

September 2020

Cordatus Fund Report

Balanced Prescient Fund A1



Return for the quarter ending 30 September 2020 %

CORDATUS	BALANCED FUND A1	1.6
SA Equity	FTSE/JSE All Share	0.7
SA Property	FTSE/JSE SA Listed Property	-14.1
SA Bonds	BEASSA All Bond	1.5
SA Preference shares	FTSE/JSE Preference Share	-4.8
SA Cash	STeFI Call Deposit	0.9
SA Inflation	Urban, All Areas	2.0

Change in Top 10 holdings over quarter 09.2020 06.2020

	09.2020	06.2020
Cordatus Worldwide Flex Fund B3	23.1	22.9
Coronation Bond Fund P	11.4	11.2
Prescient Income Provider Fund B1	4.2	4.1
Anheuser-Busch Inbev NV	3.9	3.6
Prosus NV	3.8	3.9
Anglo American Plc	3.3	3.2
Glencore Xstrata Plc	3.0	3.1
Firstrand Ltd	2.9	2.2
Impala Platinum Hldgs Ltd	2.6	2.4
NewGold Issuer Ltd	2.0	2.9

Top & Bottom 5: contribution % for quarter Return Contri

	Return	Contri
Impala Platinum Holdings Ltd	28.9	0.8
Shoprite Holdings Ltd	30.3	0.5
Discovery Holdings Ltd	22.4	0.4
Afrimat	17.6	0.3
Anheuser-Busch Inbev SA/NV	7.0	0.3
Rhodes Food Group	-15.6	-0.1
RAUBEX	-14.1	-0.1
Prosus NV	-4.2	-0.2
Aspen Pharmacare Holdings Ltd	-16.9	-0.2
Anglogold Ashanti	-14.3	-0.4

Asset Allocation % 09.2020 06.2020

	09.2020	06.2020
Equity	66.9	63.8
Property	2.5	2.5
Bonds	13.5	12.5
Prefs	0.7	1.9
Cash	13.9	16.4
Other (Gold ETF)	2.5	2.9
Domestic	72.0	73.4
Offshore	28.0	26.6

Risk: Drawdown



Risk: Rolling period returns at 09.2020 3 yrs 2 yrs 1 yr

	3 yrs	2 yrs	1 yr
Maximum return over	4.6	6.1	12.2
Average return over	2.9	2.8	2.8
Minimum return over	-0.7	-2.9	-10.4

All figures in ZAR

Offshore Equity	MSCI World Index	3.6
Offshore Property	FTSE EPRA Nareit Global	-2.3
Offshore Bonds	FTSE WGBI	-1.2
Offshore Inflation	US BLS Urban All Areas	-2.4
Offshore Cash	ICE BofA Overnight	-4.0
ZAR	vs USD	3.8
ZAR	vs GBP	-0.1

Activity during the quarter

With the almost halving of cash rates since the beginning of 2020, we have used portfolio cash and the sale of preference shares to add incremental exposure to existing holdings (Anheuser, Aspen, Discovery, Implats) and introduced further exposure to construction via Raubex and financials via Coronation. Further, 50% of the holding in NewGold was switched into the more leveraged AngloGold Ashanti late in the quarter. We expect to complete this switch in the new quarter.

Contributions to Fund quarterly return

The contribution of individual stocks and/or funds that are held within the Cordatus Balanced Fund is a function not only of their respective returns, but also their returns. By way of example Implats contributed 0.8% to the Funds' quarterly return, as it delivered 28.9% for the quarter, with an average holding of 2.6%. Prosus however, while only declining 4.2% over the quarter, cost the portfolio -0.2% for the quarter at an average holding of 3.8% of portfolio assets.

Changes in asset allocation

As domestic interest rates have been almost halved since the start of 2020 Pref share holdings and cash has been used to increase equity exposure, as per the note above. Offshore exposure remains relatively stable as the ZAR appreciated 3.8% against the USD during the quarter.

A note on portfolio risk

Drawdown measures the peak-to-trough decline during a specific period, quoted as a percentage between the latest peak and subsequent trough of the Fund, before a new peak is achieved. It is instructive when measuring the loss to the portfolio during a period and the subsequent return required to return to the previous peak of the portfolio. The drawdown profile shown alongside depicts the increased volatility being experienced in risk markets over the past 3 years. Asset allocation intervention during such periods is expected to compress the recovery time factor and/or limit further downside. The appropriate period over which to measure performance of the portfolio is 3-year rolling periods. Shorter periods are linked to higher variance in returns.

Adherence to Fund Policy Objective

The Fund has adhered to its Policy Objective, as stated in the Supplemental Deed, in all respects during the quarter. There are no unresolved breaches to report from prior periods.

Total Investment Charge (TIC) % 06.2020 06.2019 06.2018

Cordatus Balanced Fund Class A 1	1.28	1.14	1.31
Cordatus Balanced Fund Class A 2	1.69	1.55	1.71

Income Distribution (cpu) 03.2020 03.2019 03.2018

Cordatus Balanced Fund Class A 1	3.56	4.20	2.60
Cordatus Balanced Fund Class A 2	3.12	3.76	2.16

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