

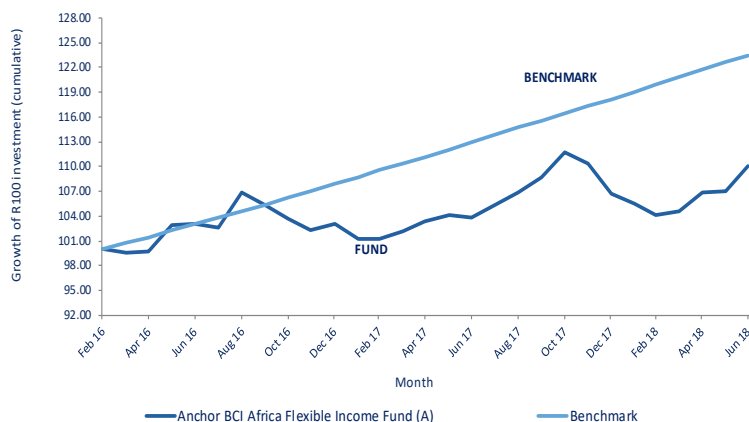
## INVESTMENT OBJECTIVE

The Anchor BCI Africa Flexible Income Fund's objective is to maximise income for investors by investing in mainly African interest-bearing securities.

## INVESTMENT PHILOSOPHY

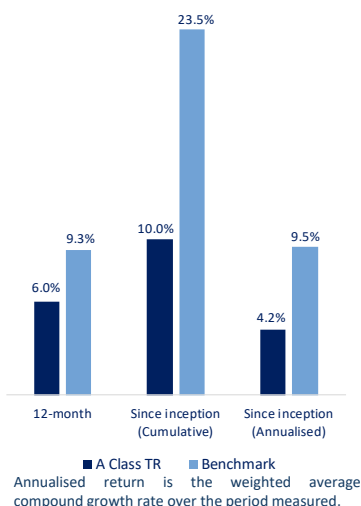
The maximum effective equity exposure (including international equity) will be 10% and a maximum effective property exposure (including international property) of 25%. The portfolio's African exposure, excluding South Africa, will always exceed 80% of the portfolio's asset value. The portfolio may, from time to time, invest in listed and unlisted financial instruments. The manager may also include forward currency, interest rate and exchange-rate swap transactions for efficient portfolio management purposes.

## CUMULATIVE PERFORMANCE VS. BENCHMARK SINCE INCEPTION



Investment performance is for illustrative purposes only and calculated by taking actual initial fees and ongoing fees into account for amount shown with income reinvested on reinvestment date.

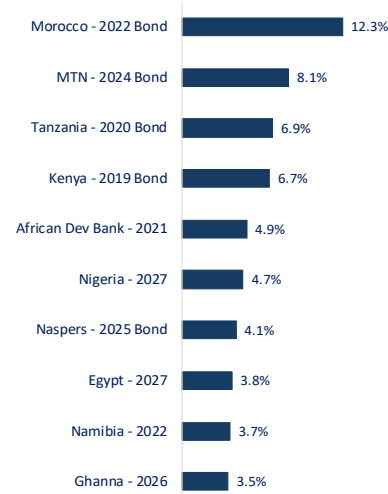
## PERFORMANCE AT 30 JUN 2018



## ASSET ALLOCATION AT 30 JUN 2018

Asset Allocation	100.0%
Cash	4.0%
Bonds	96.0%
Country Allocation	100.0%
Equities	0.0%
Money Markets	0.0%
Gabon	0.0%
USA	0.1%
Tunisia	3.0%
Senegal	3.3%
Rwanda	3.3%
Ethiopia	3.3%
Bank	3.4%
Ghana	3.5%
Supra National	4.9%
Namibia	5.7%
Kenya	6.7%
Tanzania	6.9%
South Africa	7.7%
Nigeria	7.9%
Mauritius	8.1%
Ivory Coast	9.6%
Egypt	10.3%
Morocco	12.3%

## TOP HOLDINGS AT 30 JUN 2018



## FUND MANAGER COMMENTARY AT 30 JUN 2018

We are pleased to see the end of June, which was a very difficult month. Globally, factors including escalating trade wars, questions about China and expectations of reducing global liquidity combined to be the perfect storm for Africa and emerging markets (EMs) in general.

The rand was c. 8.0% weaker during the month acting as a buffer to the widening credit spreads in Africa. This allowed us to return 2.9% on your portfolio for the month.

