

DATE OF ISSUE: 17 MAY 2021

30 APRIL 2021

## FUND INFORMATION

### Fund Manager

Andrew Douse

### ASISA sector classification

South African – Equity – Unclassified

Size: R177m

### Risk profile

Conservative	Cautious	Moderate	Moderate Aggressive	Aggressive

### Benchmark

**STeFI Call Deposit Index (STeFI)**

### Recommended Investment term

Longer than 3 years

### Minimum lump sum investment

R 5 000

### Minimum debit order investment

R 500

### Valuation time

15h00

### Cut-off time for transaction

14h00

### Inception date

15 January 2008

### Distribution dates

March, June, September, December

### Payment dates

5 to 7 working days after declaration

### NAV on reporting dates

79.36 cents per unit

### Distribution (last 12 months)

6.59 cents per unit

### FEES (VAT exclusive)

#### Maximum initial advisor fee

Class A 1.00% (if applicable)

#### Maximum annual advisor fee

Class A 0.50% (if applicable)

#### Maximum initial manager fee

Class A 0.00%

#### Annual management fee

Class A 0.75%

#### No performance fee

### TER/TC\* (VAT Inclusive)

TER at 31 March 2021

TC at 31 March 2021

Total Investment Charges

### Class A

0.94%

0.04%

0.97%

\*Please refer to Disclosures on page 3 for details

 Prices are published daily on our website and in national newspapers:  
[www.bridgefm.co.za](http://www.bridgefm.co.za)

### Manager

 Bridge Collective Investments (RF) (Pty) Ltd  
 5th Floor Protea Place, 40 Dreyer Street, Claremont, Western Cape 7708.  
 0800 117 842

### Trustee and Custodian

 FirstRand Bank Limited  
 RMB Custody and Trustee Services  
[www.rmb.co.za](http://www.rmb.co.za)  
 +27 (0)87 736 17321

## INVESTMENT OBJECTIVE AND MANDATE

The Bridge Diversified Preference Share Fund provides investors with an above-average after-tax yield in the form of dividends. This will be achieved by diversifying the portfolio's holdings across various preference shares and dividend yielding assets. A minimum 80% will be invested in preference shares classified as share capital in their respective issuers balance sheet.

This fund is available to be used within our Tax-Free Savings Plan, by virtue of S12T of the Income Tax Act.

## BENEFITS

- Attractive yield
- Low capital volatility
- Tax-efficient income for individual tax payers

## RISKS

- Investment risk (capital risk)
- Market risk (liquidity risk)
- Valuation risk (pricing risk/failure)

## HISTORIC INCOME YIELD\*

As at	Historic net yield
30/04/2021	8.43%

\* The historic net yield is the amount of income (after costs but before withholding taxes), expressed as a percentage of the current capital price, which the portfolio delivered to investors over the last 12 months.

## PAST PORTFOLIO PERFORMANCE

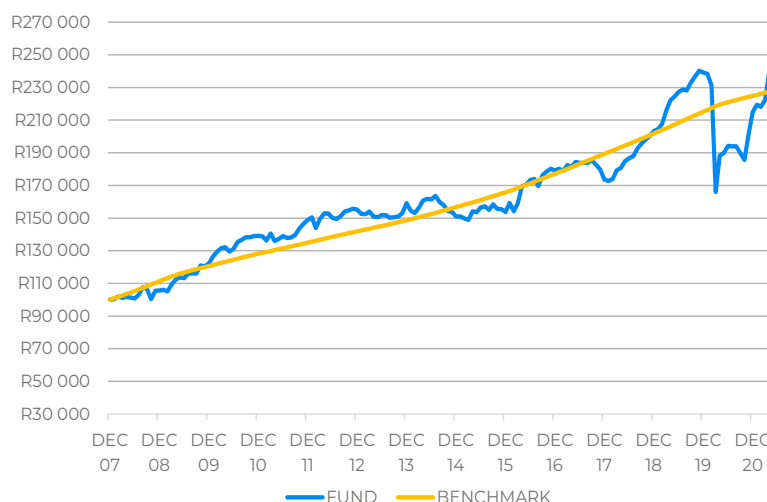
Term	Class A	Benchmark
1 year	27.46%	3.65%
3 year (annualised)	9.89%	5.55%
5 year (annualised)	7.20%	6.08%
7 year (annualised)	5.81%	6.03%
Since inception (annualised)	6.76%	6.34%
Lowest 12 month return	-22.95%	
Highest 12 month return	33.83%	

Benchmark: STeFI (effective April 2020). Previous benchmark was the FTSE JSE Preference Share Index.

