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Investor Risk Profile

	High
	Medium - High
	Medium
	Low - Medium
Low	

Fund Facts

Classification	South African - Equity - General	
Benchmark	**FTSE/JSE Capped SWIX All Share	
Inception Date of Fund	Thursday, August 5, 2010	
Inception Date of Class	Saturday, April 5, 2014	
Total Portfolio Size	1088.4 M	
NAV price	Launch	100.00 (cpu)
	31-Jan-20	233.48 (cpu)
JSE code	MCEFA	
ISIN number	ZAE000208559	
Income Declaration	February, August	
Valuation	Valuation time	22h00 (daily)
	Dealing cut-off	14h00 (daily)
Payment	3rd working day of Mar/Sep	
Minimum Initial Investment	R5 000 lump sum	
	R500 debit order	
Reg. 28 Compliant	No	
Issue date	Tuesday, February 25, 2020	

*Previously known as the Mazi MET Capital Equity fund, the fund amalgamated with Prime on the 9th of September 2015.

**Fund benchmark changed to FTSE JSE Capped SWIX All share as of 11th March 2019.

Portfolio Income in Cents Per Unit (cpu)

Distribution	Dividend	Interest	Other	Total
Aug-19	3.6064	0.0351	0.0731	3.7146
Feb-19	2.4748	0.1610	0.3446	2.9804

NAV Values	Nov-19	Dec-19	Jan-20
Fund Units	458 568 652	455 219 037	454 883 368
Fund NAV	R 1 092 004 399	R 1 118 959 249	R 1 088 428 242
Class NAV	R 28 787 689	R 29 811 322	R 28 914 173

*All figures have been rounded to the nearest Unit and Rand

Mandate Compliance

The Fund remains within the reporting fund regime as at the date of this report.

Portfolio profile

The *Mazi Asset Management Prime Equity Fund is a general equity portfolio that seeks to sustain high long-term capital growth.

Fund Objective

The portfolio may invest in financial instruments to achieve its objectives from time to time. The manager may include unlisted forward currency, interest rate and exchange rate swap transactions for efficient portfolio management. The portfolio's equity exposure shall always exceed 80% with the balance, if any, invested in liquid assets. Nothing shall preclude the manager from varying the ratios of securities or assets in liquid form in changing economic environment or market conditions to meet the requirements of legislation or from retaining cash or placing cash on deposit. The manager shall reserve the right to close the portfolio to new investors.

Limits and Constraints

- Maximum exposure limits as per the ASISA fund classification structure.
- Maximum offshore exposure of 25% plus max 5% in Africa.
- The portfolio equity exposure will always exceed 80% with the balance, if any, invested in assets in liquid form.

Total Investment Charges

Period (annualised): Mar 18 to Feb 19

Total Expense Ratio (TER) 2.31%

Expenses related to the administration of the Financial Product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not be necessarily be an accurate indication of future TER's.

Transaction Costs (TC) 0.39%

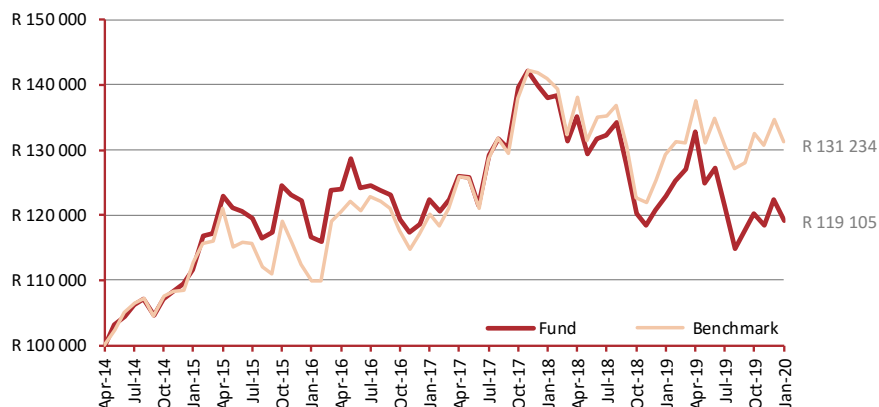
Costs relating to the buying and selling of the assets underlying the Financial Product

Total Investment Charges (TIC) 2.70%

Transaction costs are a necessary cost in administering the Financial Product and impacts Financial Product 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 Financial Product, the Investment decisions of the investment manager and the TER. Inclusive of the TER of **2.31%**, a performance fee of 0.00% of the net asset value of the class of the Financial Product was recovered.

