GROWTH FUND | March 2017

QUARTERLY REPORT

ANGLORAND MANAGEMENT COMPANY LTD

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New Year- New Financial Chapter

As 2017 begins, our global economic and market overview for Q1 is characterized by the following:

❶ *Political Uncertainty*

The global economic environment is very much based on the new political realities. In the United States, there is a much talked about new president with what some view as controversial ideas and goals different from those of his predecessors. President Trump has made many promises that the markets have reacted positively to already.

Now it is time to see if the President will deliver on these multiple fronts. We analyse and offer our thoughts on how things might evolve if President Trump delivers on his policy proposals... Or struggles to find common ground with the US Congress.

We touch on the potential implications and risks in Europe of the Brexit referendum, the important elections which are on the horizon for the Netherlands, Germany and France as well as the European Banking crisis.

Will Emerging Markets recovery continue or will it stop before it really began?

In particular we look at the local developments and the state of the South African economy. Following on from 2016's performance leaves the country with the same grim outlook, different year. Consisting of relatively slow growth, the necessity of tight monetary and fiscal policy, which don't much help persistently high unemployment. On an optimistic note we feel that boosting investment could be the evident key to bringing the country out of its slump.

❷ *Investors Expectations*

We draw attention to what 2017 holds in terms of the investing environment, currency predictions, promising industries and ETF's, and Interest hike implications.

❸ *Fund Strategy*

We look at what our fund strategy was for the first quarter of 2017. There has been much uncertainty in the investing environments in terms of political change and fiscal policy. We look at our exposure to metals and what our predictions for the Silver price will hold.

We touch on our additional stock picks in the Growth Funds portfolio. Stellar Capital Partners (SCP) is a company with a share price we view as undervalued. They have entered into a strategic equity investment with Prescient Holdings Limited (PFH), based on this relationship we believe SCP will be a profiting growth stock in the next quarter(s).

We expand on why we think Steinhoff will outperform the market. This is based on corporate actions in South Africa and could be dependant on how uncertainty in Europe may affect the companies activities abroad.

❹ *Financials*

We provide all the detailed holdings that the fund consists of for end of the first quarter. We also look at the percentage sector breakdown of what the asset allocation of the fund is, Past performance and statistics.

Setting the Stage

① Political Uncertainty in the Policy Environment

USA

Activity in the United States has mainly been distinguished by whether President Trump will execute on his promises of not?

The two major intended deliverables that the booming markets have been feeding off are:

● A big internal spending programme, committing $500 billion towards infrastructure in particular

● Tax cuts for both corporate and personal spending

The incoming administration has fiscal plans designed to boost growth and trade as well as immigration plans to shield the US economy from vacillation. The threat of protectionism by the United States makes trade outlook with China and other partnerships uncertain.

If above aspects materialize, the outlook for the US markets will be good. Strong valuations and earnest growth will be present as the economy continues to accelerate. There is much uncertainty due to the new administrations political approach but if the US delivers, equity markets will deliver.

European Union

Political risks are the most exposed on the risk agenda for three reasons. First, the elections in the Netherlands, France and Germany: countries that represent close to 60% of the Euro-zone economy. The recent strength of anti-EU parties in many parts of Europe could result in the risk of further fragmentation in the Euro-zone.

Another major political risk is Brexit. Once negotiations start at the end of March, the Brexit scenarios and the disruptive potential of the more extreme options will add to uncertainty on political, economic and financial market levels. The Brexit negotiations and process is estimated to be completed in 2019, which could mean there may be many turbulent times ahead.

Lastly, the weight of European banks' non-performing loans continues to limit credit access and squeeze profits.

Among the Duetche Bank rigged proprietary indexes saga, a looming Italian banking crisis has played a key role in the destabilization of the countries domestic politics. 17% of all loans from Italian banks are non-performing loans (NPL's), according to the European banking authority. The bank currently making headlines, Banca Monte dei Paschi di Siena, had $47.4 billion worth of doubtful loans (36% of the banks loan portfolio).

