



CENTAUR
ASSET MANAGEMENT

Centaur Investment Update and Outlook – First Half 2022

Roger Williams - 20 January 2022

Business Update

- **Centaur's 3 Guiding Principles:** to deliver Investment Excellence; with Outstanding Service; and the Utmost Integrity.
- Retail only Asset Manager, achieving 40% asset under management growth to R6.5bn Assets at 31 Dec'21.
- Centaur turned 21 on 1 October 2021.
- Staff changes to facilitate growth and improve depth:
 - Kirsten Dale appointed as a Key Individual.
 - Nick De Vos is being groomed as a portfolio manager (under supervision).
 - Laing Walker rejoined Centaur as a full-time global analyst based in Edinburgh.
 - PJ Prinsloo joined Centaur on 1 Aug as a senior analyst, with 6 years' experience.

The Centaur Team



Roger Williams
Chief Investment Officer (21 yrs)
B. Econ. Sc. (Hons)



Kirsty Dale
Head of Operations & Client Services (6 yrs)
BA Psychology (Hons), Post Grad. Diploma in
Business Management



Megan Morris
Client Services (5 yrs)
B.Soc.Sci (Org Psy)



Chris Acheson
Marketing (3 yrs)
BA Creative Brand
Comms. (Digital Media)



Kelly-Sue Africa
Administration (1 yr)
Certified Bookkeeper
(ICB)



Nicholas De Vos
Senior Analyst (1yr)
(under Supervision)
B. Com. Hons
(Fin. Analysis)



Laing Walker
Senior International
Analyst (4 yrs)
(under Supervision)
Hons (Financial Analysis),
MFin (Finance)



Jacques Haasbroek
Assistant PM
& Analyst (6 yrs)
CA (SA), CFA



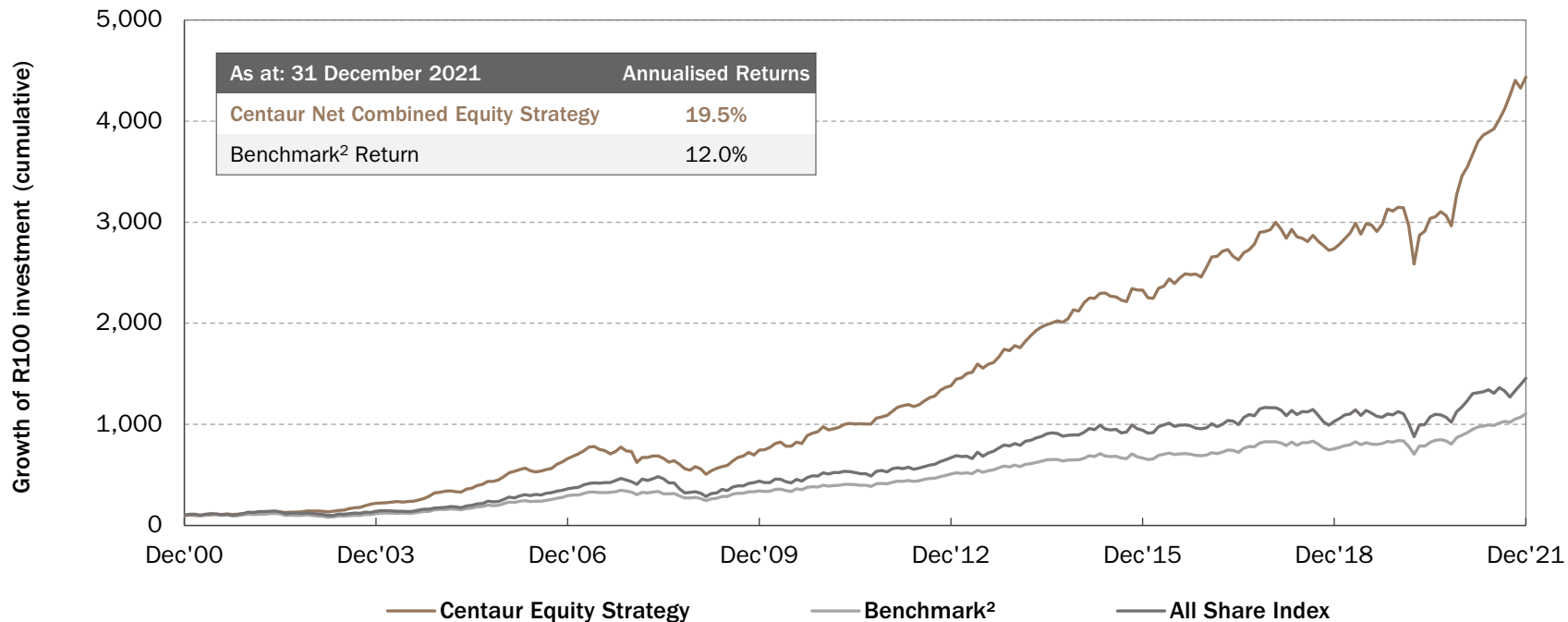
Mick Dohm
Trader &
Quant (10 yrs)
B. Com. Inv. Man. Sc.
(Hons)



PJ Prinsloo
Senior Analyst (new)
(under Supervision)
Hons (Financial
Analysis), CFA

Our Performance Speaks for Itself

Long-Term Track Record Since Inception on 1st October 2000

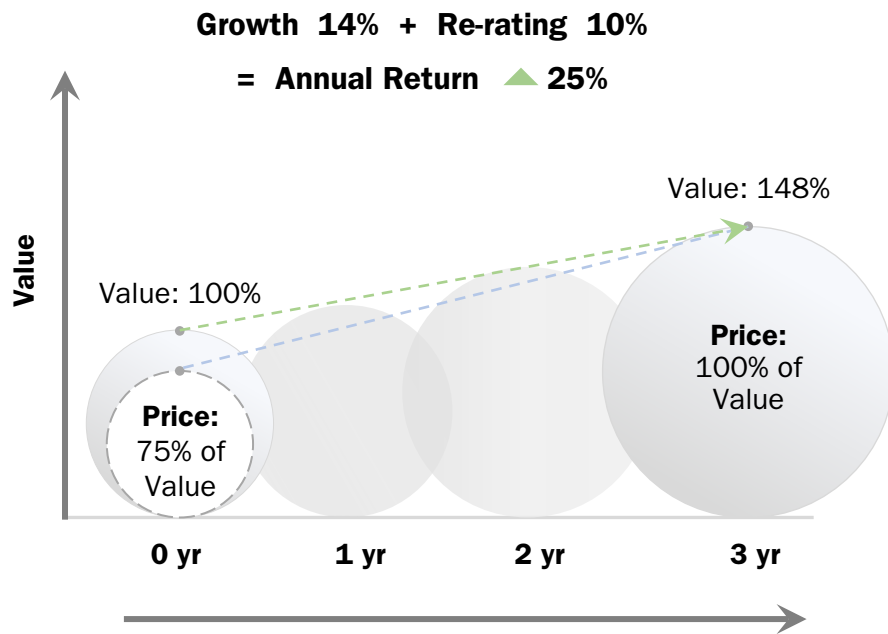


Source: Bloomberg, Maitland 31 December 2021. ¹Inception Date: 1 October 2000. Centaur equity strategy net of fees utilised in Centaur's products since inception on 1 October 2000. Performance is for illustrative purposes only. Past performance is not a reliable indicator of future returns.

