

**VUNANI GLOBAL ACTIVE EQUITY COMPOSITE**

**July 2020**

**Inception Date** 31 May 2013

**Benchmark** 80% MSCI; 15% US\$ Cash; 5% STEFI

**Fund Size** R 243,353,851

**Risk Profile** cons mod aggr

**FUND INFORMATION**

**OBJECTIVE**

The primary objective of this fund is to add value over time to the benchmark through investing in a portfolio of long term growth oriented stocks. The secondary objective is to mitigate downside risk during times of extreme stress within both the macro economic and financial environments.

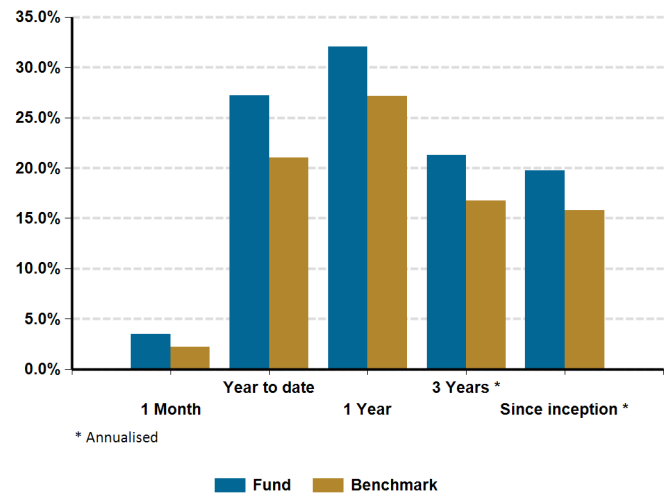
**APPLICATION**

This fund is suitable for investors seeking exposure to stocks and economic drivers not readily available in the South African equity market.

**DESCRIPTION**

The fund invests in between 30 & 40 stocks that have the potential to deliver long term sustainable earnings growth.

**GROWTH OF YOUR INVESTMENT**



**FUND MANAGEMENT**



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**FUND MANAGEMENT COMMENT**

In 1971 Gary Allen and Larry Abraham published a book entitled “None Dare Call It Conspiracy”. Chapter 3 deals at length with the “money manipulators” during WW2. Under the cover of the current pandemic it appears that money manipulation is back. Of course, it has a most acceptable name, Modern Monetary Theory. Have we seen something like it before? Yes, in the 1930s Roosevelt created a “beautiful” deleveraging by devaluing the dollar versus gold. Japan has followed the approach at least twice, as have Germany and the UK. History is replete with examples where monetary debasement financed wars or created empires. Examples include England in the 16th century, the US Civil war, Imperial China, and the debasement of Ancient Rome.

In essence, central banks expand the money base to provide money directly to the government, buy virtually any asset, and provide money directly to households. The objective is to decrease the value of the currency, import inflation and engineer a deleveraging through fiscal repression.

What is witnessed is governments competing for capital from investors as currency movements play havoc with cross border returns and trade tensions move from the political to currency arena. Bonds in developed markets do relatively poorly under financial repression while high yielding developing market bonds reprice for risk. Governments entrench their position while suppressing the broader economy, knowing full well that a vaccine is unlikely to be the end solution. Allen and Abraham write at one point that “if you have total government it makes little difference whether you call it Communism, Fascism, Socialism, Caesarism or Pharaohism. It’s all pretty much the same from the standpoint of the people who must live and suffer under it.”

The month was dominated by tech stocks with AMD up 44 percent, LAM Research (+15 percent) and Apple up by the same amount. Pleasingly Church & Dwight (UK Retailer) delivered 22 percent while Alibaba and Amazon delivered solid returns.

## RISK AND RETURN STATISTICS TO 31 July 2020

### PERFORMANCE

	FUND	BENCHMARK
1 Month	3.5%	2.2%
Year to date	27.2%	21.0%
1 Year	32.1%	27.2%
3 Years *	21.3%	16.8%
Since inception *	19.7%	15.8%

\* annualised

### CALENDAR YEAR RETURNS

Year	FUND	BENCHMARK
2019	20.1%	20.5%
2018	15.1%	8.4%
2017	11.3%	7.9%
2016	-7.9%	-4.6%
2015	41.6%	33.3%

### MONTHLY PERFORMANCE RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2020	9.4%	-2.2%	4.2%	9.0%	-1.4%	2.7%	3.5%					
2019	-3.4%	8.5%	5.6%	1.6%	-1.2%	1.0%	3.0%	7.0%	-2.0%	1.7%	-1.2%	-1.4%
2018	2.8%	-1.4%	-3.5%	5.8%	4.3%	8.9%	-1.9%	15.3%	-3.1%	-3.3%	-7.7%	0.1%
2017	0.4%	0.5%	3.2%	-0.3%	1.7%	0.4%	3.5%	-0.1%	3.5%	8.3%	-2.9%	-6.7%
2016	-4.6%	-0.9%	-3.4%	-4.2%	13.7%	-7.3%	-1.3%	4.9%	-4.9%	-1.6%	3.1%	-0.3%

### RISK MEASURES AND FUND SUMMARY

	FUND
Tracking error	6.1%
Downside risk	3.3%
Sharpe ratio	0.9
Sortino ratio	1.0
Information ratio	0.6
% Positive months	58.1%
% Negative months	41.9%
Best month	15.3%
Worst month	-7.7%
Maximum drawdown	-16.3%
Maximum drawdown period (months)	5.0

## PORTFOLIO STRUCTURE AS AT 31 July 2020

### TOP 15 HOLDINGS

	% OF MARKET VALUE
AAXJ US Equity	4.0%
BARRICK GOLD CORP	3.3%
AMAZON.COM INC	3.3%
MSFT (MICROSOFT CORPORATION)	3.1%
CHURCH and DWIGHT INC	2.6%
LAM RESEARCH CORP	2.4%
APPLE INC	2.4%
NVIDIA CORP	2.3%
ADVANCED MICRO DEV	2.3%
PFIZER INC	2.2%
ALPHABET INC - CLA	2.2%
Nestle SA	2.1%
THERMO FISHER SCIENTIFIC INC	2.1%
ADOBE SYSTEMS INC	2.1%
JNJ (JOHNSON & JOHNSON)	2.1%

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