A note from Paul

"A positive mindset and energetic approach to our daily endeavours is necessary. At times like this the world and our country require strong leadership."

Welcome to this eighth edition of Unabridged and the third publication for 2020.

Firstly, let me start by saying thank you to the majority of our clients who have stood by us in the midst of these very challenging times. For many, the gutrenching portfolio volatility experienced in February and March of this year, were very hard to deal with and created enormous levels of anxiety amongst advisors and their respective clients. We acknowledge the large capital drawdowns experienced by investors in our portfolios and the slower than anticipated recovery during the second quarter. This is never a pleasant experience, but it is part of the journey we expect as long term dividend income investors who stand apart from the crowd.

When we conceptualised the Payer&Grower® portfolios way back in 2013, we recognised that due to the high exposures to growth assets, like equity and property, that we would maintain in our portfolios, there would be times in the future when our clients would experience severe bouts of volatility. We have always tried to communicate this message clearly and honestly. We tested the portfolios based on historical data, which incorporated times of severe market losses such as in the dotcom and emerging market crisis. From this data and other global data gathered, we knew that one-year capital drawdowns in equity and property prices of around 50% were possible and indeed probable at various points in the future. This year the historical observations became our present reality.

Whilst understanding what impact such drawdown events have on an investor’s portfolio (and psyche), contextualising what generally happens to markets after large dislocations is just as vital. In this regard we importantly also measured the time to recovery after events causing big losses. In all cases, all capital losses had been erased within two-years of the losses being realised. While the drawdowns experienced in recent months are large, they are therefore not extraordinary. Importantly, what the data also tells us is that remaining committed to the high growth strategy, our portfolios are therefore not extraordinary. Importantly, what the data also tells us is that remaining committed to the high growth strategy, our portfolios are therefore not extraordinary.

As stated previously, the short and medium-term impact of Covid-19 on the SA economy and business cannot be underestimated. Similarly, its impact on other economies around the world, developed and emerging will also be profound. National debt levels have risen all over the world. Consumers are under pressure and social pressures are rising as wealth gaps emerge. The response by monetary authorities is also unprecedented, which will offset some of the loss of economic activity.

A positive mindset and energetic approach to our daily endeavours is necessary. At times like this the world and our country require strong leadership. I hope that from the chaos created by Covid-19, a more equal, tolerant, and less destructive society will emerge.

I trust that you keep well and stay safe.

Yours truly

Paul Stewart
Chief Executive Officer

Our investment team has worked very hard to stress test our portfolios for a post Covid-19 world. Solid brands, strong balance sheets and retaining access to capital (both debt and equity) remain the three critical factors for continued survival and success in this uncertain world. We have made some adjustments to the portfolios where appropriate, while still retaining the core characteristics of our investment philosophy and thesis.

The response by monetary authorities is also unprecedented, which will offset some of the loss of economic activity.

Discretionary drawdowns are one of the most visible and most worrying aspects of investing and managing a portfolio. The first year of the COVID-19 pandemic was quite a shock to many investors when our portfolios created enormous levels of anxiety amongst advisors and their respective clients. The primary concern of discretionary drawdowns is that it will negatively impact asset prices. There are significant disadvantages to discretionary drawdowns and no advantages. Investors may experience a larger drawdown than they would have experienced without discretionary management.

A discretionary drawdown occurs when the portfolio manager deliberately reduces the size of the portfolio, often to increase capitalisation or to take advantage of market opportunities. This can lead to sub-optimal investment performance and potentially affect the overall success of the investment strategy. In an emergency, discretionary drawdowns can be a valuable tool to protect investors and limit losses. However, they should be used sparingly and only when necessary.

We believe that the aftermath of the COVID-19 pandemic has created unprecedented challenges for investors, but also presents opportunities for those who are well-equipped to navigate it. The key to success in this uncertain world is by being prepared, understanding the risks involved, and implementing appropriate strategies to mitigate them. Our investment team is committed to providing clear and transparent guidance, enabling investors to make informed decisions and achieve their financial goals despite the challenges.

We hope this has been a helpful guide to understanding discretionary drawdowns and how they can impact your investments. As always, we encourage you to consult with your financial advisor to determine the best course of action for your unique situation. Together, we can navigate these uncertain times and build a solid foundation for the future.

Best regards,
Paul Stewart
Chief Executive Officer

30 JUNE 2020

<table>
<thead>
<tr>
<th>30 JUNE 2020</th>
<th>BRIDGE HIGH INCOME FUND</th>
<th>BRIDGE STABLE GROWTH FUND</th>
<th>BRIDGE MANAGED GROWTH FUND</th>
<th>BRIDGE EQUITY INCOME GROWTH FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Year Income Return</td>
<td>7.37%</td>
<td>5.46%</td>
<td>4.25%</td>
<td>2.89%</td>
</tr>
<tr>
<td>1 Year Capital Return</td>
<td>-8.12%</td>
<td>-24.46%</td>
<td>-30.33%</td>
<td>-29.47%</td>
</tr>
<tr>
<td>1 Year Total Return</td>
<td>-0.55%</td>
<td>-19.00%</td>
<td>-26.08%</td>
<td>-26.59%</td>
</tr>
<tr>
<td>1 Year Benchmark</td>
<td>7.98% (Stefi + 7%)</td>
<td>6.88% (CPI + 4%)</td>
<td>9.04% (CPI + 6%)</td>
<td>-76.0% (SA Gen Eq Ave)</td>
</tr>
</tbody>
</table>

VITAL SIGNS - Domestic Portfolio’s

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We hope this has been a helpful guide to understanding discretionary drawdowns and how they can impact your investments. As always, we encourage you to consult with your financial advisor to determine the best course of action for your unique situation. Together, we can navigate these uncertain times and build a solid foundation for the future.

Best regards,
Paul Stewart
Chief Executive Officer

Technical analysis: The drawdowns observed during the COVID-19 pandemic have been significant, with many portfolios experiencing declines of more than 20%. This has led to concerns about the sustainability of portfolios and the potential for further declines in the future. However, our investment team has taken proactive measures to address these concerns, including increasing the allocation to liquid assets and reducing risk exposure.

Economic analysis: The COVID-19 pandemic has had a profound impact on the global economy, with many countries implementing lockdowns and other measures to control the spread of the virus. This has led to a significant decrease in economic activity, with many businesses forced to shut down or operate at reduced capacity. As a result, many investors have been concerned about the potential for further economic downturns.

