

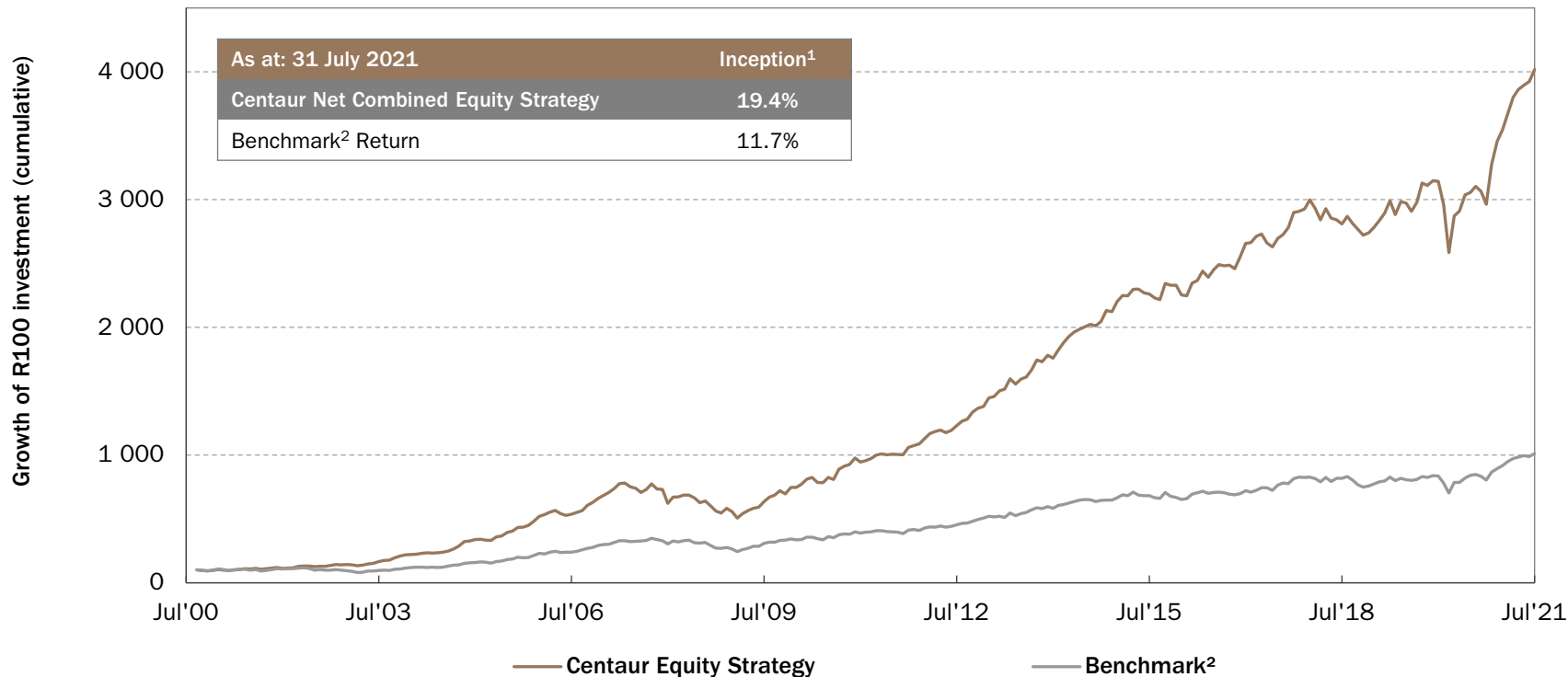


CENTAUR
ASSET MANAGEMENT

Centaur BCI Flexible Fund – Designed to Deliver

Roger Williams - 18 August 2021

Centaur Performance Since Inception on 1 October 2000



²Benchmark:

- 1 Oct'00 – 31 Dec'04: 50% ALSI (J203), 50% FINDI (J213) – including dividends.
- 1 Jan'05 – 30 Jun'07: 50% ALSI (J203), 50% FINDI (J213).
- 1 Jul'07 – 31 Jan'15: 15% RESI (J258), 65% FINDI (J250), 20% SA Repo.
- 1 Feb'15 – 30 Sep'18: 15% RESI (J258T), 65% FINDI (J250T), 20% SA Repo.
- 1 Nov'18 – Current: 60% JSE Capped SWIX (J433T), 20% MSCI World (M1WO), 20% SteFI.

Source: Bloomberg, Maitland on 31 Jul'21. ¹Inception Date: 1 October 2000. Centaur equity strategy net of fees utilised in Centaur's products since inception on 1 October 2000. Performance is for illustrative purposes only. Past performance is not a reliable indicator of future returns.

Outperformance Process

1 Efficient Benchmark

SA Equities	48%
Offshore Equities	16%
SA Bond Index	25%
STEFI Index	11%
Total:	100%

Sound starting point to achieve targeted returns.

2 Asset Allocation Alpha

Example:

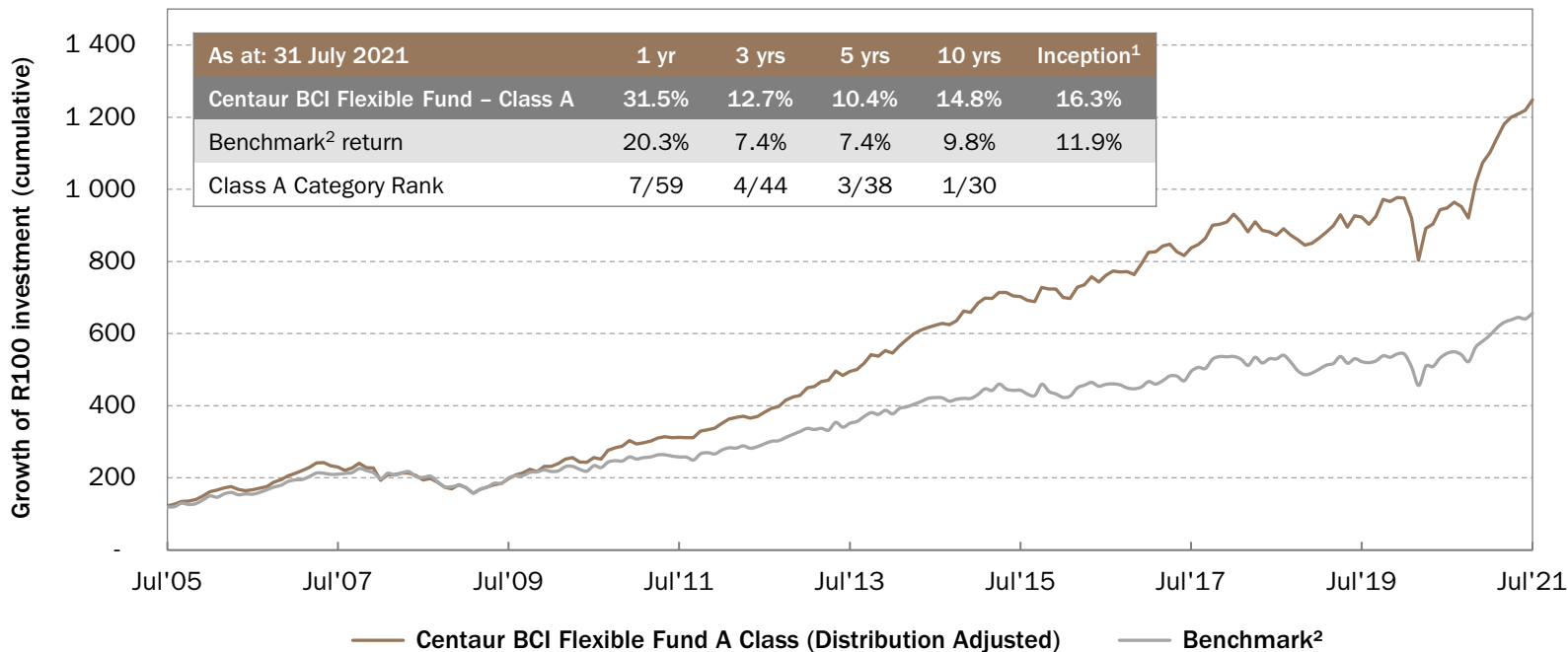
SA Equities	46%	-2%
Offshore Equities	21%	+5%
SA Bond Index	28%	+3%
STEFI Index	5%	-6%
Total:	100%	

1. Quantitative indicators.
2. Fundamental value.
3. Judgement.

3 Stock Picking Alpha

- Equity picks based on “**The Centaur Way**” stock picking process.
- Analysis is fed into our real time stock picking engine.
- Low-risk fixed interest portfolio with duration altered via quant indicators.

