

# SESIKILE BCI PROPERTY FUND

Minimum Disclosure Document (Fund Fact Sheet)



**SESIKILE CAPITAL**  
Listed Property Investments

## FUND OBJECTIVE

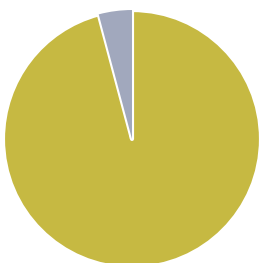
The Sesfikile Boutique Collective Investments Property Fund is a portfolio which aims to deliver both a high income yield as well as capital growth over the medium to long term. Our objective is to deliver total returns (consisting of income and capital) that outperform the FTSE/JSE Listed Property index ("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 1 261 107 364.00
<b>Total Expense Ratio*</b>	1.28% (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>	30/11/16: 40.44 cents per unit 28/02/17: 2.00 cents per unit 31/05/17: 39.50 cents per unit 31/08/17: 9.01 cents per unit
<b>Month-end fund price</b>	2 154.01 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>	12 October 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 (95.85%)
- Cash (4.15%)

## TOP 10 HOLDINGS

NEPI Rockcastle Plc
Redefine Properties Ltd
Growthpoint Properties
Resilient Reit Ltd
Fortress Income Fund B
Hyprop Investments Ltd
Vukile Property Fund
Echo Polska Properties
Greenbay Properties Ltd
Equites Property Fund

Top 10 holdings as at 30 September 2017

## ROLLING ANNUALISED FUND PERFORMANCE AS AT 30 SEPTEMBER 2017

	Fund A1 (after fees)	SAPY Benchmark	Peer Average
1 year	12.26%	9.53%	9.26%
3 years	15.59%	12.66%	12.37%
Since inception	19.06%	16.18%	15.61%

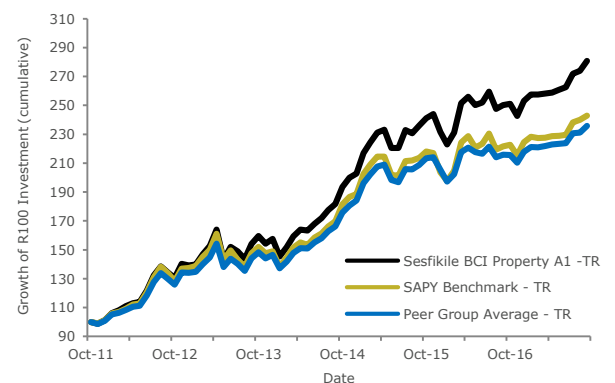
Annualised return is the weighted average compound growth rate over the period measured

## HIGHEST AND LOWEST ANNUAL RETURNS

Highest (2015)	31.35%
Lowest (2017)	4.24%

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 30 September 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

**BOUTIQUE**  
+ COLLECTIVE  
INVESTMENTS

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## 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 SA Listed Property Sector ("SAPY") had a strong quarter, delivering a total return of +5.73%. Notably, around 40% of the return was from income distributions. Year-to-date, the SAPY has returned +8.15% of which 5.50% is from income distributions, 67% of total returns, giving credence to the attractiveness of income in a volatile environment. Equities delivered +8.91% for the quarter, pushing it ahead of the other asset classes year-to-date at 9.73%. Bond yields compressed by a further 18 basis points, assisting bonds up +3.68% for the quarter, although showing some weakness in the latter days of September as developed economies displayed a more hawkish tone, while local data points continued to weaken.

On face value it appears as if listed property re-rated marginally to bonds, however in reality it was the stocks with an offshore bias that supported the sector while locally biased ones once again lagged on the back of weakening fundamentals and a lack of confidence surrounding the South African political, and by consequence economic, outlook. Four of the top five performers for the third quarter were offshore counters, headed up by Greenbay (+23.3%) and MAS (+22.6%) with Sirius (19.5%) and Echo Polska (+17.8%) not far behind.

Local property fundamentals remain strained in the absence of any political will to support the economy. There are pockets of strength, namely in logistics and warehousing, however supply in this space is picking up at a rapid pace. On the positive side, foreign earnings are still growing at a reasonable rate and gearing across the sector is relatively conservative and well hedged. In addition, the sector is becoming more diverse. Pricing on the conventional local counters has not rallied in line with the sector and still offer value despite waning earnings; while high growth stocks such as Resilient and Fortress look expensive, but justify this through their consistent double-digit distribution growth. Then there's an array of pure offshore counters, which are geared to a completely different set of variables abroad.

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## 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.

The TER and Transaction cost were calculated based upon figures for the past financial year ended 31 August 2017

### SESIKILE BCI PROPERTY FUND

Class	Total Expense Ratio (TER)	Transaction Cost(TC)	Total Investment Charges (TER+ TC)
A1	1.28%	0.46%	1.74%
	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

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