



### INVESTMENT OBJECTIVE

The investment objective of the portfolio is to provide investors with capital growth by investing predominantly in equities. The portfolio is aimed at the investor who can tolerate high risk, as explained only by volatility, as it will have an equity exposure of between 80% and 100%, both locally and abroad. Income is not a main objective of this portfolio.

### THE KRUGER INVESTMENT COMMITTEE

|                       |                             |
|-----------------------|-----------------------------|
| Hein Kruger:          | Chief Investment Officer    |
| Mia Kruger:           | Portfolio Manager           |
| Johan Marais:         | Investment Committee Member |
| Charl Bester:         | Investment Committee Member |
| Chris Nel:            | Investment Committee Member |
| Analytics Consulting: | Investment Consultant       |

### ABOUT THE FUND

|                      |  |
|----------------------|--|
| ASISA Classification | South African - Equity - General   |
| Risk Profile         | High   |
| Benchmark            | FTSE/JSE All Share Index   |
| Equity Exposure      | The fund will have an equity exposure always exceeding 80% of the portfolio's net asset value. |
| Foreign Exposure     | Up to 30% of the assets may be invested offshore and an additional 10% in Africa (ex RSA).     |

### UNDERLYING HOLDINGS

|                                    |        |
|------------------------------------|--------|
| Direct Equity (Hedged)             | 43.16% |
| Ci Equity Fund                     | 1.77%  |
| Ci Engineered Equity Core Fund     | 1.07%  |
| Fairtree Equity Prescient Fund     | 11.65% |
| 36One BCI SA Equity Fund           | 10.97% |
| Kruger International Equity Fund   | 26.35% |
| Kruger International Flexible Fund | 2.48%  |
| SA Cash                            | 2.51%  |
| USD Cash                           | 0.04%  |

Where possible the Investment Manager will invest in portfolios or classes of portfolios that do not charge a performance fee

### PORTFOLIO MANAGER'S COMMENTARY

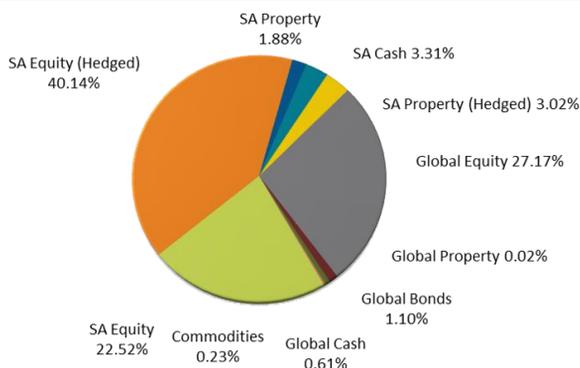
#### International:

Equity markets turned mixed in September amid extraordinary growth, rising inflation and a tight labour market in the US stoking the fears of a sharper than expected monetary policy response and a possible overkill by the FED. The FED increased rates by 25 basis points in September as was widely expected and all indications are that a fourth hike this year is pencilled in for December. The strong dollar kept commodities and emerging market currencies on the back foot and the IMF added to concerns by lowering their global growth forecast for 2018 and 2019 and warning that normalising by the U.S. of their monetary policy could add further pressure on emerging markets with large capital outflows such as Turkey, South Africa, Argentina and Brazil. A general uptick in European inflation has also been highlighted by the ECB leaving the impression that they act if needed. Furthermore, the escalating geopolitical tension on the back of the deepening trade dispute between the US and China comes at a time when investors are already questioning the sustainability of the longest equity Bull Run on record. The ongoing Mueller investigation into the possible collusion between the Trump campaign and the Russians together with the fast approaching midterm election adds more fuel to the political fire. Although the monthly US nonfarm payroll data for September disappointed somewhat – 134 000 new jobs against an expected 185 000 – the unemployment data strengthened further to 3.7% (48 year low) from 3.9% while average hourly wage growth stabilised at the recent highs of 2.8%. The US 10 year bond rate responded fiercely and pierced a 7 year high of 3.2% decisively. With third quarter corporate earnings about to kick off, investors are looking forward to another round of excellent results. Bar the Dow Jones +1.97% (+8.83%ytd) and the S&P 500 +0.57% (+10.56%ytd), the other indices retreated in September – the MSCI All Country -1.03% (+2.29%ytd) and the MSCI Emerging Markets by -2.41% (-10.48%ytd) – all in US dollars.

