

# Brenthurst FoF Performance

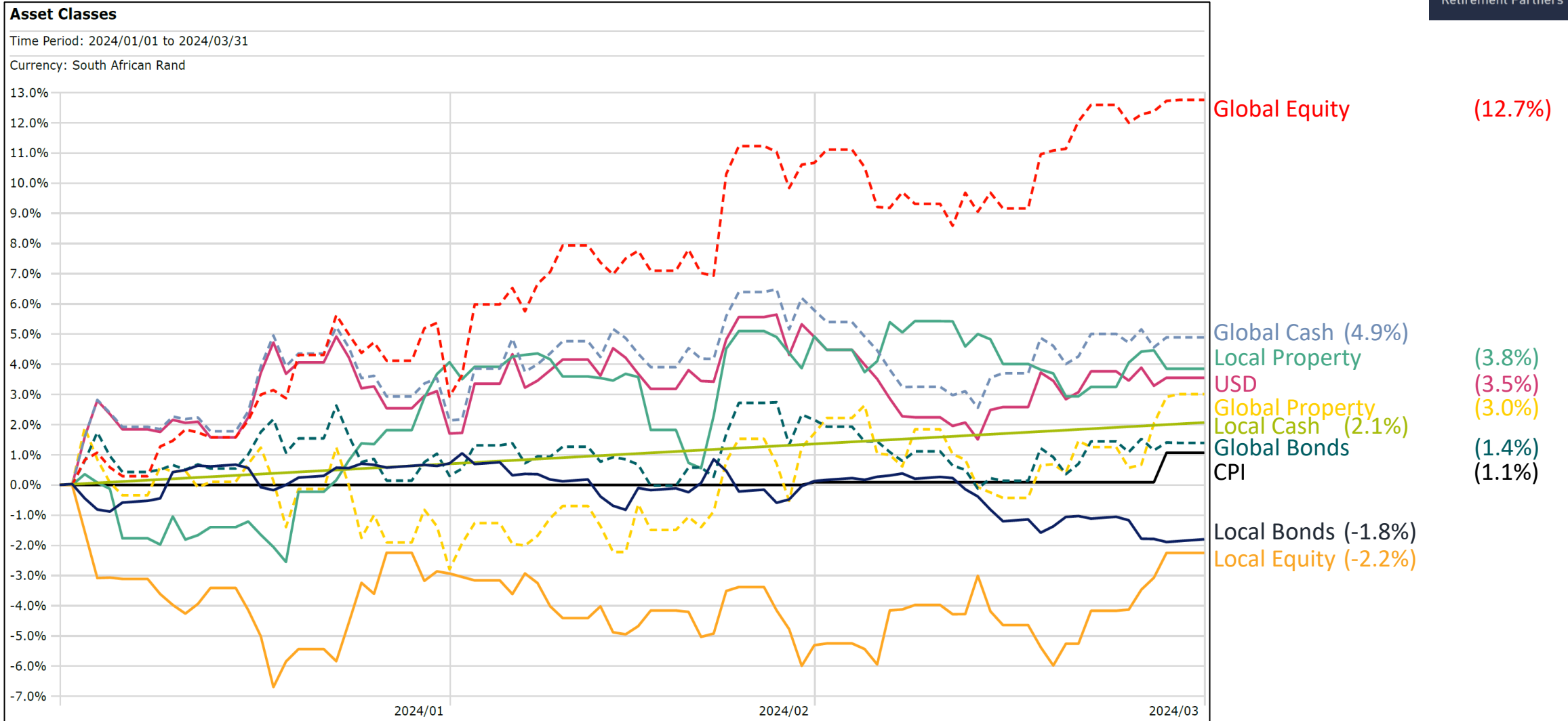
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From 1 December 2022 – MiPlan DFM started advising

## **Quarterly Summary**

1 January 2024 – 31 March 2024

# Asset Class Returns



# Fund Changes Over the Quarter

The exposure to the **MiPlan IP Enhanced Income fund** was reduced across Brenthurst Cautious, Balanced and Worldwide fund of funds in light of the side-pocketing of certain assets held within the main fund (Martius and Redink notes).

The reduction to MiPlan fund was actioned in March, and the Ninety One Diversified Income fund was subsequently included as per the weights listed below. *Fund manager commentary is included on the next page.*

	MiPlan IP Enhanced Income Fund		Ninety One Diversified Income Fund	
	<u>Previous %*</u>	<u>Current %</u>	<u>Previous %</u>	<u>Current %</u>
Cautious	25%	12.5%		12.5%
Balanced	7.5%	3.5%		4%
Worldwide	5.5%	2.5%		3%

**IMPACT:** The estimated impact of the retention fund's fair value decrease, based strategic weights\* at the time, is approximately:

*Cautious -0.701%*

*Balanced : -0.210%*

*Worldwide : 0.154%*

## MiPlan IP Enhanced Income March 2024 MDD

PERFORMANCE				
	A1 Class	Retention A1 **	Composite ***	BMK
1 Month	0.5%	-31.8%	-2.3%	0.6%
YTD	1.8%		-1.1%	2.0%
1 Year	8.8%		5.7%	8.3%
3 Years *	8.2%		7.2%	6.1%
5 Years *	8.9%		8.0%	6.0%
10 Years *	8.5%		8.2%	6.5%
Since inception *	8.3%		8.0%	6.3%
	Period		Performance	
Highest return	2019		11.6%	
Lowest return	2014		3.3%	
<small>*Returns are annualised if period is longer than 12 months. Based on A1 class.  **The Retention Fund was created on 16 February 2024 to house certain debt securities linked to Bridge Taxi Finance, where valuations and liquidity were uncertain.  *** The composite performance of the main fund and the retention fund are included for comparative purposes. Fund returns provided by Profile Data.</small>				
<small><b>Annualised returns</b> is the weighted average compound growth rate over the performance period measured.  Fund returns shown are based on NAV-NAV unit pricings calculated from INET for a lump-sum investment with income distribution reinvested (after fees and cost).  (Retention Fund composite returns provided by Profile Data.).</small>				

