JM BUSHA
Investment Group

Quarterly Bulletin
Q3 - 2019

Absolutely Positive Performance

"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

JM BUSHA
Investment Group

Market Performance Summary (YTD) as at 30 September 2019								
Equity Indices	**Spot**	**% Change**	**JSE Top Gainers**	**Spot (c)**	**% Change**	**JSE Top Losers**	**Spot (c)**	**% Change**
JSE All Share	54825	4.0% ↑	Impala Platinum Holdings Ltd	9528	159.8% ↑	Rebosis Property Fund Ltd	29	-89.2% ↓
JSE RESOURCES	43470	5.9% ↑	Sibanye Gold Ltd	2098	109.4% ↑	Delta Property Fund Ltd	60	-86.7% ↓
JSE FINANCIALS	15418	-5.9% ↓	Northam Platinum Ltd	8312	92.1% ↑	Montauk Holdings Ltd	2999	-62.5% ↓
JSE INDUSTRIALS	69641	9.4% ↑	Harmony Gold Mining Co Ltd	4330	71.8% ↑	EOH Holdings Ltd	1200	-61.1% ↓
NAMIBIA (NSX)	1248	-4.5% ↓	Anglo American Platinum Ltd	91303	69.7% ↑	Intu Properties PLC	828	-60.8% ↓
ZAMBIA (LUSE)	4395	-16.3% ↓	Royal Bafokeng Platinum Ltd	3900	56.8% ↑	Massmart Holdings Ltd	4383	-57.7% ↓
ZIMBABWE (ZSE)	184	26.8% ↑	AngloGold Ashanti Ltd	28409	56.3% ↑	Omnia Holdings Ltd	2491	-57.6% ↓
DOW JONES	26917	15.4% ↑	Gold Fields Ltd	7612	54.3% ↑	Sappi Ltd	3755	-54.0% ↓
S&P 500	2977	18.7% ↑	Allied Electronics Corp Ltd	2540	41.1% ↑	Brait SE	1502	-49.9% ↓
NASDAQ	7999	20.6% ↑	Cartrack Holdings Ltd	1975	38.1% ↑	Accelerate Property Fund Ltd	174	-47.3% ↓
FTSE 100	7408	10.1% ↑	Clover Industries Ltd	2481	36.4% ↑	Blue Label Telecoms Ltd	289	-46.6% ↓
GERMAN DAX	12428	17.7% ↑	Pan African Resources PLC	217	35.6% ↑	Invicta Holdings Ltd	1975	-43.2% ↓
FRENCH CAC	5678	20.0% ↑	Kumba Iron Ore Ltd	37447	32.3% ↑	Steinhoff International Holdin	98	-43.0% ↓
NIKKEI 225	21756	8.7% ↑	Transaction Capital Ltd	2215	30.2% ↑	KAP Industrial Holdings Ltd	473	-41.7% ↓
SHANGHAI	2905	16.5% ↑	Sirius Real Estate Ltd	1398	27.7% ↑	Sasol Ltd	25306	-40.5% ↓
HANG SENG	3507	1.7% ↑						
AUSSIE ALL ORDS	6801	19.1% ↑						
Bond Yields	**Spot**	**BPS Change**	**Currencies**	**Spot**	**% Change**	**Commodities**	**Spot**	**% Change**
SAGB 2 Year	6.64	-0.36 ↑	R / $	15.14	-5.5% ↓	Gold ($/oz)	1472	14.8% ↑
SAGB 10 year	8.32	-0.56 ↑	R / €	16.50	-0.2% ↓	Platinum ($/oz)	883	11.0% ↑
SAGB 30 Year	9.93	0.03 ↓	€ / $	1.0899	5.0% ↑	Palladium ($/oz)	1676	32.8% ↑
US 10 Y	1.66	-1.02 ↑	$ / ¥	108.08	1.5% ↑	Silver ($/oz)	17	9.7% ↑
US 30 Y	2.11	-0.90 ↑	Pula	11.08	-3.4% ↓	Brent Crude ($/barrel)	61	13.0% ↑
UK 10 Year	0.49	-0.79 ↑	Kenya	103.85	-2.0% ↓	Copper ($/ton)	5695	-4.3% ↓
German 10 Year	-0.57	-0.81 ↑	Kwacha	13.14	-10.6% ↓	Aluminium ($/ton)	1708	-6.3% ↓
			Naira	362.04	0.2% ↑	Iron Ore ($/ton)	92	26.6% ↑

Source: Bloomberg.