## RISK PROFILE: MODERATE

	Low	Mod-Low	Mod	Mod-High	High
<ul style="list-style-type: none"> <li>This portfolio has a balanced exposure to various asset classes. It has more equity exposure than a low risk portfolio but less than a high-risk portfolio. In turn the expected volatility is higher than a low risk portfolio, but less than a high-risk portfolio.</li> <li>Where the asset allocation contained in this MDD reflect offshore exposure, the portfolio is exposed to currency risks</li> <li>The portfolio is exposed to equity as well as default and interest rate risks.</li> <li>The portfolio is suitable for medium term investment horizons</li> <li>The probability of losses is higher than that of a low risk portfolio, but less than a high-risk portfolio and moderate long term investment returns are expected.</li> </ul>					

## HIGH LOW/MONTH BY YEAR

Dates	2016	2017	2018
High	4.1%	2.7%	2.9%
Low	-1.6%	-3.3%	-1.3%

We are of the view that the fundamentals within EMs remain strong and are at odds with the negative sentiment that has developed. We find the asset class attractively priced at the moment.

We have hedged a portion of the exposure to US dollars, reducing the exposure down to 41%. We don't anticipate any further significant changes in the month ahead and are likely to act with patience.

**FUND NAME**  
Anchor BCI Africa Flexible Income Fund

**ISIN NUMBER**  
ZAE000212882

**INCEPTION DATE**  
8th March 2016

**BENCHMARK**  
SteFI Composite Index + 2% p.a. over a rolling 1 year period

**MINIMUM INVESTMENTS**  
R25,000 lump sum  
R1,000 monthly debit order

**FUND CLASSIFICATION**  
Regional Multi Asset Flexible

**UNIT PRICE**  
R101.17

## DISTRIBUTIONS

Quarterly Declaration Date:

28 Feb/31 May/31 Aug/30 Nov

2016 Distribution (cpu): Aug 0.81; Nov 0.92

2017 Distribution (cpu): Feb 1.04; May 1.11; Aug 1.16; Nov: 1.34

2018 Distribution (cpu): Feb 1.05; May 1.09

**PORTFOLIO VALUE**  
R83.15mn

**BOUTIQUE**  
+ COLLECTIVE  
INVESTMENTS

## FEES & FAIS DISCLOSURE

Initial fees (BCI) (incl. VAT)	0.00%
Advisory Fee (Max) (incl. VAT)	3.45%
Ongoing Advisory Fee (Max) (incl. VAT)	1.15%
Annual Management Fee (incl. VAT)	
Class A	0.81%
Performance fee: 15% of outperformance of benchmark over a rolling 1 year capped at 1.0% p.a.	
<b>TER and Transaction Cost (incl. VAT)</b>	
Basic	Mar 18: 1.00% (PY): 1.05%
Portfolio Transaction Cost	Mar 18: 0.00% (PY): 0.00%
Total Investment Charge	Mar 18: 1.00% (PY): 1.05%

A higher TER ratio 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 TERs. Transaction Costs are a necessary cost in administering the Fund and impacts Fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Fund, the investment decisions of the investment manager and the TER. The TER and transaction costs cannot be determined accurately because of the short life span of the Fund. Calculations are based on actual data where possible and best estimates where actual data is not available. The TER and Transaction cost calculations are based upon the portfolio's direct costs for the financial year ended 31 August 2017, whilst the underlying portfolio's ratio and cost calculations are based upon their most recent published figures, being 31 March 2018.

### FAIS CONFLICT OF INTEREST DISCLOSURE

Please note that your financial advisor may be a related party to the co-naming partner and/or BCI. It is your financial advisor's responsibility to disclose all fees he/she receives from any related party. The portfolio's TER includes all fees paid by portfolio to BCI, the trustees, the auditors, banks, the co-naming partner, underlying portfolios, and any other investment consultants/managers as well as distribution fees and LISP rebates, if applicable. The portfolio's performance numbers are calculated net of the TER expenses. The investment manager earns a portion of the service charge and performance fees where applicable. In some instance portfolios invest in other portfolios which forms part of the BCI Schemes. These investments will be detailed in this document, as applicable.

Boutique Collective Investments adopted the ASISA Standard on Effective Annual Cost ("EAC"). The EAC measure allows you to compare charges on your investments as well as their impact on your investment returns prior to investing. For further information regarding the ASISA Standard on Effective Annual Cost and access to the EAC calculator please visit our website at [www.bcis.co.za](http://www.bcis.co.za).

