



Community  
Growth Funds

# Quarterly Report

Our Commitment. Your Investment.  
Delivering Results.

# 2023



# Q1 Report 2023

Registration No. 1992/002327/07

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# Global economy:

*The global environment has improved markedly since late last year when recessions in the US and euro area were the base case forecast for 2023.*

A milder than usual winter – as well as a resilient private sector – in the US led to strong labour market conditions, rebounding retail sales and relatively strong private sector fixed investment. In the euro area, sharply lower gas prices also led to a rebound in conditions as the private sector – consumers and corporates – suddenly had more spending power. The reopening of the Chinese economy after Covid led to a stronger than expected rebound in economic activity as consumers happily resumed spending and travel, while supply chain pressures eased sharply, allowing strong business activity to resume.

The strong rebound in activity in these three large areas is evident in the performance of JP Morgan's Global Purchasing Managers' Index (PMI). The PMI rebounded from an average Q4 2022 level of 48.4 (in other words, in contractionary territory – 50 is considered the neutral level) to a strong expansionary level of 53.4 by March 2023. The bulk of this recovery came from services sectors (rebounding from 48.4 in Q4 2022 to 54.4 in March this year) while manufacturing's recovery was visible but not as strong.

As a result of this underlying improvement, growth forecasts for 2023 have been raised across the Big 3 economies. US and euro area growth will still be weaker than in 2022, but Chinese growth will be close to double what was recorded in 2022. The latter's rebound will provide staunch support to other emerging markets (EMs) and indeed the global economy. Recessions in the US and euro area are still possible but will likely be pushed out towards late in 2023 – or early 2024 – and could be milder and shorter in duration than previously expected.

These are my current (April 2023) growth forecasts for 2023 (compared to my January forecasts):

	<b>2023 Forecast (April 2023)</b>	2023 Forecast (January 2023)	2022 Actual	2021 Actual
<b>US</b>	<b>1.7%</b>	1.2%	2.1%	5.7%
<b>Euro area</b>	<b>1.1%</b>	0.6%	3.5%	5.3%
<b>China</b>	<b>5.8%</b>	5.4%	3.0%	8.1%



Inflation continued to surprise to the upside – relative to expectations – in the US and euro area, even though the traditional year-on-year percentage change rates have eased from recent cycle peaks. The underlying pace (i.e. the shorter-term trends over the latest 3-month period) has also slowed, indicating reduced price pressures. There is always some inertia or stickiness around turning points in inflation cycles. But the upside surprises and sluggishness in inflation have led the US Fed (the Federal Reserve Board) and the ECB (European Central Bank) to remain hawkish in their monetary policy settings. Fed Chairman Jerome Powell indicated in his Congressional testimony early in March that the Fed was comfortable to hike by 50 basis points (bps) – after initially downsizing from a 50bp rate hike in December 2022 to a 25bp rate increase in February 2023 – at the March Federal Open Market Committee (FOMC) meeting in reaction to “sticky” inflation data. This changed by the time of the eventual policy meeting later in March, as the Fed became concerned about the potential fallout of some upheaval in the banking sector. Side note: The significant increase in interest rates over a brief period was bound to expose some unsound investment decisions and management in some banks. This is unlikely to lead to a full-scale financial crisis or contagion, though.

Inflation is expected to ease markedly in coming months, as supply chain pressures, oil and food prices and other pipeline price pressures have eased substantially. The slowdown in euro area inflation could lag that of the US. I expect a final 25bp rate hike in the US in May, followed by an extended “pause” in rate moves. Rate cuts in the US seem likely from early 2024 onwards. Meanwhile, the ECB could hike rates by another 75bps before pausing. Rate cuts in the euro area might be further away than in the US. This expected rate cycle, combined with better growth in emerging economies relative to developed economies, will likely see a further gradual weakening of the US dollar. There is likely to be some form of risk-on trade coming back later this year – perhaps gaining momentum as markets start pricing the first rate cut in the US early in 2024. This should be good news for emerging markets.

# SA economy:

*The first few months of 2023 turned out to be extremely challenging – especially relative to the optimism following President Ramaphosa’s decisive win at the ANC’s December 2022 elective conference.*

The increased severity of electricity shortages, continuing high fuel and food prices, perceived slow political action with respect to Cabinet changes and Government’s response to the electricity crisis, news of a far weaker than expected GDP growth rate in the last quarter of 2022, as well as doom-and-gloom media reporting, exacerbated an already dismal situation. This sense of despair might seriously impact the economy if not arrested.

