

# SESIKILE BCI PROPERTY FUND

Minimum Disclosure Document (Fund Fact Sheet)



## FUND OBJECTIVE

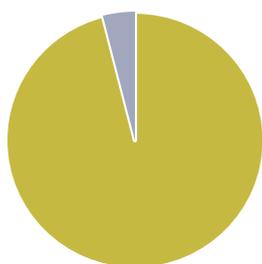
The Sesfikile Boutique Collective Investments Property Fund is a portfolio which aims to deliver both a high income yield as well as capital growth over the medium to long term. Our objective is to deliver total returns (consisting of income and capital) that outperform the FTSE/JSE Listed Property index ("SAPY Index") over a 3 to 5 year investment horizon. The fund is suitable for investors who are looking for a viable property component to a balanced portfolio; or alternatively an investor looking for a growing income stream, but is willing to be exposed to an element of capital volatility.

## FUND INFORMATION

<b>ASISA Fund Classification</b>	South African - Real Estate - General
<b>Fund Managers</b>	Evan Jankelowitz, Mohamed Kalla and Kundayi Munzara
<b>Risk profile</b>	Moderate/Aggressive
<b>Benchmark</b>	FTSE/JSE JSAPY Index (J253T)
<b>ISIN number</b>	ZAE000160677
<b>JSE code</b>	SSPF1
<b>Portfolio launch date</b>	01 November 2011
<b>Minimum investment</b>	Class A1: Lump sum R25,000 / Debit order R1000 p.m.
<b>Fees</b>	Initial Fee: nil Annual Service Fee: Class A1 1.25% (incl. VAT) Performance Fee: nil
<b>Portfolio size</b>	R 1 224 574 697.00
<b>Total Expense Ratio*</b>	1.38% (incl. VAT)
<b>Distribution frequency</b>	Quarterly
<b>Income distribution dates</b>	28 Feb/31 May/31 Aug/30 Nov
<b>Income payment date</b>	Second working day after declaration
<b>Income Distribution</b>	31/08/16: 6.10 cents per unit 30/11/16: 40.44 cents per unit 28/02/17: 2.00 cents per unit 31/05/17: 39.50 cents per unit
<b>Month-end fund price</b>	2,095.75 cents per unit
<b>Portfolio valuation time</b>	15h00
<b>Transaction cut off time</b>	14h00
<b>Daily price information</b>	Local newspaper and www.bcis.co.za
<b>Issue date</b>	11 August 2017

This Fund Fact Sheet should be viewed in conjunction with the Fund Information Sheet and the Portfolio Manager Commentary Sheet |

## ASSET ALLOCATION



- SA Listed Property (96.01%)
- Cash (3.99%)

## TOP 10 HOLDINGS

Growthpoint Properties Ltd
Redefine Properties Ltd
New Europe Property Investments
Resilient Property Fund
Hyprop Investments Ltd
Fortress Income Fund B
Vukile Property Fund
Echo Polska Properties
Fortress Income Fund A
Rockcastle Global Real Estate

Top 10 holdings as at 30 June 2017

## ROLLING ANNUALISED FUND PERFORMANCE AS AT 31 JULY 2017

	Fund A1 (after fees)	SAPY Benchmark	Peer Average
1 year	4.82%	3.29%	2.86%
3 years	16.50%	13.80%	13.30%
Since inception	19.00%	16.30%	15.60%

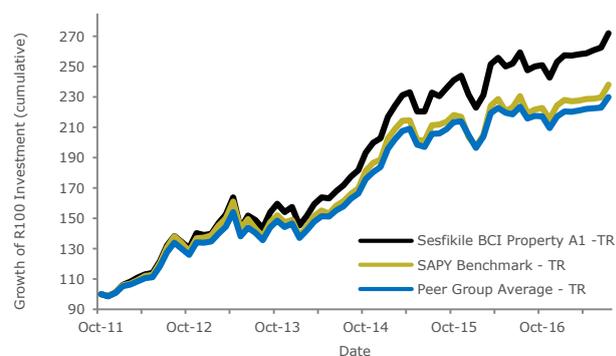
Annualised return is the weighted average compound growth rate over the period measured

## HIGHEST AND LOWEST ANNUAL RETURNS

Highest (2015)	35.49%
Lowest (2017)	4.81%

The highest and lowest annualised performance numbers are based on 10 non-overlapping one year periods or the number of non-overlapping one year periods from inception where performance history does not yet exist for 10 years.