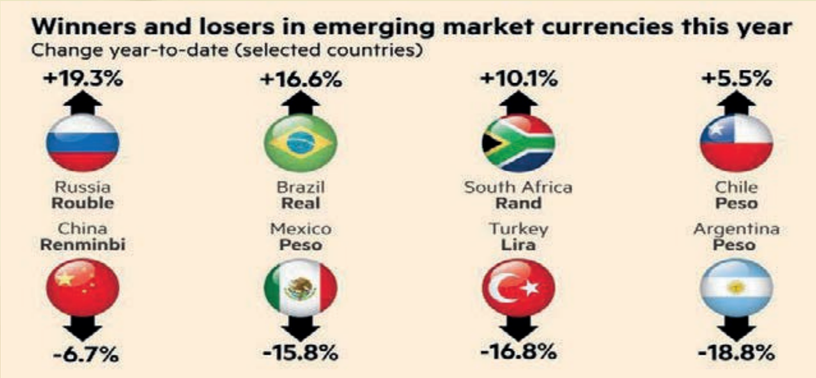
If the European Central Bank were to bail out Italy, it would mean in effect, that all of Europe would be paying for the bail out. Greece, which had austerity forced upon it, would cry foul. Germany would also object as they have an election and falling export demand, politically and economically, they cannot keep propping up the Euro-zone.

Emerging Markets

The first quarters sentiment of investing towards EM's is looking more promising than what it did 12 months ago. Naturally, is much concern regarding a rising US dollar, higher interest rates in the US and as mentioned before, whether the president-elect Donald Trumps protectionist policies will be implemented.. and if so to what extent?

Our long-term outlook for emerging markets is bullish given the robust recovery in commodity prices, structural reforms in some countries, attractive valuations and EM bonds offering some of the best yields in fixed income.

"Prices for most commodities appear to have bottomed out last year and are on track to climb in 2017. However, changes in policies could alter this path," said John Baffes, Senior Economist and lead author of the Commodity Markets Outlook.



Extracted from: FT/Emerging Market Investing

South Africa

One of the most prominent threats to the South African economy last year was a sovereign credit rating downgrade to "junk status", primarily due to fiscal imbalance.

All three major rating agencies have pegged South Africa's sovereign credit rating at the lowest investment grade (or just above) with a negative outlook, due to structural imbalances, political instability, and weak business confidence. This threat looks more imminent now than ever, as just when one thinks there has been enough activity for the beginning quarter of the year, on the evening of the 30th President Jacob Zuma ordered a cabinet reshuffle. As anticipated, the intentionally respected Finance Minister Pravin Gordhan and his deputy Mcebisi Jonas were among those to be removed.

The Rand has plummeted over 8% in total last week, and has dipped to as low as R13.62 on Friday after the firing of the ministry. Governments internal battles have repeatedly dented the currency's long rally, which had made it the best-performing currency in the world over the last year until last week (it has since fallen behind the rouble).

Analysts have forecast the Rand reaching R15.50 against the dollar by the middle of the year.

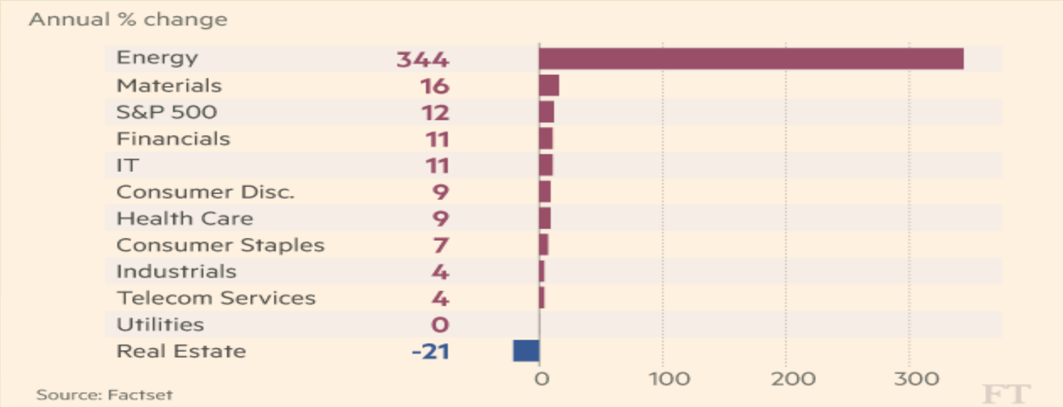
We can expect the cost of borrowing going through the roof, an inflation increase and to the cost of investment in the South African economy. The battered currency downgrade will force funds to sell SA bonds and assets.

