



# MONTHLY PORTFOLIO REPORT

## May 2015

### STRATEGIC OUTCOMES

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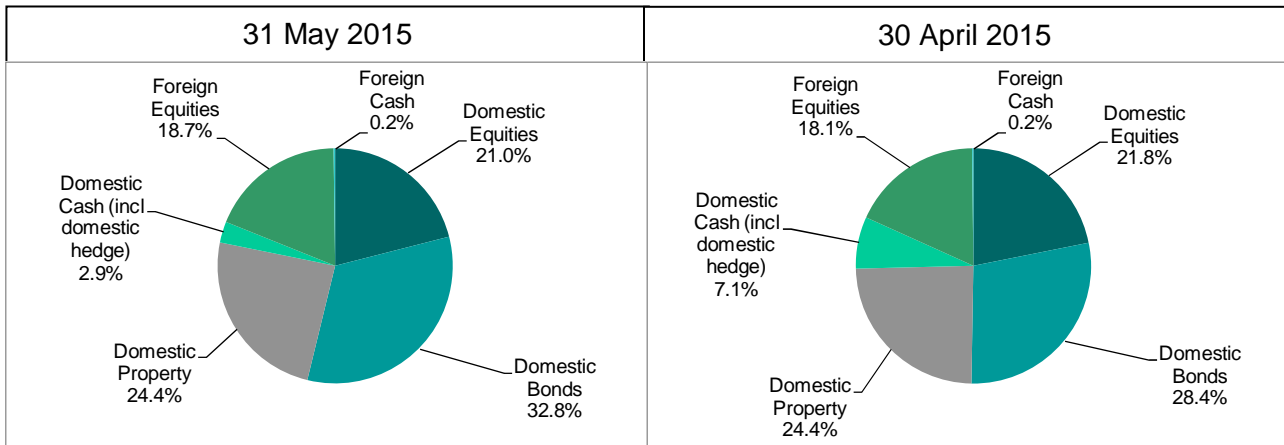
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## Asset allocation and forward portfolio income yield

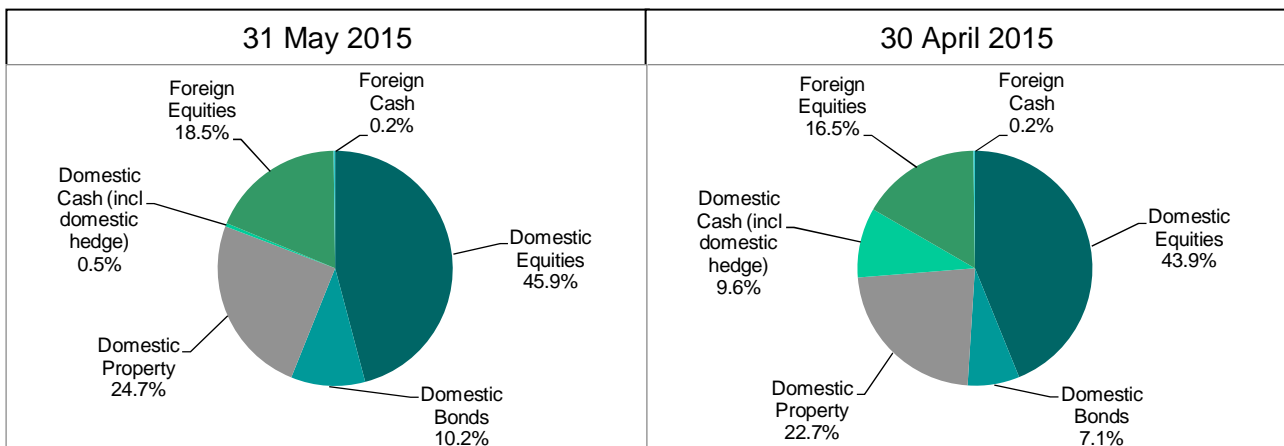
### Plexus Wealth BCI Conservative Fund



Forward portfolio income yield: 6.3% (gross)  
 3 year compound annual growth rate: 6.3%

Exposure to Domestic Bonds increased at the expense of Domestic Cash.