## PERFORMANCE (NET OF FEES)



Source: I-Net Bridge, Morningstar Research Fund performance to 31 July 2017

Investment performance is for illustrative purposes only and calculated by taking actual initial fees and ongoing fees into account for amount shown with income reinvested on reinvestment date

# SESIKILE BCI PROPERTY FUND

Minimum Disclosure Document (Fund Fact Sheet)



**SESIKILE CAPITAL**  
Listed Property Investments

## FUND STRATEGY

This fund aims to outperform the benchmark by investing in listed property companies with sustainable income growth underpinned by strong property fundamentals. In addition to these core holdings, the fund makes use of tactical stock selection to capitalise on short-term market mispricing and corporate action opportunities.

## INVESTMENT POLICY

The policy is to invest in JSE listed Real Estate Investment Trusts ("REITs") or listed property companies. The investment manager will also be allowed to invest in financial instruments (derivatives) and cash as allowed by the act from time to time in order to achieve its investment objective. Furthermore, and as legislation permits, the manager shall be permitted to invest in offshore listed property investments on behalf of the Sesfikile BCI Property Fund.

## WHY CHOOSE THIS FUND

The fund offers active best of breed management within a sector that offers income and capital growth over time:

- All shares are subject to rigorous, in-depth research; while ultimate portfolio construction adheres to Sesfikile's unique "Four D" approach:
  - Our passion for direct property,
  - Getting stuck in the detail,
  - Understanding the broader drivers of property investment,
  - Taking views on corporate action deals and finding the hidden potential in the sector.
- Through extensive experience in the listed property sector, we believe our team has the ability to identify the key differentiators to performance and ultimately the factors that impact total returns for clients. Importantly, given our commitment to capping the total size of assets under management we will remain nimble enough to execute on investment ideas effectively over the medium to long term.
- Since inception, our investment process has been able to deliver consistent low-risk outperformance of the benchmark on an after fee basis. Although this is no guarantee of future performance, we are confident in our robust investment and risk management process and alignment of interest with clients will consistently steer us towards identifying value added investment opportunities.



**Evan Jankelowitz**  
BCom (Hons), CFA



**Mohamed Kalla**  
BCom, CFA



**Kundayi Munzara**  
BSc (Hons), CFA

## FUND MANAGER INFORMATION

The three founding directors, Evan Jankelowitz, Mohamed Kalla and Kundayi Munzara co-manage the Sesfikile BCI Property Fund. Evan previously co-managed the award winning Stanlib Property Income Fund which he left as the best performing fund in the sector. Mohamed was a top rated sell-side analyst at BJM Securities while Kundayi was previously Head of Research at Investec Property. The three managers have a combined investment experience of over 35 years in the SA listed property sector making them one of the most experienced teams in the market.

## MARKET REVIEW

The markets started the third quarter on a high as the SA Listed Property Sector ("SAPY") delivered a positive total return of +3.7% in July. Bonds (+1.5%) were driven higher by a slight compression in the yield curve, however, the equity markets rallied by 7.0% driven by the resources and banking sectors.

July could be defined as a risk on month, where property was supported by bonds, but lifted by equities. It was the flow of liquidity into the sector that drove prices as opposed to results on the ground. General equity and balanced investors are still seeing an attractive yield and a comparably defensive outlook for property. This further increases the appetite for property, which has been highlighted by the ease of the companies' ability to raise capital. Recent heavily oversubscribed 'book-builds' from the likes of SA Corporate, Vukile and Greenbay managed to raise a combined R5.75 billion. In speaking of the growing sector it is also worth noting the success and completion of the NEPI / Rockcastle merger to create South Africa's largest primary property listing, with a market capitalization just short of R100 billion. Management have highlighted several synergies, the most significant being the potentially stronger balance sheet and access to lower funding costs. However, the short-term tailwinds will likely emanate from technical factors, namely the inclusion into several local and global indices, which will create substantial demand.

The SARB's (South African Reserve Bank) decision to cut the prime interest rate gave some respite to the sector as funding costs eased slightly, however most of the sector is relatively conservatively geared and price the marginal cost of debt off the longer end of the yield curve. What is needed from the cut is a boost to the beleaguered consumer, however it doesn't appear that the cut will be enough to dominate the weak employment figures and general levels of economic uncertainty. With that said, despite stronger prices, local fundamentals are still slowing and show little sign of recovery as political instability creates ever growing lack of business confidence.

Global growth uncertainty is still putting a cap on bond yields and the various central banks' ability to 'normalize' monetary policy. This puts focus on the significant yield carry offered by South African bonds that is still overshadowing the political uncertainty and the damage it is having on our economy, and thus South African bond yields have remained somewhat resilient. Further downgrades and exclusions from global indices may test this argument, even if only for a short period of time as investors rebalance their portfolios. Lower bond yields will continue to support listed property, however the potential for headwinds is relatively high, whether it be in the form of further local credit downgrades or any semblance of green shoots of global growth.