Government debt will rise significantly, the Treasury will lose its credibility and a Gupta bank will be approved and place itself in the middle of any major government financial activity. South Africa needs a stable and conducive climate for economic growth to be a prepared investment destination. The state needs to make provisions for working towards facilitating a non-corrupt and qualified Government who's best interest lies in the countries economic prosperity and social well being.

② Investors Expectation

Global equities continued to rally in February driven by an improvement in earnings expectation. The advance was led by the US, Asia and Emerging Markets. The Dow has hit record highs this quarter with a change of 5.50%, currently sitting at 20,939.12 to date (16 March 2017). Apple, IBM, Boeing and Visa accounted for 98% of the Dow's gains year to date.

S&P 500 Earning Growth Estimates



Market estimations of the earnings growth on the S&P 500 seem highly geared towards the energy sector analysts predict.

Based on the fundamentals going into the next quarter we are faced with a crossroad of uncertainty especially in Europe, but for now on the premise that President Trumps policies are only implemented later in the year.. We feel that the markets will rally until mid April.

Currency

From a currency perspective the Dollar Index Spot (DXY:CUR) had a high of 4.71% increase since the November election. We see its value returning to about 103. Although other economies are lagging the US, we expect Emerging Market currencies to be competitive, in particular Russia and India in 3 to 4 years time.

The ZAR was looking promising, but as mentioned previously political uncertainty has dented it's rally along the way and finally we see it only correcting at around R15.50.

Promising Industries

We feel that the following sectors have great growth potential:

Mid-cap business stocks

As America has approximately 200 000 small-medium sized companies that serve as a big driver for the US economy. With the proposed "pro-business" policies to be put into power this will encourage new listings and corporate actions throughout the market.

This sentiment extends to investing in Europe and Emerging markets alike. You may not even have to look further than your back yard! "South Africa has one of the most promising start up cultures in the World" say Bill Gates. So always be on the lookout for IPO's of Mid-cap companies that show promising growth prospects.

Focus on Infrastructure

Infrastructure in constantly being addressed in the first World and especially developing economies. The US in particular have committed $500 billion towards infrastructure spending according to Trumps policy. Allot of these efforts seem geared towards the energy industry, markets estimations on the S&P 500 for this sector are very high by analysts as noted from the mentioned chart. .

Technology- Brave New World

As Aldous Huxley offered his predictions of the future and life as we know it in 1998, one thing we can agree upon is that it is a "brave new World" indeed. In the Digital Age in which we exist, one needs to embrace this rapid change and capitalize on the opportunities in what really is an exciting market.

We see many developments in Big data, Artificial Intelligence, Cyber security and Network related companies to come.

Best Sector ETF

BOTZ

The Global X Robotics & Artificial Intelligence Thematic ETF (BOTZ) seeks to invest in companies that potentially stand to benefit from increased adoption and utilization of robotics and artificial intelligence (AI)- This includes industrial robotics, non-industrial robotics, and autonomous vehicles.

From an exposure perspective in the “AI technology” sector BOTZ consists of companies with high growth potential and unconstrained approach to current as well as emerging themes in the industry. With the emerging self-driving automobile industry on the rise, the likelihood of robotics and AI playing an active role in consumers lives in the future is increasing daily. BOTZ allocates about 23% to industrial machinery makers and 25% of its combined weight to electronic and healthcare equipment manufacturers.

