



CLUCASGRAY AM

ASSET MANAGEMENT

A juristic representative of ClucasGray (Pty) Ltd  
An Authorised Financial Services Provider, FSP 21117

ClucasGray  
Asset  
Management

Commentary

April 2019



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**“Everybody, sooner or later, sits down to a banquet of consequences.” Robert Louis Stevenson**

The first quarter of 2019 proved a productive one, with equity and balanced funds delivering pleasing gains, following a protracted period of underwhelming returns - but the quarter was certainly not without its challenges. Revelations in the State Capture enquiry have been alarming, the unwelcome arrival of Stage 4 load shedding proved a cataclysmic blow to the nations' collective confidence, and the Reserve Bank continues to thwart domestic consumer activity. In the attached quarterly we expand on a number of key issues, including an example of how divergent ratings on the JSE are providing some interesting opportunities for patient investors. We encourage you to follow the link below to read our March 2019 quarterly.

### **The ClucasGray Equity Fund**

The market was driven by strong returns from resource companies, and the large global industrial companies listed on the JSE. The ClucasGray Equity fund performance was assisted by the likes of Exxaro, Anglos, Clover, British American Tobacco and Naspers – all of which returned over 15% in the quarter and are material holdings in the fund. We have taken advantage of divergent movements in the equity market, and positioned the portfolio in companies we believe to be attractively valued relative to our estimates of their earnings prospects. The ClucasGray Equity Fund is up 5.7% in the first quarter. Over the last 3 years, the fund has gained 6.9% per annum, which compares favourably to both the Swix (+3.7%) and the peers (+2.0%).

## The ClucasGray Equilibrium Fund

Over the course of the last year we have been systematically increasing the overall equity weightings within the ClucasGray Equilibrium fund. Our conviction in the opportunity set currently being presented in South Africa, has meant that the portfolio's weighting to both local equity and longer duration bonds is currently the highest since the inception of the fund in January 2015. We are by no means oblivious to the ever present risks that South African investors face, but believe many assets are pricing in an outcome to various pending events that is excessively negative. We will continue to use the combination of asset allocation and security selection to strive to deliver on our investment objectives of industry leading real returns for our investors. The ClucasGray Equilibrium Fund returned 5.5% for the first quarter. Over the last 3 years, the fund has gained 6.9% per annum, ahead of inflation of 4.5%, and the peer group returns of 3.3%.

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 March 2019 Equity Fund Factsheet](#)

[Click here to view the March 2019 Equilibrium Fund Factsheet](#)



### March 2019 Quarterly

In our March 2019 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 March 2019 Quarterly](#)

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[Click Here to visit our new Website](#)

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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.

ClucasGray (Pty) Ltd is an independent investment management company registered in South Africa, company registration number 2005/12445/07 and authorised financial services provider under the Financial Services Board (FSB) registration number 21117. The main business of ClucasGray is the provision of investment management services to private and institutional clients.

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