ANCHOR BCI SA EQUITY FUND A CLASS | January 2018
MINIMUM DISCLOSURE DOCUMENT

Issue Date 08 February 2018

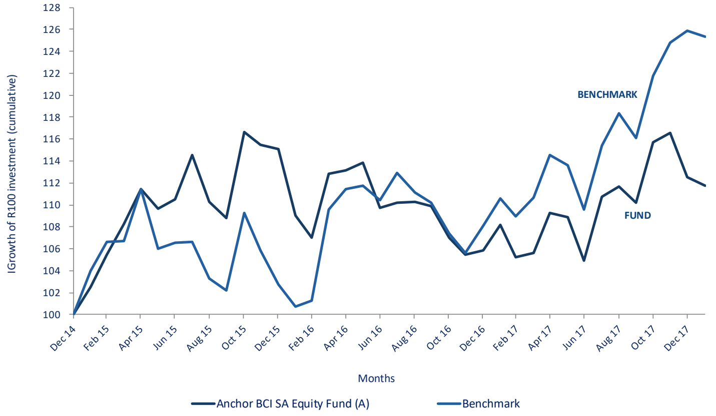
INVESTMENT OBJECTIVE

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

INVESTMENT PHILOSOPHY

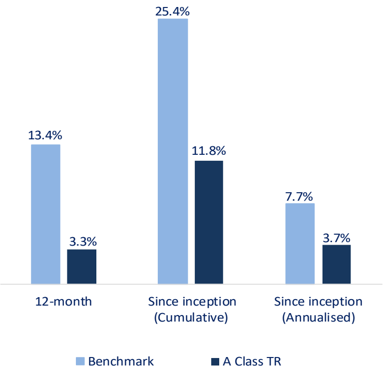
The portfolio is constructed from bottom-up, fundamental research with an investment philosophy that favours quality stocks with superior returns on capital, cash flows and pricing power. While acceptable valuation is an important component of the stock-selection process, the fund's style is not "value" – 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. As the name suggests, the fund's assets are limited to investing in South Africa only. The portfolio may, from time to time, invest in listed and unlisted financial instruments. 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 31 JAN 2018

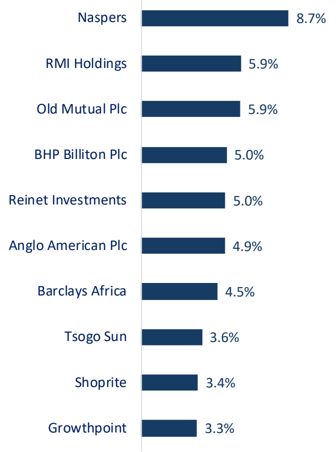


Annualised return is the weighted average compound growth rate over the period measured

ASSET & SECTOR ALLOCATION AT 31 JAN 2018

Local Cash	**3.3%**
Local Equity	**96.7%**
Telecoms	0.0%
Industrials	0.5%
Technology	0.2%
Basic materials	16.0%
Health care	3.1%
Consumer goods	9.4%
Consumer services	24.6%
Financials	36.3%
Real Estate	6.6%
Total	**100.0%**

TOP HOLDINGS AT 31 JAN 2018



FUND MANAGER COMMENTARY AT 31 JAN 2018

South African (SA) equities started the year off to the races in January as a rotation into pro-cyclical SA stocks, such as banks and retailers, built on the momentum created in December 2017 following Cyril Ramaphosa's ANC elective conference victory. However, this rapidly petered out following a sensationalist Viceroy report issued on Capitec Bank alleging misrepresentation of its accounting for loan losses, as well as reckless lending practices. This saw Capitec and PSG's share prices tumble, and seemingly created contagion across the rest of SA Inc. The capped SWIX ended the month 0.45% down (fund: -0.6%). It appears that market rumours that the Resilient Group of listed property companies could have been the subject of the much-anticipated (dreaded?) Viceroy report resulted in a sharp break of share price momentum in these companies. The negative share price spiral for counters such as Fortress-B, Nepi-Rockcastle and Greenbay has been compounded by their high valuations. The fund has no exposure to these property companies on valuation considerations.

