

30 JUNE 2024

# SECOND QUARTER REPORT



**CENTAUR**  
ASSET MANAGEMENT

An Authorised Financial Services Provider (FSP 647)

Welcome to the Second Quarter Report for 2024. This quarter has been remarkable for the global and local markets, and I am excited to share our performance and insights with you.

## Market Overview

The MSCI World Index saw a 3% gain this quarter, driven primarily by the AI theme, which continues to be a key driver of returns. On the local front, the JSE All Share Index surged by 8%, buoyed by significant political changes. The Rand strengthened by 4% against the US Dollar, reflecting market optimism following the return of a government of national unity—the most significant political shift in 30 years.

Investment excellence remains one of our key principles and the consistency of the Centaur BCI Flexible and Balanced Funds stand out being top quartile performers for periods one year and longer.\*

## Fund Performance

at 30 June 2024	1 year	3 years	5 years	10 years	Inception
Centaur BCI Flexible Fund A	20.7%	13.2%	13.8%	11.1%	15.8% <sup>1</sup>
Fund Benchmark <sup>3</sup>	11.5%	11.0%	10.6%	7.6%	11.7%
Category Ranking	2 / 61	7 / 56	1 / 50	1 / 31	
Centaur BCI Balanced Fund A	19.5%	11.3%	12.3%	9.9%	11.0% <sup>2</sup>
Category Ranking	2 / 221	21 / 203	6 / 182	4 / 91	
Fund Benchmark <sup>4</sup>	12.3%	10.5%	10.3%	8.7%	10.1%

\*Source: MoneyMate, at 30 June 2024. Centaur BCI Flexible Fund category: South African Multi-Asset Flexible. Centaur BCI Balanced Fund category: South African Multi-Asset High Equity. <sup>1</sup>1 December 2004. <sup>2</sup>1 July 2013. <sup>3</sup>Refer to page 3. <sup>4</sup>Refer to page 4.

## *The Second Quarter*

The second quarter marked a solid performance for equity markets globally. In the US, the S&P 500 continued its upward trend, returning 4%. Nvidia, a key player in the AI revolution, saw a 37% increase, temporarily becoming the world's most valuable company.

Locally, the JSE and the Rand were positively impacted by favourable election results. The JSE All Share Index returned 8% in Rand and 12% in US Dollars. Our investment strategy, which favours JSE-listed South African-centric businesses, proved advantageous amidst these changes.

### **Political Shifts and Economic Implications**

For some time, we have held the view JSE listed South African centric businesses offered a favourable risk-reward profile. The recent election results and subsequent market response has brought this to the fore. The country faces multiple challenges, but the newly formed Government of National Unity (GNU) offers hope, if we are to see sustained improvements in the local investment landscape this hope must be turned into action.

Over the last 12 months we have seen evidence of structural reform. Eskom is nearing 100 days without load-shedding, the Eskom transmission company has been unbundled as a critical step towards grid expansion, there is some private sector involvement in ports and rail. Additionally, Ibrahim Patel retired from the Department of Trade and Industry, and the President, has appointed members of opposition parties to critical cabinet positions. In South Africa, we have grown accustomed to disappointment, which is reflected in our asset prices, but what if we are at an inflection point?

This brings us to the concept of the Lollapalooza effect, a phrase attributed to Charlie Munger, that describes how an event can trigger a positive or negative chain reaction. South Africa might be at a juncture where such a lollapalooza could take place. Firstly, the positive election outcome should be followed by lower interest rates in the latter part of this year. This could foster greater consumer confidence as structural reforms become more evident and lower interest rates leave more disposable income in pockets. Finally, this sequence of events could kick-start better economic growth and enable our banks to lend part of their excess R500bn credit capacity. South Africa is coming off a very low base and not much needs to go right for a positive feedback loop.

We are investing our client's capital in South African businesses that have upside economic optionality but are paid to wait via attractive dividend yields or where self-help actions are improving a business from within.

### **Centaur Developments**

Centaur's asset under management grew 18% in the first half of 2024 to R9.5 billion. After displaying excellent portfolio management skill Nicholas de Vos is now the primary Fund Manager of both the Centaur BCI Balanced and SA Equity Funds. In our pursuit of excellence, we are strengthening capabilities and delighted to welcome Matt King to our Investment Team. We also revamped our website reflecting the core values and successes that define Centaur.

