



ALUSI
MANAGED
FUND

30/09/2022

Q3 September 2022

Fee Class B

Conscious investing for
a brighter tomorrow



ALUSI Managed Fund

Minimum Disclosure Document (MDD) and Quarterly Report as at 30 September 2022
This Mandatory Disclosure Document (MDD) provides investors with key information that is intended to assist the investor in understanding the nature and risks of investing in this fund.

FUND INFORMATION

INCEPTION DATE
04 September 2020

FUND CATEGORY
South African Multi-Asset High Equity Fund

STRUCTURE
Registered SA CIS in securities

FUND MANAGER
Alusi Asset Management

MANAGEMENT COMPANY
Alusi Management Company

PORTFOLIO VALUE
R312m

CURRENT UNIT NAV
2.074

FEE CLASS
B

BENCHMARK
Urban CPI rate plus 4% per annum

CURRENCY
South African Rand

MINIMUM
R1,000,000

FEES
Initial fee: Nil
Ongoing advice: Nil
Management fee: 0.35% per annum plus VAT (Class B)
Performance fee: 15% per annum plus VAT on outperformance of benchmark over 12 month rolling period

TER (ANNUALISED)
1.17%

INCOME DISTRIBUTION
2022 Feb: 3.89 (cpu)

ADMINISTRATOR
Prescient Fund Services

CUSTODIAN
FNB Trustee Services
+27 (0) 87 736 1722

AUDITOR
PWC

 **ALUSI**
Management Company
An authorised financial services provider

INVESTMENT OBJECTIVE

The **ALUSI MANAGED FUND** objective is to provide the investor with reasonable income with capital growth well above the South African inflation as measured over the medium term (3 years plus), whilst assuming a moderate level of volatility in achieving this. The investment policy will seek to achieve this objective by following a robust strategic asset allocation framework that has demonstrated the ability to achieve this objective over different investment cycles.

INVESTMENT MANDATE

Investments to be included in the **ALUSI MANAGED FUND** will, apart from assets in liquid form, consist, inter alia, of investments in South African shares, property and fixed income instruments, as well as offshore shares, property and fixed income instruments. These investments can take the form of direct instruments, or can incorporate the use of passive indices or ETFs. The portfolio may also invest in participatory interests and other forms of participation in portfolios of collective investment schemes or other similar schemes operated locally and in territories with a regulatory environment which is to the satisfaction of the manager and trustee of a sufficient standard to provide investor protection at least equivalent to that in South Africa and which is consistent with the portfolio's primary objective. The overall composition of the portfolio will adhere to the stated objectives by always relying on the robust strategic asset allocation framework. Investments to be included in the portfolio will at all times meet the requirements of Regulation 28 of the Pension Funds Act, or equivalent regulations as promulgated from time to time, to reflect the investment structure of a retirement fund.

FUND DIAGNOSTICS

| | |
|---|--------|
| Current Unit NAV | 2.074 |
| Fund Size | R312m |
| Since Inception Annualised | 7.48% |
| Fund Standard Deviation (Annualised) | 6.95% |
| Benchmark Standard Deviation (Annualised) | 0.45% |
| Best Rolling 1 Year | 16.10% |
| Worst Rolling 1 Year | 4.60% |

FUND PERFORMANCE

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec | Year | BM |
|------|--------|-------|--------|--------|--------|--------|-------|--------|--------|--------|-------|-------|--------|-------|
| 2022 | -0.63% | 1.72% | -0.58% | -0.87% | -0.94% | -3.08% | 3.48% | -0.34% | -2.29% | | | | -3.62% | 8.32% |
| 2021 | 3.36% | 2.05% | 0.09% | 1.09% | -0.61% | 0.09% | 2.41% | -0.52% | -1.23% | 2.40% | 3.11% | 2.93% | 16.10% | 8.91% |
| 2020 | | | | | | | | | 0.60% | -2.33% | 4.16% | 1.50% | 3.87% | 2.40% |

MARKET AND PORTFOLIO OVERVIEW

Global developments:

Dramatic moves in multiple markets illustrate the anxiety overwhelming investor sentiment as recession fears grow. Persistently high inflation in key markets dominates, as central banks play catch-up via aggressive rate hikes, with the Fed and ECB each raising rates by 75bp. The impact of this aggressive tightening by the Fed reverberated through financial markets, while GDP growth was negative for a second consecutive quarter. In Europe, the energy crisis remains the key concern and gas prices jumped further on the news of damage to the Nordstream pipelines, which almost guarantees that gas supply from Russia is not likely to resume anytime soon.

Local developments:

Total returns for SA equities were also negative, as the global rout and persistent severe electricity cuts took their toll. Non-residents were again net sellers of both South African bonds and equities in September. The rand had yet another volatile month, starting the month at 17.12 against the US dollar but it ended at 18.09. The SARB kept pace with an expected 75bp hike. Attention now shifts towards the Medium-Term Budget Policy Statement in October and the ANC's National Conference in December.

