

Fund Information

Portfolio Managers	Autus Fund Managers
Inception Date	03 Jan 2006
Morningstar Rating Overall	★★
Portfolio Value	R 150.6m
NAV (cents)	121.42
JSE Code	M4IA
ISIN Number	ZAE000075750
ASISA Category	SA - Multi Asset - Income
Benchmark	SteFl Call + 1% p.a.
Minimum Lump Sum	None#
Minimum Monthly Investment	None
Valuation	Daily
Valuation Time	15:00
Transaction Time	14:00
Income Declaration Date	28 Feb/31 May/31 Aug/30 Nov
Income Payment Date	2nd day of Mar/Jun/Sep/Dec
Income Distribution 2018 (cpu)	Feb 2.31; May 2.16; Aug 2.25
Income Distribution 2017 (cpu)	Feb 2.27; May 2.09; Aug 2.13; Nov 2.56

#Fixed Administration Fee: R10 excluding VAT (applies to all accounts with balances of less than R100 000 at month end).

Fee Structure

Annual Service Fee	0.69% (Inc. VAT)
Advisory Fee (Max)	3.45% (Inc. VAT)
Annual Advice Fee	0 - 1.15% (if applicable)
Initial Fee	0% (Inc. VAT)
Performance fee	None.

Risk Metrics

Max Drawdown	-0.93%
Highest Monthly Return	1.65%
Lowest Monthly Return	-0.58%
Positive Months	64
Negative Months	5

Risk Rating

1 2 3 4 5

Low Risk

This portfolio has no equity exposure, resulting in low-risk, stable investment returns. The portfolio is not directly exposed to currency risk, but it is exposed to default and interest rate risks. The portfolio is suitable for shorter-term investment horizons.

Investment Objective

The Fund is an enhanced income portfolio, seeking to provide its investors with a regular stream of income and preservation of capital. As a secondary objective, the portfolio targets a moderate level of capital growth over the long term.

Investment Universe

Investments to be included in the portfolio may, apart from assets in liquid form, consist of non-equity securities, equity securities, interest bearing securities (including, but not limited to, bonds, cash deposits and money market instruments), preference shares and property securities. The manager may invest in unlisted investments, as well as any other income enhancing securities which are considered consistent with the portfolio's primary objective and that the Collective Investment Schemes Act may allow.

Investor Profile

The Fund is suitable for investors with:

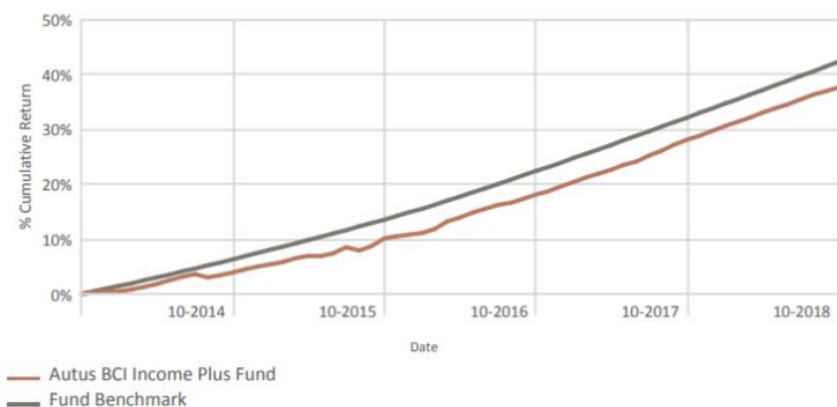
- A low appetite for market volatility.
- A regular income requirement.
- A short to medium term investment horizon.

Performance Table

	Annualised	1 Year	3 Years	5 Years	Since Inception
Autus BCI Income Plus A		7,37%	7,69%	6,58%	6,55%
Benchmark		7,67%	7,80%	7,30%	6,92%
CPI		4,91%	5,36%	5,33%	5,45%

Annualised return is the weighted average compound growth rate over the period measured.

Performance (Net of Fees)



Asset Allocation [Sep 2018]

Fixed-Interest Bonds	68.9%
SA Cash	26.9%
SA Equity	2.0%
Offshore Fixed-Interest Bonds	1.2%
SA Property	0.8%
Offshore Property	0.2%
Offshore Cash	0.0%

Top Holdings

SIM Enhanced Yield	10.0%
Stanlib Income Fund	10.0%
Prescient Income Provider	9.7%
Nedgroup Core Income	8.5%
Prudential Income	8.0%
Coronation JIBAR Plus	5.7%
AB011	4.1%
FRJ21	3.7%
FRJ19	3.7%
Coronation Strategic Income	3.2%

Market and Portfolio Commentary

The US Federal Reserve increased its funds rate by 25bps to the range of 2% to 2.25%, its highest level since April 2008. The US economy continues to register strong GDP growth, 4.2% for the second quarter, while unemployment is a mere 3.9%. Noteworthy is the fact that the strong US economic growth is somewhat unsynchronised with the rest of the developed world as slow growth and accommodative monetary policy continue to be themes in developed Europe and Asia. Emerging countries experienced higher volatility in their financial markets as political turmoil in Turkey triggered selling of risky assets across the globe. China appears to be under pressure because of the US-initiated trade war as the US seeks favourable terms of trade with China as well as increased favour with other trading partners. The South African Reserve Bank maintained the repo rate at 6.5% as the local economy registered a second consecutive quarter of negative growth. Rising oil and petrol prices and low consumer confidence remain a drag on the economy. The rand traded in range of between R13.11 and R15.42 against the US dollar during the quarter as it ended the quarter at R14.14.

