



CUSTODIAN
Investment Managers

Custodian BCI Income Plus

Charged with the safekeeping of Client Capital

Who we are

With decades of experience in the industry, the team has worked with MANY Advisors and Clients.

We believe in simple products, without all the Jargon, done well.

Our products aim to service the needs of the client by aiming for **Consistent Performance** AND the needs of the advisor by **Reducing the potential mismatch of expectations**.

1. LEAVE YOUR **EGO** AT THE DOOR...KEEP THINGS **SIMPLE**
2. MAKE SURE YOU **GET YOUR ALLOCATION RIGHT**
3. KEEP AN EYE ON THE **RISKS** (USE ONLY AS MUCH AS YOU NEED)

CONSISTENCY
TRANSFORMS
AVERAGE INTO
EXCELLENT



CUSTODIAN
Investment Managers

Asset Allocation

At Custodian we see **A) ASSET ALLOCATION** as the driving force of Portfolio Returns; **BUT** even getting the allocation right, bad **B) SELECTION** can still hurt your performance.

SALM = South African Large Manager watchlist, where we track the movements of a selection of the 10 Largest Balanced Fund Managers in the country.

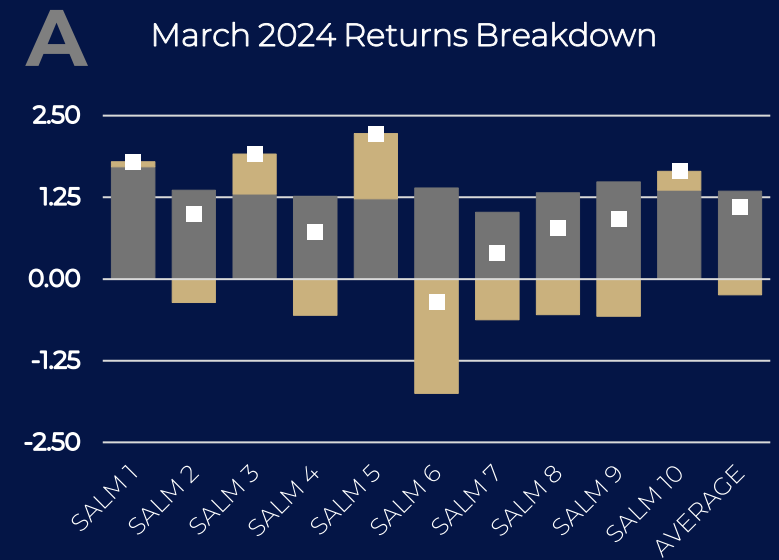
SO, CAN YOU REDUCE "SELECTION RISK"?

This principle is clearest in our **Custodian BCI Balanced Fund**, where we track the **SALM** with **Low-Cost ETFs** to create *a fund aimed at consistency of performance*.

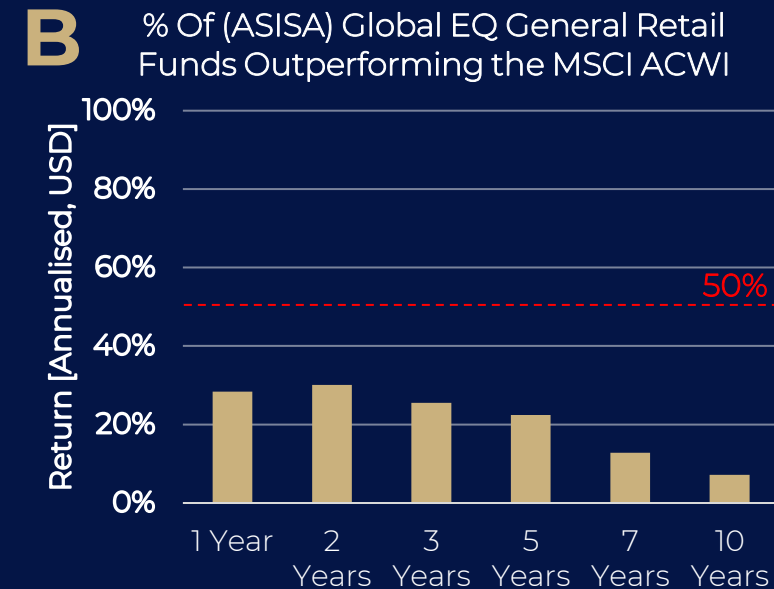
Return	1 Month		3 Month		6 Month		1 Year		2 Years		3 Years	
Custodian BCI Balanced	1.05%	48	2.94%	44	12.18%	47	8.51%	60	8.64%	74	8.43%	85
(ASISA) SA Multi Asset High Equity Sector	0.50%	218	2.27%	217	11.01%	217	7.57%	209	8.02%	201	8.15%	193
Benchmark: CPI+4%	1.27%		2.02%		4.46%		9.55%		10.30%		10.35%	

Source: Morningstar. Returns annualized as of 30th April 2024
 Since the C-class inception of 18 Oct 2017 the fund returned 4.98% while the benchmark returned 9.26%, this is however not comparable to the new tracker strategy employed by the fund.
 Highest Calendar Year Performance: 19.41%, Lowest Calendar Year Performance: -3.97%

The fund is performing as we expected since its redesign during Q4 2022.



