

30 JUNE 2022

SECOND QUARTER REPORT

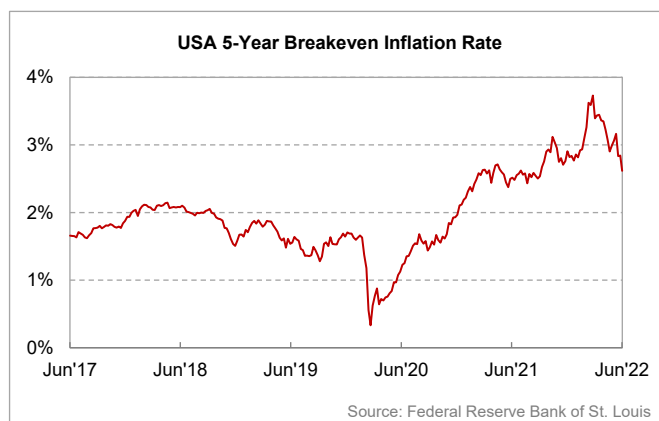


CENTAUR
ASSET MANAGEMENT

An Authorised Financial Services Provider (FSP 647)

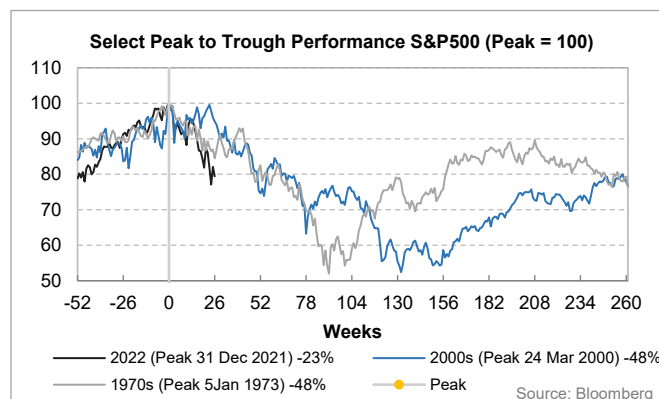
The Second Quarter 2022

The S&P500 and JSE All Share Index dropped 16% and 12% respectively over the quarter. Most of the JSE's losses happened in June post the US Fed's decision on the 18th June to increase the Fed Funds rate by 0.75% to restore its inflation fighting credentials. This decision has led to a 6% decline in the Brent Oil price and CRB commodity index and US 5-year inflation expectations have dropped (see graph to the right) indicating the Fed is regaining credibility in its inflation fight.

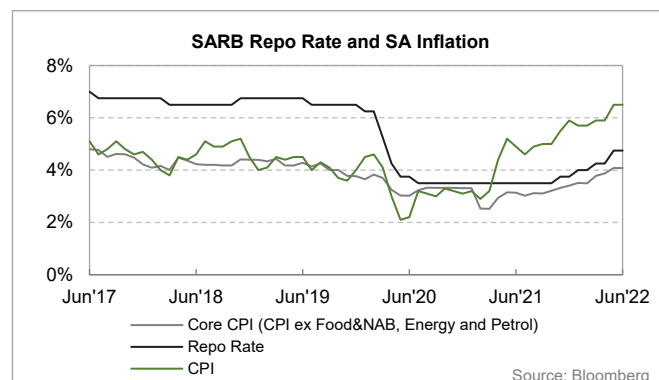


Higher interest rates are resulting in declining share prices but is essential to restoring long-term order to financial markets. The global economy is slowing with Morgan Stanley expecting a technical recession in Europe by the end of Q1'23 due to its energy crisis, with a slowdown but no recession in the USA whilst China's growth should accelerate off a low base.

The current global bear market has similarities to the 1973-74 bear market bought about by the oil price shock and 2000-03 bear market post the Nasdaq bubble. Similarly, to those periods we are seeing a dramatic rise in energy and food costs globally whilst we went into this downturn with a bubble in select technology stocks and cryptocurrencies. In 2000 value stocks massively outperformed growth stocks delivering impressive real returns whilst energy stock outperformed in the 1970's. In this cycle we think energy and value stocks should similarly outperform driven by good valuations and our offshore picks are positioned accordingly.



