**Absolutely Positive Performance**

# Quarterly Bulletin 2017 Q2

## "Investing in a low volatility environment"

"***When the first primitive man decided to use a bone for a club instead of eating its marrow that was an investment***"

**-Anonymous-**

# Invest wisely.



**Lesotho ● Namibia ● South Africa ● Swaziland ● Zambia● Zimbabwe**

JM BUSHA Investment Group

**Market Performance Summary (YTD)**

| Equity Indices | Spot | %Change | JSE Top Gainers | Spot( c ) | %Change | JSE Top Losers | Spot ( c ) | %Change |
|---|---|---|---|---|---|---|---|---|
| JSE All Share | 51611 | 1.92% | Trencor LTD | 3699 | 29.8% | Lonmin PLC | 1118 | -52.3% |
| JSE Resources | 32323 | -5.64% | Naspers | 254500 | 26.4% | Sun International | 5518 | -36.6% |
| JSE Financials | 14470 | -4.06% | Finbond | 312 | 24.8% | Pallinghurst Resources LTD | 306 | -34.9% |
| JSE Industrials | 70512 | 9.49% | Adcock Ingram | 5910 | 22.5% | Harmony Gold Mining | 2168 | -31.2% |
| Namibia (NSX) | 1013.51 | -5.15% | Mondi PLC | 34065 | 22.2% | Consolidated Infracstructure | 1650 | -31.2% |
| Zambia (LUSE) | 4760 | 13.03% | Bid Corp LTD | 29922 | 22.1% | Brait SE | 6052 | -30.9% |
| Zimbabwe (ZSE) | | | Datatec LTD | 6025 | 21.8% | Omnia Holdings | 15100 | -29.2% |
| Dow Jones | 21350 | 7.88% | Clicks | 14000 | 21.2% | JSE LTD | 12251 | -25.4% |
| S&P 500 | 2423 | 8.10% | Mondi LTD | 33911 | 21.1% | Group 5 | 1860 | -24.3% |
| Nasdaq | 6140 | 13.69% | RCL Foods LTD | 1524 | 20.0% | Oceana Group | 9090 | -24.3% |
| FTSE 100 | 7313 | 2.38% | Capitec | 83000 | 19.4% | EOH Holding | 12580 | -23.1% |
| German DAX | 12325 | 7.35% | Financiere Richemont | 10817 | 19.2% | Lewis Group | 3265 | -22.6% |
| French CAC | 5120 | 5.31% | Shoprite Holdings LTD | 19938 | 16.3% | Spar Group | 15411 | -22.4% |
| Nikkei 225 | 20033 | 4.88% | British America Tobacco PL | 89345 | 14.7% | Novus Holding | 775 | -21.7% |
| Shanghai | 3192 | 2.90% | Astral Foods | 6401 | 14.5% | Accelerate Property Fund | 560 | -20.8% |
| Hang Seng | 25765 | 16.46% | | | | | | |
| ASX | 4002 | 3.33% | | | | | | |
| **Bond Yields** | **Spot** | **%Change** | **Currencies** | **Spot** | **%Change** | **Commodities** | **Spot** | **%Change** |
| SAGB 2 Year | 7.55 | -0.38% | R/$ | 13.07 | -4.84% | Gold ($/oz) | 1241.2 | 8.2% |
| SAGB 5 Year | 7.76 | -0.52% | R/€ | 14.94 | 3.40% | Platinum ($/oz) | 925.87 | 2.5% |
| SAGB 10 Year | 8.78 | -0.13% | $/€ | 1.14 | 8.64% | Palladium($/oz) | 844.18 | 24.0% |
| SAGB 30 Year | 9.87 | 0.09% | ¥/$ | 112.39 | -3.91% | Silver ($/oz) | 16.63 | 4.4% |
| US 10 Y | 2.31 | -0.13% | Pula | 10.23 | -4.30% | Brent Crude ($/Barrel) | 47.92 | -15.7% |
| US 30 Y | 2.84 | -0.23% | Kenya | 103.69 | 1.15% | Copper ($/ton) | 5937 | 7.3% |
| UK 10 Y | 1.14 | 0.02% | Kwacha | 9.14 | -8.01% | Alluminuim ($/ton) | 1919 | 13.4% |
| German 10 Year | 1.26 | 0.02% | Naira | 322.25 | 2.19% | Iron Ore ($/ton) | 64.95 | -17.7% |

*Source: Bloomberg*

## Research Team

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**Top 10 JSE Equity Buys 2017**

| Share Code | Entry Price | Target Price |
|---|---|---|
| TKG | 74 | 82 |
| EXX | 91 | 127 |
| FSR | 54 | 59 |
| OML | 35 | 43 |
| BIL | 223 | 260 |
| SOL | 407 | 450 |
| BAW | 118 | 118 |
| BVT | 180 | 182 |
| IPL | 185 | 192 |
| INL | 91 | 111 |

***Price in SA Rands***

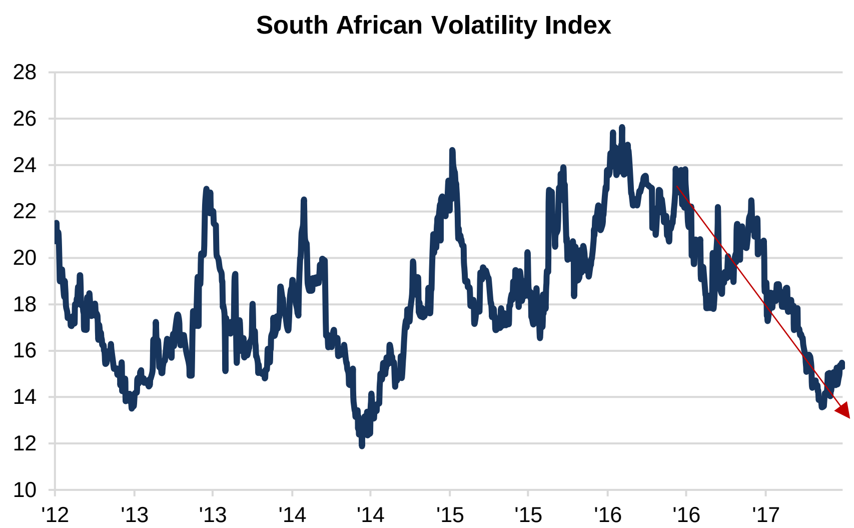
**JM BUSHA FUND RETURNS**

| Fund | 5 year Return |
|---|---|
| Cash Plus | 6.73% |
| Bond Plus | 7.07% |
| Real Return | 6.73% |
| Absolute All Class | 9.52% |
| Absolute Aggressive | 8.57% |
| Diversified Equity | 10.66% |
| Communities Fund | 8.84% |
| *Afro Fund | 6.73% |

