

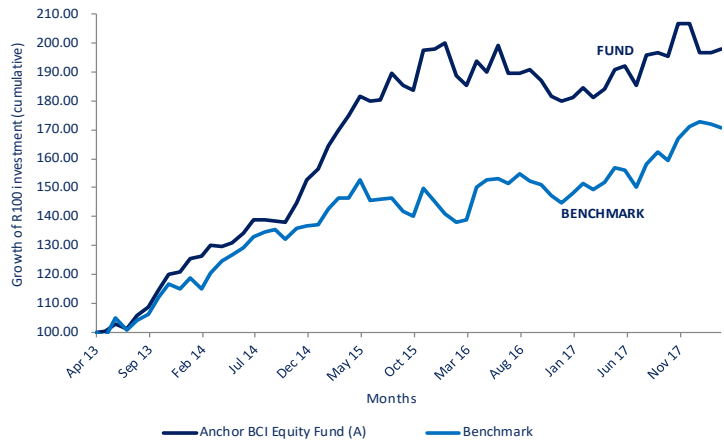
INVESTMENT OBJECTIVE

The Anchor BCI Equity Fund is a general equity portfolio that seeks to sustain high long-term capital growth.

INVESTMENT PHILOSOPHY

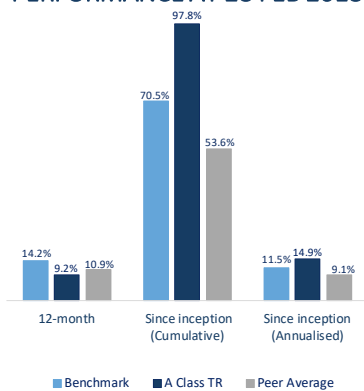
The portfolio is constructed from bottom-up, fundamental research with an investment philosophy that favours quality stocks with superior returns on capital, cash flows and pricing power. While acceptable valuation is an important component of the stock-selection process, the fund's style is not "value" – investments will be made in premium-rated stocks where the growth outlook and quality profile warrants it. The fund will also own shares that are often not well researched, yet offer exceptional valuation-driven opportunities. The quality of companies included is judged by rates of earnings growth, return on capital employed, cash conversion and stability of margins. The portfolio may, from time to time, invest in listed and unlisted financial instruments. The manager may include the following unlisted financial instruments: forward currency, interest rate and exchange-rate swap transactions for efficient portfolio management purposes. The portfolio's equity exposure will always exceed 80% of the portfolio's net asset value.

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 28 FEB 2018



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

ASSET & SECTOR ALLOCATION AT 28 FEB 2018

Local Cash	1.0%
Offshore Cash	0.0%
Offshore Equity	6.5%
Local Equity	92.5%
Telecoms	0.0%
Industrials	1.0%
Technology	0.2%
Basic Materials	13.4%
Health Care	2.6%
Consumer goods	8.1%
Consumer services	22.6%
Financials	37.6%
Real Estate	7.0%
Total	100.0%

TOP HOLDINGS AT 28 FEB 2018

Naspers Limited	10.0%
RMI Holdings	6.5%
Old Mutual Plc	5.6%
Barclays Africa	4.7%
Anglo American	4.4%
BHP Billiton	4.2%
Reinet Investments	3.9%
Growthpoint	3.5%
Redefine	3.4%
Tsogo Sun	3.2%

FUND MANAGER COMMENTARY AT 28 FEB 2018

February saw a continuation of the equity market volatility established in January, both locally and globally. However, it was the domestic listed property sector which saw the most notable action. While "SA-focused" stocks such as Growthpoint performed well, the Resilient group of companies continued to come under significant pressure (down 20-50% during the month) as investors digested the reality of vulnerable valuation levels (significant premiums to NAV), a likelihood of an inability to raise further capital to sustain this model of growth and the corporate governance question marks raised via recent research reports analysing inter-group share dealings and the accounting treatment of BEE trust non-consolidation. The impact of these counters was a 75-bpt deduction from capped SWIX returns for the month (capped SWIX: -0.8% in February).

RISK PROFILE: HIGH

	Low	Mod-Low	Mod	Mod-High	High
<ul style="list-style-type: none"> This portfolio has a higher exposure to equities than any other risk profiled portfolio and therefore tend to carry higher volatility due to high exposure to equity markets. Expected potential long term returns are high, but the risk of potential capital losses is high as well, especially over shorter periods. Where the asset allocation contained in this MDD reflect offshore exposure, the portfolio is exposed to currency risks Therefore, it is suitable for long term investment horizons. 					