#### Local:

On the local economic front the situation remains dire and the downward drift continued in September. Except for a few bright spots, the overall picture remains overwhelmingly negative as borne out by recent data. The SARb leading economic indicator continues to decline, its quarterly bulletin reflects deteriorating growth in household disposable income, the BER business confidence index continued its downward spiral in August, manufacturing production growth eased in August to 1.3% year-on-year from July's 2.8% growth, retail sales remain under pressure amid rising energy costs, the Absa manufacturing PMI declined further in September to 43.2 from 43.4 in August whilst unemployment remains dire at around 28%. On the plus side inflation surprised to the downside with headline CPI decelerating to 4.9% in August from 5.1% in July while the SACCI business confidence index picked up a few points in September. The rand got a respite in September rebounding 3.7% after a 10.6% drop in August but it is still down about 15% year to date. Meanwhile, the SARb's Monetary Policy Committee (MPC) left the repo rate unchanged at 6.5% at its September meeting but maintained its hawkish outlook on inflation. In line with global emerging markets, the FTSE/JSE All Share index declined by -4.17% (-3.84%ytd) in September. All the Kruger FOF portfolios followed suit – Balanced -3.06% (+0.25%ytd); Prudential -2.10% (+2.16%ytd) and Global -3.61% (+15.01%ytd). The Kruger Equity Fund declined by -3.59% (+1.23%ytd) whilst the new Kruger Balanced declined by -2.84% and Prudential Funds declined by -1.47% - less than the FOF portfolios.

### ASSET ALLOCATION



Please note: Asset allocations are one month lagged.

### PORTFOLIO HISTORIC PERFORMANCE\*

|                                       | 1 year | 3 years | 5 years | 10 years |
|---------------------------------------|--------|---------|---------|----------|
| Kruger Ci Equity Fund                 | 7.60%  |         |         |          |
| Benchmark                             | 3.32%  |         |         |          |
| Highest return over 12 rolling months |        |         |         | 10.84%   |
| Lowest return over 12 rolling months  |        |         |         | 7.52%    |

\*Annualised

### TOP 10 EQUITY EXPOSURES

|                |       |                          |       |
|----------------|-------|--------------------------|-------|
| Naspers        | 8.21% | Sanlam                   | 2.57% |
| Anglo American | 3.89% | Old Mutual               | 2.34% |
| Standard Bank  | 3.35% | Bid Corp                 | 1.88% |
| CF Rlichemont  | 3.14% | Mr Price                 | 1.41% |
| Sasol          | 2.67% | British American Tobacco | 1.25% |

Please Note: Top 10 equity exposures are one month lagged as disclosed by Portfolio Analytics Consulting (Pty) Ltd

This document is a Minimum Disclosure Document (MDD) which contains key information about this portfolio. This MDD will be updated on a monthly basis. Source: Figures quoted are from Morningstar, for the period ending September 2018 for a lump sum, using NAV-NAV prices with income distributions reinvested. CPI for all urban areas sourced from I-Net Bridge.



### ADDITIONAL INFORMATION

|                          |                             |                                    |   |
|--------------------------|-----------------------------|------------------------------------|---|
| Launch Date              | 03 July 2017                | Total Expense Ratio                | Class A: 1.24   |
| Opening NAV Price        | 1000.00 cents per unit      | Transaction Cost                   | Class A: 0.21   |
| Fund Size                | R 178 million               | Total Investment Charge            | Class A: 1.45   |
| Initial Fee              | Class A: 0%                 | Calculation Period                 | 1 July 2015 to 30 June 2018   |
| Initial Advisory Fee     | Maximum 3.45% (Incl. VAT)   | Income Declaration Dates           | 30 June and 31 December   |
| Annual Service Fee       | Class A: 1.058% (Incl. VAT) | Last 12 months Distributions (cpu) | 30/06/2018: (A) 4.83,<br>31/12/2017: (A) 19.74                                  |
| Annual Advisory Fee      | Maximum 1.15% (Incl. VAT)   | Income Reinvestment / Payout Dates | 2nd working day in July and January   |
| Transaction cut-off time | 14:00                       | Frequency of pricing               | Our daily NAV prices are published on our website and in the national newspaper |
| Valuation time           | 17:00                       |                                    |   |

#### FAIS Conflict of Interest Disclosure

The annual fee for the A class includes a fee up to 0.500% payable to Kruger, a fee up to 0.120% payable to Ci Collective Investments, a fee up to 0.300% payable to Analytics Consulting. All fees stated are exclusive of VAT.

Please note that in most cases where the Financial Services Provider (FSP) is a related party to the portfolio manager, the FSP/distributor may earn additional fees other than those charged by the portfolio manager. It is the FSP's responsibility to disclose such additional fees to the investor.

#### Characteristics

The fund invests in a portfolio of funds aimed at outperforming the FTSE/JSE All Share Index over the long term. The fund is suitable for investors who are prepared to accept a high level of volatility in seeking long term growth. Investors in this fund should be willing to accept a higher calculated risk.

