



FUND MANAGER INFORMATION

MERYL PICK

Portfolio Manager and Head of Research (Old Mutual Equities)

8 Years industry experience

Qualifications: BSc(ENG)(Chem), MBA

Disclosure of FSP:

Old Mutual Equities is an equity boutique within Old Mutual Investment Group (Pty) Ltd, which is a Licensed Financial Services Provider, FSP 604.

SA Economy

Market Commentary

Community Growth Equity – 31 Dec 2023

Commentary Risk assets remained under pressure at the start of the last quarter of 2023. However, they recovered in November and December as markets started to position for a more accommodative US Federal Reserve in 2024. This view was driven by several factors: the continued decline in inflation (though still well above target); softening in the labour market through slower wage growth and a small uptick in unemployment from the trough seen earlier in the year; and tighter financial conditions, which would likely weigh on the strong Q3 growth print. This resulted in global equities delivering 11% for the quarter and nearly 23% for the year (both in US dollars). With inflation concerns evaporating, peak rates now seemingly confirmed and the expectation of rate cuts growing, global bonds performed well (nearly 5% higher for the quarter). Commodities such as copper, platinum and gold performed well too in the quarter. Oil fell almost 20% with the Israel/Hamas war having little to no impact on the price as many may have feared.

Having languished for most of the year, South African assets participated in this recovery. Equity and property erased their dismal year-to-date performances to deliver more pleasing returns for the full year. Bonds also rallied returning 8% in the quarter (very similar to equity) as yields fell nearly a full percentage point. This performance took the return for the year to 9.7%, which compares favourably with the 8% return achieved by equity and cash. The currency weakened from R17.02 against the US dollar to R19.82 at the worst point in the first half of the year but has been able to recover somewhat and traded nearly 3% stronger in the fourth quarter to end the year at R18.29.

In a year when higher interest rates began to bite and concerns rose about a slowdown in the global economy, it was disappointing to see some of our defensive investments lag. This was most evident in British American Tobacco, which struggled to make headway against a steady drip of negative news flow, even while trading at a highly appealing dividend yield of above 9%.

Investments in other cheap shares such as Absa, Sasol and PGM miners were also detractors over the course of the year. Naspers and Prosus suffered a sharp fall in the last days of 2023 due to their key investment, Tencent, being impacted by news of a regulatory crackdown on the gaming industry in China. While the share prices have recovered some of the drop, Tencent is still trading at close to its lowest valuation since listing while Naspers/Prosus continue their share buyback programme and appear to be making steady progress on improving the profitability of their investment portfolio.

Apart from Absa, the banking shares in the portfolio outperformed as higher rates bolstered income. Shoprite was among the defensive shares that had a good year and added value to the portfolio.

Looking forward, we have positioned the portfolio for a year where global interest rates begin to fall, but not as fast or as much as some asset prices currently imply. Locally, we expect the SA Reserve Bank to cut rates quite cautiously. With falling rates in mind, we have added to the portfolio's clothing retail investments. Typically, these companies begin to outperform the index around the peak in the rate hiking cycle. The portfolio is overweight in gold shares, which also usually outperform when global rates start to fall.

Following strong returns in 2023, we expect 2024 to be a tougher year for growth assets. The easy part of disinflation is behind us, risk assets are fully priced and competition from fixed income is compelling. The portfolio is running with a lower-than-average weight to cyclical growth assets as a result and maintains a diversified mix of defensive and idiosyncratic absolute return ideas. This leaves the portfolio well positioned to deliver good returns in what we expect to be a tougher environment in 2024.

Risk Profile

Low	Low to Moderate	Moderate	Moderate to High	High
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Fund Objective:

To provide long-term capital growth and returns in excess of inflation while promoting social responsibility investing. The fund invests in companies that are concerned with job creation, training and skills development, employment equity, economic and social empowerment, high health and safety standards, sound environmental practices and effective corporate governance.

RECOMMENDED MINIMUM INVESTMENT TERM

1 YEAR +	3 YEAR +	5 YEAR +
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INVESTMENT MANDATE

South African listed securities that comply with socially responsible criteria. All investments in SA equity must be approved by Unity Incorporation according to SRI guidelines. The fund maintains 75% equity exposure at all times.