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JM BUSHA FUND RETURNS	
Fund	**5 year Return**
Cash Plus	7.94%
Bond Plus	8.94%
Real Return	5.68%
Absolute All Class	6.12%
Absolute Aggressive	5.71%
Diversified Equity	2.82%
*Afro Fund	5.68%

*same as real return

Investment market review and outlook.

By Cleopatra Mtembu and Farai Mapfinya.

Market Review

The JSE All Share index first half rally grounded to an abrupt halt in the third quarter, shedding 4.57% on a total return basis. The market all but lost all the gains made in the second quarter. All sectors were down with the exception of the platinum and gold shares which gained 25.78% and 12.34% respectively. Media shares were the worst performers declining by 11.94% on a total return basis albeit still up 22.32% on year to date basis. Retail shares remain the worst performers on a year to date basis with a return of -17.72%.

Of the main indices, financials led the losses in the quarter shedding 7.67%, with all its subsectors declining by between 1% and 7.7%. Resources stocks also took a knock returning -7.33% despite the gains in platinum and gold shares. Industrial shares were somewhat resilient on a relative basis, shedding 2.28%.

Over the quarter, the JSE All Share de-rated materially to a 14.4x price to earnings (PE) on the 30th of September 2019 from 17.7x as at 30 June 2019. The underlying drivers of the market derating has clearly been the sharp decline in prices. Resources shares de-rated from 14.61x to 11.30x PE despite the sharp rise in price for platinum and gold shares. Financial valuations dipped into single digit multiples, trading at a 9.5x PE multiple from 10.5x at the close of last quarter. Meanwhile, industrial shares also bore the brunt of the sell-off de-rating from 21.3x to 18.9x PE. Companies reported broadly weak earnings. The de-rating is a clear indication of investors pricing in continued weaker forward earnings than was initially anticipated. From a price to book perspective, financials remain the cheapest at 1.4x price to book, a marginal de-rating from 1.6x in Q2. Resources are at 1.67x from 1.84x price to book while industrials remain elevated at 2.47x barely moving from the 2.57x price to book at the close of the previous quarter.

Valuations favour financials and resources. We aim to deliver superior performance by maximising after tax, risk adjusted total return. We still like financial shares, particularly banks over industrials and resources shares.

3rd Quarter: Political and economic brief.

By Simbarashe Chimanzi.

July

The trade war sentiment remained negative throughout the month with the king of twitter posting a lot of uninspiring tweets that stifled any hope of a trade deal being reached soon. On a positive but expected note, the US Fed announced a 25 basis point rate cut which was positive for the Rand that ended the month 1.5% stronger. Staying in the West, there were some political changes in the UK with Boris Johnson replacing Theresa May which escalated the probability of a no-deal Brexit.

Looking at commodities, oil was weak (-2%) in July despite recording a large decline in US inventories. Gold continued its rally with a 1.1% rise with platinum and iron ore also ending the month strong at 2.4% and 6% respectively.

SA's unemployment rate rose significantly in the second quarter to an all-time high of 29.0% highlighting the state of SA's economy. Contrary to expectations, the growth in retail-sales was better for a consecutive month in May up 2.2% annualised. The SA Reserve Bank just like the Fed cut the repo rate by 25 basis points. Inflation remained constant at 4.5% annualised.

August

Unsurprisingly trade tensions continued in August with Mr Trump tweeting that an additional 10% would be put on US $300 billion worth of Chinese goods that was met with a tariff on US $75 bn worth of goods. It cooled off towards the end of the month when China's foreign ministry indicated that negotiators from both countries were communicating effectively. Midway through the month, bond yields fell across developed economies and the US yield curve momentarily inverted for the first time in 12 years. In the past the inversion of the yield curve has been a barometer for impending recession in the US. In Asia, Hong Kong was witnessing pro-democracy protesters seeking, among other things, a complete removal of the extradition bill, and an independent inquiry into alleged police brutality and greater democratic reforms.

Commodities looked weak in August apart from the yellow metal that surged by over 7% M-o-M. Iron ore prices reversed previous month's gains dropping by over 25% a move likely driven by trade-war uncertainty. Oil was also significantly lower recording a 7.3% decline from the previous month as reports suggested that Russia overproduced in the month vs what was agreed to under a deal between OPEC and non-OPEC producers.