Much weaker than expected Q4 2022 GDP growth – at a rate of -1.3% (or -4.9% annualised) – added to the feeling of despair. While the severe impact of load shedding on the mining, manufacturing and utilities sectors during the last few months was expected, the surprise came from a deeply negative growth rate in the financial sector. However, this was not due to load shedding and the sector is likely to rebound in the first quarter of 2023. Mining and manufacturing production already rebounded strongly in January of this year – reducing the probability of another negative growth rate in Q1. On the expenditure side of the economy, healthy (positive) growth in household consumption expenditure and gross fixed capital formation (fixed investment) was relatively robust.

In the current environment, it is easy to become overwhelmed by the negative news. However, it remains as important as ever to maintain a balanced approach. To only focus on the downside, could potentially lead to missed opportunities: balance is a crucial ingredient in the investment environment. There are indeed some emerging positives that may have a beneficial impact on future economic growth in SA.

The significant and fast-growing role of the private sector in the economy could help bring about a momentous change in coming years. This trend started in earnest after the July 2021 unrest and the ANC’s weak performance in the November 2021 local government elections.

Contrary to expectations, the ANC government did not go for populist economic policies but opted to turn to the private sector for help in many of the traditional SOE (state-owned enterprise) functions. This trend has been accelerating recently. The private sector’s involvement in new electricity generation will likely turn out to be revolutionary – not only in solving the energy crisis, but also in determining the direction of economic policy and the future state of the economy in SA.

The speed with which the private sector (both businesses and private households) has engaged in the energy sector is remarkable. Not only is this privatisation by stealth placing the private sector in a strong advantageous position that will have a sustained impact on future growth – it will also have a massive impact on solving the energy shortfall in the short and long term.

One of the few sources of positive news proved to be the February National Budget. This year's budget strictly adhered to the stated policy of fiscal consolidation – i.e. reducing the budget deficit through tight expenditure control to get the fiscal fundamentals back to a healthier position. The budget deficit has steadily declined over the past few years and the primary balance (the budget balance excluding interest payments) has reached a surplus position for the first time in about 15 years. Essentially, this means that SA is no longer borrowing to pay the interest on debt. That is a significant further step away from a so-called debt trap. The debt-to-GDP ratio has improved markedly from an envisaged 95% peak at the time of the 2020 Medium Term Budget Policy Statement, to a likely peak just under 74%. This includes the proposed takeover of R254bn of Eskom's debt. Overall, the country's fiscal risk has reduced markedly.

Despite easing during the second half of 2022, inflation has remained sticky in SA as well. From a cycle peak of 7.8% in July last year, inflation's downward path has been modest reaching 7% in February this year. The Reserve Bank has rightly remained concerned about this and continuing high inflation expectations. After hiking the policy rate by 25bps early this year, expectations were that the March Monetary Policy Committee (MPC) meeting would result in another 25bp rate increase. However, the MPC hiked rates by 50bps as a reflection of continuing concerns about the path of inflation over the rest of the year.

Inflation is still expected to fall fairly sharply over the next few months and could be below 5% by June/July and around the mid-point of the target range (4.5%) by August or September. Pipeline price pressures are all supportive of this envisioned trend – oil prices, international food prices, trends in intermediate producer prices and imported inflation. A big part of the Reserve Bank's effort to get the real policy rate higher will therefore come from lower inflation, negating the need for the policy rate to go up further. Inflation expectations – a lagging indicator – will also ease further as actual inflation declines over the next while.



*The unexpected substantial increase in the policy rate in March likely signalled the last rate increase in this cycle. It could also result in the first rate cut before the end of the year.*

*There are still many risks and negatives, but there have indeed been some emerging positives that should guide the future growth path in SA. It is not all doom and gloom.*

31 MARCH 2023

## COMMUNITY GROWTH EQUITY FUND

### MARKET COMMENTARY

#### 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.

Calendar 2022 was a wild ride for markets caused by war, inflation and interest rates. Just looking at the top-level index returns for the first quarter, 2023 seems to have gotten off to a slightly more optimistic start. Global equities were up 7.3% in US dollars. Even global bonds rose 3% in US dollars. This was a reversal of the largely negative year experienced by both asset classes last year.

However, given the events of the past quarter, one is forced to question some of the perceived optimism. The significant rate hikes in the US claimed more victims. Two bank failures in the US sent markets and global financials into a tailspin. This would eventually result in another major move – the regulator-“enforced” takeover of Credit Suisse by UBS. This meant, in the month of March, US banks were down almost 19% and European banks lost almost 14%. Global value (which, traditionally, has a large weight in banks and financials) was therefore barely up 1.2% in the quarter. What drove the market was global growth gaining almost 14% in the quarter. Contributors were US communication services and IT going up 20% over the period.