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 (M1W0), 20% SteFI.

Investment Philosophy – Dynamic Value Creation



Opportunity identification via 25 repeatable themes with key theses:

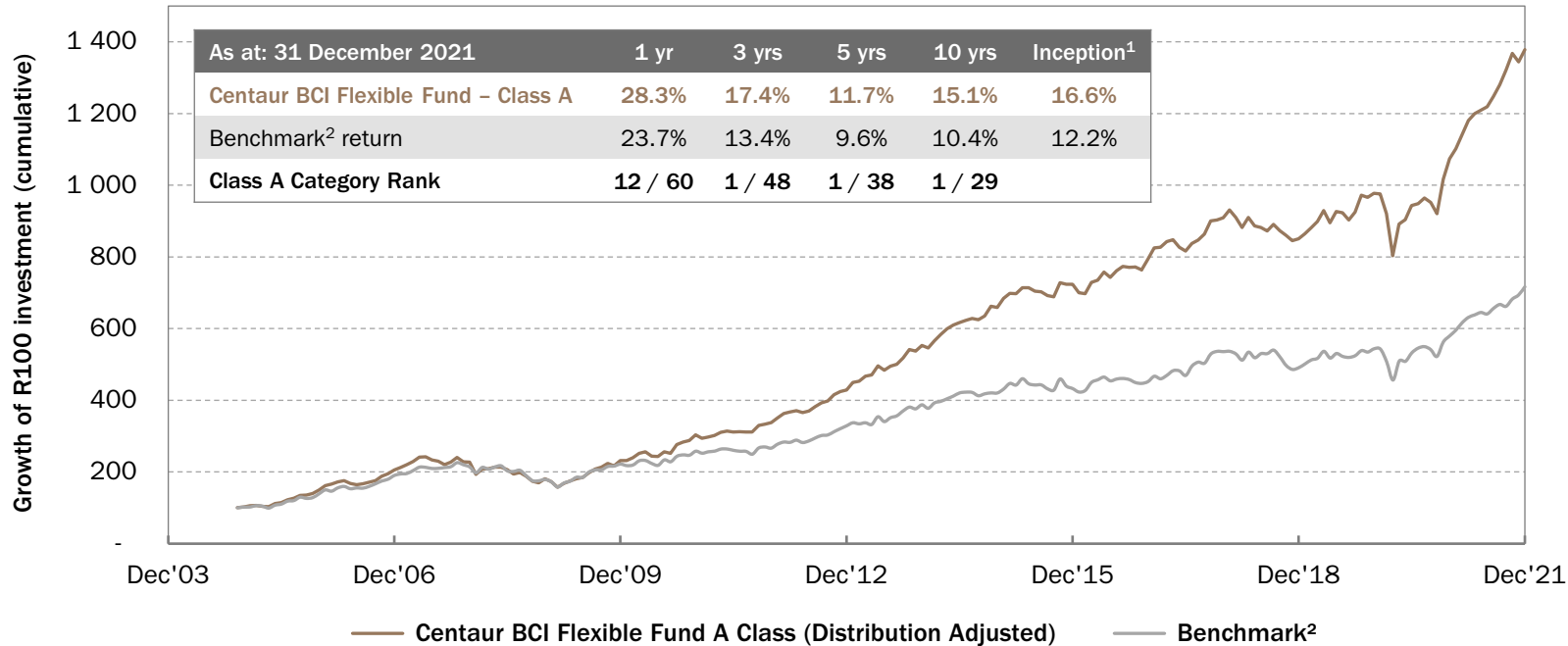
- Management driving value creation.
- Market driving value creation.

Process built into systematic models:

- Stock analysis templates.
- Top-seg stock picking model.
- Macro / risk models to guide asset allocation.
- Holistic process which gives us control.

Evolutionary approach which accounts for changing real world conditions.

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% SteFI, calculated over a rolling 2-year period.

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

Source: Maitland, MoneyMate and Centaur, at 31 Dec'21, since 1 Dec'04. 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 Nov'21): High 46.7 Low -20.3.

Centaur BCI Flexible Fund – Attribution – Dec'20 to Dec'21

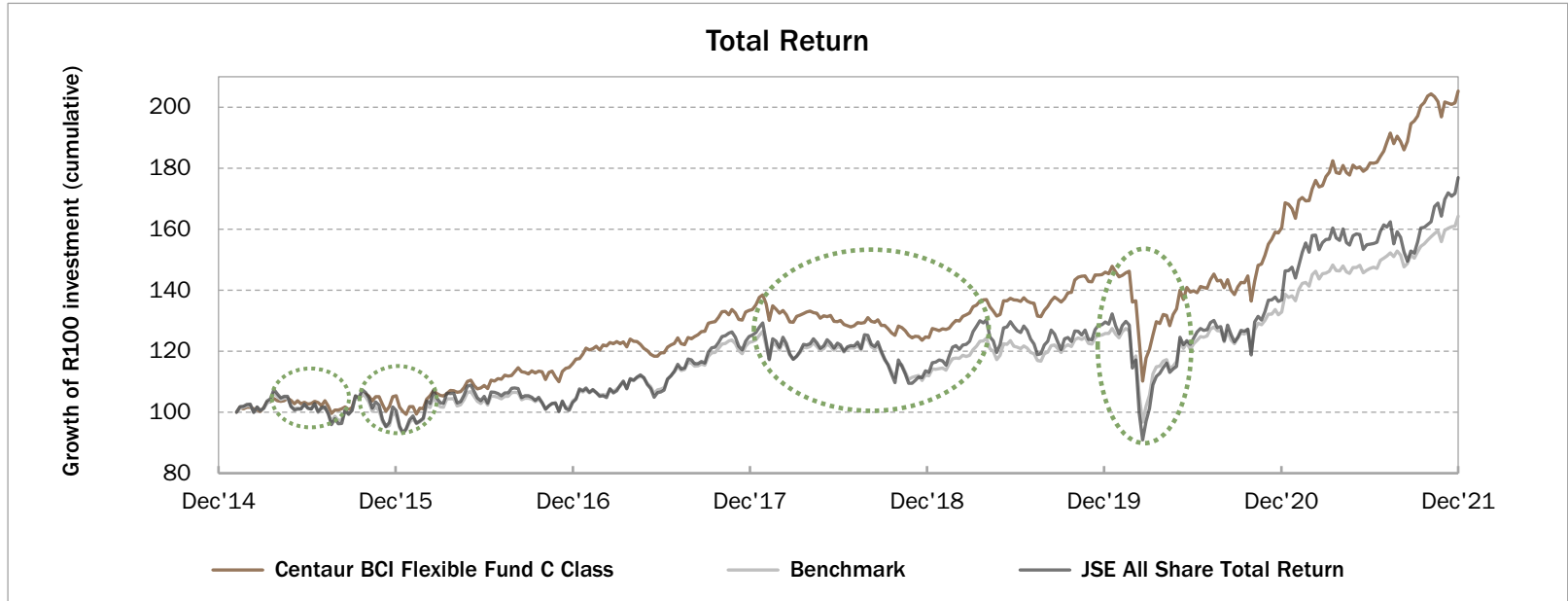
	Centaur BCI Flexible Fund		Benchmark		Value Add
	Return	Weight	Return	Weight	
Fixed Income	9.7%	17%	3.8%	20%	0.9%
Local Equity	36.3%	54%	27.1%	60%	2.5%
Offshore Equity	35.4%	29%	32.1%	20%	3.9%
Total	30.9%	100%	23.7%	100%	7.2%
Fees, reconciliation	-2.6%				-2.6%
Net Performance	28.3%		23.7%		4.6%

