



News and Review

Volume 18 – July 2020

Dear Investor

While the world come to grips with a potential second wave of COVID-19, it is important to remember that the COVID-19 headlines will eventually subside. The focus will eventually shift to the economic cost of the pandemic.

The drastic lockdown measures imposed on South Africa has had, and will continue to have, a massive impact on corporates and households. And our already fragile economic environment has unfortunately just exacerbated the issue at hand.

To put it in simple terms, the short- term outlook on the economic environment does seem very bleak. However, despite the turmoil in financial markets, your investments in the IFM funds have stayed relatively stable and highlights the merit of our portfolio managers' strategies.

The key for us and our clients is to stay disciplined. We remain unwavering in our commitment to protect your savings and ensure the growing of your capital in these unprecedented times.

Enquiries regarding your investments

Should you have any enquiries regarding your investments, please direct it as follows:

- All **administrative enquiries**, for example a request of statement or balance of investment, redemption request, update of contact details, enquiries regarding FICA or assistance required to log onto the online Connect system is handled by Itransact Fund Managers.

☎ 0861 116 075

✉ admin@itransactfm.co.za

- All **investment specific or portfolio enquiries** are handled by Heiden Grimaud Asset Management.

☎ 0861 378 378

✉ investments@heidengrimaud.co.za

- All **Heiden Grimaud Global Fund** enquiries are handled directly by the Heiden Grimaud Group International Network. Their contact details are:

☎ +27 12 743 6437 (South Africa),

☎ +353 1 254 9406 (Ireland) or

☎ +32 468 280463 (Belgium)

✉ investments@heidengrimaud.com

Analysis of the Portfolios

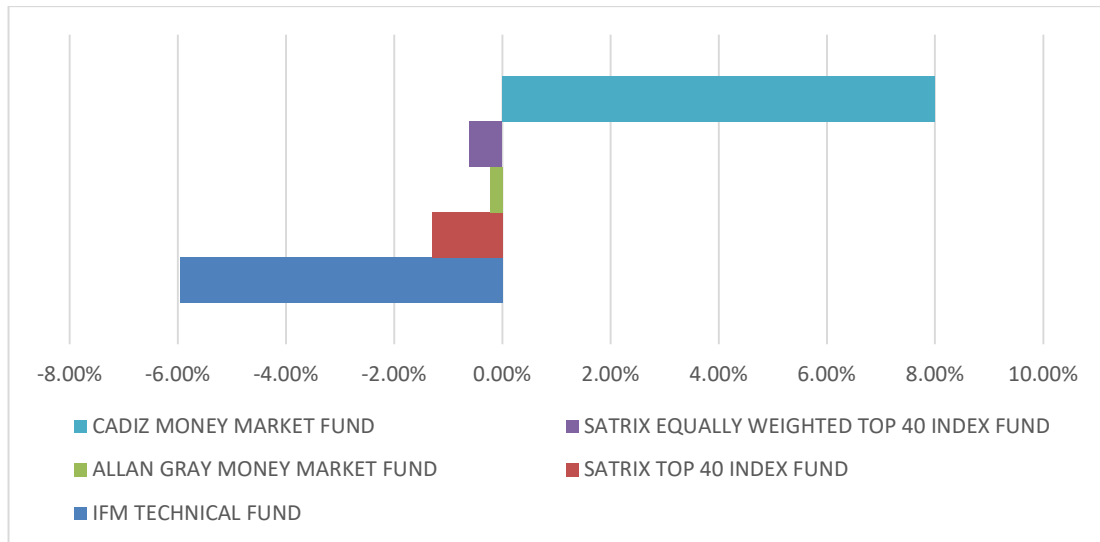
As part of the regulations that govern financial institutions, a manager must publish on its website each calendar quarter a general investor report that details an analysis of the portfolio with reference to the extent to which it has, or has not, adhered to its policy objective. We can report that for the quarter ending 30 June 2020, the following two portfolios have adhered to their respective policy objectives:

IFM Balanced Value Fund of Funds with the objective of prudential asset allocation and being a medium equity fund to secure balance between capital growth and income.

