



AUTUS

wealth care specialists

QUARTERLY
ECONOMIC
COMMENTARY

Q3 | 2016

AUTUS WORLDWIDE FUND

Quarterly Commentary - Autus BCI Worldwide Flexible Fund

Another difficult quarter for the South African Equity Market Especially the Rand hedging stocks like Mediclinic, Brait and Bidcorp. Rand strengthening gave these shares a huge knock throughout the quarter. The JSE All share Index gained 0.48% during Quarter 3, largely to the gains in the Resources index. The MSCI World Index were down 2.42% in Rand terms largely due to the strong Rand and a weaker Dollar. The Rand gained 6.8% against the US Dollar, 5.5% against the Euro and 9.2% against the Sterling Pound. There are still uncertainty hanging over the South African economy regarding the potential downgrade to Junk Status. Although global markets did well in their respective currency's the fund did not get any of those returns due to the strong Rand. In the US, the S&P gained 3.9%, in Europe the DAX and CAC gained 8.6% and 5.2% respectively. In Britain, the FTSE gained 7.1% after the hype of Brexit.

The Autus BCI Worldwide Flexible Fund was 1.69% lower during Q3 mainly due to high exposure to offshore equities and Dollar Cash. During the Quarter the fund invested in the following Shares, Altria Group, TenCent Holdings and General Motors Corporation all listed in the US. The fund also added to local stocks namely Mr Price after it had a huge downwards spiral after its bad set of results. We felt that the company had reached a bottom and can add value. The other share added to the portfolio were Reinet Investments.

There were also some shares that we sold out of namely, Wells Fargo. We feel that with all the negative news regarding this company out lately that it doesn't fit in to our 5 factor model we use to define a buying opportunity. The other shares were Anglo American PLC, Investec Plc and PSG Group.

The Fund remain low on Equities. Local Equities account to 42.86% and offshore Equities the remaining 36.93%.

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