

# ANCHOR BCI FLEXIBLE INCOME FUND

A CLASS | October 2023

Minimum Disclosure Document | Issued 10 November 2023



NAVIGATING  
CHANGE

## INVESTMENT OBJECTIVE

The **Anchor BCI Flexible Income Fund** is a specialist income-generating portfolio. The investment objective of the portfolio is to achieve a high level of sustainable income and stability of capital invested.

## INVESTMENT PHILOSOPHY

Investments to be acquired for the portfolio may include equity securities, property securities, property related securities, interest-bearing securities, non-equity securities, money-market instruments, preference shares and assets in liquid form. The portfolio may, from time to time, invest in listed and unlisted financial instruments. The manager may only include the following unlisted financial instruments for efficient portfolio-management purposes: forward currency, interest rate and exchange-rate swap transactions. The portfolio will comply with prudential investment guidelines to the extent allowed for by the Act. However, the portfolio's equity exposure may be as high as 10% of the portfolio's net asset value, whilst its property exposure may be as high as 25%.

## FUND INFORMATION

Risk profile:



Inception Date 01 Jun 2015  
Benchmark STeFI Call Deposit Rate +1%

Fund Classification SA Multi Asset - Income  
Distributions Quarterly Declaration Date:  
31 Mar/30 Jun/30 Sep/31 Dec

### Fees (Incl. VAT):

Annual Management Fee 1.15%  
Total Expense Ratio (TER) Jun 23: 1.18% (PY): 1.18%

Portfolio Value R4083.18 mn  
Unit Price 104.06 cpu

## MONTHLY RETURNS (%)

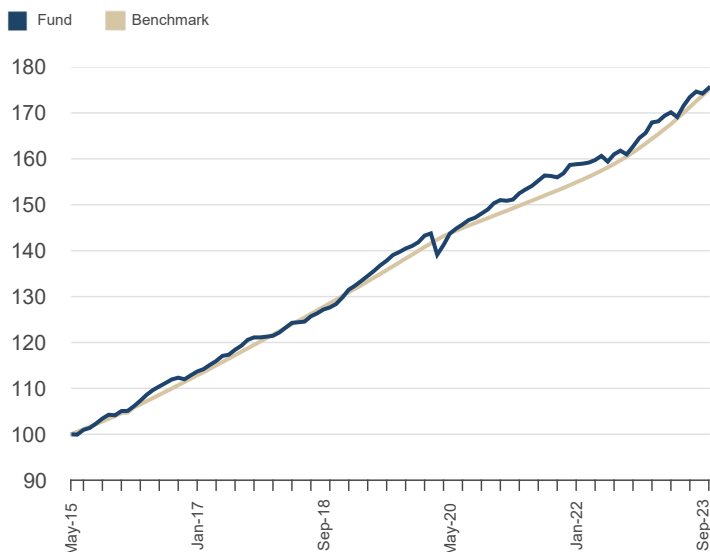
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2023	1.4	0.1	0.7	0.4	-0.6	1.5	1.1	0.7	-0.2	0.7			5.9
2022	0.1	0.1	0.2	0.3	0.6	-0.8	1.0	0.5	-0.5	1.1	1.1	0.7	4.4
2021	0.4	-0.1	0.2	0.9	0.6	0.5	0.7	0.7	-0.1	-0.2	0.6	1.2	5.5
2020	1.0	0.3	-3.2	1.5	1.8	0.8	0.6	0.7	0.4	0.6	0.6	0.9	6.0
2019	1.3	0.7	0.8	0.8	0.8	0.9	0.7	0.9	0.5	0.5	0.4	0.6	9.3
2018	0.2	0.6	0.9	0.8	0.1	0.1	0.9	0.5	0.7	0.3	0.6	1.1	7.0
2017	0.7	0.5	0.8	0.7	1.0	0.2	0.9	0.7	1.1	0.4	0.0	0.1	7.5
2016	0.9	0.0	1.0	1.1	1.2	1.0	0.7	0.7	0.7	0.3	-0.3	0.8	8.4
2015						-0.1	1.0	0.4	0.9	1.1	0.8	-0.1	4.1

## RISK PROFILE: LOW

- This portfolio has relatively low equity exposure, resulting in relatively low volatility compared to higher risk portfolios.
- Where the asset allocation contained in this MDD reflects offshore exposure, the portfolio is exposed to currency risks.
- The portfolio is exposed to default and interest rate risks.
- Therefore, it is suitable for medium-term investment horizons.
- The expected potential long term investment returns are lower over the medium to long term than higher risk portfolios.

