit trusts) are generally medium to long term investments. The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to future performance.

Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The manager may borrow up to 10% of the market value of the portfolio where insufficient liquidity exists.

A schedule of fees and charges and maximum commissions is available on request from the management company, Alusi Management Company (Pty) Ltd (Alusi). Commission and incentives may be paid and if so, would be included in the overall costs.

The Alusi Managed Fund of Funds is not a guaranteed fund. The Fund Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The investor acknowledges the inherent risk associated with the selected investments and that there are no guarantees.

The Manager retains full legal responsibility for any third-party-named portfolio.

Where foreign securities are included in a portfolio there may be potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, foreign exchange risks, tax risks, settlement risks; and potential limitations on the availability of market information. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down.

Performance has been calculated using net NAV to NAV numbers with income reinvested. Annualised performance figures represent the geometric average return earned by the fund over the given time period expressed as a percentage. Cumulative performance figures have been used to present fund performance. Fund performance has been disclosed monthly and compounded annually. Fund performance is expressed in a percentage format. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestments and dividend withholding tax. Full performance calculations are available from the manager on request.

The investment performance is calculated by taking the actual initial fees and all ongoing fees into account for the amount shown and income is reinvested on the reinvestment date. Other fees include the permissible deductions of brokerage, STT, VAT, bank charges, trustees and custodian fees incurred in the ordinary course of running the Fund.

CIS prices are calculated daily and published daily on the Morningstar website - code ASBA1, ISIN ZAE000185120. CIS prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (brokerage, STT, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio divided by the number of participatory interests (units) in issue. A Fund of Funds unit trust only invests in other unit trusts, which levy their own charges, which could result in a higher fee structure for these portfolios. Forward pricing is used.

Funds are valued daily at 16:00. Instructions must reach Alusi before 12:00 to ensure same day value.

Alusi Management Company (Pty) Ltd is a Collective Investment Schemes Manager approved by the Financial Services Board in terms of the Collective Investment Schemes Control Act. The Management Company reserves the right to close the fund to new investors if we deem it necessary to limit further inflows in order for it to be managed in accordance with its mandate.

The Fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER 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.

### TER Breakdown (Q4 2016):

Management fee	0.65%
Performance fees	0.00%
Transaction cost	0.00%
Audit fees	0.13%
Other cost (excl TC)	0.99%
VAT	0.25%
<b>Total TER</b>	<b>2.03%</b>

For any additional information such as fund prices, application forms, etc. please contact [alusiclientservices@alusi.co.za](mailto:alusiclientservices@alusi.co.za)

Alusi Management Company (Pty) Ltd, Company Registration Number: 2008/023212/07, is a member of the Association for Savings and Investment SA (ASISA) and a Collective Investment Scheme (CIS) licence holder. The Trustees are FirstRand Bank Limited, PO Box 7713, Johannesburg 2000.

### CONTACT DETAILS

#### Management Company:

Alusi Management Company (Pty) Ltd, **Company Registration Number:** 2008/023212/07 **Physical Address:** Edge House, 3 Heuwelkruin Close, Durbanville, 7550  
**Postal Address:** P O Box 4188, Tygervalley 7536 **Telephone number:** +2721 976 1012 **Email Address:** [alusiclientservices@alusi.co.za](mailto:alusiclientservices@alusi.co.za) **Website:** [www.alusi.co.za](http://www.alusi.co.za)

#### Fund Manager:

Alusi Asset Management (Pty) Ltd, **Company Registration Number:** 2009/011108/07 an authorised Financial Services Provider (FSP 43346) under the Financial Advisory and Intermediary Services Act (No.37 of 2002), to act in the capacity as investment manager. This information is not advice, as defined in the Financial Advisory and Intermediary Services Act (No.37 of 2002). Please be advised that there may be representatives acting under supervision.

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