# MiPlan IP Enhanced Income Fund Commentary

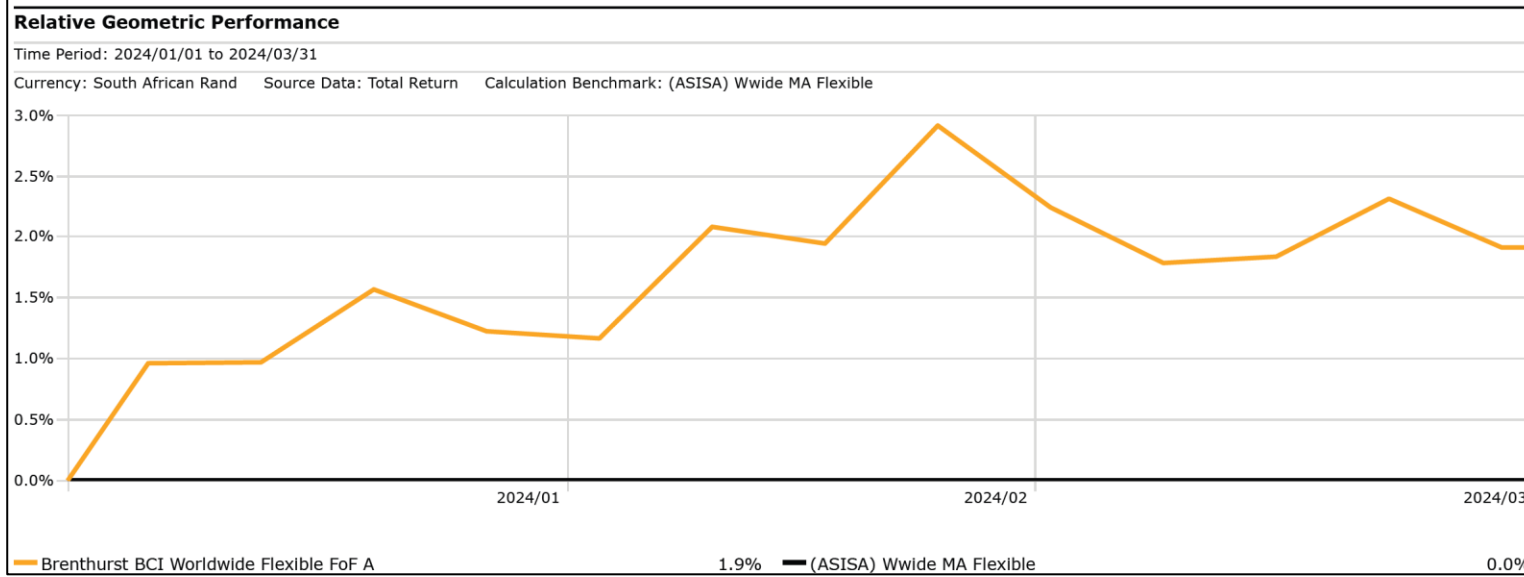
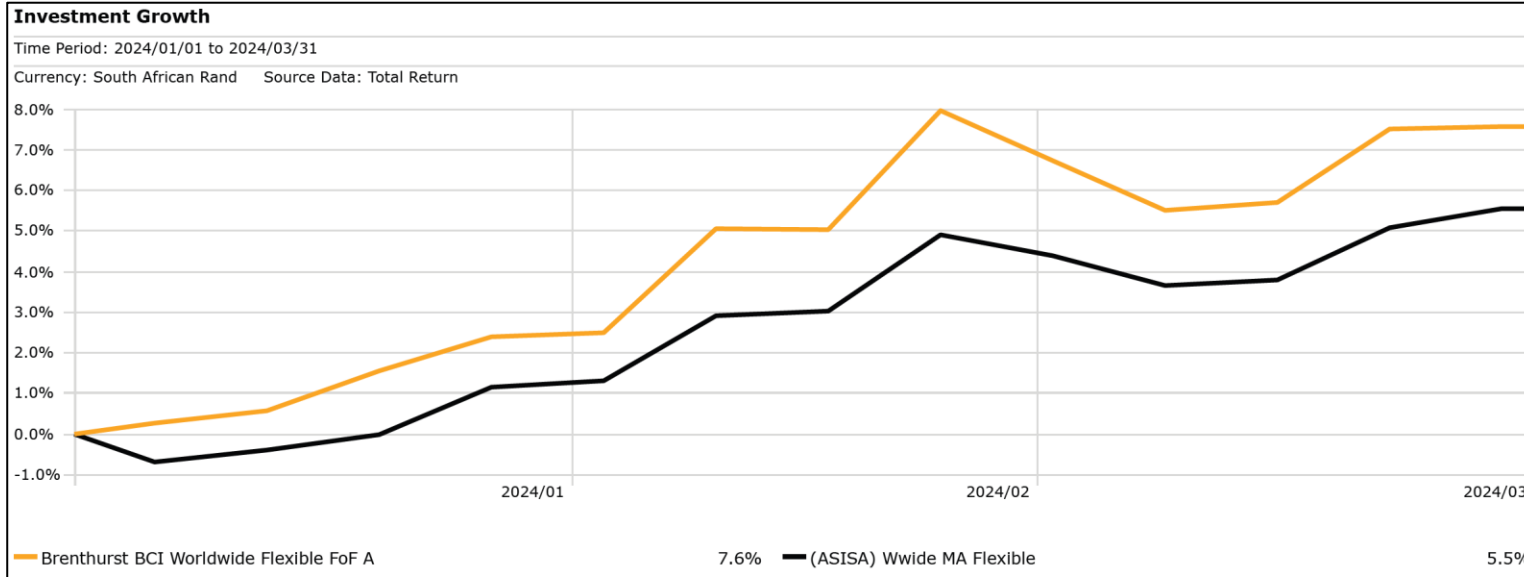
## **February Commentary:**