US and global growth stocks have rerated on the back of US and global bond yields coming down. The US 10-year yield hit a high of around 4.24% last year but ended this March at below 3.5%. The bank crisis had a big part to play in this, as it likely means these institutions will have to further tighten lending into the economy. The market has interpreted this as a positive, as it may mean rate hikes coming to an end (with maybe even the start of rate cuts). Regionally, Europe provided strong returns, up more than 10% in USD, bouncing back from the energy crisis-induced slowing. Emerging market and Chinese equities delivered positive but tepid 4% to 5% returns in USD.

Despite global markets being up, the rand weakened by 4.5% against the US dollar during the quarter. In rands, South African equities managed a 2.4% return. This was helped significantly by gold mining and other rand-sensitive companies (companies with earnings and significant operations in foreign countries that benefit from a weak rand). More SA-facing companies struggled as company results showed the increasing costs of load shedding on their profits. The listed property sector has also been affected by these dynamics, as measured by the SA REIT index, which was down almost 10% in rands. However, SA bonds managed a 3.4% return for the quarter, ahead of SA cash at 1.8%.

### PORTFOLIO COMMENTARY

The single biggest drag on the portfolio's performance during the quarter was the underperformance of Transaction Capital. Following years of contributing positively to performance, Transaction Capital announced a disappointing trading update, which resulted in a sharp share price decline. We had begun cutting our exposure

**Meryl Pick**  
Portfolio Manager and Head of Research (Old Mutual Equities)

8 Years industry experience  
BSc(ENG)(Chem), MBA



to Transaction Capital prior to the update but had simply not been selling aggressively enough. After the price fall, we reduced our remaining holding, as we believe that the company is vulnerable to a weakening SA consumer. On the positive side, the portfolio gained from overweight positions in Bidvest and Anheuser-Busch.

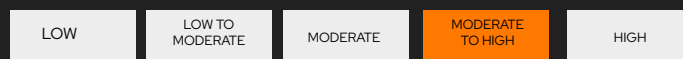
During the quarter, the portfolio added to its gold mining holdings while reducing diversified miners. The portfolio has cut its holdings in smaller cyclical domestic companies that performed well in the post-Covid recovery but are now facing a tougher environment.

Looking forward, the portfolio is positioned defensively, with overweight holdings in gold miners, food retail and brewers.. The portfolio is underweight to mining and cyclical consumer companies. Markets should remain volatile as they navigate rising interest rates and tightening liquidity globally, while load shedding is an additional domestic concern. We believe the portfolio is well placed for the months ahead.

Source: Old Mutual Investment Group as at 31 March 2023

### FUND INFORMATION

#### RISK PROFILE



#### 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



#### 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 suited to investors seeking long-term capital growth while investing in socially responsible investments.

31 MARCH 2023

## COMMUNITY GROWTH EQUITY FUND

## FUND INFORMATION

FUND MANAGER	Meryl Pick
FUND CATEGORY	South African - Equity - General
FUND BENCHMARK	FTSE/JSE All Share Index
FUND SIZE	R211 million
FUND CODE	CGMG CGMGI
DEALING PRICE	NAV
DISTRIBUTIONS	Declared in February 2022 February 2023: 1537.21c per unit CGMGI February 2023: 1541.96 c per unit CGMG
MINIMUM INVESTMENT	R5000 lump sum. 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)	1505.69c CGMG 1501.04c CGMGI
TOTAL EXPENSE RATIO (TER)*	0.67% (Annualised) CGMG 0.64% (Annualised) CGMGI

## SECTOR ALLOCATIONS:

BASIC MATERIALS	34,20
CONSUMER DISCRETIONARY	3,48
CONSUMER STAPLES	9,41
TELECOMMUNICATIONS	6,07
FINANCIALS	22,76
HEALTH	1,58
INDUSTRIALS	2,30
TECHNOLOGY	12,23
ADDITIONAL	-
FINANCIAL INSTRUMENTS	-
ASSETS IN LIQUID FORM	7,97
	100,00
OTHER	
Market Value (R mill)	194 389 800
Net Asset Value	211 232 383
Buy & Sell Price (cents)	1501,84

## STATUTORY INFORMATION

Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. Past performance is no indication of future growth. 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.

Instructions to withdraw must reach Community Growth Management Company (RF) (Pty) Ltd (COMANCO) before 15h00 to ensure same day value.