Conversely, given our more constructive stance on local bonds and the rand following CR17, we believe domestic property counters such as Growthpoint offer an attractive risk-reward balance and we have included an allocation to Growthpoint and Redefine. We have also reduced our exposure to Naspers to below 9%, with the chief consideration being an overextended Tencent valuation in the short term (fwd 40x P/E). We continue to maintain our overweight position in Diversified Miners given our pro-cyclical stance, underpinned by attractive valuations.

RISK PROFILE: HIGH

Low	Mod-Low	Mod	Mod-High	High

- 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.
- Therefore, it is suitable for long term investment horizons.

HIGH / LOW MONTHS BY YEAR

Dates	2015	2016	2017	2018
High	7.2%	5.4%	5.5%	-0.6%
Low	-3.8%	-5.3%	-3.7%	-0.6%

FUND NAME
Anchor BCI SA Equity Fund

ISIN NUMBER
ZAE000195251

INCEPTION DATE
22 January 2015

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
R110.49

DISTRIBUTIONS
Semi-annual Declaration Date: 28 Feb/31 Aug

2016 Distribution (cpu): Feb: 0; Aug: 0

2017 Distribution (cpu): Feb: 0.43; Aug: 0.84

PORTFOLIO VALUE
R123.43 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	1.14%
Performance fee	None
TER and Transaction Cost (incl VAT)	
Basic	1.27%
Portfolio Transaction Cost	1.20%
Total Investment Charge	2.47%

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 September 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.

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

The year started with a bang for global equities – the MSCI World Index was up 5.3%, its best January since 1994 and the fifteenth consecutive positive month. In the US, almost half of S&P 500 companies reported earnings during January, with earnings growing at around 12% relative to 4Q16. Earnings growth exceeded expectations as global earnings were boosted by a weak US dollar and synchronised global growth. A key driver of January's equity market performance was the upgrading of analyst earnings expectations. Most of the companies reporting earnings gave guidance on the likely boost from US tax cuts, which was enough to see analysts upgrade S&P 500 earnings expectations for 2018 by c. 4.5% during January. Earnings for S&P 500 companies are now expected to grow by about 26% in 2018.

Emerging markets (EMs) also continued their strong run, the MSCI Emerging Markets Index was up 37% in 2017 and added another 8% in January with the Brazilian and Russian stock market indices rising by 15% and 11% in US dollar terms, respectively. The Hang Seng Index of Hong Kong-listed Chinese companies was also up over 15% for the month. Most major Chinese banking stocks surpassed pre-Global Financial Crisis highs in January, as well as their more recent mid-2015 highs achieved before a currency devaluation and the introduction of some clumsy regulations saw a collapse of most Chinese stock prices. The rally in Hong Kong-listed Chinese companies has been driven, at least partially, by an increase in purchases by mainland Chinese investors utilising a link to the Hong Kong Stock Exchange that Chinese authorities approved in 2014.

Bonds had their worst month since the election of US President Donald Trump in 2016 as US 10-year bond yields jumped 0.4%, putting them at levels last seen during 2014 after the "taper tantrum" (when the US Federal Reserve [Fed] surprised investors with the announcement that they'd imminently be halting bond purchases). European bond yields also spiked, but not as much as the euro, which was up over 3% in January following a 14% rally in 2017. Despite the US dollar's still-significant yield advantage, investors seem willing to look through the current low European yields with economic growth and inflation starting to exceed expectations. The British pound also had a sterling month, up 5% against the US dollar on reports that Spain and the Netherlands may be supportive of a soft Brexit deal.

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
Boutique Collective Investments (RF) (Pty) Ltd
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Bella Rosa Village, Bella Rosa Street
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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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