February was a tough month for the fund, highly reminiscent of August 2014, when African Bank was placed into Curatorship by the SARB. Your fund has exposures to Martius and Redink notes which are securitised Special Purpose Vehicles (SPVs) that have ownership of a pool of minibus taxis and a pool of lease payments (ISAs), with no overlap of underlying assets. These have performed perfectly since we first invested in June 2018, paying all coupons in full and on time each quarter. In January, the founder, CEO and largest shareholder of Bridge Taxi and its operating company Mokoro (Martin Bezuidenhout) passed away suddenly. Then we learnt that Mokoro had an overdue payment to Imperial Logistics and that there had been an underpayment of interest due in a structure outside of either Martius or Redink. Those failures caused a so-called “Event of default” under which all lenders must be informed even if their own investments have been fully serviced. Mokoro operates as service provider, doing licencing of vehicles, sales, collections, and repossessions when those become necessary. The performance of the team at Mokoro has deteriorated. We and some other lenders are looking at supplementing rather than supplanting that team. Given the poor performance of the collections team in particular, the lease payments due to the notes held in the fund and therefore the coupons due must unfortunately be considered unlikely to be received in full at the next coupon dates. In this light, we took the difficult decision to create a retention fund (“side-pocket”) to house the affected assets and to prudently impose impairments on the carrying values. As with African Bank (2014) and Land Bank (2020), we will work tirelessly towards the recovery of all assets. Meanwhile, the “Main” fund comprising some 92% of the combined fund continues to operate and perform satisfactorily. Performance will be published on the composite portfolio (i.e. Main fund and side-pocket combined, so impairments will not be “hidden”). No management fees will be charged on the side-pocket. The impact of impairments on performance on 1st March 2024 will be -3.77%.

## **March Commentary:**

As mentioned in February’s commentary, the fund faced challenges when Martin Bezuidenhout's passing affected Martius and Redink notes, leading to default events for all lenders. These notes are linked to investments in Bridge Taxi Finance, serviced by Mokoro. The root cause of the default was poor collections. To address this, Vunani Fund Managers, along with other lenders, engaged in a discovery process with Mokoro and Redink, the issuer. A solution has been developed, involving transaction advisory, legal counsel, and valuation experts. Cost-reduction programs and asset sales have also been initiated through Mokoro’s restructuring officer. Designing a feasible debt restructuring program is complex and may take time, but the team is dedicated to recovering the assets. Performance updates, including impairments, will be transparently published from March, combining the main fund and the side pocket that was implemented in February. No management fees will be charged on the side pocket. The majority of the portfolio, making up comfortably more than nine-tenths, is still performing well and was a top quartile performer in March. This part of the portfolio has for a while benefited from a repo rate which is at a 15-year high of 8.25%. The SARB has chosen not to change this rate. Its decision shows concern over ongoing inflation