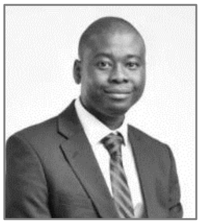
On the local political front, ANC squabbles took centre stage as a newspaper divulged confidential bank records on the CR17 campaign. The president was in the spotlight in August as he also obtained an interdict staying the implementation of the Public Protector's remedial action against him in her report on his CR17 election campaign. Dr Zweli Mkhize, (Minister of Health), published a market moving revised National Health Insurance (NHI) bill that debilitated healthcare sector stocks. We believe in NHI but we don't think it can be done in the short term. Inflation eased to 4% YoY which increased the probability of a future rate cut.

September

Our friends from the East and West resumed trade tensions and it has been steady as we go since then, no huge swings in attitude from both. The US came through with a second consecutive cut of 25 basis points with the ECB also cutting rates. Central banks are clearly making efforts to reignite global lethargic growth but political tensions continue to dampen the progress. There are impeachment threats at president Trump over his alleged influence on Volodymyr Zelensky (Ukrainian president) to investigate political rival, Joe Biden. Brexit was again in the spotlight after its technician in chief; Prime Minister Boris Johnson suffered a loss in the court battle questioning the rightfulness of his suspension of Parliament.

On the commodity front, Brent crude posted a large percentage rise in the days following a drone attack on Saudi oil fields. Gold took a breather in September down 3.1% with iron ore prices rising 2.2% MoM. Platinum was down 5.0% for the month and the rand was slightly flat.

In local politics, President Cyril Ramaphosa had to deal with the effects of xenophobia that had gripped the nation. Local economic data showed that the country avoided a second recession in two years, with GDP growing by a stronger-than-expected 3.1% YoY in 2Q19. The SA Reserve Bank's (SARB) Monetary Policy Committee voted unanimously to keep the repo rate unchanged at 6.5% at its September meeting.



SADC: Zambia Macroeconomic Environment.

By Patrick Serere.

Zambia Macroeconomic Developments

In an environment where global growth is slowing down and advanced economies are registering weaker growth due to a reduction in global trade related to on-going trade disputes between the USA and China; continued Brexit-related uncertainties; and rising geopolitical tensions in the Middle East, we look at the resilience of the Zambian economy.

Annual overall inflation averaged 8.1% up from 7.7 in the previous quarter. In this period inflationary pressures increased mainly driven by rising food prices and the pass-through from the depreciation of the Kwacha against the USD. On account of a persistent rise in food prices primarily due to low agricultural food output inflation is projected to remain in the upper bound of the 6-8% target range. However, towards the end of the forecast period inflation is expected to revert to the target range as pressure on food prices should have dissipated.

Table 1. Zambia Inflation stats

	Q1 2019	Q2 2019	
Annual Overall Inflation	7.7	8.1	
Food Inflation	8.0	8.9	
Non-Food Inflation	7.4	7.3	
	Mar 2019	**Jun 2019**	**Jul 2019**
Annual Overall Inflation	7.5	8.6	8.8
Food Inflation	8.2	9.2	9.3
Non-Food Inflation	6.8	8.0	8.3

Source: Central Statistics Office

Interbank rate remains within the Policy Rate Corridor

During the quarter, open market operations conducted by the Bank of Zambia contained the interbank rate within the 9.25% to 11.25% Policy rate Corridor. The rate averaged at 10.05% over the period.

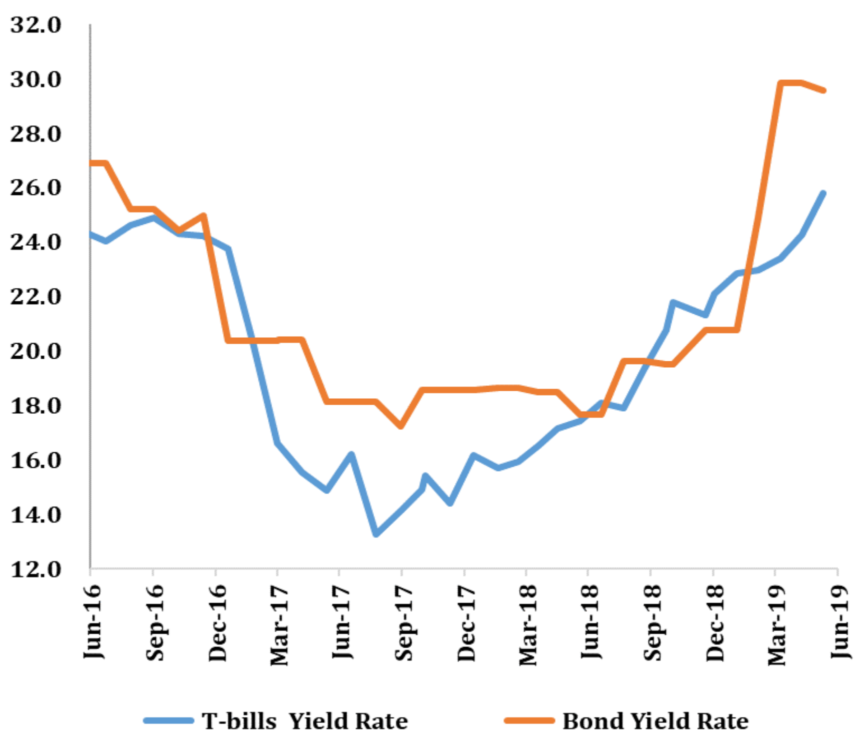
On account of tight liquidity conditions demand for government securities remained subdued during the period. Subscription rate for Treasury bills declined to 79% from 91%, while that for government bonds almost halved to 15% from 29% previously. The funds raised through auctions were relatively higher than maturities. Consequently the total outstanding stock of government securities rose by the 3.5% to K60.2billion. Government securities held by non-residents declined by 5.2% to K8.2 billion, representing 13.6% of the total outstanding stock with all their holdings held in government bonds.

