MAZI ASSET MANAGEMENT PRIME EQUITY FUND

(Class B2)

January 2019

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Investor Risk Profile

Low | Low - Medium | Medium | Medium - High | **High**

Fund Facts

Classification	South African - Equity - General	
Benchmark	FTSE/JSE SWIX*	
Inception Date of Fund	05 August 2010	
Inception Date of Class	05 August 2010	
Total Portfolio Size	1290.1 M	
NAV price	Launch	100.00 (cpu)
	31-Jan-19	248.24 (cpu)
JSE code	MCEFB2	
ISIN number	ZAE000208575	
Income Declaration	February, August	
Valuation	Valuation time	22h00 (daily)
	Dealing cut-off	14h00 (daily)
Payment	3rd working day of Mar/Sep	
Minimum Initial Investment	R5 000 lump sum	
	R500 debit order	
Reg. 28 Compliant	No	
Issue date	20 February 2019	

**Please see fund manager commentary with regards to the benchmark.*

Portfolio Income in Cents Per Unit (cpu)

Distribution	Dividend	Interest	Other	Total
Aug-18	2.8398	0.1771	0.2694	3.2862
Feb-18	1.7761	0.0829	0.1412	2.0002

NAV Values	Nov-18	Dec-18	Jan-19
Fund Units	485 418 574	518 984 578	519 471 225
Fund NAV	R 1 159 600 450	R 1 266 219 896	R 1 290 110 304
Class NAV	R 193 112 734	R 200 725 362	R 199 996 790

**All figures have been rounded to the nearest Unit and Rand*

Mandate Compliance

The Fund remains within the reporting fund regime as at the date of this report.

Portfolio profile

The Mazi Asset Management Prime Equity Fund is a general equity portfolio that seeks to sustain high long-term capital growth.

Fund Objective

The portfolio may invest in financial instruments to achieve its objectives from time to time. The manager may include unlisted forward currency, interest rate and exchange rate swap transactions for efficient portfolio management. The portfolio's equity exposure shall always exceed 80% with the balance, if any, invested in liquid assets. Nothing shall preclude the manager from varying the ratios of securities or assets in liquid form in changing economic environment or market conditions to meet the requirements of legislation or from retaining cash or placing cash on deposit. The manager shall reserve the right to close the portfolio to new investors.

Limits and Constraints

- Maximum exposure limits as per the ASISA fund classification structure.
- Maximum offshore exposure of 25% plus max 5% in Africa.
- The portfolio equity exposure will always exceed 80% with the balance, if any, invested in assets in liquid form.

Total Investment Charges

Period (annualised): Mar 17 to Feb 18

Total Expense Ratio (TER) 0.94%

Expenses related to the administration of the Financial Product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not be necessarily be an accurate indication of future TER's.

Transaction Costs (TC) 0.49%

Costs relating to the buying and selling of the assets underlying the Financial Product

Total Investment Charges 1.43%

Transaction costs are a necessary cost in administering the Financial Product and impacts Financial Product 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 Financial Product, the Investment decisions of the investment manager and the TER. Inclusive of the TER of 0.94%, a performance fee of 0.00% of the net asset value of the class of the Financial Product was recovered.

Portfolio Fees

Management Fee	0.10% (excl. VAT)
Performance Fee	N/A
Advisory Fee	N/A
Investment Management Fee	0.65% (excl. VAT)

PRIME INVESTMENTS

MAZI ASSET MANAGEMENT PRIME EQUITY FUND
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Mazi
Investment Pedigree

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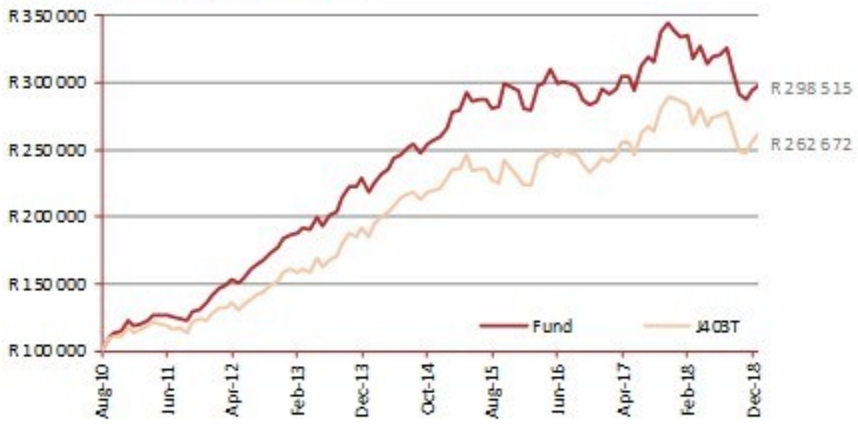
Fund Performance

