



**“If the highest aim of a captain were to preserve his ship, he would keep it in the port forever.” Thomas Aquines.**

As has been well documented, South African investors have endured a difficult few years, with the average equity fund declining 9% in 2018, and only compounding at 1.6% per annum for the last 3 years. Likewise, balanced funds too have disappointed, declining by nearly 4% in 2018, and only compounding at 2% per annum over the last 3 years.

The journey to this point has indeed been a painful one for many, but it has created numerous opportunities for patient investors. The ClucasGray Equity & ClucasGray Equilibrium Funds have achieved 3 year compound annual returns of 6.6% and 5.7% respectively – lower than we would have liked, but nonetheless ahead of inflation, the indices and the peer groups.

The 16<sup>th</sup> of January 2019 marks the 4 year anniversary since the launch of the ClucasGray Equilibrium Fund – it certainly has been an extremely eventful 4 years, and although the future is always uncertain, the fund has managed to achieve top quartile returns over all significant periods since inception.

Following on from the disappointing returns achieved by the industry, the temptation is to adopt a more conservative approach to investing, and lock in steady returns

from lower risk assets. In the attached quarterly we provide some reasons as to why we believe the opportunity set presented to investors has encouraged us to increase weightings to local equities. In the Equilibrium Fund, we strive to deliver returns in excess of inflation over long periods of time, and to do so requires us at times to judiciously add risk in the portfolio when appropriate. We believe now is indeed such a time, and like the captain of the ship referred to earlier, we need to leave the safety of the port.

Please find attached our latest ClucasGray Asset Management quarterly, where we outline some of our current thoughts and fund positioning. We also explore the longer term merits of balanced funds, and their ability to generate real returns for investors over time.

In addition, please find the December 2018 fund fact sheets for the ClucasGray Equity and Equilibrium Funds.

We wish you and your clients everything of the best for the year ahead, and if there is any interest to engage, please don't hesitate to get in touch.

Regards

Andrew, Grant and Nikki

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[Click here to view the December 2018 Equity Fund Factsheet](#)

[Click here to view the December 2018 Equilibrium Fund Factsheet](#)



## **December 2018 Quarterly**

In our December 2018 quarterly, we have outlined our current view of market conditions, and how we have positioned the portfolios to take advantage of the opportunities we believe have been presented.

[Click Here to view our December 2018 Quarterly](#)

Our funds are available on the following platforms:

AIMS | Allan Gray | Glacier | Investec | Momentum  
Multilect | Prescient | Prime | Stanlib



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Persons are advised to contact ClucasGray directly should they wish for us to conduct an analysis with a view to facilitating investing in our investment portfolios.

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