## FUND PERFORMANCE % Performance (annualised)

YEARS	FUND %	FUND BENCHMARK %	CATEGORY RANKINGS
1	-2,3	1,4	134/171
3	22,3	21,4	59/151
5	9,2	7,5	38/137
7	6,9	6,4	47/108
10	8,6	8,0	28/71

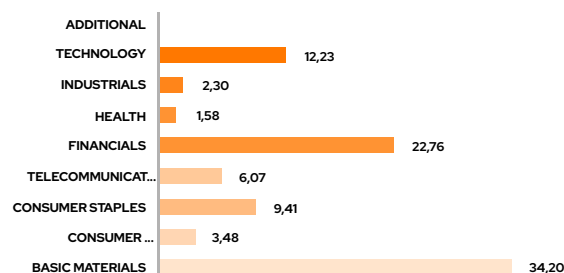
\*Past performance is no indication of future performance

FUND (since Inception)	HIGHEST %	AVERAGE %	LOWEST %
12-month return	53.56%	13.80%	-34.68%

## FUND COMPOSITION

TOP TEN HOLDINGS	
ANGLO AMERICAN PLC	24 677 575
BHP GROUP LIMITED	22 573 969
Naspers Ltd	21 987 487
FirstRand Ltd	13 553 217
MTN GROUP LIMITED	12 932 407
SASOL Ltd	12 746 194
STANDARD BANK GROUP LTD	9 948 772
Shoprite Holdings Ltd	7 743 212
INVESTEC PLC	7 046 355
NEDBANK GROUP LTD	6 976 238
Total	140 185 428

## SECTOR ALLOCATIONS



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](mailto: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  
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# 31 March 2023 – COMMUNITY GROWTH EQUITY FUND

NAME OF PORTFOLIO: COMMUNITY GROWTH EQUITY FUND									
DETAILS (NAME OF INSTRUMENT)	HOLDINGS AT 31 DEC 2022	HOLDINGS AT 30 MAR 2023	MARKET VALUE	% OF ISSUED SHARE CAPITAL	% WEIGHTING IN INDEX NALSIM	120% INDEX WEIGHTING	% OF PORTFOLIO	MARKET CAPITALISATION	SHARE CODE
<b>EXCHANGE SECURITIES - LOCAL</b>			<b>194 389 801</b>				<b>92,03</b>		
<b>BASIC MATERIALS</b>			<b>72 242 706</b>				<b>34,20</b>		
<b>BASIC RESOURCES</b>			<b>60 950 286</b>				<b>28,85</b>		
<b>GOLD MINING</b>			<b>11 772 960</b>				<b>5,57</b>		
HARMONY GOLD MINING COMPANY LTD	82 280	82 280	6 105 176	0,013	0,50	0,60	2,89	45 860 940 322	HAR
GOLD FIELDS LTD	23 602	23 602	5 667 784	0,003	2,65	3,18	2,68	214 571 731 552	GFI
<b>PLATINUM</b>			<b>3 325 351</b>				<b>1,57</b>		
ANGLO AMERICAN PLATINUM LIMITED	3 391	3 391	3 325 350	0,001	0,68	0,82	1,57	260 156 148 892	AMS
<b>INDUSTRIAL METALS &amp; MINING</b>			<b>45 851 975</b>				<b>21,71</b>		
ANGLO AMERICAN PLC	37 202	37 202	21 845 758	0,003	9,08	10,89	10,34	785 452 502 072	AGL
BHP GROUP LIMITED	42 856	42 856	24 006 217	0,001	1,46	1,75	11,37	2 837 670 042 649	BHG
<b>CHEMICALS</b>			<b>11 292 420</b>				<b>5,35</b>		
SASOL LTD	47 308	47 308	11 292 420	0,007	1,70	2,04	5,35	151 416 066 456	SOL
<b>CONSUMER DISCRETIONARY</b>			<b>7 357 076</b>				<b>3,48</b>		
<b>RETAIL</b>			<b>3 754 800</b>				<b>1,78</b>		
<b>RETAILERS</b>			<b>3 754 800</b>				<b>1,78</b>		
THE FOSCHINI GROUP LTD	41 257	41 257	3 754 800	0,012	0,37	0,45	1,78	30 126 794 573	TFG
<b>CONSUMER PRODUCTS AND SERVICES</b>			<b>3 602 276</b>				<b>1,70</b>		
<b>CONSUMER SERVICES</b>			<b>3 602 276</b>				<b>1,70</b>		
ADVTECH LIMITED	201 357	201 357	3 602 276	0,036	0,12	0,14	1,70	9 919 289 239	ADH
<b>CONSUMER STAPLES</b>			<b>19 870 262</b>				<b>9,68</b>		
<b>FOOD BEVERAGE AND TOBACCO</b>			<b>9 083 337</b>				<b>3,86</b>		
<b>BEVERAGES</b>			<b>5 555 555</b>				<b>1,97</b>		
ANHEUSER BUSCH INBEV SA NV	4 649	4 649	5 555 555	0,000	1,10	1,32	2,63	2 075 949 901 150	ANH
FOOD PRODUCERS			3 527 782				1,67		
AVI LIMITED	50 325	50 325	3 527 783	0,015	0,29	0,35	1,67	23 590 829 689	AVI
<b>PERSONAL CARE DRUG AND GROCERY STORE</b>			<b>10 786 925</b>				<b>5,11</b>		
<b>PERSONAL CARE DRUG AND GROCERY STORE</b>			<b>10 786 925</b>				<b>5,11</b>		
DISCHEM PHARMACIES LIMITED	124 190	124 190	3 207 828	0,014	0,12	0,15	1,52	22 215 982 196	DCP
SHOPRITE HOLDINGS LTD	34 262	34 262	7 579 097	0,006	1,37	1,65	3,59	130 809 990 027	SHP
<b>TELECOMMUNICATIONS</b>			<b>12 824 722</b>				<b>6,07</b>		
<b>TELECOMMUNICATION</b>			<b>12 824 722</b>				<b>6,07</b>		
<b>TELECOMMUNICATIONS SERVICE PROVIDER</b>			<b>12 824 722</b>				<b>6,07</b>		
MTN GROUP LIMITED	101 590	101 590	12 824 722	0,005	2,92	3,50	6,07	237 870 214 250	MTN

