

# MACHABENG PORTFOLIO

JUNE 2021



cannon  
asset  
managers

rigour. resilience. results.

## PORTFOLIO FACTS

<b>Benchmark (US\$)</b>	S&P 500 Index
<b>Strategy Inception</b>	January 2013
<b>EasyEquities Portfolio Inception</b>	August 2019
<b>Investment Horizon</b>	> 5 Years

## INVESTMENT OBJECTIVES

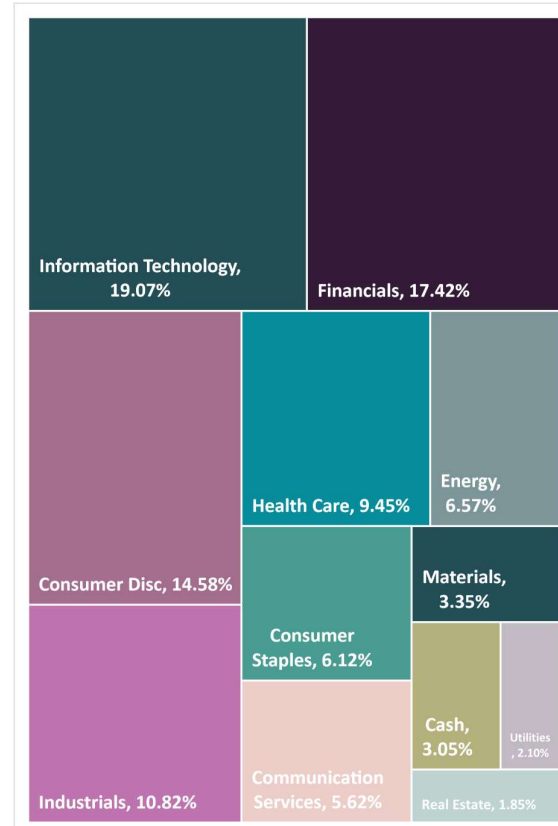
To create long-term wealth for investors by investing in a portfolio of attractively priced global companies that are able to produce above-average growth compared to world stock markets. The portfolio aims to perform better than the leading equity index (S&P 500 Index) without taking on greater risk. Cannon Asset Managers aims to maximise returns and manage risk through country and sector exposure and stock selection.

## INVESTMENT STRATEGY

The portfolio is actively managed, and the strategy is to remain fully exposed to international equities. Machabeng is invested in companies that represent superior intrinsic value, that are underpinned by strong fundamentals and that are backed by experienced management teams with solid track records. The firms are identified and selected using a disciplined investment process. This process is based on detailed bottom-up research conducted with a long-term view.

US dollar-denominated assets make up 100% of the portfolio, which has a long-term strategic target to hold assets priced in hard currencies. Exposure to other major currencies – including the Euro, Swiss franc Chinese yuan, Japanese yen and British pound – is achieved through the operations of the underlying companies in geographies outside of the US.

## SECTOR EXPOSURE

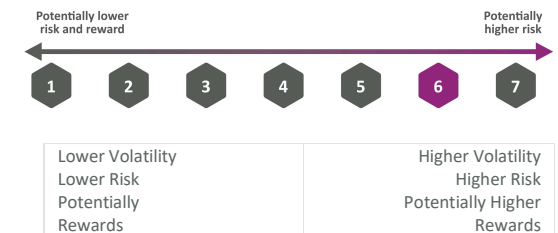


The exposure to equities is established through a concentrated portfolio of companies held over long investment periods, which means portfolio management costs are kept as low as possible. The primary goal of the portfolio is to produce high capital growth over the long term measured in US dollars.

## INVESTMENT GUIDELINES

The Machabeng Portfolio invests in a portfolio of global equities. Exposure to growth-based, dollar-priced assets means that the portfolio does not comply with the investment limits governing retirement funds (Regulation 28 of the Pension Funds Act). There are no limits or constraints to the geographic allocation or currency allocation of the portfolio. The portfolio matches equity sector exposure based on global equity market sector exposures. The underlying assets are then chosen based on valuation, financial strength and equity class. Certain equities are excluded based on their environmental, social or governance issues. These shares are held over the longer term to realise their value.

## SUITABLE FOR\*



The portfolio is suited to investors who:

- seek long-term capital growth ahead of US dollar consumer price inflation and ahead of headline equity-market indices (specifically the S&P 500);
- can tolerate short-term portfolio volatility associated with an aggressive investment mandate;
- need global investment exposure; and
- have an investment horizon of at least five years.

## BENCHMARK

The investment results are benchmarked against the S&P 500 Index.

As an aggressive investment, the portfolio is managed to produce high capital growth for investors who can tolerate short-term market volatility and are willing to accept the risks associated with an aggressive mandate.

