

INFORMATION SHEET

MARCH 2019



IDWALA
CAPITAL

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

The SARB left the repo rate unchanged in March at 6.75%, in line with market expectation. This was a unanimous decision with all committee members voting for an unchanged stance. The bank kept the headline inflation forecasts for 2019 and 2020 stable with 2021 number revised marginally down.

SA government bonds exhibited a weakening bias during the first three weeks of the month, due to mounting fears that Moody's may downwardly revise SA's Baa3 credit rating outlook at the bi-annual review on 29th March. However, SAGBs started to recover post a more dovish MPC policy statement (28th March) and yields continued to compress aggressively after Moody's sideways stance from downgrading the country's rating outlook.

Unstable power supply and slowing global growth continue to pose a significant downside risk to our growth outlook. Treasury's increased borrowing requirement projections (announced at the February budget), coupled with a fresh wave of power outages where the main reasons for these heightened sovereign rating fears.

Even though Treasury confirmed that it would increase the pace of weekly issuance from April onwards, SAGB yields actually finished down on the month and breakeven yields tightened. Equities continue to outperform bonds and have yielded a year to date return of 8.5% while bonds have returned 3.9%. Foreign investors have sold R33bn worth of equities and while having bought R14bn worth of SAGB for Q12019. The looming reduction of JSE shares in the MSCI equity index in the latter half of the year help explain why foreigners have sold SA equities in face of relatively appealing returns.

HEDGE FUND - INVESTMENT PERFORMANCE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2017	-	-	-	-	-	-	0.17%	0.78%	4.68%	0.47%	-0.54%	-1.36%	4.22%
2018	2.16%	2.45%	0.92%	-0.4%	-0.68%	-0.13%	-1.03%	1.97%	2.63%	2.47%	1.05%	3.49%	14.90%
2019	0.31%	-0.68%	-0.03%										-0.40%

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

ICS

Contact

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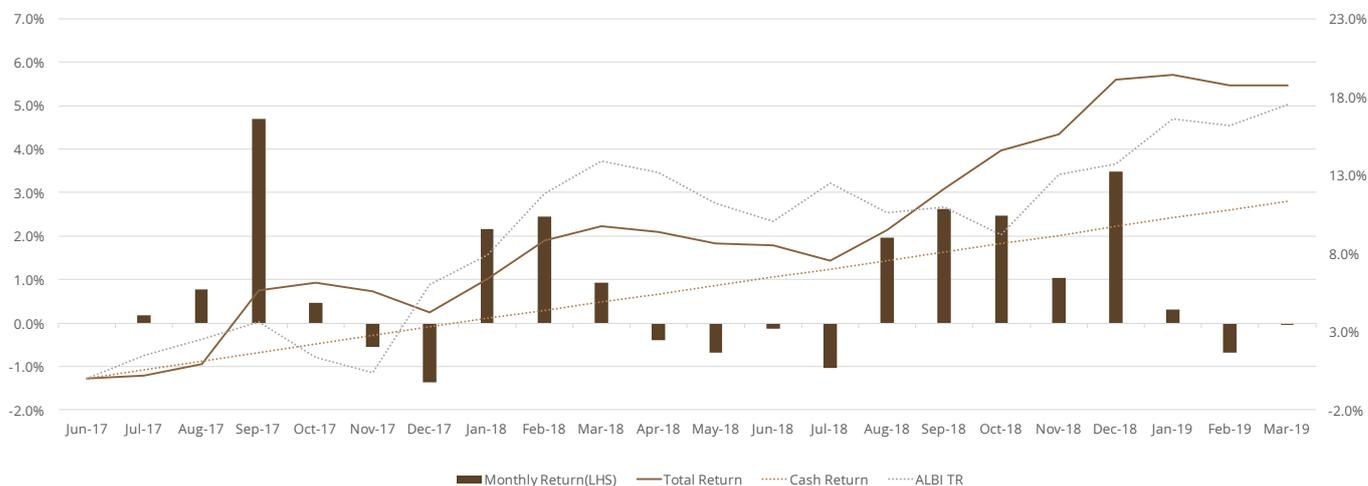
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HEDGE FUND - INVESTMENT PERFORMANCE



	Fund	ALBI	STeFI
Return analysis			
Current month	-0.03%	1.33%	0.57%
Total return (since inception)	20.01%	18.62%	13.11%
Average annualised return	10.62%	10.06%	7.06%
Current 12m rolling return	9.06%	3.42%	7.26%
Best 12m rolling return	15.68%	13.33%	7.33%
Worst 12m rolling return	6.53%	3.42%	7.25%
Consistency analysis			
% Up months (since inception)	61.90%	61.90%	-
% Up months (last 12m)	50.00%	50.00%	-
Standard Deviation (since inception - annualised)	2.49%	2.67%	-
Risk analysis (net of risk free rate)			
Downside deviation (since inception - annualised)	n/a	n/a	-
Largest monthly drawdown	-1.36%	-2.30%	-
Average monthly drawdown	-0.61%	-1.39%	-
Largest cumulative drawdown	-1.16%	-3.27%	-
Risk/return analysis			
Total gain/total loss	4.8%	2.6%	-
Average gain/largest loss	1.3%	1.0%	-
Average gain/average loss	3.0%	1.6%	-
Sharpe ration (since inception - annualised)	1.0	0.4	-
Sortino ration (since inception - annualised)	n/a	n/a	-

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DIRECTORS: Kennedy G. Bungane, Nandi Rodolo, Byron Green, Bruce Thistlewhite | Idwala Capital (Pty) Ltd | Reg No. 2017/101129/07

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