

Semi-Annual Commentary

No-one could have predicted such a volatile and uncertain start to the year. Given our first negative year last year, we were all hoping for more favourable conditions. Unfortunately, and contrary to what some believe, no amount of wishful thinking will change the course of the market, so we are best left focusing on risk control and discipline. On that front, it is safe to say that we fared well having survived the crash better than most: maximum drawdown as a group remained below -5% despite the enormous -30% crash in the index. Interestingly, at one point the index fell below the price it traded when we launched the platform 6 years ago emphasising the tough conditions investors have had to deal with. On the return front, we printed a net return ahead of all three benchmarks and continue to beat them since inception.

There is no question that periods of drawdown and low returns are challenging. Every investor must face them sooner or later. Although we employ a short-term approach, we still need to commit to the medium-term to expose our models and capital to the variety of conditions required to generate the return we seek. As a group we remain in drawdown but that will not be the case indefinitely and often recoveries can be swift, so it pays to extend the models some latitude.

As you are aware, we released a new set of models based on the USA platform immediately following the virus sell-off. Unfortunately, they have not been allowed the opportunity to perform given that they remain largely calibrated to the volatility realised during the crash. That will however not be the case forever and eventually, within the next two months or so, we will move closer to the market and become more aggressive. Until then staying the course is optimal but expect much lower trade activity than normal.

Semi-Annual Outlook

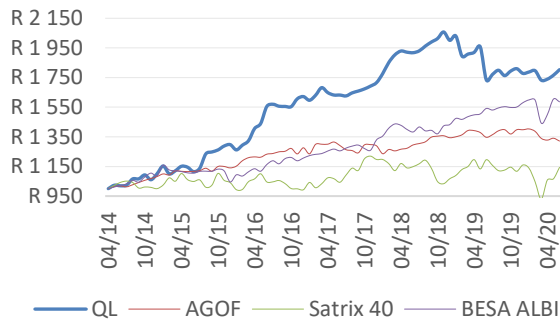
It is unfortunate that the new models were realised following the virus sell-off since we would be reporting a vastly different set of results as can be seen in the backtests and the returns realised in the USA platform. However, their release bodes well for us going forward especially given it is likely going to remain volatile through the rest of the year which will present an increase opportunity flow once we recalibrate. Patience will be required until we reach that point, but I am expecting a strong end to the year on that basis.

I intend to make some minor changes to the platform in the coming two weeks but none of these will require reengineering portfolios. The update will however boost risk-adjusted returns materially and nicely round off the new algorithms. A notification will go out when I am done.

Until then next report, I hope you and your family stay safe. Good luck!

PJ Sutherland

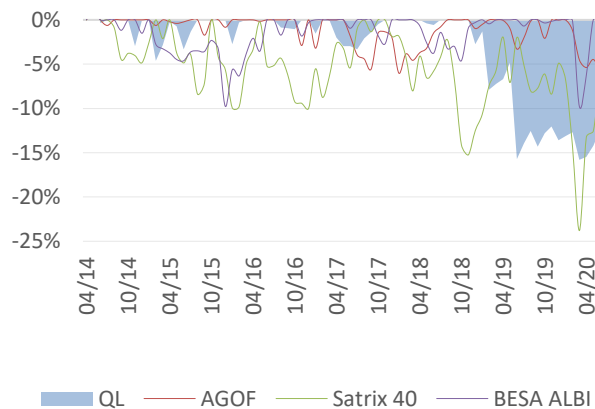
Growth 1000 (ZAR)



Return Statistics

	QL	SATRIX 40	ALBI	AGOF
YEAR TO DATE	1.42	-1.37	0.36	-5.46
12 MONTH ROR	4.00	-4.31	2.90	-1.88
CAGR	10.02	2.20	7.76	4.62
WIN MONTHS (%)	69.74	52.63	60.53	63.16
AV WIN MONTH (%)	2.10	3.13	2.02	1.33
TOTAL RETURN	80.32	14.40	58.61	32.14

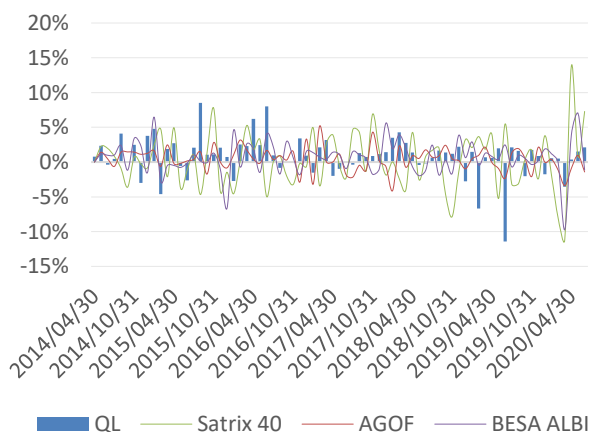
Drawdown (%)



Risk Statistics

	QL	SATRIX 40	ALBI	AGOF
SHARPE RATIO	0.41	-0.27	0.20	-0.24
SORTINO RATIO	0.44	-0.46	0.25	-0.36
MAR RATIO	0.63	0.09	0.79	0.77
MAX DRAWDOWN (%)	-15.80	-23.79	-9.79	-6.02
RECOVERY DD (MONTHS)	6	7	8	9
AV LOSING MONTH (%)	-2.21	-3.11	-1.58	-1.34
STD DEVIATION (MONTHLY)	2.84	4.00	2.48	1.68

Monthly Returns (%)



Correlations

CORRELATION VS SATRIX 40	-0.17
CORRELATION VS BESA ALBI	0.18
CORRELATION VS ALAN GRAY OPTIMAL FUND	0.25

Monthly Returns

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	Sat 40
2014	-	-	-	0.77	2.33	-0.37	0.44	4.07	0.06	2.48	-2.98	3.79	10.89	0.15
2015	4.79	-4.62	1.89	2.73	-0.53	-2.63	2.05	8.52	1.06	1.09	2.09	0.75	17.90	4.06
2016	-2.74	2.53	2.31	6.22	2.42	8.00	0.95	-0.85	-0.08	-0.10	3.40	0.94	24.99	-4.62
2017	-1.54	2.12	3.15	-2.00	-0.98	-0.01	-0.36	1.27	0.74	0.86	1.14	1.40	5.82	20.56
2018	3.50	4.26	2.78	1.36	-0.41	-0.17	0.66	1.66	1.40	1.18	2.19	-2.74	16.62	-10.85
2019	1.48	-6.67	0.70	0.58	1.98	-11.43	2.13	1.60	-2.02	1.76	0.88	-1.76	-11.15	8.70
2020	0.53	0.50	-3.55	0.38	1.53	2.14							1.42	-1.37

****Past performance is not necessarily a guide to future performance.**

Notes:

- 1) Source of data from Saxo live client accounts; Survivorship bias free; Calculations by Sutherland Research.
- 2) Performance prior to 1 October 2019 are presented before Sutherland Research fees which averaged approximately 2.5% per annum. Performance from 1 October 2019 are presented net of all costs and fees.
- 3) Benchmarks include the Satrix 40 ETF, BESA All Bond Index and the Alan Gray Optimal Fund.
- 4) Index benchmark performance numbers are gross and do not allow for broker fees and other costs giving a slight positive bias.
- 5) Drawdown, equity curve and correlations are simplified and based on month end values.
- 6) The risk-free rate used in the Sharpe Ratio is a simple arithmetic average since inception.

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