In SA the environment has turned for the worse. A weaker Rand combined with 41% annual rise in the petrol price and strongly increasing food prices necessitated a 0.5% increase in the SA repo rate in May with a least a further 0.5% hike expected at the next meeting. Disposable income will be under pressure curtailing consumer spending resulting in a slowdown in the economy. Caution is warranted in these uncertain times.



Centaur's Investment Strategy in the Current Environment

1. We proactively raised liquidity in the Flexible Fund increasing the fixed interest component from 18% to 31% over the half year ensuring some capital preservation whilst giving liquidity to buy into opportunities.

2. Invest in select global energy stocks (see below) with Repsol (Spain) and Shell (UK) being preferred over Sasol. We see asymmetry in valuations with current share prices discounting an oil under \$65 whilst we expect a 5-year average Brent oil price over \$100 due to underinvestment in the industry.
3. We are investing in select qualitative value stocks with low gearing which are undertaking share buybacks and have strong management.
4. Look to buy oversold quality growth shares. An initial holding was purchased in Kering (Gucci, Yves Saint Laurent) a growing luxury goods company. We are monitoring Spotify, the global leader in music streaming, for purchase.
5. Although there is good fundamental value the downward trend in stock prices means many of these stocks will only get cheaper in the future. We are trying to balance selective purchases whilst ensuring we have liquidity to buy more in the future at even better valuations. Historically, Centaur has done extremely well coming out of bear markets as our stocks outperform in the recovery phase.

Investment into Oil & Gas

The energy theme is in its early innings due to years of underinvestment owing to low historic oil & gas (O&G) prices and environmental pressures, and reinvestment rates are a third of historic levels. Without reinvestment conventional oil wells deplete at around 7% p.a. whilst shale oil wells deplete much faster. Environmental restrictions have forced the oil majors to limit investment into O&G production whilst funnelling more cash into renewables and we expect constrained supply for years. On the demand side passenger cars are only one quarter of global oil demand, so no matter how quickly we transition to electric vehicles it's hard to imagine displacing even 3% of annual oil demand. Looking at the 1973-1983 period where oil prices went up 10x the current oil prices are unlikely to cause demand destruction, especially without a significant supply response. Years of low energy prices forced the oil majors to slash costs and lower breakeven levels, resulting in today's free cash flow being 3x higher than prior peaks. Current share prices imply \$65/barrel oil whilst we expect the Brent oil price to be over \$100/barrel on average over the next 5 years giving asymmetric upside in valuations. Our preferred picks, Shell and Repsol, are low-cost producers with excellent ESG strategies capable of generating free cash flow yields of over 20% p.a. whilst paying out excess cash to shareholders. Global equity exposure to the O&G sector remains near all-time lows and valuations are under 6x P/Es.

A cyberthreat has emerged where email messages are intercepted by hackers during transmission. Centaur has the latest cybersecurity measures; however, we urge all clients to double check that any bank details on paperwork have not been altered which could result in your deposits or withdrawals being compromised.

Centaur will look to use our investment skills, experience and sound judgement to navigate these difficult markets and ensure strong medium term real returns whilst never becoming complacent. If you have any queries, please contact myself, Jacques Haasbroek or Nicholas de Vos and address any other queries to our Client Services team on admin@centaur.co.za.

Kind regards,



Roger Williams

Centaur BCI Flexible Fund



Best South African Multi-Asset Flexible Fund (Straight Performance) 3 years ending Dec'21



Best Flexible Allocation Fund



Best Flexible Allocation Fund



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

Fund NAV R 4 383.6m (as at 30 June 2022)

Objective The Fund targets real returns of at least 6% per annum with volatility no greater than 80% of the JSE All Share Index.