Centaur BCI Flexible Fund – Class A Performance vs Benchmark Since Inception¹



Best Flexible Allocation Fund



Best Flexible Allocation Fund



Best South African Multi-Asset Flexible Fund (Risk Adjusted) 5 years ending Dec'17

²Benchmark:

1 Dec'04 – 2 Jul'07: 28% ALSI (J203T), 28% FINDI (J250T), 8% MSCI World Index, 30% JSE ALBI, 6% SA Repo rate.

3 Jul'07 – 31 Oct'18: 25% JSE All Bond Index (ALBTR), 48% JSE Capped SWIX (J433T), 16% MSCI World (M1WO) and 11% SteFl, calculated over a rolling 2-year period.

1 Nov'18 – Current: 60% JSE Capped SWIX (J433T), 20% MSCI World (M1WO), 20% SteFl. Calculated over a 2 year rolling period.

Source: Maitland, MoneyMate and Centaur, at 31 Jul'21, since 1 December 2004. A Class ¹Inception Date: 01 December 2004. 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. 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 full details and basis of the awards are available from the Manager. A schedule of fees, charges, maximum commissions, and rankings is available on request. Investment performance is for illustrative purposes only and is calculated by taking actual initial fees and ongoing fees into account for amount shown with income reinvested on reinvestment dates. Annualised return is weighted average compound growth rate over the period measured. Highest and lowest calendar year performance since inception (at 30 Jun'21): High 46.7 Low -20.3.



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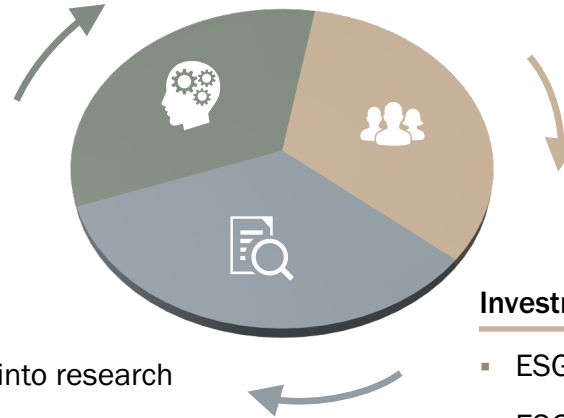
Integrating ESG into our Investment Process

Goals and Objectives

- Embed ESG into our process
- Increase governance proactivity
- Record proxy voting
- Review UN PRI
- Continual improvements

CIO with oversight responsibilities

- CIO veto responsibility



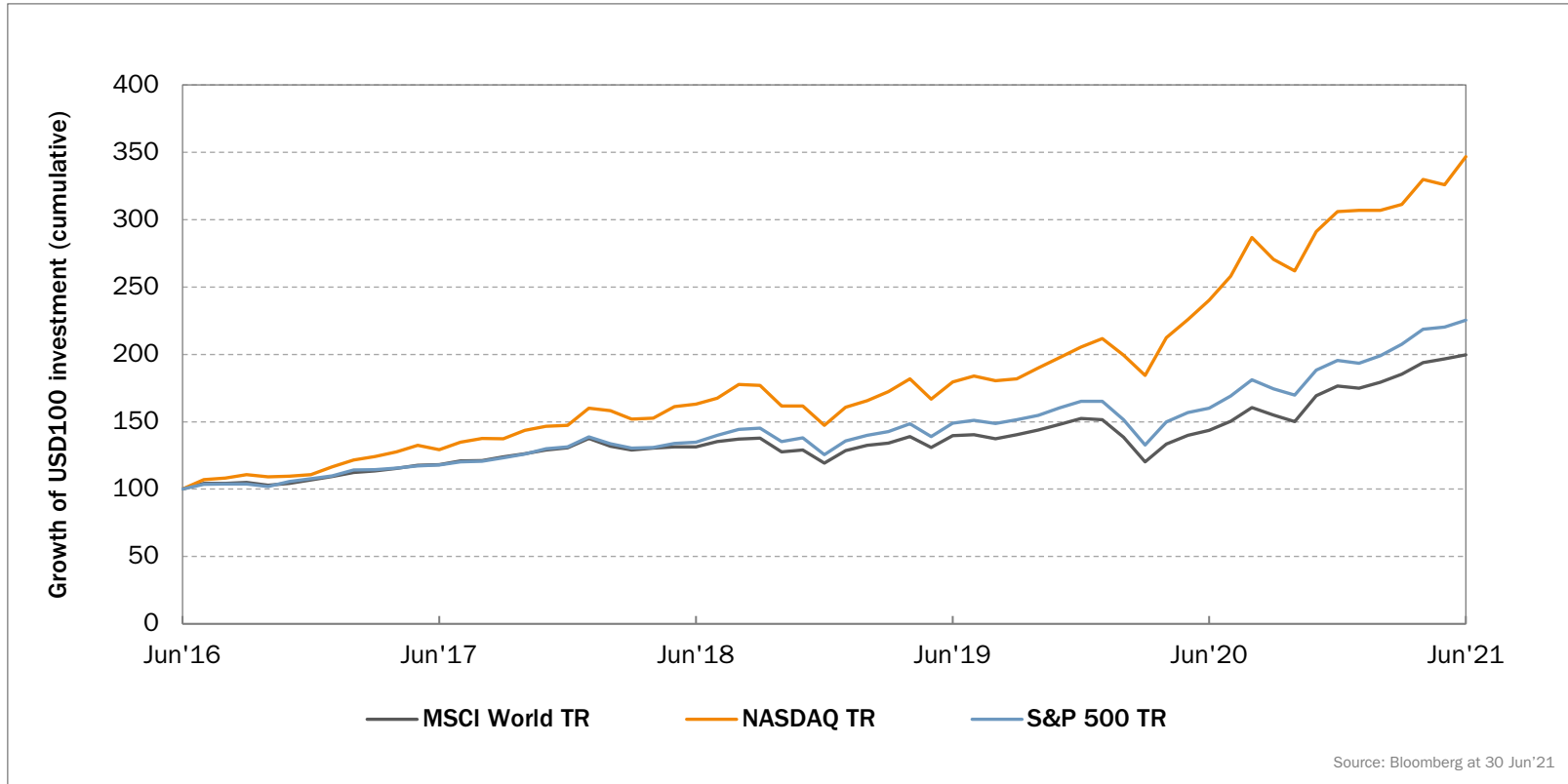
Analyst Research

- ESG incorporated into research
- Major issues highlighted
- Focus on sustainability + governance

