

ALUWANI Top 25 Fund

Managers corner

ALUWANI Capital Partners was founded in December 2015 following a management buy-out of Momentum Asset Management's third party institutional business by senior staff. ALUWANI is an independent investment management business registered with the Financial Services Board ("FSB") and is an approved investment manager in terms of the Financial Advisory and Intermediary Services Act ("FAIS"). Our management team has a long history in the asset management industry, with more than 80 combined years of experience. Our business is built on a philosophy and approach of meeting client expectations through consistent investment performance and client service. We offer investment expertise across all listed asset classes, underpinned by a singular investment philosophy of consistently delivering risk adjusted returns over various market cycles. All our products are managed on this premise. We manage assets of more than R60 billion on behalf of institutional clients ranging from retirement funds, corporates, municipalities, medical aids to government owned enterprises. What's in the name: ALUWANI is a Tshivenda name meaning "to prosper", and is reflective of the foundation of our business, which is to positively contribute towards prosperity of all our stakeholders, including clients, staff, shareholders and communities.



Meet your managers



Bafana Patrick Mathidi
B.Compt (Hons), MSc (Fin) (University of London)

Executive Director

Mr. Bafana Patrick Mathidi is the Head of Equity and Multi-Asset strategies at ALUWANI Capital partners (Pty) Ltd. Mr. Mathidi has 18 years' financial services industry experience, the last decade being in asset management. He is a Multi-Asset portfolio manager whose skill set is in understanding the broader dynamics of the financial markets, business models and financial asset valuation. He is responsible for equities and multi-asset portfolios.

Managed portfolio since 26 Mar 2010



Managers view

Economic overview

After a rebound in the South African (SA) equity markets in Q2 2018, volatility remained elevated during Q3 2018 driven by the ongoing trade wars between the USA and China, higher oil prices, rising US interest rates and crises in economies like Turkey and Argentina which triggered a sell-off of emerging market assets.

The sell-off spread to other emerging markets and was exacerbated in SA by the news that the economy entered a recession for the first time since the 2008/2009 global financial crisis. The weakness in the Rand continued and the equity market declined resulting in the All Share Index declining by c.2% for the quarter and by c.4% for the nine months to September.

The worst performing sectors during the quarter were healthcare which declined c.20%, media which was down c.12%, food producers which declined c.12% and food and drug retailers declined by c.3%. These declines were partially offset by advances in the non-life insurance sector which gained c.17%, life insurers which gained c.12% and resources gained c.5%. Our portfolios were not immune to the overall weakness and were also down for the quarter, although on a benchmark relative basis our portfolios are still ahead of the relevant benchmarks for the year.

Portfolio overview

Our holdings in Aspen, Naspers and MTN dragged down our performance. Aspen sold-off after they released disappointing results, the decline in Tencent dragged Naspers down and MTN came under pressure after the Central Bank of Nigeria alleged that MTN improperly repatriated funds. Our decision to build a position in Old Mutual yielded positive results as the share returned c.14% for the quarter, other positions that performed well were Anglo American Platinum, AngloGold, Sasol, FirstRand and Mondi.



Portfolio positioning

During the quarter we reduced our exposure to FirstRand, Aspen and MTN and increased our exposure to Old Mutual and British American Tobacco and Old Mutual replaced Aspen in our top 10 holdings.

With SA being in a recession, higher fuel prices, high unemployment and the weak Rand we expect SA equities to remain under pressure for longer, so we continue to favour Rand hedge shares. If the weakness in the markets continues and quality shares derate to the extent that their valuations become attractive we would look to capitalise on such opportunities.

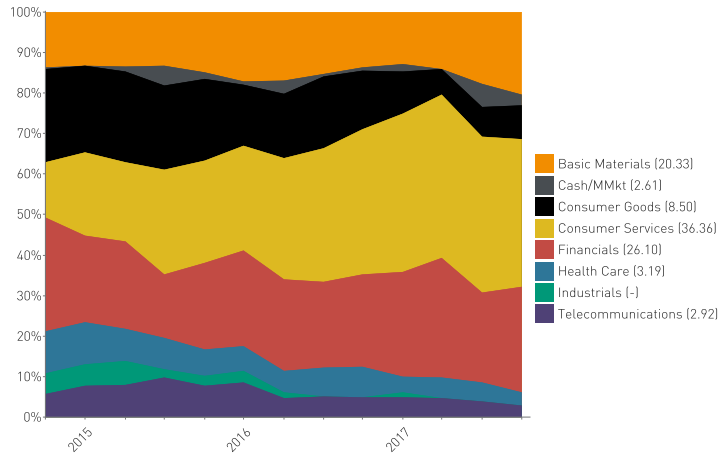


Facts and figures



Holdings

Portfolio (%)