*same as real return

***Portfolio Manager, Byran Taljaard, breaks down the market performance from a quantitative perspective.***

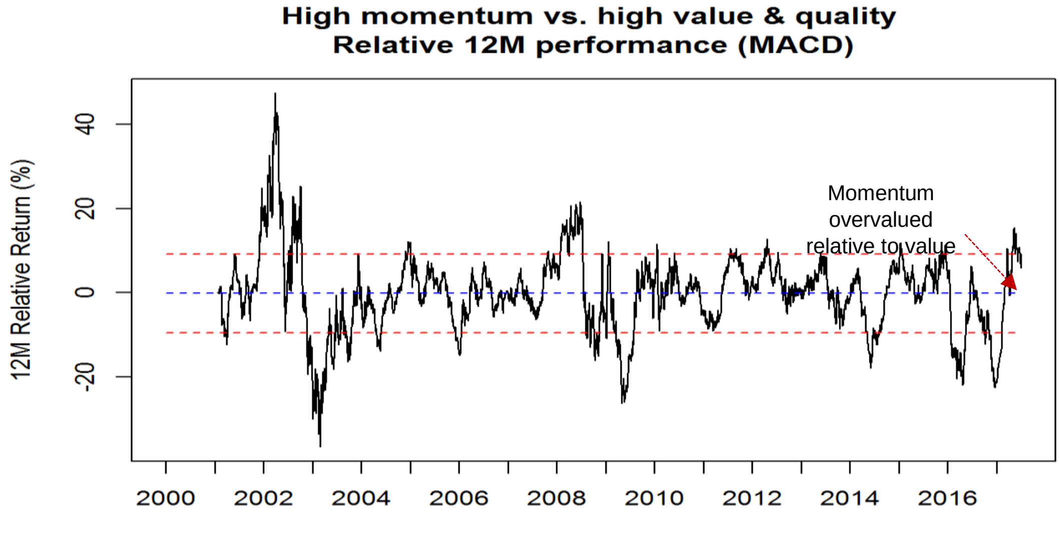
Although the second quarter saw the SWIX up over 6% at one point, the local equity market ended the quarter only marginally higher. Both of these moves are largely attributable to NPN, and offshore industrials in general. The initial rally in these counters since the beginning of the year has coincided with a dramatic decline in volatility.




*Source: JM BUSHA*

The recent low volatility, together with highly concentrated outperformance (i.e. all market performance from only a few stocks) has led to both momentum and value underperforming the overall market. The past 6 months has seen returns of -6.0% and +0.5% for the highest value and momentum portfolios, respectively. This is in contrast with the SWIX return of +1.7% for the same period.

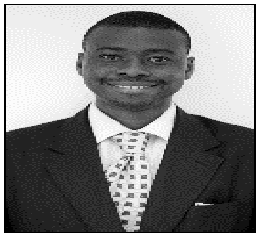
We continue to favour an allocation to value given the relative performance between the two portfolios (as shown in the chart below). An increase in volatility should also provide a tail wind to the value factor (which benefits from higher volatility).




*Source: JM BUSHA*

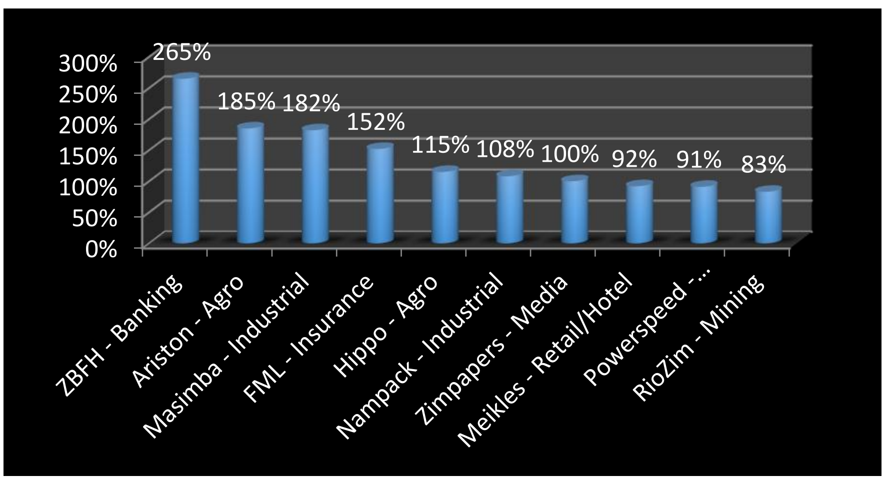
We show our most recent screening of the universe of stocks along momentum and value/quality.

| Momentum Screen | | Value / Quality Screen | |
|---|---|---|---|
| **High** | **Low** | **High** | **Low** |
| AVI | ANG | ARI | APN |
| BVT | APN | CFR | HYP |
| CFR | BAT | GFI | IMP |
| KAP | GFI | SAP | NED |
| NED | IMP | SOL | NHM |
| PSG | MRP | TON | SHP |
| SAP | PIK | TSH | SNT |
| SHP | MTN | BIL | EOH |
| NPN | AMS | AMS | ITU |
| AGL | WHL | AGL | RES |
| EXX | SPP | MSM | BTI |
| CPI | PFG | TKG | FFA |
| KIO | LHC | KIO | PFG |
| MND | SGL | SGL | RMI |
| MNP | MEI | | |
| | | | |