Source: Morningstar
 Data for 31 Mar 2024
 Theoretical Breakdown

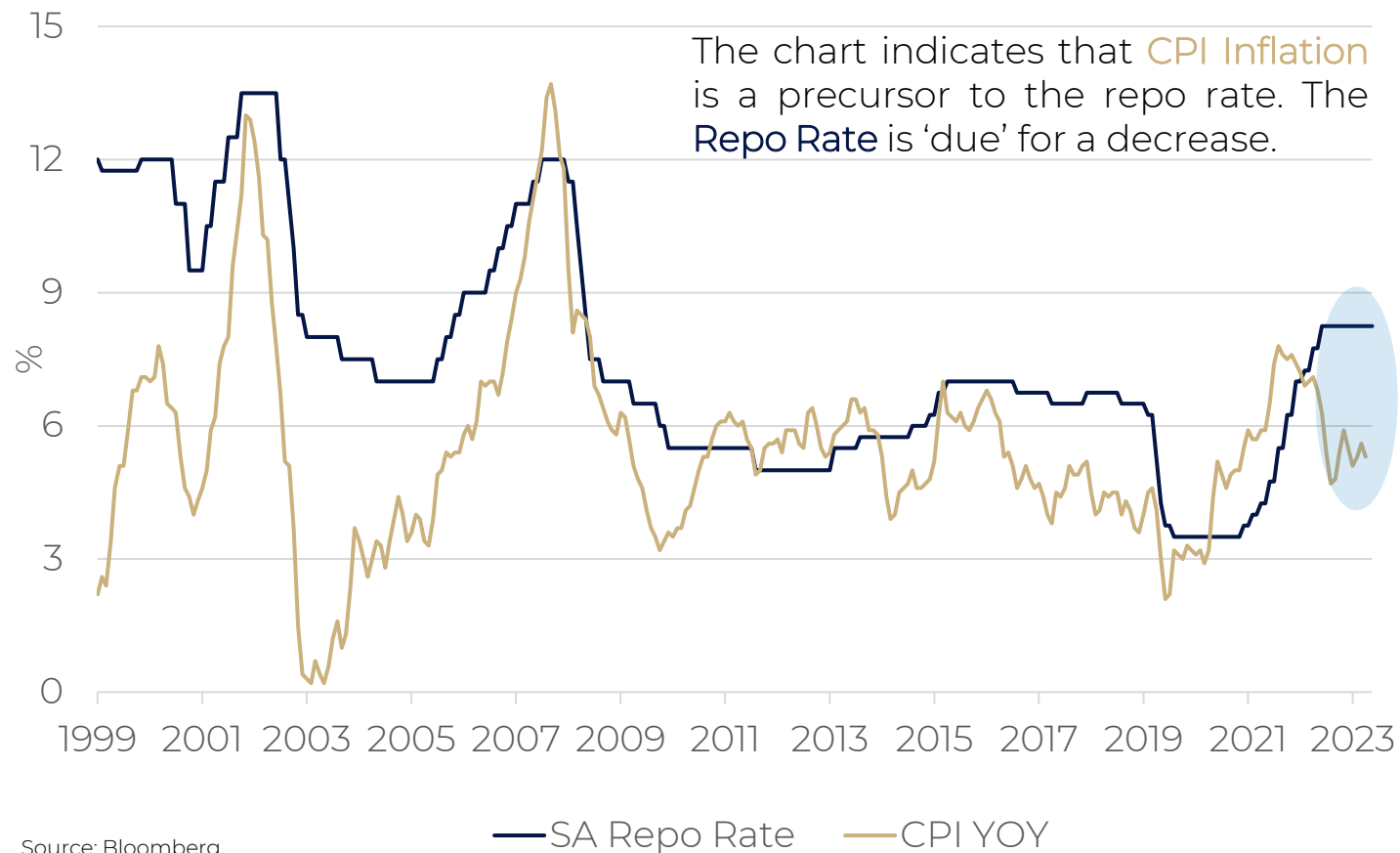


Source: Morningstar
 Data as at 29 Feb 2024



Income Basics: Fixed vs Floating

- 1) Identify where in the Cycle you find yourself
- 2) Select specialists to make the most of what the market has to offer