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<b>FINANCIALS</b>			<b>48 069 654</b>				<b>22,76</b>		
BANKS			42 206 794				19,98		
BANKS			42 206 794				19,98		
ABSA GROUP LIMITED	28 829	28 829	5 228 139	0,003	1,92	2,31	2,48	153 739 585 637	ABG
FIRSTSTRAND LTD	218 178	218 178	13 180 133	0,004	3,81	4,58	6,24	338 869 170 140	FSR
INVESTEC PLC	65 444	65 444	6 461 286	0,009	0,83	1,00	3,06	68 724 236 875	INP
NEDBANK GROUP LTD	32 817	32 817	7 088 144	0,006	1,16	1,39	3,36	110 479 055 632	NED
STANDARD BANK GROUP LTD	59 293	59 293	10 249 092	0,004	2,92	3,51	4,84	290 116 132 039	SBK
<b>INSURANCE</b>			<b>5 862 860</b>				<b>2,78</b>		
<b>LIFE INSURANCE</b>			<b>3 312 903</b>				<b>1,57</b>		
SANLAM LTD	58 729	58 729	3 312 903	0,003	1,26	1,51	1,57	125 623 626 355	SLM
<b>NONLIFE INSURANCE</b>			<b>2 549 957</b>				<b>1,21</b>		
SANTAM LTD	8 986	8 986	2 549 957	0,008	0,15	0,18	1,21	32 670 842 202	SNT
<b>HEALTH</b>			<b>3 335 959</b>				<b>1,58</b>		
<b>HEALTHCARE</b>			<b>3 335 959</b>				<b>1,58</b>		
<b>HEALTH CARE PROVIDERS</b>			<b>3 335 959</b>				<b>1,58</b>		
NETCARE LIMITED	226 936	226 936	3 335 959	0,016	0,27	0,33	1,58	21 154 623 132	NTC
<b>INDUSTRIALS</b>			<b>4 860 310</b>				<b>2,30</b>		
<b>INDUSTRIAL GOODS &amp; SERVICES</b>			<b>4 860 310</b>				<b>2,30</b>		
<b>GENERAL INDUSTRIALS</b>			<b>4 860 310</b>				<b>2,30</b>		
THE BIDVEST GROUP LTD	19 277	19 277	4 860 310	0,006	1,09	1,31	2,30	85 793 370 857	BVT
<b>TECHNOLOGY</b>			<b>25 829 112</b>				<b>12,23</b>		
<b>TECHNOLOGY</b>			<b>25 829 112</b>				<b>12,23</b>		
<b>SOFTWARE &amp; COMPUTER SERVICES</b>			<b>25 829 112</b>				<b>12,23</b>		
NASPERS LTD	7 785	7 785	25 829 112	0,002	8,06	9,67	12,23	1 444 940 765 788	NPN
<b>ASSETS IN LIQUID FORM</b>			<b>16 842 582</b>				<b>7,97</b>		
DEPOSITS WITH BANKS/MUTUAL BANKS/FOREIGN BRANCHES			16 842 582				7,97		
Local Cash			16 842 582				7,97		
Foreign Cash			0				0,00		
SETTLEMENT ACCOUNT POSITIVE (+)			0				0,00		
SETTLEMENT ACCOUNT NEGATIVE (-)			0				0,00		
<b>TOTAL ASSETS</b>			<b>211 232 383</b>				<b>100,00</b>		

