

## FUND OBJECTIVE

The Sesfikile BCI Global Property Fund is a global property portfolio with a 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. 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: None   |
| Fees                      | Initial Fee: nil<br>Annual Service Fee: Class A1 1.15% (incl. VAT)<br>Performance Fee: nil                                       |
| Portfolio size            | R 664,980,423  |
| Total Expense Ratio*      | 31/03/2020: 1.24%<br>Prior Year(PY):1.27%  |
| Distribution frequency    | Quarterly  |
| Income distribution dates | 31 Dec /31 Mar /30 June /30 Sep*   |
| Income payment date       | Second working day after declaration   |
| Income Distribution       | 30/06/20: 0.68 cents per unit<br>29/02/20: 0.20 cents per unit<br>30/11/19: 0.25 cents per unit<br>31/08/19: 0.39 cents per unit |
| Month-end fund price      | 109.04 cents per unit  |
| Portfolio valuation time  | 15h00  |
| Transaction cut off time  | 14h00  |
| Daily price information   | Local newspaper and <a href="http://www.bcis.co.za">www.bcis.co.za</a>   |
| Issue date                | 14 July 2020   |

\* Effective 01 April 2020, the income distribution declaration dates changed from 28 Feb, 31 May, 31 Aug and 30 Nov to 31 Dec, 31 Mar, 30 June and 30 Sep

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

## TOP 10 HOLDINGS\*

|                           |  |
|---------------------------|--|
| Alexandria RI Est         |  |
| Deutsche Wohnen Ia        |  |
| Digital Realty Trust Inc  |  |
| Healthpeak Properties Inc |  |
| Invitation Homes Inc      |  |
| Mitsubishi Estate         |  |
| Prologis Inc              |  |
| Realty Income Corp        |  |
| Sun Communities Inc       |  |
| Vonovia Se                |  |

Top 10 holdings as at 30 June 2020

## ROLLING ANNUALISED FUND PERFORMANCE AS AT 30 JUNE 2020

|                              | Fund A1 (after fees) | Benchmark* |
|------------------------------|----------------------|------------|
| 1 year                       | 16.41%               | 3.94%      |
| 3 Years (Annualised)         | 11.77%               | 8.30%      |
| Since inception (Annualised) | 3.38%                | 1.82%      |

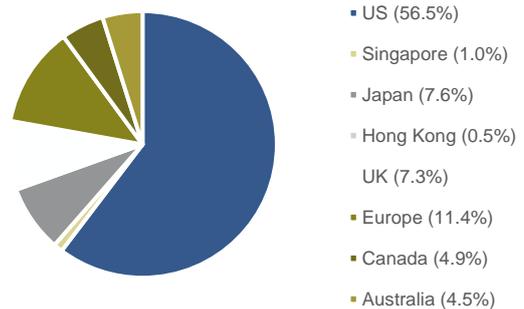
Annualised return is the weighted average compound growth rate over the period measured.

## HIGHEST AND LOWEST ANNUAL RETURNS

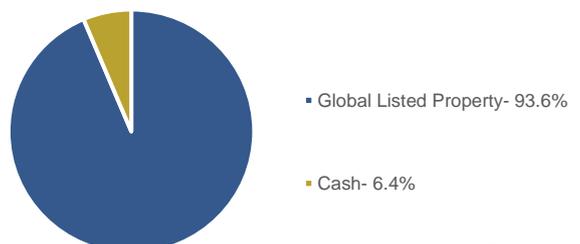
|                |        |
|----------------|--------|
| Highest (2019) | 21.05% |
| Lowest (2017)  | -2.34% |

The highest and lowest annualized 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.

