



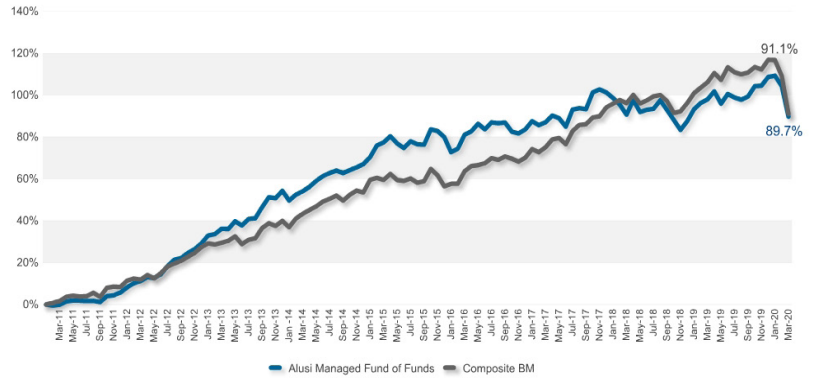
**ALUSI**  
MANAGED  
FUND OF FUNDS

Q1 MARCH 2020

Conscious investing for  
a brighter tomorrow

**GENERAL FUND INFORMATION**

<b>Launch Date</b>	1 February 2011
<b>Fund Class</b>	B
<b>Benchmark</b>	Composite Benchmark 40% ALSI 40% ALBI 20% STEFI
<b>Fund Category</b>	Prudential Variable Equity
<b>Investment Minimum</b>	R1,000,000
<b>Income Distribution</b>	February & August 2019 Aug: 3.60 cpu 2020 Feb: 3.11 cpu
<b>Total Expense Ratio</b>	2.14% (Dec 2019 latest available) 1.51% (AFS 2019 latest available)

**CUMULATIVE FUND PERFORMANCE**

**MARKET and PORTFOLIO OVERVIEW**
**Market Overview**

The Coronavirus (COVID-19) is a “Black Swan” event. In Nassim Nicholas Taleb’s book, *The Black Swan*, he defines a Black Swan as having three characteristics: “rarity, extreme impact, and retrospective (though not prospective) predictability.” Given the scale of disruption to economic activity, expectations are for a deep global recession in 1H20. Market movements are reminiscent of the 2008 financial crisis.

The JSE registered its worst quarterly performance since 1996, as Covid-19 rapidly spread worldwide and markets responded to the economic consequences - a simultaneous demand and supply shock of unprecedented proportions. Non-residents were large net sellers of South African equities totalling R16.8bn in March. The forward PE ratio of the All Share Index decreased to 9.3 times. The current dividend yield of the All Share index increased to 4.8%.

In the SA bond market, non-residents were net sellers of local bonds, with a massive R55.6bn outflow in March. The downgrade of the sovereign rating by Moody’s on 27 March 2020 will push South Africa out of the FTSE World Government Bond Index (WGBI). The market experienced significant dislocations during the month and liquidity shortages prompted the SARB to intervene by providing additional liquidity via open market operations.

Local JSE Indices	Mar %	YTD %
All Share Index (JALSHTR)	-12.13%	-21.38%
Mid Cap Index (MIDCAPTR)	-23.66%	-35.57%
Small Cap Index (JSMLC)	-21.67%	-32.55%
All Bond Index (ALBTR)	-9.73%	-8.72%

Fiscal and monetary policy action to bridge the economic impact of the coronavirus is starting to take shape, as the outbreak and related containment measures propagate across the globe. These expansionary policies bring the risks of rising inflation and deficits, and risks to debt sustainability. However, these policies need to remain in place for longer until inflation expectations have systematically risen closer to the central banks’ goals. The 1930s offer a cautionary tale...because expansionary policies were terminated prematurely, the US economy suffered a double dip. Hence, policy-makers must not be too quick to sound the all-clear.

**Portfolio Overview**

Relative to the strategic asset allocation of the Fund, a tactical decision was made to reduce the overweight flexible fixed income component and deploy this capital to the under-weight equity exposure in the Fund.

**FUND MANAGERS**


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



**Lynn Lekay**  
**Investment Management Team (under supervision)**  
 B.Com (Hons)

## 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 ACBCB, ISIN ZAE000153011. 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.

### Breakdown for period ending 31 December 2019 (latest available):

Management fee	1.15%
Performance fee	0.00%
Other cost (excl Trade/TC)	0.99%
<b>Total TER</b>	<b>2.14%</b>

**Transactions Costs including VAT: 0.08%**

**Total Investment Charge: 2.22%**

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 Heuvelkruin 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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