

# Minimum Disclosure Document (MDD)

## FOR SOUTH AFRICAN UNIT TRUSTS

you

## The Why, How and What of a Minimum Disclosure Document (MDD).

### What is an MDD?

An MDD is a short summary of a unit trust, also known as a fund, which is published monthly or quarterly by the management company of the unit trust. The information on the document shows a snapshot of the fund's performance, as well as the factors which were responsible for returns, like the risk taken and the investments made by the fund. The MDD will also show information concerning how the fund operates, including any regulations it is subject to, fees and information regarding the investment manager and management company.

Below we highlight some of the important information you will find in an MDD.

**AFFINITY CAPITAL MANAGEMENT**  
**AFFINITY CI GROWTH FUND**

June 2023

**RISK PROFILE**

- LOW
- LOW/MEDIUM
- MEDIUM
- MEDIUM/HIGH
- HIGH

**TIME HORIZON**

- 2 YEARS+
- 3 YEARS+
- 4 YEARS+
- 5 YEARS+
- 10 YEARS+

**TOP TEN EQUITY EXPOSURES**

- Naspers Ltd
- CF Richmond
- British American Tobacco
- Prosus NV
- FirstRand
- Anglo American Plc
- BHP Group
- Scottish Mortgage Trust
- Schroder Asian TR Inv PLC
- Smithson Investment Trust

**UNDERLYING HOLDINGS**

Asset Class	Percentage
Cash	0.12%
Bonds	22.81%
Commodities	0.01%
Equity (Derivatives)	0.41%
Property (Derivatives)	0.25%
Property	0.33%
Foreign Cash	-4.33%
Foreign Bonds	3.74%
Foreign Equity	31.62%
Foreign Property	0.31%
Global	31.38%

**INVESTMENT GUIDELINES**

Investment Manager: Affinity Capital Management (Pty) Ltd (FSP 47878)

Regulation 28: Yes

Maximum Equity: 75%

Maximum Offshore: Up to 45%

ASISA Classification: South African – Multi Asset – High Equity

Benchmark: CPI for all urban areas + 5% p.a. over any rolling 5 year period

**RISK-RETURN (SINCE INCEPTION)**

Annualised Return vs Annualised Standard Deviation

**ANNUALISED RETURNS**

Fund	1 YEAR	3 YEAR	5 YEAR	INCEPTION
Fund	14.07%	8.17%	5.14%	4.84%
ASISA Sector	14.65%	11.41%	7.49%	6.42%
CPI + 5%	11.31%	11.01%	9.90%	9.94%
Highest 1 year rolling return				22.75%
Lowest 1 year rolling return				-12.07%

**HISTORICAL PERFORMANCE**

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2023	6.36	-0.90	-1.44	2.07	0.14	1.36							7.64
2022	-2.69	0.65	-0.72	-2.61	0.04	-4.33	2.93	-0.72	4.17	3.88	5.27	-1.05	-3.95
2021	2.28	2.18	-0.25	1.96	-0.36	1.04	2.97	0.25	-2.56	3.45	1.83	2.46	16.88
2020	0.33	-6.35	-8.24	7.95	1.62	1.77	1.28	0.97	-2.01	-3.16	6.45	2.20	1.51
2019	1.90	2.02	1.40	2.52	-2.08	1.72	-0.88	-0.20	-1.09	1.42	-0.03	0.64	7.51

### 1 Returns

Performance or 'returns' show how the fund has performed over a given period. The total returns seen on an MDD include the capital growth, as well as any income earned by the fund. The performance is typically displayed using a returns table, showing performance over multiple time periods: e.g. one year, three years, etc., where performance is annualized for periods longer than one year. Performance can also be displayed in a graph or table showing the historic monthly returns. With these historical returns, an investor can see how the fund has performed over time, against its selected benchmark and possibly how it compares to its peer group. Although historic returns can never be used as a guarantee for future returns, it is helpful to understand how the fund has performed during different market cycles.