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31 MARCH 2023

## COMMUNITY GROWTH EQUITY FUND

**Yunus January**  
Portfolio Manager & Quantitative analyst

10 years of investment experience  
B.Com, CIPM



### MARKET COMMENTARY

#### Disclosure of FSP:

Futuregrowth Asset Management (Pty) Ltd ("Futuregrowth") is a licensed discretionary financial services provider, FSP 520.

#### MARKET OVERVIEW

The global banking crisis rattled markets as fears of systemic risk and financial system failure triggered a risk off environment and re-directed capital to safe-haven markets. This resulted in dollar strength on the back of a rally in US Treasuries. Central Banks in the US and Eurozone as well as large commercial banks stepped in to calm markets and avert the risk of a bank run. Even so, these concerns failed to derail the Fed and the ECB from hiking rates further as both central banks increased their respective policy rates at their March policy meetings in order to quash elevated and sticky inflationary pressures. Domestically, the SARB surprised the market by increasing the repo rate by 50 basis points at the March Monetary Policy Committee meeting. Consensus expectation was for a 25-basis point increase, but concerns around stubbornly high domestic food inflation triggered the SARB to act more aggressively. This brings about a cumulative rate increase of 75 basis points over the first quarter of this year, resulting in a repo rate of 7.75%.

On the fiscal front, the Minister of Finance managed to strike a commendable balance between maintaining a credible commitment to fiscal integrity and finding a comprehensive solution to the unsustainable Eskom debt overhang. Having said that, over the longer term, fiscal execution risk remains elevated in light of continued expenditure pressure and the fact that South Africa is saddled with a structurally low growth environment. Despite this, the ALBI index rendered a robust return of 3.4% for the quarter, outperforming both inflation-linked bonds (IGOV) and cash which returned 0.9% and 1.7% respectively.

#### PERFORMANCE REVIEW:

The Fund returned 3.96% over the 12-month period ending March 2023, underperforming the benchmark by 1.9%. Underperformance was primarily due to the Fund's overweight position in the +12-year area of the nominal curve, which was the weaker performing sector over the period as nominal bond yields across the curve trended higher in response to a combination of increasing domestic inflation and an aggressive interest rate hiking cycle.

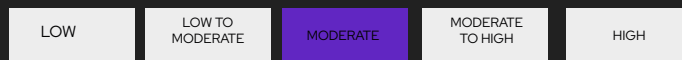
#### FUND POSITIONING:

From a strategic perspective, the Fund favours holding bonds within the 12- to 20-year area of the nominal bond yield curve. Current yield curve steepness renders this part of the curve attractive from an expected risk adjusted return perspective. The Fund continues to maintain limited exposure to the ultra-long +20- year area of the curve given its characteristically high level of interest rate risk and its susceptibility to volatility stemming from fiscal pressures. From a tactical positioning perspective, focus over the past few months has centred around tactically trading the elevated volatility in the longer end of the curve. This is done by rolling up into longer-dated bonds into bouts of market weakness, subsequently taking profit and rolling down the yield curve into bouts of strength. From a strategic positioning perspective, the Fund has gradually increased its level of interest rate risk as valuation has become increasingly attractive. The Fund's modified duration has increased to +0.5 relative to benchmark from -0.2 at the end of March 2022.

Source: Old Mutual Investment Group as at 31 March 2023

### FUND INFORMATION

#### RISK PROFILE



#### FUND OBJECTIVE

To maximise this fund's total returns through a balance of capital growth and a high level of income. To invest funds into longer term, fixed interest instruments with an emphasis on institutions and projects than contribute to the development of South Africa through meaningful social impact, commitment to development, community participation and support.

#### INVESTMENT MANDATE

The fund invests in interest-bearing securities and money market instruments. All investments in interest-bearing securities must be approved by Unity Corporation.