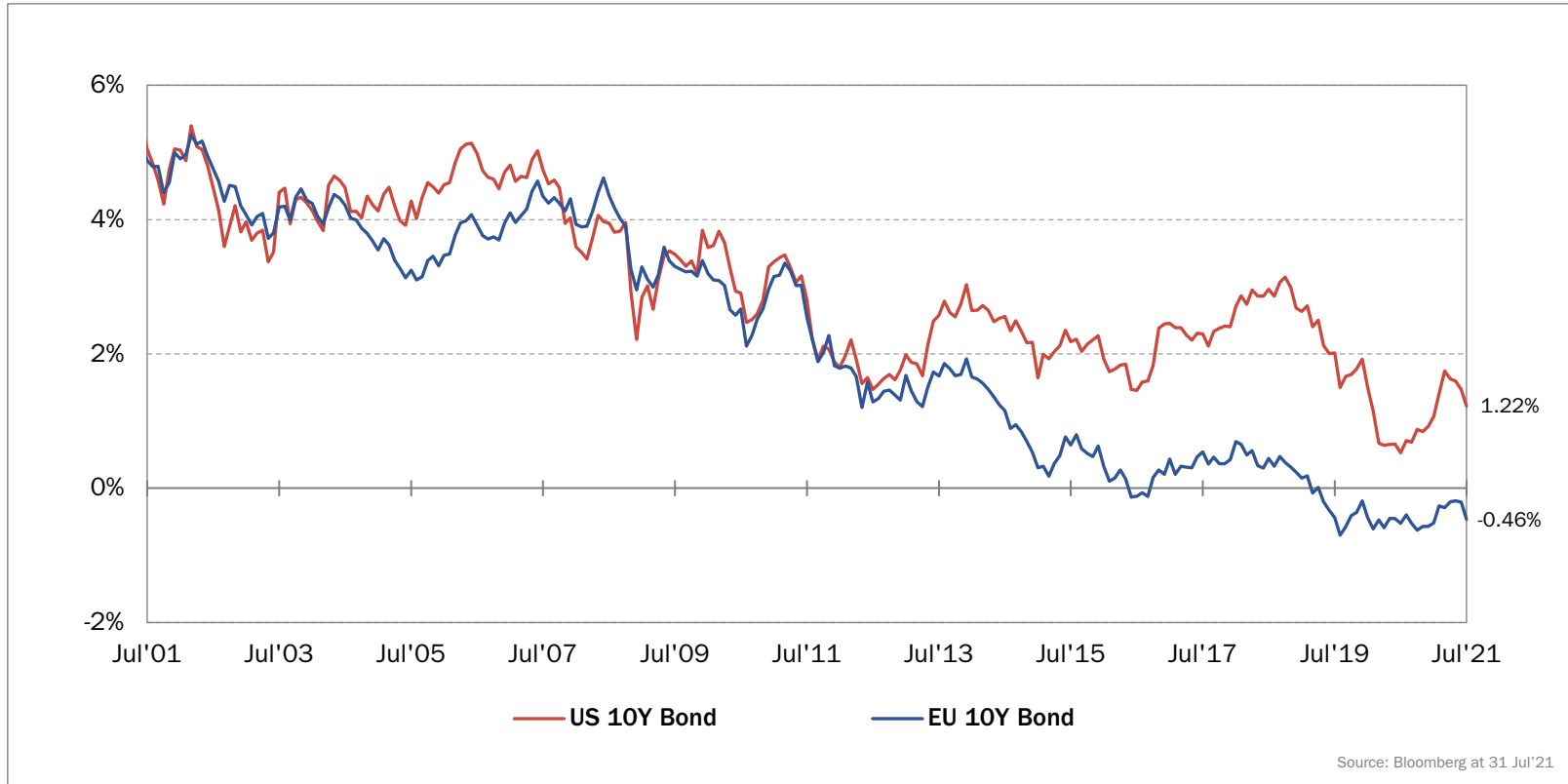
Investment Meetings & Compliance

- ESG/SRI committee
- ESG issues raised in investment meetings
- Proxy voting

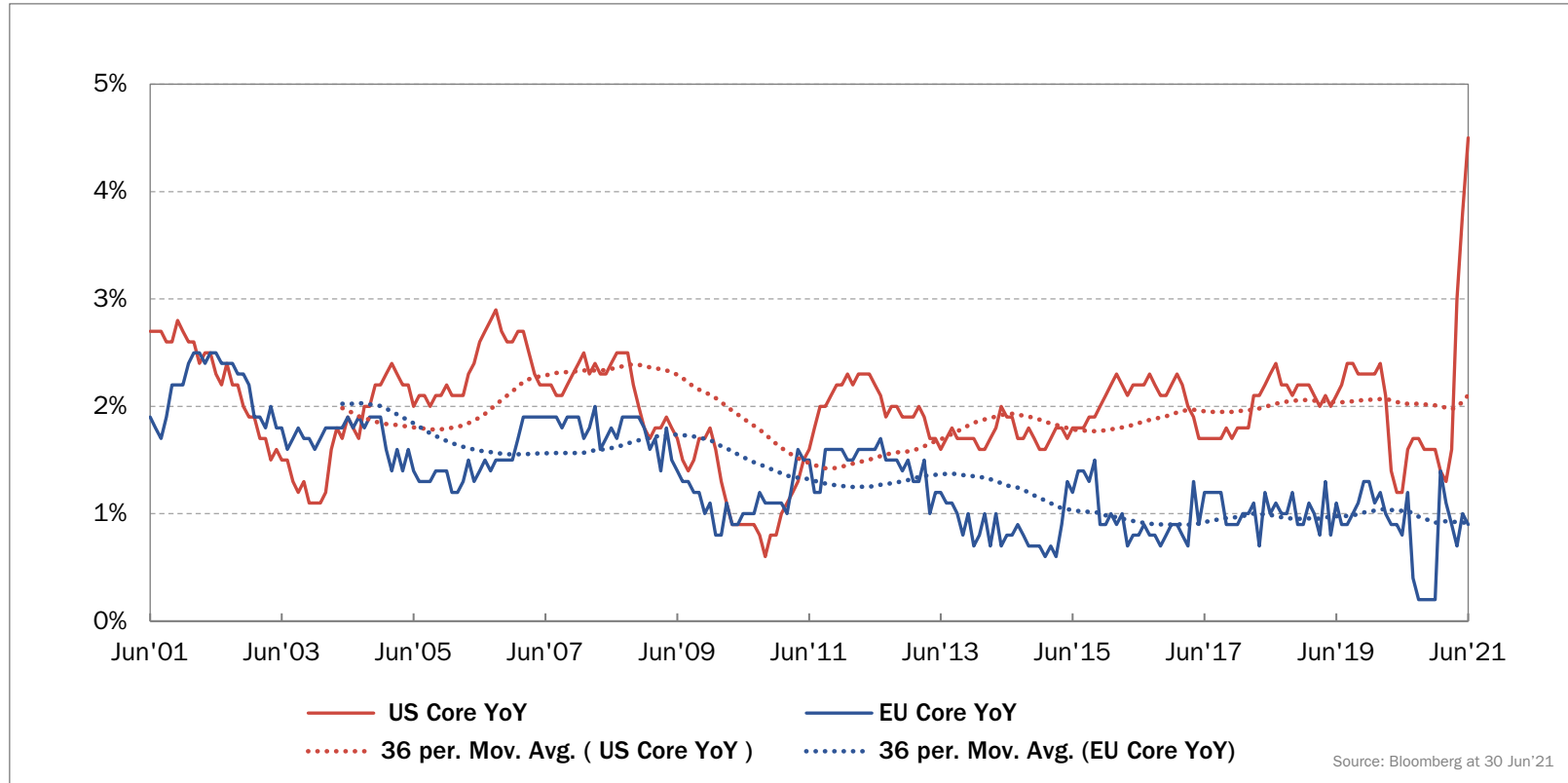
Global Indices Performance – MSCI World Index, Nasdaq, S&P 500 – 5 Years