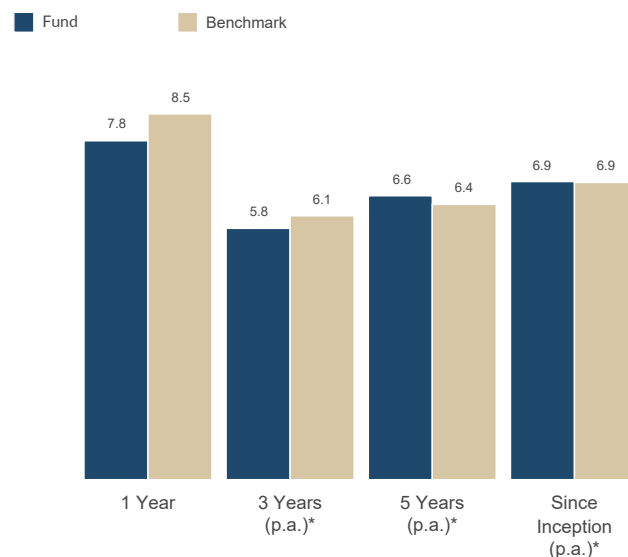
## FUND PERFORMANCE SINCE INCEPTION

Growth of R100 investment (cumulative).

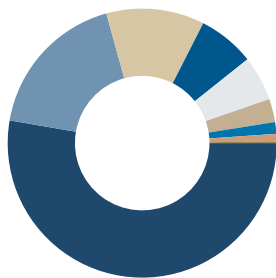


Investment performance is for illustrative purposes only and calculated by taking actual initial fees and ongoing fees into account for the amount shown with income reinvested on reinvestment date.

## FUND PERFORMANCE AT 31 OCT 2023 (%)



\*Annualised return is the weighted average compound growth rate over the period measured.



- Floating Rate Bonds - 52.7%
- Nominal Bonds - 18.0%
- Offshore Bonds - 11.8%
- Inflation Linked Bonds - 6.8%
- NCD - 5.4%
- Funds - 2.8%
- Local Cash - 1.4%
- Local Property - 0.9%
- Forex - 0.2%

FUND MANAGER



Nolan Wapenaar

INFORMATION & DISCLOSURES

ISIN Number ZAE000202917  
 Distributions 2021 (CPU) Dec 1.48 | 2022 (CPU) Mar 1.41; Jun 1.57; Sep 1.65; Dec 1.76 | 2023 (CPU) Mar 1.84; Jun 1.91; Sep 1.98

INVESTMENT MANAGER

Anchor Capital (Pty) Ltd is an authorised Financial Services Provider FSP 39834.  
 • Additional information, including application forms, annual or quarterly reports can be obtained from BCI, free of charge or can be accessed on our website ([www.bcis.co.za](http://www.bcis.co.za))  
 • Valuation takes place daily and prices can be viewed on our website ([www.bcis.co.za](http://www.bcis.co.za)) or in the daily newspaper.  
 • Actual annual percentage figures are available to existing investors on request.  
 • Upon request the Manager will provide the investor with quarterly portfolio investment holdings reports.

SUBSCRIPTIONS

Valuation time 15h00  
 Transaction cut-off time 14h00  
 Payment reference Initials and Surname  
 Minimum investment amount None\*

Please send proof of deposit to fax (011) 263 6152 or e-mail [instructions@bci-transact.co.za](mailto:instructions@bci-transact.co.za)  
 \*Fixed Administration Fee: R15 excluding VAT which will apply to all direct investor accounts with balances of less than R100 000 at month end, unless an investor transacts online, in which case no such fee will be levied.

MANAGEMENT COMPANY INFORMATION

Boutique Collective Investments (RF) (Pty) Ltd,  
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 Email: [clientservices@bcis.co.za](mailto:clientservices@bcis.co.za) | [www.bcis.co.za](http://www.bcis.co.za)

FAIS CONFLICT OF INTEREST DISCLOSURE

Please note that your financial advisor may be a related party to the co-naming partner and/or BCI. It is your financial advisor's responsibility to disclose all fees he/she receives from any related party. The portfolio's TER includes all fees paid by portfolio to BCI, the trustees, banks, the auditors, banks, the co-naming partner, underlying portfolios, and any other investment consultants/managers as well as distribution fees and LISP rebates, if applicable. The portfolio's performance numbers are calculated net of the TER expenses. The investment manager earns a portion of the service charge and performance fees where applicable. In some instance portfolios invest in other portfolios which forms part of the BCI Schemes. These investments will be detailed in this document, as applicable. Boutique Collective Investments adopted the ASISA Standard on Effective Annual Cost ("EAC"). The EAC measure allows you to compare charges on your investments as well as their impact on your investment returns prior to investing. For further information regarding the ASISA Standard on Effective Annual Cost and access to the EAC calculator please visit our website at [www.bcis.co.za](http://www.bcis.co.za). BCI calculates the EAC as per the ASISA standard for a period of 3 years up until the most recent TER reporting period.