Source: Bloomberg

Practical Example

How Bonds Work - Theoretical

Bond Price = R1 000

Annual Coupon = R100 (= 10% yield)

Market rates adjust to 9%

Coupon stays the same @ R100

Price must now reflect that R100 coupon = 9% yield

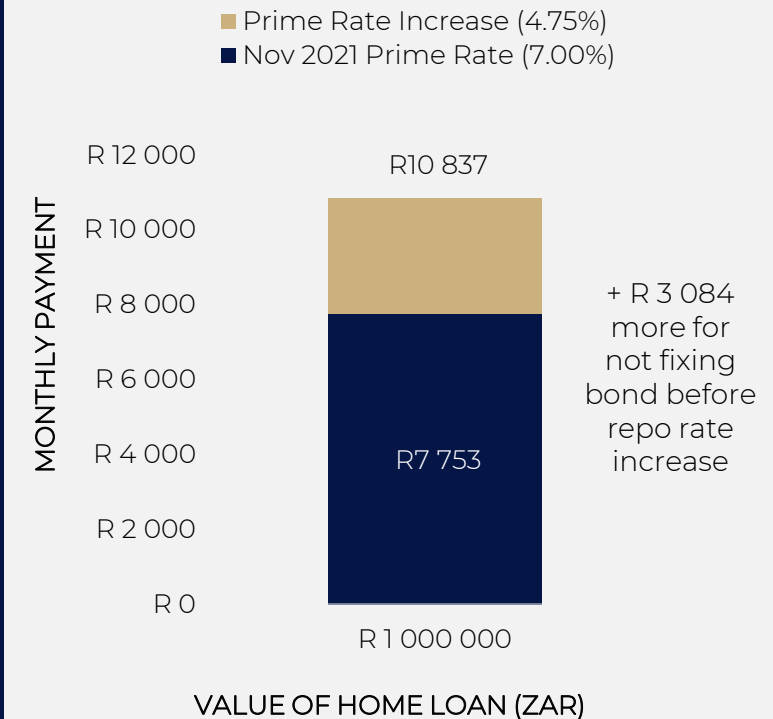
Price = $100 / 9\% = R1\ 111$

Capital Return = 11.10%

Income Return = 10.00%

Total Return for that Year = 21.10%

Monthly Bond Payment on 20-Yr Home Loan



Specialists

Credit – Paul Crawford

~R17.6 Billion across income strategies

Paul's credit instruments acumen and excellent management abilities have earned him a reputation as one of the “greats”.

Bonds – Philip Bradford

~R15 Billion across income strategies

Philip is widely regarded as one of the best fixed bond managers in the market, focusing on his expertise, allocation and duration management.

Macro and Allocation Oversight – JC Louw

JC and his team select managers best suited for where we find ourselves in the macro-economic cycle and combines them with a unique mandate to create a top performing portfolio.

- *Our Managers have Specialised Mandates tailored to their strengths.*
- *This allows us to Control the Risk Allocation towards each part of the fund.*

Custodian BCI Income Plus



RAGING BULL AWARD WINNER

*BEST SOUTH AFRICAN MULTI ASSET INCOME FUND
ON RISK-ADJUSTED BASIS, FIVE YEARS in 2020*

More than one
specialists in a Unit
Trust allows us to move
between the managers,
effectively taking profit
from different styles

Risk

“If you can't measure it, you can't manage it.”