At Centaur Asset Management, our commitment to delivering long-term outperformance remains unwavering and value your continued trust. Should you have any queries, please do not hesitate to contact myself or Nicholas de Vos. For additional details, you can reach our client services team at [admin@centaur.co.za](mailto:admin@centaur.co.za).

Kind regards,



**Roger Williams**

# Centaur BCI Flexible Fund

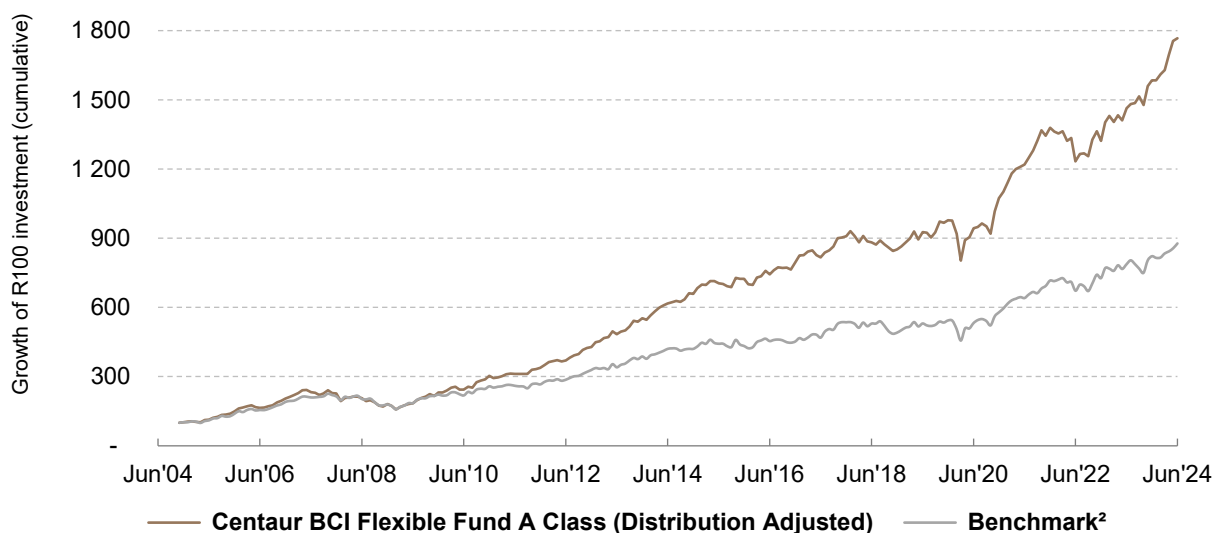


The Centaur BCI Flexible Fund increased 8.5% over the quarter and is the best performing Fund in its category over all periods of five or more years.

<b>Fund NAV</b>	R 6 380.3m (at 30 June 2024)
<b>Objective</b>	The Fund targets real returns of at least 6% per annum with volatility no greater than 80% of the JSE All Share Index.
<b>Benchmark<sup>2</sup></b>	Composite of 60% FTSE/JSE Capped Shareholder Weighted All Share Index (J433T), 20% MSCI World Index (M1WO) and 20% SteFI.

<b>Fees on Class A:</b>	
<b>Annual Fee</b>	1.25% p.a. (excl. VAT) on the value of the Fund.
<b>Performance Fee</b>	20% above benchmark over rolling 2-year period, capped at 2% p.a.
<b>Inception Date<sup>1</sup></b>	1 December 2004

Relative to Benchmark<sup>2</sup> on a Monthly Basis (100 = 1 Dec 2004)



Performance at 30 June 2024	1 year	3 years	5 years	10 years	Inception <sup>1</sup>
Centaur BCI Flexible Fund A	20.7%	13.2%	13.8%	11.1%	15.8%
Benchmark <sup>2</sup>	11.5%	11.0%	10.6%	7.6%	11.7%
SA Multi-Asset Flexible Category Return	11.1%	9.8%	9.4%	7.2%	
Ranking in Category	2 / 61	7 / 56	1 / 50	1 / 31	
Std. Deviation <sup>4</sup> – Centaur BCI Flexible Fund	8.2%	10.4%	13.7%	11.5%	12.1%
Std. Deviation <sup>4</sup> – Benchmark <sup>2</sup>	9.5%	10.3%	13.6%	12.5%	13.6%