Market analysis: Despite the challenges posed by the COVID-19 pandemic, there have been signs of recovery in recent months, with many economies beginning to reopen and businesses gradually resuming operations. This has led to some optimism among investors, with many expecting a rebound in economic activity in the coming months.

Overall, we believe that the aftermath of the COVID-19 pandemic has created unprecedented challenges for investors, but also presents opportunities for those who are well-equipped to navigate it. The key to success in this uncertain world is by being prepared, understanding the risks involved, and implementing appropriate strategies to mitigate them. Our investment team is committed to providing clear and transparent guidance, enabling investors to make informed decisions and achieve their financial goals despite the challenges.

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Best regards,
Paul Stewart
Chief Executive Officer
Vital Signs - Global Portfolio’s

30 JUNE 2020

BRIDGE GLOBAL MANAGED GROWTH FUND (US$)

1 Year Total Return
-3.51%
1 Year Benchmark
3.30% (US CPI + 3%)

BRIDGE GLOBAL PROPERTIES GROWTH FUND (US$)

TER
-16.03% (CPPI 250 RETI)

Dividend Increases
28/40
18/22

Dividend Maintained
4/22
6/22

Dividend Decreases
8/42
8/22

Dividend Eliminated
None
None

Equity Holdings
28
0

Property Holdings
12
32

The second quarter of 2020 is now behind us, but it is unlikely to be forgotten anytime soon. It was, quite literally, the quarter in which large parts of the global economy shut down. As the COVID-19 pandemic spread rapidly across international borders, global travel was suspended, while most governments announced extremely stringent lockdown measures to curb the spread of the virus within countries. The economic impact was particularly severe in April and May, although by June, lockdown conditions were being eased and economic activity picked up again. While this gave some countries the opportunity to bring the pandemic under control, for many others, like the USA, Brazil and South Africa, the worst of the pandemic is still ahead. The lockdowns have allowed healthcare systems to prepare for the worst and not collapse under the additional stress the pandemic brings.

Governments and central banks responded to the looming economic crisis by providing unprecedented levels of fiscal and monetary stimulus. Since the beginning of the year, the Monetary Policy Committee (MPC) of the South African Reserve Bank has cut official interest rates by 275 basis points and with consumer inflation now printing below 3%, there is still scope for further rate cuts in the second half of the year. These historically low interest rates have obviously helped the local economy, but GDP growth is still expected to contract by approximately 7.5% this year, before growing by a rather modest 3.5% in 2021. The economic growth in South Africa is likely to be similar to low GDP growth. While the recovery in 2021 is likely to lag that of the global economy, the weaker fiscal position South Africa found itself in prior to the outbreak of COVID-19.

The stimulus measures have had a marked impact on global financial markets and most staged a strong recovery in the second quarter, having fallen significantly in the first quarter.

Table 1: Asset class & market returns – Quarter 1 & 2, 2020

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Q2 2020 Return</th>
<th>Q2 2020 Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dow Jones Industrial Average (total return) – USD</td>
<td>-22.7%</td>
<td>16.5%</td>
</tr>
<tr>
<td>S&amp;P 500 Index (total return) – USD</td>
<td>-16.5%</td>
<td>20.5%</td>
</tr>
<tr>
<td>FTSE 100 Index (price only) – GBP</td>
<td>-24.8%</td>
<td>8.8%</td>
</tr>
<tr>
<td>GPRI 250 RETI (total return) – USD</td>
<td>-29.5%</td>
<td>11.6%</td>
</tr>
<tr>
<td>FTSE/SE All Share Index (total return) – ZAR</td>
<td>-21.4%</td>
<td>23.2%</td>
</tr>
<tr>
<td>FTSE/SE All Bond Index (total return) – ZAR</td>
<td>-8.7%</td>
<td>9.9%</td>
</tr>
<tr>
<td>FTSE/SE 50 Listed Bond Index (total return) – ZAR</td>
<td>-48.2%</td>
<td>20.4%</td>
</tr>
<tr>
<td>Oil price – USD</td>
<td>-60.2%</td>
<td>56.6%</td>
</tr>
<tr>
<td>Gold price – USD</td>
<td>5.5%</td>
<td>9.9%</td>
</tr>
</tbody>
</table>

Source: BESB

While at a headline level it does appear as though most equity markets have recovered the price losses sustained in the first quarter, the recovery has in fact been driven by a very large, mostly technology businesses. These companies have benefited from the stringent lockdown conditions and the increased need to shop online and work from home. They are the providers of the technology that makes these things possible and are expected to show substantial growth in revenues in the short and medium term. Unfortunately, most listed companies continue to trade at prices well below their recent highs as the strict lockdowns imposed across the world have had a marked impact on their revenues and businesses model. The weak economic backdrop and uncertainty around the timing and pace of any economic recovery has meant investors are less enthusiastic about owning these businesses, preferring instead to buy technology stocks despite their very lofty valuations.

To preserve cash and shore up balance sheets, most companies have opted to defer the payment of dividends during these uncertain times. This means that the distributions paid by our Payers & Growers® portfolios in the second quarter were lower than normal but we expect dividend payments to resume in the fourth quarter this year and the first quarter of next year. Those companies with stronger balance sheets and whose revenues were not significantly impacted by the lockdowns have continued to pay dividends and as a result, we are forecasting that distributions across our portfolio range will be between 80% and 90% of the levels paid in 2019. This will be a particularly pleasing outcome, especially when one considers what has happened to the income yield on cash. Our Payers & Growers® portfolios, except for the Bridge Equity Income Growth Fund, which is an income fund, have an average income yield of approximately 5%.

Volatility in global financial markets has reached an elevated levels as investors digest negative news about the economy and the spread of COVID-19 and the positive news surrounding the level of stimulus that has already been announced and what is likely to be announced in the third quarter. Asset prices are therefore not always responding to fundamentals but instead are being driven by the eb and flow that characterises investor sentiment in the short term. While volatility is uncomfortable for most investors, it does present opportunities from time to time. Towards the end of the first quarter and the beginning of the second quarter, we took the opportunity to significantly increase our exposure to government’s benchmark R186 bond at yields close to 10.5% (following the Moody’s downgrade and our exclusion from the FTSE World Government Bond Index).
Investment Review (continued)

Not only has this provided a high level of income for our portfolios (the coupon of the R186 bond is also 10.5%), but the yield has dropped to 7.5%, resulting in approximately 15% capital appreciation since we bought them.