Peter Drucker

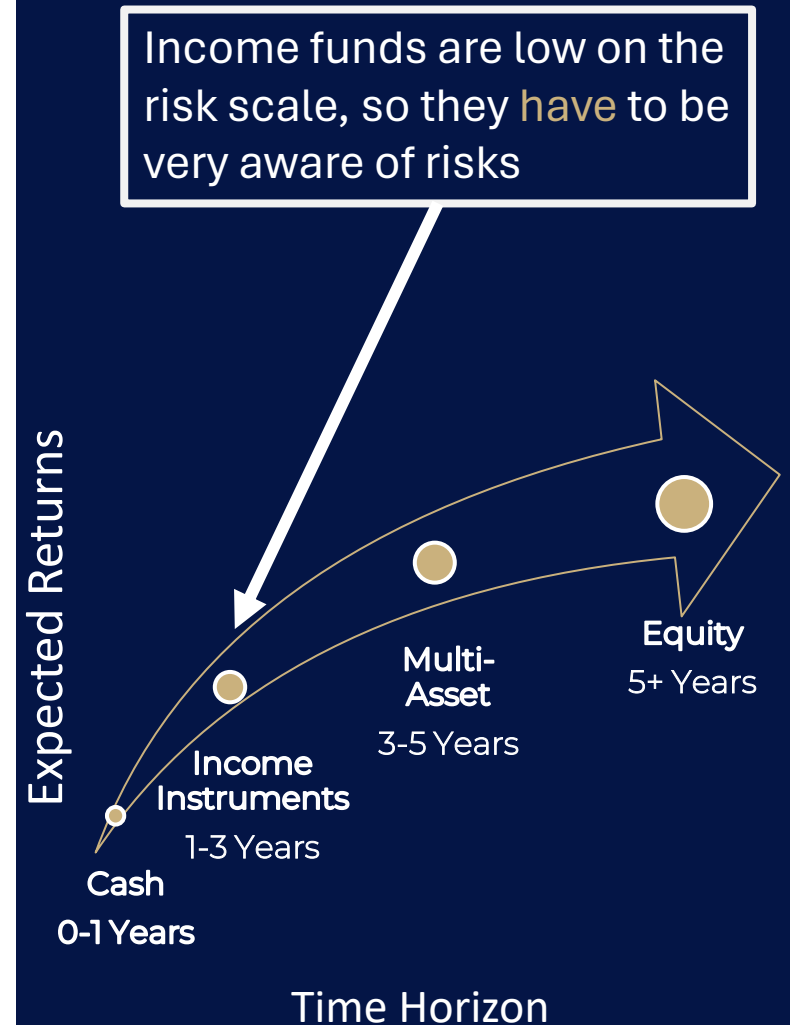
Risk isn't just the textbook definition of the “*absolute loss of capital*”. For the Advisor, as an example, it could be the client's **Income Bucket not lasting as long as planned.**

Make things more Predictable through **CONSISTENCY**

We believe the main Risk Management & Focus should be on:

- Duration
...the risk of interest rate movements causing volatility
- Credit risk
...the risk of something we own going into distress
- Liquidity
...the risk of not being able to sell our holdings when we need to

But; What About **VOLATILITY** you ask?



Volatility

...More than meets the eye



An instrument that is never traded or priced looks to have no volatility.