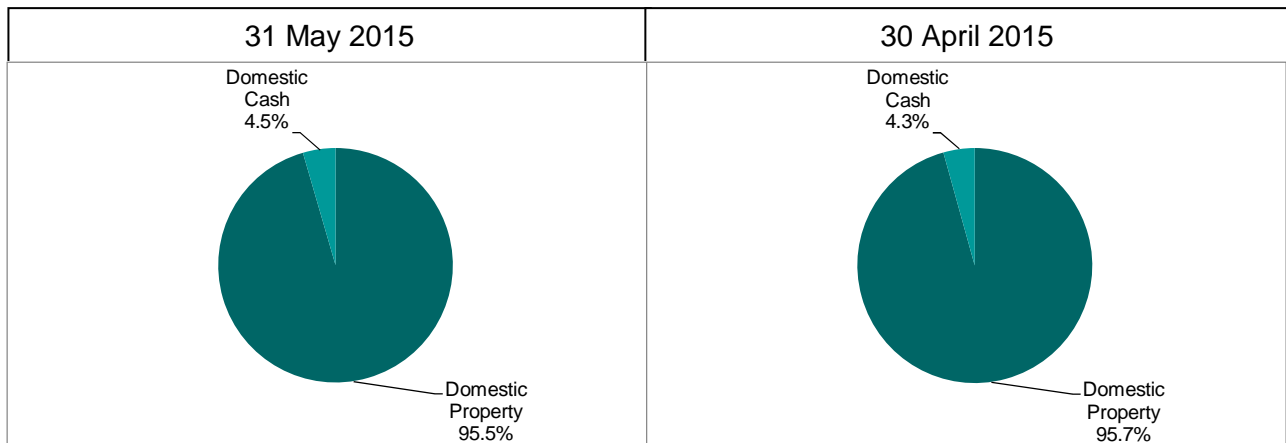
### Plexus Wealth BCI Balanced Fund



Forward portfolio income yield: 5.1% (gross)  
 3 year compound annual growth rate: 8.1%

Exposure to Domestic Equities, Domestic Bonds, Domestic Property and Foreign Equities increased at the expense of Domestic Cash.

### Plexus Wealth BCI Property Fund



Forward portfolio income yield: 5.2% (gross)  
 3 year compound annual growth rate: 8.9%

There were no significant changes to the asset allocation during May.

**Notes:**

The Plexus Wealth BCI Property Fund is managed by Plexus Wealth KZN. The Plexus Wealth BCI Conservative Fund and the Plexus Wealth BCI Balanced funds are managed by Grindrod Asset Management.

The gross forward income yield is the amount of income (before costs and withholding taxes), expressed as a percentage of the current price, which the portfolio is expected to deliver to investors over the next 12 months. The income growth is the expected per annum growth in the income paid to investors over the next three years. These are estimates based upon our expectations of all income (dividends, interest and distributions) to be received by the portfolio for payment to investors, assuming market conditions do not change materially over the 12-month and three-year periods. The gross forward income yield and income growth rate are indicative only and are not guaranteed. These are Grindrod Asset Management estimates.

## Performance and risk statistics

Performance to 31 May 2015					
Fund / ASISA sector	1 Month	3 Months	6 Months	1 Year	
				Fund	Benchmark
Plexus Wealth BCI Conservative Fund	-1.8%	0.1%	7.1%	17.2%	7.7%
SA Multi-Asset Low Equity	-0.6%	1.4%	5.0%	8.8%	
Plexus Wealth BCI Balanced Fund	-2.9%	-0.3%	8.0%	19.6%	9.8%
SA Multi-Asset High Equity	-1.3%	1.4%	6.3%	10.0%	
Plexus Wealth BCI Property Fund	-5.0%	-0.4%	16.9%	44.7%	31.7%
SA Real Estate General	-5.1%	-1.9%	9.7%	30.8%	

Source: MoneyMate

Note: The Plexus Wealth BCI Property Fund is managed by Plexus Wealth KZN. The Plexus Wealth BCI Conservative Fund and the Plexus Wealth BCI Balanced funds are managed by Grindrod Asset Management.

