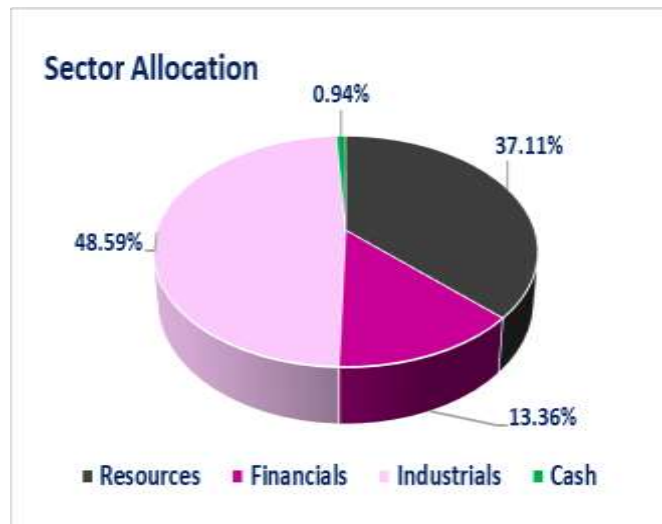


## HOUSEVIEW FUND COMMENTARY

**Fund Size:** R282,161,342.59

**Inception Date:** October 2014

Top Ten Holdings			
	Shares	Sector	Weight
1	NPN	Industrials	12.72%
2	BHP	Resources	10.59%
3	AGL	Resources	10.24%
4	CFR	Industrials	9.55%
5	PRX	Industrials	5.37%
6	IMP	Resources	4.82%
7	SSW	Resources	4.13%
8	MTN	Industrials	3.78%
9	SBK	Financials	3.20%
10	MNP	Industrials	3.06%
	<b>Total</b>		<b>67.46%</b>



### FUND PERFORMANCE

PERFORMANCE								
	1 month	3 Months	6 Months	Y-t-d	1 Year	3 Years	Since Inception	Since Inception (Annualized)
Fund	-2.35%	-1.50%	13.43%	13.43%	31.06%	35.09%	73.86%	8.43%
Benchmark	-2.58%	1.57%	14.54%	14.54%	28.52%	27.02%	59.40%	7.06%

### RISK ANALYSIS

12 MONTH RISK METRICS				
Beta	Tracking error	Standard Deviation (fund)	Standard Deviation (Benchmark)	Active share
0.97	4.30	19.02	19.14	29.88

### RECENT TRANSACTIONS

The transactions for June 2021 are as follows:

#### Purchases

None

#### Sales

None

## Market Performance

South African Listed Property and the All Bond posted positive rand total returns of +3.4% and +1.1% respectively in June. The All Share posted a total return loss of -2.4%, its first negative monthly performance since October 2020. Small Cap stocks fared the best, shedding -1%, while Large Caps and Mid-Caps posted similar losses of -2.5% and -2.6% respectively.

SA Industrials managed to eke out a small gain of +0.4% in June. Top equity sector performance came from Industrial Support Services with small cap Hudaco returning +12%. Tobacco returned +5.2%, Personal goods +4.1% and Construction +3% (Afrimat +16.9%). The largest underperformance came from Food Producers : -3% (Tigerbrands -4.1%, AVI -3.1%), Electronics: -2.9% (Reunert) and Travel & Leisure: -2.7% (City Lodge -15.2%, Fambrands -11.4%)

SA Financials lost 3% over the month. Non-life Insurance shed 3.8% and Banks and Investment Banking & Brokerage services each lost 3.2%. Finance & Credit services (Transcap) posted a total return gain of +4.1% over the month.

SA Resources posted a loss of 6.4% in June. Precious Metals (-13.6%) was the worst performing equity sector with losses across the board. Industrial Materials (Sappi) lost 4.2% and Industrial Metals and Mining lost 3.4%. Oil, Gas & Coal gained 12.8% with Exxaro up +9.5% and Thungela gaining +77% since listing.

