

HOUSEVIEW FUND COMMENTARY

Fund Size: R286 271 691.44

Inception Date: October 2014

Top Ten Holdings			
	Shares	Sector	Weight
1	NPN	Industrials	14.72%
2	BHP	Resources	11.80%
3	AGL	Resources	10.30%
4	CFR	Industrials	7.93%
5	PRX	Industrials	7.38%
6	IMP	Resources	4.96%
7	SSW	Resources	4.78%
8	SBK	Financials	3.28%
9	MNP	Industrials	2.93%
10	NHM	Resources	2.85%
	Total		70.91%



FUND PERFORMANCE

PERFORMANCE								
	1 month	3 Months	6 Months	Y-t-d	1 Year	3 Years	Since Inception	Since Inception (Annualized)
Fund	7.41%	17.81%	25.62%	13.29%	40.86%	37.19%	73.64%	8.86%
Benchmark	6.15%	15.95%	20.68%	10.52%	32.37%	21.95%	53.81%	6.85%

RISK ANALYSIS

12 MONTH RISK METRICS				
Beta	Tracking error	Standard Deviation (fund)	Standard Deviation (Benchmark)	Active share
1.02	4.79	30.18	29.13	31.05

RECENT TRANSACTIONS

The transactions for February 2021 are as follows:

Purchases

None

Sales

None

Market Performance

South African Equities delivered another month of steady performance in February with the All-Share index reaching a new high of 67 737 on 16 February, before following global equity markets lower on the back of rising US bond yields to end the month at 66 621. The ALSI posted a rand total return of +5.9% in February. Since the COVID-19 trough (19 March 21020), the ALSI has posted a total return of +78%, with Resources returning a whopping +146%, while Industrials and Financials have provided total returns of +55% and +48% respectively over this period.

In February, the ALBI provided a monthly total return of just +0.1%. The SAPY outperformed with a total return +8.6%.

Within equities, the largest outperformance came from SA Resources (+11.6%). All the sub-sectors posted positive total returns in February, except for Gold Mining, which lost a large 16.3% over the month. Oil & Gas (+20.5%) and Platinum (+19.2%) were the top performers followed by General Mining (+15%), Coal (+13.4%) and Chemicals (+12.8%).

SA Financials gained +4.8% in February, with solid returns from REIT's (+12.6%) and Life Insurance (+6%). Banks returned +3.9% and General Financials +2.4%.

Performance was mixed within SA Industrials (+2.3%) in February, with robust total returns from Fixed Line Telecoms (+21.4%), Electronics (+20.1%), Travel & Leisure (+14%) and Mobile Telecoms (+9.9%). But laggards among the Industrial sectors were Tobacco (-5.1%) and Beverages (-3.6%). Meanwhile, Health Care lost 1.5% over the month (HC Equipment -2.1%, Pharmaceuticals -0.8%). Media & Food Producers were each down 1% in February and heavyweight Software & Computers only managed a total return gain of 1.2%.

Year to date, the All Share has posted a positive total return of +11.4% and the SAPY +5.1%. The ALBI has gained +0.8%.

Within equities, SA Resources has posted a positive total return of +17.3% YTD and SA Industrials +10.9%. SA Financials are lagging with a total return of +2.1%.

Of the Top 100 shares, top performance has come from Sasol, Sappi, Telkom, Truworths, Glencore, Capco, Amplats, Redefine, Exxaro and BHP Group. The worst performers are DRD Gold, Harmony, Fortress B, AB Inbev, AngloGold, Gold Fields, Discovery, Capitec, Shoprite and RMIH.

The rand strengthened slightly to 15.09 against the US dollar (+0.39% month on month) from R 15.15. The currency was also strengthened against the euro at 18.22 (+0.92% month on month) and weakened against the pound at 21.01 (-1.2% month on month). SA's five-year CDS spread widened by 2.6% during February 2021 by (6bps) from 226 to 233 points & 14.8% widening since the beginning of the year.

On the news front, Finance Minister Mboweni delivered a better-than-expected budget with the projected FY22Y deficit projection of 9.3% was below the 9.5-10.0% Bloomberg consensus and a sharp drop in bond issuance. The nominal growth assumption in the budget of 3.3% GDP growth / 3.9% CPI was in line with Bloomberg consensus for 2021 and 50 bps below the Bloomberg consensus on 2022 nominal growth. The National Treasury projects a R 108bn drop in the cash balance to help fund a R138bn or 27% drop in domestic long-term loans. President Cyril Ramaphosa has made announcements that the country has moved to level 1 for the first time since March 2020 & that the government has ordered an additional 2 million doses of the J&J vaccine increasing the number to 11 million.

In terms of company announcements, Bidcorp released their H1FY21 results where HEPS were down -46.2% vs. the pre-guided -43% to -48% and no interim dividend was declared. BVT's H121 strong performance saw run rate growth improving (3.5% trading profit growth in H1 vs flat YoY for 4 MO's to Oct 2020); continuing NHEPS tracking very well vs full-year expectations (652c vs BBG mean cons 1087c); and 3) cash generation very strong with leverage significantly lower (ND/EBITDA 1.7x at Dec 2020 vs 2.1x at June 2020).

In February 2021, SA Equities had net foreign outflows of USD -1.01 billion whereas SA bonds had a net outflow of USD 1.90 billion. Meanwhile, Cumulative inflows into emerging market Bonds and Equities year to date are now +\$22.8 billion and +\$53.8 billion respectively. Amplats & Impala were the most bought stocks by foreigners whereas Capitec and Bidcorp were the most sold stocks.

Portfolio Performance

The portfolio returned 7.41% during the month, outperforming the CAPI index which returned 6.15%. Positive contributors to performance for the month included the fund's overweight positions in Impala, Sibanya & Royal Bafokeng as well as underweight position in AngloGold & Goldfields. Negative contributors to performance included the funds overweight positions in Naspers, Prosus & Aspen as well as underweight positions in Amplats, Glencore & Bidcorp.

Cachalia Capital Investment team

From our Corner in the Sky