We have also taken the opportunity to make some changes in our equity and listed property portfolios, including adding Multichoice Group just before their results announcement, as well as increasing our exposure to warehousing (through Equites Property Fund) and self-storage (through Stor-Age Property REIT). These businesses have proved resilient through the lockdown and are likely to continue benefiting from some of the behavioural changes consumers and businesses are going to have to make in the years ahead. We have very little exposure to offices, regional and super-regional shopping centres within our property portfolio and this low exposure is likely to be maintained given the challenges these property types will face in a post-COVID world where more people will be working from home and more people will be shopping online.

We are expecting a similar level of distributions in the third quarter when compared to the second quarter. Usually the third quarter is much lower because fewer companies declare dividends, but this year the second quarter was lower than usual due to delayed or deferred dividend payments. We have already received or accrued dividends for Reunert, Safari Investments and Stor-Age, and Multichoice has declared a dividend. Both Multichoice and Safari dividends were well ahead of expectations. We still expect the bulk of companies declaring dividends in the third quarter to either delay or defer those payments to retain cash and strengthen balance sheets. The fourth quarter distributions are expected to be substantially larger as more companies declare dividends and payments to shareholders resume as economic activity in South Africa accelerates.

It’s always very difficult to predict the future, now more so than ever. We know that the future will look very different to the past, we just don’t know how different. We have spent an inordinate amount of time looking at all the securities in our portfolios to ensure that they have the business models and balance sheets to navigate these difficult times. The changes that we have made reflect that analysis, removing companies where the risks to future cash flows have increased and adding companies that are better positioned for the future. This should result in a resumption of distribution growth in 2021, while the current yields on our Payers & Growers® portfolios are at near record-high levels. This suggests that current valuations are extremely attractive, notwithstanding the weak and uncertain economic backdrop.

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The Bridge Team
July 2020

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Start your investing future today, tax-free
Our Payers and Growers® strategy enables you to take full advantage of tax-free savings benefits.

Distribution Updates
30 JUNE 2020

<table>
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<th>3YR GROWTH**</th>
<th>HISTORIC YIELD*</th>
<th>Q2 DISTRIBUTION</th>
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</thead>
<tbody>
<tr>
<td>C Class 24.22c</td>
<td>8.52%</td>
<td>Bridge High Income Fund A Class 13.4c</td>
</tr>
<tr>
<td>C Class 25.22c</td>
<td>8.52%</td>
<td>Bridge Stable Growth Fund A Class 14.08c</td>
</tr>
<tr>
<td>C Class 13.4c</td>
<td>8.26%</td>
<td>Bridge Equity Income Growth Fund A Class 5.01c</td>
</tr>
<tr>
<td>C Class 1.14c</td>
<td>5.37%</td>
<td>Bridge Balanced Fund A Class 1.82c</td>
</tr>
<tr>
<td>C Class 2.01c</td>
<td>4.01%</td>
<td>Bridge Diversified Preference Share Fund A Class 2.41c</td>
</tr>
</tbody>
</table>

*The historic yield is the last 12 months distributions divided by the current capital price per unit.
**The 3yr historic income growth is the per annum compound growth of the income paid to investors over the last three years.
**Meet the Team**

"I always strive to make them happy that we have done all the right actions that will serve them and their futures"

1. **Who are you?**
   
   My name is Andrew Dowse and I am a Portfolio Manager and Equity Analyst at Bridge Fund Managers.

2. **Tell us about your background?**
   
   I grew up in the highveld of South Africa, in Johannesburg. In 2004, I matriculated from St Stithians College at the age of 18, and was granted acceptance to study at the University of Cape Town. I had often wondered how my friends that were boarders at school with me felt about being away from home and being a little more independent. I guess I found out that it has its pros and cons. Freedom to do what you want, when you want and how you want. But it also comes with responsibilities – like washing your own clothes and house your own room. I realise too that no one was going to help me get through university and if I were to be successful, it would only be possible if I attended all my lectures and I studied.

   I had an interest in the world of Finance from a young age, partly because my father did, but also because I naturally have an enquiring mind that wants to understand how things work. Some family members thought I would study engineering but my two aunts had offered me a position for me to study aeronautical engineering. Ultimately I only saw my curious mind being satisfied when I felt I could understand how the whole world worked, which is why I chose finance. I graduated from UCT with a B.Com in Economics & Finance, and a coincidental statistics major. I later completed my B.Com (Honours), specialising in Financial Analysis and Portfolio Management, where I could sense my knowledge growing towards a better understanding of markets and how the biggest companies operate in these markets.

3. **When did you join the financial services industry and what is your current role?**
   
   I first joined the financial services industry in 2008 (during the Great Financial Crisis) when I was given an opportunity for some vacation work during the July university holidays. It was all a little surreal at the time to watch markets crash 40% and truly grasp the magnitude of it all, but it was a lesson that one only gets a couple of times in a career of investments. (hence why it is essential for any analyst or fund manager to be prepared that these black swan events often happen at times of peak optimism).

   My full-time employment started in 2010, giving me now just over 10 years of experience. I have worked for a number of companies in the financial services and investment industry that have given me a good breadth of understanding about the importance and role that each service provides in protecting clients’ assets while giving the opportunity to enjoy rewards from the best companies these industries have to offer.

   My recent work has been with Bridge Fund Managers where I have dedicated my time to analysing businesses in both the local and global equity asset class with a specific focus on companies that have the ability to deliver high levels of income in the form of dividends and grow those dividends into the future. We believe that this philosophy will stand clients in good stead to provide income for their retirement needs now but, without letting go of the opportunity to grow their income streams and asset base by at least inflation for the foreseeable future.

4. **What is your current role?**
   
   In my current role as a Portfolio Manager and Equity Analyst, my time is devoted to heading up our equity research competencies, but I am also a portfolio manager on various funds, either on my own or as a co-manager with other senior decision makers in our business.

5. **What gets you motivated every day?**
   
   Knowing that each of our investors will experience the same or very similar outcomes in their retirement as what my parents do (they are invested in our funds) and ultimately I will too when I retire one day. That motivates me to ensure we are making the best decisions for our clients. I remind myself that if I had to sit in front of the clients and explain my actions for each day, I always strive to make them happy that we have done all the right actions that will serve them and their futures.