Q2 2018 to Q3 2018

Equity sector allocation (%)	Q3	Q2	Chg
Financials	26.79	23.56	3.23
Industrials	52.33	57.58	-5.26
Resources	20.88	18.86	2.02

Q3 2018 - Top holdings (%)

Naspers Limited	27.47
Sasol Limited	7.81
Standard Bank Group Limited	7.15
FirstRand Limited	7.05
British American Tobacco plc	6.25
Old Mutual Limited	3.83
Anglo American plc	3.76
Sanlam Limited	3.26
Mondi Limited	3.13
MTN Group Limited	2.92

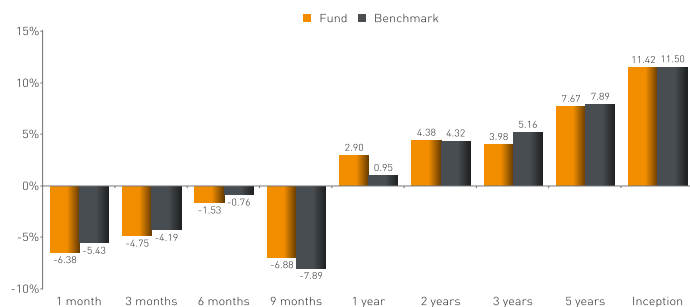
Q2 2018 - Top holdings (%)

Naspers Limited	29.79
Standard Bank Group Limited	7.12
Sasol Limited	6.53
FirstRand Limited	6.35
British American Tobacco plc	5.13
MTN Group Limited	3.92
Aspen Pharmacare Hldgs Limited	3.87
Anglo American plc	3.42
Mondi Limited	2.83
Old Mutual Limited	2.62

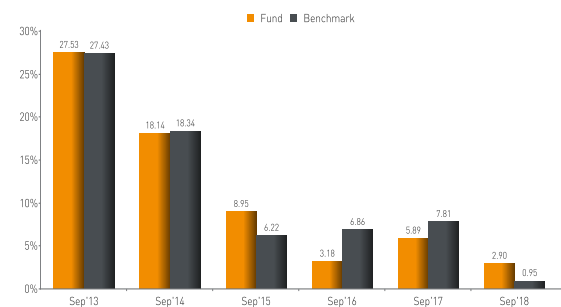


Performance

Returns (%)



One year returns (%)



Cumulative for all periods less than 1 year, annualised for all longer periods.

Cumulative returns ending 30 September each year.

Fund: ALUWANI Top 25 Fund Class A (Inception 2 April 2012) Benchmark: FTSE/JSE SWIX Top 40 Index J400T


All portfolio performance is calculated for a portfolio/portfolio class. Individual investor returns may differ as a result of fees, actual date(s) of investment, date(s) of reinvestment of income and withholding tax. Annualised returns, also known as Compound Annualised Growth Rates (CAGR), are calculated from cumulative returns; they provide an indication of the average annual return achieved from an investment that was held for the stated time period. Actual annual figures are available from the Manager on request. All portfolio performance figures quoted (tables and charts where present) are as at 30/09/2018, based on a lump sum investment, using NAV-NAV prices with income distributions reinvested on the ex-dividend date. CPI/Inflation figures, where present, are lagged by one month. Cash figures, where present, are STeFI Composite Index returns. All figures quoted in ZAR. Source: Morningstar and/or Momentum.



i Information

ALUWANI Top 25 Fund

R 411.84 million

Class	Status	Direct Retail	Cost Ratios as at 30 June 2018					FYE	Price, Participatory Interests and AUM			MDD
			TER (%)	TC (%)	TIC (%)	From	1Y TER (%)		TER (%)	NAV Price (cpu)	Units in issue	
A	Open	Yes	1.46	0.21	1.68	15 Jan 2016	1.47	1.47	1161.57	7,144,299	82,985,913	
B1	Open	No	2.44	0.21	2.65	15 Jan 2016	2.45	2.45	1158.82	25,989	301,166	
B3	Open	No	0.02	0.21	0.24	15 Jan 2016	0.03	0.03	1166.12	2,263,885	26,399,608	
C1	Open	No	1.00	0.21	1.22	15 Jan 2016	1.01	1.01	1163.13	1,416,320	16,473,612	
R	Closed	Yes	1.17	0.21	1.39	15 Jan 2016	1.18	1.18	1162.54	24,574,009	285,683,312	

Class, Status, Direct Retail: A portfolio may have multiple classes, each of which may be open or closed to new investment, not all classes of a portfolio are available for direct retail investment as the different classes may be designed for/accessible to different investor types.