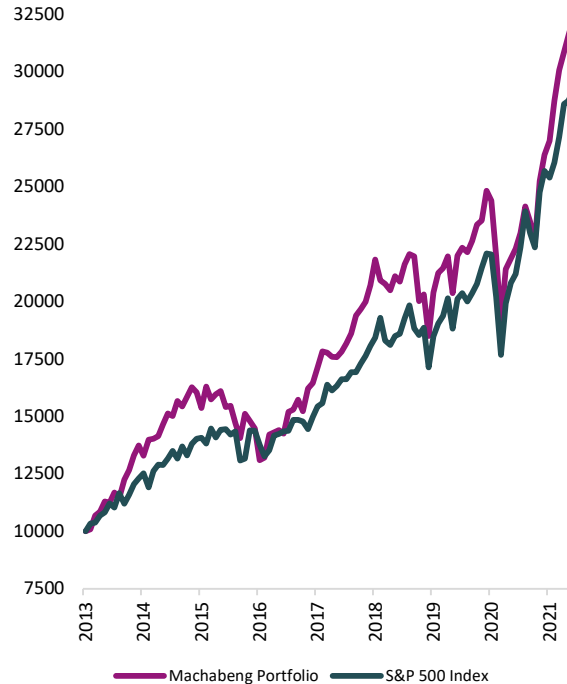
## EFFECTIVE ANNUAL COST (EAC)

Initial Fee	0.00
Transaction Costs	0.13
Asset Management Charge	1.35
<b>Effective Annual Cost (%)</b>	<b>1.48</b>

The estimated effective annual cost is made up of (a) a reasonable best estimate of the transaction costs incurred in managing the portfolio; and (b) the asset management fee charged by Cannon Asset Managers as the portfolio investment manager. Keeping investment costs as low as possible is an explicit objective of Cannon Asset Managers. All figures are quoted inclusive of value added tax (15% as of 1 April 2018).

Note: Independent financial advisors are eligible to charge an additional advice fee of up to 0.50% per annum.

## PORTFOLIO ATTRIBUTES & INVESTMENT RESULTS\*



Source: Cannon Asset Managers, S&P 500 Index (30/06/2021)

## PORTFOLIO ATTRIBUTES & INVESTMENT RESULTS

Return & Risk Attributes	S&P 500 Index	Machabeng Portfolio
Average Yearly Return (%)	8.7	5.2
Average Yearly Volatility (%)	12.3	13.5
One-Year Return	38.6	45.1
Two-Year Return (Annualised)	20.9	21.3
Three-Year Return (Annualised)	16.5	15.7
Five-Year Return (Annualised)	15.4	17.8
Return Since Inception (Annualised)	13.5	14.8

## TOP 10 HOLDINGS (%)

Name	Ticker	%
Caterpillar Inc	CAT	7.06
Micron Technology Inc	MU	6.54
T. Rowe Price Group	TROW	6.40
Ebay Inc	EBAY	6.09
Capital One Financial Corp	COF	6.04
Seagate Technology	STX	5.86
Apple Inc	AAPL	5.30
American Express Co	AXP	4.98
Conocophillips	COP	4.42
Biogen Inc	BIIB	3.95

\* The return and investment performances set out in this document are for illustrative purposes only. The performance is calculated by taking the actual initial fees and all ongoing fees into account for the strategic asset allocation percentages of the bundle and all income is reinvested on the reinvestment date. For the period from 2010 to 2019, the performance figures represented here are based on a simulation using current holdings' performance on a back-tested basis as a guide using data from S&P 500 Index (28/08/2019). The highest and lowest annual returns reported are on a rolling 12-month basis since inception, and not per calendar year; this metric is intended to capture how much the portfolio and the benchmark returns have varied for a rolling 12-month period.

The effective annual cost (EAC) calculation is made in accordance with ASISA effective annual cost (EAC) standard available at [www.asisa.org.za/codes-standards-guidelines/standards/](http://www.asisa.org.za/codes-standards-guidelines/standards/).

Disclaimer: There are no guarantees that the objectives within each risk classification will be met. Not all the risks and significant issues related to or associated with the investment products are disclosed herein and therefore, prior to investing or transacting, you should fully understand the products and any risks and significant issues related to or associated with the products and the investment. Investors should undertake their own analysis and/or seek professional advice based on their specific needs before purchasing or selling investments. The value of participatory interests or the investment may go down as well as up. Past performance is not necessarily a guide to future performance. Performance information is presented net of all management fees and expenses unless marked otherwise. For all periods, the performance information includes the reinvestment of dividends and interest unless otherwise noted. A schedule of fees, charges and commissions is available on request. Cannon Asset Managers (Pty)Ltd does not provide any guarantee either with respect to the capital or the return of any investment. Investment performance is for illustrative purposes only. Should you require a customised, extensive risk assessment based on your needs, age, risk score and your investment horizon, please contact our sales consultants on 011 407 3530. Cannon Asset Managers (Pty) Ltd (Reg. No. 2000/025176/07) is a member of Bidvest Financial Services. Cannon Asset Managers (Pty) Ltd is licensed as a financial services provider in terms of the Financial Advisory and Intermediary Services Act, 37 of 2002, FSP Number: 736.



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