



ALUSI
MANAGED
FUND OF FUNDS

Q2 JUNE 2020

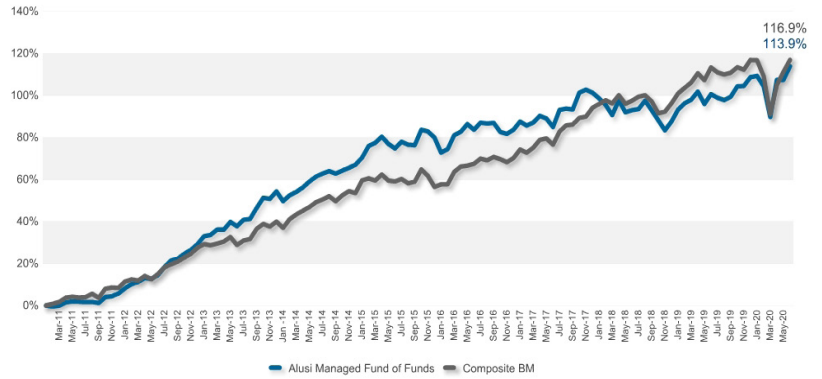
Conscious investing for
a brighter tomorrow



GENERAL FUND INFORMATION

Launch Date	1 February 2011
Fund Class	B
Benchmark	Composite Benchmark 40% ALSI 40% ALBI 20% STEFI
Fund Category	Prudential Variable Equity
Investment Minimum	R1,000,000
Income Distribution	February & August 2019 Aug: 3.60 cpu 2020 Feb: 3.11 cpu
Total Expense Ratio	2.38% (March 2020) 1.51% (AFS 2019 latest available)

CUMULATIVE FUND PERFORMANCE



MARKET and PORTFOLIO OVERVIEW

Market Overview

2020 has been an unusual year. In developed markets, it started with record-low unemployment and equity markets making new all-time highs nearly every day. In January and February, it was hard to find anyone who was negative on the economy or the stock market. All that changed in March when the novel coronavirus turned into a fully-fledged global pandemic. The subsequent lockdown of economies led to the most sudden and severe recessions in history, and stock markets crashed. What followed was the greatest monetary and fiscal stimulus ever enacted. Stock markets around the world seem to agree, with most major averages trading extremely well.

Looking forward, the global crisis caused by the Covid-19 pandemic, has thrust world economies into deep recession. The domestic economy which was already in a very fragile position before the onset of the pandemic, is thus projected to contract by between 7% and 12% this year. The ZAR has seen both substantial weakness and strength this quarter, and is still on a strengthening trend this year, bolstered by positive global market sentiment that has stimulated risk taking from financial market players on yield seeking assets.

The JSE showed a strong recovery in June with most sectors generating a positive return. The JSE benefitted from renewed risk appetite as global economies gradually opened up after the virus lock-down. Non-residents remained net sellers of South African equities totalling R9.5bn in June. The forward PE ratio of the All Share Index increased to 13.7 times. The current dividend yield of the All Share index decreased to 3.8%.

In the SA bond market, non-residents turned net buyers of local bonds, with an inflow of R7.6bn in June. National Treasury surprised the market by announcing an increase in the weekly bond auction following the supplementary budget. The SARB continued to provide additional liquidity, helping to stabilise financial markets.

Local JSE Indices	Jun %	YTD %
All Share Index (JALSHTR)	7.74%	-3.16%
Mid Cap Index (MIDCAPTR)	6.06%	-25.67%
Small Cap Index (JSMLC)	11.33%	-20.95%
All Bond Index (ALBTR)	-1.18%	0.36%

Portfolio Overview

Given the extreme fiscal and monetary measures taken by global governments and central banks, combined with the attractive valuations of select SA stocks, we elected to increase the equity exposure of the portfolio relative to the Fixed Income allocation by reducing the fixed income allocation during the quarter. The current fixed income market face an extremely steep curve of very low interest rates at the front end and very high and seemingly attractive rates at the very long end of the curve. The poor SA fiscal position and the added impact of Covid-19, will force government to issue a huge amount of additional debt on a weekly basis. We are not convinced that the market will be able to absorb this on a sustainable basis. So whilst we are continually monitoring the seemingly attractive yields on the long end of the curve, we are more comfortable to rather add risk through a slightly higher equity allocation at the moment.

FUND MANAGERS



Pieter Davis
Portfolio Manager
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 March 2020 (latest available):

Management fee	1.15%
Performance fee	0.00%
Other cost (excl Trade/TC)	1.23%
Total TER	2.38%

Transactions Costs including VAT: 0.20%

Total Investment Charge: 2.58%

For any additional information such as fund prices, application forms, etc. please contact 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 **Website:** 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.

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 **Website:** www.alusi.co.za

This document is for information purposes only and does not constitute or form part of any offer to issue or sell or any solicitation of any offer to subscribe for or purchase any particular investments. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable directly or indirectly to the use of or reliance upon the information.