

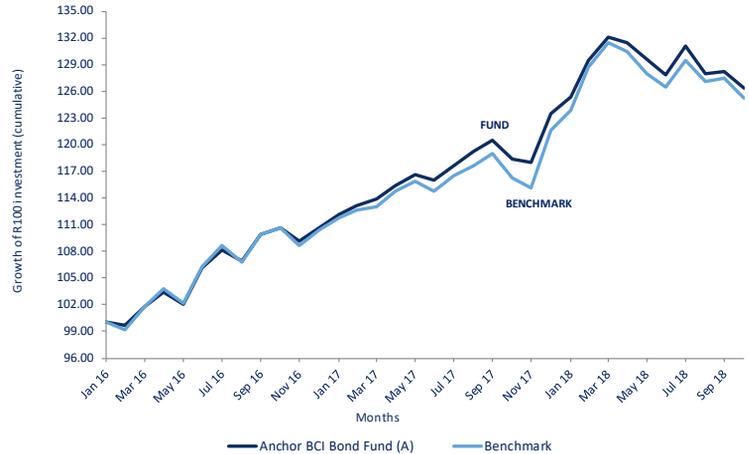
INVESTMENT OBJECTIVE

The Anchor BCI Bond Fund seeks to achieve an investment medium for investors, with its main objective being the maximum total return by primarily investing in bonds.

INVESTMENT PHILOSOPHY

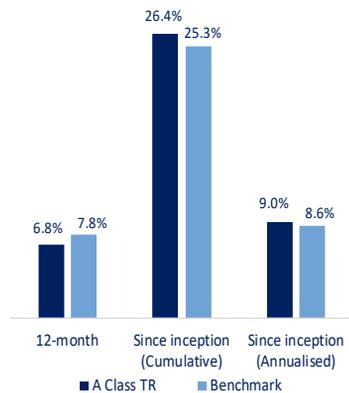
The investments normally to be included in the portfolio will comprise a combination of assets in liquid form and a combination of gilts and interest-bearing securities, including loan stock, semi-gilts, notes, debentures, debenture bonds, preference shares, money-market instruments, bonds, corporate debt, convertible equities and non-equity securities. 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



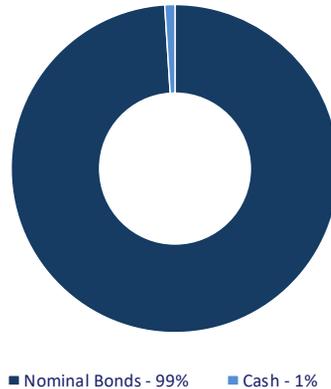
Investment performance is for illustrative purposes only and calculated by taking actual initial fees and ongoing fees into account for amount shown with income reinvested on reinvestment date.

PERFORMANCE AT 31 OCT 2018

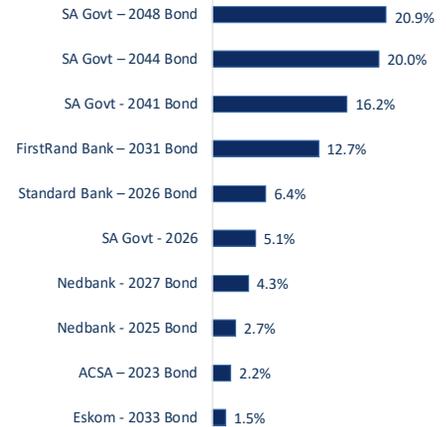


Annualised return is the weighted average compound growth rate over the period measured.

ASSET ALLOCATION AT 31 OCT 2018



TOP HOLDINGS AT 31 OCT 2018



FUND MANAGER COMMENTARY AT 31 OCT 2018

October was a negative month for risk assets across the board. The benchmark R186 bond weakened from a yield of 9.02% to a yield of 9.35% at month-end. Similarly, the rand was under pressure, ending the month at R14.82/\$1 – down 4.6%.