Interest rates rise further

The commercial banks average lending rate edged up to 25.4% from 24.6% in reflecting the upward adjustment in the Policy Rate in May. Savings rates generally increased with the180-day deposit rate for amounts exceeding K20 000 rising further to 10.1% from 9.8%.

The weighted average Treasury bill yields increased further to 24.3% from 22.6% and government bonds rose to 29.6% from 27.4%. The increase in yield rates was mainly attributed to subdued demand and tight liquidity conditions.

Chart 1. Zambia fixed interest yields



Source: Bank of Zambia

Private sector credit and money supply growth slows down.

Although year-on-year growth in total domestic credit increased to 20.0% in the second quarter of 2019 from 17.9% in the preceding quarter, growth in credit to the private sector slowed down to 21.4% from 22.5% the preceding quarter, reflecting tight credit conditions. The expansion in domestic credit was largely attributed to the increase in the growth of credit to government, which rose to 17.4% from 12.3%.

Money supply (M3) growth slowed down to 15.4% year-on-year, from 17.6% the previous quarter. The decline in foreign currency deposits was a major driving factor.

Fiscal Pressures Persist.

The Fiscal deficit remains a major challenge in 2019. Therefore, implementation of fiscal consolidation measures to address higher than programmed fiscal deficits, elevated debt and debt service levels, high domestic arrears and liquidity challenges remains critical for overall macroeconomic stability and sustainable growth.

Current account deficit narrows

The data for the second quarter indicates that the narrowing of the current account deficit to US$168 million from US$246.4 million was mainly due to the improvements in the primary income account, which outweighed the unfavourable performance in the goods account.

The primary income account deficit narrowed on account of the reduction in the outflows of profits attributable to non-residents.

The surplus on the goods account narrowed by 12.3% to US$305.6 million as export earnings reduced while imports grew. Goods export earnings fell by 0.5% to US$1,977.6 million largely due to lower earnings from copper which outweighed the rise in non-traditional exports. Copper export earnings at US$1,335.2 million were 6.8% lower than the preceding quarter driven by a decline in export volumes. Non-traditional exports grew 18% to US$577.6 million owing to an increase in earnings from gemstones, burley tobacco, cement and lime and sugar. Imports of goods increased by 2.0% to US$1.672 million, mostly on account of higher importation of chemicals, fertilizers, food stuffs and motor vehicles. The current account deficit was financed by a surplus on the financial account.

Table 2: Zambia Balance of Payments.

	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019
Current Account Balance	-295.5	131.6	112.2	-246.4	-168.0
Balance on Goods	88.0	194.6	-98.7	348.3	305.6
Total Exports	2,230.8	2,289.7	2,094.6	1,986.8	1,977.6
Copper	1,641.2	1,628.6	1,480.9	1,431.9	1,335.2
Cobalt	38.2	28.7	17.5	3.3	0.0
Gold	37.5	31.3	36.9	43.2	46.0
NTEs	496.3	583.5	541.7	489.7	577.6
Total Imports	2,142.9	2,095.1	2,193.3	1,638.5	1,672.0
Primary Income	-294.7	30.9	309.3	-519.3	-397.4
Secondary Income	67.9	68.9	70.2	71.9	75.4
Services Account	-156.8	-162.8	-168.7	-147.3	-151.6
Capital Account	17.2	16.3	16.3	17.9	39.9
Financial Account	-359.0	355.0	147.0	-22.6	-269.8
Net Errors/Omissions	24.0	37.7	-25.0	57.3	-82.4
Overall Balance	-104.6	169.4	43.5	148.6	-59.3
Change in Reserve Assets	78.3	-172.0	-72.0	-163.9	44.0