## REGIONAL OR COUNTRY ALLOCATION



## ASSET ALLOCATION



## 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 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 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 MANAGERS



Evan Jankelowitz, CFA®  
Portfolio Manager &  
Analyst



Mohamed Kalla, CFA®  
Portfolio Manager &  
Analyst



Kundayi Munzara, CFA®  
Portfolio Manager &  
Analyst

## FUND MANAGER INFORMATION

The three founding directors, Evan Jankelowitz, Mohamed Kalla and Kundayi Munzara co-manage the Sesfikile BCI Global Property Fund. The Sesfikile Investment Team, which consists of five individuals, boasts combined experience of almost 60 years in the listed property sector, and an average of 8 years' experience in global (ex. SA) REIT investing, making them amongst the most experienced teams in the market.

## MARKET REVIEW

Global REITs (as per EPRA/NAREIT Developed Rental Index Net TR, USD; "Benchmark") closed the quarter up +10.23% (+7.62% in ZAR), outperforming global bonds (FTSE World Government Bond Index) which achieved returns of +2.04% but underperformed US equities (S&P 500) and global equities (MSCI World Index) at total returns of +20.54% and +19.57%, respectively. By region, Australian REITs finished tops, closing +32.00% higher where laggards include Hong Kong and Japanese REIT at -2.12% and +4.08% respectively. In the second quarter we saw structural forces such as e-commerce growth, de-urbanisation and work-from-home, accelerate changes in fundamentals for different property types; data-centres, industrial and residential (mainly SFR and German apartments) appear to be early winners while hotels and malls continue to bear the brunt of lockdowns or changes in consumer patterns. Some of these shifts saw Intu Properties get pushed over the edge as the UK mall REIT filed for bankruptcy in June. We also saw a large bifurcation in rental collection rates between hotels and malls in the 20% region, and datacentres, industrial and residential all above 85% for April and May.

The short-term outlook is still very murky, as the economic impact of Covid-19 is being blunted by fiscal stimulus in US, UK, western Europe, Japan and Australia. Central banks such as the US Fed have also committed to 'do whatever it takes' to ensure financial stability. The pressures of the US election should not be underestimated as President Trump is likely to push for extensions to the CARES Act, at least until the year end election. Therefore, on one hand investors run the risk of mis-pricing assets that may be artificially propped up by low rates, repayment leniency and unsustainable demand in the short term. On the other hand, we also run the risk of under-estimating the impact of the Fed and other central banks to continue providing economic stimulus.

The global REIT sector trades at 4.2% forward yield, adjusted for a potential 15% cut in dividends (almost certain in malls, hotels, triple-net REITs, and other regions such as Singapore and Japan). This is a 3.8% positive yield spread to global bonds, versus a 12-year average of 2.4%. Although this simple analysis makes the sector look cheap in comparison to history, we approach it with caution – we have not yet seen the full economic or earnings impact of the pandemic and we must be cognisant of other, less quantifiable risks such as rising political tensions between US and China. Using pre-Covid19 or 2019 dividends as a base level of 100 index points, we are pricing in a recovery from 85 (15% cut) to 90 in 24 months, and potentially 4-5 years to return to 100. Dividend pay-out ratios in the mid 70s are low and most dividends are well covered, but these ratios may rise due to a slowdown in growth or reduction in earnings. Balance sheet gearing is still reasonable at 34%, but we are pricing in a 15% drop in values over the next 12 months. Putting these variables together we expect total returns of 11-13% over the next 12 months in USD.

## 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 prior year ("PY") TER and Transaction cost calculations are based upon the portfolio's direct costs for the financial year ended 31 August 2019, whilst the underlying portfolios' ratio and cost calculations are based upon their most recent published figures, being 31 March 2020.

## SESIKILE BCI GLOBAL PROPERTY FUND

| Class | Total Expense Ratio (TER)  | Transaction Cost(TC)  | Total Investment Charges (TER+ TC)  |
|-------|--|---|---|
| A1    | 1.24%  | 0.40%   | 1.64%   |
|       | 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).

## MONTHLY FIXED ADMINISTRATION FEE

R15 excluding VAT which will apply to all direct investor accounts with balances of less than R100 000 at month end, unless the investor transacts 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](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 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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