**RISK/RETURN PROFILE:**

To provide broad-based exposure to shares that offer value and medium- to long-term growth. The portfolio managers seek to invest in those companies where returns can be achieved from any one or all of (a) growth in earnings, (b) growth in dividends and (c) a re-rating by the market of the company’s share price.

**INVESTOR PROFILE:**

Investors with a higher risk tolerance who are looking for out-performance of the average South African General Equity Fund without taking on greater risk of loss. The recommended investment horizon is 7 years or longer.

**INVESTMENT MANDATE:**

The Fund invests in companies that meet the portfolio managers’ value criteria. The Fund seeks out value by attempting to capture all components of return over time, including high dividend yield, earnings growth and possible market re-rating. The intended maximum limits are Equity 100%, Listed Property 10%, Foreign 30% and Africa (excl. SA) 5%.

**FUND MANAGERS:**

Chris Wood, Aadi Omar and Yusuf Mowllana

**ASISA CATEGORY:**

South African - Equity - General

**BENCHMARK:**

ASISA South African - Equity - General Category Mean

**INCEPTION DATE:**

2 August 1999

**FUND SIZE:**

R 492 767 311

**AWARDS:**

**FUND COMMENTARY**

The widespread impact of the COVID-19 pandemic dominated global markets in March. Almost all asset classes sold off during the month, as negative investor sentiment was amplified by uncertainty over the extent and severity of the virus and its impact on economic growth. The IMI warned of a coming global recession worse than that of the 2008 Global Financial Crisis (GFC), while ratings agency Fitch projected a 1.9% contraction in global growth for 2020. The pandemic has led investors to focus on defensive assets to help offset the economic impact of the COVID-19 pandemic. In the US, the US Federal Reserve undertook an emergency 100bp interest rate cut and a US$700bn bond buyback programme.

The government, meanwhile, announced a record US$2.2 trillion fiscal stimulus package to counter the anticipated surge in unemployment and stress on corporate and individual earnings. In the UK, the Bank of England lowered its base interest rate from 0.75% to 0.25%, and then again to a record-low 0.1% a week later. In Europe, the ECB launched a new €750 billion asset purchase programme, which includes the purchasing of government debt and private securities until the end of the year. In China, the People’s Bank of China (PBoC) kept its one-year loan prime rate unchanged at 4.05%, defying market expectations. The PBoC did however lower its seven-day reverse repo rate interest rate by 20bps to 2.2%, the first cut in nearly five years, and injected CN¥500bn (US$70bn) into money markets through seven-day reverse repos.

Local markets weren’t spared from the risk-off sentiment, which was further exacerbated by a string of negative data, including the economy slipping into recession and Moody’s downgrading South Africa’s sovereign credit rating to below investment-grade status. In a bid to encourage economic recovery the SARF reduced the repo rate by 100bps to 5.25% (the second rate decrease for the year) and launched a bond-buying programme. Meanwhile the government announced several fiscal and monetary measures to help individuals and small businesses weather the local shutdown. The FTSE JSE ALSI declined -12.1% in March. Industrials returned -3.1%, Financials -25.4%, Resources -12.4%, while Listed property (SAPY index) was the worst performer generating -36.6%. Among the largest contributors to relative performance for the month was an overweight position in BAT, and underweight positions in Absa and Standard Bank.

The rand depreciated 14.1% against the US dollar, 10.3% against the pound sterling and 14.3% versus the euro. Notable were China’s measures to prevent the spread of COVID-19. In a bid to encourage economic recovery the SARF reduced the repo rate by 100bps to 5.25% (the second rate decrease for the year) and launched a bond-buying programme. Meanwhile the government announced several fiscal and monetary measures to help individuals and small businesses weather the local shutdown. The FTSE JSE ALSI declined -12.1% in March. Industrials returned -3.1%, Financials -25.4%, Resources -12.4%, while Listed property (SAPY index) was the worst performer generating -36.6%. Among the largest contributors to relative performance for the month was an overweight position in BAT, and underweight positions in Absa and Standard Bank.

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