Portfolio Fees

Management Fee	0.15% (excl. VAT)
Performance Fee	20% of the outperformance of the FTSE/JSE SWIX (J403T) index over a rolling 24 months subject to a max. of 2%
Advisory Fee	N/A
Investment Management Fee	0.85% (excl. VAT)


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Fund Composition

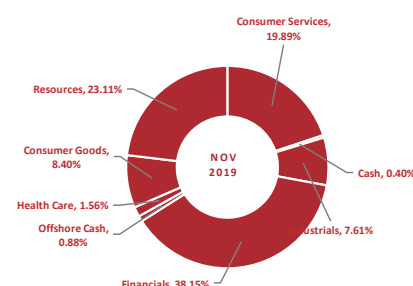
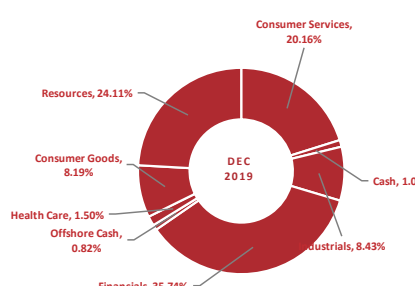
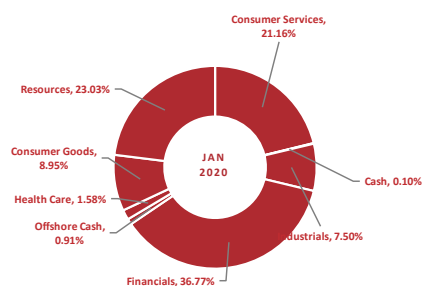
NPN - Naspers Ltd	11.24%
AGL - Anglo American Plc	7.93%
FSR - Firststrand Ltd	5.99%
SOL - Sasol Ltd	5.70%
SBK - Standard Bank Group Ltd	5.56%
BTI - British American Tobacco Plc	4.91%
OMU - Old Mutual Ltd	4.36%
QLT - Quilter PLC	4.21%
INP - Investec Plc	3.76%
IMP - Impala Platinum Holdings Ltd	3.69%

Period	January-2020		December-2019		November-2019	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
1 Month	-2.70%	-2.57%	3.40%	3.09%	-1.47%	-1.47%
3 Months	-0.87%	-1.03%	4.15%	5.27%	3.09%	2.80%
6 Months	-1.90%	0.47%	-3.77%	-0.11%	-5.20%	-0.31%
YTD	-2.70%	-2.57%	1.38%	7.43%	-1.96%	4.21%
1 Year	-3.05%	1.53%	1.38%	7.43%	0.02%	7.23%
2 Years	-7.09%	-3.52%	-6.44%	-2.59%	-8.72%	-4.13%
3 Years	-0.92%	3.00%	1.05%	4.78%	0.28%	4.40%
5 Years	1.30%	3.07%	2.28%	4.42%	1.80%	3.84%
Since Inception	3.09%	4.84%	3.63%	5.40%	3.07%	4.91%

* Returns above one year are annualised; ** Fund Returns are net of fees

Risk Statistics		
Risk Metrics	Fund (A)	Benchmark
Volatility	10.55%	10.79%
Tracking Error	2.52%	
Information Ratio	-0.69	
Correlation	0.93	
Beta	0.89	
Sharpe Ratio	-0.31	-0.14
Max (Rolling 12 Mths)	22.89%	23.81%
Min (Rolling 12 Mths)	-16.69%	-14.29%
Alpha	-1.86%	

Monthly Performance		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund	2019	1.74%	1.95%	1.41%	4.56%	-5.97%	1.87%	-4.56%	-5.41%	2.36%	2.22%	-1.47%	3.40%	1.38%
Benchmark	2019	3.09%	1.57%	-0.18%	5.00%	-4.75%	2.88%	-3.13%	-2.70%	0.67%	3.64%	-1.47%	3.09%	7.43%
Fund	2018	-1.34%	0.24%	-5.04%	2.93%	-4.24%	1.69%	0.49%	1.51%	-4.75%	-6.03%	-1.53%	2.02%	-13.66%
Benchmark	2018	-0.68%	-1.18%	-5.00%	4.33%	-4.76%	2.74%	0.10%	1.15%	-4.54%	-6.12%	-0.61%	2.90%	-11.67%
Fund	2017	3.23%	-1.47%	1.38%	2.92%	-0.08%	-3.38%	6.27%	2.00%	-1.11%	7.11%	1.81%	-1.57%	17.89%
Benchmark	2017	2.57%	-1.49%	2.24%	4.06%	-0.07%	-3.83%	6.34%	2.42%	-1.73%	6.51%	3.09%	-0.16%	21.22%

Asset Allocation




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Growth is decelerating further amid global trade tensions that have intensified and remain unresolved. Add political turmoil across Europe and a slowing China, the global economy is facing a slowdown. Manufacturing activity, as measured by PMI data, dipped below 50 (contracting), most notably Asia and Europe.

The Federal Reserve has cut rates (with more likely in the medium term) as economic conditions deteriorate. Policy makers in Europe have signaled a willingness to ease policy in response to growing risks to the global economy. In Europe, Germany is preparing a discretionary/counter-cyclical fiscal stimulus package, France is reducing taxation, and Italy is likely to inject its own fiscal stimulus measures. The UK seems to have reached a new low, with political and Brexit-related uncertainties remaining a key focus. Overall, we do not believe a recession is likely in the near future.

