



CLUCAS GRAY  
ASSET MANAGEMENT

***"Set your course by the stars, not by the lights of every passing ship."***

***Omar Bradley***

It is December – Johannesburg is grappling with the final throes of an uncomfortable heatwave, the summer rains are imminent, schools have broken up, Sevens rugby has arrived in the Cape and cricket is featuring prominently on television again! What more could one wish for...

2018 has indeed been a year in which investors' resolve has truly been tested. All readers are well versed in the high profile company implosions – numerous widely owned companies that delivered gravity defying returns to investors for years, have endured a torrid year. Steinhoff and perhaps some of the property names aside, where it appears other issues may have been at play, the overwhelming majority fell victim to a slowing earnings profile, coupled with elevated valuations, and in certain cases excess leverage. This is not the first time this has occurred, and it certainly will not be the last – in fact many would argue it is the ordinary course of investments.

At ClucasGray Asset Management we adopt a disciplined investment process which we believe helps to mitigate against a number of key investment risks, and to take advantage of opportunities as they present themselves. We constantly debate and strive to resolve the interplay between earnings growth and valuation in all our investment decisions, be they individual companies or asset classes; and we remain vigilant towards leverage, valuation and concentration risks.

The above quote resonates with us – we live in a news obsessed and noisy world, where opinions frequently masquerade as facts, where mere tweets move markets, and where portfolio flows have a bigger bearing on share prices than fundamentals. We firmly believe that fundamentals ultimately win through, and like the lights of every passing ship, the news of today is frequently forgotten by tomorrow.

---



## ClucasGray Equity Fund

Over the last 12 months, the ClucasGray Equity Fund has declined by 3.2% - an undeniably disappointing nominal return. Against the JSE Swix which declined 14.3% and the peer group which declined 11.9%, the portfolio has performed relatively well in a falling market.

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



## ClucasGray Equilibrium Fund

The ClucasGray Equilibrium Fund is up 1.9% over the last 12 months, compared to the peer group which declined by 6.3%. The Fund has delivered annualized returns of 6.7% and 5.8% over the last 2 and 3 years respectively, ahead of the peer group (2.5% and 1.8% respectively), and ahead of inflation, but short of the real returns we aim to deliver.

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

Unfortunately all investors make mistakes, and whilst we may have avoided many of the causalities, we nonetheless take no pleasure in delivering weak nominal returns to investors. Notwithstanding the year just past, we remain steadfast in our commitment to adhere to our process, to challenge conventional thinking where appropriate, and to actively seek out opportunities to assist us in delivering on our investment promise to clients.

We would like to wish you and your families everything of the best for the Festive Season.

May it be an enjoyable and relaxing few weeks, and we look forward to engaging with you all in the New Year.

Regards

Andrew, Grant and Nikki



## September 2018 Quarterly

In our September 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 September 2018 Quarterly](#)



Our funds are available on the following platforms:

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

[Click here to view our Website](#)



## DISCLAIMER

Information contained herein is for information purposes only and is merely illustrative. It is not deemed as advice as defined in the Financial Advisory and Intermediary Services Act (FAIS Act). ClucasGray and its employees shall not be held responsible for any losses sustained by any person acting based on the information. Past performance of any of our portfolios is not indicative of their future performance.

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.

---

*Copyright © 2019 ClucasGray (Pty) Ltd, All rights reserved.*

### ClucasGray Asset Management

Dunkeld Place | 12 North Road | Dunkeld | 2196

Telephone: +27 11 771 1960 | Email: [Nikki@ClucasGray.co.za](mailto:Nikki@ClucasGray.co.za)

Want to change how you receive these emails?

You can [update your preferences](#) or [unsubscribe from this list](#)