Source: Centaur, 31 Dec'21



Asset allocation; active PM and stock picking aided outperformance

Benefit Flexible Fund: Higher Returns - Lower Drawdowns since Feb 2015

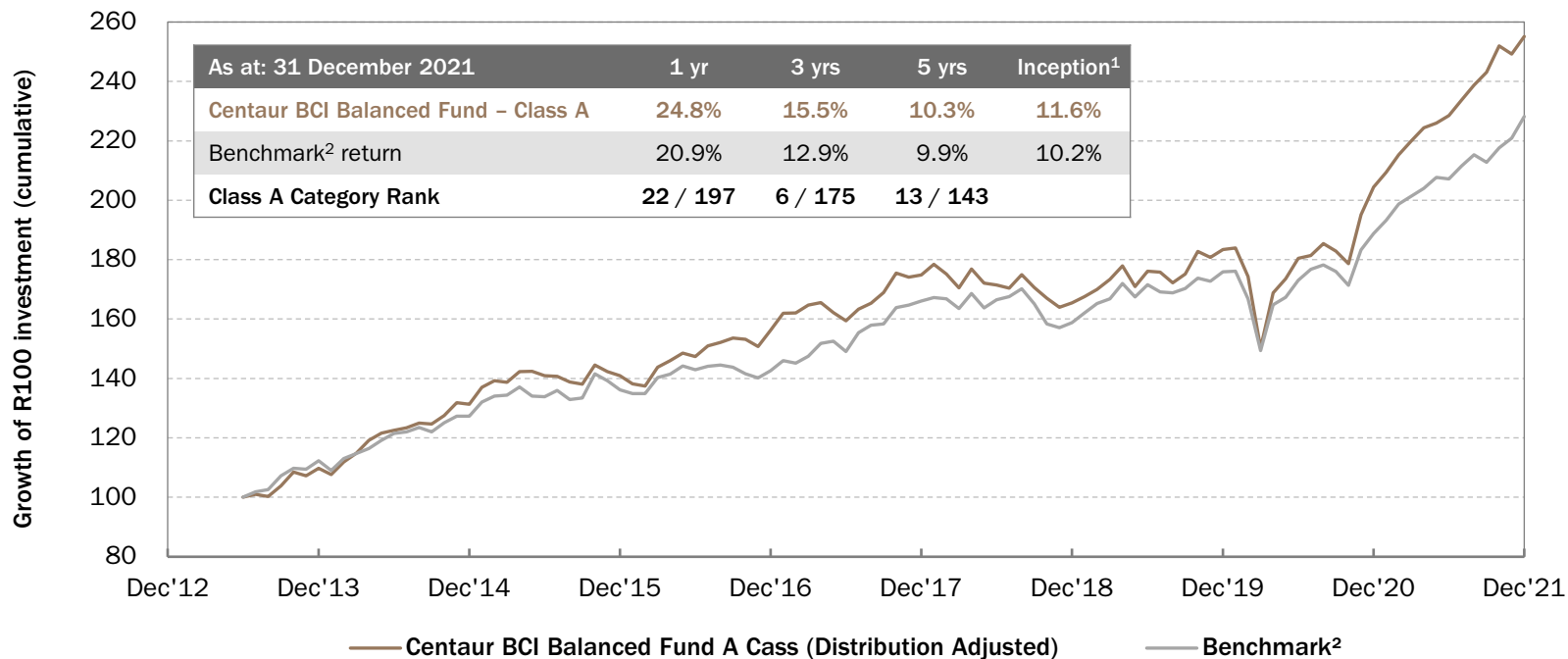


Peak	Trough	Centaur BCI Flexible Fund C	JSE All Share TR	Outperformance
24 Apr 2015	21 Aug 2015	-5%	-11%	6%
23 Oct 2015	15 Jan 2016	-5%	-13%	8%
26 Jan 2018	23 Nov 2018	-10%	-15%	5%
17 Jan 2020	20 Mar 2020	-25%	-31%	6%
Total Return Annualised		11.0%	8.6%	
Volatility Annualised		11.9%	17.4%	



Source: Maitland, Bloomberg, 31 Dec'21. Past performance is not a reliable indicator of future returns.