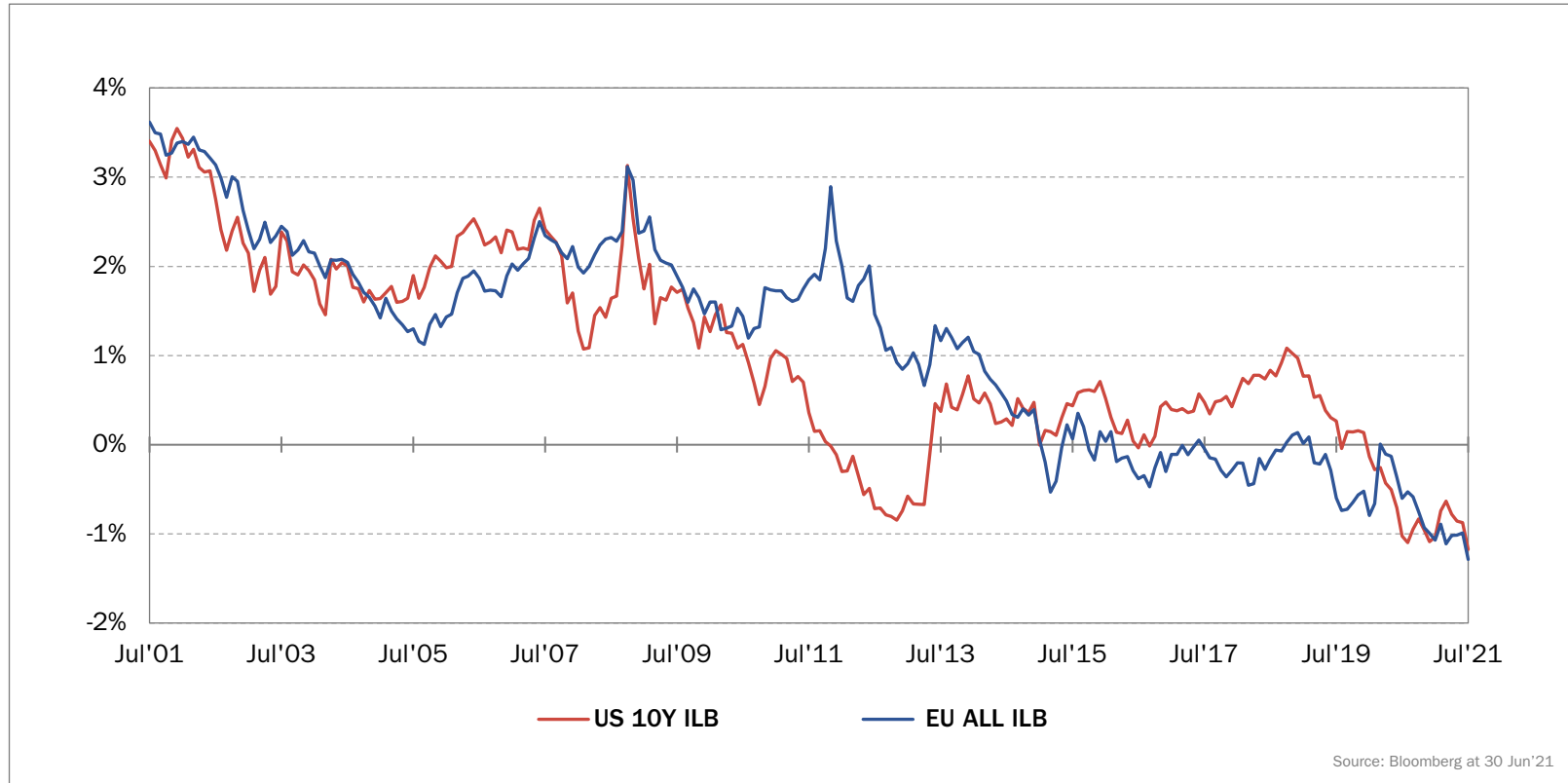
Global Indicators – 10 Year Developed Market Bonds



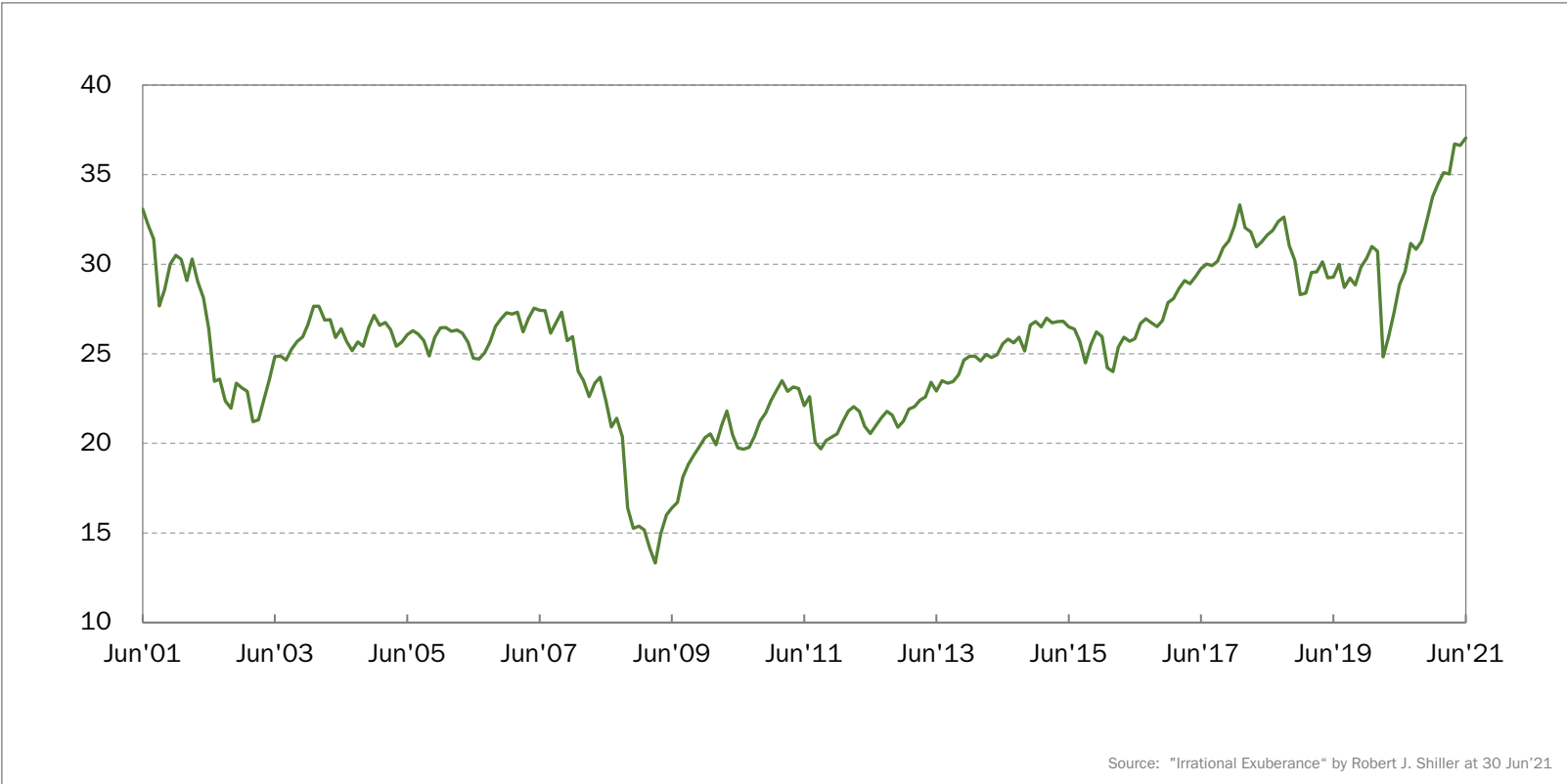
Global Indicators – US Inflation/European Inflation



