

SESIKILE BCI GLOBAL PROPERTY FUND

Minimum Disclosure Document (Fund Fact Sheet)



FUND OBJECTIVE

The Sesfikile BCI Global Property Fund is a global property portfolio which focus on predominantly developed property markets with an objective to provide the investor with income as well as capital growth. The portfolio may from time to time invest in listed and unlisted financial instruments, including forward currency, interest rate and exchange rate swap transactions. The portfolio's global property exposure will always exceed 80% of the portfolio's asset value. Up to 10% of the portfolio may be invested in shares outside the property sector in companies that conduct similar business activities.

FUND INFORMATION

ASISA Fund Classification	Global Real Estate - General
Fund Managers	Evan Jankelowitz, Mohamed Kalla and Kundayi Munzara
Risk profile	Moderate/ Aggressive
Benchmark	FTSE EPRA/NAREIT Developed Rental Index Net Total Return
ISIN number	ZAE000216495
JSE code	SPFA1
Portfolio launch date	1 June 2016
Minimum investment	Class A1: Lump sum: nil / Debit order: nil
Fees	Initial Fee: nil Annual Service Fee: Class A1 1.15% (incl. VAT) Performance Fee: nil
Portfolio size	R 367 270 381
Total Expense Ratio*	30/06/2018:1.29% 31/12/2017:1.27% 30/09/2017(PY):1.27%
Distribution frequency	Quarterly
Income distribution dates	28 Feb/31 May/31 Aug/30 Nov
Income payment date	Second working day after declaration
Income Distribution	31/08/18: 0.43 cents per unit 31/05/18: 0.46 cents per unit 28/02/18: 0.21 cents per unit 30/11/17: 0.27 cents per unit
Month-end fund price	90.50 cents per unit
Portfolio valuation time	15h00
Transaction cut off time	14h00
Daily price information	Local newspaper and www.bcis.co.za
Issue date	15 October 2018

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

TOP 10 HOLDINGS*

Aroundtown SA
Equinix Inc
Extra Space Storage Inc
Hudson Pacific Properties
Invitation Homes Inc
Regency Centers
Rexford Industrial Realty
Tritax Eurobox PLC
Vanguard Real Estate ETF
Vonovia SE

Top 10 holdings as at 30 September 2018

ROLLING ANNUALISED FUND PERFORMANCE AS AT 30 SEPTEMBER 2018

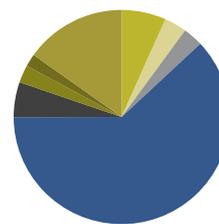
	Fund A1 (after fees)	Benchmark*
1 year	8.82%	8.49%
Since inception (Annualised)	-2.87%	-1.45%

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

HIGHEST AND LOWEST ANNUAL RETURNS

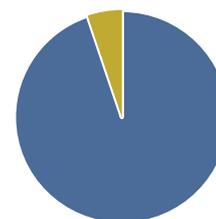
Highest (August 2018)	15.49%
Lowest (October 2016)	-10.17%

REGIONAL OR COUNTRY ALLOCATION



- UK (6.7%)
- Australia (3.3%)
- Hong Kong (3.0%)
- US (61.9%)
- Japan (5.3%)
- Canada (2.7%)
- Singapore (1.9%)
- Europe (15.2%)

ASSET ALLOCATION



- SA Listed Property (94.85%)
- Cash (5.15%)

FUND STRATEGY

The Fund's objective is to deliver USD total returns that outperform the FTSE EPRA/NAREIT Developed Rental Net Index ("Index") over a 3 to 5 year investment horizon. Our macro-economic views inform our regional allocations while our sector themes inform our stock picking to deliver outperformance without exposing clients to unnecessary risk.

INVESTMENT POLICY

The policy is to invest in globally 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 Global Property Fund**.

WHY CHOOSE THIS FUND?

The Fund offers investors:

- The ability to access the most sought after real estate in via investment in blue-chip listed property companies or REITs in developed markets including:
 - Northern America (USA and Canada)
 - Europe
 - United Kingdom
 - Japan
 - Hong Kong
 - Singapore
 - Australia
- Geographical and sector diversification with low asset concentration risk
- Cost effective offshore solution managed by an experienced team
- Liquidity as investors are able to access US Dollar Returns by investing Rands while enjoying the usual benefits of a Collective Investment Scheme which include daily pricing and 48-hour liquidity.

FUND MANAGER INFORMATION

The three founding directors, Evan Jankelowitz, Mohamed Kalla and Kundayi Munzara co-manage the Sesfikile BCI Global 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 investment team also includes Anil Ramjee who is a dedicated global REIT analyst.

