

# STRATEGIC FIXED INCOME FUND FACT SHEET [JUNE 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.

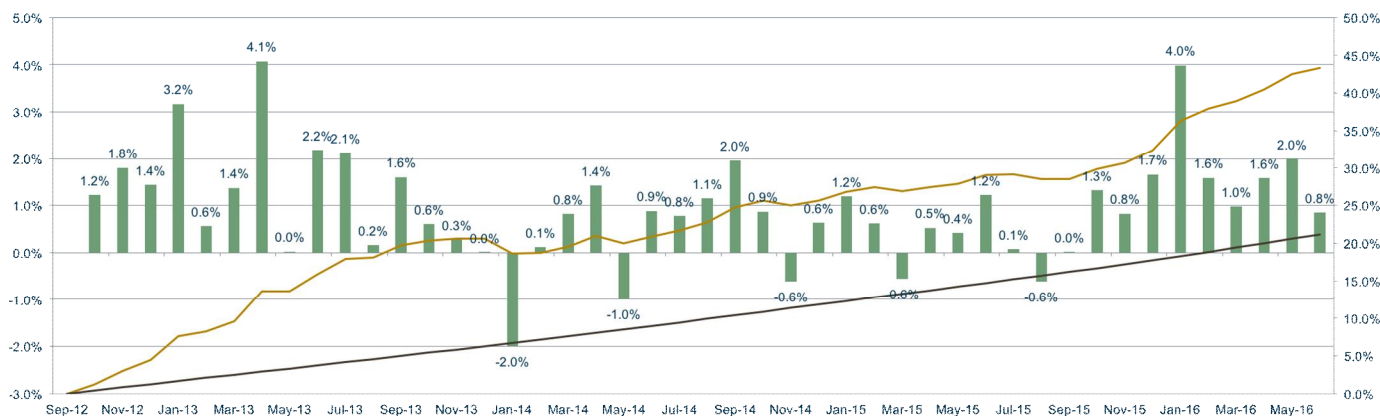
Our focus is based in the SA Fixed Income market, where we look to generate returns through our core investment strategies. We create a return blended from cyclical, secular relative value and directional opportunities across government bonds, cash and interest rate derivatives such as FRAs, Swaps and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

## MONTHLY COMMENTARY

South African investors were nervous at the beginning of June amid fears of further credit rating downgrades and a 50% probability of another policy rate hike from the Fed in the latter half of the year. However, the bearish mood changed when May's disappointing US employment report wiped out expectations of additional US rate hikes for the current year. The fact that both Standard and Poor's and Fitch Ratings kept SA's credit rating on hold contributed to an extended relief rally and more than outweighed a softer than expected Q1: 16 GDP print (-1.2% q/q). Emerging markets temporarily sold off due to the UK's surprising decision to leave the EU at last month's referendum. However, investors have subsequently flocked back to high-yielding emerging markets, because the adverse global growth implications of last month's Brexit decision has increased hopes of more monetary stimulus and pushed even more developed market bond yields into negative territory. Consequently, foreigners bought R11bn worth of SAGBs and R57bn worth of equities in June, which together with a improved terms-of-trade situation, ensured that the ZAR strengthened by 9.7% in relation to the USD and 7.1% on a trade-weighted basis on the month. The SA yield curve bull flattened and the benchmark R186 (2026) yield fell 55bps to a pre-Nenegate level of 8.82%. Long-dated nominal bonds (+4.7%) outperformed short-dated bonds (+1.5%) as well as linkers (+2.0%), equities (+0.4%) and cash (+0.8%). Local policy rate hike expectations were also pared back significantly, with the FRA curve now discounting less than two more 25bp hikes in the current SARB hiking cycle - implying a terminal policy rate of slightly less than 7.50%.

## 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%							11.460%



## 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

### Contact

Michael Creedon

michael@oakhavencap.co.za

+27 11 447 1360

+27 82 386 5518

## FAIS NOTICE DISCLAIMER

Oakhaven Capital (Pty) Ltd. is an Authorised Financial Services Provider : License Number 43738

The information above has been produced by Oakhaven Capital (Pty) Ltd. The returns above are gross of fund management costs. Past performance is no guarantee of future returns. This information is not intended to be a recommendation offer or invitation to take up securities or other financial products. This information is general information only and is not intended to constitute a securities recommendation or solicitation. This advice does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment decision we suggest you take these factors into consideration and recommend that you consult a financial advisor, broker or banker. Whilst Oakhaven Capital (Pty) Ltd is a licensed financial services provider, the Oakhaven Strategic Fixed Income Fund and all hedge funds in South Africa are currently not regulated by the Financial Services Board in the Republic of South Africa. The Oakhaven Strategic Fixed Income Fund is a niche offering aimed specifically at sophisticated investors who preferably have investable discretionary assets of one million rand and who have sufficient other assets to provide liquidity.