Quarter three was characterised by risk assets being shunned as investors sought safety from the volatile stock markets. Seemingly, preserving capital and generating income became more relevant. The R186, 10-year SA bond weakened from 8.8% to 9.1% during the quarter although it traded at a high of 9.25% intra-quarter. Foreign investors sold R14 billion worth of SA bonds over the quarter and a whopping R53 billion year-to-date. A less sanguine outlook for the SA economy weighed heavily on investor sentiment as market participants priced in an interest rate hike in the coming months. It is worth noting that at the SA Reserve Bank's September MPC meeting, four members voted to keep rates unchanged which narrowly defeated the three voting members favouring a hike. Rising interest rates in the United States (US 10-year yields rose by 21bp to close at 3.07% in the quarter) added further pressure on local yields. Since the start of the year the stronger US economy and rising inflation has seen US yields move up by more than 70bp with the prospect of this increasing further. Local shorter-dated money market rates were up close to 1% over the quarter. Pronouncements on SA's credit rating by Moody's, a change in Finance Minister, the reading of the medium-term budget and economic data are some factors that will be closely watched to determine the likely direction of interest rates and the yield curve in the final quarter of 2018.

It has certainly been a bumpy ride year-to-date and the Fund had been rewarded for maintaining its cautious stance thus far. The Fund's duration was kept short while a higher weighting in money market funds was held. The fund performed in line with its benchmark with a return of 1.81% versus 1.87% respectively over the quarter. The Fund's one year return was an inflation-beating 7.4%. A detractor from performance was the small holding of Coronation shares. Although the share price declined by more than 8% it is trading at an attractive dividend yield of 9% and supports our hold view on the stock. With inflation at 4.9%, real yields are at an attractive 4-5%. We are increasingly of the view that the upside in yields may be limited and any weakness will be used to increase the Fund's duration. While property stocks offer relatively high dividend yields, we think that until economic conditions improve, it is best to avoid them.

Risks

Where foreign securities are included in the portfolio there may be additional risks such as potential constraints on liquidity and repatriation of funds, macroeconomic risk, political risk, foreign exchange risk, tax risk, settlement risk as well as potential limitations on the availability of market information. Certain investments - including futures, options, equity swaps, and other derivatives may give rise to substantial risk and might not be suitable for all investors.

Total Expense Ratio (TER)

Total Expense Ratio, expressed as a percentage of the fund, is a measure of the actual expenses incurred by the fund over the past financial year and is not an indication of the current fees charged to manage the fund. The TER includes the annual management fees, performance related fees (if any) as well as audit fees, trustee fees and the VAT payable on these components. It also includes the same for any underlying funds the fund may be invested in.

Please note: A higher TER ratio 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 TER's. Transaction Costs are a necessary cost in administering the Fund and impacts Fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Fund, the investment decisions of the investment manager and the TER.

Effective Annual Cost: Boutique Collective Investments adopted the ASISA Standard on Effective Annual Cost ("EAC"). The EAC measure allows you to compare charges on your investments as well as their impact on your investment returns prior to investing. For further information regarding the ASISA Standard on Effective Annual Cost and access to the EAC calculator please visit our website at www.bcis.co.za.

Transaction Cost (TC)

Transaction cost expressed as a percentage of the fund, is the total cost incurred in dealing in the underlying assets of the fund, which includes buys and sells in order to change portfolio positioning or to facilitate cash flow into or out of the fund. Incurring these costs is an inevitable part of managing a unit trust portfolio. The level of such costs over any particular period should be interpreted in the context of factors such as financial market events and volatility over the same period, the style of the investment manager, cash flow profile of the fund and the type of fund. E.g. dealing costs for money market or income funds are typically materially lower than for equity funds.

Total Investment Charge (TIC)

The Total Investment Charge, expressed as a percentage of the fund, relates to all investment costs of the fund. It is shown as the sum of the TER and TC.

With the exception of money market funds, all unit trust returns are quoted net of TIC, therefore these expenses should not be deducted again from published returns. Fund performance can therefore be assessed on a basis which already takes into account relative differences in TER and TC.

The prior year ("PY") TER and Transaction cost calculations are based upon the portfolio's direct costs for the financial year ended 31 August 2017, whilst the underlying portfolios' ratio and cost calculations are based upon their most recent published figures, which is 30 June 2018.

Total Expense Ratio (TER)	Jun 18: 1.01% (PY: 0.88%)
Performance fees included in the TER	Jun 18: 0.00% (PY: 0.00%)
Transaction Costs	Jun 18: 0.02% (PY: 0.01%)
Total Investment Charge	Jun 18: 1.03% (PY: 0.89%)

FAIS CONFLICT OF INTEREST DISCLOSURE

Please note that your financial advisor may be a related party to the co-naming partner and/or BCI. It is your financial advisor's responsibility to disclose all fees he/she receives from any related party. The portfolio's TER includes all fees paid to BCI, the trustees, the auditors, banks, the co-naming partner, underlying portfolios and any other investment consultants/managers as well as distribution fees and LISP rebates, if applicable. The portfolio's performance numbers are calculated net of the TER expenses. The investment manager earns a portion of the service charge and performance fees, if applicable. In some instances portfolios invest in other portfolios which form part of the BCI Scheme. These investments will be detailed in this document, if applicable. Additional information, including application forms, annual or quarterly reports can be obtained from BCI, free of charge or can be accessed on our website www.bcis.co.za. Valuation takes place daily and prices can be viewed on our website (www.bcis.co.za) or in the daily newspaper. Actual annual performance figures are available to existing investors on request. Upon request the Manager will provide the investor with portfolio quarterly investment holdings reports.

Investment Manager

Autus Fund Managers (Pty) Ltd is an authorised Financial Service Provider (FSP 4221)
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