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



Top Performing South African Multi-Asset High Equity Fund 3 years ending Dec'16

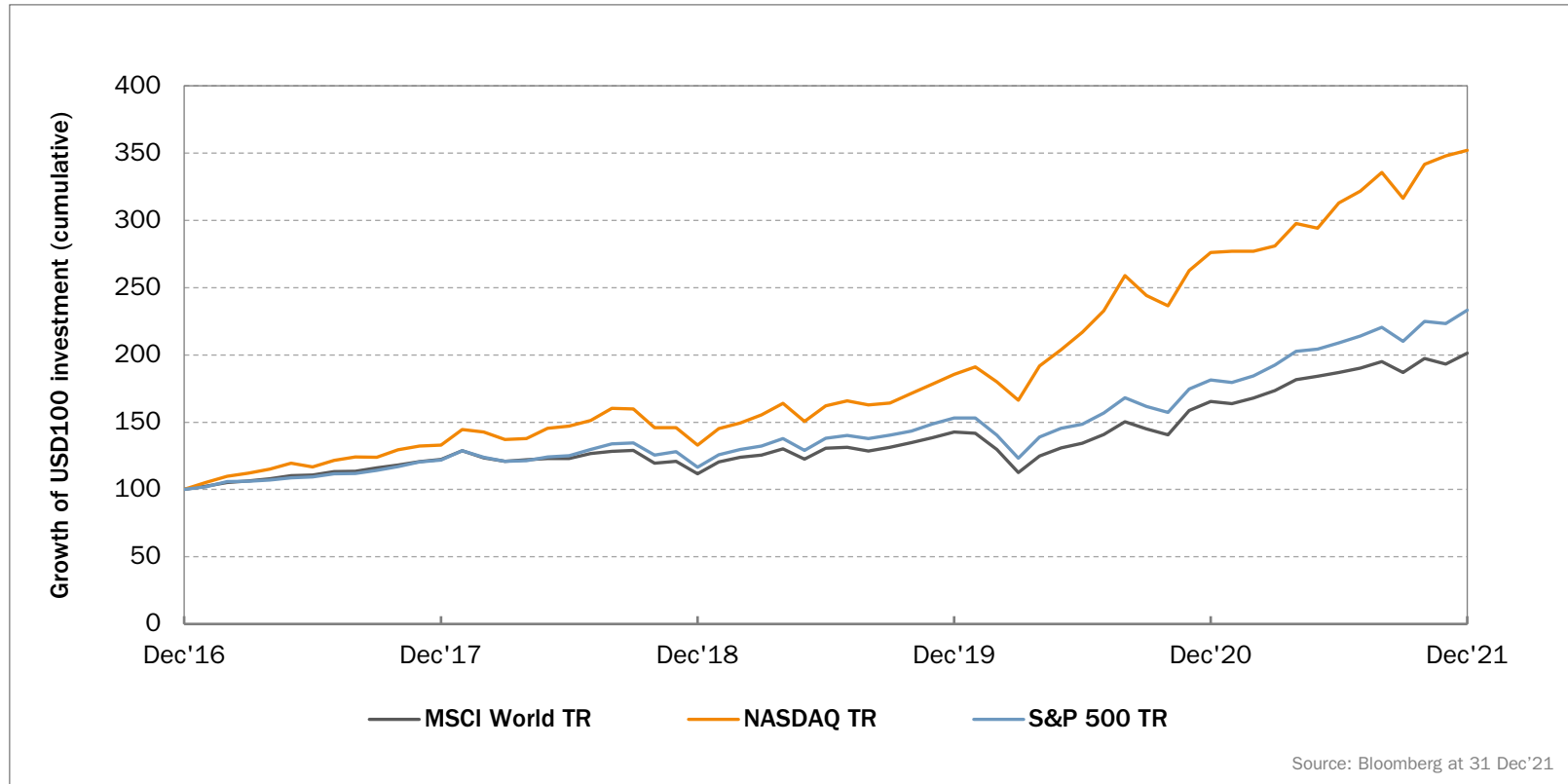
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1 Jul'13 – 31 Oct'18: 28% ALSI (J203T), 28% FINDI (J250T), 8% MSCI World Index, 30% JSE ALBI, 6% SA Repo rate.

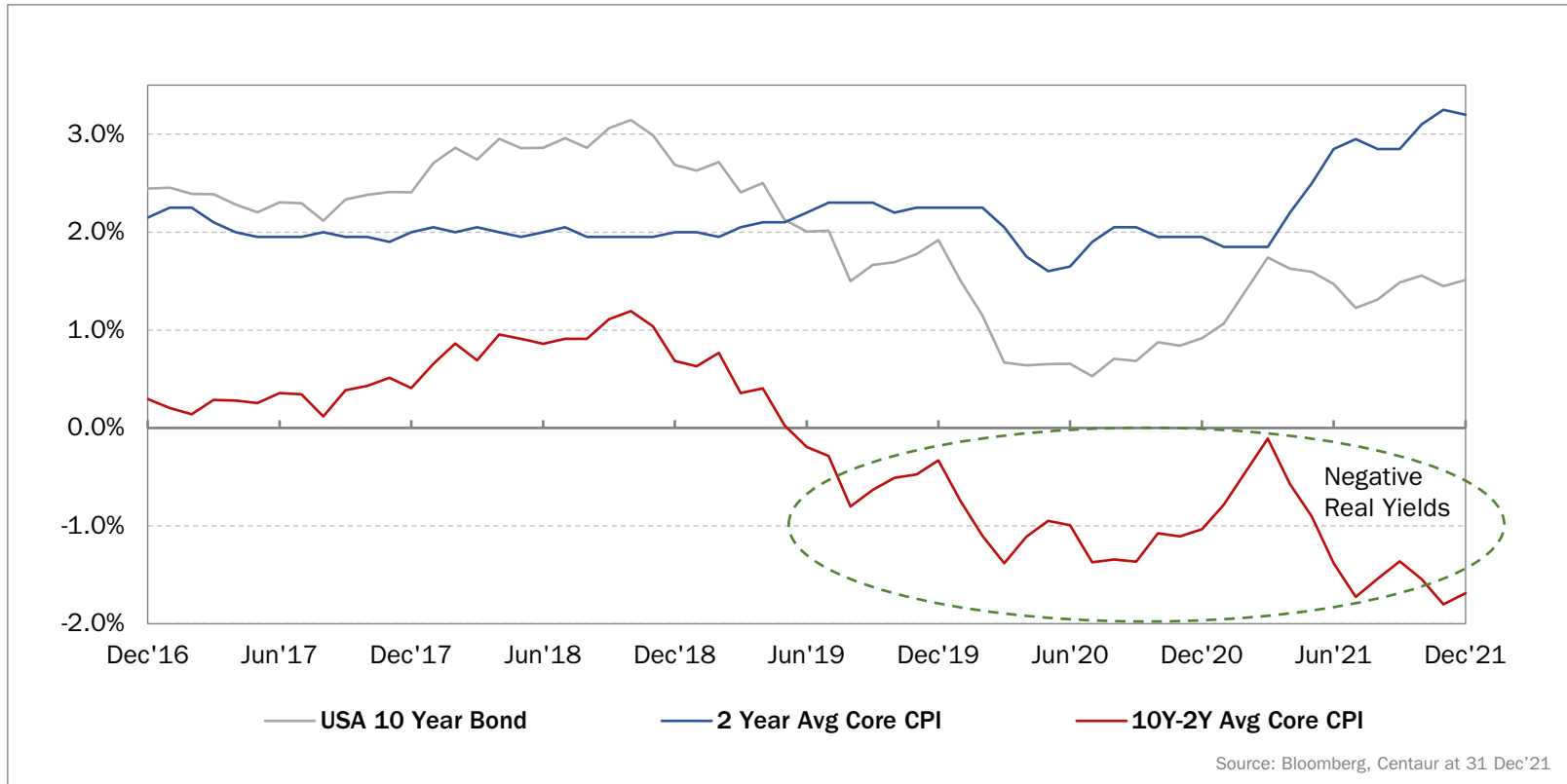
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Global Indices Performance – MSCI World Index, Nasdaq, S&P 500 – 5 Years