The past portfolio performance is calculated on rolling monthly basis, lump sum, NAV to NAV and distributions reinvested. Annualised return is weighted average compound growth rate over period measured. The investor performance may differ as a result of advisor fees (where applicable), actual investment date, date of reinvestment and dividend withholding tax. Past performance is not necessarily a guide to future performance. The lowest and highest returns show the lowest and highest consecutive 12 month return each class has experienced since its inception. Actual annual figures are available to the investor on request.

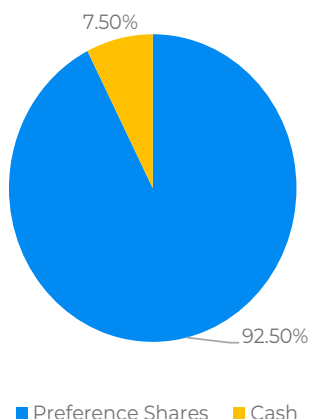
## LONG-TERM TRACK RECORD

ILLUSTRATIVE GROWTH OF R100 000 INVESTED AT INCEPTION (CLASS A) \*



\*Illustrative purposes only assuming all distributions reinvested and ongoing fees included

## ASSET ALLOCATION



## TOP 10 HOLDINGS

Security	Weighting (%)
FIRSTRAND LTD PREFERENCE SHARES	13.03
STANDARD BANK GROUP PREFERENCE SHARES	12.50
ABSA PREFERENCE SHARES	11.76
INVESTEC NON REDEEMABLE PREFERENCE SHARES	11.52
NEDBANK NON CUMULATIVE PREFERENCE SHARES	8.41
DISCOVERY HOLDINGS LTD PREFERENCE SHARES	8.03
INVESTEC LTD PREFERENCE SHARES	6.00
STEINHOFF INVESTMENTS PREFERENCE SHARES	4.90
PSG PREFERENCE SHARES	4.26
GRINDROD LTD PREFERENCE SHARES	3.50

## MONTHLY COMMENTARY

Increased geopolitical risks in the Middle East and the Far East, together with the risk that inflation is likely to accelerate to levels well above trend and central bank targets, resulted in significant volatility in global financial markets during April. These risks are being countered by central banks' commitment to keeping interest rates at historically low levels while still buying financial assets to provide liquidity for financial markets. Current forecasts suggest that central banks will only start raising interest rates from 2023 onwards, but a sustained increase in inflation and inflation expectations will give policymakers something to think about and it is not inconceivable that interest rate expectations will start adjusting in the short term given the significant increase in commodity prices and the resultant increase in input costs for most manufacturing businesses throughout the world. Globally, most households are emerging from last year's economic slump in a better financial position following record levels of fiscal stimulus and low (and even negative) interest rates. This is fuelling demand for goods and coupled with COVID-related supply constraints is likely to drive inflation higher in the short term.

US government bond yields drifted sideways to lower throughout April as the US Federal Reserve allayed market fears, confirming that they believed the increase in inflation would be transitory and that they would be able to keep interest rates at historically lower levels for longer. The yield on 10-year US Treasuries dropped to 1.63% from 1.74% at the end of March. An increased level of vaccinations in Europe and the potential reopening of many economies in the region resulted in an increase in European bond yields (became less negative). The yield on 10-year German bunds rose to -0.19% from -0.28% at the end of March.

South African bond yields also drifted lower in April on the back of the moves in US bonds and increased appetite from foreign investors. South African bond yields are amongst the highest in the world and President Cyril Ramaphosa's ongoing fight against corruption within the ruling party has had a positive effect on foreign investor sentiment. The suspension of Ace Magashule is viewed as an extremely positive political development by foreign investors and was followed by significant foreign inflows into the South African bond market. The yield curve flattened during the month as most buying interest was focussed on the longer end of the market where investors are still able to secure yields in excess of 9%.