#### Risk Reward profile:

Typically, the lower the risk, the lower the potential return and the higher the risk, the higher the potential return. There is no guarantee that returns will be higher when investing in a portfolio with a higher risk profile. The risk profile for this portfolio is rated as high, as may invest between 80% and 100% in equity securities, both locally and abroad. The risk refers only to volatility.

### RISK DEFINITIONS

#### Market Risk

Equity markets are volatile and the price of equities fluctuate based on a number of factors such as changes in the economic climate, general movements in interest rates and the political and social environment which will also affect the value of the securities held in the unit trust, thereby affecting the overall value of the unit trust.

#### Currency Risk / Foreign Exchange Risk

This risk is associated with investments that are denominated in foreign currencies. When the foreign currencies fluctuate against the South African Rand, the investments face currency gains or losses.

#### Concentration Risk

Unit Trusts pool the assets of many investors and use the proceeds to buy a portfolio of securities. There are regulations in place which limit the amount that a unit trust may invest in securities, thereby spreading the risk across securities, asset classes and companies.

#### Liquidity Risk

This relates to the ability of the unit trust to trade out of a security held in the portfolio at or near to its fair value. This may impact on liquidity and in the case of foreign securities, the repatriation of funds.

#### Credit Risk

Credit risk is where an issuer of a non-equity security may not be able to make interest payments or repay the capital. This will impact the value of the unit trust.

#### Inflation Risk

The risk of potential loss in the purchasing power of your investment due to a general increase of consumer prices.

#### Political Risk

The risk that investment returns could suffer as a result of a country's political changes or instability in the country. Instability could come from changes in the country's government, policy makers or military.

#### Tax Risk

This risk relates to any change to tax laws or to the interpretation of existing tax laws which has an impact on the manner in which unit trusts are taxed.

#### Compliance Risk

This refers to the risk of not complying with the legislation, regulations, prescribed investment limits and internal policies and procedures by the manager or the portfolio manager.

This document is not intended to address the personal circumstances of any Financial Services Provider's (FSP's) client nor is it a risk analysis or examination of any client's financial needs. Collective Investment Schemes in Securities ("CIS") are generally medium to long term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to future performance. CIS are traded at ruling prices and can engage in borrowing and scrip lending. Different classes of units apply to this portfolio and are subject to different fees and charges. A schedule of fees and charges is available on request from Ci. Ci does not provide any guarantee either with respect to the capital or the return of the portfolio. Forward pricing is used. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. International Investments 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. The portfolio may be closed from time to time in order to manage it more efficiently in accordance with its mandate. The Kruger portfolios are portfolios established and administered by Ci, and Kruger has been appointed to manage and market the portfolios. Kruger is an indirect shareholder of Ci. As an indirect shareholder, Kruger may earn dividends from time to time and participation in any dividends may be linked to the revenue generated by Ci from the Kruger portfolios, and from any other Ci portfolios. Ci retains full legal responsibility for this co-named portfolio. Additional information on the portfolio may be obtained, free of charge, directly from Ci. Ci is an affiliate member of the Association for Savings & Investment SA (ASISA).

**Total Expense Ratio (TER):** The above TER % has been annualised and indicates the percentage of the value of the portfolio which was incurred as expenses relating to the administration of the portfolio over the rolling 3 year period or since fund inception, on an annualised basis. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER's cannot be regarded as an indication of future TER's.

**Transaction Cost (TC):** The above TC % has been annualised and indicates the percentage of the value of the portfolio which was incurred as costs relating to the buying and selling of the assets underlying the portfolio. Transaction Costs are a necessary cost in administering the portfolio and impacts portfolio 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 portfolio, investment decisions of the investment manager and the TER.

**Total Investment Charge** is the TER plus TC which indicates the percentage of the value of the portfolio which was incurred as costs relating to the investment of the portfolio.

Calculations are based on actual data where possible and best estimates where actual data is not available.

Performance quoted is for lump sum investment with income distributions, prior to deduction of applicable taxes, included. NAV to NAV figures have been used. The annualised return is the return of the performance period re-scaled to a period of one year. Performance is calculated for the portfolio and individual investor performance may differ as a result of initial fees, actual investment date, date of reinvestment and dividend withholding tax.

FSP: Hein Kruger Internasionale Fondsbestuur (Pty) Ltd, FSP number 521, Tel: (011) 726 7700 Fax: (011) 219 7111

Company/scheme: Ci Collective Investments (RF) (Pty) Limited, PO Box 412249, Craighall, 2024; Tel: 0861 000 881, website: www.cicollective.co.za

Trustee: FirstRand Bank Limited Tel: (011) 371 2111.

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