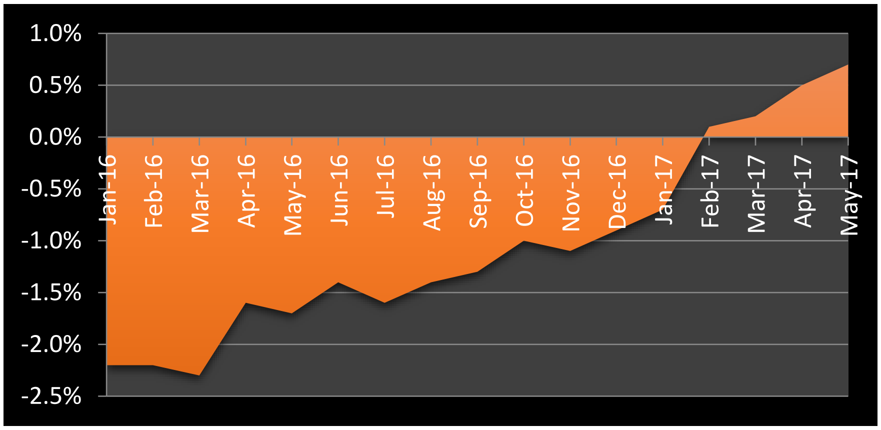
***Investment Analyst, Patrick Serere, walks us through the rise of the Zimbabwe Stock Exchange.***

The Zimbabwe main industrial index closed the half year period at 195.97 points translating to a stellar +35.59% YTD performance. The mining index also closed positive up +19.28% in "USD terms". The positive performance can best be explained by the return of the "cash burning" economy (i.e. Bank cash balances being not equivalent to actual cash in hand) due to currency shortages. This has resulted in the re-emergence of parallel market trading. An illustrative point in case is the Old Mutual share price that is dually listed on both the JSE and ZSE. On the ZSE the Old Mutual share price on 03 July 2017 was 387 Usc converting at USD/ZAR exchange rate of 13.26 it translates to 5,131 cents per share. On the same day Old Mutual shares closed on the JSE priced at 3,337 cents exposing a massive 53% premium on the Zimbabwe price. This huge premium placed on currency hedge stocks has also pulled traffic and interest in other domestic stocks resulting in an impressive top 10 YTD stock returns table shown below;




**ZSE TOP 10 - 30 June 2017 YTD Performance**
*Sources: ZSE, JM BUSHA*

On the inflation front we noticed a rising trend as the general price level of goods and services continues to break age-old records with each coming month. Inflation which was -2.2 percent in January last year has been on a steady rise, reaching a 43-week high of 0.75 percent last month. The International Monetary Fund has called on Zimbabwe to utilize fiscal policy tools to rein in inflation indicating that, "In the absence of monetary policy, Zimbabwe needs to use fiscal policy to rein in inflation. The main risk to inflation at the moment is a widening of the discount rates between the US dollar and the domestic quasi-currency instruments (bond notes, electronic money, and T-Bills), which would in turn lead to an increase in the price of imported goods and higher inflation, to the extent these are passed on to consumers. In turn, the discount rates are directly linked to the creation of money for financing the deficit".




**Y-o-Y Inflation trend since Jan 2016**

*Source: Zimstats*

The Fund advised authorities that avoiding this financing method is a crucial step in dealing with rising inflation.

In response to high interest rates curtailing lending to the private sector the central capped interest rates to below 15% p.a. The IMF in turn indicated that, "Capping interest rates will not help solve the ongoing difficulties. Interest rate caps generally affect mostly clients who are not considered as "premium" by the banks. The caps could have an adverse repercussion on banks' profitability, as they will add to already high operational costs. Additionally, to the extent that capped interest rates are not consistent with the perceived risk of the borrower, access to credit would decline. A better approach to reducing rates would be to implement economic reforms that bring down the perceived country risk and attract dollars in the economy to address the broader liquidity shortage, and generate investment and production".

In terms of key issues that the country should focus on when carrying out mid-term policy reviews, the market expects the central bank to rein in "cash burning" and that restoring fiscal discipline is the key to addressing the current macroeconomic imbalances and the consequent greenback shortage. This requires measures to reduce public sector employment costs and rationalize costly agricultural support programs. There is also a need to restore confidence in the financial system to attract dollars in the economy and allow banks to channel credit away from the government to the private sector. The next monetary policy is expected by 31 July 2017.

***Investment Analyst, Cleopatra Mtembu takes a look at the quality of SA retailers.***

The quality of a company is measured through the profitability of a stock with a stable record of business performance over time. Financial strength is also an important factor in evaluating for long term investment. One of the things a quality stock would have is a good track record of returning surplus cash to shareholders. The following are three characteristics of a quality stock:

– **Profitability** – Which is the measure of a company to generate profits from its assets, this can be evaluated through rates of returns, particularly return on equity, cash flow generation and the margins of the business.

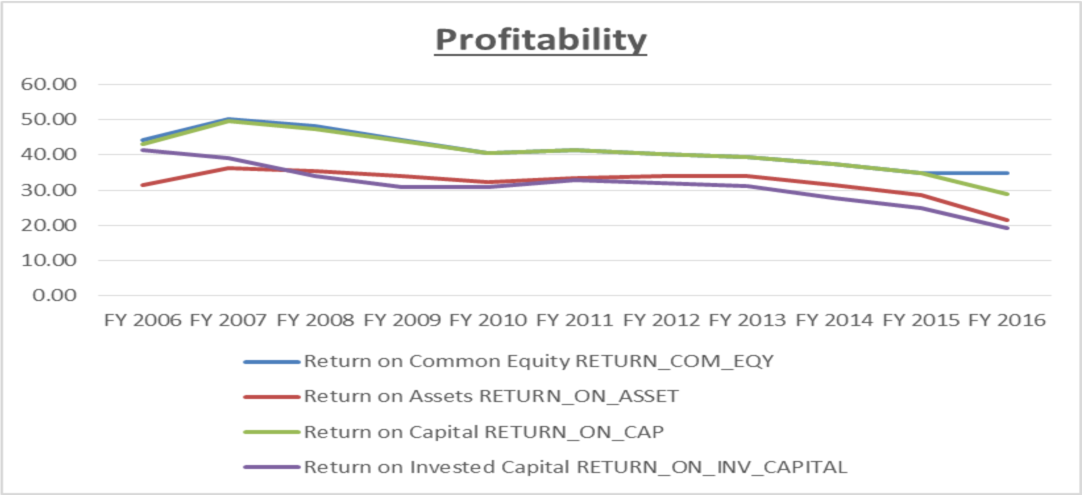
– **Stability** – The evaluation of stability is done through analysing the growth of dividends, stability of cash flows, earnings and sales overtime, which assists in avoiding temporarily cyclically strong companies which maybe be mistaken for sustainable growth. Over and above this, we also need to capture how the management is expanding the business and its sustainability through analysing a variety of largely discretionary items e.g. the change in shares, capital expenditure.