Growth of a R 100 000 Investment



Fund Composition

Naspers Ltd	12.80%
Firstrand Ltd	7.45%
Standard Bank Group Ltd	7.14%
Anglo American Plc	6.50%
Sasol Ltd	6.06%
Old Mutual Ltd	5.56%
Bidvest Ltd Ord	3.63%
Investec Plc	3.46%
Exxaro Resources Ltd	2.98%
BHP Group	2.75%

	January-2019		December-2018		November-2018	
Period	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
1 Month	1.77%	3.09%	2.13%	2.90%	-1.50%	-0.61%
3 Months	2.38%	5.43%	-5.44%	-3.99%	-11.78%	-10.93%
6 Months	-6.91%	-4.43%	-8.06%	-7.20%	-8.44%	-7.34%
YTD	1.77%	3.09%	-13.35%	-11.67%	-15.16%	-14.16%
1 Year	-10.63%	-8.31%	-13.35%	-11.67%	-16.46%	-14.29%
2 Years	0.49%	3.74%	1.22%	3.48%	0.69%	3.01%
3 Years	2.04%	5.57%	-0.09%	3.69%	-1.01%	1.71%
5 Years	6.52%	7.30%	5.14%	5.92%	5.21%	6.05%
Since Inception	13.88%	12.16%	13.64%	11.75%	13.35%	11.37%

*Returns above one year are annualised; **Fund Returns are net of fees

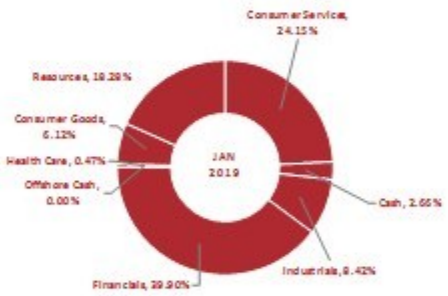
Risk Statistics

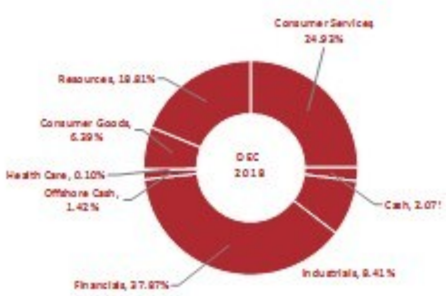
Risk Metrics	Fund (B2)	Benchmark
Volatility	10.22%	10.90%
Tracking Error	3.99%	
Information Ratio	0.43	
Correlation (SWIX ALSI)	0.93	
Beta	0.86	
Sharpe Ratio	0.72	0.54
Max (Rolling 12 Mths)	37.36%	31.88%
Min (Rolling 12 Mths)	-16.46%	-14.29%
Alpha	2.29%	

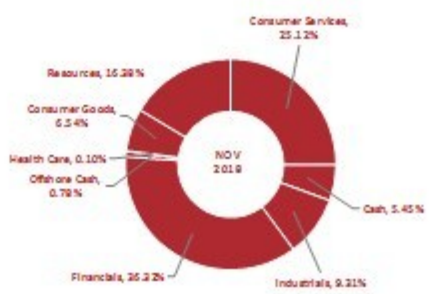
Monthly Performance		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund	2019	1.77%												1.77%
Benchmark	2019	3.09%	-	-	-	-	-	-	-	-	-	-	-	3.09%
Fund	2018	-1.35%	0.27%	-3.02%	2.94%	-4.21%	1.71%	0.51%	1.33%	-4.72%	-6.00%	-1.50%	2.13%	-13.35%
Benchmark	2018	-0.86%	-1.18%	-3.00%	4.33%	-4.76%	2.74%	0.10%	1.13%	-4.54%	-6.12%	-0.61%	2.90%	-11.67%
Fund	2017	3.26%	-1.45%	1.40%	2.95%	-0.06%	-3.35%	6.50%	2.02%	-1.09%	7.14%	1.85%	-1.35%	18.24%
Benchmark	2017	2.57%	-1.49%	2.24%	4.06%	-0.07%	-3.83%	6.34%	2.42%	-1.73%	6.51%	3.09%	-0.16%	21.22%