We have for some time now argued that we find domestic bonds to be cheap and that we see appeal in holding these bonds for the attractive interest yields on offer.

However, recently this positive has diminished, with the South African yield curve steepening to reflect the increased risks in the local fiscal situation.

We continue to hold a portfolio with a nominal bond duration of 7.78 years and we expect the attractive interest accrual on these bonds to pay off in the medium term.

RISK PROFILE: LOW

Low	Mod-Low	Mod	Mod-High	High
Low				

- This portfolio has no equity exposure, resulting in low risk, stable investment returns
- The portfolio is not directly exposed to currency risk, but it is exposed to default and interest rate risks.
- The portfolio is suitable for shorter term investment horizons.

HIGH / LOW MONTHS BY YEAR

Dates	2016	2017	2018
High	4.0%	4.7%	3.2%
Low	-1.31%	-1.9%	-2.4%

FUND NAME

Anchor BCI Bond Fund

ISIN NUMBER

ZAE000212874

INCEPTION DATE

8th February 2016

BENCHMARK

JSE/BESA All bond Index (ALBI)

MINIMUM INVESTMENTS

Minimum monthly investment: None

Minimum lump sum: None*

Please refer to page two under Subscriptions

PORTFOLIO VALUE

R97.55m

UNIT PRICE

R101.25

FUND CLASSIFICATION

SA Interest Bearing Variable Term

DISTRIBUTIONS

Quarterly Declaration Date: 28

Feb/31 May/31 Aug/30 Nov

2016 Distribution (cpu): Feb 0.43;

May 2.16; Aug; 2.27; Nov 2.29

2017 Distribution (cpu): Feb 2.26;

May 2.22; Aug 2.45; Nov 2.24

2018 Distribution (cpu): Feb 2.22;

May 2.32; Aug 2.31

FEES & FAIS DISCLOSURE

Initial fees (BCI) (incl VAT)	0.00%
Advisory Fee (Max) (incl VAT)	0.00%
Ongoing Advisory Fee (Max) (incl VAT)	1.15%

Annual Management Fee (incl VAT)	
Class A	0.63%
Performance fee	None

TER and Transaction Costs (incl VAT)	
Basic	Jun 18: 0.70% (PY): 0.68%
Portfolio Transaction Cost	Jun 18: 0.00% (PY): 0.00%
Total Investment Charge	Jun 18: 0.70% (PY): 0.68%

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 TER's. 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 30 June 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.

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@bc-transact.co.za

*Fixed Administration Fee: R10 excluding VAT which will apply to all direct investor accounts with balances of less than R100 000 at month end, unless an investor transacts online, in which case no such fee will be levied.

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 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

One cannot help but get frustrated by the South African National Treasury, which again surprised us in October.

As has been widely discussed by now, the medium-term budget policy statement (MTBPS) was a disappointment for South Africans as we had, up until that point, been led to believe that it would be less dreadful. Then, astonishingly, National Treasury announced the new bond auction volumes on 31 October and these were greater than had been implied in the MTBPS just two weeks prior.

Debt funding is a partnership with the market and this trend of constant negative surprises can have a long-term harmful impact on the ability to keep issuing bonds to the small pool of investors.

The benchmark R186 bond weakened as a result of the unexpected bond auction volumes, ending the month at 9.35% yields, while the rand also weakened in response ending the month at R14.82/\$1.

In this context, we note a negative return on your portfolio for the month, which is undesirable. However, we do take some solace in the fact that your portfolio now owns cheap assets. While these assets might not rebound in the near term, we think that their propensity to continue weakening is limited.

As a result, we expect that the returns over the coming months will probably be generated more by interest accrual than by capital gains. We will continue our strategy of holding slightly above-average duration.

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)
- Valuation takes place daily and prices can be viewed on our website (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

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 Email: clientservices@bcis.co.za
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Custodian/Trustee Information

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