During the month of April all asset classes rose with the incoming tide, lifting higher yielding asset classes more strongly. SA equity, SA bonds and SA inflation-linked bonds rose 0.97%, 1.90% and 1.14% respectively. However, it was SA listed property and the preference share market that lit up exchange returns, rising 11.68% and 9.13% respectively. Fears of inflation and rising short-term interest rates continue to dominate the minds of investors as commodities soar to new record highs. Asset classes that have inflation-hedge and high yield characteristics are in high demand to protect against the immanent inflation threat. The yield on the R186 government bond fell 10 basis points to 7.35% while the longer-dated 10-year R2030 bond fell more, by 20 basis points to 9.26% at the end of April.

The Bridge Diversified Preference Share Fund rose 7.94% in the month, supported by dividends accrued to the fund from Absa, Nedbank, Standard Bank and Steinhoff. The fund enjoyed the largest gains from PSG, Nedbank, Netcare and Investec (INLP), rising 18.66%, 11.77%, 11.28% and 9.58% respectively. PSG announced a proposal to repurchase their preference shares following the announcement by Sasfin in March, both at a premium to the trailing market price which helped boost the Fund's return. Sasfin also announced an increase in their offer price to R75.00 per share to repurchase its shares in a tender offer that shareholders will vote on at the beginning of June. No preference shares declined, but the worst performing stocks were Invicta, Grindrod, Steinhoff and Discovery which rose by 1.45%, 3.23%, 3.38% and 4.49% respectively. With the strong rally in April, the Bridge Diversified Preference Share Fund's gross yield declined to 7.62%, with a net (after-tax and fees) yield of 5.36%. This still offers an attractive real yield relative to cash and bonds for the medium term with an income growth opportunity when short rates begin to rise.

## HOW TO INVEST

- Visit our website at [www.bridgefm.co.za](http://www.bridgefm.co.za) and download an application form.
- Complete the relevant sections and return all required documentation and proof of payment to us via email: [investments@bridgefm.co.za](mailto:investments@bridgefm.co.za)
- If you have any queries regarding this form please contact your financial service advisor or our Client Services Centre on 0800 117 842.

## DISCLOSURES

### Management Company and Mandate

Bridge Collective Investments (RF) (Pty) Ltd ("the Manager"), Registration number 2008/022492/07, is a company incorporated in South Africa acting as a manager of collective investments schemes in securities in terms of Section 42 of the Collective Investments Schemes Control Act and is supervised by the Financial Sector Conduct Authority. The registered address of the Manager is 5th Floor Protea Place, 40 Dreyer Street, Claremont, Western Cape, 7708. The Trustee and Custodian is FirstRand Bank Limited. **Bridge Fund Managers (Pty) Ltd is the appointed Investment Management for all portfolios established under the Bridge Collective Investments Scheme. Bridge Fund Managers (Pty) Ltd is an authorised financial services provider, FSP 29834.** Client administration is outsourced to Silica Administration Services (Pty) Limited, Tel: 011 3024000; Address: 128 Peter Road, Sandton, 2010, Gauteng.

### Performance

Collective investment schemes are generally medium to long-term investments. The value of participatory interests or the investment may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investment schemes are traded at ruling prices and can engage in borrowing and scrip lending. Past portfolio performance is measured on a rolling monthly basis.

### Fees

A schedule of fees and charges and maximum commissions is available on request from the manager. There are no performance fees charged in the portfolio. Commission and incentives may be paid and if so, would be included in the overall costs. The manager does not provide any guarantee either with respect to the capital or the return of a portfolio. Participatory interests in the portfolios issued by the manager qualify as investment instruments for the purposes of Tax-Free Savings and Investment account by virtue of Section 12T of the Income Tax Act.

### Tax-Free Savings Plan

If you wish to invest in a Tax-Free Savings Plan please ensure that you fill in the correct application form. Bridge is required by law not to accept contributions in excess of the annual (R36 000) and lifetime limits (R500 000). Bridge does not monitor the contributions you may have with other service providers. Consequently, you undertake to advise Bridge when your aggregate contribution across service providers has reached the annual limit (R36 000) and the lifetime limits (R500 000). Bridge is not responsible for the tax penalty which you may incur as a result of excess contributions made by you into the Investment Plan. A 40% penalty is payable on the contribution above limit. Bridge does not charge any fees for withdrawal of the tax-free investment.