**Source:** Apex, MoneyMate and Centaur at 30 June 2024. 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. The manager has the right to close the portfolio to new investors in order to manage it more efficiently. <sup>4</sup>Weekly 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 (at 31 May 2024): High 46.7% Low -20.3%.

Asset Allocation	31 Mar'24	%Δ over Quarter	30 Jun'24	Benchmark
<b>Fixed Income</b>	<b>28%</b>	<b>0%</b>	<b>28%</b>	<b>20%</b>
SA Cash & Equivalents	9%	-3%	6%	
SA Bonds	8%	0%	8%	
SA Prefs & Income Funds	4%	0%	4%	
Offshore Cash	7%	+3%	10%	
<b>SA Equities</b>	<b>45%</b>	<b>+5%</b>	<b>50%</b>	<b>60%</b>
<b>Offshore Equities</b>	<b>27%</b>	<b>-5%</b>	<b>22%</b>	<b>20%</b>
<b>Total</b>	<b>100%</b>		<b>100%</b>	<b>100%</b>

### Fund Strategy and Adjustments

The Fund's equity content was flat for the quarter as it actively increased its South African exposure during a volatile period in the local market caused by election jitters. Offshore equities reduced by 5% as the Fund took profits from strong market action. Offshore cash increased 3% from the sales whilst the balance was repatriated to fund local equity exposure.

### New Additions and Exits

We added new local positions in Netcare and Bidcorp and continued to accumulate shares in Prosus, Sasol, and Truworths. We exited small holdings in Astral and Pick n Pay, while strategically trimming positions in Aspen, Remgro, and Anglo American. The offshore equity component continued to accumulate Philips and Flutter, whilst materially trimming Dell and exiting Repsol into share price strength.

### Top Performers

The fund's relative outperformance was driven by overweight positions in African Rainbow Minerals, Truworths, and Wilson Bayly Holmes whilst offshore returns were bolstered by Brilliance Automotive and Dell.

### *Top 10 Equity Holdings*

Holding	Sector	% of Fund NAV
Aspen Pharmacare Holdings Ltd	Pharmaceuticals	5.6%
Exor NV	Offshore – Investment Services	5.6%
African Rainbow Minerals Ltd	Mining & Resources	4.7%
Truworths International Ltd	Retail	4.5%
Prosus NV	Media & IT	4.3%
Absa Group Ltd	Banking	4.1%
Dell Inc	Offshore – Computer Hardware	3.9%
Flutter Entertainment PLC	Offshore – Gaming	3.0%
Koninklijke Philips NV	Offshore – Healthcare	2.8%
Momentum Metropolitan Holdings	Financials	2.8%