Global Indicators – Inflation Linked Bonds Yields

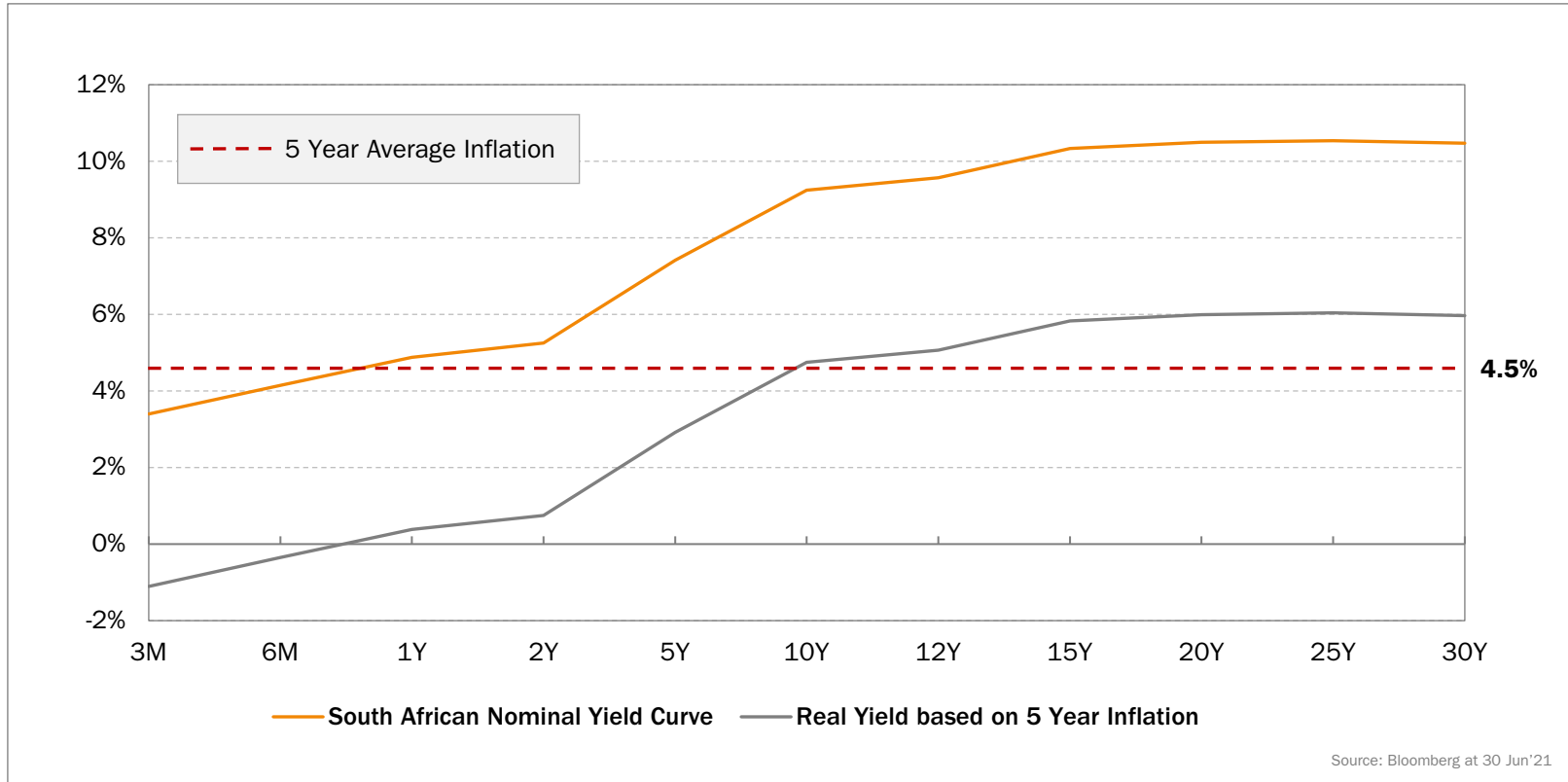


Case-Shiller Cyclically Adjusted PE Ratio on S&P 500

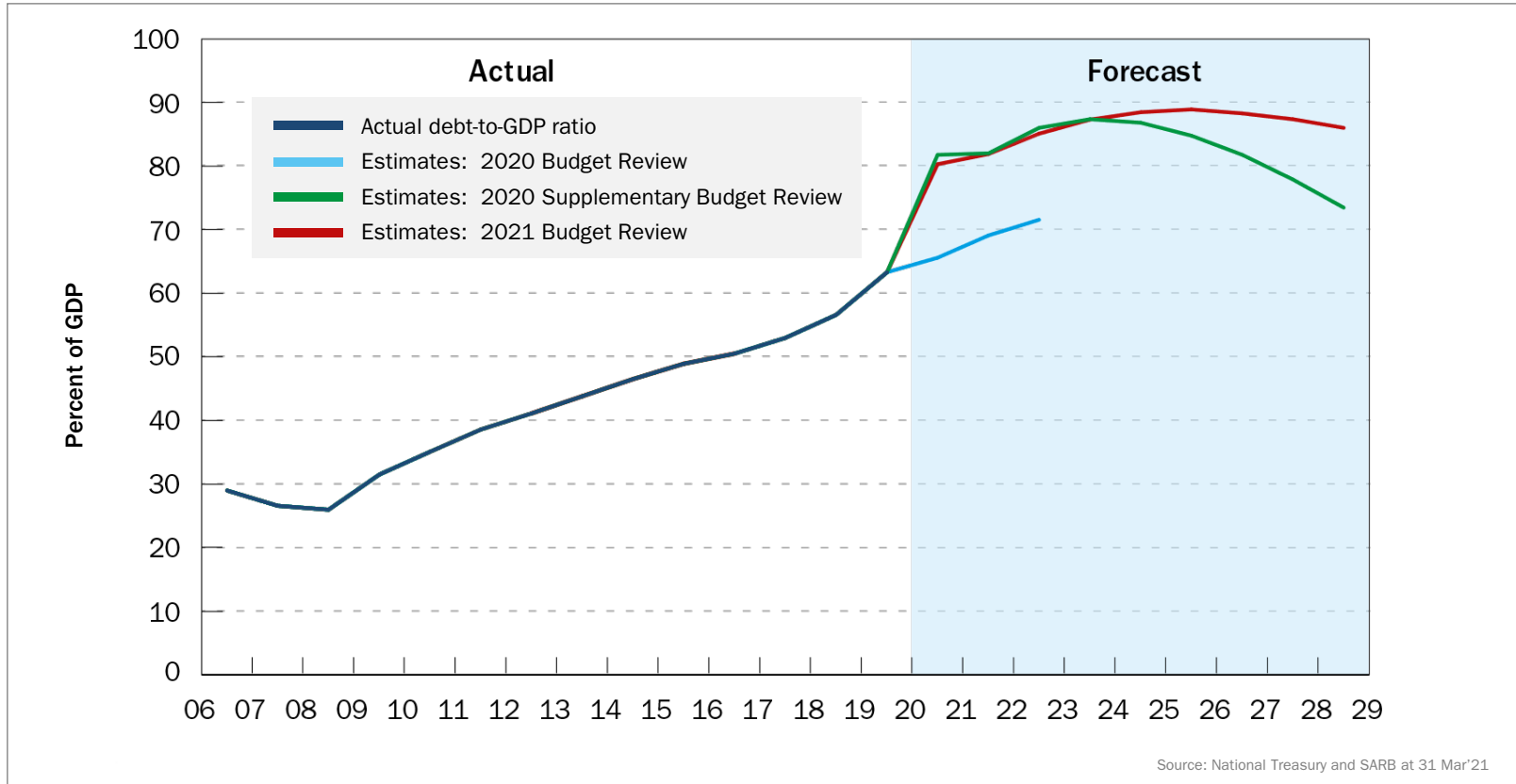