We have become more optimistic in the short term, thinking that our bond call may have been too conservative, however the recent rally has taken some of the upside out of our updated forecast. We think that mid-single digit returns are plausible over the upcoming twelve months, while the medium to long term outlook settling in the low teens.

# SESIKILE BCI PROPERTY FUND

Minimum Disclosure Document (Fund Fact Sheet)



**SESIKILE CAPITAL**  
Listed Property Investments

## TER AND TRANSACTION COST (INCL. VAT)

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.

TER and Transaction cost is calculated for the 3 year period / since inception (annualised) ending 31 March 2017

### SESIKILE BCI PROPERTY FUND

Class	Total Expense Ratio (TER)	Transaction Cost(TC)	Total Investment Charges (TER+ TC)
A1	1.38%	0.27%	1.65%
	Of the value of the fund was incurred as expenses relating to the administration of the fund	Of the value of the fund was incurred as costs relating to buying and selling of assets underlying the fund	Of the value of the fund was incurred as costs relating to the investment of the fund

## EFFECTIVE ANNUAL COST ("EAC")

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](http://www.bcis.co.za).

## 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 that he/she receives from any related party. The portfolio's TER includes all fees paid by the portfolio 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 where applicable. In some instance, portfolios invest in other portfolios which forms part of the BCI Schemes. These investments will be detailed in this document as applicable.

## RISK DISCLOSURE

- This portfolio carries exposure to mainly property securities.
- Property by nature is a moderate risk investment.
- Where the asset allocation contained in this MDD reflect offshore exposure, the portfolio is exposed to currency risks.
- The portfolio is exposed to interest rate risks and is sensitive to inflation and interest rate cycles.
- The portfolio is suitable for medium term investment horizons

## INVESTMENT MANAGER

Sesfikile Capital (Pty) Ltd is an authorised Financial Service Provider FSP 39946.

- 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.sesfikilecapital.com](http://www.sesfikilecapital.com).
- Valuation takes place daily and prices can be viewed on [www.bcis.co.za](http://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.

## DISCLAIMER

Boutique Collective Investments (RF) (Pty) Ltd ("BCI") is a registered Manager of the Boutique Collective Investments Scheme, approved in terms of the Collective Investments Schemes Control Act, No 45 of 2002 and is a full member of the Association for Savings and Investment SA. Collective Investment Schemes in securities are generally medium to long term investments. The value of participatory interests may go up or down and past performance is not necessarily an indication of future performance. The Manager does not guarantee the capital or the return of a portfolio. Collective Investments are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees, charges and maximum commissions is available on request. BCI reserves the right to close portfolio to new investors and reopen certain portfolios from time to time in order to manage them more efficiently. Additional information, including application forms, annual or quarterly reports can be obtained from BCI, free of charge. Performance figures quoted for the portfolio is from Morningstar, as at the date of this minimum disclosure document for a lump sum investment, using NAV-NAV with income reinvested and do not take any upfront manager's charge into account. Income distributions are declared on the ex-dividend date. Actual investment performance will differ based on the initial fees charge applicable, the actual investment date, the date of reinvestment and dividend withholding tax. Investments in foreign securities may include 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 those involving futures, options, equity swaps, and other derivatives may give rise to substantial risk and might not be suitable for all investors. Boutique Collective Investments (RF) Pty Ltd retains full legal responsibility for the third party named portfolio. Although reasonable steps have been taken to ensure the validity and accuracy of the information in this document, BCI does not accept any responsibility for any claim, damages, loss or expense, however it arises, out of or in connection with the information in this document, whether by a client, investor or intermediary. This document should not be seen as an offer to purchase any specific product and is not to be construed as advice or guidance in any form whatsoever. Investors are encouraged to obtain independent professional investment and taxation advice before investing with or in any of BCI/the Manager's products.

### Trustee Information

The Standard Bank of South Africa Limited  
T 021 441 4100

### Management Company

Boutique Collective Investments (RF)(Pty) Limited  
Catnia Building, Bella Rosa Village, Bella Rosa Street, Bellville, 7530  
T 021 007 1500/1/2 021 914 1880 | F 086 502 5319  
E [clientservices@bcis.co.za](mailto:clientservices@bcis.co.za) | W [www.bcis.co.za](http://www.bcis.co.za)

### Sesfikile Capital (Pty) Ltd

First Floor, 30 Melrose Boulevard, Melrose Arch, Johannesburg. 2076  
Postnet Suite 334, Private Bag X1, Melrose Arch, 2076  
E [info@sesfikilecapital.co.za](mailto:info@sesfikilecapital.co.za) | W [www.sesfikilecapital.com](http://www.sesfikilecapital.com)  
An authorised Financial Services Provider. FSP no.:39946

**BOUTIQUE**  
+ COLLECTIVE  
INVESTMENTS