Source: Bank of Zambia

In spite of the high debt service gross international reserves remained broadly unchanged at US$1.4 billion representing 1.7 months of import cover. Net Bank of Zambia purchases of foreign exchange from the market and mineral royalty tax receipts amounting US$140 million and US$93.5 million respectively accounted for this outturn. The Kwacha depreciated by 14.9% during the middle of the second quarter and recovered somewhat towards the end owing to Central Bank interventions to stem volatility. Notwithstanding the Kwacha has lost 8.1% YTD to close at K13.2/US Dollar owing to increased demand for foreign exchange by the energy sector a stronger US Dollar and negative sentiments arising from credit rating downgrades. While domestic economic activity remains subdued and near term growth prospects weaken.

Indicators of economic activity point to reduced growth. In addition, liquidity challenges and constrained aggregate demand continued to weigh on economic activity. Real GDP growth is projected to decline in 2019 largely reflecting the effects of drought on agriculture production and constrained electricity generation as well as lower than anticipated mining output. The foregoing notwithstanding, inflationary pressures may be moderated by subdued domestic aggregate demand and relatively loose global financial conditions.

Capitec: Paying up for quality?

By Simbarashe Chimanzi.

What is the price for quality?

10 years ago, if you has bought R1000 worth of Capitec (CPI) shares, you would have about R21 000 to spend on this coming Black Friday. In October 2009, CPIs market capitalization was just above R 5 billion and was ranked 12th within the FTSE/JSE Africa Financial Index just behind Discovery. Fast forward 10 years, the bank has a market value of R 148 billion and is now the 4th largest bank in the country by market value leaving its competitors in complete awe.

Table 3. 10 year annualised return

Bank	10 Year (Ann) Total Return
ABSA	8.3%
CAPITEC	39.5%
DISCOVERY	17.9%
FIRSTRAND	21.7%
GROWTHPOINT	12.7%
INVESTEC	7.5%
NEDBANK|	11.4%
REDEFINE	9.3%
REMGRO	9.5%
RAND MERCHANT	21.7%
STANDARD	10.5%
SANLAM	18.3%
FINANCIAL INDEX	**12.8%**

Source: Bloomberg

To be fair, CPI is not a like-for-like comparison to the other banks given its unique structure as a digital monoline retail lender. The capital requirement profiles for the other banks with clusters like Corporate and Investment Banking (CIB) are significantly different to that of a retail player like CPI. Over the last 10 years, CPIs share price has appreciated by over 39% annualized leading it to currently trade at demanding multiples i.e. **price to book of 6.7x and price to earnings of 27x.**This multiples look monstrous as compared to the other banks that are trading at multiples less than half of CPI. To have an objective look at CPIs valuation , we have decided to compare its fundamentals to that of a global player with a similar business model so as to ascertain the differential in quality of the business and valuation.

Despite the difference in the mere size of assets, the American headquartered bank, Capital One (COF) is the best comparable bank to CPI with very similar operating models. We compare the 2 banks across **governance, operational efficiency, credit quality and liquidity.** Below is a comparison matrix of how each of the banks have performed over the last 5 years on average.

Table 4. Governance metrics

Governance	CPI	COF	Score
Size of board	11	10	CPI
% Independent directors	46%	88%	COF
Board meeting atendance	93%	80%	CPI
% women on board	18%	21%	COF
Board age range	33	20	CPI

Source: Bloomberg

From a governance perspective, CPI is marginally better than COF with strong board attendance and a wide age range. A wide age range is positive for cross pollination of ideas between the younger generations to the older ones. COF has better diversity on the board with more women representation as compared to CPI.

Table 5.

Operational Efficiency	CPI	COF	Score
Return on asset	6%	1%	CPI
Return on equity	26%	10%	CPI
Net interested margin	18%	7%	CPI
Efficiency ratio	36%	54%	CPI
Net profit margin	22%	15%	CPI

Source: Bloomberg

From an operational efficiency perspective, CPI is evidently more superior to COF, with significantly stronger ratios across all 5 factors. Asset optimization is an outstanding factor for CPI, showing it to be 6 times better than that of COF.