Asset Class Returns	Jan-19
ALSI (TR)	2.81%
ALBI (TR)	2.90%
CASH	0.60%
ZAR/USD	13.27

Asset Allocation







Fund Commentary

The Market

December capped a very tumultuous year for both Domestic and Global Markets. 2018 started off well with several tailwinds supporting global growth. A strong performing US economy was boosted by low rates, full employment, additional US fiscal stimulus measures and topped off with corporate tax cuts. China looked set to continue their growth path which would also provide a boost to Emerging Markets who were commodity exporters into China. The Eurozone was improving, boosted by an undervalued euro, rising confidence and pent-up demand. The UK seemed to be making good progress on its Brexit negotiations with expectations of a favourable Brexit deal on the cards. On the Domestic front, SA markets benefitted from the positive sentiment post the ANC elections in December 2017, with markets pricing in a return to growth which was to be driven by greater private sector investment along with a turnaround in the State-Owned Entities given the improvement in governance.

Unfortunately, the optimism was short lived and faded post quarter one with both Domestic and Global markets being driven down by macro and geopolitical risks. On the Global front, markets were impacted by concerns around the US-China trade wars which began escalating in magnitude, the pace of US Fed tightening, a breakdown in Brexit negotiations, coupled with concerns regarding the health of the Eurozone, along with increased regulatory policies that were impacting certain sectors (e.g. China gaming and US Tobacco to mention a few).

South Africa and other Emerging Markets took their cue from the developed markets and also gave back their first quarter gains. South Africa however did perform better than some of their EM peers such as China, Turkey, Dubai and South Korea. The currency and equity markets bore the brunt of the negativity with the rand weakening by 14% against the dollar and the SWIX down 11.7% on a total return basis for 2018. In addition to the tough macro backdrop, we also had domestic issues to deal with, key concerns being the technical recession in the 2nd and 3rd quarters, uncertainty regarding the Land Expropriation policy and issues resurfacing regarding the health of our State-Owned Entities, in particular Eskom.

As we start 2019, there are early signs of tailwinds for markets with the US and China making some progress on their trade talks, along with the US Fed commenting that the pace of rate increases will be measured and not predetermined for 2019. We are watching the Brexit negotiations with key votes scheduled for the middle of January. Recent economic data out of Germany points to an economy that is slowing down. This could mean that the EU will be less likely to wean the region off its QE programme in the short term. On the local front, the focus will be on whether Eskom's restructuring plan will be successful, on the budget in February and on the General Elections which are scheduled for May 2019.

Fund Commentary

2018 was a challenging year given global political risk and local economic challenges, which resulted in high levels of volatility. For the year ended December 2018, the fund lost 12.5% gross of fees. The SWIX was down 11.7% and the Capped Swix (against which the fund is benchmarked from August 2018) lost 10.9%.

Key holdings that managed to perform well for the fund over the year were Anglo American and its platinum subsidiary, Pick N Pay, Old Mutual, Bidvest, Firstrand and Capitec. The fund further benefitted from avoiding some of the worst performers over the year including BTI, Nepi Rockcastle, Mediclinic and Intu Properties, but unfortunately, we did not miss all the landmines. The biggest detractors from performance were Libstar, Ascendis, Attacq, Curro, Sasol and Aspen.

The portfolio remains exposed to our best ideas and those companies that we have conviction in based on our investment philosophy and process. We are cautiously optimistic about South African investment opportunities for 2019.

Recent portfolio changes include the selling out of Anglo American Platinum (Amplats) as well as Aspen Pharmacare. Amplats exceeded our fair value, while the investment thesis on Aspen changed.

Aspen's aggressive growth strategy resulted in debt levels climbing to unsustainable levels, which led the company to the decision to sell its highly prized (in our opinion) infant formula business. We think it is unlikely that the company will generate value for share holders over the medium term and hence our decision to sell.

Sasol remains a top pick in the portfolio and was impacted by the fall in crude oil price over the period. The company's oil price hedging policy as well as their project in the US, which is nearing completion, are key factors to our thesis and we retain a positive view of the company.

Naspers remains our biggest holding and despite a poor performance during the year our thesis remains unchanged. The share price decline during the final quarter of the year was directly linked to the fall in Tencent's share price in China, which was a result of the Chinese government's effort to reduce the addictive impact that online games have, especially on younger audiences. Late in December, the moratorium imposed by the Chinese authorities (since March 2018) on the approval of new online games was lifted and this will be a positive development for the company (and therefore Naspers) going forward.

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