Source: "Irrational Exuberance" by Robert J. Shiller at 30 Jun'21

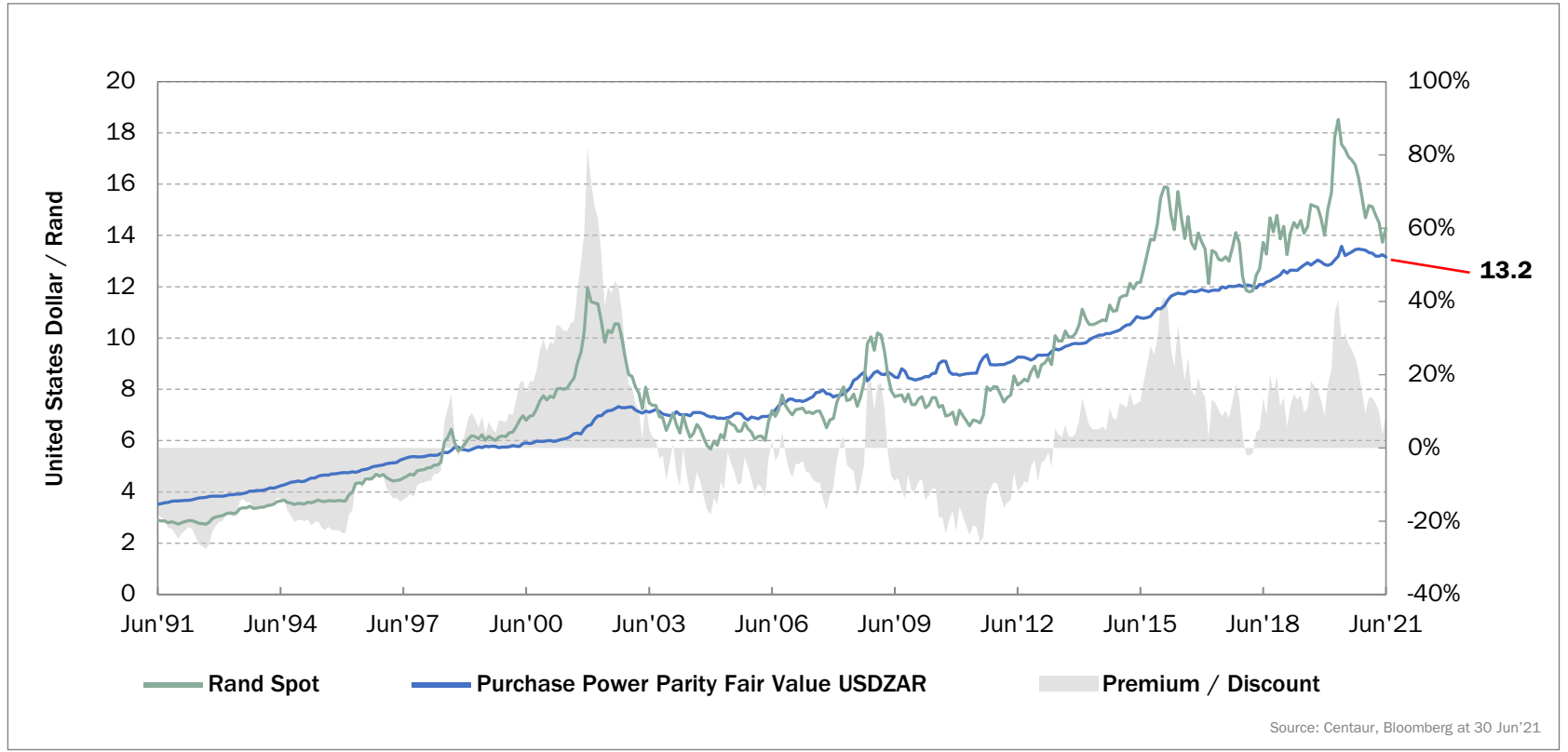
SA Nominal Yield Curve vs Real Yields based on 5 year Inflation



