

# Methodical Investment Management

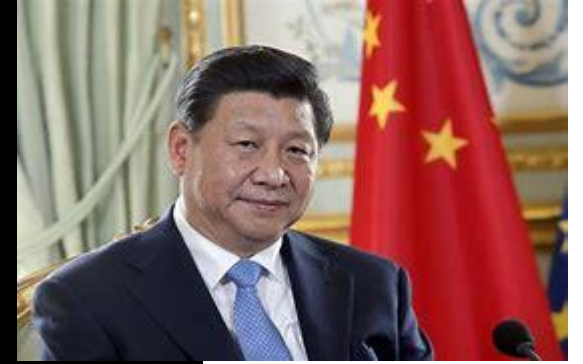
‘Why yield doesn’t mean equate to future returns’



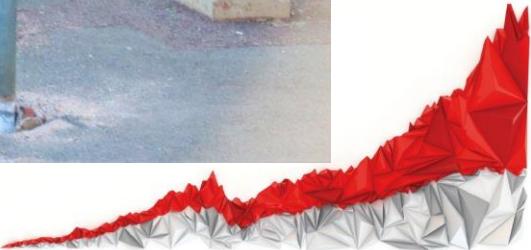


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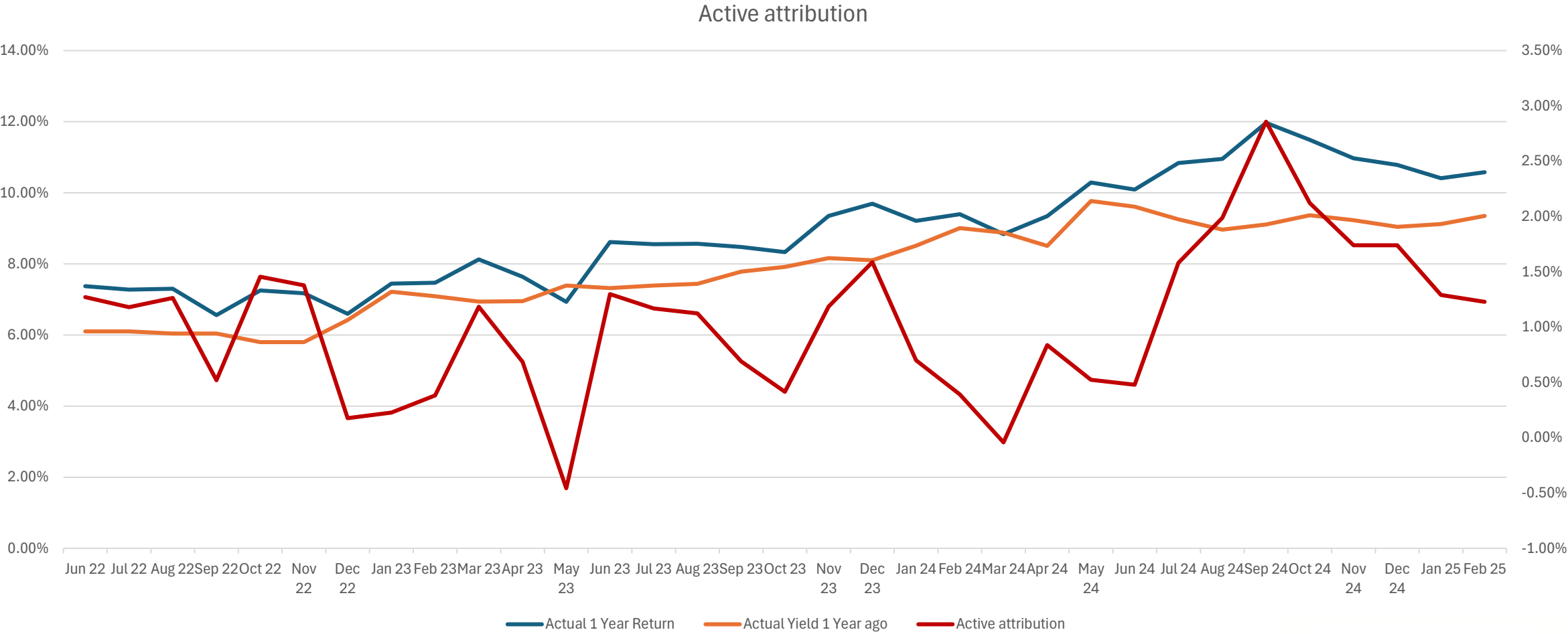