**– Financial Strength –** Debt as a form financing is acceptable, it is also imperative to establish between companies which are expanding using debt to acquire some business and those that just generally have high financial leverage ratio. Companies with less leverage and the ability to service its debt are more likely to be in control of its success. Thus quality companies have appropriate leverage.

**Truworths International Ltd**

**Profitability**

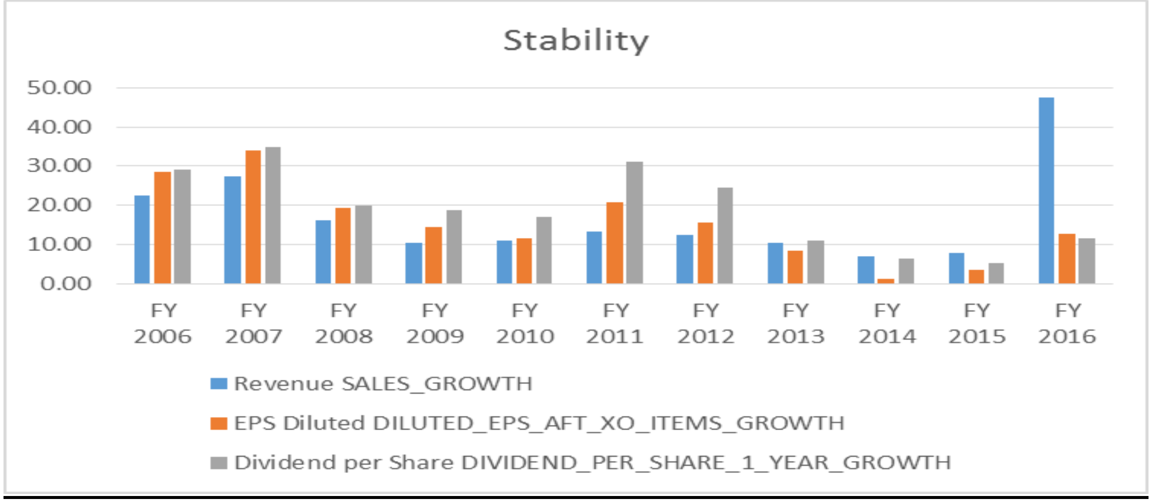
With accordance to the graph below, Truworths over the years have produced reasonable returns since 2006, return on common equity has remained above 30 dating to 2016. However there has been a slight down spiral in the returns produced since 2013. With that being observed Truworths' profitability ratios have shown strength throughout years with not much volatility.




*Source: Bloomberg*

**Stability**

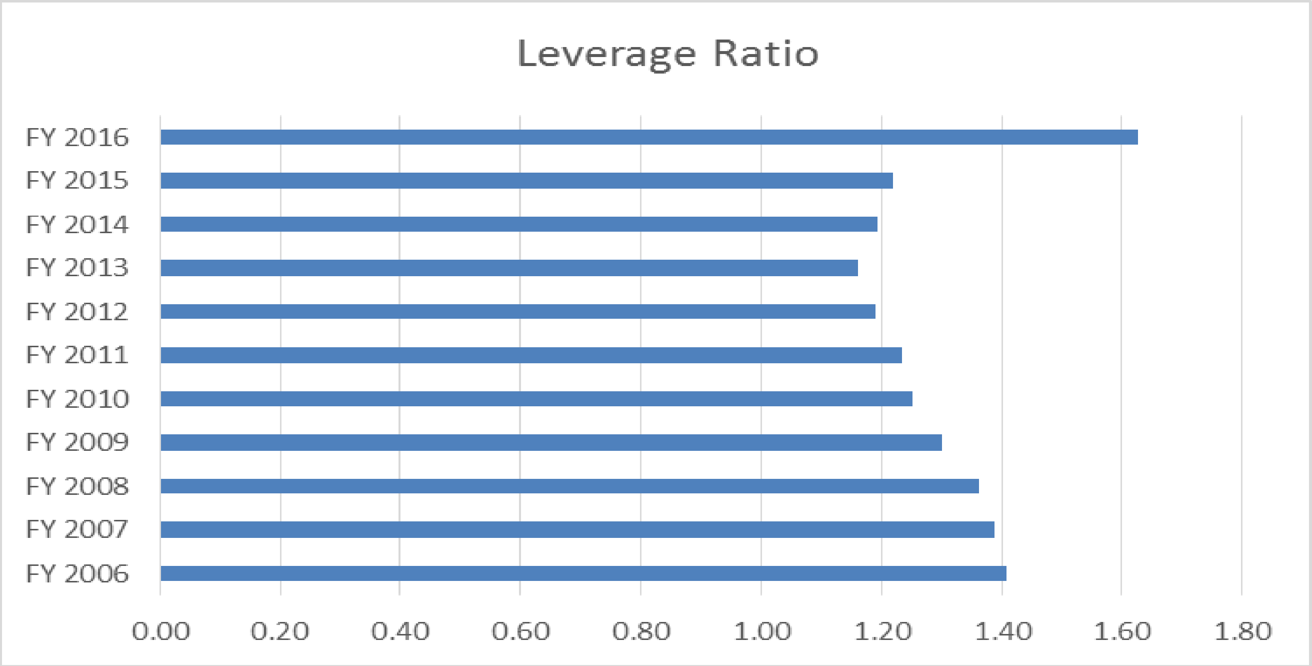
The below diagram depicts the stability of Truworths throughout the years. Revenue, earnings and dividend growth are evaluated and as seen below, revenue has been slightly volatile. From the year 2013 the Group's revenue growth has been under pressure until the year 2016, where the acquisition of the UK and Republic of Ireland based fashion footwear retailer Office took place.




*Source: Bloomberg*

**Financial strength**

Truworths leverage ratio has been above 1, however below 2, which is indicative of the financial health of the company. A leverage ratio that is at 2 or above 2 indicates a risky company with questionable financial strength. Due to office acquisition we see the leverage ratio sharply increases to just above 1.6 in 2016, which is the highest in the years evaluated below.




*Source: Bloomberg*

**Conclusion**

Truworths international which was established in 1917 and listed on the JSE for 71 years. Has an exceptional brand power which has made it a household name since its inception, it has also proven to have a relatively good financial strength, stability and profitability. Therefore Truworths is a quality stock.