The performance of the Plexus Wealth BCI Funds has proved to be excellent over the past year, both against their respective benchmarks and comparable ASISA sectors. **In fact, over the one-year period the Plexus Wealth BCI Conservative Fund and the Plexus Wealth BCI Balanced Fund both rank first in their respective ASISA sectors, while the Plexus Wealth BCI Property Fund ranks second in its ASISA sector.**

Since inception performance to 31 May 2015 (annualised)			
Plexus Wealth BCI Fund	Fund	Benchmark	SA Multi-Asset Low Equity
Conservative Fund (inception date 11/06/2009)	12.1%	8.5% (CPI + 3%)	10.5%
			SA Multi-Asset High Equity
Balanced Fund (inception date 24/06/2009)	14.8%	10.6% (CPI + 5%)	14.0%
			SA Real Estate General
Property Fund (Inception date 12/06/2009)	22.8%	22.0% (FTSE/JSE SA Listed Property Index)	20.3%

Source: MoneyMate

Note: Performance figures quoted are sourced from MoneyMate for the current period for lump-sum investments including income distributions at NAV to NAV basis and do not take any initial fees into account. Income is reinvested on the ex-dividend date. Actual investment performance may differ based on the initial fees applicable, the actual investment date and the date of reinvestment of income.

<b>Risk statistics to 31 May 2015</b>			
<b>Plexus Wealth BCI Fund</b>	<b>Inception date</b>	<b>Volatility (standard deviation of returns)</b>	<b>Maximum drawdown (since inception)</b>
<b>Conservative Fund</b>	<b>11/06/2009</b>	<b>4.45%</b>	<b>-5.50%</b>
<b>Balanced Fund</b>	<b>24/06/2009</b>	<b>6.59%</b>	<b>-6.57%</b>
<b>FTSE/JSE All Share Index</b>		<b>12.69%</b>	<b>-13.25%</b>
<b>Property Fund</b>	<b>12/06/2009</b>	<b>10.59%</b>	<b>-18.29%</b>
<b>FTSE/JSE SA Listed Property Index</b>		<b>11.53%</b>	<b>-20.02%</b>

Source: MoneyMate and I-Net Bridge

## Performance of financial markets

### Equities

Global equity markets continued to edge higher in May, although the move was anything but convincing. Investors continue to grapple with the prospect of higher interest rates in the US in the second half of the year, a strong dollar which is impacting on corporate profits (negative for US companies, but positive for everyone else) and slower global economic growth. With valuations at levels well above historic averages, there is little downside protection for equity investors if Greece exits the eurozone or if the US raises interest rates faster than currently expected. Global equity markets therefore remain vulnerable to unexpected surprises, with many market commentators predicting that a correction is imminent.

Equity Indices (International)	1 Month	3 Months	1 Year
MSCI World (\$)	0.1%	0.4%	3.7%
MSCI Emerging Markets (\$)	-4.2%	1.4%	-2.3%
Dow Jones Industrial	1.0%	-0.7%	7.7%
S&P500	1.1%	0.2%	9.6%
Nasdaq	2.6%	2.2%	19.5%
London FTSE100	0.3%	0.5%	2.0%
German Dax	-0.4%	0.1%	14.8%
French CAC	-0.8%	1.1%	10.8%
Japanese Nikkei	5.3%	9.4%	40.5%
Hong Kong Hang Seng	-2.5%	10.5%	18.8%

Source: I-Net Bridge

In South Africa, April's impressive gains were reversed in May as investors become increasingly concerned about the outlook for profit growth in 2015 and 2016. A number of companies produced extremely disappointing results in May and analyst downgrades to earnings estimates left many sectors vulnerable. The large, dual-listed industrial companies outperformed. British American Tobacco gained 2.1% and SAB rose by 2.4%. Richemont was down 1.2% after reporting that April had been a particularly weak month for the company. Naspers, which has gained more than 17% since the start of the year, was down 4.6% in May.