Source: Apex, Centaur at 30 June 2024

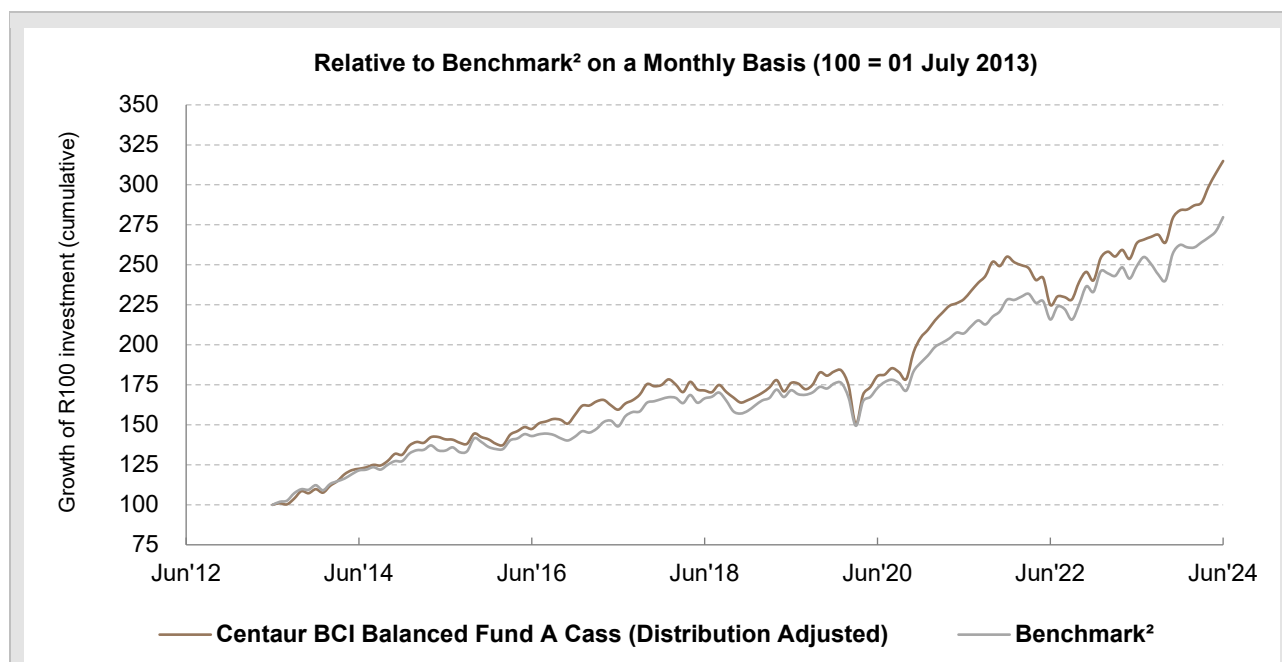
# Centaur BCI Balanced Fund



The Centaur BCI Balanced Fund increased 9.0% over the quarter, is the fourth-best performing Fund in its category over 10 years, and a top quartile performer over all periods of one or more years.

<b>Fund NAV</b>	R 2 261.4m (at 30 June 2024)
<b>Objective</b>	The Fund targets real returns of at least 4% per annum with volatility no greater than 60% of the JSE All Share Index.
<b>Benchmark<sup>2</sup></b>	25% FTSE/JSE All Bond Index (ALBTR), 48% FTSE/JSE Capped Shareholder Weighted All Share Index (J433T), 16% MSCI World Index (M1WO) and 11% SteFI.

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



Performance as at 30 June 2024	1 year	3 years	5 years	10 years	Inception <sup>1</sup>
Centaur BCI Balanced Fund A	19.5%	11.3%	12.3%	9.9%	11.0%
Benchmark <sup>2</sup>	12.3%	10.5%	10.3%	8.7%	9.8%
SA Multi-Asset High Equity Category Return	10.3%	9.3%	9.0%	7.1%	
Ranking in Category	2 / 221	21 / 203	6 / 182	4 / 91	
Std. Deviation <sup>4</sup> – Centaur BCI Balanced Fund	7.4%	9.2%	13.1%	10.8%	10.6%
Std. Deviation <sup>4</sup> – Benchmark <sup>2</sup>	8.6%	9.3%	12.3%	10.7%	10.4%

**Source:** Apex, Moneymate and Centaur, at 30 June 2024. 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. The manager has the right to close the portfolio to new investors in order to manage it more efficiently. <sup>4</sup>Weekly 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 (at 31 May 2024): High 24.8% Low -5.8%.

Asset Allocation	30 Mar'24	%Δ over Quarter	30 Jun'24	Benchmark
<b>Fixed Income</b>	<b>40%</b>	<b>-5%</b>	<b>35%</b>	<b>36%</b>
SA Cash & Equivalents	7%	-4%	3%	11%
SA Bonds	26%	0%	26%	25%
SA Prefs & Income Funds	1%	0%	1%	
Offshore Cash	6%	-1%	5%	
<b>SA Equities</b>	<b>40%</b>	<b>+5%</b>	<b>45%</b>	<b>48%</b>
<b>Offshore Equities</b>	<b>20%</b>	<b>0%</b>	<b>20%</b>	<b>16%</b>
<b>Total</b>	<b>100%</b>		<b>100%</b>	<b>100%</b>

### Fund Strategy and Adjustments

Centaur's BCI Balanced Fund moved marginally overweight equities during the quarter as it used election jitters to upweight SA equities whilst maintaining its offshore weighting. Local equity purchases were funded with local and offshore cash. The Fund maintained its marginal overweight exposure to SA bonds.