# BRENTHURST BCI WORLDWIDE FLEXIBLE FOF – 2024 Q1



## Absolute Returns

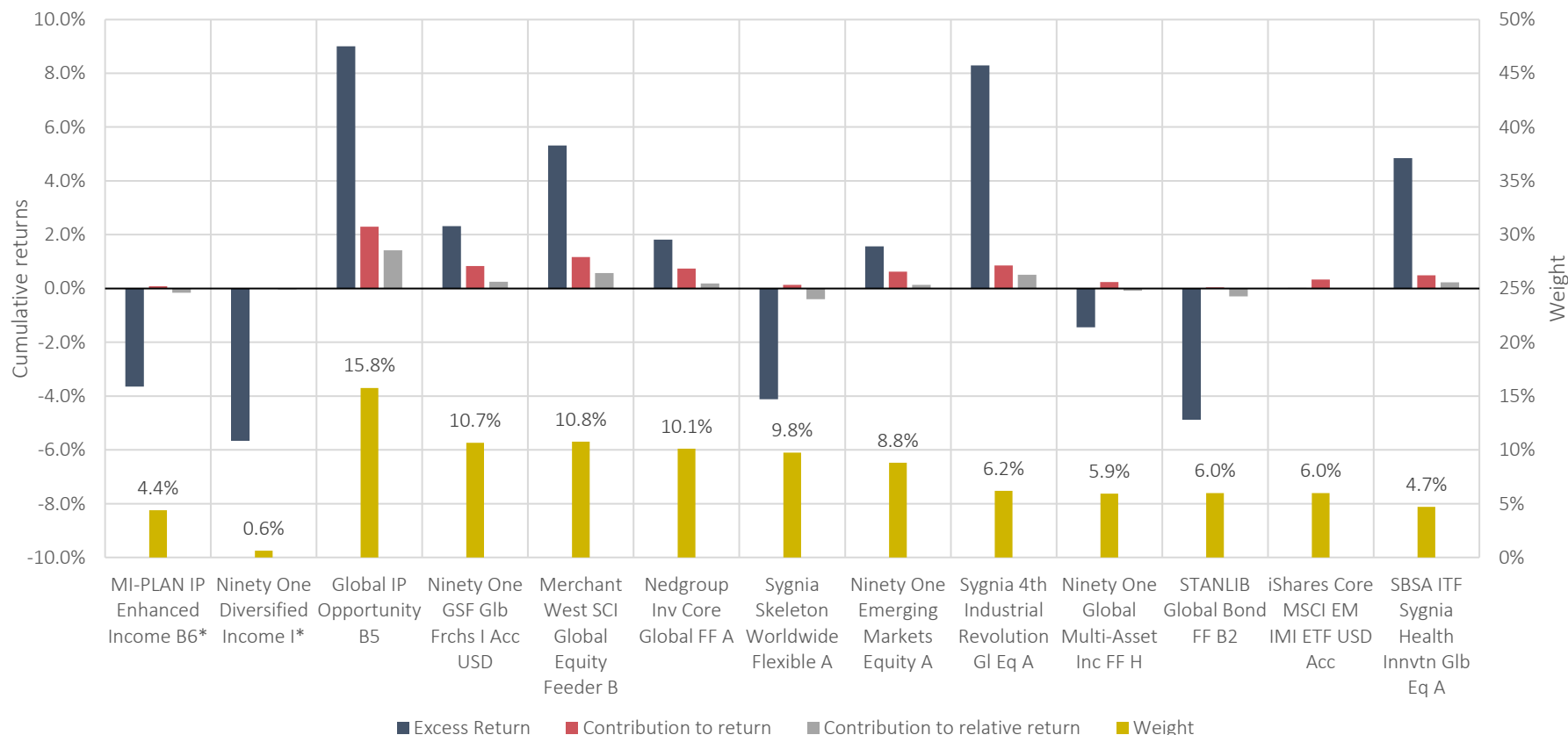
**Brenthurst WW Flexible FoF**  
**ASISA WW Flexible**

## Relative Returns

**Brenthurst WW Flexible FoF**  
**ASISA WW Flexible**

# BRENTHURST BCI WORLDWIDE FLEXIBLE FOF – RETURN CONTRIBUTION

Contribution to Returns - 2024 Q1



Source: Morningstar. Data from 1 January 2024 to 31 March 2024

Excess return: Fund return for the quarter – ASISA WW Flexible return for the quarter.

Contribution to return: Weight of fund x Absolute return for quarter.

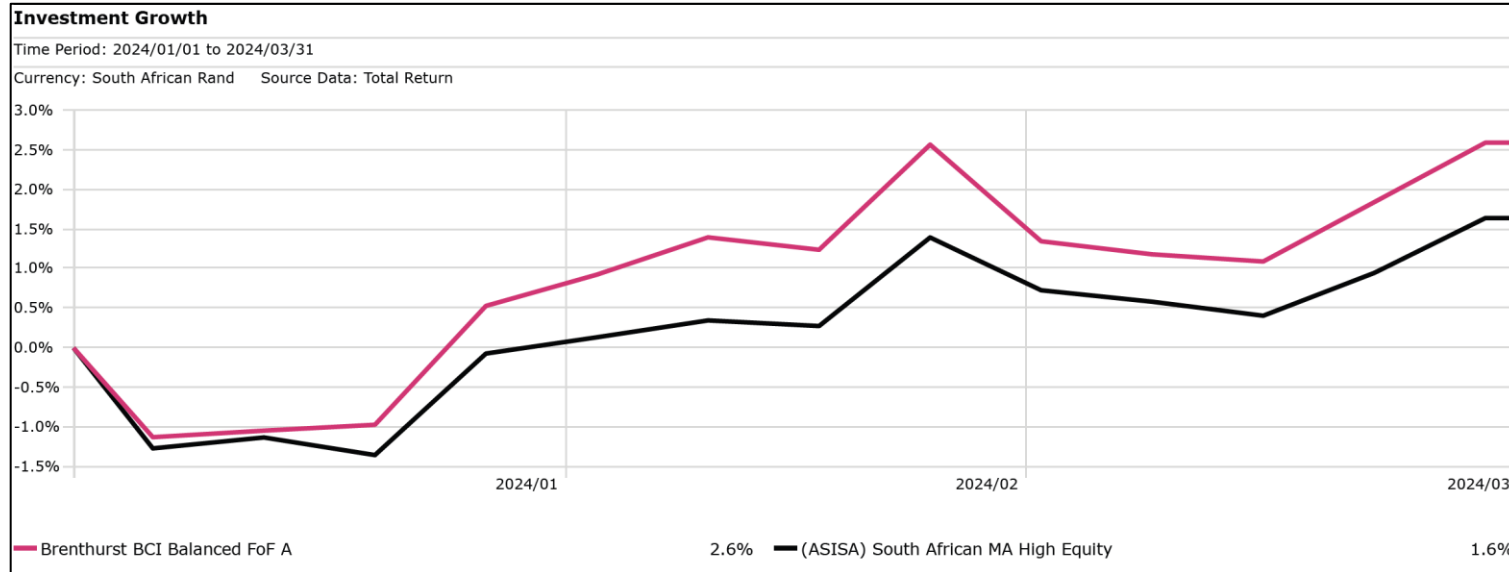
Contribution to relative return: Weight of fund x Excess return for the quarter.