<b>FTSE/JSE Equity Indices (TR)</b>	<b>1 Month</b>	<b>3 Months</b>	<b>1 Year</b>
All Share	-4.0%	-0.8%	8.5%
SWIX	-4.9%	-0.6%	12.5%
Financial	-5.8%	1.0%	24.4%
SA Industrial	-2.9%	0.5%	16.3%
Resources	-5.2%	-6.8%	-20.8%
Mining	-5.2%	-7.9%	-19.1%
Gold Mining	-17.9%	-19.2%	-17.0%
Top 40	-4.0%	-0.6%	6.8%
Mid-cap	-4.7%	-2.7%	18.0%
Small Cap	-0.7%	1.1%	15.8%

Source: I-Net Bridge

## Fixed Income

Global bond yields drifted higher in May as investors weighed up slower economic activity and the possibility of deflation in Europe and the UK against the prospect of higher interest rates in the US from September this year.

<b>Fixed Interest Indices (International)</b>	<b>1 Month</b>	<b>3 Months</b>	<b>1 Year</b>
JP Morgan Global Government Bond Index (\$)	-2.1%	-2.2%	-6.5%
Bloomberg Global Developed Sovereign Bond Index (\$)	-2.3%	-2.3%	-7.2%
Bloomberg Local Emerging Market Sovereign Bond Index (\$)	-1.0%	-0.5%	-0.4%

Source: I-Net Bridge

The yield on longer-dated SA government bond yields rose by another 20 basis points as the rand weakened and market participants reacted to a more hawkish statement from the MPC after their meeting in May. Although yields are now only marginally higher than at the start of the year, they are more than 100 basis points higher than at the end of January.

<b>Fixed Interest Indices (Domestic)</b>	<b>1 Month</b>	<b>3 Months</b>	<b>1 Year</b>
STEFI Composite Index	0.5%	1.6%	6.2%
BEASSA All Bond Index (ALBI)	-0.7%	-1.7%	9.5%
Barclays Inflation-Linked Bond Index	-1.9%	1.7%	6.1%