### New Additions and Exits

The Fund added two new local positions during the quarter, Netcare and Bidcorp, whilst continuing to accumulate shares in existing holdings Prosus, Sasol and Truworths. Small holdings in Astral and Pick 'n Pay were exited whilst Aspen, Reunert and Anglo American was trimmed at opportune levels.

### Top Performers

Relative outperformance was positively driven by overweight positions in African Rainbow Minerals, Truworths, and Altron. The offshore equity component initiated an equity holding in Jupiter Mines and continued to accumulate Philips, Brilliance Automotive and Flutter, whilst trimming Dell and exiting Repsol into price strength. The offshore component performed well due to strong performances of Brilliance Automotive and Dell.

### Top 10 Equity Holdings

Holding	Sector	% of Fund NAV
Aspen Pharmacare Holdings Ltd	Pharmaceuticals	4.8%
Exor NV	Offshore – Investment Services	3.8%
African Rainbow Minerals Ltd	Mining & Resources	3.8%
Absa Group Ltd	Banking	3.7%
Truworths International Ltd	Retail	3.4%
Prosus NV	Media & IT	3.1%
Dell Inc	Offshore – Computer Hardware	2.8%
Momentum Metropolitan Holdings	Insurance	2.6%
Brilliance China Automotive	Offshore – Industrial	2.5%
Flutter Entertainment PLC	Offshore – Gaming	2.5%

Source: Apex, Centaur at 30 June 2024

## *Centaur BCI SA Equity Fund*

Since inception<sup>1</sup>, the Centaur BCI SA Equity Fund A returned 11%, compared to the benchmark performance of 9%, outperforming<sup>2</sup> it by 2%.

<b>Fund NAV</b>	R 470.7m (at 30 June 2024)	<b>Fees on Class A:</b>	
<b>Objective</b>	The Fund targets real returns of at least 7% per annum.	<b>Annual Fee</b>	1.25% p.a. (excl. VAT) on the value of the Fund.
<b>Benchmark<sup>2</sup></b>	100% FTSE/JSE Capped Shareholder Weighted All Share Index (J433T).	<b>Performance Fee</b>	20% above benchmark over rolling 1-yr period, capped at 2% p.a.
<b>Inception Date<sup>1</sup></b>	30 November 2023		

### **Fund Strategy and Adjustments**

Centaur's BCI SA Equity Fund used market volatility ahead of local elections to increase its equity weighting from 82.7% at the start of the quarter to 98.7% by the end of the quarter.

### **New Additions and Exits**

During the quarter, the Fund added four new holdings, namely Naspers, Netcare, and Nampak, whilst using M&A activity to partially switch Anglo American into BHP Group. The Fund continued to accumulate existing holdings in Sasol, Southern Sun and Curro whilst strategically trimming Momentum Metropolitan and Reunert at good levels.

### **Top Performers**

The Fund's relative outperformance was driven by overweight positions in African Rainbow Minerals, Truworths and select smaller capitalisation stocks.