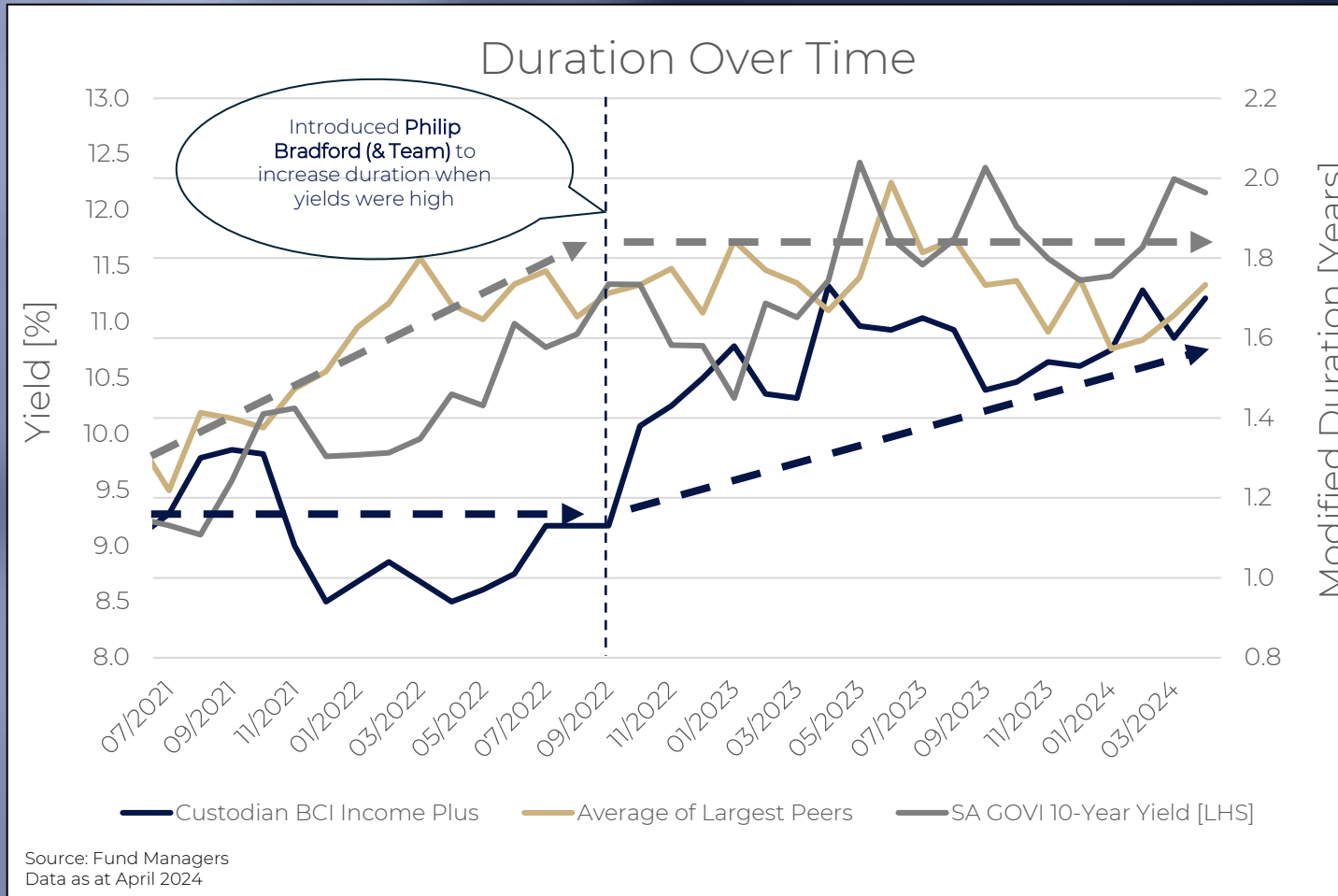
VS

An Instrument that is often traded and priced will have more volatility

BUT WHICH ONE DO YOU THINK HAS LESS RISK?

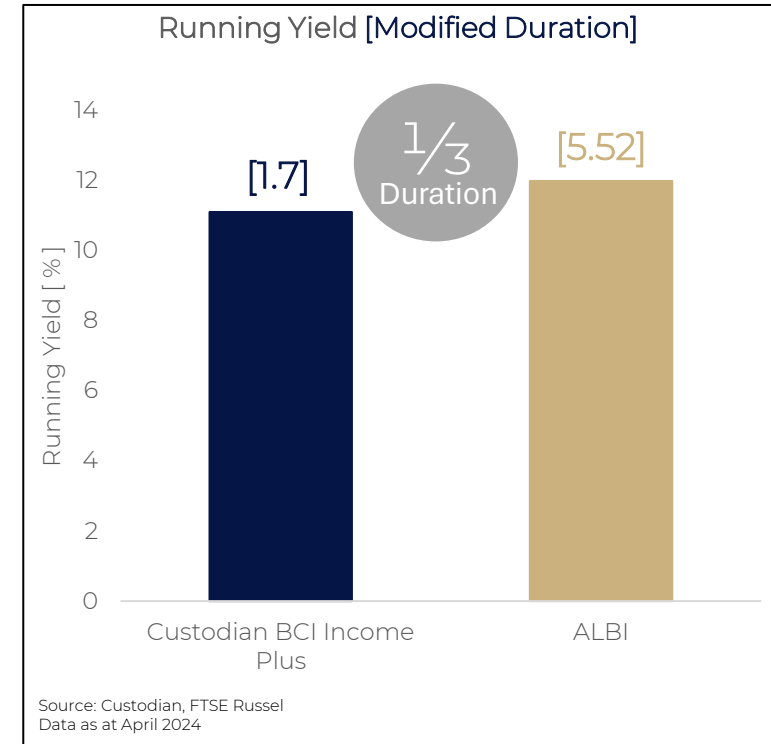
QUESTION:
If you never price your house, how can you tell what its worth?