### Economic Research Analyst, Limakatso Lehobo shares her insights on developments in Lesotho

The Lesotho's economy has been in doldrums since the attempted coup in August 2014. This was worsened by stagnation that followed passing of motion of no confidence in the government led by Prime Minister Pakalitha Mosisili in March 2016. The motion was passed amidst failure of the government to satisfactorily implement SADC reforms as well as political tension within the Democratic Congress (DC) party emanating from unbridled corruption, particularly around the fleet services tender which was undeservedly awarded to Bidvest. When party split the government lost the numbers that warranted it to continue as government. This ultimately resulted in prorogation of government in March 2016 and snap elections on 3 June 2017. Despite unsettling presence of army officials at the polling stations, the elections went smoothly resulting in a coalition government of four parties led by Prime Minister Tom Thabane of All Basotho Convention (ABC) and deputized by Honorable Monyane Moleleki of Alliance for Democrats (AD).


*Source: Lesotho Times*

While elections were free and fair, there are concerns that Lesotho's democracy is too young to execute proportional representation without punishing voters to some point. In addition, the electoral system is not inclusive to allow for a proper reform process. This implies that inherent electoral framework will continue to undermine economic progress in Lesotho unless necessary reforms are undertaken.

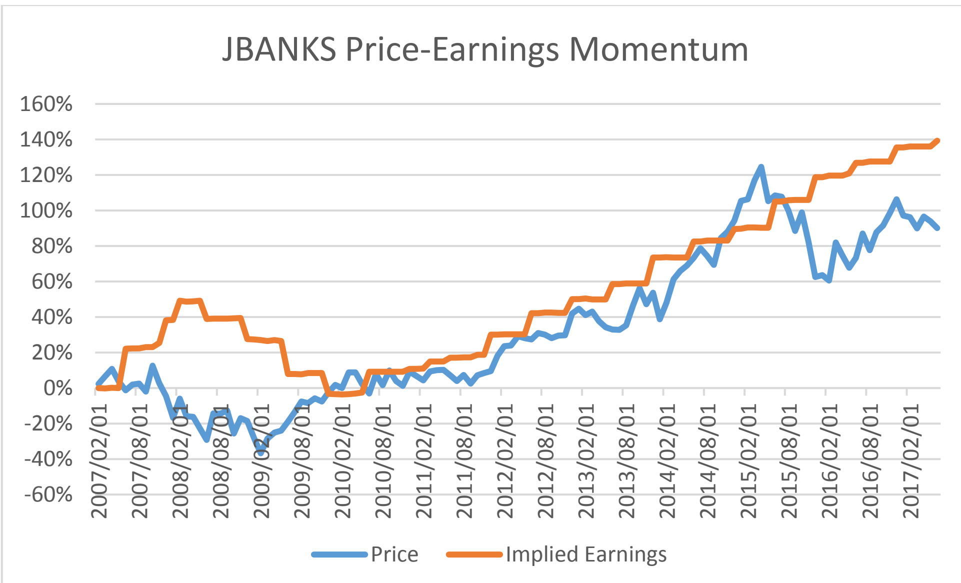
Given that some members of the parliament had fled the country in fear for their lives and other members of opposition boycotted parliament in solidary, national budget for 2017/18 could not be tabled in parliament in February. With the dissolution of parliament, this meant that the budget for the current financial year would be approved by the incoming government. In the meantime the caretaker government could not lawfully make any payments in the new fiscal year and some ministries were forced to run on zero budget thus compromising service delivery. This adversely affected companies and individuals that provided services to government as some incurred interest on loans. This added to the already prevailing backlog of outstanding government payments. In 2016 government owed service providers approximately M48 million for services rendered to government dating as far back as 2012.

While the climate in Lesotho is charged with hope that the new coalition government will act in the best interests of the nation, this will only transpire if the coalition partners cordially govern in the interests of the common good. The new government faces a financial dilemma with so much to be done and limited funds in the coffers. Due to subdued economic activity Lesotho Revenue Authority failed to meet the target for the financial year ended 31 March 2017 by 6.7%, missed the M6.4 billion target by M430.8 million which implies a shortfall for the 2017/18 budget. The new government has to find means to reduce the recurrent expenditure which is inhibiting productive investment in the country. For decades Lesotho's public sector has been the key driver of economic activity. This trend needs to change and it can only occur as the government creates a platform for the private sector to expand and be innovative and not simply be characterized by 'tenderpreneurship' as is the case at present. Government has been failing private sector in this regard as necessary and agreed upon reforms as per the 2012 roadmap of fifty investment climate recommendations and action plan which were aimed removing constraints to business hence improving Lesotho's investment climate.

Political reforms are also necessary for Lesotho to grow and create much needed jobs. Government faces a mammoth task of implementing the proposed SADC security and constitutional reforms to ensure that human rights are not violated as they were in the former government. Extensive constitutional review is needed as the current one is no longer able to respond to the contemporary political and security challenges that the country faces. In like manner laws governing public service are outdated and do not respond to the challenges of modern public service and changing demands of the nation. So far SADC reforms have been implemented at a snail pace to the point that one would conclude there was no political will. It is at the backdrop of such lackadaisical attitude in implementing reforms which compromised eligibility conditions that the European Union (EU) withdrew financial support of €26.85 million towards 2016/17 budget. In the same vein, the United States government through the Millennium Challenge Corporation also raised alarm over the questionable state of rule of law in Lesotho and deferred their decision for the second round of funding. The fate of African Growth and Opportunity Act (AGOA) through which Lesotho has a thriving textile sector that employs approximately 40 000 people also hangs in the balance as its continuity depends on the willingness of government to implement reforms that enable it to remain eligible. It is up to the current government to roll out reforms in order to rescue Lesotho from the mire of perpetual instability and poverty.

***Investment Analyst, Simba Chimanzi shares his insights on SA banks.***

With the 10 year anniversary of the 2008 global financial crisis looming, we take a look at the positioning of the SA financial sector in particular banks.