#### CHARACTERISTICS OF THE FUND AND RISKS

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

31 MARCH 2023

## COMMUNITY GROWTH EQUITY FUND

### FUND INFORMATION

FUND MANAGER	Yunus January
FUND CATEGORY	South African - Interest Bearing - Variable Term
FUND BENCHMARK	BEASSA All Bond Index
LAUNCH DATE:	14 July 1998
FUND SIZE	R9.4 million
DEALING PRICE	NAV
FUND CODE	CGMI
DISTRIBUTIONS	Declared: February 2023 Distributed 2 business day after declaration August 2022: 136.74c per unit February 2023: 136.22c per unit
MINIMUM INVESTMENT	R5 000
MONTHLY DEBIT ORDER:	R500
INITIAL CHARGE	No initial administration charge. Initial adviser fee will be between 0% to 0.68% (incl. VAT).
SERVICE FEE	0.5% p.a.
NAV PRICE (cents/unit)	137.69c
TOTAL EXPENSE RATIO (TER)*	1.73% (Annualised)

### TOP TEN HOLDINGS

RSA 8.50 31012037	2 519 364
RSA 9.00 31012040	2 470 000
RSA 8.875 28022035	2 280 000
RSA 8.75 31012044	1 110 000
ESKOM HOLDINGS LTD 8.5 25042042	500 000
TRANSNET LIMITED 8.9 14112027	300 000
TN30 10.50 09102030	300 000
ES33 7.5 150933	300 000
SA NATIONAL ROADS AGENCY 9.25	200 000
NRA028 12.25 30122028	100 000

### FUND PERFORMANCE % Performance (annualised)

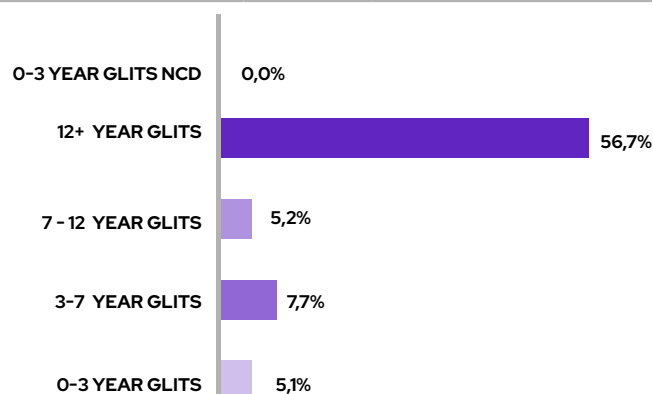
YEARS	FUND %	FUND BENCHMARK %	CATEGORY RANKINGS
1	4,0	5,3	41/46
3	10,1	10,8	30/34
5	5,7	6,5	26/28
7	7,8	8,0	21/24
10	6,7	7,2	14/15

\*Past performance is no indication of future performance

FUND (since Inception)	HIGHEST %	AVERAGE %	LOWEST %
12-month return	14,65%	0,72%	-14,13%

### MATURITY BANDS

MATURITY BANDS	%	MARKET VALUE
0-3 YEARS GILTS	5,1%	477 458
3-7 YEARS GILTS	7,7%	723 121
7-12 YEARS GILTS	5,2%	2 630 616
12+ YEARS GILTS	56,7%	5 334 092
0-3 YEARS NCD	0,0%	
CASH	2,6%	244 742
<b>Total</b>	<b>77,2%</b>	<b>9 410 029</b>



### STATUTORY INFORMATION

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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