Cost Ratios: The Total Expense Ratio (TER) is the percentage of the net asset value of the class of the Financial Product incurred as expenses relating 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. A current TER may not necessarily be an accurate indication of future TER's. The disclosed TERs are shown as an annual percentage based on data for the period from the date shown to 30 June 2018. The Transaction Costs Ratio (TC) is the percentage of the net asset value of the Financial Product incurred as costs relating to the buying and selling of the assets underlying the Financial Product. Transaction costs are a necessary cost in administering the Financial Product and impact Financial Product returns. The TC 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. The disclosed TC is shown as an annual percentage based on data for the period from the date shown to 30 June 2018. The Total Investment Charges (TIC) is the sum of the TER of the relevant class and the TC of the Financial Product and is shown as a percentage depicting the annual costs relating to the investment of the Financial Product. Cost ratios are calculated using historical actual and/or estimated data and are provided solely as an indication/guide as to the annual expenses/costs that could be incurred. These ratios do not represent any current/actual charges or fees.

FYE: The disclosed Financial year end TERs (total expense ratios) are shown as an annual percentage based on data for the 1 year period to 30 June 2018.

Price, Participatory Interests and AUM: Data as at 30 September 2018

MDD: CIS regulations require a minimum disclosure document (MDD) to be compiled for all CIS portfolios, which must be viewed by an investor at point of sale. A link to the MDD that corresponds to the date of this QIR has been provided in the table above (for the relevant class of the portfolio) and we recommend that you review the MDD for further details on this portfolio.



Important information



Disclosures

Portfolio

Momentum Collective Investments (RF) (Pty) Ltd (the "Manager"), registration number 1987/004287/07, is authorised in terms of the Collective Investment Schemes Control Act, No 45 of 2002 (CISCA) to administer Collective Investment Schemes (CIS) in Securities. The Manager is the manager of the Momentum Collective Investments Scheme, and MMI Holdings Ltd is a full member of the Association for Savings and Investment SA. Standard Bank of South Africa Limited, registration number 1962/000738/06, is the trustee of the scheme.

ALUWANI Top 25 Fund is a portfolio of the Momentum Collective Investments Scheme and ALUWANI Capital Partners (Pty) Ltd, registration number: 2015/112266/07, an authorised financial services provider ("FSP") under the Financial Advisory and Intermediary Services Act No. 37 of 2002 ("FAIS"), FSP number: 46196, is the investment manager of this portfolio.

ALUWANI Top 25 Fund is an incubator portfolio, operating under an agreement entered into between the Manager and ALUWANI Capital Partners (Pty) Ltd, registration number: 2015/112266/07, an authorised FSP under FAIS, FSP number: 46196. An incubator portfolio is a third party named portfolio bearing the name of the FSP who intends to apply to the Registrar to be approved as a manager within three years from approval of the portfolio, where the FSP undertakes financial services of a discretionary nature, as contemplated in FAIS, in relation to the assets of the portfolio. The Manager retains full legal responsibility for all third party named portfolios under the Momentum Collective Investments Scheme. This information is not advice, as defined in the Financial Advisory and Intermediary Services Act (No. 37 of 2002). Please note that there may be representatives of the FSP acting under supervision. Your financial adviser may be a related party to the FSP and/or the Manager of this portfolio. It is your financial adviser's responsibility to disclose details of any conflicts of interests that may apply, as well as all fees that they receive, in relation to an investment in this portfolio.

The portfolio is concentrated which comes with the risk of more volatile returns relative to the broader market when the stocks invested in underperform.

Collective Investment Schemes (CIS)

CIS are generally medium to long-term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. CIS are traded at ruling prices and can engage in borrowing and scrip lending. The CIS may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Different classes of units apply to portfolios, which are subject to different fees and charges. Please note that VAT, applicable to fees and charges, with effect from 1 April 2018, increased from 14% to 15%. A schedule of fees and charges and maximum commissions is available on request from the Manager. The Manager reserves the right to close and reopen certain portfolios to new investors from time to time in order to manage them more efficiently in accordance with their mandate. Portfolios are valued daily at approx. 15h00, latest prices can be viewed at www.momentuminv.co.za and in some national newspapers. Forward pricing is used. Instructions must reach the Manager before 14h00 to ensure same-day value. The Manager does not provide any guarantee, either with respect to the capital or the return of this portfolio. Additional information on the proposed investment including, but not limited to, brochures, application forms and the annual report and any half yearly report can be obtained, free of charge, at www.momentuminv.co.za or on request from the Manager.

Any forecasts and/or commentary included in this document about the expected future performance of portfolios, asset classes or the market in general are not guaranteed to occur.

Although all reasonable steps have been taken to ensure the validity and accuracy of the information in this document at time of publication, the Manager does not accept any responsibility for any claim, damages, loss or expense, howsoever arising, out of or in connection with the information in this document, whether by a client, investor or intermediary.

This document should not be seen as an offer to purchase any specific product and is not to be construed as advice. Investors are encouraged to obtain independent professional investment and taxation advice before investing with or in any of the Manager's products.



Contact details

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Momentum Collective Investments Scheme

Custodian/Trustee

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Registration no.: 1962/000738/06

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Registration no.: 1987/004287/07

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