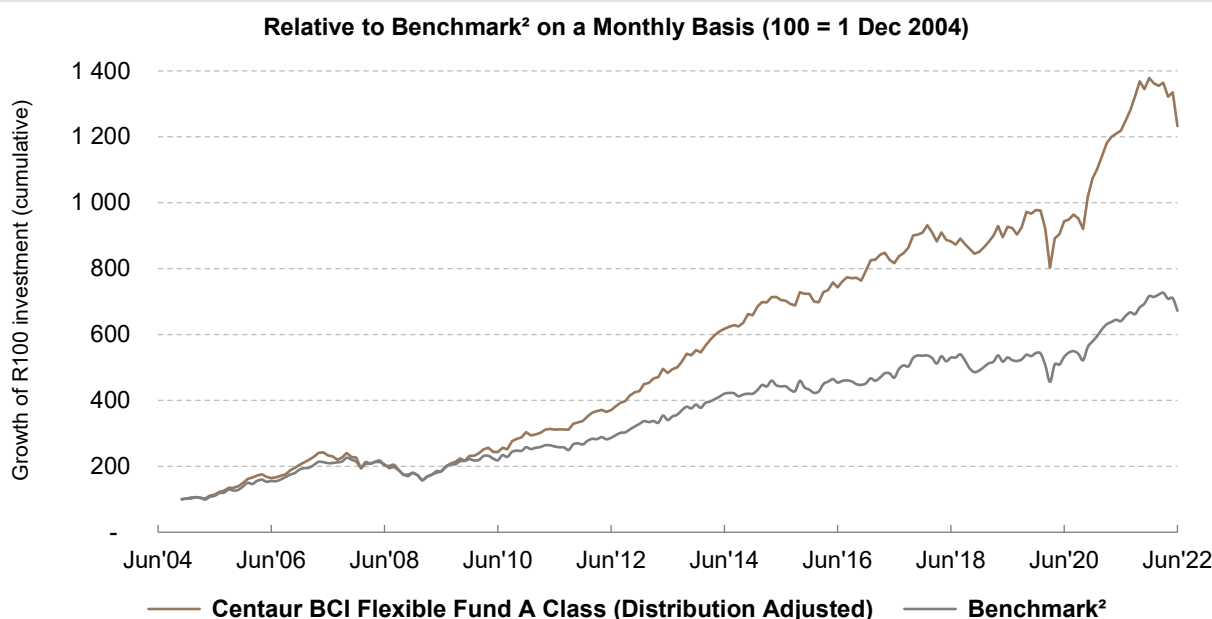
Benchmark 60% JSE Capped SWIX (J433T), 20% MSCI World (M1WO), 20% SteFI.

Fees on Class A:

Annual Fee 1.25% p.a. (excl. VAT) on the value of the Fund.

Performance Fee 20% above benchmark over rolling 2-year period, capped at 2% p.a.

Inception Date 1 December 2004



Performance as at 30 June 2022	1 year	3 years	5 years	10 years	Inception ¹
Centaur BCI Flexible Fund	1,1%	10,0%	8,6%	12,8%	15,4%
Benchmark ²	5,0%	8,2%	7,5%	8,9%	11,4%
Average Category return	4,7%	7,3%	6,3%	8,5%	
Ranking in Category	48 / 61	12 / 54	7 / 42	1 / 31	
Std. Deviation ³ – Centaur BCI Flexible Fund	12,0%	16,0%	13,4%	11,2%	12,3%
Std. Deviation ³ – Benchmark ²	10,2%	15,4%	13,7%	12,2%	13,9%

Source: Maitland, Moneymate and Centaur, at 30 June 2022. Past performance is not a reliable indicator of future returns.

Investment performance is for illustrative purposes only and 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. Full details and basis of the awards are available from the manager. ¹Inception Date: 01 December 2004. ²Benchmark:

1 Dec 2004 – 2 July 2007: 50% ALSI (J203), 50% FINDI (J213) to 15% RESI (J258), 65% FINDI (J250), 20% SA Repo.

3 July 2007 – 31 Oct 2018: 15% RESI (J258T), 65% FINDI (J250T), 20% SA Repo. Calculated over a 2-year rolling period.

1 Nov 2018 – Current: 60% JSE Capped SWIX (J433T), 20% MSCI World (M1WO), 20% SteFI. Calculated over a 2-year rolling period.