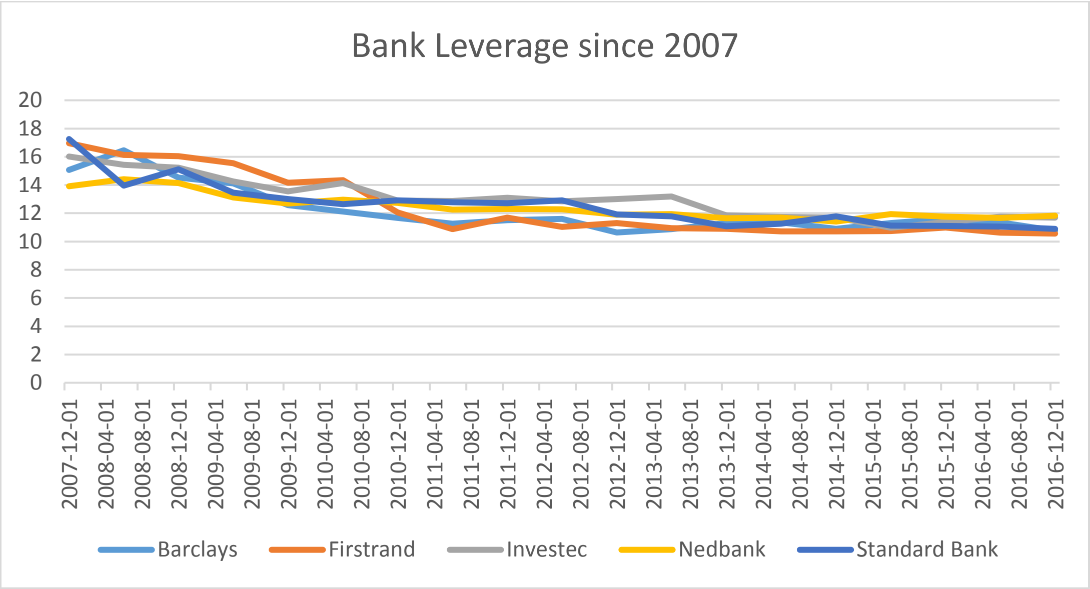



*Sources: JM BUSHA, Bloomberg*

The graph above illustrates the 10 year price to earnings momentum of the SA banking Index. When the global financial crisis hit, bank share prices came down sharply and earnings remained elevated in the short term.1 year later South Africa then went through a recession and bank earnings come down before consistently tracking the price whilst gradually recovering until late 2015. At this point , the prices came off once again due to another crisis , this time not financial but of a political nature (Nenegate).

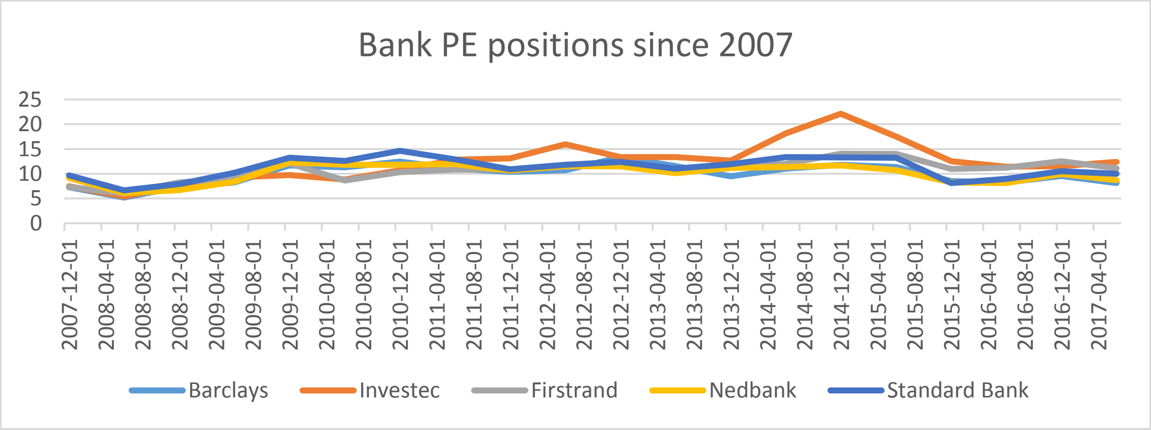
20 months down the line brings us to now , SA has slipped into another recession and the political landscape is not better. Earnings have not come down and the price to earnings momentum gap has widened. The question is whether we will see a recovery in prices to catch up with earnings or like the previous recession in 2009, we will see earnings coming down.

To answer the above questions, we look at how the banks were positioned 10 years ago as compared to their standing now.

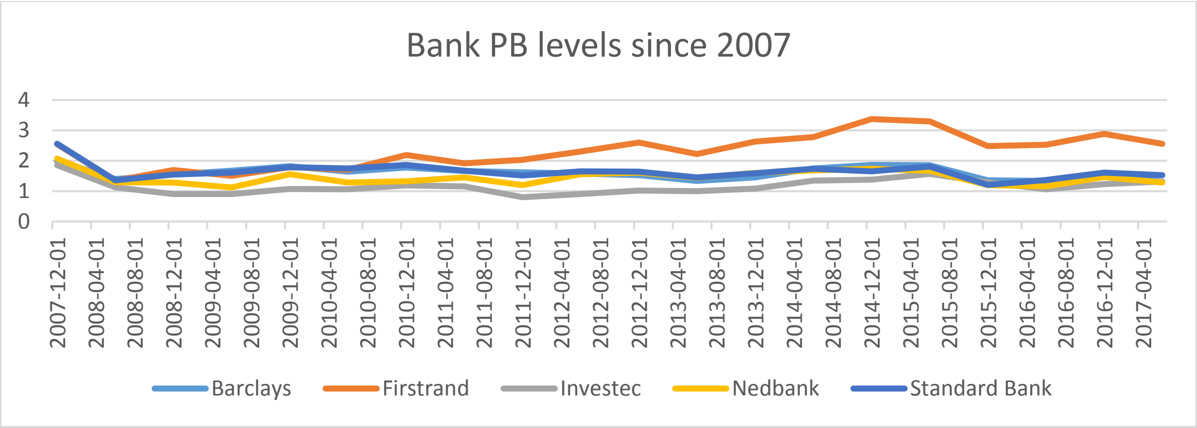



*Sources: Bloomberg, JM BUSHA*

Leverage is very important for financial institutions ,as Archimedes once said , “Give me a lever long enough and a fulcrum on which to place it and I shall move the world”.The problem arises when the banks are over leveraged and therefore in the event of a crisis when asset values erode, an over leveraged bank will not be able to absorb the losses and therefore collapse as we saw with African Bank.The graph above shows how bank leverage positions have improved over the past decade from18x in 2007 to 10x currently.The ability of banks to absorb losses during a crisis is stronger now than 10 years ago.