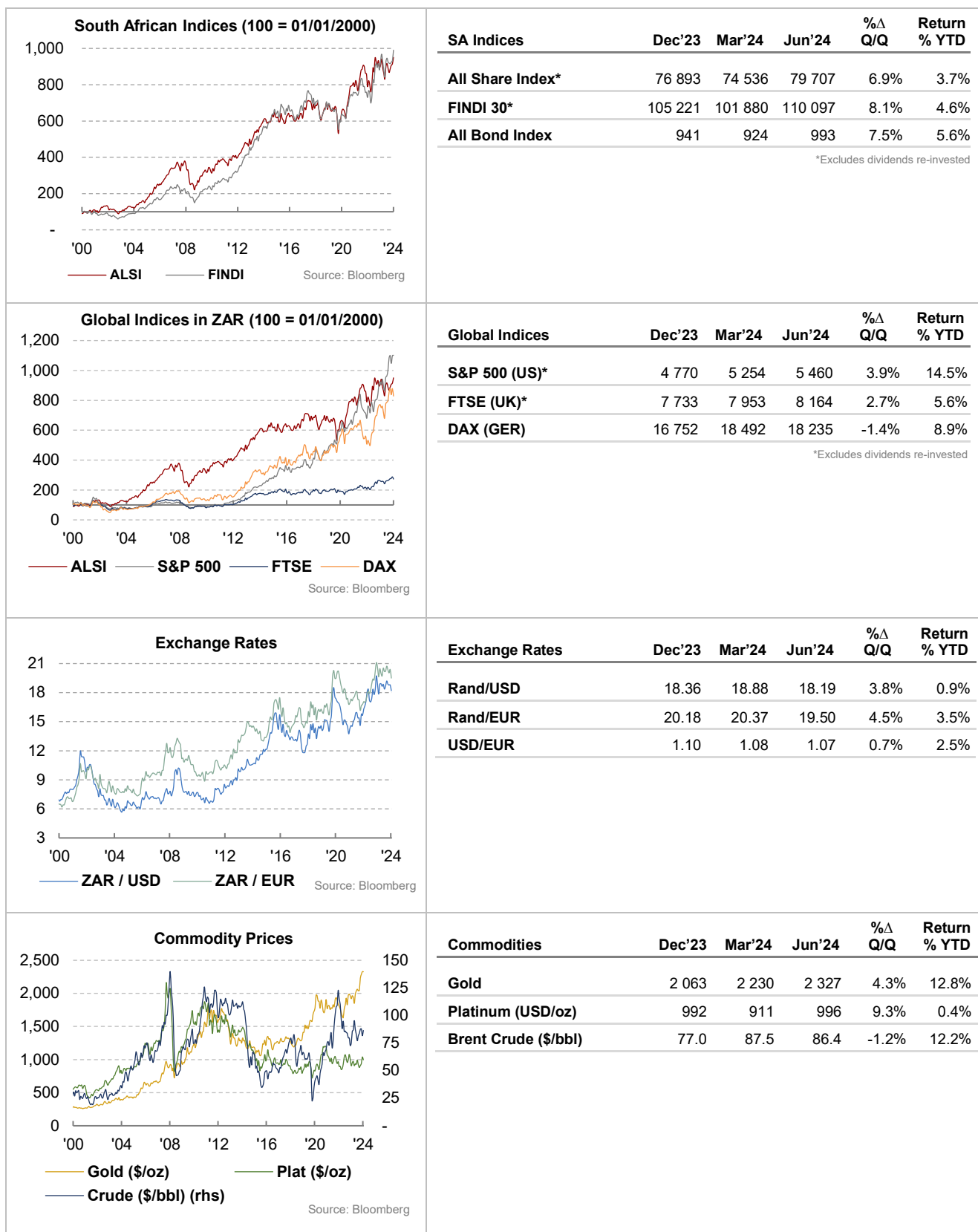
## *Top 10 Equity Holdings*

<b>Holding</b>	<b>Sector</b>	<b>% of Fund NAV</b>
Prosus NV	Media & IT	10.1%
Aspen Pharmacare Holdings Ltd	Pharmaceuticals	7.0%
Absa Group Ltd	Banking	6.5%
African Rainbow Minerals Ltd	Mining & Resources	5.2%
Truworths International Ltd	Retail	5.0%
Momentum Metropol Holdings Ltd	Financials	5.0%
FirstRand Ltd	Banking	4.6%
Compagnie Financiere Richmont	Insurance	4.2%
Southern Sun Ltd	Gaming	4.1%
Remgro Ltd	Financials	3.9%

Source: Apex, Centaur at 30 June 2024



## Major Indicators





## CENTAUR

ASSET MANAGEMENT

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

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**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](http://www.centaur.co.za).
- ❖ Valuation takes place daily and prices can be viewed on BCI's website ([www.bcis.co.za](http://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

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### Custodian / Trustee Information

The Standard Bank of South African Limited

**Tel:** 021 441 4100

#### Disclaimer

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