CHARACTERISTICS OF THE FUND AND RISKS

This fund is suitable for investors seeking long-term capital growth while investing in socially responsible investments.

FUND INFORMATION	
FUND MANAGER	Meryl Pick
FUND CATEGORY	South African - Equity - General
FUND BENCHMARK	FTSE/JSE All Share Index
LAUNCH DATE	1 September 1992
FUND SIZE	CGMG R36 million. CGMGI R162 Million
FUND CODE	CGMG CGMGI
DEALING PRICE	NAV
DISTRIBUTIONS	Declared in February 2023 February 2023: 1537.21c per unit CGMGI February 2023: 1541.96 c per unit CGMG
MINIMUM INVESTMENT LUMP SUM	R5 000. Monthly debit order R500
INITIAL CHARGE	No initial administration charge. Initial adviser fee will be between 0% to 3.45% (incl. VAT).
SERVICE FEE	0.5% p.a.
NAV PRICE (CENTS/UNIT)	1607.89c CGMG 1609.30c CGMGI
TOTAL EXPENSE RATIO (TER)*	0.71% (Annualised) CGMG 0.61% (Annualised) CGMGI

FUND PERFORMANCE as at 31 December 2023

CGF Equity			
Years	Fund	Fund Benchmark	Category Rankings
1	9.0	7.3	54/171
3	14.3	11.9	35/156
5	10.3	9.1	50/136
7	8.4	6.8	34/113
10	7.7	6.2	26/76
Fund (since inception)	Highest	Average	Lowest
12-month return	53.56%	13.80%	-34.68%

*Past performance is no indication of future performance.



FUND COMPOSITION as at 31 December 2023

TOP TEN HOLDINGS:	
Instrument	
NASPERS LTD N ORDINARY	24,351,480
FIRSTRAND	18,083,019
ANGLO AMERICAN PLC	17,614,775
STANDARD BANK GROUP	12,862,453
GOLD FIELDS	11,793,705
HARMONY GOLD MINING COMPANY	9,804,485
SHOPRITE HOLDINGS	9,423,763
ANHEUSER-BUSCH INBEV SA/NV	9,189,472
SASOL	8,765,699
MTN GROUP	8,286,086
Total	130 174 937

Tell: 011 333 7545 | FACSIMILE – 011 336 8333 | WEBSITE: www.comanco.co.za | EMAIL: invest@comanco.co.za

STATUTORY INFORMATION:

Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. Past performance is no indication of future growth. The value of participatory interests or the investment may go down as well as up. Unit trusts may engage in scrip lending and may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Unit trust prices are calculated on a net asset value (NAV) basis, which is the total market value of all assets in the portfolio including any income accrual and less any permissible deductions from the portfolio divided by the number of units in issue. Each fund's total expense ratio (TER) reflects the percentage of the average Net Asset Value of each portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A schedule of fees and charges and maximum commissions is available on request from the manager. The manager does not provide any guarantee either with respect to the capital or the return of a portfolio. Instructions to withdraw must reach Community Growth Management Company (RF) (Pty) Ltd (COMANCO) before 15h00 to ensure same day value. The portfolio performance is calculated on a NAV-NAV basis and does not take any initial fees into account. Income is reinvested on the ex-dividend date NAV price. Actual investment performance will differ based on the initial fees applicable, the actual investment date and the date of reinvestment of income. Additional information is available free of charge and you could email: invest@comanco.co.za Trustees: The Standard Bank of South Africa Limited, PO Box 54, Cape Town, 8000. Tel: +2721 401 2002, Fax: +27 24 401 3887 Community Growth Management Company (RF) (Pty) Ltd (COMANCO) is a licensed Management Company approved by the Registrar of Collective Investment Schemes, (Registration no. 1992/002327/07), 3RD FLOOR, BLOCK D, Sunnyside Office Park, 32 Princess of Wales Terrace, PARKTOWN 2193, Johannesburg