DISCLAIMER

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Certain investments - including those involving futures, options, equity swaps, and other derivatives may give rise to substantial risk and might not be suitable for all investors. Income funds derive their income from interest-bearing instruments in accordance with Section 100(2) of the Act. The yield is a current yield and is calculated daily. Boutique Collective Investments (RF) Pty Ltd retains full legal responsibility for the third party named portfolio. Although reasonable steps have been taken to ensure the validity and accuracy of the information in this document, BCI does not accept any responsibility for any claim, damages, loss or expense, however it arises, out of or in connection with the information in this document, whether by a client, investor or intermediary. This document should not be seen as an offer to purchase any specific product and is not to be construed as advice or guidance in any form whatsoever. Investors are encouraged to obtain independent professional investment and taxation advice before investing with or in any of BCI/the Manager's products. Access the BCI Privacy Policy and the BCI Terms and Conditions on the BCI website ([www.bcis.co.za](http://www.bcis.co.za)).

Republic Of South Africa - 2032 Bond	10.3
FirstRand Bank Limited - 2023 Bond	3.3
Absa Bank Limited - 2028 Bond	3.3
Absa Group Limited - 2028 Bond	3.0
Anchor BCI Global Flex Income Fund	2.1
Standard Bank Group Limited - 2024 Bond	1.9
The Standard Bank of SA - 2028 NCD	1.9
Republic Of South Africa - 2024 Bond	1.9
Investec Bank Ltd - 2027 NCD	1.8
Nedbank Group Limited - 2028 Bond	1.7

FUND MANAGER COMMENTARY AT 31 OCT 2023

After 18 months of aggressively raising interest rates to combat inflation, the US economy is again showing signs of acceleration. This has tightened financial conditions aggressively over recent months. The squeeze is driven by a combination of factors, including better-than-expected US economic data, a deteriorating US fiscal outlook, and the US Federal Reserve's (Fed) indication that it will likely maintain higher interest rates for an extended period. One of the notable developments is the rise in US bond yields, which have now reached levels not seen since 2006-2007. The increase in yields has been more pronounced for longer-dated bonds. Since 30 June 2023, 2-year, 10-year, and 30-year US bond yields have surged by 19 bps, 107 bps, and 120 bps, respectively. As a result, the US yield curve, which had been inverted since July 2022, is now disinverting, with the 2v10 spread narrowing from -106 bps to -18 bps during the same period. This trend isn't limited only to the US as other advanced economies are also experiencing tightening financing conditions, coupled with a slowdown in economic growth. Meanwhile, China is actively implementing measures to stimulate its economy, and the Bank of Japan (BOJ) has made adjustments to its yield curve control policy by allowing the Japanese 10-year bond yield to drift above 1%, redefining this threshold as a loose reference point rather than a rigid interest rate cap. Looking domestically, headline inflation has accelerated once again, reaching 5.4% YoY in September, up from 4.8% YoY in August. Notably, core inflation, excluding the volatile food and fuel categories, moderated to 4.5% YoY from 4.8% YoY in August, a downward movement that exceeded market expectations. The derivatives market continues to price at least one more interest rate hike, albeit with a reduced probability compared to September. On the fiscal front, a sizeable revenue shortfall is expected, which will worsen fiscal deficits and debt metrics. Renewed inflation risks, a considerable revenue shortfall, and higher US yields have kept SA bond yields elevated. Aggressive withdrawal of policy stimulus, extensive loadshedding, high levels of social and political tensions, and credit risk remain key risks to the fund's positioning.

FEE DETAILS

	Class A
Initial fees (BCI) (incl. VAT)	0%
Annual Management Fee (incl VAT)	
Class A	1.15%
Performance Fee	None
TER and Transaction Cost (incl VAT)	
Basic	Jun 23: 1.18% (PY): 1.18%
Portfolio Transaction Cost	Jun 23: 0.00% (PY): 0.00%
Total Investment Charge	Jun 23: 1.18% (PY): 1.18%

A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's. Transaction Costs are a necessary cost in administering the Fund and impacts Fund returns. The TIC should not be considered in isolation as returns may be impacted by many other factors including market returns, the type of Fund, the investment decisions of the investment manager and the TER. The TER and Transaction cost calculations are based upon the portfolio's direct costs for the financial year ended 30 June 2023, whilst the underlying portfolios ratio and cost calculations are based upon their most recent published figures, being 30 June 2023.

CUSTODIAN / TRUSTEE INFORMATION

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