

STRATEGIC FIXED INCOME FUND FACT SHEET [JULY 2016]



INTRODUCTION

Oakhaven Capital was established in June 2011 by individuals who shared a common goal to build a fund management company that reflects their views on what investors really want from the industry.

The Oakhaven team is as follows: Johan Roos, Michael Creedon and Bruce Thistlewhite.

Between us, we have more than 65 years of cumulative market experience in South African Fixed Income and Emerging Markets.

FUND OBJECTIVE

Our aim is to deliver consistent levels of return for our investors of 15% to 20% p.a. on a 3 year rolling cycle and set new standards in transparency and service.

Our focus is based in the SA Fixed Income market, where we look to generate returns through our core investment strategies. We create a return blended from cyclical, secular relative value and directional opportunities across government bonds, cash and interest rate derivatives such as FRAs, Swaps and Options.

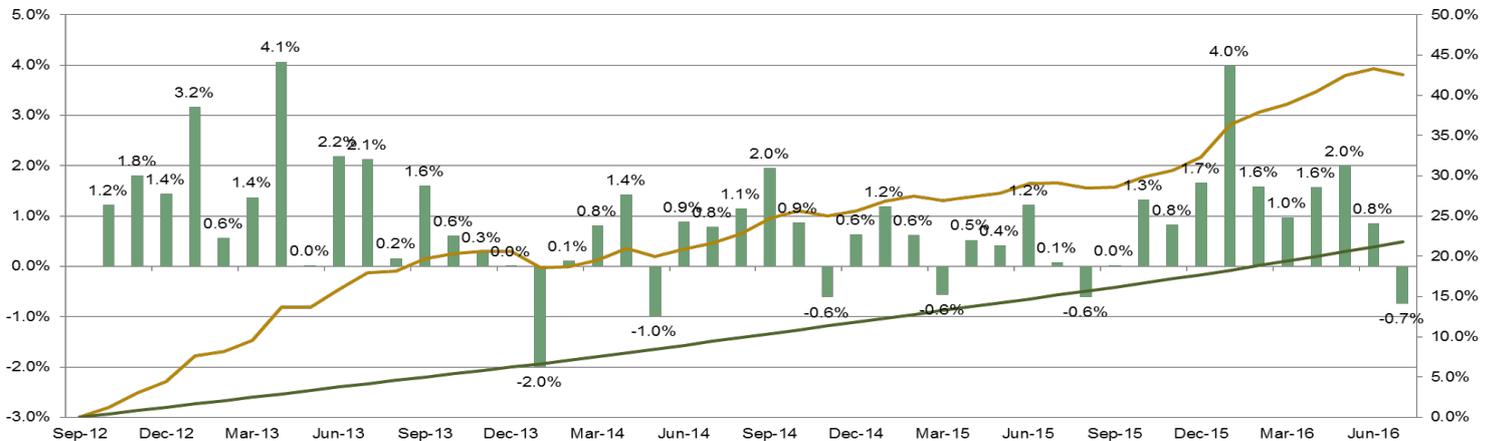
MONTHLY COMMENTARY

At the July MPC meeting, the SARB unanimously decided to keep policy rates on hold at 7.0%. However, the SARB now only expects inflation to peak at 7.1% (previously 7.3%) and is penciling in a four quarter breach (previously 5) of the target band. The MPC also downwardly revised both its GDP and CPI projections for the current year and forthcoming year. A less hawkish MPC policy statement, combined with broad-based exchange rate strength and a softer oil price, ensured that local policy rate hike expectations dissipated even further last month - the market expects just over one more 25bp hike during the current tightening cycle. Reduced policy rate hike expectations caused short end bond yields to compress by between 15 and 20bp on the month, which resulted in a total return of 0.8% and 1.4% for the 1-3 year and 3-7 year buckets respectively.

Meanwhile belly and long end bond yields fell by between 20 and 26bps during July, which translated into returns of 1.9% and 2.9% for the 7-12 and +12 year buckets respectively. Investors have remained eager to extend the duration of their EM bond portfolios, because additional monetary stimulus and/or increased political uncertainty could push even more developed market bond yields into negative territory. Back end bonds also benefited from the fact that the bulk of last month's R13.5bn worth of coupons were concentrated in the +12 year bucket and expectations that the duration of the ALBI would increase by 0.4 years (due to replacement of R203 by longer dated bonds) at August index rebalance. Overall bonds returned 2.2% in July, which was less than equities (3.4%) but better than cash (0.9%).

MONTHLY INVESTMENT PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2012										1.220%	1.800%	1.440%	4.529%
2013	3.160%	0.560%	1.375%	4.069%	0.024%	2.182%	2.124%	0.160%	1.600%	0.606%	0.277%	0.003%	17.289%
2014	-1.993%	0.1337%	0.817%	1.422%	-0.983%	0.884%	0.779%	1.148%	1.959%	0.869%	-0.614%	0.632%	5.102%
2015	1.196%	0.616%	-0.557%	0.527%	0.417%	1.222%	0.074%	-0.607%	0.014%	1.325%	0.825%	1.661%	6.891%
2016	3.991%	1.587%	0.978%	1.578%	1.998%	0.849%	-0.743%						10.632%



GENERAL INFORMATION

Portfolio Managers

Johan Roos | Bruce Thistlewhite

COO

Michael Creedon

Fund Assets

R176 million

Fee Structure

1% annual management fee

20% performance fee

Domicile South Africa

Prime Broker

ABSA Prime Services

Fund Administrator

Investment Data Services

Compliance

Independent Compliance

Services

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