SA Debt to GDP



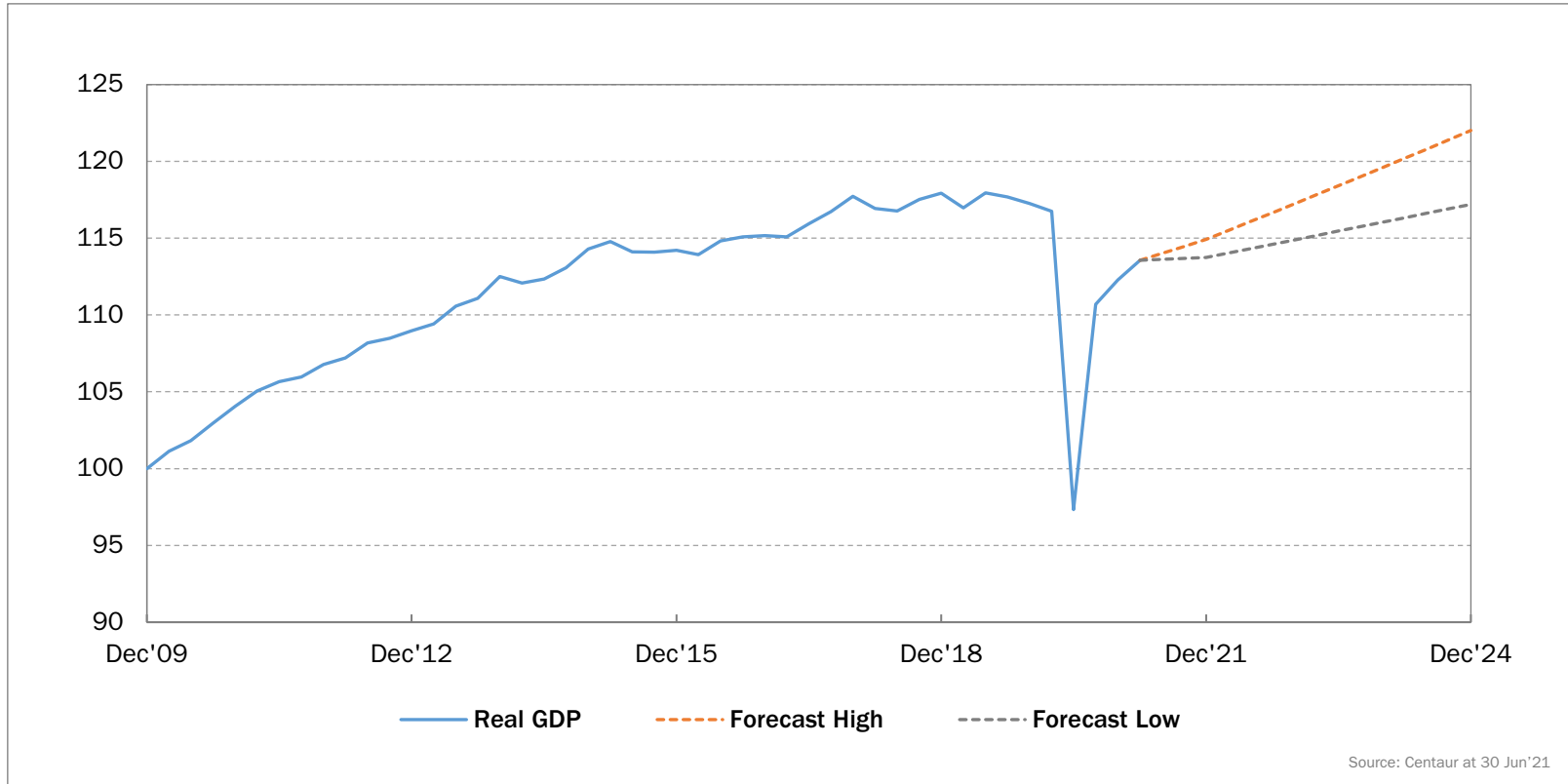
Purchasing Power Parity of Rand to USD



Economic Outlook

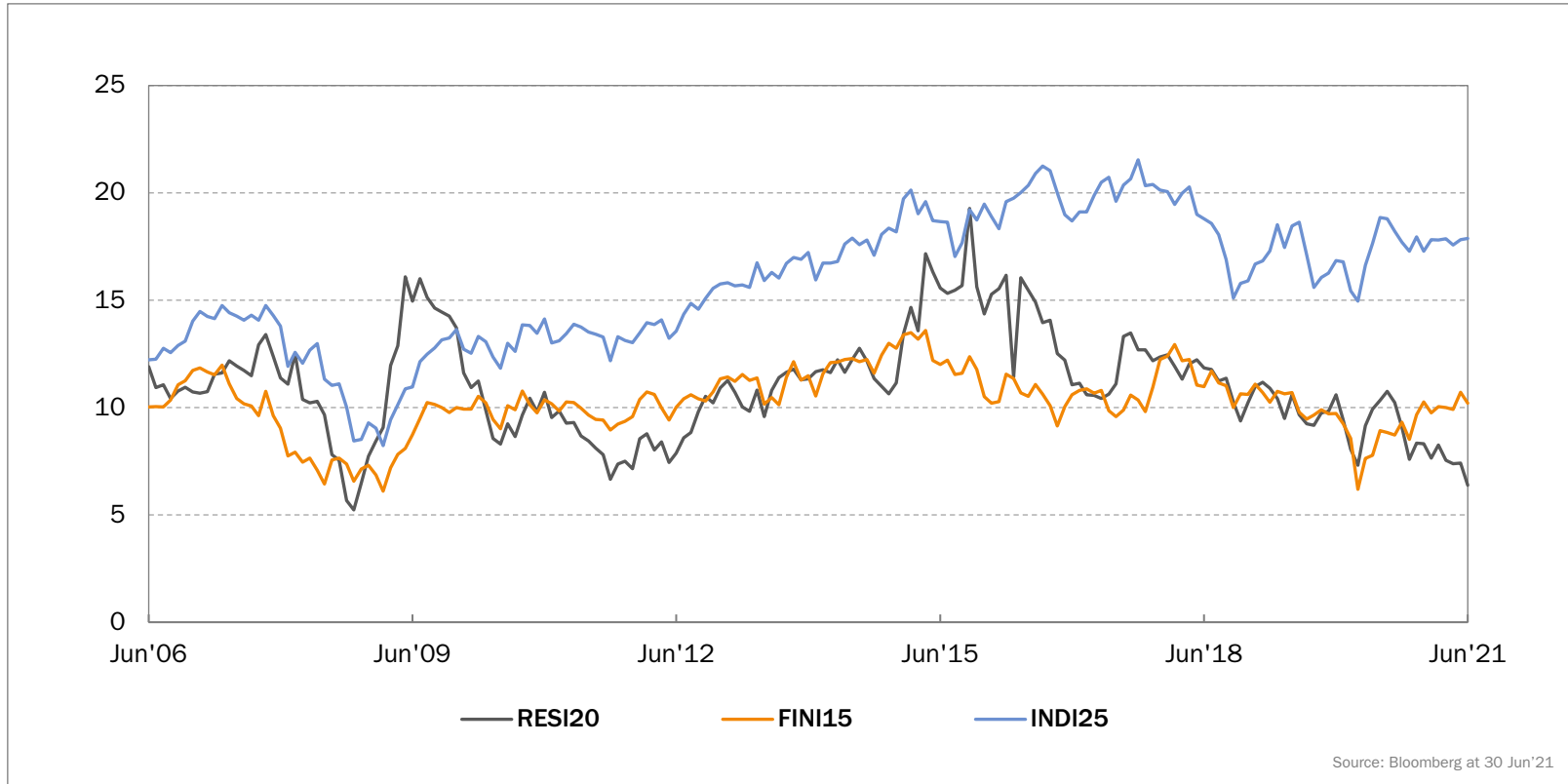
- + Good policy progress has been made over the last year: public sector wages; renewable energy electricity; corruption; infrastructure spend.
- + Stimulus in the form of: lower SA interest rates; strong terms of trade; global boom due to stimulus.
- + Better confidence amongst CEO's and positive base effect.
- Covid will be with SA until well into 2022.
- Lack of state capacity and excessive red tape is a bottleneck to growth.
- KZN riots negative economic impact, raises risk premium.
- Economic foundation weak based on booming PGM prices which faces electric vehicle substitution.
- Economic growth will be stunted by structural impediments and looking for 1 to 2% p.a. from 2022-24.

SA Real GDP based to 100 at end 2009



Source: Centaur at 30 Jun'21

12 Month Forward PE of SA Resources, Financials, Industrials



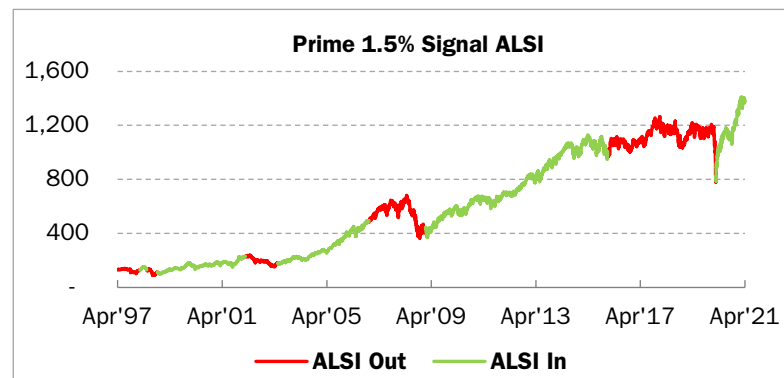
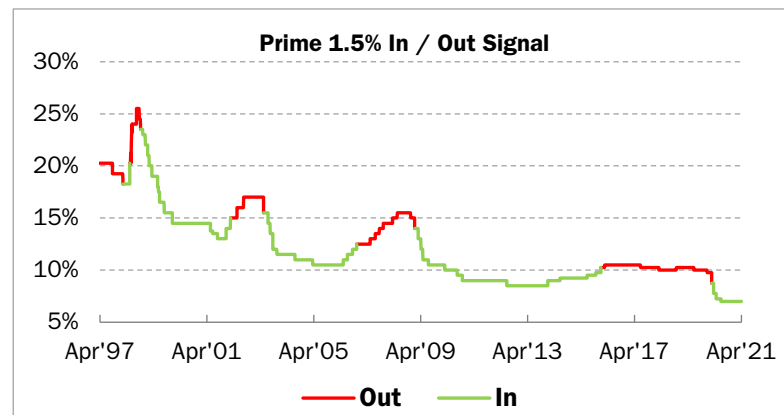
SA Equity Returns During Declining Interest Rates

Loose phase: Buy when Prime rate drops at least 1.5% from peak.