³Weekly standard deviation is the measure of how much an investment's return varies from its average on an annualised basis.

Highest and lowest calendar year performance since inception (as at 31 May 2022): High 46.7 Low -20.3.

The Centaur BCI Flexible Fund decreased 9.7% over the quarter. Over 2 years and more, the Fund remains in the top quartile of its category and has outperformed its benchmark over all periods 2 years and greater.

Asset Allocation	31 Mar'22	%Δ over Quarter	30 Jun'22	Benchmark
Fixed Income	26%	+5%	31%	20%
SA Cash & Equivalents	14%	+1%	15%	
SA Bonds	8%	0%	8%	
SA Prefs & Income Funds	1%	+7%	8%	
Offshore Cash	3%	-3%	0%	
SA Equities	55%	-9%	46%	60%
World Equities	19%	+4%	23%	20%
Total	100%		100%	100%

The Fund decreased equity content by 5% to 69% over the quarter driven by the pro-active selling of select SA shares to raise liquidity. These proceeds have been redeployed into new global opportunities and income generating funds.

The Fund reflects a new holding in Discovery and a larger position in Momentum Metropolitan following their unbundling from RMI Holdings. The holdings in Supergroup, Pick n Pay, Prosus and Sappi were exited. The existing positions in Truworths and British American Tobacco were topped up. We have virtually exited Sibanye Stillwater whilst Thungela Resources, Naspers and RMI Holdings were trimmed.

The Fund benefitted from strong performances in Astral, British American Tobacco and RMI Holdings whilst Aspen, African Rainbow Minerals and an underweight holding in Naspers detracted from relative performance over the quarter.

In the offshore equity portfolio, new positions were initiated in Repsol, Shell and Kering, whilst the existing position in Stellantis was topped up and the holding in Entain was trimmed. Entain and EXOR detracted from performance, whilst Repsol and Shell contributed to performance over the quarter.

Top 10 Equity Holdings - Centaur BCI Flexible Fund

Holdings	Sector	% of Fund NAV
Dell Technologies	Offshore – Computer Hardware	6.3%
Absa Group Limited	Banking	4.9%
Aspen Pharmacare Holdings Limited	Pharmaceuticals	4.3%
British American Tobacco PLC	Tobacco	3.9%
Exor NV	Offshore – Investment Services	3.7%
Entain PLC	Offshore – Gaming	3.6%
African Rainbow Minerals Limited	Mining & Resources	3.4%
Remgro Limited	Banking	3.0%
Truworths International Limited	Retail	2.7%
RMI Holdings Limited	Insurance	2.6%