## 31 March 2023 – **COMMUNITY GROWTH GILT FUND**

### NAME OF PORTFOLIO: COMMUNITY GROWTH GILT FUND

DETAILS (NAME OF INSTRUMENT)	HOLDINGS AT 31 DEC 2022	HOLDINGS AT 31 MAR 2023	MARKET VALUE	% OF PORTFOLIO	MARKET CAPITALISATION NON-EQUITY SECURITIES	SHARE CODE
<b>NON-EQUITY SECURITIES (GROUP PER ISSUER PER SECURITY)</b>			<b>9 801 876</b>	<b>97,40</b>		
<b>LISTED BONDS/PREFERENCE SHARES/DEBT INSTRUMENTS</b>			<b>9 165 287</b>	<b>97,40</b>		
<b>CITY OF CAPE TOWN</b>			<b>206 877</b>	<b>2,20</b>		
CCT02 120624	100 000	100 000	103 426	1,10	0	CCT02
CCT03 15032025	100 000	100 000	103 451	1,10	0	CCT03
<b>CITY OF JOHANNESBURG</b>			<b>98 839</b>	<b>1,05</b>		
COJ05 12.205 05062023	100 000		0	0,00	0	COJ05
COJG01 10.18 09062024	100 000	100 000	98 839	1,05	0	COJG01
<b>DEVELOPMENT BANK OF SA LTD</b>			<b>0</b>	<b>0,00</b>		
DEVELOPMENT BANK OF SA 9.69 18022024	200 000		0	0,00	0	DV24
<b>EKURHULENI MUNICIPALITY</b>			<b>142 530</b>	<b>1,51</b>		
CITY OF EKURHULENI METROPOLITAN MUNICIPALITY 10.25 23062025	29 594	29 594	29 541	0,31	0	EMM06
CITY OF EKURHULENI METROPOLITAN MUNICIPALITY 10.52 12072027	17 647	15 882	15 928	0,17	0	EMM07
CITY OF EKURHULENI METROPOLITAN MUNICIPALITY 10.67 17042029	101 500	101 500	97 061	1,03	0	EMM05
<b>ESKOM HOLDINGS LTD</b>			<b>585 305</b>	<b>6,22</b>		
ES33 7.5 150933	300 000	300 000	222 957	2,37	0	ES33
ESKOM HOLDINGS LIMITED 10.00 25012023	500 000	500 000	362 348	3,85	0	ES42
ESKOM HOLDINGS LTD 8.5 25042042	500 000	500 000	343 580	3,42		ES42
<b>FIRSTRAND BANK LTD</b>			<b>103 936</b>	<b>1,10</b>		
FRX27 10.19 07032027	100 000	100 000	103 936	1,10	338 869 170 140	FRX27
<b>RAND WATER BOARD</b>			<b>195 472</b>	<b>2,08</b>		
RW23 9.51 10122023	100 000	100 000	100 070	1,06	0	RW23
RW28 10.245 10122028	100 000	100 000	95 402	1,02	0	RW28
<b>REPUBLIC OF SOUTH AFRICA</b>			<b>6 869 445</b>	<b>73,00</b>		
RSA 6.50 28022041	200 000		0	0,00	0	R214
RSA 8.25 31032032	0	30 000	27 296	0,29	0	R2030
RSA 8.50 31012037	2 899 364	2 519 364	2 024 448	21,51	0	R2037
RSA 8.75 31012044	1 050 000	1 110 000	858 575	9,12	0	R2044
RSA 8.875 28022035	2 170 000	2 280 000	1 953 274	20,76	0	R2035
RSA 9.00 31012040	2 440 000	2 470 000	2 005 852	21,32	0	R2040

**NAME OF PORTFOLIO: COMMUNITY GROWTH GILT FUND (Continued)**

DETAILS (NAME OF INSTRUMENT)	HOLDINGS AT 31 DEC 2022	HOLDINGS AT 31 MAR 2023	MARKET VALUE	% OF PORTFOLIO	MARKET CAPITALISATION NON-EQUITY SECURITIES	SHARE CODE
<b>SA NATIONAL ROADS AGENCY LTD</b>			<b>356 014</b>	<b>3,78</b>		
NRA028 12.25 30122028	100 000	100 000	105 380	1,12	0	NRA028
SA NATIONAL ROADS AGENCY 9.25	200 000	200 000	167 765	1,78	0	HWAY34
SA NATIONAL ROADS AGENCY 9.25 31072035	100 000	100 000	82 869	0,88	0	HWAY35
<b>TRANSNET SOC LTD</b>			<b>564 737</b>	<b>6,01</b>		
TN23 10.8 06112023	100 000		0	0,00	0	TN23
TN30 10.50 09102030	300 000	300 000	286 620	3,05	0	TN30
TRANSNET LIMITED 8.9 14112027	300 000	300 000	278 117	2,96	0	TN27
<b>UMGENI WATER BOARD</b>			<b>42 132</b>	<b>0,45</b>		
UG26 11.31 09032026	41 575	41 575	42 132	0,45	0	UG26
<b>ASSETS IN LIQUID FORM</b>			<b>244 742</b>	<b>2,60</b>		
<b>DEPOSITS WITH BANKS/MUTUAL BANKS/ FOREIGN BRANCHES</b>			<b>245 509</b>	<b>2,44</b>		
Local Cash			245 509	2,44		
Foreign Cash			0	0,00		
SETTLEMENT ACCOUNT POSITIVE (+)			8 220	0,09		
SETTLEMENT ACCOUNT NEGATIVE (-)			0	0,00		
<b>TOTAL ASSETS</b>			<b>9 410 029</b>	<b>100,00</b>		

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