

September 2020

Cordatus Fund Report

Worldwide Flexible Prescient Fund A1



Return for the quarter ending 30 September 2020 %

CORDATUS	WORLDWIDE FLEX FUND A1		
SA Equity	FTSE/JSE All Share	0.7	-0.3
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

Prosus NV	4.7	5.0
Alphabet Inc (Google)	3.4	3.6
Microsoft Corp	3.4	3.5
Amazon	3.4	3.2
Palo Alto Networks Inc	3.1	3.1
New Gold Issuer Ltd	3.0	5.2
GEA Group AG	2.6	3.3
Roche Holdings AG	2.6	2.8
Facebook	2.6	2.4
Pfizer	2.6	2.5

Top & Bottom 5: % contribution for quarter Return Contri

Amazon.com Inc	9.6	0.3
Facebook Inc A	10.7	0.3
Starbucks Corp	12.6	0.2
Capital One Financial Corp	10.4	0.2
GEA Group AG	6.9	0.2
CVS Health Corp	-13.0	-0.2
Prosus NV Ordinary Shares - Class N	-4.2	-0.2
GlaxoSmithKline PLC	-9.7	-0.2
Telefonica SA ADR	-31.5	-0.3
Cisco Systems Inc	-18.2	-0.3

Asset Allocation % 09.2020 06.2020

Equity	78.5	74.2
Property	0.0	0.0
Bonds	0.0	0.0
Prefs	0.0	0.0
Cash	18.5	20.5
Other (incl Gold ETF)	3.0	5.2
Domestic	9.7	6.7
Offshore	90.3	93.3

Risk: Drawdown



Risk: Rolling period returns at 09.2020 5 yrs 3 yrs 1 yr

% Maximum return over	13.5	16.5	29.4
% Average return over	10.4	9.7	12.1
% Minimum return over	8.0	2.1	-7.4

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

Your fund manager undertook limited stock trading during the quarter, with the partial switch out of the NewGold ETF into the more leveraged AngolGold Ashanti the largest event. With tech stocks enjoying a tremendous run, we trimmed our holding in Netease as fair value was exceeded. We added to existing positions we have in miners (Glencore) and chemicals (Du Pont), while introducing european banks (ING Groep NV), transitioning business models (Nike) and online education (New Oriental) from cash resources.

Contributions to Fund quarterly return

Contributions to absolute fund performance were generated in various sectors, with tech stocks dominating. The importance of position sizing within the fund construction process is once again highlighted. Despite only having 1% of fund assets allocated to mobile telecomms in the form of the Spanish based Telefonica, the -31.5% return for the quarter offset the 3.5% holding we have in Amazon which returned 9.6%. While position sizing is primarily determined by the discount / premium to fair value for each stock, macro & sector conditions allow for some modification.

Changes in asset allocation

The 2 actions that we undertook during the quarter that impacted asset allocation were the increase in offshore equity mentioned above and secondly, converting the majority of our ZAR cash from new inflows into USD cash at attractive levels. The ZAR remains vulnerable to deteriorating domestic fundamentals, while USD weakness could provide support. ZAR range-bound as a result in the short-term. Domestic exposure, bar 0.5% in ZAR cash, is exclusively rand-hedge equities in the form of gold and Prosus.

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, 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 (and currency) markets over the past 4 years. Asset allocation intervention during such periods can assist in compressing the recovery time factor and/or limit further downside. The appropriate period over which to measure performance of the portfolio is 5-year rolling periods. Shorter periods are linked to a 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

Worldwide Flex Fund Class A1	0.94	0.91	0.93
Worldwide Flex Fund Class A2	1.34	1.32	1.33

Income Distribution (cpu) 03.2020 03.2019 03.2018

Worldwide Flex Fund Class A1	2.63	3.38	2.88
Worldwide Flex Fund Class A2	1.89	2.46	1.98

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