### 2 Underlying Exposure

The exposures or underlying investments made by the fund are reported on an MDD. An MDD can show a number of graphs and tables that help an investor understand what the fund is invested in, as this will impact the returns of the fund and the fund risk profile. All funds must show a breakdown of the exposure in each asset class. Some MDDs show asset class specific details. For example, equity funds may show geographic or sector specific exposure. Often, managers will report on the top ten instruments the fund is invested in. Fund of funds and multi-managed funds also show the underlying unit trusts they are invested in.

All of these metrics give the investor insight into the category of the fund and how the investment manager invests on behalf of the fund and what contributes to the fund's performance.

### 3 Investment horizon

The stated investment horizon is the minimum recommended term an investor should stay invested for, given the fund's objective.

### 4 Goals and objectives

Each MDD will state the fund's investment objective, as well as the metrics used to determine whether the fund is meeting that objective. This is known as a benchmark and/or target.

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June 2023 AFFINITY CI GROWTH FUND

ADDITIONAL INFORMATION	
Launch Date	03 May 2016
Opening NAV Price	100.00 cents per unit
Fund Size	R 324.6 million
Initial Fee	Class A: 0%, Class B: 0%
Initial Advisory Fee	Maximum 3.45% (Incl. VAT)
Annual Service Fee	Class A: 1.55%, Class B: 1.50% (Both Incl. VAT)
Annual Advisory Fee	Maximum 1.15% (Incl. VAT)
Total Expense Ratio	Class A: 1.47%, Class B: 1.43%
Transaction Cost	Class A: 0.16%, Class B: 0.16%
Total Investment Charge	Class A: 1.63%, Class B: 1.59%
Calculation Period	1 Jan 2020 to 31 Dec 2022
IncomeDeclarationDates	30 June & 31 December
Last 12 Month Distributions	30/06/2023: (A) 1.72, 30/12/2022: (A) 1.40
Income Reinvestment / Payout Dates	30/06/2023: (B) 1.77, 30/12/2022: (B) 1.45
Transaction cut-off time	14:00
Valuation Time	17:00
Frequency of pricing	Our daily NAV prices are published on our website and in the national newspaper

**FAIS Conflict of Interest Disclosure**

The annual service fee for the A class includes a fee of up to 0.575% payable to Affinity, a fee up to 0.20% payable to CI Collective Investments and a fee of 0.575% payable to Analytics Consulting. All fees stated are exclusive of VAT. Please note that in most cases where the Financial Services Provider (FSP) is a related party to the portfolio manager, the FSP/distributor may earn additional fees other than those charged by the portfolio manager. It is the FSP's responsibility to disclose such additional fees to the investor. The Affinity funds may obtain exposure to various asset classes by investing in another Affinity portfolio, in which Affinity does not earn an investment management fee. Affinity aggregates foreign investments within the ACM International portfolio range. The portfolio may therefore be invested in the ACM International offshore portfolio from time to time. ACM International and SIP may earn an annual investment advisory fee of up to 0.80% on all such investments. Affinity does not charge any annual management fee in South Africa against the value of any investments that are placed in any of the ACM International portfolios.

**Characteristics**

This is a multi-asset high equity portfolio which means that it may invest in a spectrum of investments in the equity, bond, money, or property markets. The portfolio tends to have an increased probability of short term volatility and aims to maximize long term capital growth. The portfolio can have a maximum effective equity exposure (including international equity) of 75% and a maximum effective property exposure (including international property) of 25% at all times. The portfolio may, at the discretion of the portfolio manager, invest up to 45% of the assets outside of South Africa.

**Risk Reward Profile: Moderate to High**

Typically, the lower the risk, the lower the potential return and the higher the risk, the higher the potential return. There is no guarantee that returns will be higher when investing in a portfolio with a higher risk profile. The risk profile for this portfolio is rated as moderate to high, as it may invest up to 75% in equity securities, both locally and abroad.

**RISK DEFINITIONS**

**Market Risk**  
Equity markets are volatile and the price of equities fluctuates based on a number of factors such as changes in the economic climate, general movements in interest rates and the political and social environment which will also affect the value of the securities held in the unit trust, thereby affecting the overall value of the unit trust.

**Currency Risk / Foreign Exchange Risk**  
This risk is associated with investments that are denominated in foreign currencies. When the foreign currencies fluctuate against the South African Rand, the investments face currency gains or losses.