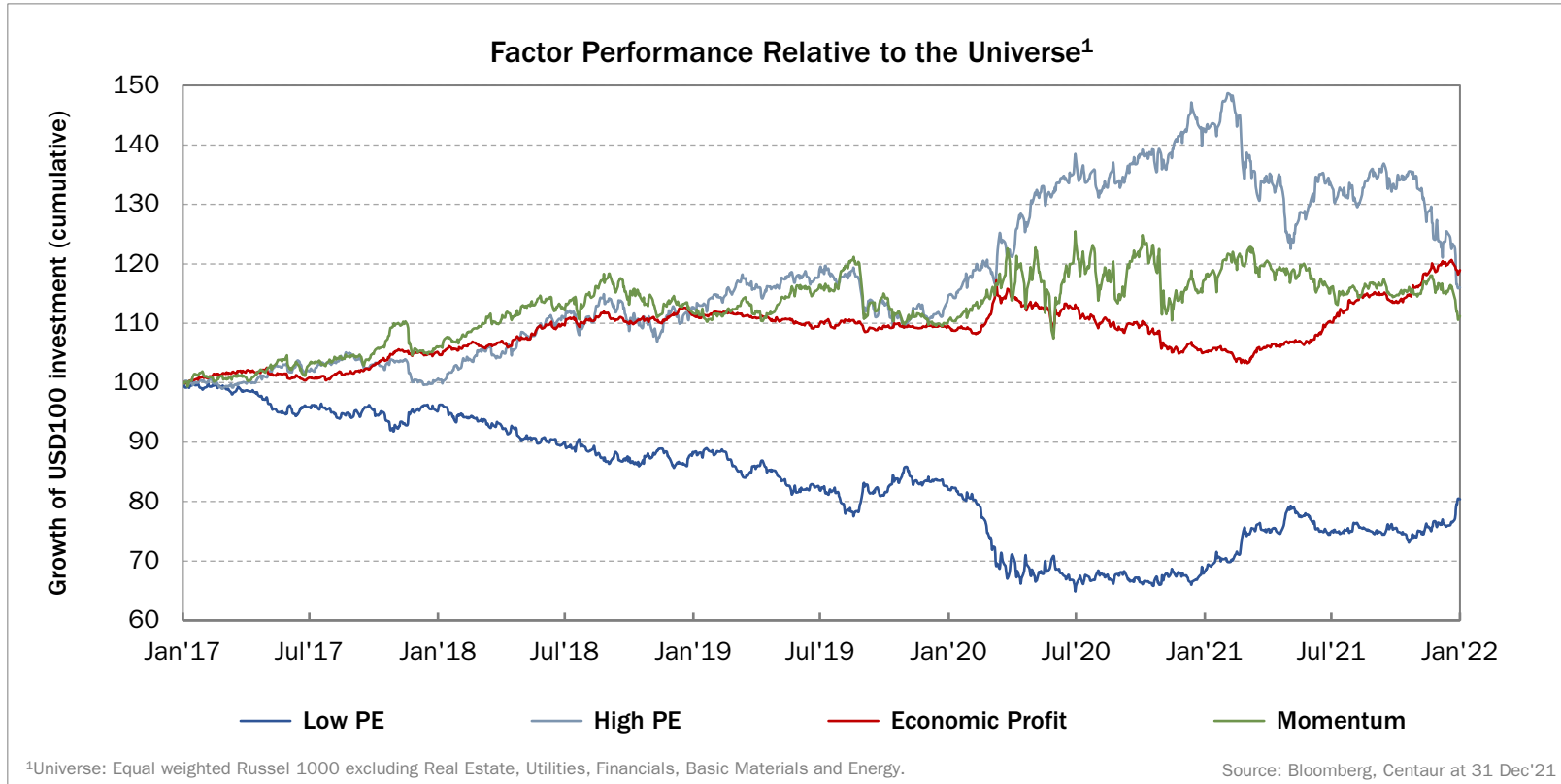
Real US 10 year Bond Rates vs. 2 year Avg Core CPI



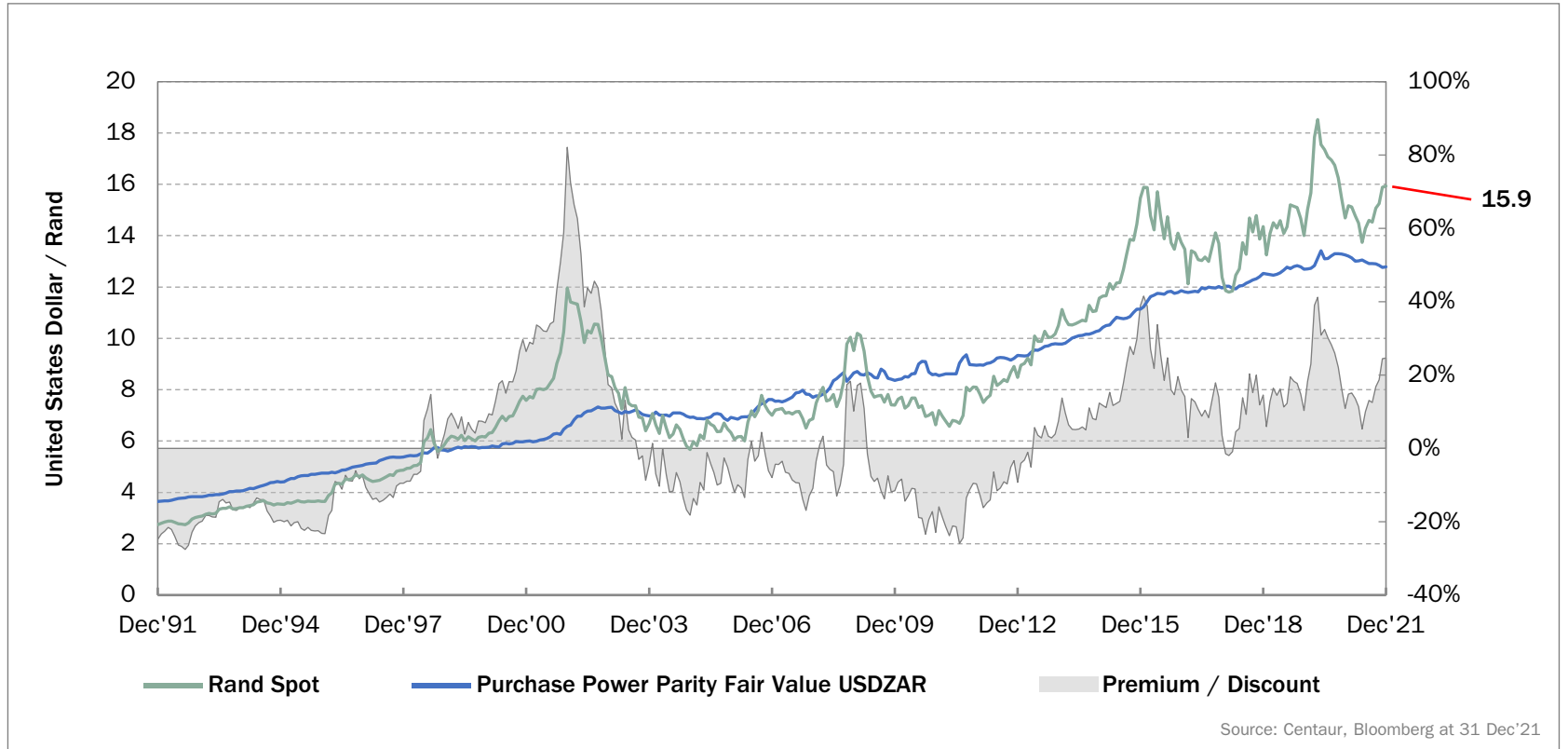
Case-Shiller Cyclically Adjusted PE Ratio on S&P 500