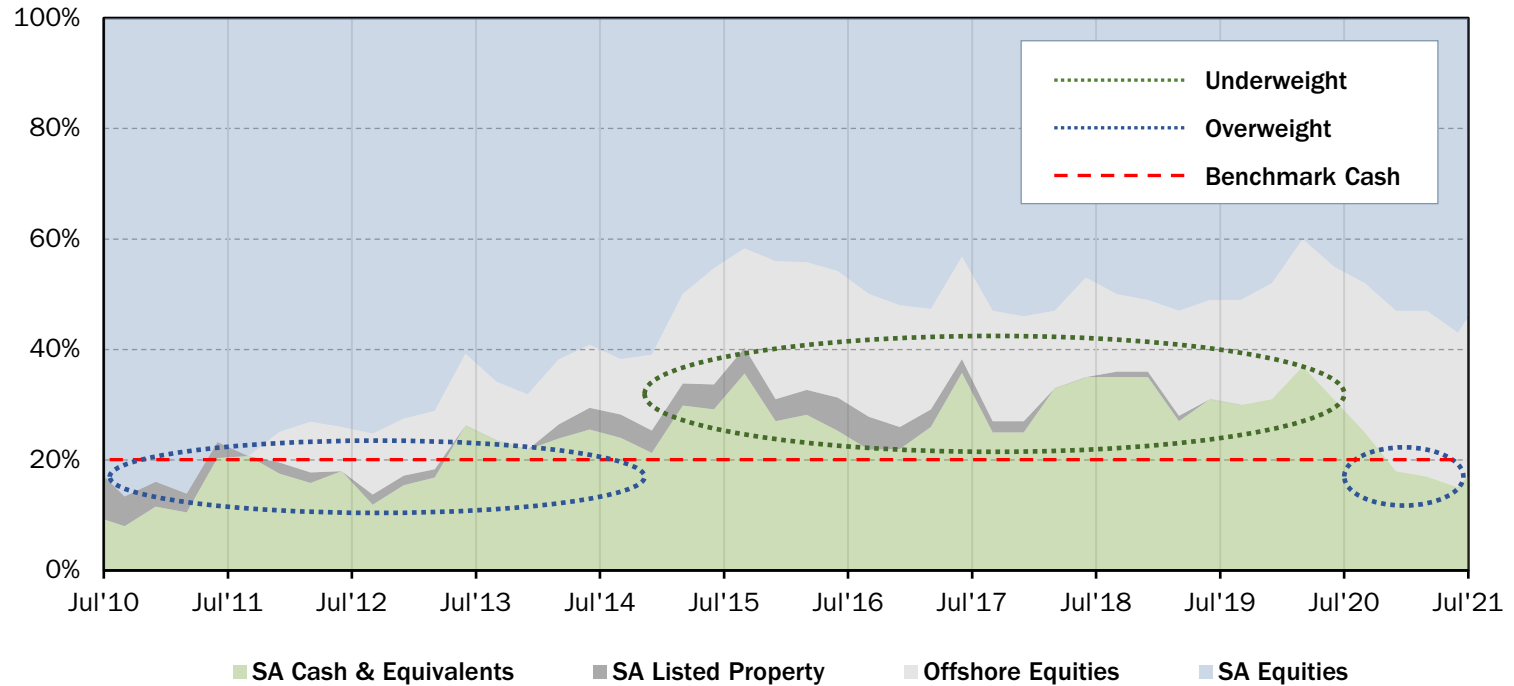
Tight phase: Sell when Prime rate rises at least 1.5% from trough.

Tight Phase					
Date	Signal	Days	Ref rate	Prime	ALSI-TR
30 Jun 95	09 Mar 98	983	20.5%	18.3%	35.7%
11 Jun 98	04 Nov 98	146	25.5%	23.5%	-10.7%
18 Mar 02	13 Jun 03	452	17.0%	15.5%	-15.1%
07 Dec 06	06 Feb 09	792	15.5%	14.0%	-4.3%
29 Jan 16	20 Mar 20	1,512	10.5%	8.8%	-6.4%
Total		3,885			-8%
Annualised Return					-1%

Loose Phase					
Date	Signal	Days	Ref rate	Prime	ALSI-TR
09 Mar 98	11 Jun 98	94	18.3%	20.3%	2.1%
04 Nov 98	18 Mar 02	1,230	13.0%	15.0%	124.1%
13 Jun 03	07 Dec 06	1,273	10.5%	12.0%	204.1%
06 Feb 09	29 Jan 16	2,548	8.5%	10.3%	182.2%
20 Mar 20	13 Jan 21	299	7.0%		61.1%
Total		5,444			3064%
Annualised Return					26%



Centaur BCI Flexible Fund - Historical Asset Allocation - since Jul'10



Source: Centaur at 31 Jul'21

Investment Outlook

- SA bonds look attractive relative to cash but very real fiscal risks. **Neutral.**
- An opportune time to invest in SA equities and **fully weighted**. Invest in cash generative shares that can grow.
- Good prospects for Resource super cycle due to limited new supply and strong demand. **Upweight.**
- Cautious on global valuations but high return opportunities remain in **selected value stocks** e.g. Dell, HP, Stellantis, Entain.
- Improving the quality of the portfolio via switches e.g. Sappi ⇒ Anglos, Netcare ⇒ Life Healthcare.

Centaur BCI Flexible Fund Asset Allocation

Assets	Benchmark	Δ	31 Jul'21	Rand Hedge	Comments
Fixed Income	20%	-3%	17%		
Cash & Equivalents			7%	1%	
Bonds & Pref Shares			10%		<i>Due to equity outperformance.</i>
Equities	80%	+3%	83%		
JSE Equity	60%	-6%	54%		<i>Selective buyer, increased Resources</i>
<i>International</i>			7%	7%	
<i>Resources</i>			13%	13%	
<i>Defensive Growers</i>			17%	6%	
<i>Domestic Cyclicals</i>			17%	1%	
World Equities	20%	+9%	29%	29%	<i>Picks have >15% p.a. prospective returns.</i>
Total	100%		100%	57%	

Source: Maitland, Centaur, at 31 Jul'21



Remain overweight equities, substitute SA exposure via World Equities

Centaur BCI Flexible Fund – Select Large Equity Holdings

Assets	% of Fund NAV	3yr-Annual Growth	Comments
Entain Plc	6%	15%+ (GBP)	Leading online sports betting company with leading technology. Well placed to be a major player in emerging US sports betting industry. Capital light technology led company purchased on sub-10 PE.
Exor NV	5%	15%+ (EUR)	Proven value creator under leadership of John Elkann. Trading at 40% discount to sum of parts.
Aspen Pharmacare Holdings Limited	5%	15%+ (ZAR)	Global pharma company led by super-entrepreneur Steven Saad. Restructured into higher growth markets and lower debt. African vaccine opportunity. Purchased on a single digit forward PE.
African Rainbow Minerals	4%	20%+ (ZAR)	Diversified and empowered SA Resource company with focus on ferrous metals and PGM's trading at a 30% discount to sum of parts.
Stellantis NV	3%	20%+ (EUR)	4 th largest global auto manufacturer with strong electric vehicle strategy which should lead to strong shareholder returns.
Life Healthcare	3%	15%+ (ZAR)	Operations in SA and the UK will benefit from pent up hospital demand and increased ongoing caseload from Covid. Upside optionality on Neuroceq used in Alzheimer's diagnosis.

Source: Maitland, Centaur, at 31 Jul'21

Conclusion

- Centaur is operating smoothly and we have a strong team.
- The Centaur Way gives us an edge to outperform our benchmarks.
- Focused portfolio which is invested in excellent equity opportunities and should deliver strong real returns.
- Youthful yet experienced team with proven ability of outperformance.
- **Centaur is on top of its game and focused on delivering superior performance.**

Contact Details

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