### General

The General Investor Report is published on a quarterly basis and is available on request and on our website. The portfolio may borrow up to 10% of its net assets on a temporary basis. Such borrowings are permitted only to meet the portfolio's obligations in relation to (i) the administration of the Fund relating to purchase or sale transactions; and/or (ii) the redemption or cancellation of participatory interests in the portfolio. Borrowings in relation to (i) above are only permitted for a period of up to 8 calendar days, and 61 calendar days in respect of (ii). The annual report, brochures, application form is available on our website. The portfolio may be closed to new investments at any time in order to be managed in accordance with its mandate. Forward pricing is used. Information on this document shall not be construed as financial advice as defined and/or contemplated in terms of the Financial Advisory and Intermediary Services Act, Act 37 of 2002 ("the FAIS Act").

### Complaints

Bridge shall, wherever possible, avoid situations causing a conflict of interest. Where it is not possible to avoid such conflict, Bridge shall advise you of such conflict in writing at the earliest reasonable opportunity and shall mitigate the conflict of interest in accordance with its conflict of interest Management Policy. You may send a blank email with a subject "conflict of interest" to the compliance officer, should you need a copy of this policy. Complaints should be directed to the Compliance Officer. The Complaints Resolution Policy is available on request. The Compliance Officer's email address is [compliance@bridgefm.co.za](mailto:compliance@bridgefm.co.za). Bridge Collective Investments (RF) (Pty) Ltd and Bridge Fund Managers (Pty) Ltd (collectively referred to as "Bridge") are both subsidiaries of Bridge Fund Managers Holdings (Pty) Ltd and are supervised by the Financial Sector Conduct Authority.

### Total expense ratio (TER) and transaction costs

Total expense ratio (TER) is a measure of a portfolio's assets that have been expended as payment for services rendered in the management of the portfolio or collective investment scheme (CIS), expressed as a percentage of the average daily value of the portfolio or CIS calculated over rolling three year periods coinciding with a calendar quarter end and annualised. Transaction costs (TC) is a measure to determine the costs incurred in buying and selling the underlying assets of a portfolio or CIS, expressed as a percentage of the average daily value of the portfolio or CIS calculated over a period of three years on an annualised basis. TC are a necessary cost in administering the portfolio or CIS and impacts 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 portfolio or CIS, the investment decisions of the investment manager and the TER. Total investment charges is a measure of the total value of portfolio incurred as costs relating to the investment of the portfolio or CIS. **A higher TER / TC does not necessarily imply a poor return, nor does a low TER / TC imply a good return.** The current TER may not necessarily be an accurate indication of future TER / TC's. The effective annual cost (EAC) is a measure which allows you to compare the cost that you can expect to incur when you invest in different financial products.

### Contact details

Clients can contact our Client Services Centre on 0800 117 842 or email [investments@bridgefm.co.za](mailto:investments@bridgefm.co.za) to request an EAC statement.

## QUARTERLY GENERAL INVESTOR REPORT

PARTICIPATORY INTERESTS	UNITS	UNIT PRICE	TER @ 31/03/2021
CLASS A	192 521 338.81	74.29	0.94%

## ADHERENCE TO POLICY OBJECTIVE

This portfolio adhered to the agreed investment policy objective throughout the period

## PORTFOLIO COMPOSITION AND CHANGES FOR 3 MONTHS

PREFERENCE SHARES & ETF	START %	END %	CHANGE
ABSA PREF SHARES	11.24	11.70	0.46
DISCOVERY HLDGS LTD PREF	10.05	9.57	-0.48
FIRSTRAND LTD PREF	11.41	11.26	-0.15
GRINDROD LTD PREF	4.48	4.19	-0.29
INVESTEC BANK LTD PREF	7.55	6.63	-0.92
INVESTEC LTD NON RED PREF	12.03	12.41	0.38
INVICTA HLDGS LTD PREF	3.92	3.88	-0.04
NEDBANK NON CUM PREF	9.25	9.56	0.31
NETWORK HEALTHCARE PREF	3.48	3.72	0.24
PSG PREFERENCE SHARE	4.50	4.56	0.06
STANDARD BK GR PREF	14.48	14.64	0.16
SASFIN PREF	2.07	2.39	0.32
STEINHOFF INV PREFS	5.01	6.15	1.14
TOTAL PREFERENCE SHARES & ETF	99.47	100.66	