In Q2 2021, SA Property was the best performing asset class, with the SAPY posting a rand total return of +12.1%. The ALBI returned +6.9% and the ALSI was flat. SA Financials was the best performer in Q2, returning +7.5%. SA Industrials posted a small gain of 0.8% and SA Resources lost 5%. Top sector performance came from Industrial Support Services (+31%), Finance & Credit Service (+22.8%), Personal Goods (+21.9%), Beverages (+18.8%), Travel & Leisure (+16.2%), Construction (+16%) and Retailers (+14.9%). Software & Computers (-15%), Precious Metals (-13.5%), Industrial Materials (-10%), Tobacco (-1.3%) and Industrial Metals & Mining (-1.1%) underperformed in Q2.

Year to date, Property has outperformed with a total return of +19.3%. The All Share has posted a total return of +13.2% while the ALBI has posted a total return of +5% and Cash +1.8%.

Within equities, SA Industrials has posted a positive total return of +13.8% year-to-date and SA Resources +12.8%. SA Financials are lagging with a total return of +11.7%.

Small Caps stocks remain the current year to date leaders with a solid total return of +30.9% (Tsogo Hotels +94%, Steinhoff +82%, Motus +70%, Hudaco +63%). Mid-Caps have returned +15.8% and Large Caps +11.8%. Within this universe, top performance has come from Distell (+76%), MTN (+72%), Textainer (+67%), RBPLats (+65%), Truworths (+63%), Sasol (+63%), TFG (+55%), Dis-chem (+55%), Investec plc (+52%) and Telkom (+51%).

The rand weakened to 14.27 against the US dollar (-4.01% month on month) from R 13.72. The currency weakened slightly against the euro at 16.92 (-0.83% month on month) and weakened against the pound at 19.68 (-0.97% month on month). SA's five-year CDS spread narrowed by 4.2% during June 2021 by (26bps) from 190 to 182 points & a 9.99% widening since the beginning of the year.

On the news front, South Africa's apex court sentenced former President Jacob Zuma to a 15-month jail term for contempt of court for failing to appear in the Zondo Commission in a landmark ruling on 29 June. President Zuma has five days (from 29 June) to submit himself either at a correctional services facility, failing which, the commissioner of police as well as the Home Minister will be obliged to arrest him. On 10 June President Ramaphosa announced an increase to the max threshold for self-generation electricity projects from 1MW to 100MW. Companies will no longer have to apply for licences from the regulator (NERSA). New regulations should be published within 60 days.

In terms of company news, NPN/PRX FY21 result showed strong operating momentum as unlisted asset revenue growth surged +54% in 2H. FY21 investments amounted to USD3.6bn. including USD2.6bn investment in Delivery Hero. Additionally, there was no change in voluntary offer terms. The FTSE/JSE is seeking comment on proposals to cap PRX/NPN to a combined 10% index weight with 13 July marked as the deadline for submissions. Glencore will acquire BHP's and Anglo American's 33% stakes in the Cerrejon thermal coal mine in Colombia for \$588m in cash (\$294m for each 33%), that was Anglo's last significant thermal coal asset.

In June 2021, SA Equities had net foreign outflows of USD 1.70 billion whereas SA bonds had a net outflow of USD -1.01 billion. Meanwhile, Cumulative inflows into emerging market Bonds and Equities year to date are now +\$47.30 billion and +\$91.4 billion respectively. Impala, Foschini & Sanlam were the most bought stocks by foreigners whereas Naspers, AngloGold and Goldfields were the most sold stocks.

### **Portfolio Performance**

The portfolio returned -2.35% during the month, outperforming the CAPI index which returned -2.58%. Positive contributors to performance for the month included the fund's overweight positions in Astral, Naspers & MTN as well as underweight position in AngloGold & Goldfields. Negative contributors to performance included the funds overweight positions in Richemont, Sibanya & Mr Price as well as underweight positions in Foschini, Capitec & Sanlam.

### **Cachalia Capital Investment team**

#### **From our Corner in the Sky**