

Investec Specialist Investments

BCI Enhanced Income Fund

Investment objective

The Investec Specialist Investments BCI Enhanced Income Fund (“the Fund”) is a conservative risk profile portfolio with the objective to earn income largely in the form of dividends, whilst preserving capital and maintaining liquidity.

The Fund offers a liquid, income yielding investment which will substantially track the local short-term interest rate cycle. The income distributed to investors will be targeted to exceed the after-tax and fees returns normally received from money market portfolios.

Investment universe

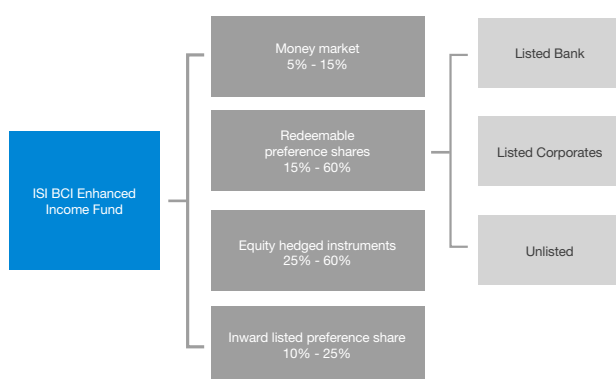
The Fund aims to provide diversification by investing in high quality assets to major banking groups, financial institutions and select large corporates.

The Fund may invest in equity and non-equity securities including but not limited to cash, money market, bonds, preference shares, debentures, notes, equity securities and property related securities. The Fund may invest in listed and unlisted financial instruments and may use derivatives for hedging purposes. The Fund’s maximum net equity exposure is limited to 10% of its market value.

The Fund may invest in any other securities permissible in terms of the Collective Investment Schemes Control Act and in line with the Fund’s investment objective.

Asset allocation

The expected long-term strategic allocation of the Fund is illustrated as per the below:



The Fund may invest in:

- Equity and non-equity securities
- Both listed and unlisted local redeemable preference shares
- Local / offshore redeemable preference shares that are either vanilla or credit linked to a basket of high-quality debt obligations
- Listed equities if they are fully protected by hedging strategies
- Bank deposits and money market instruments (mainly to meet liquidity requirements) and participatory interests in money market funds
- Listed and unlisted derivative instruments

Investment appropriateness

The Fund is:

- Suitable for investors seeking a liquid investment with an enhanced after-tax yield relative to a money market fund
- Ideally positioned to clients who have utilised their interest exemption and require regular, stable, tax efficient income
- Suitable for clients overexposed to traditional income/ cash investments
- Appropriate for corporate investors requiring an enhanced return for their cash holdings and money market assets
- Appropriate for longer-term cash requirements

Risk profile

The Fund is a low risk conservative portfolio and is suitable for short to medium term investment horizons. The investor should remain invested for a period of 6 months to 18 months, or longer.

Although the Fund aims to minimise the volatility of the Fund’s performance, there may be equity market risk, though it is mainly hedged out. The Fund’s overall equity exposure is limited to a net 10% of the total portfolio value. The Fund has limited interest rate risk, as it does not take active duration views. The Fund has limited foreign exchange risk with offshore exposure hedged out as far as possible.

The Fund may utilise derivative instruments for efficient portfolio management and only to hedge out market risk in order to limit volatility and minimise any capital risk for investors.

Liquidity

The Fund is priced daily and provides 48-hour liquidity to investors on subscriptions and redemptions, subject to the provisions of CISCAs, the deed and the application form. Subject to approval by the trustees and regulator, excessive portfolio redemptions that may place the portfolio under liquidity constraints, allow for a process of ring-fencing of withdrawal instructions and managed pay-outs to be followed.

Risk assessment

- Investors should take care to investigate and understand any risks linked to the investment they take
- Investors should seek professional advice where necessary
- Income tax legislation and interpretation of the income tax status of investments held may change in future. Investors are encouraged to obtain independent professional investment and taxation advice before investing in this fund

Accessibility

The Fund is available on the BCI Manco platform. All documentation required to open an account is available on the website at bcis.co.za or alternatively contact the client services department of BCI at 021-007-1500/1/2 or by email at clientservices@bcis.co.za

The investor can also access the Fund on various LISP platforms. Minimum investments are subject to the rules applicable to the individual providers.

Contact information

If you require further information, please consult your financial advisor, contact the Manager on isi@investec.co.za or alternatively BCI's client services department at clientservices@bcis.co.za. Website: www.investec.com/isi

Disclaimer:

Boutique Collective Investments (RF) (Pty) Ltd ("BCI") is a registered Manager of the Boutique Collective Investments Scheme, approved in terms of the Collective Investments Schemes Control Act, No 45 of 2002 and is a full member of ASISA. The information contained in this communication is for informative purposes and is not intended to constitute advice in any form, including but not limited to investment, accounting, tax, legal or regulatory advice. Collective Investments Schemes are generally medium to long term investments. The value of participatory interests may go up or down and past performance is not necessarily an indication of future performance. ISI does not guarantee the capital or the return of a portfolio. The return to investors is made up of interest received and any gain or loss made on any particular instrument; and in most cases, the return will merely have the effect of increasing or decreasing the daily yield, but in most cases, abnormal losses have the effect of reducing the capital value of the portfolio. Collective Investments are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees, charges and maximum commissions is available on request. Performance figures quoted for the portfolio are from Morningstar, using NAV-NAV with income reinvested and do not take any upfront manager's charge into account. Income funds derive their income from interest-bearing instruments in accordance with Section 100(2) of the Act. The yield is a current yield and is calculated daily. The sender accepts no liability whatsoever for any loss or damage of any kind arising out of the use of all or any part of this communication. Investec does not make representation that the information provided is appropriate for use in all jurisdictions or by all investors or other potential investors. Parties are therefore responsible for compliance with applicable local laws and regulations. Investec Specialist Investments Fund Managers (Pty) Ltd (Registration No 2017/234624/07), is a wholly owned subsidiary of Investec Limited and is an authorised Financial Services Provider (FSP number 48518).



General Information

Investment Manager	Investec Specialist Investments Fund Managers (Pty) Limited FSP 48518
Portfolio manager	Glen Copans
Launch date	15 Nov 2018
Regulatory Structure	Collective Investment Scheme
Fund classification	SA Multi Asset Income
JSE Code	IBEIFA
Domicile	South Africa
Management company	Boutique Collective Investments (RF) (Pty) Ltd
Trustees	Standard Bank South Africa Limited
ISIN Number	ZAE000260717
NAV Price (Fund Inception)	100 cents
Benchmark	55% of SteFI call deposit index
Minimum Investment Amount	R10k
Valuation	Daily
Valuation time	15:00
Transaction time	14:00
Regulation 28	No
Date of Income Declaration	Monthly
Date of Income Payment	2nd working day of new month