

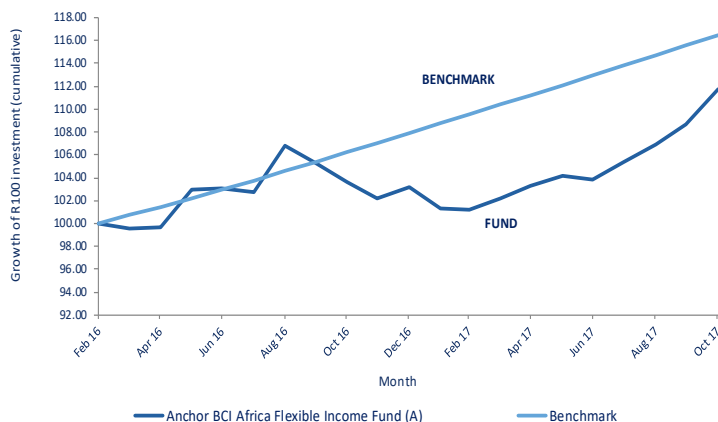
## INVESTMENT OBJECTIVE

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

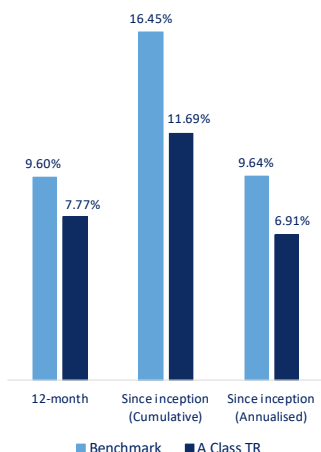
The maximum effective equity exposure (including international equity) will be 10% and a maximum effective property exposure (including international property) of 25%. The portfolio's African exposure, excluding South Africa, will always exceed 80% of the portfolio's asset value. The portfolio may, from 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 31 OCT 2017



Annualised return is the weighted average compound growth rate over the period measured.

## ASSET ALLOCATION AT 31 OCT 2017

Asset Allocation	100.0%
Cash	3.6%
Bonds	96.4%
Country Allocation	100%
Equities	0.0%
Money Markets	0.0%
Gabon	0.0%
USA	0.2%
Tunisia	3.2%
Rwanda	3.4%
Ethiopia	3.4%
Senegal	3.5%
Ghana	3.5%
Nigeria	4.3%
South Africa	4.6%
Supra National	5.7%
Kenya	6.7%
Mauritius	8.5%
Tanzania	8.5%
Ivory Coast	9.9%
Egypt	10.0%
Namibia	12.0%
Morocco	12.6%

## TOP HOLDINGS AT 31 OCT 2017

Morocco 2022 Bond	12.6%
Tanzania 2020 Bond	8.5%
MTN 2024 Bond	8.5%
Kenya 2019 Bond	6.7%
African Dev. Bank 2021 Bond	4.9%
Nigeria 2021 Bond	4.3%
Standard Bank Cash	4.2%
Naspers 2025 Bond	4.1%
Ghana - 2026	3.5%
Senegal 2024 Bond	3.5%

## FUND MANAGER COMMENTARY AT 31 OCT 2017

We are delighted to have returned 2.75% on your portfolio for October.

This past month was dominated by macro events, with the disastrous medium-term budget policy statement (MTBPS) being the catalyst for a sell-off of all things South African. The rand weakened by 4.9% for the month. Our 45% effective exposure to US dollars meant that we returned 2.20% on currency gains alone.

US bond yields have continued to push upwards, with the 10-year yield touching 2.45% during the month. Overall, our low-duration positioning meant that we were able to generate an additional 0.55% of interest income for the portfolio, without really feeling the impact of higher US rates.

Overall, we are happy with the positioning and we will maintain the current exposures.

## 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
High	4.1%	2.7%
Low	-1.6%	-1.8%

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

**ISIN NUMBER**  
ZAE000212882

**INCEPTION DATE**  
8th March 2016

**BENCHMARK**  
SteFl 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**  
R106.28

### 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

**PORTFOLIO VALUE**  
R88.60 million

**BOUTIQUE**  
+ COLLECTIVE  
INVESTMENTS

## FEES & FAIS DISCLOSURE

Initial fees (BCI) (incl. VAT)	0.00%
Advisory Fee (Max) (incl. VAT)	3.42%
Ongoing Advisory Fee (Max) (incl. VAT)	1.14%

Annual Management Fee (incl. VAT)	
Class A	0.80%
Performance fee: 15% of outperformance of benchmark over a rolling 1 year capped at 1.0% p.a.	

TER and Transaction Cost (incl. VAT)	
Basic	1.06%
Portfolio Transaction Cost	--
Total Investment Charge	1.06%

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 were calculated based upon figures for the past financial year ended 31 August 2017.

### 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 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.

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.

**BOUTIQUE**  
+ COLLECTIVE  
INVESTMENTS

## MARKET COMMENTARY

With macro events dominating in October, we decided to rather talk about the global environment this month. We do note, however, that Kenya continues to be worrisome and that we are pleased with our decision to have reduced our exposure to the country a few months ago. There seems to be no end to the country's political upheaval.

Even so, on a global basis, the World Bank ranked Kenya (80/190) and Rwanda (41/190) ahead of South Africa (82/190) on their recent ease of doing business survey. This gives a sense of the progress on the continent.

On the global front, pressure on interest rates remains upward. In October, the European Central Bank (ECB) announced a plan to reduce its bond-buying programme from EUR60bn/month to EUR30bn/month starting in January 2018. October was also the month where the US Federal Reserve (Fed) started to unwind its balance sheet.

We note that the US 10-year rate traded up to our target level of 2.45%, but has since slid back down to 2.39% as at month-end. We think that this is a fair level for global yields in the context of the stimulus reduction that is occurring on a global basis. We don't see the benefit of extending the portfolio duration yet, although if rates push up by another 0.25%, we will likely increase the term of the bonds where we can.

We will retain our current exposure to the US dollar vs the rand. There is much two-way risk with the ANC's December elective conference around the corner. It is impossible to call the outcome of the conference and we would rather remain neutrally positioned than take a view on a massive binary event.

## 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