Table 6. Credit quality

Credit Quality	CPI	COF	Score
Provisions Growth	3%	16%	CPI
NPA/Total Assets	3%	0.33%	COF
NPL/Total Loans	6%	0.23%	COF
NPL/Total Equity	11%	2%	COF
NPL growth	-8%	-9%	COF

Source: Bloomberg

COF has a stronger credit quality profile to CPI. The most concerning factor is that of Non-performing loan ratio that's at 6% for CPI as compared to only 33 basis points for COF.CPIs credit quality is very poor and is reflective of SA's current macro-economic environment as opposed to where USA is at the moment.

Table 3. Liquidity

Liquidity	CPI	COF	Score
Loan to deposit ratio	72%	99%	COF
Earning assets growth	13%	2%	CPI
Deposit growth	26%	4%	CPI
Leverage ratio	4.59	8.05	CPI
Tangible equity/RWA	33%	11%	CPI

Source: Bloomberg

From a liquidity perspective, CPI looks strong again superior to COF on 4 out of the 5 factors. However its asset to liability matching remains a concern with a loan to deposit ratio of just 72%.

Conclusion

From the 20 parameters across the 4 factors, CPI is superior in 13 and COF in 7. From the analysis above, there is clear evidence that the market is biased towards operational efficiency of a business. Credit quality, a key component of any bank seems to be overlooked as investors seek higher yield regardless of the risk. Fundamentally it is clear that Capitec is superior to Capital One. We however do not belief that the differential in quality justifies the differential in multiplies between the 2 banks. In constant currency, (ZAR) COFs value as appreciated by 19% annualized over the last 10 years but is still trading at a price to book of 0.83x.We believe CPI is overvalued at these levels and the fundamentals do not justify it trading at these levels.

A LOOK INTO THE STRUGGLING RETAIL SECTOR.

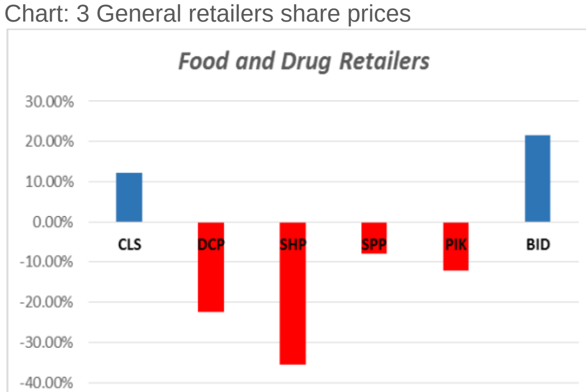
By Cleopatra Mtembu.

The retail sector has been hammered throughout the year in which we saw the general retailers going down by 17.7% on total return basis and a move in price change of negative 20.64%, the Food and drug retailers performed better with its total return going down 3.2% and price change sliding by 5.1% as of year to 30th September. This is quite depicting of the retail sector which is consumer driven. From the graphs below we see how the food and drug index was helped by Bidcorp and Clicks gaining 12.3% and 21.53% respectively and from the general retailers' front it has been a blood bath with Woolworths and Foschini showing a bit of defensiveness relatively. The trading environment for retailers has been tough and companies attribute the hardships mainly to the economic conditions within the country. We interrogate some of the factors which are keeping the consumer under pressure.

Chart 2: General retailers share prices

Source: Bloomberg

Chart: 3 General retailers share prices

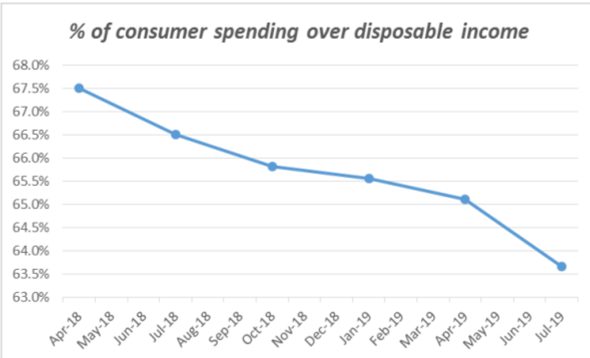


Source: Bloomberg

ECONOMIC CONDITIONS

The view of many analyst in the market is that the economic environment both locally and globally has been really challenging in the past few years. We have also witnessed an inversion in the US yield curve which is a sign for a looming recession. In the South African environment, the consumer has been under pressure with real disposable income subdued due to rise in fuel prices, tax increases, electricity price hikes and rising unemployment rates.

Chart: 4 Consumer spending and disposable income.



