



## MACHRIE CPI +6% DISCRETIONARY GROWTH PORTFOLIO COMMENTARY

### SHORT-TERM PERFORMANCE

Period	Portfolio Performance	Benchmark Performance
3 Months	+3.21%	+2.85%
6 Months	+1.09%	+4.92%
12 Months	+6.38%	+12.96%

### BEST / WORST CONTRIBUTORS TO PERFORMANCE OVER THE PAST QUARTER

#### Best Positive Contributions:

- Coronation Balanced Plus +4.57%
- Foord Flexible FoF +3.76%
- Mi-Plan IP Global Macro +4.57%
- Allan Gray Balanced +2.69%

#### Negative Contributions:

- None

### PORTFOLIO ACTIONS OVER THE PAST QUARTER

None

### MARKET COMMENTARY

Our portfolios had sacrificed short-term performance in the pursuit of constructing durable anti-fragile diversified portfolios that could absorb a dramatic change in the strong international equity market momentum and an appreciating ZAR over the last year. Patient investors are now rewarded as our portfolios were well positioned going into the news flow on a cabinet minister reshuffle, which caused S&P Global to downgrade SA sovereign currency rating to a 'junk' (sub-investment grade) category. This downgrade only affects 10% of SA's issued foreign currency debt and not the remaining 90% ZAR denominated debt, which is still deemed to be investment grade. Based on our Ppeer group analysis studying the effects of a sovereign downgrade as experienced in other Third World countries, we can expect the following economic knock-on effects:

Real GDP growth slows, SA budget deficit widens, continued currency depreciation, sovereign credit spreads widen, CPI Inflation and Interest rate increases and Bond Yields move higher. Some of these effects are already priced in asset prices and the level of the ZAR Rand. The real risk lies in GDP slipping into recessionary territory which can last for almost 2 years. This can cause further unemployment.

The diversified nature of our funds and portfolios are built to withstand multiple future outcomes. Our portfolios have almost zero percent exposure to SA Government Debt and are constructively exposed to domestic money market, offshore assets, commodities and SA companies with rand hedge characteristics which should protect our portfolios well in the short term, while it is currently serving producing as short-term capital gains. If/when the facts change, we will change apply our minds to them, then react in a composed and measured manner



Advisory  
Services



Fund  
Management

**ROELOFF HORNE**  
Director & Head of Portfolio Management  
South Africa



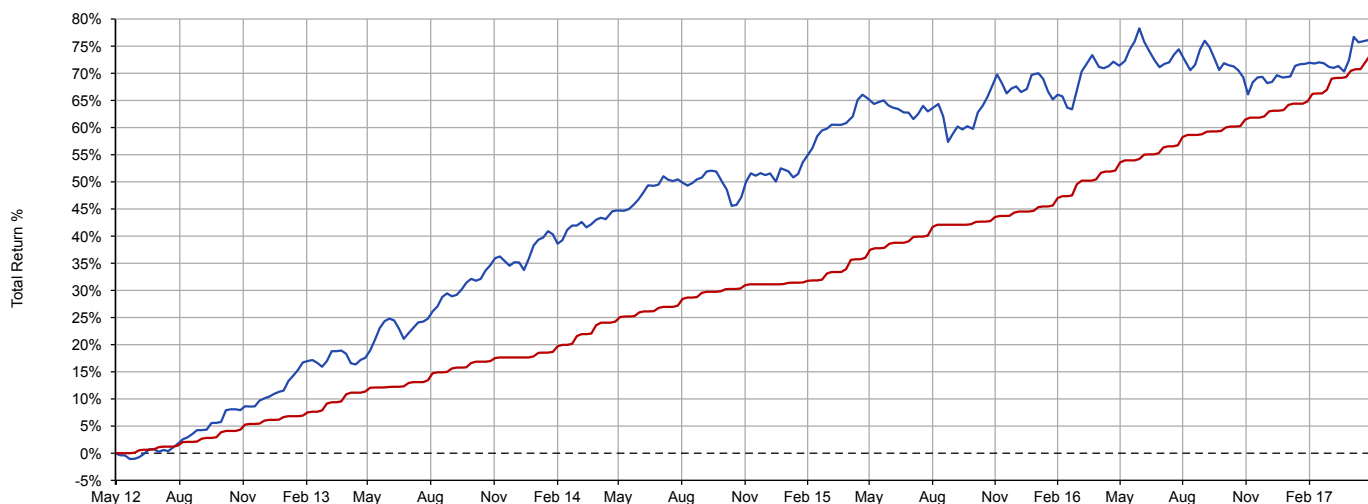
[www.mitonoptimal.com](http://www.mitonoptimal.com)

# Machrie - SA CPI + 6 Discretionary Growth Strategy Portfolio Summary



The following tables and charts illustrate the overall performance of the portfolio against its benchmark. The cumulative chart illustrates the overall performance over a maximum of five years dependant on the age of the portfolio and the table shows the overall performance broken down into specified periods. The discrete table and chart illustrates how the portfolio has performed against the benchmark during whole calendar years. All performance is to the latest month end and in composite currency.