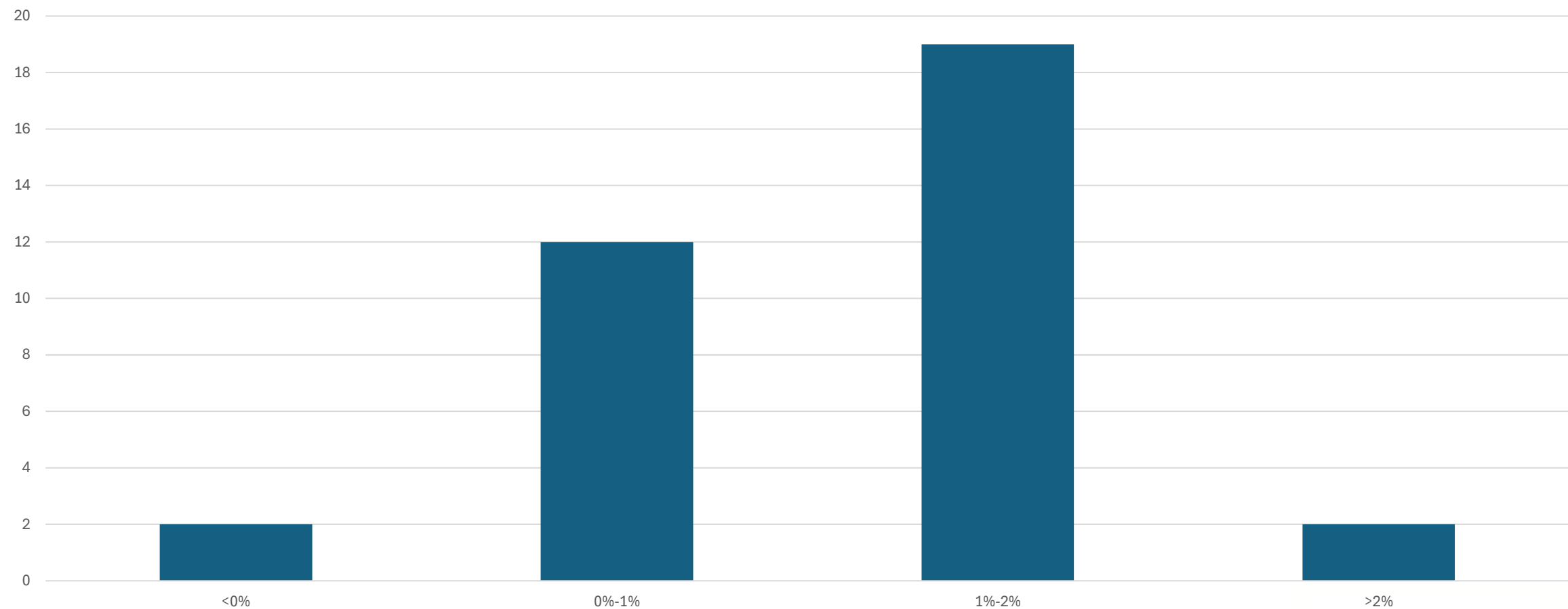


# Return over Yield



# Attribution histogram

Excess return over yield



# Income fund

## Asset selection



# BOND FUNDS (RISK VERSUS RETURN)

Bonds have produced greater returns than income funds but with more volatility



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ALBI – 9.6% return since 2000 with a 7.4% volatility

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Average Multi- Asset Income Fund – 9.1% return since 2000 with a 2.5% volatility

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Cash – 7.6% with a 0.6% volatility

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Sharpe ratio of Income funds versus Bond index is 0.6 versus 0.28

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Bond funds too focused on the ALBI (ALBI driven by issuance – bond indices are different)

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Typically ignore other asset classes for returns

