



AUTUS

wealth care specialists

QUARTERLY
ECONOMIC
COMMENTARY

Q4 | 2015

AUTUS BCI OPPORTUNITY FUND

Quarterly Commentary - Autus BCI Opportunity Fund

Many people will summarize 2015 as a horrible year, while others will describe the past 12 months as very interesting or highly challenging. Looking back on 2015 we are greatfull for not having a Soweto 1976 or a Marikana 2012. Indeed we had a continious parliamentary circus with red overalls and white shirts, we experienced the Rhodes- and Feesmust fall protests and minister of Finance Nene who actually fell, debacles and ended up with a rand losing more than 25% to 40% to the major currencies and we finally ended the year with one of the most serious droughts in history.

During the festive season I was in a conversation discussing what an investor is looking for in choosing an asset manager. The following three points were highlighted as most important:

- Consistant good investment performance
- Trust and reliability and,
- Peace of mind

By managing the Autus Opportunity since inception on 4 April 2007 we have managed to adhere to all the above and delivered consistant outperformance over all periods as indicated in the following table. As at the end of 2014 we ended in the number 1 position again over three years (out of 73 funds). Over an eight year period the fund ended 2015 in the 2nd position out of 46 funds.

Performance Report: to 31-12-2015											
Name:	1 Year		3 Years		5 Years		7 Years		8 Years		Rank
	Annualised Performance	Rank	Annualised Performance	Rank	Annualised Performance	Rank	Annualised Performance	Rank	Annualised Performance	Rank	
South African - Multi Asset - Flexible											
Autus BCI Opportunity Fund	15.15%	9	22.51%	1	19.47%	4	20.03%	3	213.67%	15.36%	2
SA - Multi Aset - Flex	5.40%	/84	10.72%	/73	11.84%	/64	12.80%	/53	104.54%	9.36%	/46
Satrix 40 Fund	4.21%		11.31%		11.98%		15.23%		105.37%	9.41%	
FTSE/JSE Africa All Share J203T	5.13%		12.28%		12.96%		16.38%		121.97%	10.48%	
STEFI Composite Index (STFIND)	6.46%		5.85%		5.76%		6.40%		72.46%	7.05%	

The fourth quarter of 2015 was highlighted by changes in two important variables being the long expected increase in the interest rate of 0,25% by the Federal Reserve Committee and at the same time the oil price dropped to an 11-year low fueled by an enormous slide in commodity metal and mineral prices.

At the end of 2015 there were 3 shares in the Opportunity Fund with a market value 50% higher than the book value (price increase since acquiring the stock). EOH Holdings' (an SA based diversified IT company) value was 215%, PSG has increase to more than 165% and Brait's (Christo Wiese's venture) value rose to 157%.

During the fourth quarter four direct offshore counters were added to the portfolio and by the end of 2015 Wells Fargo (USA financial services company), Yahoo (USA Search Engine company) and BMW were all up by more than 17% followed by Daimler AG (up 13,22%).

The offshore exposure of the portfolio is now exceeding 18% and will be increased further as opportunities arise. The challenges and market view of 2016 will certainly force us to focus even more on offshore counters and South African stock with a worldwide offshore footprint and high offshore income stream.

Although resources shares look attractive at current low levels we are still hesitant to include them in the portfolio given the commodity slide and China's uncertainty as well as worldwide volatility. Naspers, Mediclinic and British American Tobacco are in our view the attractive counters and Steinhoff and Anchor Group might deliver nice returns.

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