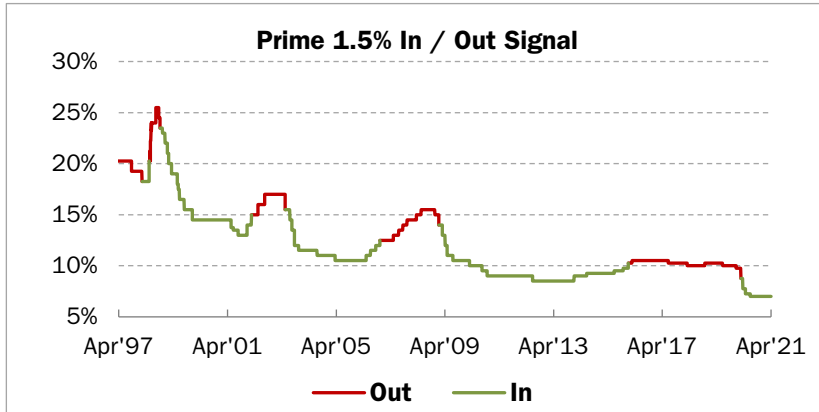
Centaur Proprietary Tools: USA Quantitative Factor Tracking



Purchasing Power Parity of Rand to USD

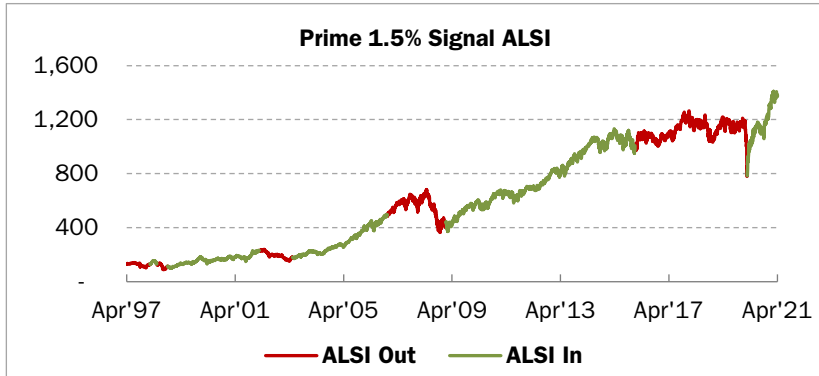


SA Equity Returns During Declining Interest Rates



Tight Phase: 5 periods over
10 years 8 months delivered:
CAGR -1%
UNDERWEIGHT

Loose Phase: 5 periods over
14 years 11 months delivered:
CAGR 26%
OVERWEIGHT

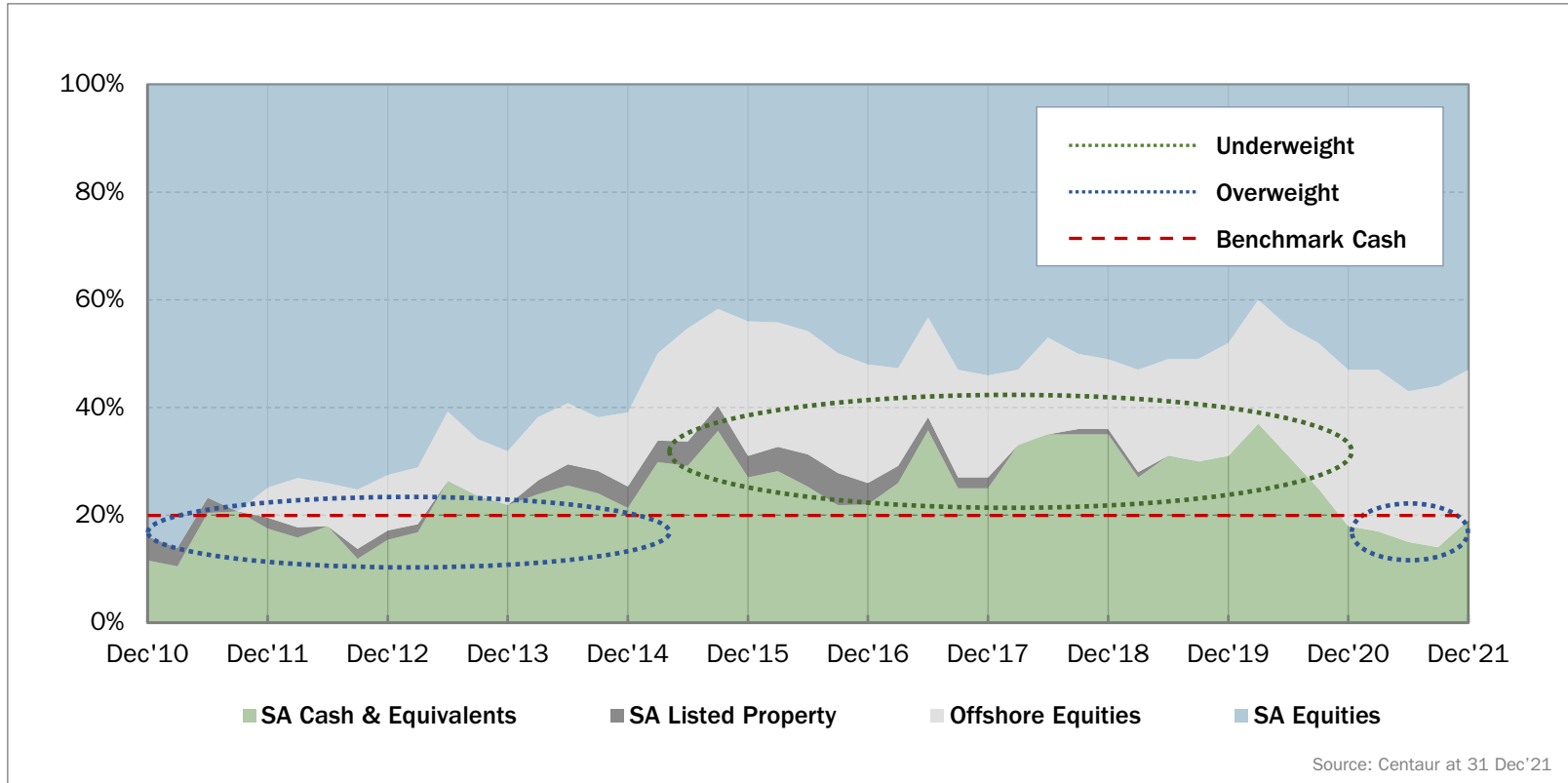


Currently in the loose phase of the interest rate cycle.

Conditions favour being overweight equities.

