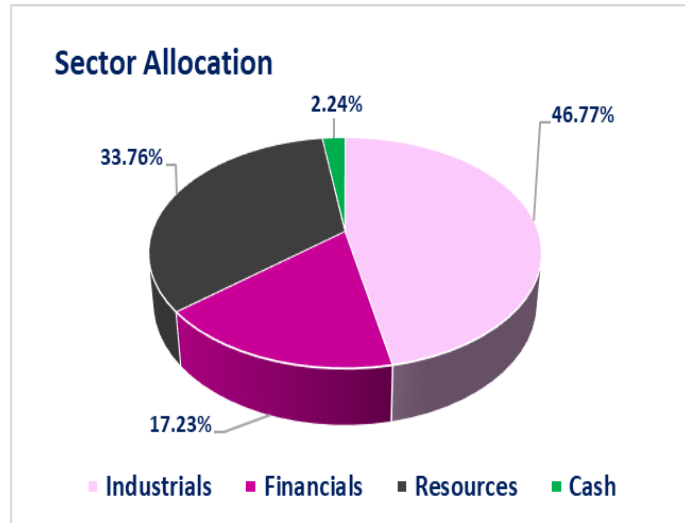


## HOUSEVIEW FUND COMMENTARY

**Fund Size:** 418,322,759.86

**Inception Date:** January 2014

Top Ten Holdings			
	Shares	Sector	Weight
1	MTN	Industrials	9.77%
2	AGL	Financials	7.83%
3	IMP	Resources	7.72%
4	SSW	Resources	5.95%
5	NPN	Industrials	5.75%
6	PRX	Industrials	5.34%
7	SBK	Financials	4.62%
8	CFR	Industrials	4.46%
9	BTI	Financials	4.30%
10	APN	Industrials	4.13%
	Total		59.88%



### FUND PERFORMANCE

PERFORMANCE								
	1 month	3 Months	6 Months	Y-t-d	1 Year	3 Years	Since Inception	Since Inception (Annualized)
<b>Fund</b>	1.49%	9.03%	13.38%	4.55%	16.86%	60.19%	129.11%	10.57%
<b>Benchmark</b>	2.69%	10.29%	12.75%	5.20%	23.18%	42.22%	103.10%	8.97%

### RISK ANALYSIS

12 MONTH RISK METRICS				
Beta	Tracking error	Standard Deviation (fund)	Standard Deviation (Benchmark)	Active share
1.07	4.28	14.90	13.36	42.47

### RECENT TRANSACTIONS

The transactions for February 2022 are as follows.

#### Purchases

None

#### Sales

None

## Market Performance

JSE Equities outperformed all other asset classes in February with the All Share posting a rand total return of +2.9%. Bonds only managed to eke out a total return of +0.5% while Property showed a loss of 3.3% over the month.

Large Cap stocks outperformed in February 2022 with a total return of +3.5%, while Mid-Caps gained 1.0% and Small Caps gained 0.5%

Following the Russian attack on the Ukraine in February, metal and oil commodities have rallied strongly with fears mounting of supply disruptions. SA Resources surged +16.1% over the month, with Precious Metals and Mining gaining 26.7% and Oil, Gas and Coal gaining 25.3%. Industrial Materials returned +19.1% and Industrial Metals and Mining returned +12.9% in February. Chemicals (Sasol), however, has lagged with a total return of +1.4% in February.

SA Financials gained 2.7% in February with the Financials industry group gaining 3.8% and the Real Estate industry group shedding 3.3%. Banks outperformed with a total return of +6.0% with positive total returns across the top 5.

SA Industrials shed 7.4% in February, (the worst monthly performance since October 2018), with all the industry groups posting negative total returns over the month. The worst performance came from Software & Computers -23% (Prosus, Naspers), Food Producers -7.7% (Tiger Brands), General Industrials -7.1% (Mondi plc, Barloworld) and Personal Goods -5.6% (Richemont). Industrial support services +8.8% (Hudaco) was the top performing Industrial equity sector in February, followed by Consumer Services +2.6% (Advtech), Tobacco +2% (BATS) and Leisure Goods +1.7% (Long4Life).