Duration Risk



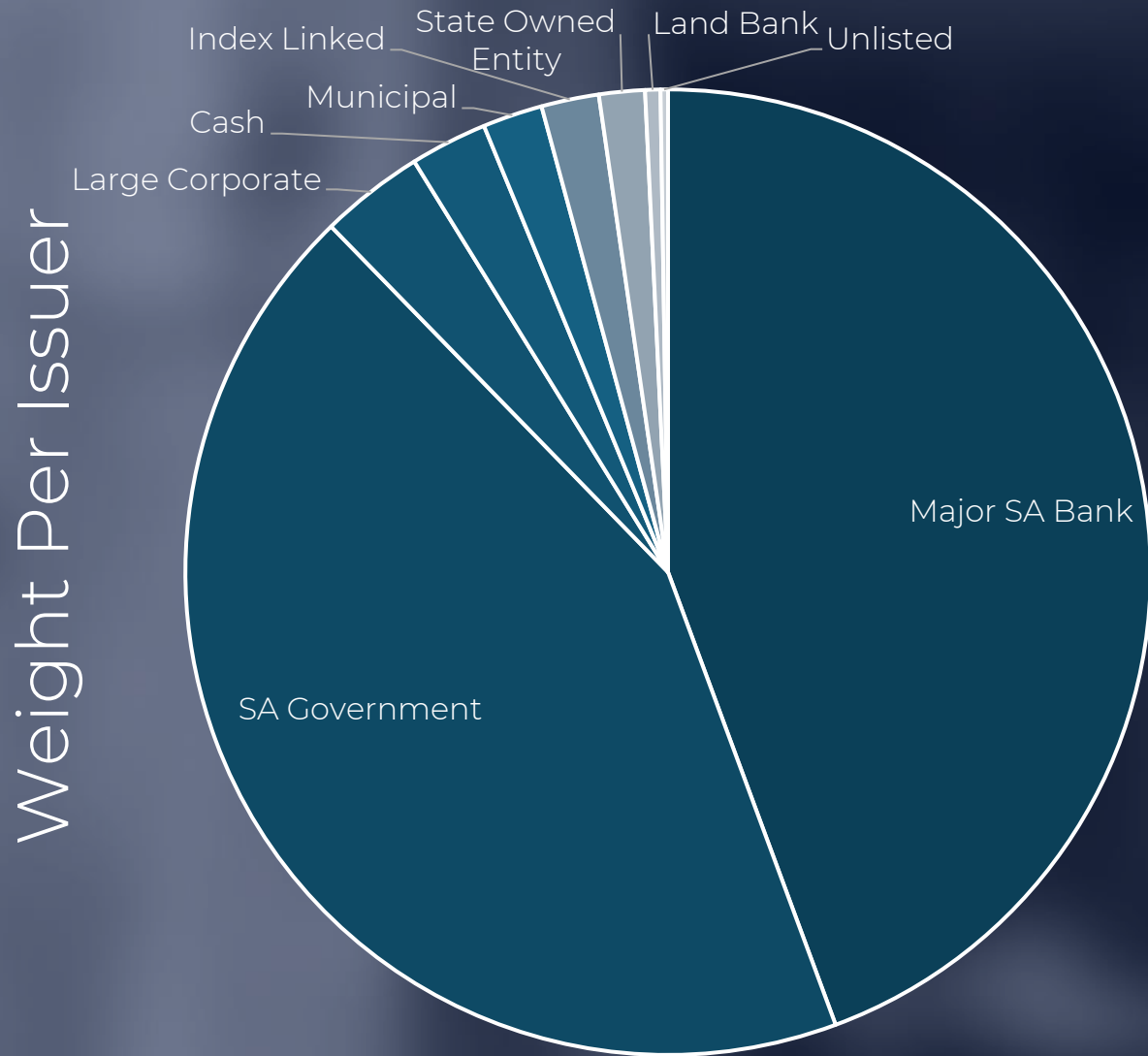
The fund's duration has increased as yields became more attractive.

Custodian Vs. JSE All Bond Index



As the graph above shows the fund has an ~11.1% running yield at a third of the duration of the ALBI.

Exposure Breakdown



Data: BCI 30Apr24 NAV Files & excludes Unit Trust Holdings and their underlying holdings.

Liquidity management by the managers may involve utilizing their retail mandates, which could occasionally include some offshore exposure. However, this exposure is not intended to be long-term.

Manage Risk before clients lose capital; Only take the necessary risk...

- Diversify holdings and styles
- Offshore exposure, no currency fluctuations, thanks to special mandates
- 100+ non-SA Government instruments.
- Average allocation to non-SA Government instruments is 0.40%.
- Instrument bet size limitations.
- BN 90 maximum limits.

Smaller bets, Smaller risk

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Liquidity Management

Liquidity is never a problem...until it is.

We believe it's **VITAL** that our holdings are priced daily.

Allocation by Instrument	% of AUM	Description
Price Traded Methodology	40.68%	Instruments Issued by Large Banks and Other Large Issuers
PD Call Down Rates	24.76%	Fixed Rate Gov Bonds
Issuer Valuated	15.12%	Structured Products
NCD	14.67%	Large Banks, "Fixed Deposits"
Cash	2.68%	Bank accounts
Official Market Maker	0.66%	Eskom Bond
Benchmark Bond	0.38%	R186 [Gov Bond]
Inflation Linked Methodology	0.22%	Inflation Linked Bond
Illiquid Methodology	0.32%	SOE and Linked to Gov Bond
No Description	0.52%	Land Bank
Total	100.00%	

JSE/BESA MTM categories

Data above excludes Unit Trust Holdings and their underlying holdings.

Data as of 30 April 202

Extra Protection
Trading Liquidity

With more than R30billion in total income assets, our specialised mandates with selected managers aim to always ensure trading liquidity.