**Concentration Risk**  
Unit trusts pool the assets of many investors and use the proceeds to buy a portfolio of securities. There are regulations in place which limit the amount that a unit trust may invest in securities, thereby spreading the risk across securities, asset classes and companies.

**Liquidity Risk**  
This relates to the ability of the unit trust to trade out of a security held in the portfolio at or near to its fair value. This may impact on liquidity and in the case of foreign securities, the repatriation of funds.

**Credit Risk**  
Credit risk arises where an issuer of a non-equity security or a swap is unable to make interest payments or to repay capital. The Fund may be exposed to credit risk on the counterparties to relative to instruments such as swaps, bonds and swaps that are not traded on a recognised exchange. The possibility of the insolvency, bankruptcy or default of a counterparty with which the Fund trades such instruments, could result in losses to the Fund.

**Total Return Swap Risk**  
This portfolio may invest in total return swaps. Total return swaps are unlisted instruments issued by a bank to provide the return of a specific unit. Therefore, the equity exposure in this portfolio is derived through the total return swap and not by physically holding the equities in the portfolio. The value of the instrument is directly linked to the performance of the basket of assets per the index and will fluctuate in line with the daily market movements.

**Inflation Risk**  
The risk of potential loss in the purchasing power of your investment due to a general increase of consumer prices.

**Political Risk**  
The risk that investment returns could suffer as a result of a country's political changes or instability in the country. Instability could come from changes in the country's government, policy matters or military.

**Tax Risk**  
The risk of potential loss in the purchasing power of your investment due to a general increase of consumer prices.

**Compliance Risk**  
This refers to the risk of not complying with the legislation, regulations, prescribed investment limits and internal policies and procedures by the manager or the portfolio manager.

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This document is not intended to address the personal circumstances of any Financial Services Provider's (FSP's) client and is a general statement of opinion. Past performance is not necessarily a guide to future performance. CIS are traded at daily prices and are subject to volatility and only traded. Different classes of units apply to this portfolio and are subject to different fees and charges. Fluctuations in movements in exchange rates may cause the value of underlying international investments to go up or down. International investments may involve additional risks such as general economic and political conditions in the countries in which the investments are made, including exchange rate risk, war, civil unrest, and other risks. The FSP and Affinity Capital Management have been appointed as manager and trustee of the portfolio. Affinity is an indirect shareholder of CI. As an indirect shareholder, Affinity may have distribution, loan fees to one and distribution fees and may be entitled to a fee payable to CI from the daily portfolio, and any other CI portfolio. CI is responsible for its own compliance and regulatory obligations in the Fund. The FSP and Affinity Capital Management may be subject to change. Affinity from CI is a Non-Subsidiary (Company) Member of the Association for Savings & Investment SA (ASISA).

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### Risk

Typically, the lower the risk, the lower the potential return, and conversely the higher the risk, the higher the potential return. That said, there is no guarantee that returns will be higher when investing in a portfolio with a higher risk profile.

Investors can easily see the risk level of the fund they are investing in on the MDD by looking at the table of risk statistics. Note: Risk profiles are a mere guide based on the holdings/exposures of each fund and what it is designed to achieve. It is important to note that the risk profile is typically a subjective categorization. In addition, the risk profile does not take the impact of exchange rate fluctuations into account that are associated with offshore feeder funds.

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### Fees

Fees are always shown on an MDD. The Total Investment Charge (TIC) is the expense the fund incurred over the calculation period, expressed as a percentage of the fund value and annualised. The TIC is made up of the Total Expense Ratio (TER) and the Transaction Costs (TC). A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return.

If a performance fee is applicable to the fund, it will be disclosed in the MDD.

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### Disclaimers and Restriction

Often found near the end of an MDD are the disclaimers, which disclose what regulations the fund is subject to and more specific details on how the fund operates. Regulations include the maximum and minimum allocation a fund is allowed to have exposure to in different asset classes or types of investments.

Please contact your financial advisor if you have any questions, as they are best placed to guide you through the MDD.

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#### Disclaimer

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Collective Investment Schemes in Securities ('CIS') are generally medium- to long-term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to future performance. CIS are traded at ruling prices and can engage in borrowing and scrip lending.