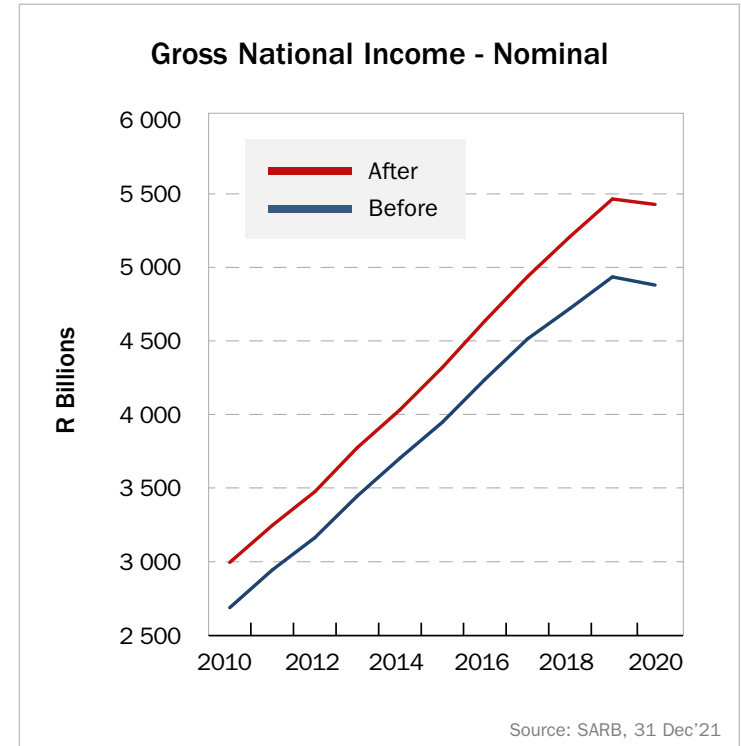
Source for above and below graphs: SARB, at 30 Apr'21

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

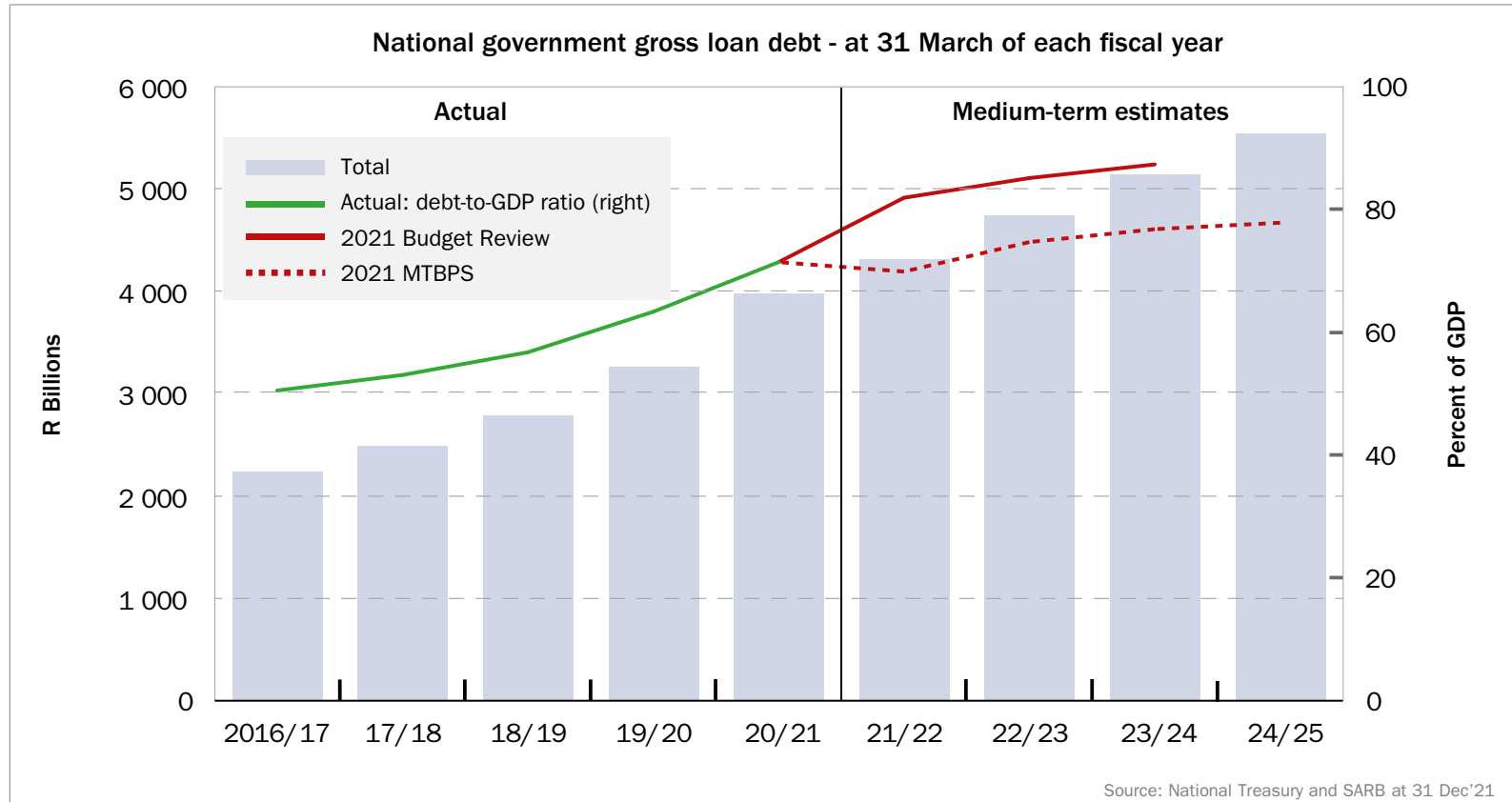


Upward Revisions to Gross National Income (GNI)

