

# market place

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**FUND IN FOCUS:** LUNAR BCI WORLDWIDE FLEXIBLE FUND

By Timothy Rangongo

## Exposure to cutting-edge global businesses

Investing in companies with innovative technologies and business practices.

### FUND INFORMATION:

Benchmark:	CPI + 5% p.a.
Fund manager:	Sabir Munshi and Carl Isernhinke
Fund classification:	Worldwide – Multi-asset – Flexible
Total investment charge:	1.95%
Fund size:	R69.2m
Minimum lump sum/ fixed administration fee:	None/R15 excl. VAT on all direct investor accounts with balances of less than R100 000
Contact details:	083 305 7860/sabir@lunarcapital.co.za

### Fund manager insights:

Lunar Capital's BCI Worldwide Flexible Fund comprises a portfolio that is invested in listed local and global companies that meet the investment managers' investment criteria of wielding some competitive advantage through the adoption of innovative technologies and business practices.

Added in June 2018, and currently the fund's largest holding, the iShares Nasdaq Biotechnology ETF shows how the investment criteria is employed. The ETF provides exposure to biotechnology and pharmaceutical shares listed on the Nasdaq.

"Some of our investment themes are that people are living longer and that technology innovation will continue to solve some of the world's biggest problems. As people get older, they require more healthcare and medication," says fund manager Sabir Munshi.

The ETF was trading at an attractive valuation when Lunar invested, and has returned approximately 10% a year in dollars for investors, Munshi says. He explains that the high weighting in the ETF reflects Lunar's view that the sector will perform well during and after the pandemic – and that it is trading at a reasonable valuation.

**"By investing in an ETF, we also reduce company-specific risk, but have exposure to a large number of biotechnology companies providing a wide range of cures and research."**

Another holding, Microsoft, is poised to become a global social media giant overnight, should it successfully acquire the US operations of the Chinese-owned video app TikTok. TikTok's global business is reportedly worth about \$50bn, with its US operations valued at less than that. Analysts and bankers have estimated the US operations at \$15bn to \$50bn, according to Bloomberg.

Lunar's view is that TikTok could supplement Microsoft's product and service offering and Munshi says they are closely watching how the deal pans out.

The fund returned 11.67% for the quarter ending 30 June 2020, well above inflation amid a volatile investment climate that the fund views as both a risk and an opportunity. By maintaining a higher cash allocation, the fund has been able to take advantage of opportunities that present themselves on targeted investments when prices come down to more reasonable levels.

Munshi says when the rand recently strengthened against the dollar, they took the opportunity to increase offshore exposure. Approximately 60% is now offshore, providing a rand hedge and providing investors ownership in some of the world's top businesses and markets together with South Africa's.

### Why finweek would consider adding it:

Lunar Capital's shareholders and directors have invested a significant portion of their own wealth in the fund and have committed to be invested for the long term. The fund provides exposure to businesses with potential to grow over the long term as part of a diversified investment portfolio. ■

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### TOP 10 HOLDINGS AS AT 30 JUNE 2020:

1	iShares Nasdaq Biotechnology ETF	10.4%
2	BCI Money Market	8.3%
3	Amazon.com	7.8%
4	Berkshire Hathaway – Class B	6.3%
5	Okta – Class A	4.8%
6	Microsoft	4.7%
7	Naspers*	4.6%
8	Aspen Pharmacare	4.6%
9	Mediclinic	4.1%
10	Remgro	3.2%
	<b>TOTAL</b>	<b>58.8%</b>

\*finweek is a publication of Media24, a subsidiary of Naspers.

### PERFORMANCE (ANNUALISED AFTER FEES)

As at 30 June 2020:

