

Ampersand Momentum CPI Plus 6 Fund of Funds

Assets managed by: Ampersand Asset Management

Managers corner



Meet your managers



Tom Barlow
BCom (Economics), CFA

Chief Investment Officer

Tom is the founder and CEO of Ampersand. He is responsible for the portfolio management and key in the decision-making on all portfolios under the management of Ampersand. Tom has more than 20 years' experience in Financial Services, having worked for numerous Investment Management businesses over this time, including Fergusson Bros, BoE Private Bank, Investec Asset Management and GlenrandMIB. Tom has managed and advised on investments on behalf of Retirement Funds, Private Equity Funds, Corporates, Family Offices and Private Individuals.

Managed portfolio since 12 May 2008



Managers view

Economic overview

On the 23rd of June 2016, Britain voted to exit the European Union (EU) in a surprise outcome that shocked markets, causing currency volatility, financial market turbulence and a myriad of uncertainty. In addition, the vote raises political and economic challenges in the UK, the EU and around the world. David Cameron announced his resignation as UK prime minister. The initial reaction saw declines in global shares and other risk assets and has been the overriding driver of market movements in the second quarter.

Likely outcomes: The exit of Britain from the EU is a complicated and gradual process that is likely to take at least two years. Economically, the decision will have implications on UK trade agreements with Europe, which will have to be renegotiated; Fixed Direct Investment flows into the UK, which may slow as European focussed companies reconsider where to be domiciled and the UK's cost of capital may rise given the possibility of a sovereign credit downgrade. All this could translate into slower economic growth for the UK or possibly recession. Central banks across the globe are likely to pause the hiking of interest rates, including the US Federal Reserve. The Bank of England may cut interest rates to zero and resume Quantitative Easing (QE) to prevent excessive turbulence. UK Government bonds may receive negative outlooks from credit ratings agencies with possible downgrades to follow.

Possible knock-on effect: Across Europe, some countries will also push for referendums on whether to leave the EU or not. Scotland may call for a referendum on whether to leave the UK.

Effect on our portfolios: Our portfolios are well diversified and we have limited exposure to direct UK assets. Global risk assets will however continue to be under short term pressure and this would have an impact on our funds, both locally and internationally. The local portfolios would however benefit from Rand weakness while our global portfolios will benefit from a bias toward USD assets as well as diversification.

Market overview

The MSCI AC World Index grew 0.56% and global bonds added 3.15% respectively in Rand terms. The FTSE/JSE All Share Total Return Index returned a mere 0.44% this quarter. Resources saw positive gains of 6.44% while Industrials gained only 0.51%. The market was dragged down by Financials which lost -4.34%. SA Listed Property dropped -0.43%. Local bonds were positive, gaining 4.41%, as investors sought safety. The Rand initially weakened to R15.40/US\$ on the Brexit news after experiencing some significant volatility over the quarter but has subsequently strengthened again to end the quarter flat against the US Dollar, at R14.70/US\$.

Portfolio overview

The Ampersand Momentum CPI+6% Fund of Funds saw a decline of -0.13% for the quarter. The SA inflation plus 6% fund objective returned 3.24% for the quarter. Underperformance against the inflation benchmark is a result of volatility but we are comfortable with the way the portfolio has held up in volatile and turbulent markets.



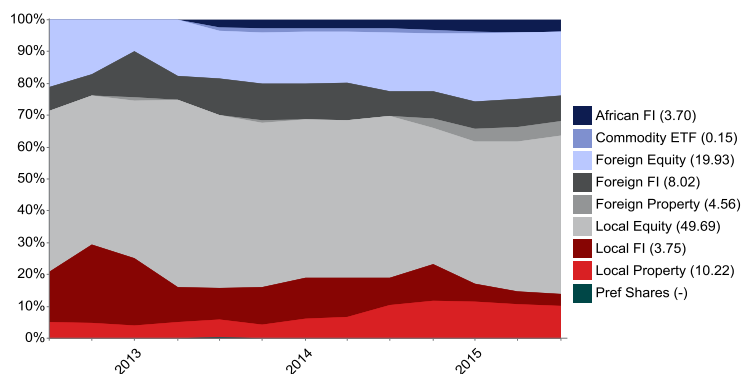
Portfolio positioning

With risk assets under pressure, we do expect to see some volatility and impact into our portfolio. However, the portfolio remains well diversified. Any potential Rand weakness would benefit our offshore holdings. We are comfortable with the positioning of the portfolio and urge investors to remain calm. Although this is a significant event the portfolio is robust and designed to withstand shocks and reduce volatility. We remain committed to downside protection and encourage our clients to remain focussed on their long-term investment objectives.

Facts and figures

Holdings

Asset allocation (look through)



Q2 2016 – Portfolio holdings (%)

Ampersand Momentum Equity B	51.13
VPFP International Growth IC A	32.51
Ampersand Momentum Flex Property Inc	11.25
Saffron African Yield Opportunity B	3.70
Saffron MET Inflation Linked Bond B	0.71
Saffron MET Inflation Linked Bond ABIL RF	0.14
Local Cash/Money Market	0.57

Q1 2016 – Portfolio holdings (%)

Ampersand Momentum Equity B	50.64
VPFP International Growth IC A	32.80
Ampersand Momentum Flex Property Inc	11.93
Saffron African Yield Opportunity B	3.66
Saffron MET Inflation Linked Bond B	0.69
Saffron MET Inflation Linked Bond ABIL RF	0.14
Local Cash/Money Market	0.14

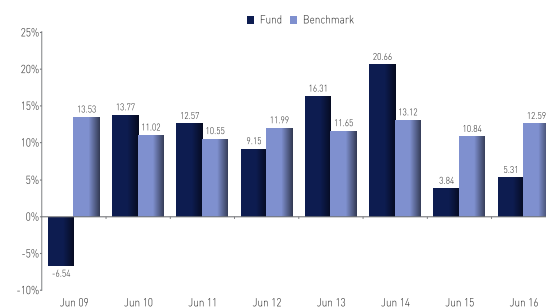
Performance

Returns (%)



Cumulative for all periods less than 1 year, annualised for all longer periods.

One year returns (%)



Cumulative returns ending 30 June each year.

Fund: Ampersand Momentum CPI Plus 6 Fund of Funds Class A (Inception 12 May 2008) Benchmark: CPI + 6% (after fees)

Performance is calculated for a portfolio/portfolio class. Individual investor returns may differ as a result of fees, actual date(s) of investment, date(s) of reinvestment of income and withholding tax. Annualised returns, also known as Compound Annualised Growth Rates (CAGR), are calculated from cumulative returns; they provide an indication of the average annual return achieved from an investment that was held for the stated time period. Actual annual figures are available from the Manager on request. Performance figures quoted are from Morningstar, as at 30/06/2016, for a lump sum investment, using NAV-NAV prices with income distributions reinvested on the ex-dividend date. All figures calculated in ZAR. CPI/Inflation figures, where present, are lagged by one month. Cash figures, where present, are STeFI Composite Index returns.



Information

Ampersand Momentum CPI Plus 6 Fund of Funds

R 395.72 million

Class	Status	Direct Retail	Cost Ratios				Price, Participatory Interests and AUM			MDD
			TER (%)	TC (%)	TIC (%)	From	NAV Price (cpu)	Units in issue	Size (Rands)	
A	Open	Yes	1.79	0.02	1.81	1 Apr 2013	163.32	140,503,363	229,475,540	
B1	Open	No	1.54	0.02	1.56	1 Apr 2013	163.61	69,683,031	114,008,043	
B2	Open	No	1.43	0.02	1.44	1 Apr 2013	163.71	23,848,991	39,044,023	
B3	Open	No	2.43	0.02	2.45	1 Apr 2013	162.79	7,824,570	12,737,565	
B4	Open	No	3.02	0.02	3.04	1 Apr 2013	161.64	279,537	451,848	

Class, Status, Direct Retail - A portfolio may have multiple classes, each of which may be open or closed to new investment, not all classes of a portfolio are available for direct retail investment as the different classes may be designed for/accessible to different investor types.

Cost Ratios – The Total Expense Ratio (TER) is the percentage of the net asset value of the class of the Financial Product incurred as expenses relating to the administration of the Financial Product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. A current TER may not necessarily be an accurate indication of future TER's. The disclosed TERs are shown as an annual percentage based on data for the period from the date shown to 31 March 2016. The Transaction Costs (TC) is the percentage of the net asset value of the Financial Product incurred as costs relating to the buying and selling of the assets underlying the Financial Product. TC are a necessary cost in administering the Financial Product and impacts Financial Product 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 Financial Product, the investment decisions of the investment manager and the TER. The disclosed TC is shown as an annual percentage based on data for the period from the date shown to 31 March 2016. The Total Investment Charges (TIC), the TER + the TC, is the percentage of the net asset value of the class of the Financial Product incurred as costs relating to the investment of the Financial Product. It should be noted that a TIC is the sum of two calculated ratios (TER+TC). The TER and TC have been calculated using historical actual and/or estimated data and are provided solely as an indication/guide as to the annual expenses/costs that could be incurred. These ratios do not represent any current/actual charges or fees.

Price, Participatory Interests and AUM - Data as at 30 June 2016

MDD – CIS regulations require a minimum disclosure document (MDD) to be compiled for all CIS portfolios, which must be viewed by an investor at point of sale. A link to the MDD that corresponds to the date of this QIR has been provided in the table above (for the relevant class of the portfolio) and we recommend that you review the MDD for further details on this portfolio.

Important information



Disclosures

Portfolio

Ampersand Momentum CPI Plus 6 Fund of Funds is a third party named CIS portfolio, the assets of which are administered by Ampersand Asset Management (Pty) Ltd, registration number: 2007/006571/07, a registered financial services provider, FSP number: 33676. The Manager retains full legal responsibility for all third party named CIS portfolios under the Momentum Collective Investments Scheme.

Ampersand Momentum CPI Plus 6 Fund of Funds is a Fund of Funds CIS portfolio. A Fund of Funds, apart from assets in liquid form, consists solely of participatory interests in portfolios of CIS, which may levy their own charges, which could result in a higher fee structure for Fund of Funds than some other forms of CIS portfolios.

The fund is permitted to invest in foreign securities which, within portfolios, may have additional material risks, depending on the specific risks affecting that country, such as: potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks; and potential limitations on the availability of market information. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Investors are reminded that an investment in a currency other than their own may expose them to a foreign exchange risk.

Collective Investment Schemes (CIS)

Momentum Collective Investments (RF) (Pty) Ltd (the "Manager"), registration number 1987/004287/07, is authorised in terms of the Collective Investment Schemes Control Act (CISCA) to administer Collective Investment Schemes (CIS) in Securities. The Manager is the manager of the Momentum Collective Investments Scheme, and MMI Holdings Ltd is a full member of the Association for Savings and Investment SA. Standard Bank of South Africa Limited (+27 (0)21 441 4100 PO Box 54, Cape Town, 8000) is the trustee of the scheme. Ampersand Momentum CPI Plus 6 Fund of Funds is a portfolio of the Momentum Collective Investments Scheme and Ampersand Asset Management (Pty) Ltd, registration number: 2007/006571/07, an approved financial services provider (FSP) under the Financial Advisory and Intermediary Services Act (No. 37 of 2002), FSP number: 33676, is responsible for managing the assets of this portfolio. 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 the future. CIS are traded at ruling prices and can engage in borrowing and scrip lending. The CIS may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Different classes of units apply to portfolios, which are subject to different fees and charges. A schedule of fees and charges and maximum commissions is available on request from the Manager. The Manager reserves the right to close and reopen certain portfolios to new investors from time to time in order to manage them more efficiently in accordance with their mandate. Portfolios are valued daily at approx. 15h00, latest prices can be viewed at www.momentuminv.co.za. Forward pricing is used. Instructions must reach the Manager before 14h00 to ensure same-day value. The Manager does not provide any guarantee, either with respect to the capital or the return of this portfolio. Additional information on the proposed investment can be obtained, free of charge, at www.momentuminv.co.za or may be requested from the Manager.

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This document should not be seen as an offer to purchase any specific product and is not to be construed as advice. Investors are encouraged to obtain independent professional investment and taxation advice before investing with or in any of the Manager's products.



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