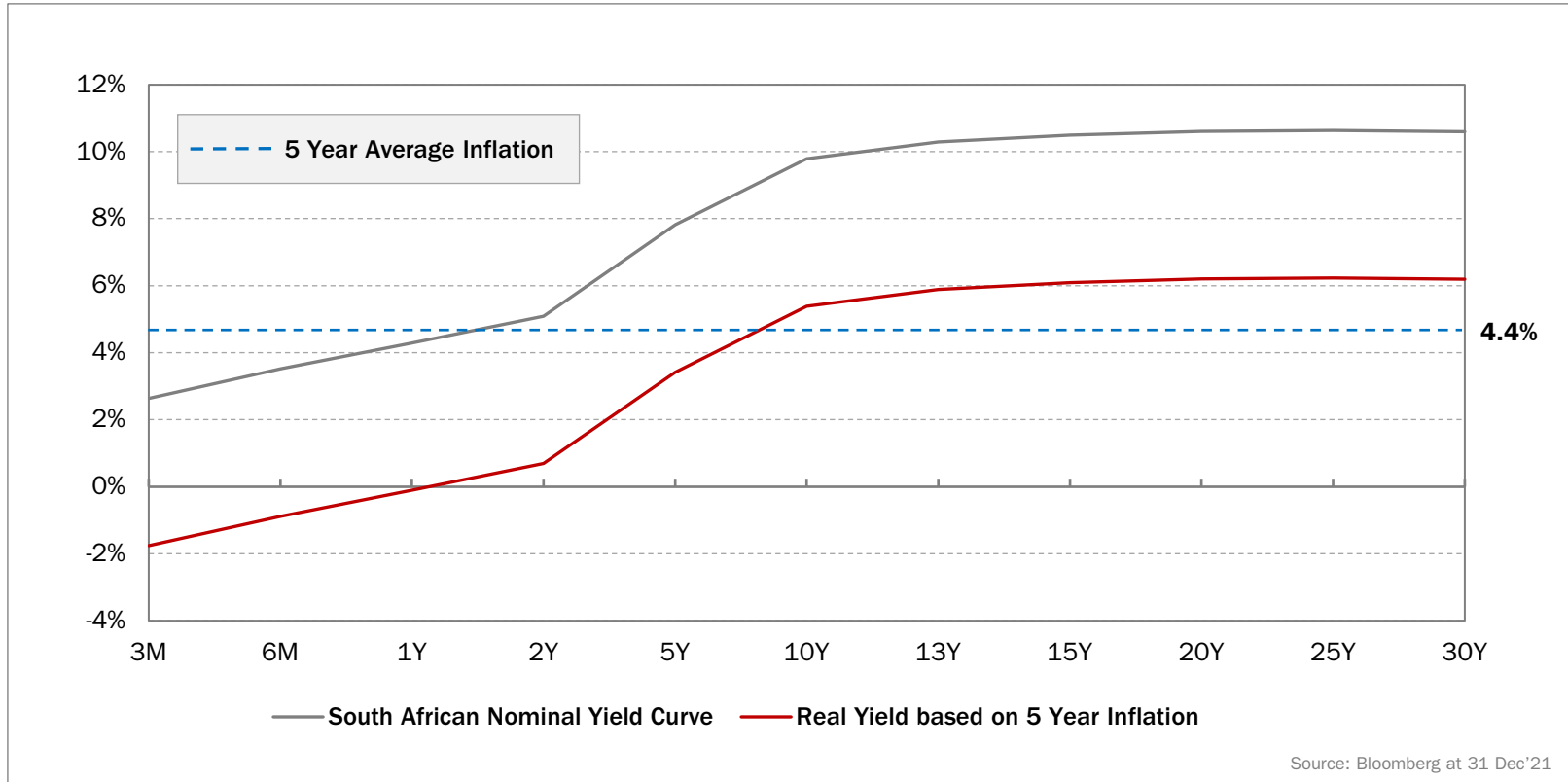
- GNI revised upwards by 11% in 2020.
- Increase base is positive:
 - + Lower fiscal debt to GDP at 70% at Feb'22 (vs ~78%).
 - + Lower fiscal deficit to GDP.
 - + Lower debt/income ratio for individuals of 68% (vs 76%).
 - + Full effects to be published by SARB in Feb'22.
- **SA not as close to debt trap as expected.**
- Positive for ratings agencies in time and scope for bonds to re-rate.
“Fitch revises SA's outlook to stable.” – 15 Dec'21.



SA Debt to GDP – some positive developments



South Africa Nominal Yield Curve vs. 5 Year Historic Inflation



Economic Outlook

- + Positive policy progress has been made over the last year: renewable electricity; corruption; infrastructure spend.
- + Stimulus in the form of: low SA interest rates; strong terms of trade; global boom.
- + Better confidence amongst CEO's and positive base effect.
- + Tourism, consumer uplift if Covid pandemic over.

- Loadshedding and crumbling infrastructure retarding growth potential.
- Lack of state capacity and excessive red tape is a bottleneck to growth.
- Economic foundation weak based on strong PGM prices which faces electric vehicle substitution.

- Potential for economic growth to exceed SARB expectations of 1.8% in 2022 as certain sectors recover.

Investment Outlook

- **SA Bonds** attractive relative to cash but SA fiscal risks + higher US rates. **Marginally overweight**
- **Cash** unattractive relative to other asset classes. **Underweight**
- **SA Equities** an opportune time to invest in select stocks.
- Substitute SA international stocks via offshore stock picks.
- **Cautious on global valuations but opportunities in select stocks**, e.g. Dell, Entain. **Overweight**
- Active management via switches, e.g. Standard Bank ⇒ ABSA, VMWare ⇒ Dell.
- No dominant investment theme – portfolio is comprised of stocks which meet our selection criteria.
- **Expect a resilient or firmer Rand** – reduce offshore exposure via currency futures.

Centaur BCI Flexible Fund Asset Allocation and Changes in 2021

Assets	30 Jun'21	%Δ	31 Dec'21	Comments
Fixed Income	16%	+3%	19%	
Cash & Equivalents	4%	+7%	11%	<i>Redeploying into new ideas</i>
SA Government Bonds	8%	-1%	7%	<i>Select purchases over the half</i>
SA Preference Shares	2%		2%	<i>Reduced exposure</i>
Offshore Cash	2%	-3%	-1%	<i>3% remitted back through futures</i>
Equities	84%	-3%	81%	
JSE Equity	56%	-3%	53%	<i>Lightened cyclical exposure</i>
World Equities	28%		28%	<i>2% reduction via Brightsphere tender offer</i>
Total	100%		100%	

Source: Maitland, Centaur at 31 Dec'21

Centaur BCI Balanced Fund Asset Allocation and Changes in 2021

Assets	30 Jun'21	%Δ	31 Dec'21	Comments
Fixed Income	35%	+3%	38%	
Cash & Equivalents	4%	+6%	10%	<i>Underweight cash</i>
SA Government Bonds	25%		25%	<i>Select purchases over the half</i>
SA Preference Shares	3%	-1%	2%	
Offshore Cash	3%	-2%	1%	<i>2.5% Remitted back through futures</i>
Equities	65%	-3%	62%	
JSE Equity	37%	-2%	35%	<i>Lightened cyclical exposure, Actively redeploying</i>
World Equities	28%	-1%	27%	<i>2% reduction via Brightsphere tender offer</i>
Total	100%		100%	

Source: Maitland, Centaur at 31 Dec'21

Centaur BCI Flexible Fund – Select Large Equity Holdings

Assets	% of Fund NAV	3yr-Annual Growth	Comments
Entain PLC	6%	15%+ (GBP)	<i>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.</i>
Exor NV	5%	15%+ (EUR)	<i>Proven value creator under leadership of John Elkann. Trading in excess 40% discount to sum of parts.</i>
Aspen Pharmacare Holdings Limited	5%	15%+ (ZAR)	<i>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.</i>
Dell (*exposure at 20 Jan'22)	5%*	15%+ (USD)	<i>Global leader in IT hardware led by super-entrepreneur, Michael Dell. Gaining market share due to breadth, quality and availability of products. Purchased on PE of 7.5x with free cash flow exceeding earnings.</i>
ABSA	4%	20%+ (ZAR)	<i>Improving ROE profile driven by strong operational momentum and reduced credit losses being underappreciated by the market at the current valuation. Purchased below book value with a strong capital position.</i>

Source: Maitland, Centaur, at 31 Dec'21

**Centaur is on top of its game and focused
on delivering superior performance.**

Contact Details

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Centaur Asset Management (Pty) Ltd is an authorised Financial Services

Provider FSP 647. Valuation takes place daily and prices can be viewed on Centaur's website (www.centaur.co.za) or in the daily newspaper. Actual annual performance figures are available to existing investors on request. Upon request the Manager will provide the investor with portfolio quarterly investment holdings reports.

Disclaimer

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Custodian Information

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