## SUBSCRIPTIONS

Valuation time	15h00
Transaction cut-off time	14h00
Payment reference	Initials and Surname

Please send proof of deposit to fax (011) 263 6152 or e-mail [instructions@bci-transact.co.za](mailto:instructions@bci-transact.co.za)

## DISCLAIMER

Boutique Collective Investments (RF) (Pty) Ltd ("BCI") is a registered Manager of the Boutique Collective Investments Scheme, approved in terms of the Collective Investments Schemes Control Act, No 45 of 2002 and is a full member of the Association for Savings and Investment SA. Collective Investment Schemes in securities are generally medium to long term investments. The value of participatory interests may go up or down and past performance is not necessarily an indication of future performance. The Manager does not guarantee the capital or the return of a portfolio. Collective Investments are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees, charges and maximum commissions is available on request. BCI reserves the right to close the portfolio to new investors and reopen certain portfolios from time to time in order to manage them more efficiently. Performance fees will be calculated and accrued on a daily basis based upon the daily outperformance, in excess of the benchmark, multiplied by the share rate and paid over to the manager monthly. Performance figures quoted for the portfolio are from Morningstar, as at the date of this document for a lump sum investment, using NAV-NAV with income reinvested and do not take any upfront manager's charge into account. Income distributions are declared on the ex-dividend date. Actual investment performance will differ based on the initial fees charge applicable, the actual investment date, the date of reinvestment and dividend withholding tax. Investments in foreign securities may include additional risks such as potential constraints on liquidity and repatriation of funds, macroeconomic risk, political risk, foreign exchange risk, tax risk, settlement risk as well as potential limitations on the availability of market information. Should the portfolio invest into another Anchor BCI co-named portfolio, the investing fund will be reimbursed for any net investment management fees incurred by the investment so that there is no additional fee payable to Anchor. Certain investments - including those involving futures, options, equity swaps, and other derivatives may give rise to substantial risk and might not be suitable for all investors. Income funds derive their income from interest-bearing instruments in accordance with Section 100(2) of the Act. The yield is a current yield and is calculated daily. Boutique Collective Investments (RF) Pty Ltd retains full legal responsibility for the third party named portfolio. Although reasonable steps have been taken to ensure the validity and accuracy of the information in this document, BCI does not accept any responsibility for any claim, damages, loss or expense, however it arises, out of or in connection with the information in this document, whether by a client, investor or intermediary. This document should not be seen as an offer to purchase any specific product and is not to be construed as advice or guidance in any form whatsoever. Investors are encouraged to obtain independent professional investment and taxation advice before investing with or in any of BCI/the Manager's products.

## MARKET COMMENTARY

We remain of the view that EM fundamentals have not shifted materially, with high commodity prices (in particular oil) likely to be supportive of EMs. We also still believe that a stronger US (which we expect for the remainder of 2018) will provide support to EMs.

The tariffs that are being implemented against China on 6 July are still relatively minor and are only likely to shave 0.1% off the growth rates in the US and China. Even with a full-scale escalation of tariffs, which is being touted, the impact will remain manageable, in our view. At the moment, the trade war is the US vs the rest of the world. As long as the rest of the world doesn't descend into fighting amongst themselves then this will be painful, but manageable and will pass.

In this vein, the International Monetary Fund (IMF) completed its review of Rwanda, commenting that growth is more broad based and stronger than it had expected. The IMF has recommended that the country continue as it has been with fiscal objectives and targets unchanged.

Similarly, the IMF was positive about the Ivory Coast which maintained its 7% GDP growth rate. The deficit has been reduced to 3.8%, in the words of the IMF, towards a "firmly sustainable path".

Ghana also has confirmed adherence to its 5% deficit law, which is a marked improvement from double-digit deficits a few years ago.

Perhaps the most surprising is that, in the face of the global trade war, Kenya signed an African Growth and Opportunity Act with the US giving it improved access to markets and goods through to 2023.

Whilst headlines have been negative for EMs, the fundamental conditions have improved.

## FUND MANAGER



Nolan Wapenaar is a CA (SA) and has a M Com degree. He has 16 years fixed-income experience, including domestically at Rand Merchant Bank and Efficient Select. His offshore experience was at Deutsche Bank. He is responsible for the Fixed Income Asset Class at Anchor Capital.

## INFORMATION AND DISCLOSURES

### Investment Manager

Anchor Capital (Pty) Ltd is an authorised Financial Services Provider FSP 39834.

- Additional information, including application forms, annual or quarterly reports can be obtained from BCI, free of charge or can be accessed on our website ([www.bcis.co.za](http://www.bcis.co.za))
- Valuation takes place daily and prices can be viewed on our website ([www.bcis.co.za](http://www.bcis.co.za)) or in the daily newspaper.
- Actual annual percentage figures are available to existing investors on request.
- Upon request the Manager will provide the investor with quarterly portfolio investment holdings reports.

### Management Company Information

Boutique Collective Investments (RF) (Pty) Ltd  
 Catnia Building  
 Bella Rosa Village, Bella Rosa Street  
 Belville, 7530  
 Tel: 021 007 1500/1/2 | 021 914 1880, Fax: 086 502 5319  
 Email: [clientservices@bcis.co.za](mailto:clientservices@bcis.co.za)  
[www.bcis.co.za](http://www.bcis.co.za)

### Custodian/Trustee Information

The Standard Bank South Africa Ltd  
 Tel: 021 441 4100

