

# COMMUNITY GROWTH EQUITY FUND

31 DECEMBER 2019



**FUND MANAGER**  
**KAYALETHU NODADA**  
 PORTFOLIO MANAGER  
*8 Years industry experience*  
 B. Com, CA (SA)

**DISCLOSURE OF FSP** Old Mutual Equities is an equity boutique within Old Mutual Investment Group (Pty) Ltd, which is a Licensed Financial Services Provider, FSP 604.

## MARKET COMMENTARY 31 December 2019

As the 2010's ended, the JSE SWIX recorded a 9% return for 2019. Resources, led by precious metals, were the outperformer yielding a 29% return; followed by industrials and financials with 9% and 0.6%, respectively.

The last decade started with euphoria as South Africa proved doubters wrong by successfully hosting the FIFA world cup. The rest of the decade was less effervescent. Nelson Mandela's passing three years later seemed to underscore the rising corruption and falling confidence that was stifling economic growth. There was no global boom to counter our home-grown problems. The global financial crisis cast a longer shadow than many had forecast. The global growth engine sputtered inspiring unprecedented levels of quantitative easing and ultralow interest rates in the developed world. Europe flirted with Grexit and then Brexit. The US elected the most controversial president in recent history. Governance scandals and climate change concerns moved ESG into focus. All the while, increasingly powerful smart phones and ubiquitous internet changed what we take for granted. Ten years ago this sentence wouldn't have made sense to most South Africans: I watched Netflix on my iPhone while I Uber'd to my Airbnb.

Now we have witnessed the dawn of a new decade. What are the risks and opportunities facing investors as we enter the 2020's? The status of the US as global economic and military leader is facing greater challenge. Rising inequality and youth unemployment are not uniquely local problems, nor is the resultant populism. Geopolitical tensions and trade spats are therefore likely to remain a long-term risk. Fortunately for consumers, conflicts in the Middle East will have a less dramatic impact on the oil price due to the US shale boom during the last decade. Ageing populations and growing government debt will be a drag on first world growth. From electric vehicles to block chain, technological change will continue to creatively disrupt established business models. South Africa may prove doubters wrong again but as with the 2010's we are unlikely to be bailed out by soaring global growth.

*Source: Old Mutual Investment Group as at 31 December 2019.*

## FUND INFORMATION

### RISK PROFILE



### FUND OBJECTIVE

To provide long-term capital growth and returns in excess of inflation while promoting social responsibility investing. The fund invests in companies that are concerned with job creation, training and skills development, employment equity, economic and social empowerment, high health and safety standards, sound environmental practices and effective corporate governance.

### RECOMMENDED MINIMUM INVESTMENT TERM



### INVESTMENT MANDATE

South African listed securities that comply with socially responsible criteria. All investments in SA equity must be approved by Unity Incorporation according to SRI guidelines. The fund maintains 75% equity exposure at all times.

### CHARACTERISTICS OF THE FUND AND RISKS

This fund is suited to investors seeking long-term capital growth while investing in socially responsible investments.

<b>Fund Category</b>	South African - Equity - General
<b>Fund Benchmark</b>	FTSE/JSE All Share Index
<b>Launch Date</b>	1 June 1992
<b>Fund Size</b>	R92 million
<b>Fund Code</b>	CGMG
<b>Dealing Price</b>	NAV
<b>Distributions</b>	Declared: February 2019 Distributed 1 business day after declaration September 2018: 41.62c per unit February 2019: 8.92c per unit
<b>Minimum Investment</b>	R5 000 lump sum. Monthly debit order R500.
<b>Initial Charge</b>	No initial administration charge. Initial adviser fee will be between 0% to 3.45% (incl. VAT).
<b>Service Fee</b>	0.5% p.a.
<b>NAV Price</b> (cents/unit)	1 232.00c
<b>Total Expense Ratio (TER)*</b>	0.67% (Annualised)

## FUND PERFORMANCE as at 31 December 2019

% Performance (annualised)

YEARS	FUND %	FUND BENCHMARK %	CATEGORY RANKINGS
1	8.6	10.8	67/157
3	5.4	6.2	36/131
5	4.3	4.8	40/102
7	7.7	7.5	27/81
10	8.1	9.5	40/60

\*Past performance is no indication of future performance.

FUND (since Inception)	HIGHEST %	AVERAGE %	LOWEST %
12-month returns	53.56%	13.37%	-34.68%

## FUND COMPOSITION as at 31 December 2019

### TOP TEN HOLDINGS

INSTRUMENT	
NASPERS LTD	12,787,190
BHP GROUP PLC	9,139,523
PROSUS N V	6,430,454
ANGLO AMERICAN PLC	6,320,816
SASOL LTD	4,002,598
MTN GROUP LIMITED	3,353,548
THE BIDVEST GROUP LTD	3,239,257
ANGLOGOLD ASHANTI LIMITED	3,040,616
STANDARD BANK GROUP LTD	2,894,599
FIRSTRAND LTD	2,869,081
<b>TOTAL</b>	<b>54,077,681</b>

### SECTOR ALLOCATIONS

BASIC MATERIAL	25.31
CONSUMER GOODS	2.78
CONSUMER SERVICES	22.74
TELECOMMUNICATIONS	3.63
FINANCIALS	23.18
HEALTH	0.64
INDUSTRIALS	7.33
OIL & GAS	4.33
TECHNOLOGY	9.13
ASSETS IN LIQUID FORM	0.93
<b>TOTAL</b>	<b>100.00</b>

### OTHER

MARKET VALUE (R MILL)	91,557,759
NET ASSET VALUE	92,413,090
<b>BUY &amp; SELL PRICE (CENTS)</b>	<b>1,232</b>

### ASSET ALLOCATION

99 %	Equity
1 %	Assets in Liquid form

## TOP TEN HOLDINGS

Assets in Liquid Form	00.93%
Technology	09.13%
Oil & Gas	04.33%
Industrials	07.33%
Health	00.64%
Financials	23.18%
Telecommunications	03.63%
Consumer Services	22.74%
Consumer Goods	02.78%
Basic Material	25.31%

Tel: 011 333 7545 • Fax: 011 336 8333  
www.comanco.co.za • invest@comanco.co.za

## STATUTORY INFORMATION

Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. Past performance is no indication of future growth. Unit trusts may engage in scrip lending and may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Unit trust prices are calculated on a net asset value (NAV) basis, which is the total market value of all assets in the portfolio including any income accrual and less any permissible deductions from the portfolio divided by the number of units in issue. Each fund's total expense ratio (TER) reflects the percentage of the average Net Asset Value of each portfolio that was incurred as charges, levies and fees related to the management of the portfolio.

Instructions to withdraw must reach Community Growth Management Company (RF) (Pty) Ltd (COMANCO) before 15h00 to ensure same day value.

The portfolio performance is calculated on a NAV-NAV basis and does not take any initial fees into account. Income is reinvested on the ex-dividend date NAV price. Actual investment performance will differ based on the initial fees applicable, the actual investment date and the date of reinvestment of income.

Additional information is available free of charge and you could email: invest@comanco.co.za

### TRUSTEES

The Standard Bank of South Africa Limited,  
PO Box 54, Cape Town, 8000.  
Tel: +2721 401 2002, Fax: +27 24 401 3887

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**6TH FLOOR**, 85 Main Street, Marshalltown, Johannesburg, 2017.