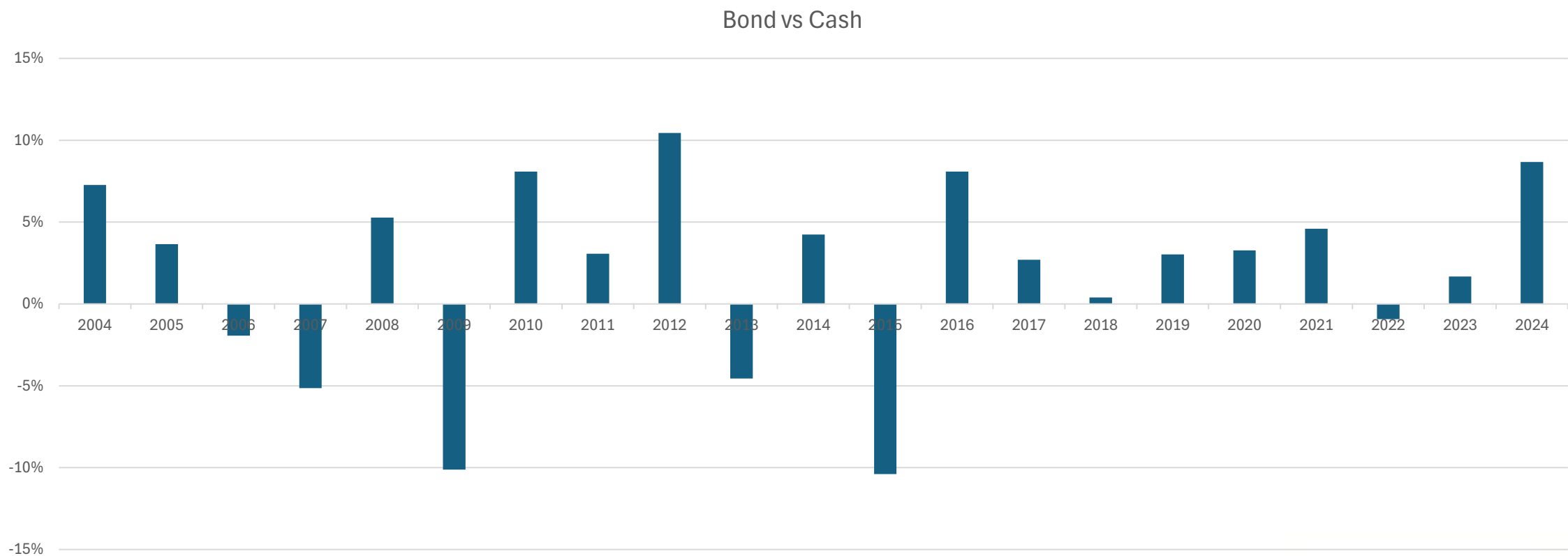
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# BOND OVER/UNDERPERFORMING CASH

Source: Bloomberg/ Methodical



# CLIENT EXPERIENCE



Income for Income and active fund for longer term growth



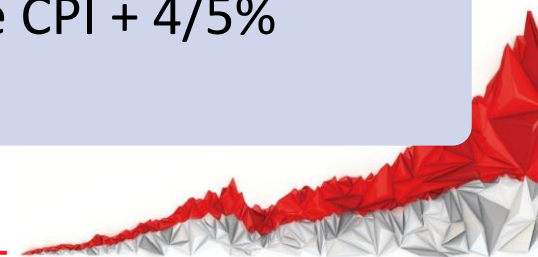
Uses Income for short to medium term cash needs (volatility sensitive)



Sees the advantage of having stable fixed income exposure but the profile of bond funds doesn't work



A more dynamic fixed income fund looks to produce relative stable CPI + 4/5% returns by being more unconstrained





# CONCLUSION



Solution – An absolute return focused fixed income fund (looking for the best opportunities with no volatility constraint)