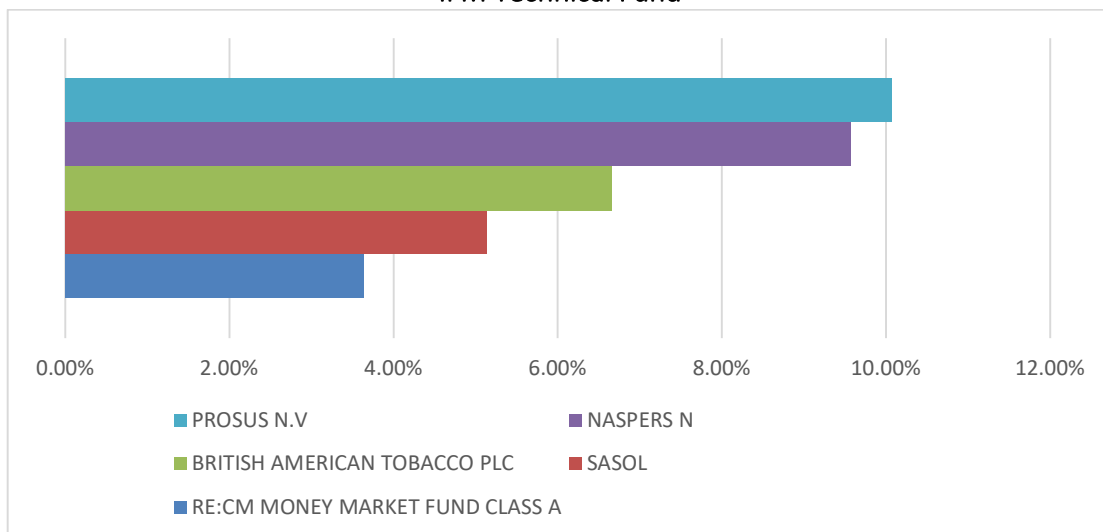
IFM Technical Fund with the objective of being a general domestic equity fund where investment decisions are based on technical analysis.

During the previous quarter the Manager bought and sold some shares and investments. Herewith an illustration of the changes in holdings as a result of this. Please note that this is not a reflection of the performance of these investments.

IFM Balanced Value Fund of Funds



IFM Technical Fund



News from our Fund Manager

Dear Investor

“Sell in May and go away”. Historically this used to be a well-known comment on Wall Street. Primarily because the bankers and stockbrokers enjoyed extended summer holidays during July and August.

However, with the explosive growth of the internet, electronic devices and accompanying applications (Apps), investors have the “benefit” to always be within reach of market prices and stockbrokers. As a result, the “sell in May” concept has all but lost its acceptance.

Could this year be the exception?

Following the sharp drop in share prices during March of this year and the “miraculous” recovery during April and May, we now need to take stock. Our team correctly identified the big drop in share prices during February/March and protected the portfolios by moving aggressively into cash holdings.

As long-term investors we did however cautiously re-invest during April (missing out on the first 5% return on the bounce back). It is our belief that we will continue to experience a period of extreme volatility in share prices. Caution is definitely the strategy to adhere to.

However, trying to time the market is extremely difficult if not impossible. For this very reason we follow a long-term investment strategy, keeping our eyes on the market for

any sign of a “permanent” correction based on underlying economic fundamentals. Our current views are:

- we expect a second wave of global infections;
- Governments will not necessarily revert back to strict lockdowns;
- It will indeed be a difficult period for all. It is a widely held belief that the world economy will contract in the next 9 months, companies will make less profits, some might not survive.

We therefore continue to stay super conservative with the portfolio allocation, keeping higher than usual percentages in cash.

Kind regards

Chris Meyer

Managing Director – Heiden Grimaud Asset Management