Source: Trading economics

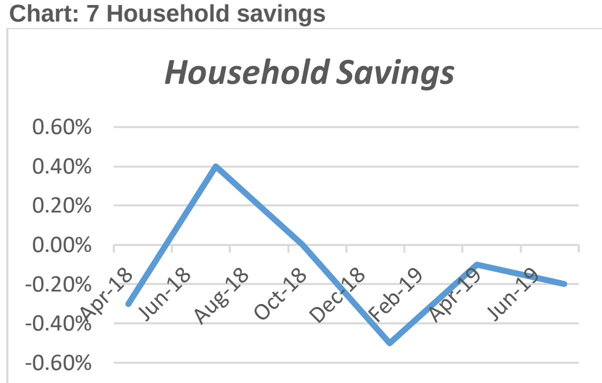
Chart: 5 JSE Food and drug retail index

Source: trading economics

Chart:6 General retail index

Source: Trading economics

Chart: 7 Household savings



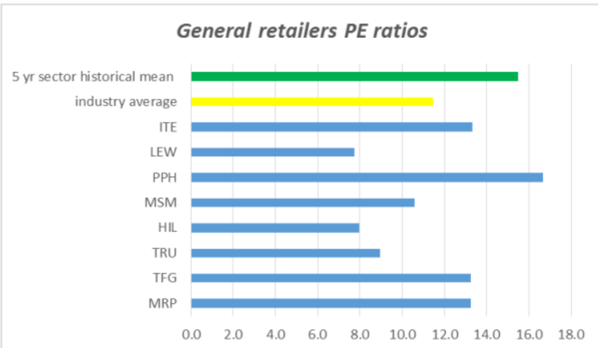
Source: trading economics

From the graphs above we see the correlation between retailers and household spending rate over disposable income. Food and Drug retailers tend to be the most resilient in difficult economic times because people still need food and medication to survive hence the food and drug retailer index may seem less hammered at around 11000 levels. Wherein the general retailers are trading at around 6000 levels that is because the consumer discretionary income has been suppressed as prices of household necessities such as mortgage, health insurance, food, transportation increase. The spending capacity of the consumer has been depreciating over time and that is visible in the graph above. One could easily conclude then, that perhaps households are saving more, but contrary to that notion household savings has also been depreciating as seen in the graph above, which is indicative of the impact of the increase in taxes.

CONCLUSION

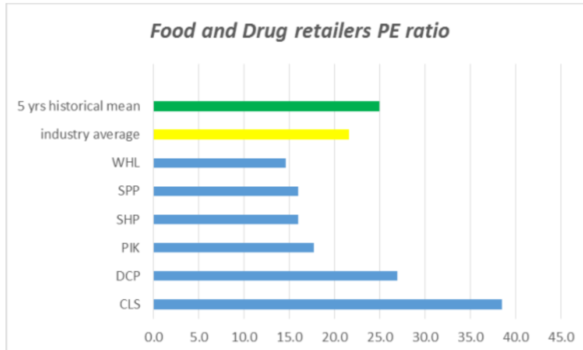
As in the graphs below, on the valuation side of the retailers, we see most retailers relatively trading at a less expensive P/E ratio than industry average as well as 5yr sector historical mean,

Chart: 8. General retail valuation



Source: Bloomberg

Chart: 9. Food and drug retail valuation



Source: Bloomberg

However, the sector largely does not seem to be trading at an attractive rate for a high conviction buy because of its dependence on the economic state of the country which is struggling as the moment.

ABSOLUTELY POSITIVE PERFORMANCE

JM BUSHA Asset Managers. An Approved Financial Services Provider: FSP No. 730; Section 13B No. 24/426