The outlook for the domestic economy is modestly softer than we anticipated at the beginning of the year, with first-quarter growth print a shocker. While the elections went by fairly smoothly with a positive result, the poor macro fundamentals, along with ailing SOE's and increasing debt to GDP, could impede government's fiscal consolidation efforts in the short term. Further detail on the fiscal outlook, including the potential unbundling of Eskom, will be divulged at the MTBPS at the end of October 2019. This will be followed by a Moody's sovereign review, and a negative outcome from the MTBPS may well see the last rating agency that deems SA to be investment grade move the rating of SA's debt one closer to speculative.

Domestic inflation pressures in the economy remain well contained, influenced by slack in the labour market, low global food prices and tepid demand. The SARB is positioned to adopt a more accommodative stance on rates and has already cut interest rates by 25bps in Q3 2019; the prospect of sub 1% growth and trend growth moving a notch lower in 2019 should encourage the SARB to move firmly in Q4 2019. While this may be a positive signal, interest rates alone will not convince business and consumers that the growth tide has turned.

The consumer sector should, in theory, benefit from a stable inflation outlook and a positive credit impulse but remains sensitive to employment levels and net wealth levels. We have seen consumer confidence remain buoyant and consumers are able to spend, yet a deeper look at the numbers exposes an underlying reticence to spend on big ticket items. Business investment is forecast to increase modestly but we await firm policy changes that will help businesses expand. Progress on structural reforms remain slow, and this will continue to weight on business expectations. Exports have been supportive, but the outlook for the trade balance is likely to depend largely on where oil prices settle and the extent to which global growth slows.




The quarter was characterised again by high levels of volatility, with geopolitics again being central to what impacted financial markets globally as well as locally. The domestic market was especially impacted by global growth fears that led to general risk-off sentiment and therefore a general sell-off in the market as well as weakness in the Rand. The portfolio ended the quarter down -7.6%, underperforming the benchmark by -2.3% over the period.

Portfolio positioning remains largely unchanged. We have included Impala Platinum in the portfolio given our renewed view of the strong fundamentals for Platinum Group Metals going forward. This was our mining analyst's feedback from his research trip to Russia. We have also reduced our holding in PPC with the view to selling out of the company completely. The loss of market share to the blending market as well as the continuing imports into the country have fundamentally compromised the premise of our investment case in the company and hence the decision to sell out. We remain convinced on the prospects of the other companies that we have in the portfolio and their ability to deliver returns. We are cognisant of the overwhelming impact that geopolitical events are having on our market and are therefore not adjusting our approach or the manner in which we apply our philosophy. In this regard and especially in a difficult quarter, it is pleasing to have a number of portfolio companies that were able to deliver a positive return over the period (Impala, Wilson Bayly, British American Tobacco, Afrimat, Quilter, Life Healthcare and Bidvest). This is an important indicator for us in terms of our continuing ability to identify and pick companies that can generate positive returns. Our view is that it will be these types of companies that can remain defensive in the face of uncertain macro-related events. We therefore remain convinced on the ability of our philosophy to generate sustained returns. In the application of the philosophy, we are also ensuring an ongoing focus on investing in companies that have clear catalysts in terms of their prospects for delivering value to shareholders. We therefore avoid companies with intrinsic value but where it is unclear how that value will be unlocked. This focus ensures that we remain clear of potential value traps.

Our relative positioning in the gold sector also detracted from relative performance as we did not hold any of these companies. This continues to be a consistent theme in our relative performance outcomes and is due to the application of our philosophy. Given the focus on identifying companies with sustainable business models, we do not have conviction in any of the companies in the sector especially as their performance is intrinsically linked to the movement in the gold price. As the gold price is viewed as a store of value and safe haven asset, its price movements are influenced by global macro and geopolitical developments. These are typically very difficult to forecast and hence to develop conviction on the direction and level of the gold price as a result remains a challenging task. In addition, the companies continue to operate the deepest gold mines in the world where costs continue to rise incrementally. These companies are also experiencing grades that continue to decline and therefore reducing the revenue generated for the same amount of cost incurred in the extraction of the ore. Our view therefore remains that these companies are not sustainable in the long term and hence do not represent attractive investment opportunities.

The pragmatic & consistent application of our philosophy remains the key focus for us; identifying companies with sustainable business models with the ability to defensively deliver shareholder value. Macro events such as the trade wars, Brexit and other geopolitical events continue to introduce significant short-term volatility in our markets. We continue to believe that quality companies are able to generate returns for shareholders even in these current conditions. We are therefore working to ensure that we do not get distracted by the short-term factors but rather continue to develop an understanding of the fundamental value of the companies in our universe. As we do so, we are able to identify sustainable opportunities that can generate returns on a sustainable basis.





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