\*MiPlan IP Enhanced Income: Performance excludes retention fund. Approximate average weight used.

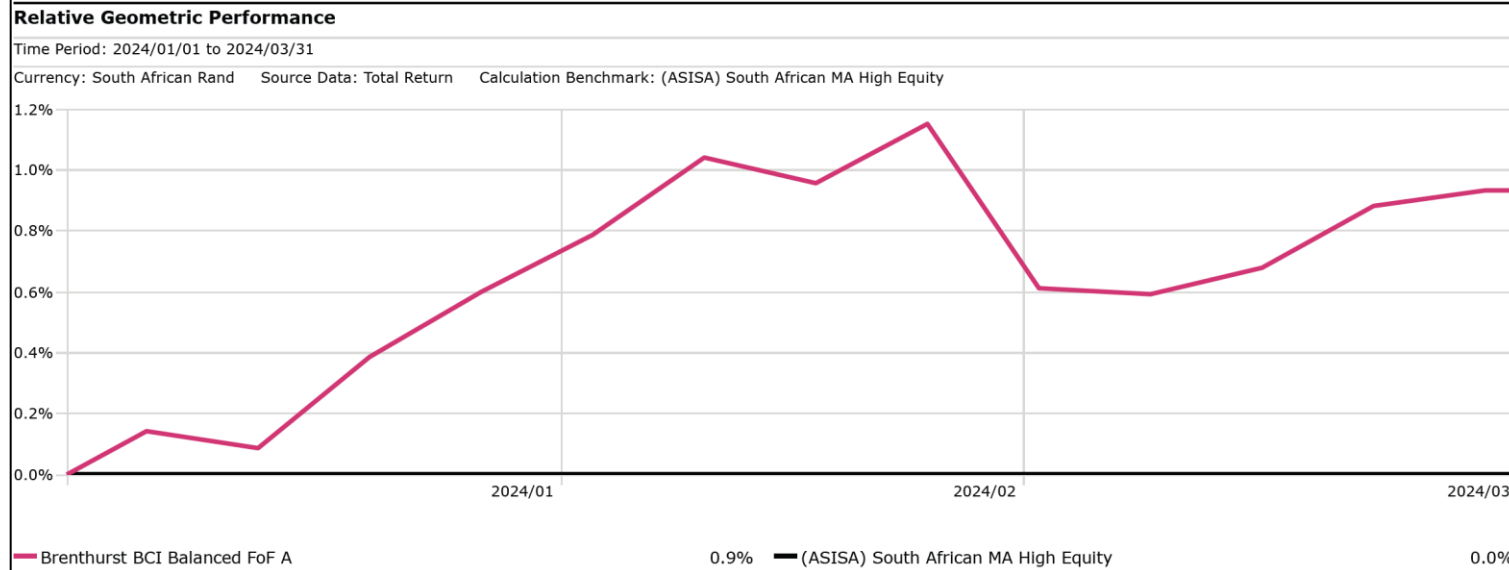
\*Ninety One Diversified Income: Approximate average weight used

- Global markets continued their rally into 2024, with major market indices marching on positively and reaching record highs. In this environment, risk assets performed well while the move in the US yield curve weighed on global fixed interest markets.
- Most funds contributed positively to performance with the overall fund (**Brenthurst Worldwide Flexible FoF**) delivering **7.6%** for 24Q1, 2.1% above it's peer group.
- Top contributors to relative performance were **Global IP Opportunity, Merchant West Global Equity and Sygnia 4<sup>th</sup> Industrial Revolution**. While the likes of **Sygnia Skeleton Worldwide Flexible** underperformed on a relative basis as their exposure to SA equities and bonds dampened returns from their global counters.
- The **MiPlan Enhanced Income** fund detracted from performance as noted in slide 3.