Consistency

...Turning the average into excellent

Returns Quartile Ranking in the ASISA Multi Asset Income Sector:

Rank	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years
Custodian BCI Income Plus	1 st	1 st	2 nd	1 st	1 st	1 st	1 st
Largest Income Fund	2 nd	1 st	1 st	2 nd	2 nd	2 nd	2 nd
2nd Largest Income Fund	1 st	2 nd	2 nd	3 rd	3 rd	4 th	3 rd
3rd Largest Income Fund	4 th	3 rd	3 rd	4 th	3 rd	4 th	2 nd

Source: Morningstar. Data as 30 April 2024

Since Inception	Custodian BCI Income Plus	
Return (Annualised)	7.74%	1st Quartile
Standard Deviation (Risk)	1.68	1st Quartile
Sharpe Ratio (Risk-adjusted return)*	0.85	1st Quartile

*Stefi Composite ZAR Returns used as the Risk-Free Rate. Retail Classes used for the Custodian BCI Income Plus fund as well as sector.

Custodian BCI Income Plus: A-Class Inception: 28 Dec 2011, C-Class Inception 18 Oct 2017

This was done while not overreaching on the risk...

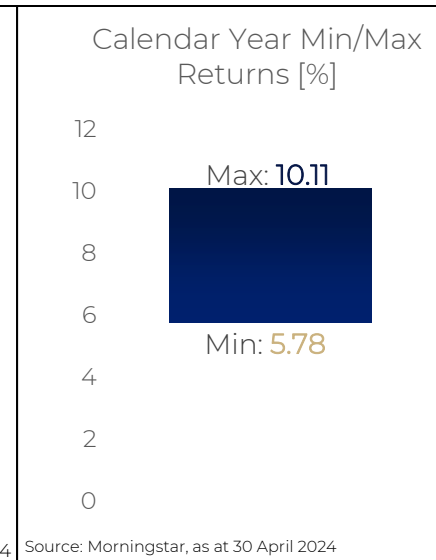
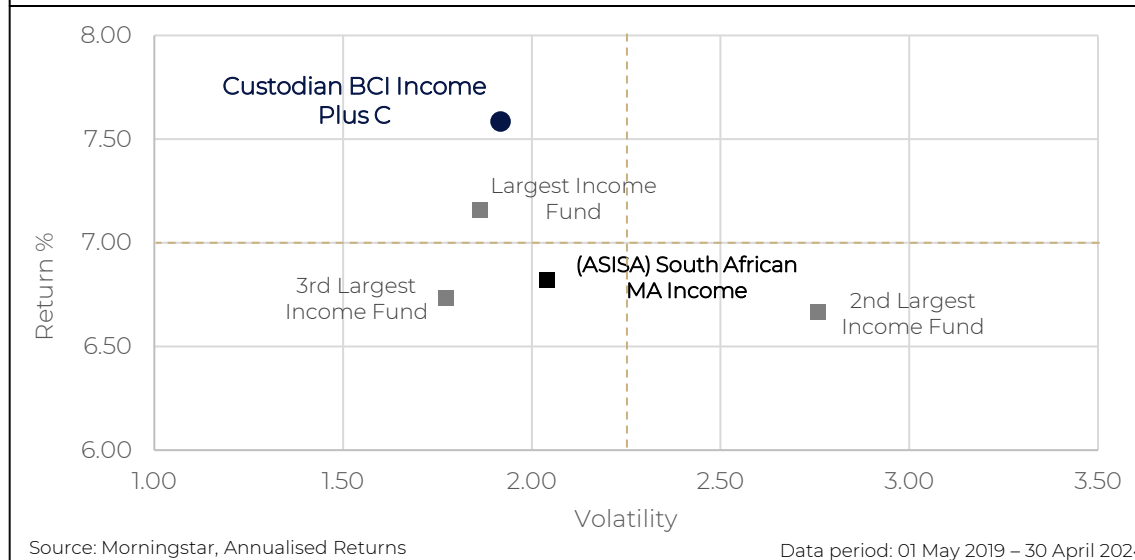
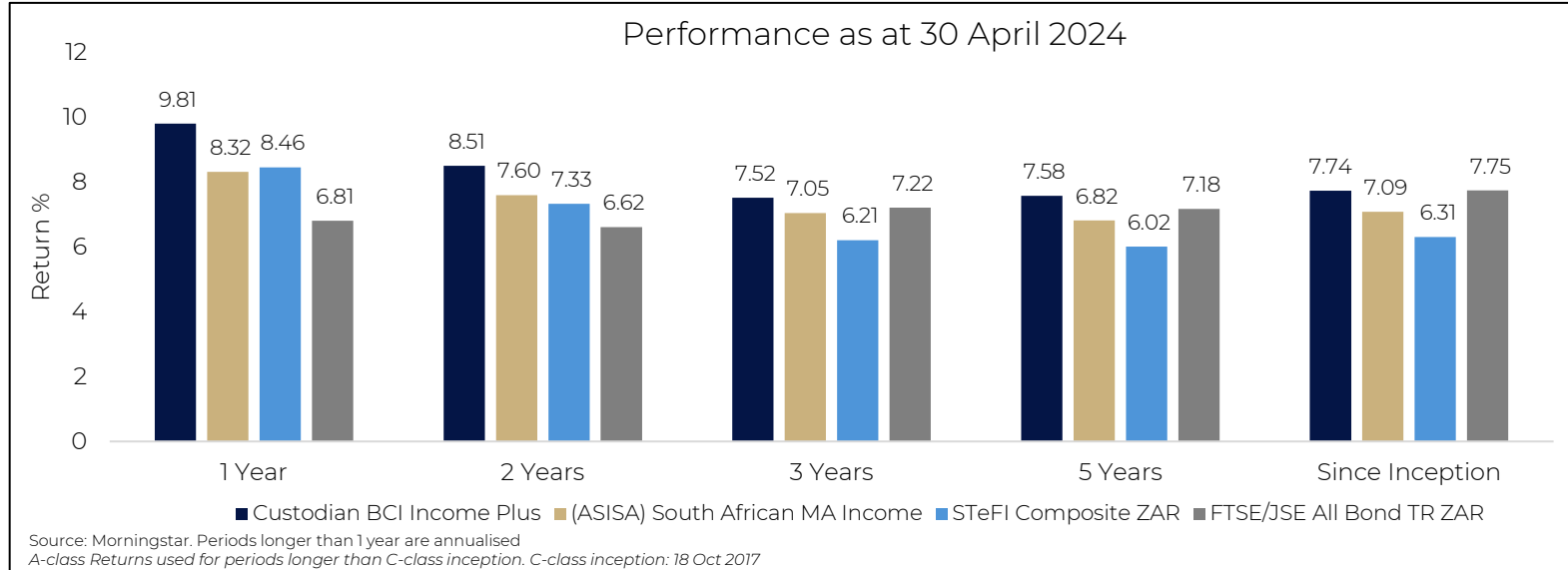
A-class Returns used for periods longer than C-class inception. C-class inception: 18 Oct 2017
Annualised return is weighted average compound growth rate over the period measured.