Performance Review: Periods Ending 30 September 2019

	FUNDS' PRODUCT RANGE			
	ABSOLUTE RETURNS FUNDS			
Fund	**JM BUSHA CashPlus**	**JM BUSHA Real Return Fund**	**JM BUSHA Absolute AllClass**	**JM BUSHA Absolute Aggressive**
Fund Description	Actively managed cash fund. Invested in 0-12 months quality paper. Highly liquid fund.	Unit trust medium-risk balanced multi-class fund suitable for both private & institutional clients. Min R1000 monthly	Multi-asset class fund managed on the core-satellite style. Capital preserved. Invests in equities/cash/bonds	Multi-asset class fund managed on the core-satellite style. Capital preserved. Invests in equities/cash/bonds
Fund Objectives	Outperform Short-term Fixed Interest (STeFi) by 0.5%pa	Outperform Inflation (CPI) plus 4% pa	Outperform Inflation (CPI) plus 5% pa	Outperform Inflation (CPI) plus 6% pa
Fund Benchmark	STeFi	Inflation +4% pa	Inflation + 5% pa	Inflation + 6% pa
Asset Class Allocation	100% Cash	18.27% Cash, 45.65% Bonds, 36.08% Equities	0.70% Cash, 99.30% Bonds	20.40% Cash, 29.85% Bonds, 49.75% Equities
Fund Performance	**Fund** (Benchmark)	**Fund** (Benchmark)	**Fund** (Benchmark)	**Fund** (Benchmark)
- **1** Year	**8.61%** (7.34%)	**4.75%** (8.28%)	**6.68%** (9.32%)	**1.28%** (10.36%)
- **3** Years	**8.57%** (7.40%)	**6.70%** (8.87%)	**6.16%** (9.92%)	**5.27%** (10.96%)
- **5** Years	**7.95%** (7.13%)	**5.88%** (9.15%)	**6.14%** (10.19%)	**5.35%** (11.24%)
- 7 Years	**7.37%** (6.64%)	**7.02%** (9.43%)	**8.21%** (10.48%)	**7.22%** (11.53%)
-Inception	**7.89%** (7.31%)	**9.38%** (9.80%)	**10.93%** (10.55%)	**8.18%** (12.11%)
Volatility/Risk	**0.49%** (0.45%)	**6.26%** (1.49%)	**6.63%** (1.53%)	**7.24%** (1.53%)
Sharpe Ratio	**1.09 (**0.00)	**0.74** (3.29)	**0.98** (3.44)	**0.49** (0.00)
Sortino Ratio	**0.84** (0.00)	**1.40** (0.00)	**1.61**(0.00)	**0.94** (0.00)
Start Date	2 Feb 2004	1 Oct 2006	1 August 2003	6 July 2007
Fund Size	ZAR**72.588** million	ZAR**115.052** million	ZAR**45.791** million	ZAR**1.501** billion

The returns indicated are historical annualized returns. Benchmark performance and statistics are shown in brackets. **Note** - the same performance is not guaranteed for the equal holding periods in the future.

ABSOLUTELY POSITIVE PERFORMANCE

JM BUSHA Asset Managers. An Approved Financial Services Provider: FSP No. 730; Section 13B No. 24/426

Performance Review: Periods Ending 30 September 2019

	FUNDS' PRODUCT RANGE			
	RELATIVE RETURN FUNDS			
Fund	**JM BUSHA BondPlus**	**JM BUSHA Risk Averse**	**JM BUSHA Diversified Equity**	
Fund Description	Actively managed bond fund performance relative to the All Bond Index (ALBI).	A multi-asset class fund structured to give positive returns annually regardless of markets conditions	This is an equity fund that invests in globally diversified stocks with distinct income streams	
Fund Objectives	Outperform All Bond Index by 1% pa	Outperform cash by 1% pa, 2-year rolling	To outperform the JSE SWIX by 3% pa	
Fund Benchmark	ALBI	Cash (STeFI Index) + 1% pa	FTSE/JSE All Share Index	
Fund Allocation	5.82% Cash, 94.18% Bonds	64.26% Cash, 35.50% Bonds, 0.24% Equities	7.43%Cash, 92.57% Equities	
Fund Performance	**Fund** (Benchmark)	**Fund** (Benchmark)	**Fund** (Benchmark)	
- **1** Year	**12.44%** (11.34%)	**10.64%** (7.34%)	**-2.44%** (0.19%)	
- **3** Years	**9.82%** (8.88%)	**8.70%** (7.40%)	**2.66%** (2.64%)	
- **5** Years	**9.08%** (8.26%)	**7.15%** (7.13%)	**2.60%** (4.58%)	
- **7** Years	**7.81%** (7.16%)	**7.53%** (6.63%)	**8.03%** (9.17%)	
-Inception	**8.44%** (8.24%)	**8.89%** (6.46%)	**9.00%** (9.92%)	
Volatility/Risk	**6.13%** (7.06%)	**3.57%** (0.24%)	**11.36%** (10.77%)	
Sharpe Ratio	**0.54** (0.45)	**1.06** (0.00)	**0.32** (0.39)	
Sortino Ratio	**0.89** (0.74)	**0.00** (0.00)	**0.68** (0.78)	
Start Date	31 Dec 2004	1 July 2010	29 March 2011	
Fund Size	ZAR**1.025** billion	**ZAR381.043** million	ZAR**179.714** million	

ABSOLUTELY POSITIVE PERFORMANCE

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