   I also have a competitive nature and have competed in a number of different sports during school and university, I am always striving to do a little better each day. Just like training for a marathon or a 2000 metre rowing race, if you haven’t put in the training with determined effort, you know your result will only disappoint you and the people that look up to you. Make sure you don’t let anyone down, including yourself.

6. **How does Bridge Fund Managers investment thesis create dependable long-term investment outcomes?**

   One of the most difficult problems when planning for your retirement is how to deal with volatility while meeting your long-term growth needs to hedge the pervasive effects of inflation. As one gets older, expenses tend to rise due to the effects of rising living costs. These living costs include more than just the items included in headline inflation. Medical costs are often underestimated, and as you age, the incidence of medical care visits and the value of each visit tends to go up by a rate substantially faster. This requires an investment strategy that can deliver more than just income. You absolutely need growth to hedge your living standards in today’s terms and also to match the growing inflations that we will have on your capital.

   This assessment is judged against all asset classes and the combinations of these asset classes that can deliver the best outcome for the long-term objectives of the client.

   At Bridge Fund Managers, we seek businesses that have strong growth potential that can at least meet inflation, but also that provide an ongoing income stream to fund your living needs today. Typically these are companies that pay good dividends and have a lot of free cash that can be reinvested to grow the business. We believe that these types of companies will provide protection to products, customers and profitability for their industries generally.

   These businesses all have elements of growth in line with inflation and in certain businesses also enjoy expanding markets with new customers growing the pie. Furthermore, these businesses are typically in well-established industries with long track-records of paying good dividends to shareholders. This makes forecast risk in the retirement plan lower. These businesses must stack up with unduly high levels of debt, have high borrowings and enjoy regulations that provide protection to products, customers and profitability for their industries.

   In order to balance all of these needs, we aim to ensure that we do not over-invest in businesses that meet our objectives. We apply a number of valuation techniques to ensure that the investment thesis stacks up on more than just one approach to confirm our strategy is sound and good degree of safety. This way we believe we will likely avoid pitfalls of chasing past winners and also from investing in false sound with some degree of safety. This way we believe we will likely avoid pitfalls of chasing past winners and also from investing in false positives where valuation becomes appealing but the fundamentals do not stack up. It should also identify a sense for any accounting irregularities or balance sheet risks in terms of overvaluing intangible assets like brand value, and goodwill. Losing capital permanently in these ways puts strain on retirement plans and therefore should be minimised.

7. **How has the last 2 years been as an analyst and portfolio manager and is this normal?**

   The last two years have been the most challenging. With growing risks to economies around the world, long-term investment cases are under pressure at current valuations. Geopolitical risks have driven much of the uncertainty with tensions between the United States and China growing ever larger. China is an obvious threat and the United States, under the radical Donald Trump, is doing everything possible to stifle their rise to economic dominance. Add to this the mess of Brexit and a fragmented Europe with Japan stuck in deflation; and the world does look at risk. Adding fuel to this fire, central banks have been used to increase asset prices and making money incredibly cheap with almost no interest charged for borrowing.

   This has pushed investors that would normally seek a return from bonds and treasuries into adjacent asset classes like equities, listed property and alternatives like private equity to generate income. As a result there is more money chasing the same assets and prices continue to rise. Valuation risk is now at levels that present an even bigger problem while all governments seek to take on more debt and through spending programmes keep economies growing. The coronavirus epidemic has amplified this risk as the need to spend by governments has risen sharply.

   This is a largely developed market problem where central banks have intervened in the normal functioning of financial markets. However in developing (emerging) markets, central banks do not have the balance sheet nor the confidence behind their currencies to make such interventions. As a consequence, with heightened geopolitical risks, emerging market asset prices have conversely become cheaper. This presents valuation opportunities, but caution is required. The macro headwinds are strong for developing economies. They too have been pushed to take on more debt and borrowing costs for these governments remain relatively high, making default risk meaningful.

   Therefore the challenge has been to continue finding businesses that meet clients’ long-term objectives in an environment of heightened macro risks and valuation risks together with foreign currency volatility when considering offshore allocations. Markets continue to price emerging market opportunities conservatively and for those brave enough to ride the roller-coaster, there should be handsome reward. But hold on because the ride is going to bumpy. I would not describe this as normal, but everyday the “not normal” is steadily becoming our “new normal.”

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**Meet the Team**

"we seek businesses that have strong growth potential that can at least meet inflation......"
Multichoice is a pay TV operator and video-entertainment provider that has a presence in 50 countries across the African continent. The group is made up of three operating segments, Multichoice South Africa, Multichoice Rest of Africa and Indeto.

Multichoice was first established in South Africa in 1989 as a company known as M-Net, part of the Naspers group. In 1998 M-Net started its expansion into Africa as its popularity grew in South Africa. A restructuring of the company in 1999 saw M-Net divide its operations under the newly formed company named Multichoice, which would oversee the company’s operations.

Later that year Multichoice Africa was formed with offices in 8 countries and franchises in 5 others across the continent. In 1997 Multichoice acquired Indeto which had been responsible for the company’s online security since 1995. In September 2019 the holding company of Multichoice, Naspers, announced that it would separate Multichoice from the group through an unbundling, and list the company separately on the JSE. The unbundling and listing completed on 27 February 2019.

Multichoice being a pay TV operator earns a significant portion of its revenue from subscription fees, approximately 83%. Other revenue streams include advertising, set-top boxes sales, installation fees as well as revenue from Indeto which contributes approximately 7% to the group.

Subscription revenue is earned primarily from DSTV, in addition to a more affordable service named DStv Go is offered as well as the streaming service Showmax. There are several subscription options available to customers however Multichoice classifies the different options in three classes. Premium, Mid-market and Mass market. Average revenue per user (ARPU), which is in Rand per month, is calculated per classification to provide more details on how subscription revenue is earned.

Multichoice SA

Multichoice South Africa is responsible for all operations within South Africa, including the traditional pay-as-you-go as well as the Over-The-Top (OTT) broadband streaming services.

Multichoice SA currently make up 43% of the group’s subscriber base with 8.4 million subscribers. The current financial year and end for 2020 saw an increase of 6% in subscribers in this segment. The subscriber mix is made up of 48% in the mass market, 34% in mid-market and 18% in the premium market. There has been a shift in subscribers mix over the last few years to more mid and mass market packages relative to the premium packages. As subscribers grow, we expect this trend to continue as penetration in the premium market is already high.