Not focused purely on government debt



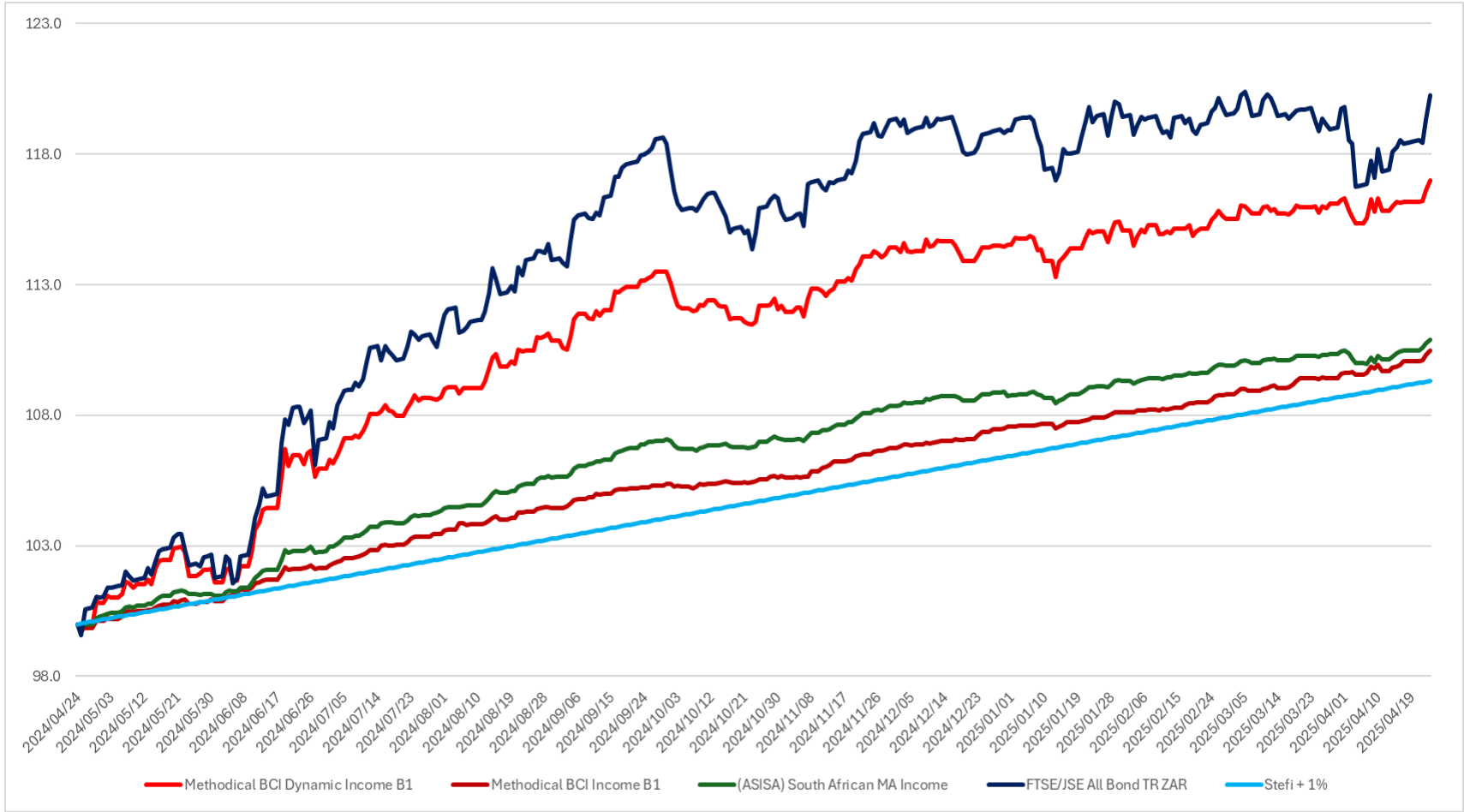
Inflation + 5% with lower volatility than ALBI



Focused on reducing bond losses when bonds are overvalued but taking advantage of higher yields without volatility constraint of traditional Income funds



# Methodical BCI Dynamic Income - 1 year performance to 24<sup>th</sup> April



**Disclaimer:**

- Annualised return is the weighted average compound growth rate over the period measured.
- The investment performance is calculated by taking the actual initial fees and all ongoing fees into account for the amount shown, and income is reinvested on the reinvestment date.
- The actual figures are available upon request.
- Investment performance is for illustrative purposes only.
- Methodical BCI Dynamic Income benchmark: FTSE/JSE All Bond TR ZAR
- Methodical BCI Income benchmark: Stefi Composite + 1%

**Methodical BCI Dynamic Income B1**

Inception Date	02-Jun-21
Highest Rolling 1 Year:	21.57%
Lowest Rolling 1 Year:	0.49%
Since Inception (2021/06/02-2025/04/24):	8.43%
Since Inception (Benchmark):	9.27%

**Methodical BCI Income B1**

Inception Date	23-Apr-18
Highest Rolling 1 Year:	11.17%
Lowest Rolling 1 Year:	3.69%
Since Inception (2018/04/23-2025/04/24):	7.47%
Since Inception (Benchmark):	7.57%





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