Year-to-date, the All Share has recorded a positive total return of 3.8% and the All Bond +1.4%. The SAPY has lost 6%.

Within Equities, the largest year-to-date outperformance has come from SA Resources with a total return of +20.3%. SA Financials has posted a positive total return of +5.2%, while SA Industrials recorded a total return loss of +9.2%.

Energy (+29%) and Basic Materials (+20.1%) are the top performing industry groups year-to-date, followed by Telecommunications (+9.7%), Financials (+7.4%) and Consumer Staples (+2.9%). The largest underperformance has come from Technology (-24.2%), Consumer Discretionary (-11.6%) and Industrials (-8.3%). The Health Care Industry group has lost 7.1% and Real Estate has lost 6.1%.

Year-to-date, the majority of the top 15 performing companies are from the Resources stable: Sibanye, Sasol, Amplats, Kumba, Implats, Exxaro, Gold Fields, Anglo, Northam, African Rainbow and RBPLats, with Nedbank, Standard Bank, Absa and BATS in 7<sup>th</sup>, 13<sup>th</sup>, 14<sup>th</sup> and 15<sup>th</sup> place respectively.

The rand strengthened to 15.36 against the US dollar (0.13% month on month) from R 15.38. The currency strengthened against the euro at 17.22 (0.35% month on month) and weakening against the pound at 20.69 (0.05% month on month). SA's five-year CDS spread widened by 8.17% during February 2022 by (17bps) from 208 in January 2022 to 225 points. This represents a 25bps & 12.5% widening since the beginning of the year at 200.

On the news front, Minister Godongwana's maiden budget delayed fiscal tightening by a year, leaving the FY22/23 fiscal deficit unchanged from MTBPS projections at 6% of GDP and higher than the deficit for FY22. The FY22 deficit was revised narrower to 5.5% of GDP on better fiscal receipts. In President Ramaphosa's 5<sup>th</sup> SONA address, the President promised to remove all Covid restrictions and thus placing the country out of the state of disaster. Additional announcements included the opening of Bid Window 6 (end March) as well as an update on demand from the private sector & Municipalities on embedded generation.

In terms of company news, Anglo's FY21 EBITDA of \$20.6bn was in line with consensus, while \$7.22 EPS was slightly ahead of consensus. In Harmony's H1 '22 results, HEPS R 248/share was in line with pre guidance and declared an interim dividend of Rc40/share. MTN's FY21 trading statement saw the mid-point imply 2h22 adjusted HEPS as 14% ahead of implied consensus for 2H22 adjusted HEPS. While Telkom printed 3Q22 results that were worse than expected with revenue (-2.3%) and Normalized EBITDA (-1.4%) worse than expected, as mobile revenue struggled to rebound.

After being small sellers of SA Equities in January (-R2.2bn), foreigners turned large buyers in February to the value of R14.7bn. Stripping out the dual-listed companies, there was foreign buying to the value of R17.0 billion, with the largest inflows into SA Resources to the value of R8.1 billion. This was followed by SA Financials with inflows of R6.1 billion. SA Industrials saw inflows of R2.8 billion. Implats, Firstrand & Shoprite were the most bought stocks by foreigners whereas Naspers, Sasol and Mr Price were the most sold stocks.

### **Portfolio Performance**

The portfolio returned 1.49% during the month, underperforming the Capped SWIX index which returned 2.69%. Positive contributors to performance for the month included the fund's overweight positions in Impala, Northam & South32 as well as underweight position in Bidcorp & Growthpoint Properties. Negative contributors to performance included the funds overweight positions in Naspers, Prosus & Richemont as well as underweight positions in Goldfields, AngloGold & Glencore.

### **Cachalia Capital Investment team**

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