

News and Review

Volume 20 – January 2021

Dear Investor

It is the start of 2021, and while we were hoping to leave much of our stresses behind in 2020, many of these have followed us into the new year.

Now is however not the time to sit back and ride out the storm. As they say in the investment industry, the biggest risk is not taking any risks at all. But we urge you to please leave it up to the professionals to take these risks.

Current levels of local equities have created an opportunity for significant gains, and any risks that do exist are mitigated by our portfolio manager through sensibly diversified investments. Our funds' investment returns speak for itself. Both our retail funds have outperformed its relevant benchmarks for three consecutive years.

More positive news. It has been reported that a coronavirus vaccine may be available more quickly than generally expected. 300 million doses of the Johnson & Johnson vaccine will be produced locally, in Port Elizabeth. Should this vaccine prove to be effective, the possibility exists that some of this may become available locally later this year.

Enquiries regarding your investments

As always, we would like to invite you to contact us via the below channels to address any queries or complaints you may have regarding your investment.

- 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

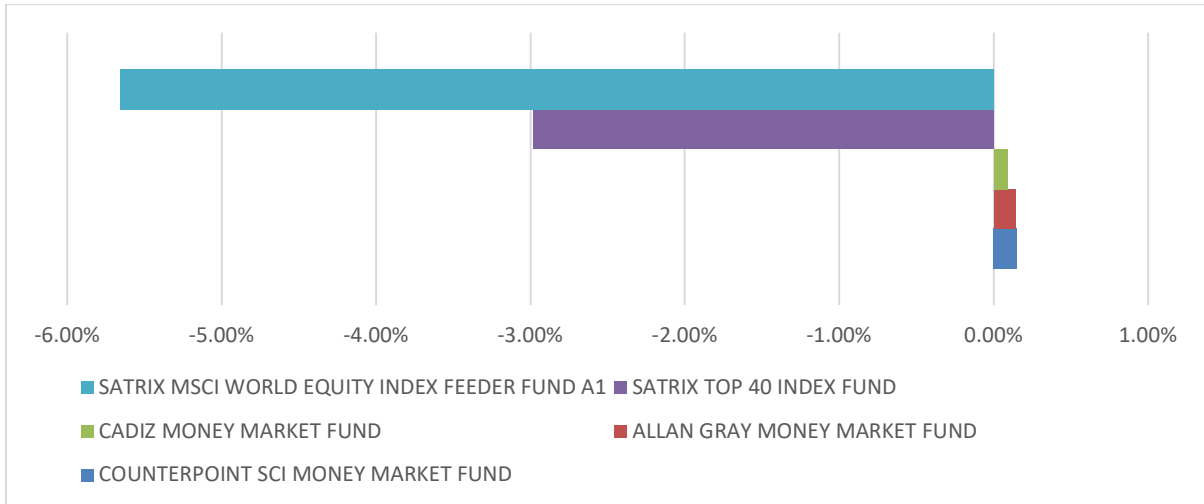
As part of the regulations that govern financial institutions, a manager must publish on its website each calendar quarter a general investor report that details an analysis of the portfolio with reference to the extent to which it has, or has not, adhered to its policy objective. We can report that for the quarter ending 31 December 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.

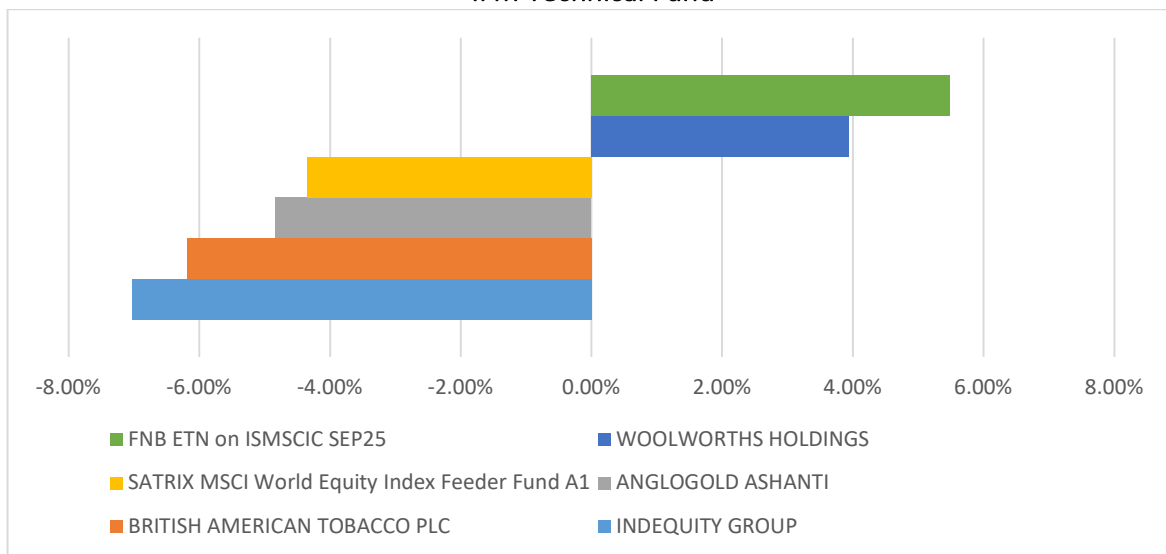
IFM Technical Fund with the objective of being a general domestic equity fund where investment decisions are based on technical analysis.

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

The investment world always seems to be up against some sort of “crisis” at some point in time. If it is not an oil crisis (70’s), economic recession (2007-09), dot-com bubble (2001), financial crisis (2008), then we have to negotiate a global virus pandemic (Covid-19).

Yet patient investors seem to navigate through these challenges and even use the “opportunity” created to invest additional funds into the markets. We often hear that “the rich are getting richer”. Even during the latest Covid-19 crisis. Historically the rich seem to work around these challenges.

There is a saying “If you can’t beat them, join them”. How do we also benefit from these opportunities? The answer is that we invest alongside these “rich” families. The wealth of Elon Musk (our most famous South African – now the richest individual in the world) is all “generated” by his investment into the companies that he started and expanded. If you invested alongside Elon Musk, into his company Tesla, just 1 year ago you could have enjoyed a 679% growth. *CAUTION: We do not recommend buying Tesla shares at current prices.*

It would be wonderful if we can always pick these super winners. Unfortunately, this is not possible, and we need to stay safe by investing our funds in a number of different companies to achieve sufficient diversification.

Diversification provides safety when investing in shares. Even if one company completely fails (Example: Steinhoff) we do not walk away with nothing. For the same reason we will also miss out on the super richness as a result of Tesla’s super growth in the share price.

INVESTMENT MARKETS

Where does it leave our clients? We continue to diversify your portfolio across a wide range of companies and countries (even a little bit into Tesla). We invest the maximum allowed levels outside South Africa.

We continue to be cautious with the portfolio’s assets. However, we did invest additional cash into shares during November and December 2020. We invest as far as possible in Rand hedge equities and directly into international investments.

Kind regards

Chris Meyer

Managing Director – Heiden Grimaud Asset Management