Source: I-Net Bridge



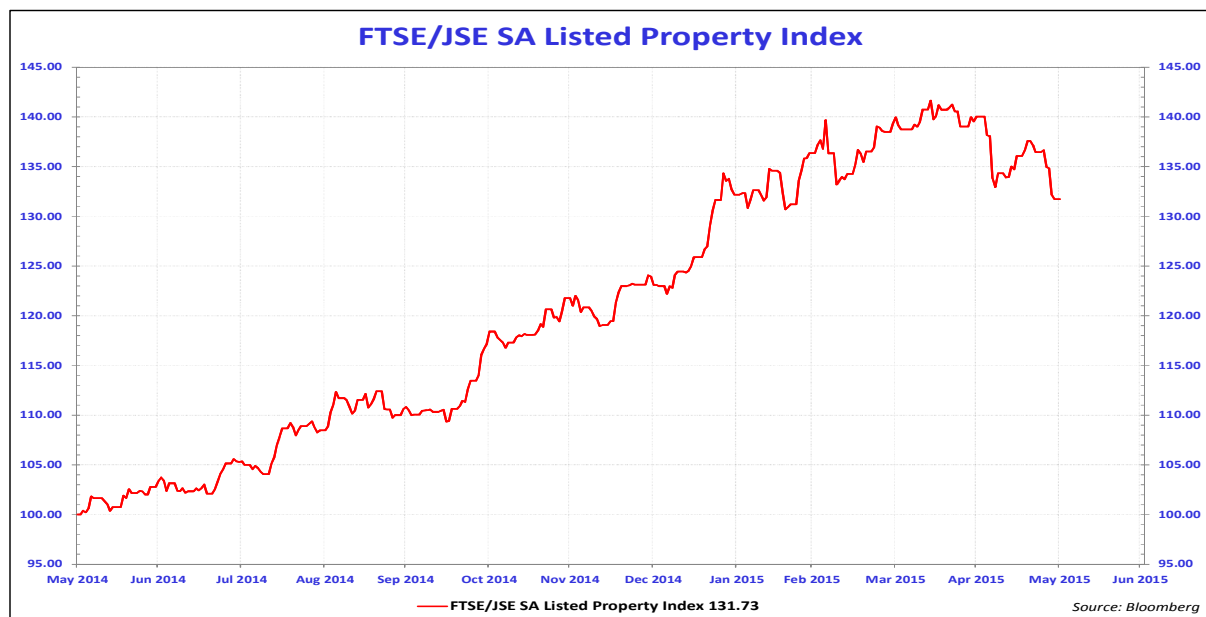
## Listed Property

The prospect of higher interest rates in the US later this year and the fact that little progress has been made to resolve the crisis over Greek debt sparked a sharp sell-off in European bond markets. The yield on 10 year German government bonds increased to 0.88% from 0.37% at the end of April. The prices of “risky” assets fell sharply during May as investors sought the relative safety of the US dollar and US bonds. As a result, global listed property securities declined by 1.2% (as measured by the GPR 250 REIT index). Supply-constrained property markets like New York and London have continued to register strong growth in market rentals, which should support strong earnings growth in the years ahead as leases expire into a stronger rental market.

During May, a combination of higher global bond yields and a weaker rand placed significant downward pressure on listed property prices in South Africa. We have been cautioning investors for some time now that the major tailwind which boosted listed property prices last year has run its course and the larger listed property companies are now exposed to a number of downside risks. The tailwind which we referred to was the inclusion in global equity indices of a number of South African listed property companies, including Hyprop, Redefine and Resilient, which significantly increased the demand for the shares of those companies. The subsequent (and significant) re-rating that followed pushed forward yields in the sector to just 5.5% and more than 250 basis points below the yield on longer-dated government bonds. At the same time, we continued to remind investors that there was still significant relative value on offer in those listed property companies that were not included in global equity indices last year, and whose share prices were not influenced by strong offshore demand from index tracking managers.

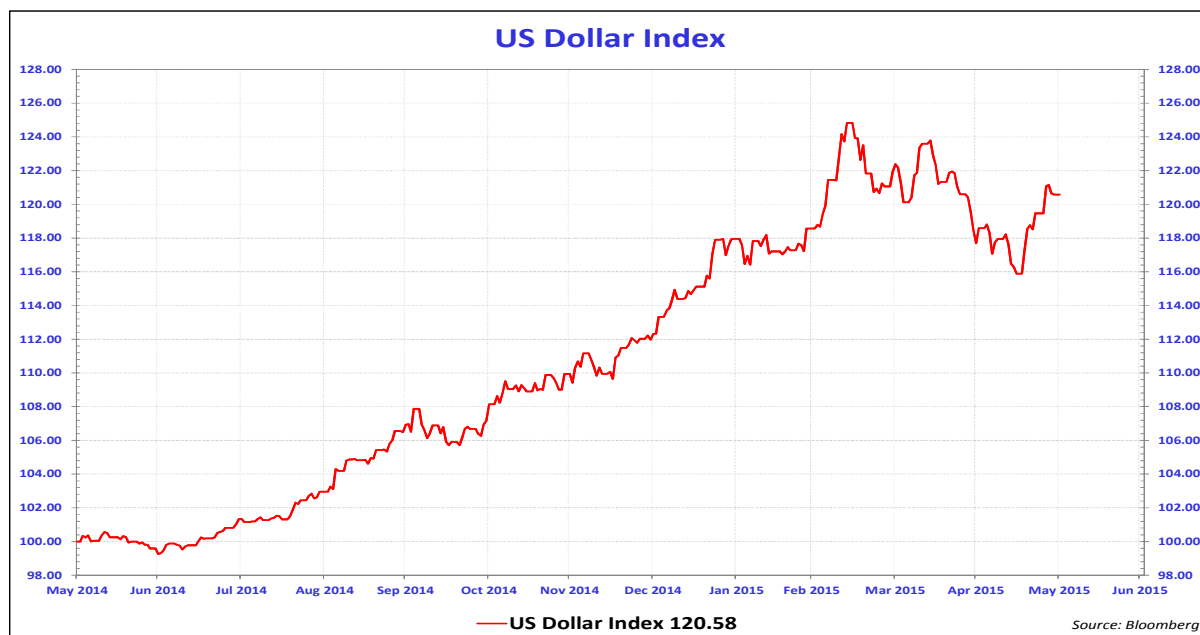
Listed Property Indices	1 Month	3 Months	1 Year
GPR 250 REIT Index (USD)	-1.2%	-4.2%	7.1%
FTSE/JSE SA Listed Property Index (ZAR)	-5.9%	-3.4%	31.7%

Source: I-Net Bridge



## Currencies

The US dollar declined during April after a number of economic data points in the US disappointed the market. Economic data has been generally weaker than expectations since the end of January and is driving expectations that the Fed will hold off from raising interest rates as soon as expected. This led to bondholders (who had placed bets on holding dollars as a hedge for people chasing higher yields when rates begin to rise) rethinking the timeline for rates to rise.