Portfolio impact:

The third quarter was a tough and volatile one. After a strong showing in July, risk assets came tumbling down again in August and accelerated lower in September. Local equities delivered a total return of -2.70% for the quarter, with the ALBI returning 0.60% and cash was the best performing with a return of 1.35%. Given some ZAR weakness, global assets provided some reprieve during the quarter. The gold exposure did however provide some protection. The Fund has under-performed its inflation plus objective for the third quarter, as well as year to date, and with markets pricing in continued interest rate hikes and a recession in 2023, we are not yet at the bottom for risk assets.

Please note: The performance for each period shown reflects the return for investors who have been fully invested for that period. Individual investor performance may differ as a result of the actual investment date, the date of reinvestments and dividend withholding tax. Source for Consumer Price Index: Stats SA www.statssa.gov.za - CPI headline index numbers. The CPI September 2022 return is only expected to be released by mid October 2022. The August 2022 CPI return has therefore been stated for September 2022.



ASSET ALLOCATION

Asset allocation is the process of dividing investments among different kinds of assets, such as equities, bonds, property and cash, to optimise the risk-reward trade-off based on an investor's specific situation and objectives. Asset allocation is a key concept in financial planning and money management.

DIVERSIFICATION

Diversification is a risk management strategy that mixes a wide variety of investments within a portfolio.

A diversified portfolio contains a mix of distinct asset types and investment vehicles in an attempt at limiting exposure to any single asset or risk.

The rationale behind this technique is that a portfolio constructed of different kinds of assets will, on average, yield higher long-term returns and lower the risk of any individual holding or security.

RISK PROFILE

LOW

MODERATE

HIGH

Generally, **MODERATE RISK** portfolios hold more equity exposure than low risk portfolios but less than high risk portfolios. Therefore the expected volatility is higher than the low risk portfolios but less than the high risk portfolios. The probability of losses are higher than that of the low risk portfolios, but less than high risk portfolios. Expected potential long term investment returns could therefore be lower than high risk portfolios due to lower equity exposure, but higher than low risk portfolios.

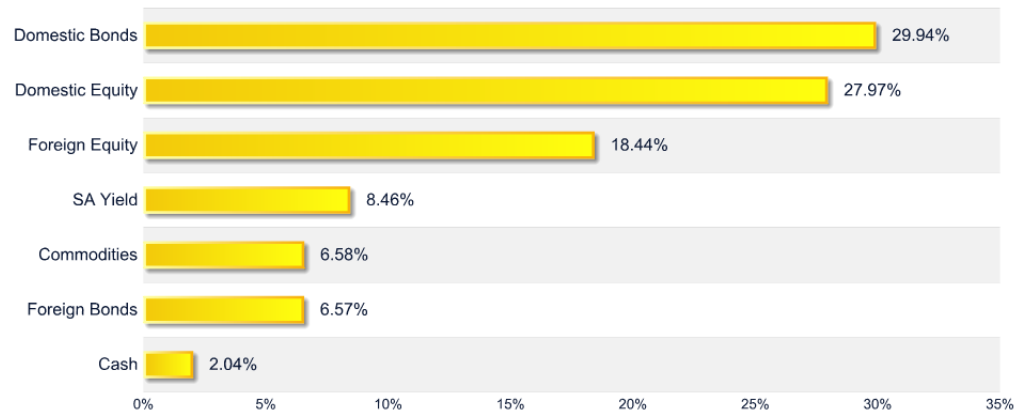
The portfolio includes various asset classes which are exposed to specific risks. The equity asset class is exposed to the greatest risk of short term loss through market risk, management risk, liquidity risk, competition risk and legislative risk. These risks are balanced with other asset classes to ensure that risk is moderated (namely, cash, bonds and property). These asset classes are not as volatile as equities but run the risk of credit and counterparty risk.

MARKET PERFORMANCE (ZAR)

| As at 30 September 2022 | 1M | 3M | 6M | YTD |
|--|--------|--------|---------|---------|
| JSE TOP40 Index (TOP40TR) | -4.43% | -2.70% | -14.14% | -11.02% |
| FTSE/JSE ALBI Index (ALBTR) | -2.11% | 0.60% | -3.14% | -1.34% |
| SAFE South Africa Short Term Fixed Interest Rate (STEFI) | 0.46% | 1.35% | 2.52% | 3.57% |
| MSCI WORLD (NDDUWI) | -4.21% | 4.23% | -2.90% | -15.41% |
| MSCI Emerging Markets (NDUEEGF) | -6.78% | -1.75% | -3.30% | -17.37% |
| FTSE World Government Bond Index (SBWGU) | 0.22% | 2.65% | 3.93% | -10.70% |

Source: Bloomberg

ASSET ALLOCATION



TOP 10 HOLDINGS

| As at 30 September 2022 | % of Fund |
|---------------------------------|-----------|
| Newgold Exchange Traded Fund | 6.5% |
| US Treasury Bonds | 6.5% |
| US Large Cap Exposure | 6.4% |
| Global Biotech Growth Exposure | 5.7% |
| SBT103 | 4.8% |
| R209 | 4.7% |
| Global Emerging Market Exposure | 4.5% |
| Compagnie Financiere Richemont | 4.2% |
| R2040 | 3.8% |
| R2035 | 3.3% |

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IMPORTANT INFORMATION

Collective Investment Schemes in Securities (Unit trusts) are generally medium to long term investments. The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to future performance.

Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. The manager may borrow up to 10% of the market value of the portfolio where insufficient liquidity exists.

A schedule of fees and charges and maximum commissions is available on request from the management company, Alusi Management Company (Pty) Ltd (Alusi). Commission and incentives may be paid and if so, would be included in the overall costs.

The Alusi Managed Fund is not a guaranteed fund. The Fund Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The investor acknowledges the inherent risk associated with the selected investments and that there are no guarantees.

The Manager retains full legal responsibility for any third-party-named portfolio.

Where foreign securities are included in a portfolio there may be potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, foreign exchange risks, tax risks, settlement risks; and potential limitations on the availability of market information. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down.

Performance has been calculated using net NAV to NAV numbers with income reinvested. Annualised performance figures represent the geometric average return earned by the fund over the given time period expressed as a percentage. Cumulative performance figures have been used to present fund performance. Fund performance has been disclosed monthly and compounded annually.

Fund performance is expressed in a percentage format. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestments and dividend withholding tax. Full performance calculations are available from the manager on request.

The investment performance is calculated by taking the actual initial fees and all ongoing fees into account for the amount shown and income is reinvested on the reinvestment date. Other fees include the permissible deductions of brokerage, STT, VAT, bank charges, trustees and custodian fees incurred in the ordinary course of running the Fund.

CIS prices are calculated daily and published daily on the Morningstar website - code ACBCB, ISIN ZAE000153011. CIS prices are calculated on a net asset basis, which is the total value of all the assets in the portfolio including any income accruals and less any permissible deductions (brokerage, STT, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio divided by the number of participatory interests (units) in issue. Forward pricing is used.

Funds are valued daily at 16:00. Instructions must reach Alusi before 12:00 to ensure same day value.

Alusi Management Company (Pty) Ltd is a Collective Investment Schemes Manager approved by the Financial Sector Conduct Authority in terms of the Collective Investment Schemes Control Act. The Management Company reserves the right to close the fund to new investors if we deem it necessary to limit further inflows in order for it to be managed in accordance with its mandate.

The Fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs.

| Class | Fees |
|-------|---|
| A | <p>Management Fee: 1% per annum plus VAT</p> <p>Performance Fee: 20% per annum plus VAT on outperformance of benchmark over a 12 month rolling period</p> <p>Performance Fee Benchmark: Urban CPI rate plus 4% per annum</p> |
| B | <p>Management Fee: 0.35% per annum plus VAT</p> <p>Performance Fee: 15% per annum plus VAT on outperformance of benchmark over a 12 month rolling period</p> <p>Maximum Fee: 1.5% per annum plus VAT</p> <p>Performance Fee Benchmark: Urban CPI rate plus 4% per annum</p> |

Breakdown for Class B (Lead Series) period ending 30 September 2022

| | |
|--|--------------|
| Management fee (incl. VAT) | 0.40% |
| Performance fee (incl. VAT) | 0.63% |
| Other cost (incl. VAT and excl Trade/TC) | 0.14% |
| Total TER: | 1.17% |
| Transactions Costs (incl. VAT) | 0.06% |
| Total Investment Charge: | 1.24% |

For any additional information such as fund prices, application forms, etc. please contact clientservices@alusi.co.za

Should you have any complaints, please send an email to complaints@alusi.co.za

Alusi Management Company (RF) (Pty) Ltd, Company Registration Number: 2008/023212/07, is a member of the Association for Savings and Investment SA (ASISA) and a Collective Investment Scheme (CIS) licence holder. The Trustees are FirstRand Bank Limited, PO Box 7713, Johannesburg 2000.

CONTACT DETAILS

Management Company:

Alusi Management Company (RF) (Pty) Ltd, Company Registration Number: 2008/023212/07 Physical Address: Edge House, 3 Heuwelkruin Close, Durbanville, 7550 Postal Address: P O Box 4188, Tygervalley 7536 Telephone number: +2721 976 1012 Email Address: clientservices@alusi.co.za Website: www.alusi.co.za

Fund Manager:

Alusi Asset Management (Pty) Ltd, Company Registration Number: 2009/011108/07 an authorised Financial Services Provider (FSP 43346) under the Financial Advisory and Intermediary Services Act (No.37 of 2002), to act in the capacity as investment manager. This information is not advice, as defined in the Financial Advisory and Intermediary Services Act (No.37 of 2002). Please be advised that there may be representatives acting under supervision.

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