HIGH / LOW MONTHS BY YEAR

Dates	2014	2015	2016	2017	2018
High	5.6%	7.7%	4.9%	5.8%	0.6%
Low	-0.3%	-2.2%	-5.6%	-5.0%	0.0%

In January, we highlighted the valuation risks of these companies, and held no exposure – this was the single largest source of alpha for the fund during the month. Similarly, our decision in January to add Growthpoint and Redefine as overweight positions also added value (0.3% to relative performance), while our overweight stance in consumer cyclicals such as Foschini added a further 0.5% to relative performance. These factors helped the fund delivered a gain of 0.6% in February against the overall market decline and peer group average of -0.7%. We remain positioned for a pro-SA stance, but are mindful of valuation risks which may emerge as stocks such as Banks and Retailers continue to rally. Late in the month, we trimmed Old Mutual and added to our small position in Coronation – the latter possessing an attractive dividend yield, a historical earnings base relatively clean (we believe) of performance fees and improving earnings prospects.

FUND NAME

Anchor BCI Equity Fund

ISIN NUMBER

ZAE000175626

INCEPTION DATE

5 April 2013

BENCHMARK

FTSE JSE Capped SWIX J433T index

MINIMUM INVESTMENTS

R25,000 lump sum
R1,000 monthly debit order

FUND CLASSIFICATION

SA Equity General

UNIT PRICE

R186.01

DISTRIBUTIONS

Semi-annual Declaration Date: 28 Feb/31 Aug

2016: Distribution (cpu): Aug 0.58

2017 Distribution (cpu): Feb 0.79; Aug 1.24

2018 Distribution (cpu): Feb 1.25

PORTFOLIO VALUE

R1.12 billion

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	1.14%
Performance fee	None
TER and Transaction Costs (incl VAT)	
Basic	1.18%
Portfolio Transaction Cost	0.62%
Total Investment Charge	1.80%

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 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 December 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, 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@bci-transact.co.za

MARKET COMMENTARY

Global markets were jolted out of their complacency in February. The S&P 500 Index experienced its worst day since the haggling over their debt ceiling in 2011 cost the US a ratings downgrade. Though markets recovered some of the early losses into month-end, they still had their worst month in over two years (S&P500: -3.9%). The catalyst for the February sell-off was January payroll data, which showed a continued march higher in the number of US employees, but this time finally accompanied by surprisingly strong growth in wages which had the market in panic about the prospects of rising inflationary pressure. Expectations for US rate hikes in 2018 continued to rise, with markets pricing in a 40% probability of at least four rate hikes in 2018 (up from a 12% probability at the beginning of the year).

The US dollar, which has been under pressure since early 2017, finally found some support in February thanks to its haven status and increasingly attractive yields. The spectre of upcoming Italian elections and Brexit negotiations (which remain fraught with complexity) put the euro and the British pound under pressure, but the Japanese yen was stronger - also a beneficiary of its haven status.

On the domestic front, while the JSE was sharply higher and the rand firmed mid-February following the resignation of Jacob Zuma, the selloff in global equities also engulfed the local market, resulting in the All Share Index ending the month 2.0% lower. Market heavyweights, British American Tobacco, Naspers, and BHP Billiton, which together account for c. 33% of the JSE's total market cap, dropped by 13%, 7% and 3%, respectively. A decrease in resources prices also pulled the Resi-10 4.9% down for the month, while Industrials closed 3.5% in the red. On the flipside, Financials, dragged lower in January by the fallout from the Viceroy report on Capitec, ended February 5.1% in the green.

The rand ended February 0.5% higher after strengthening to a three-year high of R11.52/\$1 leading up to President Cyril Ramaphosa's Cabinet reshuffle. The re-appointment of Nhlanhla Nene as finance minister and Pravin Gordhan as minister of public enterprises was welcomed and seen as assisting Ramaphosa's government clean-up. However, there were also concerns around some of the appointments, in what is widely seen as a compromise cabinet. The Budget speech was for the most part ratings-agencies positive (Moody's is expected to maintain its rating on 23 March), with news of the first VAT hike (to 15%) since 1993 a consensus expectation (and a necessary move given the fiscal position).

FUND MANAGER



Sean Ashton has a B Com Honours and is a CFA charter holder. He has 14 years' experience in the financial markets, having worked as a sell-side analyst as well as a fund manager at Deutsche Bank, Nedbank and Investec. Sean is responsible for the investment process at Anchor Capital, and also manages the Anchor BCI Equity Fund.

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
www.bcis.co.za

Custodian/Trustee Information

The Standard Bank South Africa Ltd
 Tel: 021 441 4100

DISCLAIMER

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