South Africa has seen the rollout of fibre and 4G LTE internet in the last few years and the introduction of other global streaming services like Netflix. With these services being offered at a substantial discount to the premium level DStV packages it is not surprising to see some customers moving to a purely streaming service as opposed to the more expensive pay-per-option. One aspect of the premium packages that will retain subscribers is SuperSport. The mid and mass market packages offer only certain SuperSport channels, and the careful construction of packages ensures that there is strong affinity from customers in the premium package for access to the best sports channels. In mitigating the threat of lower cost options to customers, Multichoice have chosen to increase the premiums on the top package by just 0.3% for 2020 and 1.4% in 2021.

A continuation of losing premium subscribers does pose a risk to the group as ARPU for the premium market is significantly higher than that of the mid and mass market. ARPU in the premium market is R888 per month, mid-market R628 per month and mass market being R88 per month.

While fibre roll out in South Africa has raised the risk of competition through streaming platforms, the reach of fast and high-quality internet like fibre remains limited and expensive. DSTV is primarily broadcast through satellite dishes making it able to reach areas where access to internet is still limited. Once the initial cost of the dish is installed, DSTV has a range of affordable packages that gives them a competitive edge over streaming services that require high-quality internet connections for even their basic packages.

South Africa has a population of approximately 55 million. While the low economic growth and large levels of poverty will continue to pose challenges to subscriber growth, Multichoice is ideally positioned as the only major pay TV operator in the country that can take advantage of the largely untapped mass market segment, and later migrate them onto higher margin packages in the future.

Indeto

Indeto, a 100% owned subsidiary of the Multichoice Group, offers clients online security services for protecting digital platforms and applications for video entertainment, video games, connected transport, connected health and other connected industries generally described under internet of things (IoT). Indeto is the world leader in digital platform security with a presence in 20 countries and a client base across 90 countries. The company’s market share is rated as second in the world by business valve. Indeto’s market share has been gained through its strong offering in cyber security and anti-piracy in both media and gaming. The onboarding of this technology has also started to gain momentum in the streaming services industry across the world according to management.

Multichoice Rest of Africa

Multichoice Rest of Africa includes all operations on the continent outside of South Africa. The Rest of Africa segment currently has 11.1 million subscribers and contributes 30% towards group revenue. The operations in Africa however have not been profitable for the last few years and have been a drag on group profit as well as cash flow.

Africa’s subscriber base mix is largely made up of mass market customers (78%), with premium and mid-market each consisting of 11% of Rest of Africa subscribers. The ARPU per classification compared to the South African operation is with premium being R447, mid-market being R396 and mass market of R97. The pricing per classification varies in each country depending on demand and competition. ARPU for premium customers decreased 6% in the latest year as was the case in South Africa with the mid-market and mass market remaining stable.

Over the last three years, Multichoice has put in place a number of strategies to minimize operating expenditure across both the South Africa and African operations in order to reach breakeven in the Rest of Africa segment. Since this began the group has managed to save close to 3% of expenditure per year with total savings of R1.4 billion for 2020 alone. A significant savings opportunity identified by management is the production of more local content compared to purchases of foreign content. For the year 2020, local content spend was 46% of total general entertainment content, and management have set a target to achieve 45% by 2022.

Streaming threat

Over the last 5 years online streaming services have become increasingly popular due to the viewing experience as well as competitive pricing. In order to combat this risk Multichoice has developed its own online streaming video on demand service called Showmax. Showmax is the prime live streaming service of DSTV called DSTV Now. Both services have seen good growth over the last year. Monthly active users have increased 39% and 18% respectively.

Showmax is currently in the testing stages for streaming live sport which could draw customers who have discontinued their premium accounts. There is no timeliness as to when the streaming of sport will go live however the English premier league has been offered on Showmax recently in certain countries in Africa. In addition to Showmax and DSTV Now, Multichoice announced at their 2020 results presentation that an agreement has been made with Netflix and Amazon Prime to include their services as part of a premium package on the new decoder. This is in line with the company’s goal to be a content aggregator and will further help in the fight against competing online streaming platforms.

Latest results

On 10 June, Multichoice published their results for the year ended 31 March 2020 which showed strong earnings growth through higher revenues and increased subscribers with further cost improvements on the prior year.

Revenues for the group increased 3% on the back of 5% growth in the subscriber base, trading profits saw the most improvement, growing 20% from R7.3 billion to R8.8 billion. This was not unexpected given management’s cutting a clear objective over the last few years. Trading margins at group level also increased during the year by 2% which was led by reduction in the trading loss margin for Rest of Africa from -25% to -19% and a 4% increase in the Indeto margin to 39%. The Rest of African segment has maintained its impressive 30% and continues to provide the cash needed to fund the Rest of Africa operations as it moves towards breakeven.

Multichoice boasts an impressive balance sheet with no interest-bearing debt and a cash balance of over R9 billion. After the dividend of R62.5 billion (565 cents per share) the group will remain in a very strong cash position. This cash position provides Multichoice with flexibility to respond to the multitude of issues that can and have presented themselves in the African operations with many countries facing macroeconomic as well as infrastructural problems. Investment into technology as well as renewal of local content will continue to be growing expenditure lines on the company’s income statement in the medium-term.

The group generated free cash of R8.9 billion (1771 cents per share) during the year, well in excess of the ordinary dividend payment and the BEE dividend payment to Phuthuma Nathi shareholders of R1.4 billion. Although there were some non-cash (unrealized FX losses) and one-off improvements through working capital (timing of contract purchases) that contributed to the strong free cash flow this year, we believe that – when normalizing for these often-occurring items – the group still delivered robust and sustainable free cash flow with growth expected to continue as subscriber growth expands and technology and product mix improves.

Andrew Dawse is Head of Equities and a Portfolio Manager

Multichoice Announces Investment in Content in a New Decoder

Multichoice SA has announced that a new decoder will be launched later this year with a large investment in content. This move is in response to the streaming threat that has been growing in the market.

The new decoder will allow customers to access both traditional pay TV services as well as streaming services. This will enable Multichoice to offer a more integrated service to its customers.

The investment in content is significant and will aim to retain and increase the subscriber base. Multichoice is currently the largest pay TV operator in Africa and aims to remain so.

The new decoder will be launched in the second half of this year and will be available in different price tiers depending on the services that customers choose to subscribe to.

