

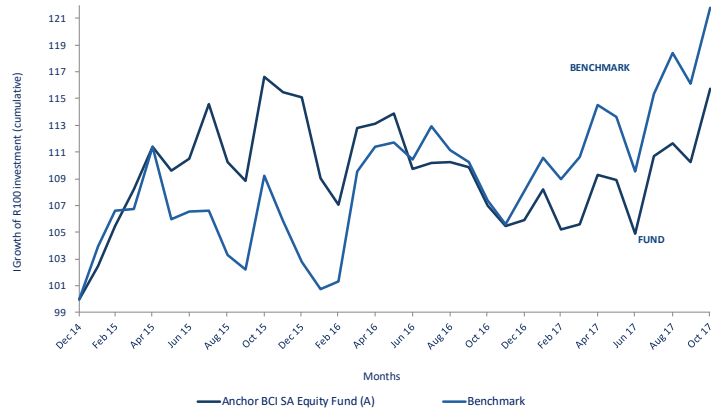
## INVESTMENT OBJECTIVE

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

## INVESTMENT PHILOSOPHY

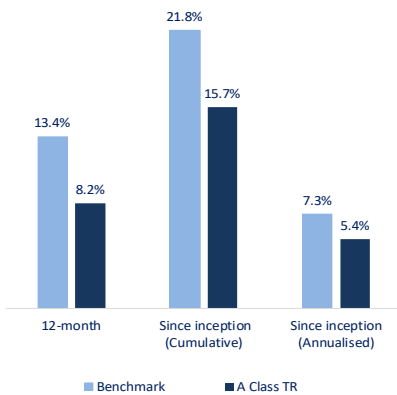
The portfolio is constructed from bottom-up, fundamental research with an investment philosophy that favours quality stocks with superior returns on capital, cash flows and pricing power. While acceptable valuation is an important component of the stock-selection process, the fund's style is not "value" – 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 OCT 2017



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

## ASSET & SECTOR ALLOCATION AT 31 OCT 2017

Domestic Cash	7.4%
<b>Domestic Equity</b>	<b>92.6%</b>
Telecoms	2.0%
Industrials	6.7%
Technology	0.0%
Basic materials	11.1%
Health care	5.4%
Consumer goods	11.6%
Consumer services	26.5%
Financials	29.3%
<b>Total</b>	<b>100.0%</b>

## TOP HOLDINGS AT 31 OCT 2017

Naspers	12.7%
Steinhoff International	6.0%
RMI Holdings	5.3%
Reinet	5.1%
Old Mutual	3.9%
Bidcorp	3.5%
Astoria	3.4%
BHP Billiton	3.3%
Compagnie Fin Rlichemont	3.2%
Kap Industrial	3.0%

## FUND MANAGER COMMENTARY AT 31 OCT 2017

Domestically, the month was dominated by confirmation of South Africa's dire fiscal situation in the form of the medium term budget policy statement by Finance Minister Malusi Gigaba. While the current fiscal metrics should not come as a major surprise, it was the lack of any coherent plan and the seeming abandoning of a fiscal consolidation path which shocked the markets. Both the rand and bond markets sold off, with the currency losing 4.2% during the month. It was within this context, as well as strong global markets (MSCI World +1.9%), that local indices performed so strongly – the SWIX delivered a 6.5% return for October. Importantly, Naspers rose 18% during the month and accounted for over half of the return from the market. The fund delivered a return of 5.01% for the month.

The key positive contributors to performance during October relative to the benchmark were PPC, Grindrod and Astoria Investments Limited (a cumulative 0.85% contribution to performance), as well as Diversified Miners (+0.25%). The key detractors from *relative* performance included an underweight position in Naspers (-1.6% to performance) and no weighting in platinum shares (-0.2% deduction). During the month, we moderated our holdings in Banks on the back of our belief that the probability of South Africa's sovereign credit rating being downgraded has increased. Should this be met with an exit from the Citigroup WGBI, forced selling of SA bonds could cause yields to spike above 10%. We believe this scenario is not fully priced into Banks' valuations and, accordingly, we have moved to an underweight position.

## 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
High	7.2%	5.4%	5.5%
Low	-3.8%	-5.3%	-3.7%

### 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

R114.40

### 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

R167.55 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%
<b>Annual Management Fee (incl VAT)</b>	
Class A	1.14%
Performance fee	None
<b>TER and Transaction Cost (incl VAT)</b>	
Basic	1.25%
Portfolio Transaction Cost	1.17%
Total Investment Charge	2.42%

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 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)

## MARKET COMMENTARY

US Companies started reporting 3Q17 earnings in October, with 60% of S&P 500 companies reporting by month-end. Earnings were about 5% ahead of expectations for the companies reporting - they delivered c. 8% of earnings growth, in aggregate. Tech companies led the way with the FAANG companies (Facebook, Apple, Amazon, Netflix and Google) and Microsoft contributing more than half of the S&P 500 returns in October (and 90% of the NASDAQ's October returns). Amazon, Microsoft, Netflix and Google all reported stellar 3Q17 earnings, leaving their shares up 15%, 12%, 8% and 6%, respectively, for the month. Despite Apple not yet releasing its results, it was up 10% in October on reports that orders for its new iPhone X were extremely strong. Oil continued to grind higher, breaching \$ 60/bbl late in the month (for the first time since mid-2015). Interest rates also pushed higher in the month as market participants speculated on who would be chairing the US Federal Reserve (Fed) next year, with concerns that they might not be as accommodative as the current Chair, Janet Yellen, has been. Higher US rates also pushed the US dollar higher. US Investment-grade credit spreads dropped below 1% in October, reaching levels not seen since before the 2008 global financial crisis, but this was offset by rising interest rates that left most global bond indices flat for the month.

Japan was comfortably the leading global equity market, with the Nikkei Index up over 8% in the month. Prime Minister Shinzo Abe successfully negotiated another general election, winning his fourth term at the helm in Japan and comfortably maintaining his supermajority in congress. The victory should allow him to ensure that loose monetary conditions remain and that structural reforms are accelerated, both of which seem to be having some success in spurring the Japanese economy back to life. In emerging markets, the BRICs lead switched hands again as last month's winners (Brazil and Russia) were comfortably eclipsed by India and China, whose equity indices were both up over 5% in October. Indian markets found some support from their large concentration of oil companies and some corporate activity in the telecoms sector. In Europe, the ECB announced during the month that it would start tapering its quantitative easing (QE) programme next year, halving the amount of bonds it buys each month to EUR30bn from January 2018, but maintaining the buying until at least September and probably beyond that. This was better than the markets had been hoping for, expectations were that the bond buying would end much sooner and European bonds rallied on the announcement, pushing the euro lower against most currencies. Late in October, the US released 3Q17 GDP growth of 3% (higher than the 2.6% expected by economists), largely shrugging off the impact of hurricanes during the quarter.

## 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](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

## 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.

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