

## INTRODUCTION

Idwala Capital was founded in 2017 on the back of the need for a niche, credible fixed income solution within South Africa.

Idwala Capital was formed as a result of a joint venture with Oakhaven Capital. The fixed income hedge fund was launched on 1 July 2017. We currently also manage a core income fund.

The Idwala Capital team is made up of Nandi Rodolo, Bruce Thistlewhite and Byron Green.

The JV structure has been specifically designed to meet the requirements demanded by the institutional investor; i.e. the need for a credible empowerment solution, coupled with the experience and operational security provided by an established fixed income house.

## STRATEGY

Idwala Capital strives to preserve investors' capital and generate competitive returns through our hedge and long-only solutions.

We seek to leverage off the teams' significant experience in the local markets in order to generate alpha through both short-term low risk trading opportunities, and long-term strategic holdings.

Robust risk management is core to our philosophy, backed by a solid operational infrastructure.

## MONTHLY COMMENTARY

Nominal bonds generated a total return of 3.0% during January, which was marginally better than the 1.7% yielded by inflation linkers, equities (2.7%) and cash (0.6%).

Nominal bond returns were maximised at the longer end of the curve as most bond yields fell by 30bp on the month. As expected, the SARB left policy rates unchanged 6.75% at the January MPC meeting. In response to the drastic reduction in inflation expectation by the SARB, the market has ruled out the possibility of further rate hikes in 2019.

Although the rand strengthened in January, the rand price of oil has increased on the month, due to a rebound in oil prices. Foreigners bought R12bn worth of SAGB's in January (18-month high) and US Treasury's stalled during the latter half of the month, after the Fed signalled that it was pivoting towards a pause in its monetary tightening measures.

## HEDGE FUND - INVESTMENT PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
<b>2017</b>	-	-	-	-	-	-	0.17%	0.78%	4.68%	0.47%	-0.54%	-1.36%	<b>4.22%</b>
<b>2018</b>	2.16%	2.45%	0.92%	-0.4%	-0.68%	-0.13%	-1.03%	1.97%	2.63%	2.47%	1.05%	3.49%	<b>14.90%</b>
<b>2019</b>	0.31%												<b>0.31%</b>

## GENERAL INFORMATION

### Portfolio Managers

Nandi Rodolo | Bruce Thistlewhite

### COO

Nandi Rodolo

### AUM

R142 million (RIHF and Segs)

### Prime Broker

ABSA Prime Services

### Fee Structure

1% annual management fee

20% performance fee

Domicile - South Africa

### Fund Administrator

Sanne Fund Services SA (Pty) Ltd

### Compliance

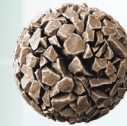
Independent Compliance Services

### Contact

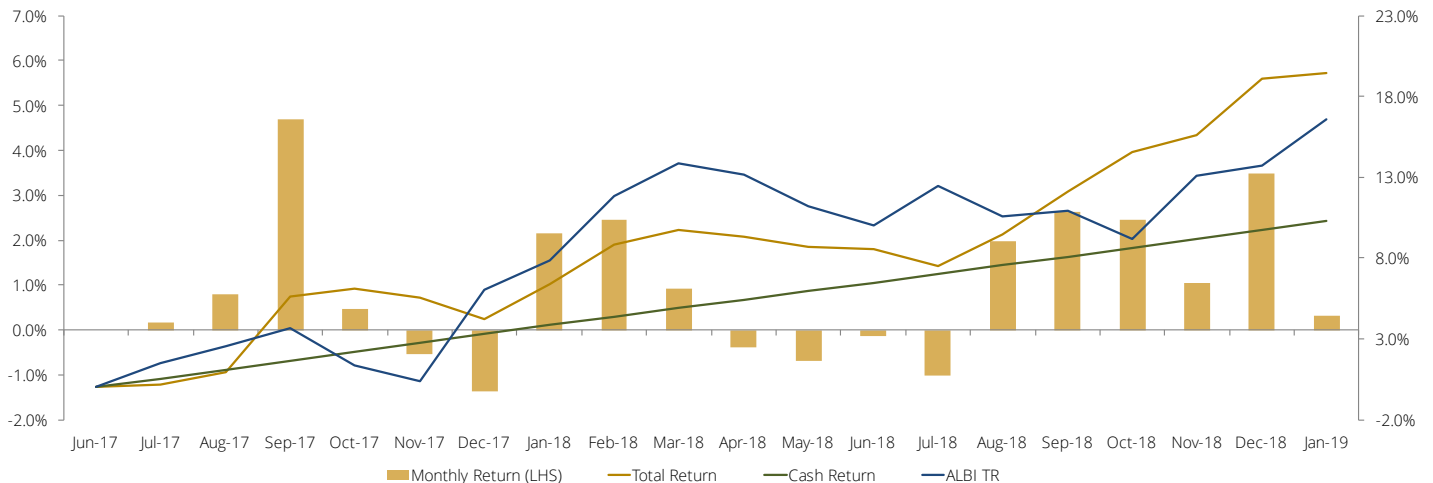
Nandi Rodolo

nandi@idwalacapital.co.za

+27 11 447 1099



**HEDGE FUND - INVESTMENT PERFORMANCE**



	Fund	ALBI	STeFI
<b>Return analysis</b>			
Current month	0.31%	2.90%	0.60%
Total return (si)	20.94%	17.65%	11.82%
Average annualised return	12.22%	10.60%	7.08%
Current 12m rolling return	16.03%	11.12%	7.93%
Best 12m rolling return	16.03%	14.04%	7.93%
Worst 12m rolling return	6.53%	7.34%	7.25%
<b>Consistency analysis</b>			
% Up months (si)	68.42%	63.16%	100.00%
% Up months (last 12m)	66.67%	58.33%	100.00%
Standard Deviation (si - annualised)	2.67%	2.05%	n/a
<b>Risk analysis (net of risk free rate)</b>			
Downside deviation (si - annualised)	n/a	n/a	n/a
Largest monthly drawdown	-1.36%	-2.30%	n/a
Average monthly drawdown	-0.69%	-1.52%	n/a
Largest cumulative drawdown	-1.16%	-3.27%	n/a
<b>Risk/return analysis</b>			
Total gain/total loss	5.7	2.6	n/a
Average gain/largest loss	1.3	1.0	n/a
Average gain/average loss	2.6	1.5	n/a
Sharpe ration (si - annualised)	0.9	1.4	n/a
Sortino ration (si - annualised)	n/a	n/a	n/a

**NOTICE DISCLAIMER**

Idwala Capital (Pty) Ltd. is an Authorised Financial Services Provider: License Number 48813

The information above has been produced by Idwala Capital (Pty) Ltd. The returns above are gross of fund management costs. Past performance is no guarantee of future returns. This information is not intended to be a recommendation offer or invitation to take up securities or other financial products. This information is general information only and is not intended to constitute a securities recommendation or solicitation. This advice does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment decision we suggest you take these factors into consideration and recommend that you consult a financial advisor, broker or banker. Whilst Idwala Capital (Pty) Ltd. is a licensed financial services provider, the Idwala Core Income Fund and all hedge funds in South Africa are currently not regulated by the Financial Services Board in the Republic of South Africa. The Idwala Core Income Fund is a niche offering aimed specifically at sophisticated investors who preferably have investable discretionary assets of one million rand and who have sufficient other assets to provide liquidity.