# BRENTHURST BCI BALANCED FOF – 2024 Q1



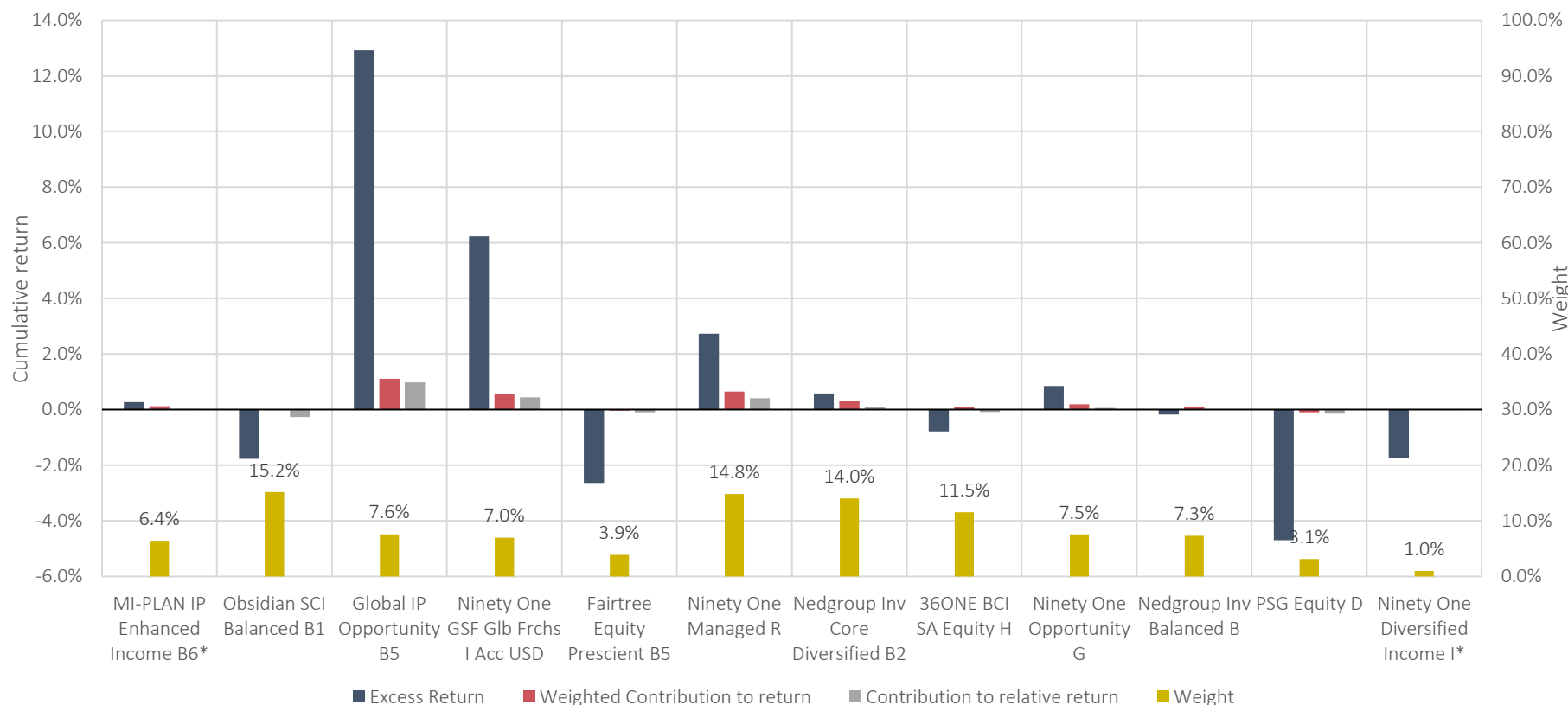
*Absolute Returns*  
**Brenthurst Balanced FoF**  
**ASISA MA High Equity**



*Relative Returns*  
**Brenthurst Balanced FoF**  
**ASISA MA High Equity**

# BRENTHURST BCI BALANCED FOF – RETURN CONTRIBUTION

Contribution to Returns – 2024 Q1



Source: Morningstar. Data from 1 January 2024 up to 31 March 2024.

Excess return: Fund return for the quarter – ASISA South Africa MA High Equity return for the quarter.

Contribution to return: Weight of fund x Absolute return for quarter.

Contribution to relative return: Weight of fund x Excess return for the quarter.

\*MiPlan IP Enhanced Income: Performance excludes retention fund. Approximate average weight used.

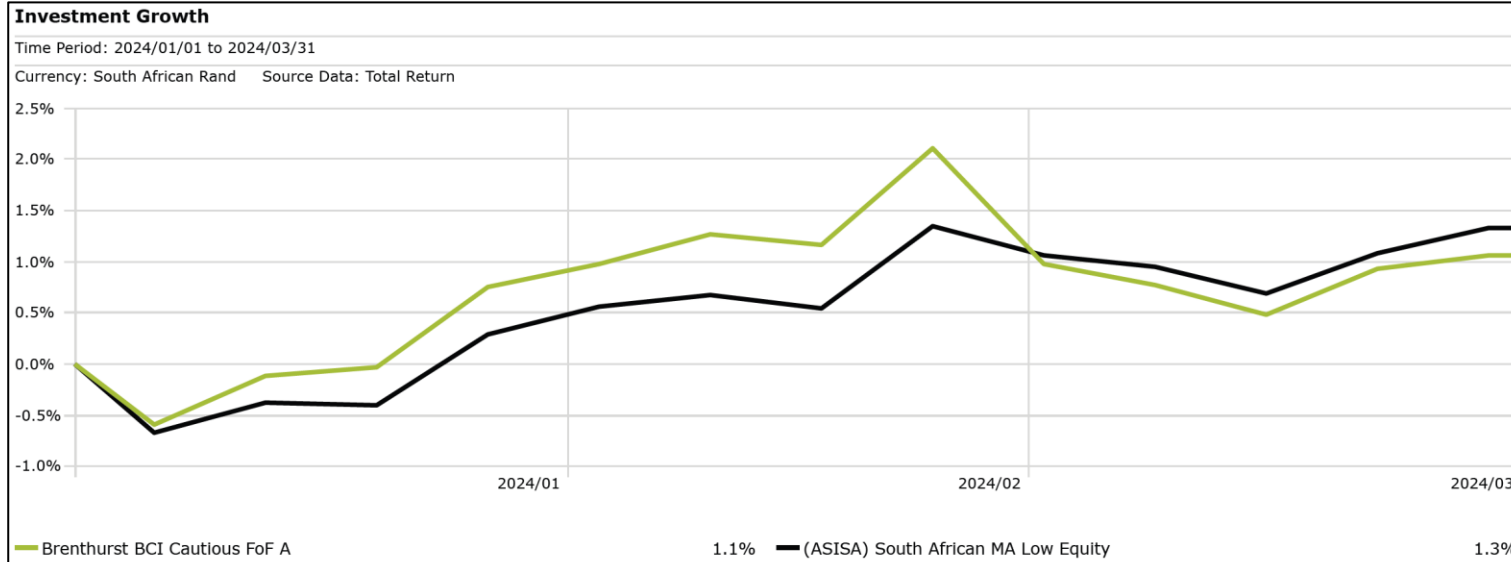
\*Ninety One Diversified Income: Approximate average weight used