Results from
Keeping it
simple....

By doing the simple things well, our portfolio is consistently top quartile

Results

...there will be good years and bad years, but compounding will continue



**CONSISTENCY
TRANSFORMS
AVERAGE
INTO
EXCELLENT**

Custodian Offering

Custodian BCI Income Plus

- ASISA Multi Asset Income
- Specialised Managers in a single place
- A consistent product built with advisor and client in mind.

Custodian BCI Balanced

- ASISA SA Multi Asset High Equity
- Uses the powerful SALM Allocation Guide
- Built with ETFs & Trackers
- Low-Cost and No Performance Fees

For us, Consistency will always be the focus



RAGING BULL AWARD WINNER
BEST SOUTH AFRICAN MULTI ASSET INCOME FUND
ON RISK-ADJUSTED BASIS, FIVE YEARS in 2020

Disclaimer

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Performance figures quoted for the portfolio are from Morningstar, as at the date of this minimum disclosure document for a lump sum investment, using NAV-NAV with income reinvested and do not take any upfront manager’s charge into account. Income distributions are declared on the ex-dividend date. Actual investment performance will differ based on the initial fees charge applicable, the actual investment date, the date of reinvestment and dividend withholding tax. BCI retains full legal responsibility for the third party named portfolio. Although reasonable steps have been taken to ensure the validity and accuracy of the information in this document, BCI does not accept any responsibility for any claim, damages, loss or expense, however it arises, out of or relating to the information in this document, whether by a client, investor or intermediary. 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Excessive withdrawals from the portfolio may place the portfolio under liquidity pressure, and in such circumstances, a process of ring-fencing of withdrawal instructions and managed payouts over time may be followed. Investors should note that the value of an investment is dependent on numerous factors, which may include, but are not limited to, share price fluctuations, interest and exchange rates, and other economic factors. Financial markets have historically exhibited high levels of volatility and negative movements that have affected the price of all assets within a specific class, and accordingly, a portfolio’s investments will be subject to market risk. Actual annual performance figures are available on request. Full details of awards are available from the managers.



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