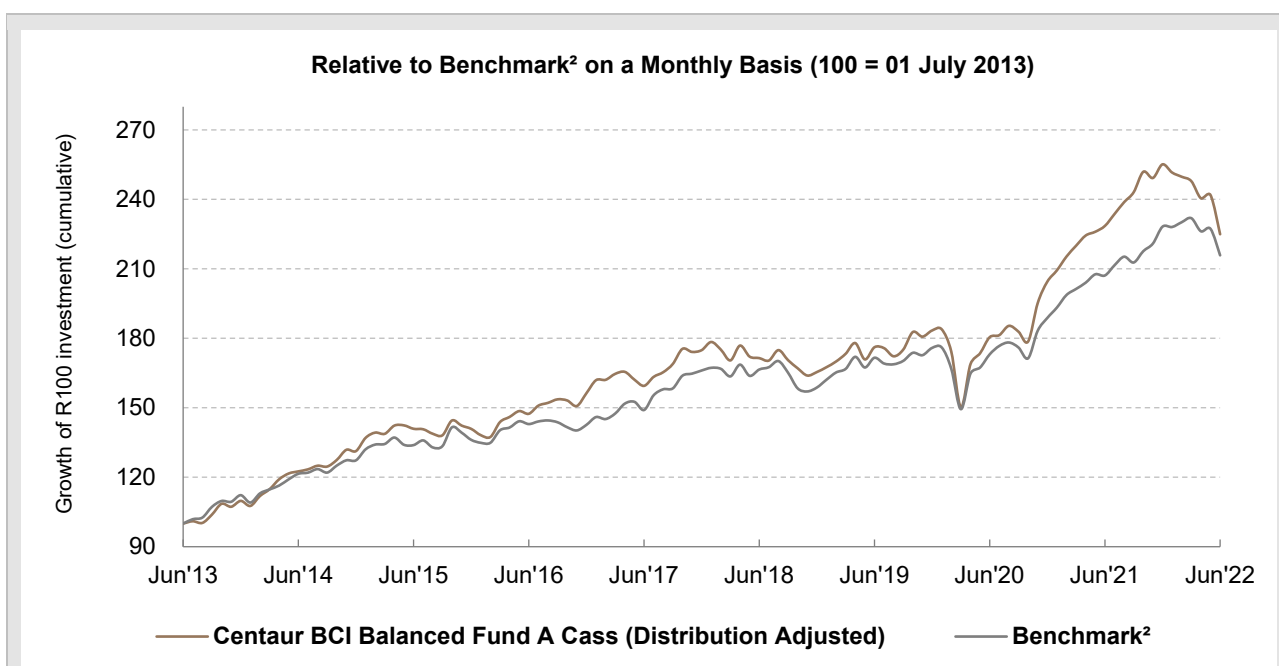
Source: Maitland and Centaur, as at 30 June 2022



Centaur BCI Balanced Fund

Fund NAV	R 1 399.1m (as at 30 June 2022)
Objective	The Fund targets real returns of at least 4% per annum with volatility no greater than 60% of the JSE All Share Index.
Benchmark	25% JSE All Bond Index (ALBTR), 48% JSE Capped SWIX (J433T), 16% MSCI World (M1WO) and 11% SteFI.

Fees on Class A:	
Annual Fee	1.35% p.a. (excl. VAT) on the value of the Fund.
Performance Fee	12.5% above benchmark over rolling 2-yr period, capped at 1% p.a.
Inception Date	1 July 2013



Performance as at 30 June 2022	1 years	3 years	5 years	Inception¹
Centaur BCI Balanced Fund	-1,6%	8,5%	7,1%	9,4%
Benchmark ²	4,2%	7,9%	7,7%	8,9%
Average Category return	3.1%	6.6%	6.2%	
Ranking in Category	186 / 196	24 / 178	36 / 154	
Std. Deviation ³ – Centaur BCI Balanced Fund	10,2%	15,4%	12,9%	11,0%
Std. Deviation ³ – Benchmark ²	9,0%	14,0%	12,1%	10,7%

Source: Maitland, Moneymate and Centaur, at 30 June 2022. Past performance is not a reliable indicator of future returns. Investment performance is for illustrative purposes only and 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. Full details and basis of the awards are available from the manager. ¹Inception Date: 01 December 2004. ²Benchmark: 1 Jul 2013 – 31 Oct 2018: 28% ALSI (J203T); 28% FINDI (J250T); 8% MSCI World Index; 30% JSE ALBI; 6% SA Repo rate. 1 Nov 2018 – Current: 25% JSE All Bond Index (ALBTR), 48% JSE Capped SWIX (J433T), 16% MSCI World (M1WO) and 11% SteFI. Calculated over a 2-year rolling period. ³Weekly standard deviation is the measure of how much an investment's return varies from its average on an annualised basis. Highest and lowest calendar year performance since inception (as at 31 May 2022): High 19.6 Low -5.4.

The Centaur BCI Balanced Fund decreased 9.4% over the quarter. Over 3 and more years the Fund is in the top quartile of its category.