FUND MANAGERS



Evan Jankelowitz, CFA®
Portfolio Manager &
Analyst



Mohamed Kalla, CFA®
Portfolio Manager &
Analyst



Kundayi Munzara, CFA®
Portfolio Manager &
Analyst

MARKET REVIEW

Global REITs (as per EPRA/NAREIT Developed Rental Index, USD) closed the month -2.4% in the red, underperforming both the global Equites (MSCI World Index) and the S&P 500 that delivered 59bps and 57bps for the month, respectively. US 10-year Treasury yields went from 2.86% at the start of the month and closed the month 20bps higher at 3.06% as the FED signalled a continued increase in the Fed Funds Rate over the next two years.

US consumer confidence rose to 138.4 points (close to the all-time high of 144.7 in 2000) which may lead to improved sales performance of mall and shopping centre REITs. Further, ISM non-manufacturing PMI unexpectedly rose to a near record 61.6% (from 58.5%) in September. In August CPI rose to 2.7% from 2.9% in July with core CPI (excludes food and energy) rising 2.2% and the Fed's main measure PCE remaining flat at 2.0%. In addition, the US added 121 000 jobs (vs. 180 000 expected) with unemployment falling to a 49 year low of 3.7%. Average hourly wages met expectations by rising 2.8% y/y. Given the strong macro-economic backdrop and tighter labour market the FOMC expectedly hiked rates by 25bps in September. Interestingly the committee dropped previously constant statement; "the stance of monetary policy remains accommodative" which we have become accustomed to see in the press release. Fed chair Jerome Powell also stated that he expected one more hike in 2018 and three in 2019 with GDP estimates being increased from 2.8% to 3.1% for this year. A far larger issue last month has been Italian bond yields rising to a 4 year high of 3.6% (from 2.68% at 30 June 2018) due to Italy's government proposing to raise its budget deficit to 2.4%, against EU fiscal limits and subject to full review on 15 October. The outcome of the proposal has implications for Italy's sovereign debt rating and in turn the EU's ability to subsidise or guarantee more of its members – another euro debt crisis could be on the cards.

Last month we saw European retail REITs report performance numbers with headliner Unibail-Rodamco-Westfield (now URW) meeting guidance at 6.8% but disappointing with their 6.4% growth outlook versus an expected 6-8%. The US portfolio also underperformed US mall peers in key metrics across the board. Institutional property asset manager Brookfield made an initial advance for UK mall REIT Intu, sending the share price up to 30% higher on the day. This may be the 'white-night' Intu and the UK mall sector needs in this difficult environment. As negative sentiment started to turn positive in the US retail environment, in turn mall / strip centre space, Mattress Firm (linked to Steinhoff) with 3 300 stores across the US filed for bankruptcy in September. Furthermore, as we write this, 125-year old department store Sears with 506 outlets is expected to file for Chapter 11 bankruptcy as they failed to rollover a seemingly paltry US\$134 million in debt obligations. This will likely have a second-round negative effect on the mall space via the possible rent reductions to ensure and shadow vacancies created as Sears vacates unprofitable spaces.

After the massive move in the US 10-year bonds, global REITs are back in negative territory in USD terms thus showing more value than before. At a 4.3% forward dividend yield and 6-7% earnings or FFO growth over the next 2 years we see value in the sector. We also see convergence in REIT earnings as compared to general equities into 2019. The key risk is the US bond yield and how much it overshoots expectations in the mid term but we remain comfortable with our outlook for 7-9% total returns per annum over the next 2 years.

TER AND TRANSACTION COST (INCL. VAT)

Please note: 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 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, being 30 June 2018.

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Class	Total Expense Ratio (TER)	Transaction Cost(TC)	Total Investment Charges (TER+ TC)
A1	1.29%	0.41%	1.70%
	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.

MONTHLY FIXED ADMINISTRATION FEE

R10 excluding VAT which will apply to all direct investor accounts with balances of less than R100 000 at month end, unless the investor transaction on-line, in which case no such fee will be levied

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, under lying 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.
- Valuation takes place daily and prices can be viewed on 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 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 fees are calculated and accrued on a daily basis based upon the daily outperformance, in excess of the benchmark, multiplied by the share rate and paid over to the manager monthly. Performance figures quoted are 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. 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. A fund of funds is a portfolio that invests in portfolios of collective investment schemes that levy their own charges, which could result in a higher fee structure.

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