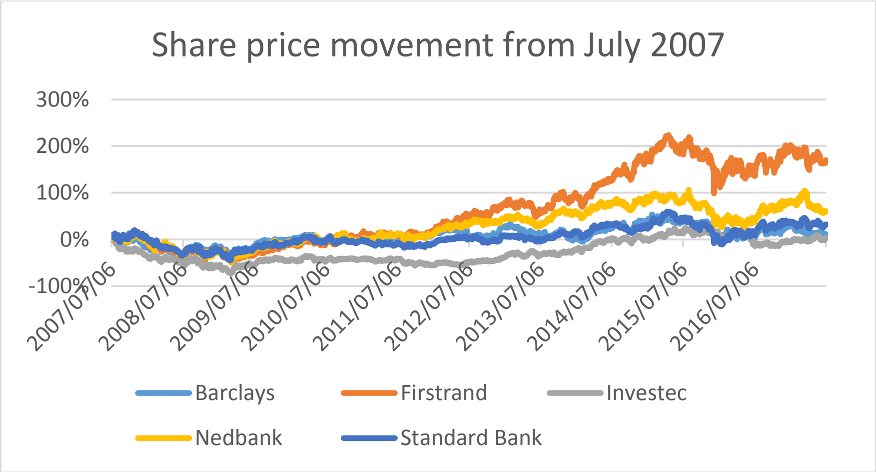



*Source: Bloomberg*




*Source: Bloomberg*

Despite bank balance sheets being leaner and less risky now than during the global financial crisis, the price to earnings and price to book value positions are still trading within the same band with FirstRand being the exception following a relatively strong share price rally. This in essence means, you are paying the same amount as a decade ago for higher quality, less risky assets.




*Source: Bloomberg*

Apart from FirstRand, the share prices of the other banks haven't really done much .Despite very weak economic fundamentals, we don't expect earnings to come off current levels. In the short to medium term, earnings momentum will move laterally and for shares like Investec, Standard Bank and Barclays (ABSA), there is still value to be derived as we expect price to catch up with the relatively high earnings.

***Investment Analyst Charne Adams explores iron ore market fundamentals.***

Iron ore suffered in the second quarter with the continued expectation of additional low cost iron ore supply increasing the surplus of the metal in the market in the wake of stagnant demand. The 40% decline in the iron ore price, as well as the strengthening rand, was a factor in companies exposed to iron ore following the downward trend. The release of the contentious mining charter also put downward pressure on these shares as, if implemented, returns to shareholders would be significantly diminished. For many investors the potential returns would not be great enough to compensate for the risk they would be undertaking.


**Chart: Iron ore price – delivered to Qingdao ($/t)**
Source: Bloomberg

The quarter ended on a slightly more positive note due to a dramatic improvement in the iron ore price as the market reacted to the increasing steel price, interpreting an increase in margins at steel mills as an effect of China taking steel capacity off market.

<u>Iron ore demand</u>

A significant driver of resource shares, and the Chinese stock market as a whole, was Chinese regulators putting measures in place to regulate the leverage and risk within financial markets. As short term interest rates increased and banks tightened credit lines to steel mills, traders and mills destocked their iron ore positions to pay down debt, contributing to a decline in the iron ore price. A subsequent increase in price occurred as restocking took place after debt repayments, in addition to replenishing drawn down inventory levels.

China shut down 42.4 million tonnes of steel capacity between January and May 2017, out of the 50 million annual target for 2017. A meaningful reduction in steel capacity could result in an increase in the steel price and incentivise steel producers to increase volumes, hence increasing the demand for iron ore. Despite these cuts, Chinese steel production nevertheless grew to a record of 73 million tonnes in April. This is likely attributable to the closure of already idle capacity initially and the resumption of other operating capacity. Closures as a result of stricter environmental regulations included illegal capacity not included in the original production figures, resulting in no impact on supply.

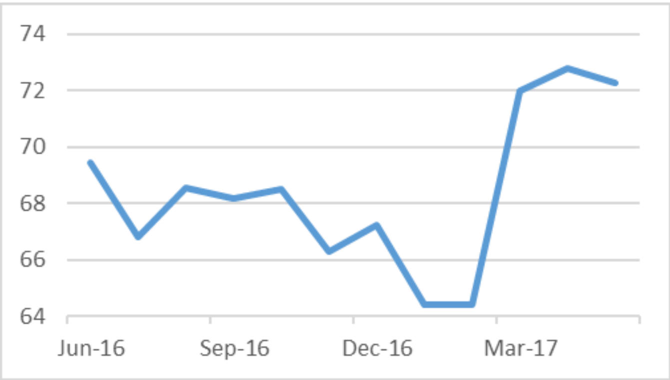



**Chart: Chinese crude steel output (mt)**
Source: Bloomberg

In an attempt to control property price inflation and financial leverage, many Chinese banks have increased the mortgage lending rate of both first and second time home buyers to 10% and 20%, respectively, above the benchmark rate (currently at 4.9%). The increase in the first time home buyer rate is significant as banks had previously offered these rates at a discount to the benchmark as these purchases were not deemed to be speculative property purchases. The recently implemented changes are expected to impact Chinese construction and infrastructure spend, and hence have a negative impact on the demand for steel going forward.

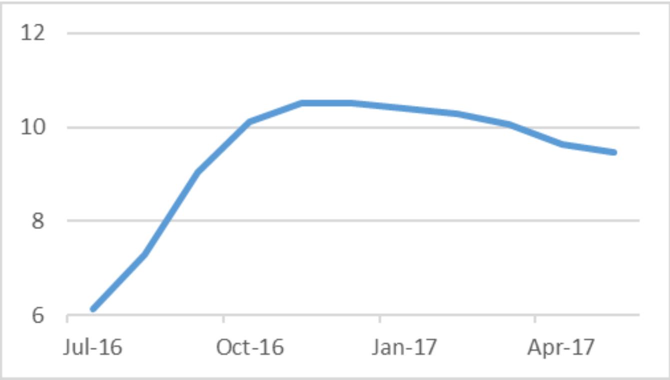



**Chart: China 70 cities newly built residential property price growth (%)**
Source: Bloomberg

Iron ore supply

The second half of 2017, in particular, is expected to see additional low-cost supply being added to the already oversupplied market primarily from the increase in production from Roy Hill to reach full capacity and the ramp up of Vale's S11D project until 2021.