Asset Allocation	31 Mar'22	%Δ over Quarter	30 Jun'22	Benchmark
Fixed Income	42%	+2%	44%	36%
SA Cash & Equivalents	8%	+1%	9%	11%
SA Bonds	27%	+3%	30%	25%
SA Prefs & Income Funds	2%	0%	2%	
SA Property	0%	0%	0%	
Offshore Cash	5%	-2%	3%	
SA Equities	39%	-5%	34%	48%
World Equities	19%	+3%	22%	16%
Total	100%	+0%	100%	100%

Equity content decreased 2% to 56% over the quarter as the Fund raised liquidity through the sale of select SA shares, while buying into new global opportunities at attractive levels. Centaur will use the ongoing market volatility to invest into attractive opportunities that should deliver strong risk-adjusted returns over time.

The Fund reflects new holdings in Discovery and Momentum Metropolitan following their unbundling from RMI Holdings, whilst the holdings in Naspers, Prosus and Life Healthcare was exited. The existing holdings in Sibanye Stillwater and Merafe were trimmed at attractive levels.

The Fund benefitted from strong performances in British American Tobacco and RMI Holdings whilst Aspen, PPC and an underweight holding in Naspers detracted from relative performance.

In the offshore equity portfolio, new positions were initiated in Repsol, Shell and Kering, whilst the existing position in Entain was trimmed. Entain and EXOR detracted from performance, whilst Repsol and Shell contributed to performance over the quarter.

Top 10 Equity Holdings - Centaur BCI Balanced Fund

Holdings	Sector	% of Fund NAV
Dell Technologies	Offshore – Computer Hardware	5.8%
British American Tobacco PLC	Tobacco	4.5%
Exor NV	Offshore – Investment Services	3.9%
Entain PLC	Offshore – Gaming	3.5%
Absa Group Limited	Banking	3.3%
Remgro Limited	Banking	3.3%
Truworths International Limited	Retail	3.2%
Aspen Pharmacare Holdings Limited	Pharmaceuticals	3.1%
Stellantis NV	Offshore – Auto	2.7%
RMI Holdings Limited	Insurance	2.5%

Source: Maitland and Centaur, as at 30 June 2022

Major Indicators

<p>South African Indices (100 = 01/01/2000)</p> <p>Source: Bloomberg</p>	<table border="1"> <thead> <tr> <th>SA Indices</th> <th>Dec'21</th> <th>Mar'22</th> <th>Jun'22</th> <th>%Δ Q/Q</th> <th>Return % YTD</th> </tr> </thead> <tbody> <tr> <td>All Share Index*</td> <td>73 709</td> <td>75 497</td> <td>66 223</td> <td>-12.3%</td> <td>-10.2%</td> </tr> <tr> <td>FINDI 30*</td> <td>92 737</td> <td>87 765</td> <td>81 092</td> <td>-7.6%</td> <td>-12.6%</td> </tr> <tr> <td>All Bond Index</td> <td>823</td> <td>838</td> <td>807</td> <td>-3.7%</td> <td>-1.9%</td> </tr> </tbody> </table> <p>*Excludes dividends re-invested</p>	SA Indices	Dec'21	Mar'22	Jun'22	%Δ Q/Q	Return % YTD	All Share Index*	73 709	75 497	66 223	-12.3%	-10.2%	FINDI 30*	92 737	87 765	81 092	-7.6%	-12.6%	All Bond Index	823	838	807	-3.7%	-1.9%
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CENTAUR

ASSET MANAGEMENT

Centaur Asset Management (Pty) Ltd is an authorised Financial Service Provider FSP 647.

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E-Mail: admin@centaur.co.za

Website: www.centaur.co.za

Physical address: Great Westerford Building, 240 Main Road, Rondebosch, Cape Town, 7700.

- ❖ Annualised performance is the return that would have been achieved if invested for the full 12month period.
- ❖ Additional information, including application forms, annual or quarterly reports can be obtained from BCI, free of charge or can be accessed on our website www.centaur.co.za.
- ❖ Valuation takes place daily and prices can be viewed on BCI's website (www.bcis.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.

Management Company Information

Boutique Collective Investments (RF) (Pty) Limited

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Tel: 021 007 1500 / 087 057 0571

Fax: 086 502 5319

Email: clientservices@bcis.co.za

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Custodian / Trustee Information

The Standard Bank of South African Limited

Tel: 021 441 4100

Disclaimer

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