The announcement comes as Multichoice faces increased competition from streaming services such as Netflix and Showmax. The group has already announced plans to launch its own streaming service, Showmax, in South Africa and other African countries.

Multichoice has also announced plans to invest in fibre infrastructure to improve internet connectivity and reduce the risk of losing subscribers to competing services.

Multichoice has a strong presence across Africa and is the leading pay TV operator in countries such as South Africa, Kenya and Nigeria. The group is well-positioned to adapt to the changing market conditions and continue to grow its subscriber base.

Andrew Dawse is Head of Equities and a Portfolio Manager

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Head of Equities
Portfolio Manager

Multichoice

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Website: www.multichoice.com

Equity Sector Focus

by Andrew Dawse

JULY 2020 | PAGE 10

Equity Sector Focus

(continued)
the employment of Grant Harris as the Chief Operating Officer. Prior to this, he was the CEO of City Property Services Proprietary Limited, a privately held real estate investment business focused on the affordable housing market.

Management believe a key initiative is the improvement of the balance sheet whilst realigning the portfolio with long-term objectives. They believe the most efficient way to achieve this would be through a disposal program. The firm has thus disposed of eight smaller, non-core properties. Additionally, there are thirteen other assets that have agreements of sale in place but have not yet transferred. This is due to lockdown restrictions which have delayed the progress of transactions due to the deed's office and CIPC being unavailable.

Management also look to dispose of two assets that serve as student accommodation. The purpose for this is to exit properties that are let to a single tenant which exposes the company to tenant concentration risk.

Despite the various initiatives taken by management the company still faces challenges such as the above-inflation increases in municipal expenses ranging between 6% and 14%. This contributed to a 10.6% increase in net property expenses relative to the 2019 interim results. However, efforts were made to offset these costs through recoveries which increased from 1H 2019: R53.1 million to 1H 2020: R63.1 million (11.8%).

The Covid-19 pandemic disrupted all industries and residential real estate was no exception. The requirements imposed by the national lockdown restricted both movement of people and products as well as business operations. This resulted in numerous individuals losing their jobs or experiencing a reduction in income.

Consequently, Indluplace had to introduce the necessary procedures to protect staff and tenants at an additional set of costs. The company appointed credit controllers to negotiate rental concessions with affected tenants and manage the collections process. This allowed tenants who are willing to pay their rent but have fallen prey to hard times to pay over six months. It’s also worth noting that management have not yet resorted to repossessing the deposits.

All the property management personnel and on-site staff have been supplied with the necessary protective wear and the vacant units within each building are being used to house staff and security. This was done to ensure that the operations of the assets continue as per usual whilst simultaneously reducing the risk of exposing the tenants to the virus by minimizing the movement of staff.

Amongst other variables that could affect profitability, management expect an increase in provisions for bad debts and impairment losses. The unprecedented circumstances led the board to the decision to withdraw dividend guidance for the financial year 2020 and to forgo the payment of an interim dividend, which is usually paid in the 3rd quarter of the calendar year. They will look to make an annual dividend at their financial year-end later this year.

Given the current macroeconomic climate, management deemed it prudent to maintain relatively lower levels of debt compared to the sector average with a loan-to-value ratio (“LTV”) equal to 34.7% as of 31 March 2020. The total debt drawn by the company is approximately R4.1 billion with 67% of the interest expenses hedged, resulting in an overall weighted average cost of debt of 9%. With the recent cut in interest rates, Indluplace should benefit from a reduction in finance expenses derived from the unhedged portion of their interest-bearing liabilities.

Yatishen Naidoo is a Property Analyst

Indluplace Properties Limited (Indluplace) is a residential-focused Real Estate Investment Trust (REIT) listed on the JSE. The direct portfolio comprises 9,668 residential units and 18,834m² of associated retail space located across South Africa. Arrowhead Properties Limited (“Arrowhead”), another REIT listed on the JSE, holds a controlling interest (59.9%) in the company.

The company recently reported interim results for six months ending on 31 March 2020. The portfolio of investment property was valued at R4.1 billion with the asset management function performed by an internal team of professionals and the property management function outsourced to several specialist firms.

Since 31 March 2019, the rental revenue increased by 3.8% to R275.3 million due to improved letting at Highfield View, a property situated in Kempton Park, and the acquisition of an additional 210 units in Golden Oaks, a complex in Boksburg, during the course of the 2019 financial year. The portfolio also recorded a relatively lower vacancy rate of 5.5% compared to the national average of 7.5% and achieved a marginally positive rental escalation of 0.4%.

The strategy remains to generate sustainable distributable income derived from a geographically diversified, South African based portfolio of assets. After the 2019 interim period, the staff complement at head office increased from four to eleven to help them successfully execute on this plan. This included the employment of Grant Harris as the Chief Operating Officer. Prior to his appointment to Indluplace, Mr Harris was the Managing Director of IHS Property Management Proprietary Limited (“IHS”), where he was responsible for the property management operations for the IHS portfolio consisting of c.9000 residential units. Prior to this, he was the CEO of City Property Services Proprietary Limited, a privately held real estate investment business focused on the affordable housing market.