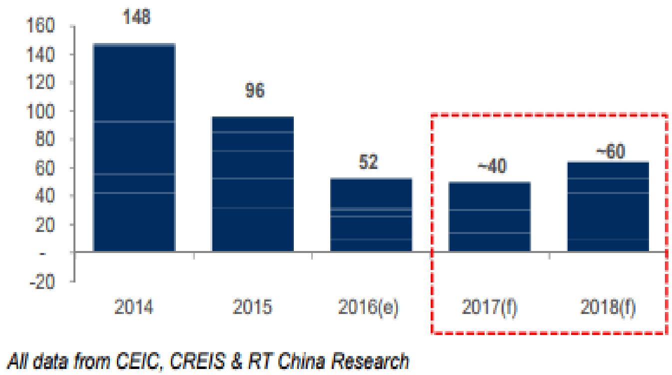



**Chart: Additional expected seaborne supply from top six iron ore companies (mt)**
Source: Rio Tinto Chartbook

Reiterating the undeniable excess of iron ore supply is the total iron ore inventories at Chinese ports which have increased significantly, to 140 million tonnes over the last year.

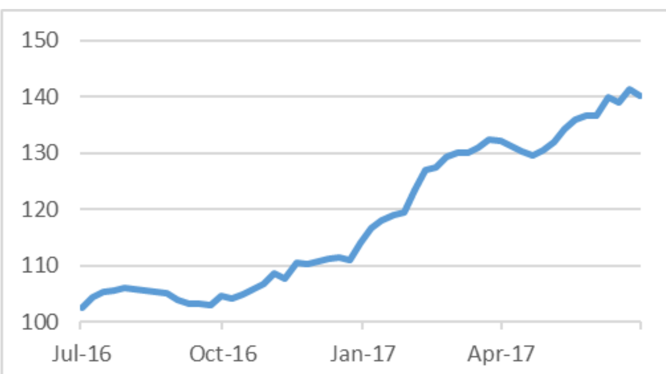



**Chart: Chinese iron ore total port inventory (mt)**
Source: Bloomberg

Iron ore price movements impact many of the resource shares which we hold or will consider holding. Prices are affected by many factors, particularly Chinese economic activity as China accounts for almost half of the world's steel demand. The market follows these factors and the promptness of its reaction often makes for volatile prices. Despite the recent increase in iron ore price and the possibility of demand being supportive of the price in the short term, we are cognisant of the longer term picture when investing clients' capital. We expect iron ore fundamentals to remain strained going forward as demand eases and supply continues to increase.

# PRODUCT FOCUS: JM BUSHA Diversified Fund

### *About JM BUSHA Investment Group*

JM BUSHA Investment Group (Pty) Limited is a unique, independent, specialist quantitative investment management; investment banking and advisory services company with subsidiary companies in Lesotho, Namibia, Swaziland, South Africa and Zambia.

The Group manages both institutional and retail private clients' funds. With total funds under management approximately equal to **ZAR4.25 billion**, JM BUSHA has a traceable track record in managing funds – since 2001.

### *About the Product: JM BUSHA Diversified Fund*

This is a specialist all-equity fund managed to beat targeted JSE Shareholder-Weighted Equity Index (JSE SWIX).

### *Product Description*

The JM BUSHA Diversified Equity Fund is a well-diversified listed equity fund, whose security screening process for inclusion in the portfolio is multi-stage thorough

### *Investment Securities*

The fund invests in listed equities only with a maximum of 5% in cash for strategic asset allocation purposes at any time.

### *Investment Strategy*

The fund's benchmark is JSE/FTSE Swix Index. The strategy is to actively manage the portfolio to out-perform the benchmark by 3% pa on a risk adjusted basis. Risk is managed through diversification and derivative overlays. Diversification is centered on income and geographical spread. The shares invested in must have at least (3) distinct income streams and operate in at least (3) three different geographical regions or countries. This reduces product concentration / market risk and isolates regional or country risk-such as legislation, operating and regulatory costs.

### *Historical Performance*

Table below shows historical returns for the periods indicated, *which are not guaranteed in the future.*

Period ending **30 Jun 2017** (annualised above 1 year)

| Period | JM BUSHA Diversified | SWIX | Alpha |
|---|---|---|---|
| **3 Months** | -7.71% | 0.00% | -7.71% |
| **YTD** | -2.46% | 3.30% | -5.77% |
| **6 Months** | -2.46% | 3.30% | -5.77% |
| **1 Year** | -2.76% | 0.28% | -3.04% |
| **3 Years** | -0.05% | 4.79% | -4.84% |
| **Inception** | 0.24% | 12.27% | -12.0% |

### *Product Salient Features*

- Fund Benchmark : JSE SWIX
- Target Returns : JSE SWIX +1% pa
- Management Fees : 0.30% pa
- Liquidity (T+7) :100.00%
- Start Date :18 March 2011
- Minimum Investment :ZAR10 million
- Fund Size : ZAR152.208 million
- Classification : Segregated SA Equity

### *Investment Objectives*

To produce a positive alpha of 3% above benchmark over a three-year period.

### *Commentary & Notes*

Equity markets finished the year with sub-cash returns after a difficult second half. Resources in particular struggled. Given the fund's value bias we have been selectively adding to our resource position. This overweight relative to the benchmark has hampered the fund's relative performance. However, we believe the strategy should yield results over a three year time horizon.

**Overall Asset Allocation**

| Class Sector | Resourc | Industrials | Financials | Cash | Derivatives |
|---|---|---|---|---|---|
| Weight | 33,33% | 39,52% | 17,59% | 7,96% | 1,60% |

**Top 10 Asset Holdings**

| No | Share | Weight | No | Share | Weight |
|---|---|---|---|---|---|
| 1 | IPL | 4,53% | 6 | BAW | 3,93% |
| 2 | BIL | 4,45% | 7 | EXX | 3,61% |
| 3 | AGL | 4,43% | 8 | TKG | 3,47% |
| 4 | TBS | 4,34% | 9 | ARI | 3,09% |
| 5 | SAP | 4,08% | 10 | SGL | 2,86% |