- The **Brenthurst Balanced FoF** experienced an improved quarter with the overall fund delivering 2.6% and outperforming peers by 0.9%.
- Top performers on a relative basis were offshore heavy funds, **Global IP Opportunity, Ninety One Global Franchise and Ninety One Managed**. Large impact on fund.
- The strong performance from the global counters helped offset weaker relative returns from the SA equity funds (**PSG, Fairtree and 36One**) as the SA equity market experienced a tough quarter when compared to its global peers.
- On the MultiAsset front, after having lagged peers over the previous quarters, **Ninety One Managed's** positioning paid off in first quarter of 2024 and delivered strong gains, while the likes of **Ninety One Opportunity and Nedgroup Inv Core Diversified** took a breather and performed in line with peers.
- The **MiPlan Enhanced Income** fund detracted from performance as noted in slide 3.

Source: Morningstar. Data up to 31 March 2024

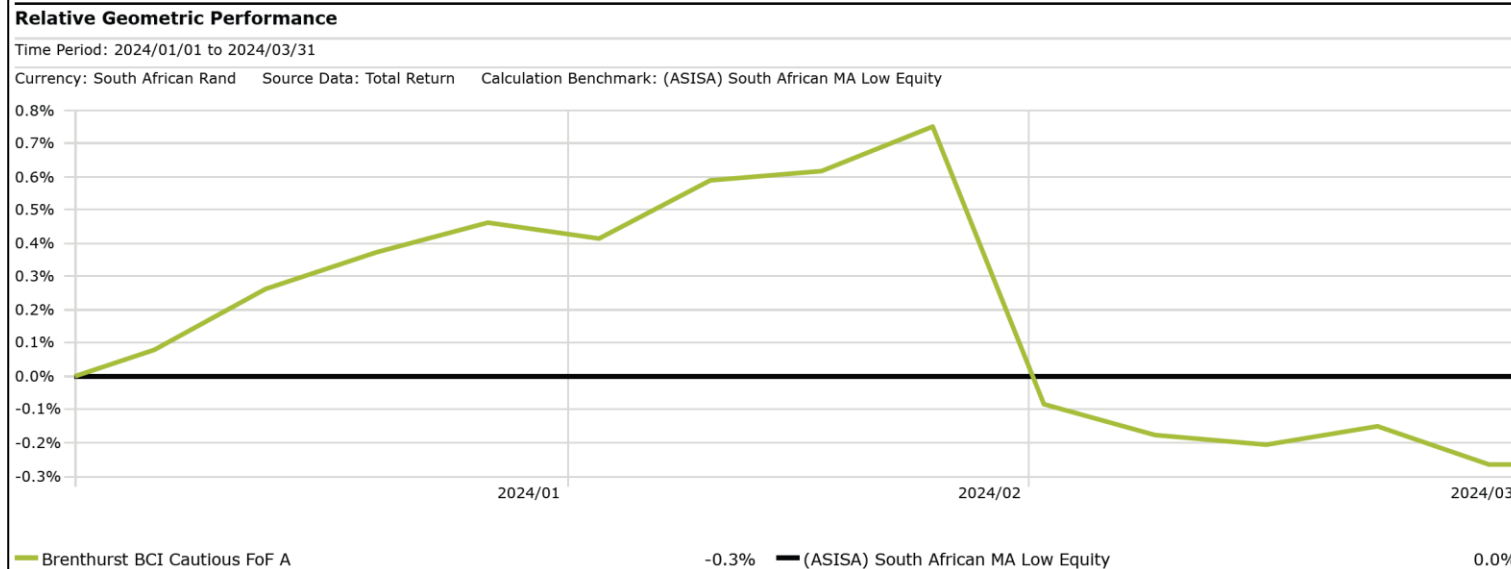


# BRENTHURST BCI CAUTIOUS FOF – 2024 Q1



## Absolute Returns

**ASISA MA Low Equity**  
**Brenthurst Cautious FoF**

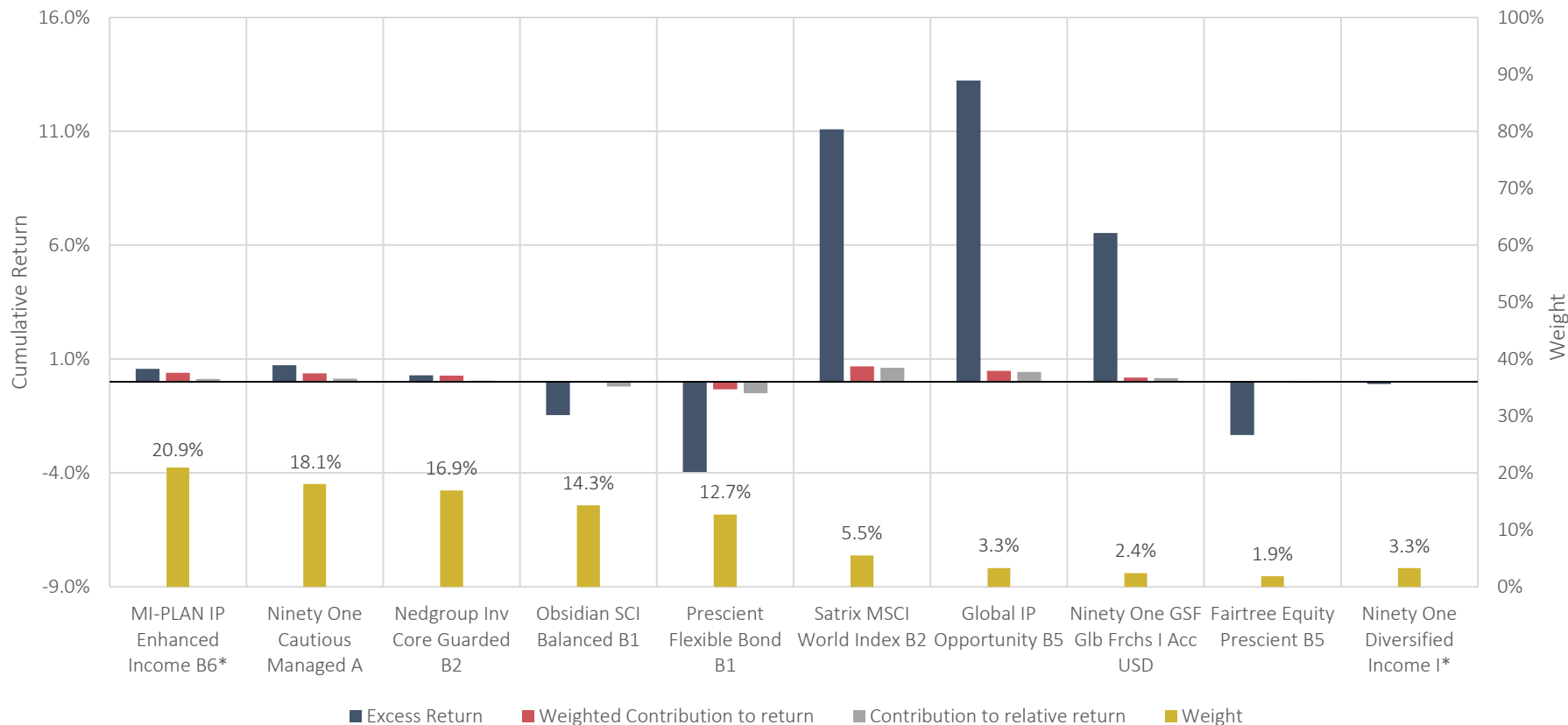


## Relative Returns

**ASISA MA Low Equity**  
**Brenthurst Cautious FoF**

# BRENTHURST BCI CAUTIOUS FOF – RETURN CONTRIBUTION

Contribution to Returns – 2024 Q1



- Most underlying funds contributed positively to performance for the quarter with the overall fund delivering positive returns of **1.1%**, marginally below the peers who posted gains of **1.3%**.
- The global funds, **Global IP Opportunity**, **Satrix MSCI World** and **Ninety Global Franchise**, continued the trend from the previous quarter and further aided performance in Q1 of 2024. **Large** impact on fund.