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**Fund Range**

<table>
<thead>
<tr>
<th>FUND NAME</th>
<th>FUND CATEGORY</th>
<th>BENCHMARK</th>
<th>INVESTMENT OBJECTIVE</th>
<th>RISK PROFILE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bridge High Income Fund</td>
<td>South African Multi-Asset Income</td>
<td>Stellion Composite Index + 1%</td>
<td>The Bridge High Income Fund’s objective is to provide investors with a high current income and low capital volatility. It achieves this by investing in a portfolio of fixed-interest and listed property securities. The portfolio is managed according to a low-risk profile.</td>
<td>Conservative</td>
</tr>
<tr>
<td>Bridge Diversified Growth Fund</td>
<td>South African Multi-Asset Low Equity</td>
<td>CPI + 4% over rolling 60-month periods</td>
<td>The Bridge Diversified Growth Fund is a Multi-Asset class fund with the objective of providing investors with a balance between growth and income at moderate to conservative risk levels. It achieves this by investing in a portfolio of equities, fixed-interest securities, money market instruments and listed property. The portfolio’s exposure to equity instruments will never exceed 40% of the total portfolio. The fund complies with all prudential requirements and regulations governing retirement funds.</td>
<td>Moderate</td>
</tr>
<tr>
<td>Bridge Managed Growth Fund</td>
<td>South African Multi-Asset High Equity</td>
<td>CPI + 4% over rolling 60-month periods</td>
<td>The Bridge Managed Growth Fund is a Multi-Asset class fund with the objective of providing investors with long-term income and capital growth at moderate risk levels. It achieves this by investing in a portfolio of equities, fixed-interest securities, money market instruments and listed property. The portfolio’s exposure to equity instruments varies between 40% and 60% of the total portfolio. The fund complies with all prudential requirements and regulations governing retirement funds.</td>
<td>Moderate to Aggressive</td>
</tr>
<tr>
<td>Bridge Equity Income Growth Fund</td>
<td>South African Equity General</td>
<td>Average ASISA South African Equity General Sector</td>
<td>The investment objective of the portfolio is to seek a high level of income (more in the form of dividends) and long-term growth in dividend income in excess of the rate of inflation such that the portfolio will produce a total return in excess of the average of the ASISA South African Equity General sector at lower levels of volatility. Income will be a key component of the portfolio. The risk profile of this portfolio to the investor will be above average, due to its prominent exposure to the equity risk factor.</td>
<td>Aggressive</td>
</tr>
<tr>
<td>Bridge Global Property Income Feeder Fund</td>
<td>Global Real Estate General</td>
<td>GPR 250 REIT Index Total Return</td>
<td>The Bridge Global Property Income Fund is a specialist global property portfolio with the objective of providing investors with high current income and long-term capital appreciation. It achieves this by investing in real estate securities listed on international stock exchanges.</td>
<td>Aggressive</td>
</tr>
<tr>
<td>Bridge Global Managed Growth Feeder Fund</td>
<td>Global Multi-Asset Flexible</td>
<td>US Consumer Price Index + 5% measured over rolling three-year periods in ZAR</td>
<td>This portfolio is a feeder fund. The primary objective of this feeder fund is to provide the investor with a balanced consistent income and capital appreciation over the long-term. To achieve its investment objective the portfolio will: apart from assets in liquid form, consist solely of participation interests in the Bridge Global Managed Growth Fund (the underlying Fund) which is the sub-fund of Sanlam Universal Funds PLC. The underlying fund is US Dollar-denominated and domiciled in Ireland and it aims to achieve a return in excess of 3% of the US Consumer Price Index measured over three-year period. The underlying fund will invest in equity securities (including common stocks, preference shares and other securities with equity characteristics or conferring the right to acquire equity securities), bonds (fixed and/ or floating, government and/ or corporate) and money market instruments (including, but not limited to commercial paper certificates of deposit, bankers’ acceptance, notes, debentures and treasury bills all of which have a maturity of less than one year).</td>
<td>Moderate to Aggressive</td>
</tr>
<tr>
<td>Bridge Balanced Fund</td>
<td>South African Multi-Asset High Equity</td>
<td>Average of the ASISA South African Multi-Asset High Equity sector</td>
<td>The Bridge Balanced Fund is a Multi-Asset class fund with the objective of providing investors with high capital growth over the investment term. It achieves this by investing in an appropriate portfolio of equities, fixed-interest securities, money market instruments and listed property. The portfolio’s exposure to equity instruments may be as much as 75% of the total portfolio. The fund complies with all prudential requirements and regulations governing retirement funds.</td>
<td>Moderate</td>
</tr>
<tr>
<td>Bridge Diversified Preference Share Fund</td>
<td>South African Equity Unclassified</td>
<td>STEFICAD (new benchmark)</td>
<td>The Bridge Diversified Preference Share Fund provides investors with an above average after tax yield in the form of dividends. This will be achieved by diversifying the portfolio’s holdings across various preference shares and dividend yielding assets. A minimum 80% will be invested in preference shares classified as share capital in their respective issuers balance sheet.</td>
<td>Conservative</td>
</tr>
</tbody>
</table>
Performance Update

All performance figures are expressed as a percentage and calculated to 30 June 2020.