The rand lost ground against the stronger US dollar during May. It was flat against the euro, but weakened against the British pound. US dollar strength due to view that we are moving closer to US monetary policy normalisation is weighing on emerging market currencies. The continuing economic woes in South Africa are also not helping the local currency.

Currencies (Domestic)	1 Month	3 Months	1 Year
ZAR/USD	-2.0%	-4.1%	-13.0%
ZAR/EUR	0.1%	-2.2%	8.0%
ZAR/GBP	-1.6%	-3.2%	-4.7%

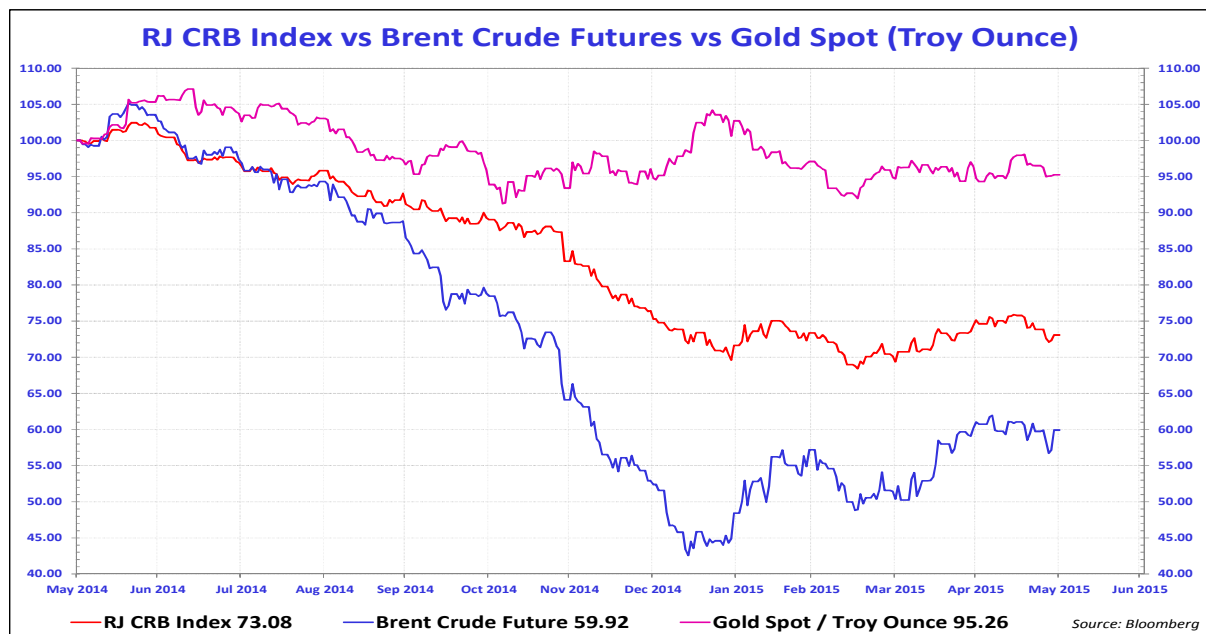
Source: I-Net Bridge

## Commodities

The strong US dollar continues to put pressure on commodity prices in general. Slower growth in China is also proving to be a headwind.

Commodities (International)	1 Month	3 Months	1 Year
RJ CRB Index (\$)	-2.8%	-0.4%	-26.9%
Brent Crude Futures (\$)	-1.8%	4.8%	-40.1%
Gold (\$)	0.5%	-1.9%	-4.7%
London Metals Exchange Index (\$)	-6.9%	-0.6%	-12.8%

Source: I-Net Bridge



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