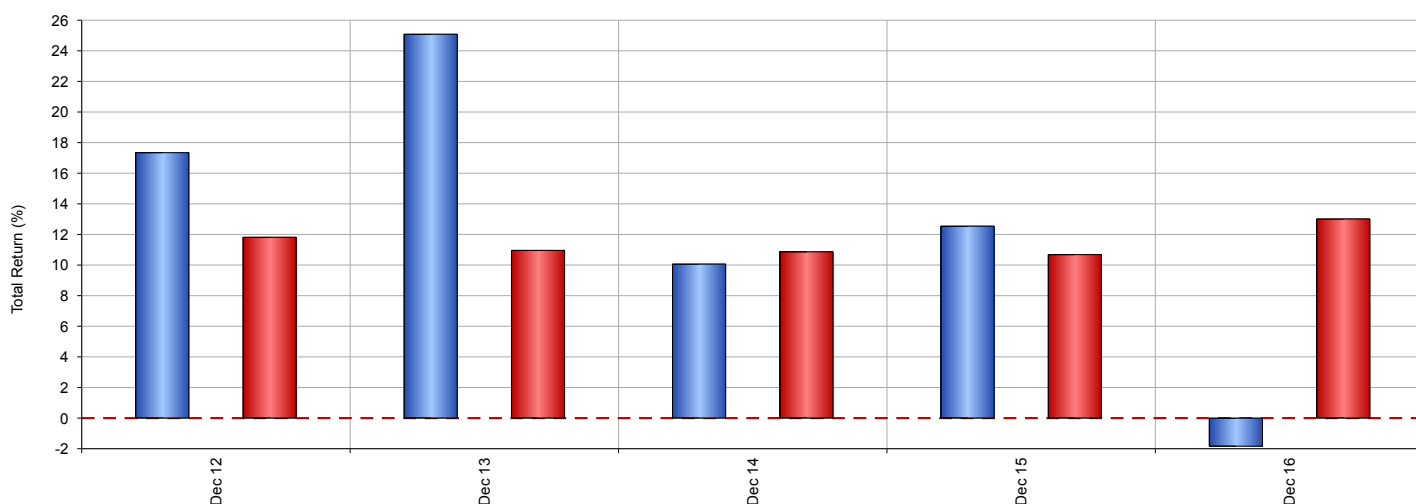
## Cumulative Performance



30/04/2012 - 28/04/2017 Powered by data from FE

Name	3 mths	6 mths	1 yr	3 yrs	5 yrs
■ Machrie - SA CPI + 6 Discretionary Growth Strategy	2.56	5.33	3.10	21.85	76.16
■ Benchmark - CPI Excluding Owners Equivalent Rent + 6% - Jan 97	4.07	6.94	12.41	38.24	73.06

## Discrete Calendar Year Performance



Powered by data from FE

Name	2012	2013	2014	2015	2016
■ Machrie - SA CPI + 6 Discretionary Growth Strategy	17.35	25.09	10.07	12.55	-1.84
■ Benchmark - CPI Excluding Owners Equivalent Rent + 6% - Jan 97	11.82	10.97	10.87	10.69	13.02

# Machrie - SA CPI + 6 Discretionary Growth Strategy Portfolio Composition



This report displays some key information regarding holdings within your portfolio, such as fees and maintenance charges.

## Composition

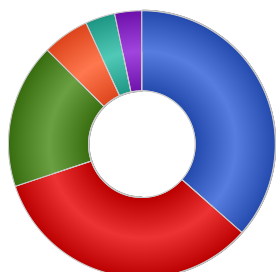
<b>Portfolio Holdings</b>	<b>% Weight</b>	<b>AMC</b>	<b>TER</b>	<b>Fund Size</b>	<b>Fund Size Currency</b>
MitonOptimal - IP Worldwide Flexible Fund of Funds B2	35.00	0.86%	2.60%	349.47M	ZAR
Coronation - Balanced Plus P	15.00	0.97%	1.17%	87,865.83M	ZAR
PSG - Flexible E	15.00	0.86%	1.82%	10,459.70M	ZAR
Allan Gray - Balanced C	10.00	-	1.43%	132,955.92M	ZAR
Foord - Flexible Fund of Funds R	10.00	1.14%	1.51%	11,235.09M	ZAR
MI-PLAN IP - Global Macro B5	10.00	0.97%	1.02%	550.68M	ZAR
MI-PLAN IP - Inflation Plus 7 B5	5.00	0.86%	1.13%	321.77M	ZAR
Total Portfolio	100.00		1.81%		

# Machrie - SA CPI + 6 Discretionary Growth Strategy Portfolio Asset Allocation by Holding



This report illustrates the contribution of the individual portfolio holdings to the overall portfolio asset allocation.

## Asset Allocation



Name	% Weight
South African Equities	36.52
Other International Equities	33.37
Money Market	17.57
South African Fixed Interest	5.65
Property	3.62
Global Fixed Interest	3.27

## Portfolio Asset Breakdown by Individual Holdings

Portfolio Holdings	South African Equities (%)	Other International Equities (%)	Money Market (%)	South African Fixed Interest (%)	Property (%)	Global Fixed Interest (%)
MitonOptimal - IP Worldwide Flexible Fund of Funds B2	13.46	11.59	5.06	0.90	0.99	2.99
Coronation - Balanced Plus P	6.73	3.34	0.68	2.21	2.01	0.03
PSG - Flexible E	7.42	2.91	4.59	0.07	-	-
Allan Gray - Balanced C	5.11	2.26	1.29	1.05	0.14	0.15
Foord - Flexible Fund of Funds R	1.89	4.94	2.78	-	0.29	0.09
MI-PLAN IP - Global Macro B5	0.07	7.63	2.30	-	-	-
MI-PLAN IP - Inflation Plus 7 B5	1.84	0.70	0.86	1.42	0.18	-
<b>Total Portfolio</b>	<b>36.52</b>	<b>33.37</b>	<b>17.57</b>	<b>5.65</b>	<b>3.62</b>	<b>3.27</b>