**PAYERS & GROWERS**

<table>
<thead>
<tr>
<th>BRIDGE MANAGED GROWTH FUND (ZAR)</th>
<th>1 Year</th>
<th>3 Years (p.a)</th>
<th>5 Years (p.a)</th>
<th>7 Years (p.a)</th>
<th>Since Inception (p.a) 1 Mar 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund - A class</td>
<td>-26.08%</td>
<td>-9.30%</td>
<td>-5.19%</td>
<td>0.84%</td>
<td>3.39%</td>
</tr>
<tr>
<td>Benchmark - CPI+6%</td>
<td>0.04%</td>
<td>10.26%</td>
<td>10.99%</td>
<td>11.13%</td>
<td>11.45%</td>
</tr>
<tr>
<td>Peer Group Average</td>
<td>0.54%</td>
<td>3.63%</td>
<td>3.982%</td>
<td>6.22%</td>
<td>n/a</td>
</tr>
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<table>
<thead>
<tr>
<th>BRIDGE STABLE GROWTH FUND (ZAR)</th>
<th>1 Year</th>
<th>3 Years (p.a)</th>
<th>5 Years (p.a)</th>
<th>7 Years (p.a)</th>
<th>Since Inception (p.a) 1 Mar 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund</td>
<td>-19.00%</td>
<td>-4.27%</td>
<td>-2.06%</td>
<td>2.09%</td>
<td>4.85%</td>
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<tr>
<td>Benchmark - CPI+6%</td>
<td>6.88%</td>
<td>8.08%</td>
<td>8.80%</td>
<td>9.13%</td>
<td>9.22%</td>
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<tr>
<td>Peer Group Average</td>
<td>3.13%</td>
<td>3.20%</td>
<td>3.18%</td>
<td>6.46%</td>
<td>n/a</td>
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<table>
<thead>
<tr>
<th>BRIDGE HIGH INCOME FUND (ZAR)</th>
<th>1 Year</th>
<th>3 Years (p.a)</th>
<th>5 Years (p.a)</th>
<th>7 Years (p.a)</th>
<th>Since Inception (p.a) 10 Nov 2004</th>
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</thead>
<tbody>
<tr>
<td>Fund</td>
<td>-0.55%</td>
<td>2.78%</td>
<td>4.46%</td>
<td>5.15%</td>
<td>8.84%</td>
</tr>
<tr>
<td>Benchmark - STEFI+1%</td>
<td>7.99%</td>
<td>8.325%</td>
<td>8.28%</td>
<td>7.89%</td>
<td>8.37%</td>
</tr>
<tr>
<td>Peer Group Average</td>
<td>4.32%</td>
<td>7.19%</td>
<td>7.30%</td>
<td>7.02%</td>
<td>n/a</td>
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<table>
<thead>
<tr>
<th>BRIDGE EQUITY INCOME GROWTH FUND (ZAR)</th>
<th>1 Year</th>
<th>3 Years (p.a)</th>
<th>5 Years (p.a)</th>
<th>7 Years (p.a)</th>
<th>Since Inception (p.a) 2 Jul 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund</td>
<td>-0.53%</td>
<td>-0.10%</td>
<td>-0.52%</td>
<td>1.21%</td>
<td>1.22%</td>
</tr>
<tr>
<td>Benchmark</td>
<td>7.62%</td>
<td>0.23%</td>
<td>0.22%</td>
<td>4.15%</td>
<td>7.82%</td>
</tr>
<tr>
<td>Peer Group Average</td>
<td>7.12%</td>
<td>0.42%</td>
<td>0.33%</td>
<td>4.62%</td>
<td>n/a</td>
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<table>
<thead>
<tr>
<th>BRIDGE GLOBAL MANAGED GROWTH FEEDER FUND (ZAR)</th>
<th>1 Year</th>
<th>3 Years (p.a)</th>
<th>5 Years (p.a)</th>
<th>7 Years (p.a)</th>
<th>Since Inception (p.a) 16 Aug 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund</td>
<td>18.25%</td>
<td>10.66%</td>
<td>n/a</td>
<td>n/a</td>
<td>6.52%</td>
</tr>
<tr>
<td>Benchmark - US CPI+3% in ZAR</td>
<td>27.26%</td>
<td>15.05%</td>
<td>n/a</td>
<td>n/a</td>
<td>11.11%</td>
</tr>
<tr>
<td>Peer Group Average</td>
<td>20.36%</td>
<td>11.51%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BRIDGE GLOBAL MANAGED GROWTH FUND (USD)</th>
<th>1 Year</th>
<th>3 Years (p.a)</th>
<th>5 Years (p.a)</th>
<th>7 Years (p.a)</th>
<th>Since Inception (p.a) 20 Apr 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund</td>
<td>-3.51%</td>
<td>3.08%</td>
<td>n/a</td>
<td>2.15%</td>
<td></td>
</tr>
<tr>
<td>Benchmark</td>
<td>3.30%</td>
<td>4.70%</td>
<td>4.62%</td>
<td>4.80%</td>
<td></td>
</tr>
</tbody>
</table>

**MULTI-ASSET CLASS AND SPECIALIST**

<table>
<thead>
<tr>
<th>BRIDGE BALANCED FUND (ZAR)</th>
<th>1 Year</th>
<th>3 Years (p.a)</th>
<th>5 Years (p.a)</th>
<th>7 Years (p.a)</th>
<th>Since Inception (p.a) 1 Mar 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund</td>
<td>-71.99%</td>
<td>-9.95%</td>
<td>-5.05%</td>
<td>2.38%</td>
<td>4.41%</td>
</tr>
<tr>
<td>Benchmark</td>
<td>0.54%</td>
<td>3.63%</td>
<td>3.52%</td>
<td>6.22%</td>
<td>7.24%</td>
</tr>
<tr>
<td>Peer Group Average</td>
<td>0.54%</td>
<td>3.63%</td>
<td>3.52%</td>
<td>6.22%</td>
<td>7.24%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BRIDGE DIVERSIFIED PREFERENCE SHARE FUND (ZAR)</th>
<th>1 Year</th>
<th>3 Years (p.a)</th>
<th>5 Years (p.a)</th>
<th>7 Years (p.a)</th>
<th>Since Inception (p.a) 15 Jan 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund</td>
<td>-74.44%</td>
<td>1.88%</td>
<td>4.41%</td>
<td>3.55%</td>
<td>5.41%</td>
</tr>
<tr>
<td>Benchmark</td>
<td>6.06%</td>
<td>6.45%</td>
<td>6.02%</td>
<td>6.18%</td>
<td>6.52%</td>
</tr>
<tr>
<td>Peer Group Average</td>
<td>-11.41%</td>
<td>1.79%</td>
<td>4.68%</td>
<td>4.11%</td>
<td>6.22%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LISTED PROPERTY</th>
<th>BRIDGE GLOBAL PROPERTY INCOME FEEDER FUND (ZAR)</th>
<th>1 Year</th>
<th>3 Years (p.a)</th>
<th>5 Years (p.a)</th>
<th>7 Years (p.a)</th>
<th>Since Inception (p.a) 16 Apr 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund</td>
<td>-9.29%</td>
<td>0.33%</td>
<td>2.79%</td>
<td>6.37%</td>
<td>13.30%</td>
<td></td>
</tr>
<tr>
<td>Benchmark</td>
<td>3.44%</td>
<td>9.10%</td>
<td>10.21%</td>
<td>12.28%</td>
<td>17.65%</td>
<td></td>
</tr>
<tr>
<td>Peer Group Average</td>
<td>7.09%</td>
<td>8.07%</td>
<td>7.88%</td>
<td>10.53%</td>
<td>n/a</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BRIDGE GLOBAL PROPERTY INCOME FUND (USD)</th>
<th>1 Year</th>
<th>3 Years (p.a)</th>
<th>5 Years (p.a)</th>
<th>7 Years (p.a)</th>
<th>Since Inception (p.a) 26 Nov 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund</td>
<td>-25.31%</td>
<td>-7.73%</td>
<td>-3.62%</td>
<td>1.32%</td>
<td>0.75%</td>
</tr>
<tr>
<td>Benchmark</td>
<td>-6.03%</td>
<td>-0.72%</td>
<td>2.86%</td>
<td>4.08%</td>
<td>6.47%</td>
</tr>
</tbody>
</table>

DISCLOSURE
The past portfolio performance is calculated on rolling monthly basis, lump sum NAV to NAV and distributions reinvested. Annualised return is weighted average compound growth rate over period measured. The investor performance may differ as a result of advisor fees (where applicable), actual investment date, date of reinvestment and dividend withholding tax. Past performance is not necessarily a guide to future performance. The lowest and highest returns show the lowest and highest consecutive 12 month return each class has experienced since its inception. Actual annual figures are available to the investor on request.
An Income Efficient Portfolio™ grows your income to last the length of your retirement.