- Within the selection of multiasset managers, both **Nedgroup Inv Core Guarded** and **Ninety One Cautious Managed** funds held up well on a relative basis and added positively to performance. **Meaningful** impact on fund.
- On the fixed interest side, **Prescient Flexible Bond** gave back some of previous quarters gains as the sell-off in SA bonds impacted performance. **Large** impact on fund. The **MiPlan Enhanced Income** fund detracted from performance as noted in slide 3.

Source: Morningstar. Data from 1 January 2024 up to 31 March 2024.

Excess return: Fund return for the quarter – ASISA South Africa MA Low Equity return for the quarter.

Contribution to return: Weight of fund x Absolute return for quarter.

Contribution to relative return: Weight of fund x Excess return for the quarter.

\*MiPlan IP Enhanced Income: Performance excludes retention fund. Approximate average weight used.

\*Ninety One Diversified Income: Approximate average weight used

Source: Morningstar. Data up to 31 March 2024

# BRENTHURST RANGE FOF – Updated Performance

## Performance Ranking Table (ranked within respective peer groups) as at 19/04/2024

As of Date: 2024/04/19 Currency: South African Rand Source Data: Daily Return

	Return																	
	1M	Quartile	3M	Quartile	6M	Quartile	1Y	Quartile	2Y	Quartile	3Y	Quartile	4Y	Quartile	5Y	Quartile	6Y	Quartile
<b>(ASISA) South African MA High Equity</b>																		
Brenthurst BCI Balanced FoF A	0.77	2	2.52	1	7.07	3	5.95	2	6.09	4	7.28	3	7.64	4	4.97	4	5.01	4
<b>(ASISA) South African MA Low Equity</b>																		
Brenthurst BCI Cautious FoF A	0.00	3	0.39	4	5.89	3	7.06	2	7.15	3	5.79	4	5.66	4	5.41	4	5.37	4
<b>(ASISA) Wwide MA Flexible</b>																		
Brenthurst BCI Worldwide Flexible FoF A	-1.14	3	3.41	2	10.87	2	13.84	2	14.88	1	8.11	3	7.74	4	9.25	2	10.21	2



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