They also play on a weak Yen, as Japanese stocks account for more than 49% of the ETF’s weight, more than double of its allocation to US stocks. Robotics and AI research & development is growing and is likely to hit the tech consumer market by the end of the decade. From the start of the quarter, January 2017 there has been significant growth in the BOTZ ETF which we believe will show much ROI for years to come as the en-evadable innovation in this industry takes place.

Fed Rate Hike

As predicted, the Federal reserve raised the benchmark interest rate by 25bp for the first time in three months with confidence that the economy is poised for more robust growth.

The move from 0.75 to 1.00 percent was widely anticipated by markets and sets the Fed on a likely path of regular hikes ahead. The Fed forecasts that the next hikes are set to be in June and another in December. This will create “wiggle room” for the Fed to be in the position to cut interest rates in the future if there is an economic downturn. The markets are suggesting that there will be a 40-50bp over the next year. Stocks and bonds continued to rally as the announcement of future rate hike increases seemed to be less hawkish than expected.

The major buyers have been the Euro area and Japan where interest rates are 0 and -0,1 percent retrospectively. Institutions in the Euro-zone, UK and Japan are feeding on treasuries as the currency adjusted yield is much higher then their own particular bonds, this is seen as a quality upgrade of investment.

SA Budget Speech

“Once the ECB start to taper their $80 billion a month of QE which will probably only be in Q3 and BOJ (Bank of Japan) eliminate their 0-10 basis point cap all hell will break loose on the global bond market” says Bill Gross from Janus Capital group.

“Although Finance minister Pravin Gordhan’s 2017 Budget was the best that could be done under extremely difficult circumstances, it is difficult not to be disappointed with the national economic trajectory” said Ryan Raven, CEO of Accelerate Cape Town, a business leader organisation.

A new marginal tax rate of 45% for individuals earning above R1.5m per annum, which is reaching the ceiling of how much we can be squeezed from individual taxpayers. The dividend withholding tax rate has been increased from 15% to 20%, and the tax threshold has been increased from R75000 to R75 750.

Tax policies such as these are not sustainable for South Africa in the long term, the additional proceeds from increasing taxes are not being used effectively to redress inequality, and rather used to feather the nests of corrupt politicians.

③ Fund Strategy

As mentioned we are at a global crossroad of uncertainty in terms of political and fiscal policy. For this reason we have taken a 45.94% cash position until indicators suggest a more sustainable direction of value and growth areas in the market.

Our approach to the investment strategy for this quarter has been orientated around the following:

Metals

Gold hit a "post Trump high" on an initial general lack of confidence in the reflation trade before settling in March. Generally when Gold runs, Silver will follow a similar trend.

The price of Silver has started with an up-tick for the year, and three factors that could significantly influence whether or not it continues to rise is as follows:

1. The state of the U.S equity markets. Analyst are prediction a correction is 2017

2. Economic and Political threats restricting trade

3. Silver Market manipulation. Big banks such as Deutche bank AG, HSBC Holdings and UBS Group were involved in silver market manipulation and price fixing.

Our choice of ETF has been the iShare Silver Trust which is considered to be a safe haven in the market to hedge other more exposed investments. The 1 year performance was a 9.67% increase. There is a growing sentiment that increases in the silver price will extend well beyond the coming year which we intend to capitalize on.

Our other defensive holdings include a bulk percentage in the JSE Money Market and the iShares Barclays 20+ Year Treasury Bond Fund ETF.

Stock Choice

The new additions in terms of holdings we have added Stellar Capital Partners Limited to the portfolio. (SCP) is a diversified Investment holding company listed on the Johannesburg stock Exchange.

Our thinking behind the growth potential of Stellar is the decision to make a strategic equity investment in Prescient Holdings Limited ("PFH"). Prescient are an independent financial advisor and financial IT solutions company. We believe this relationship will consist of growing mutual economic benefits and corporate actions for both companies involved.

Stellar Capital Partners 1Y Performance

FT/Market data/equities.com

We purchased 204 500 shares of (SCP:JNB) in February, which is deemed to be a fairly low price and is expected to climb in the next quarter(s) as the merger better establishes itself.

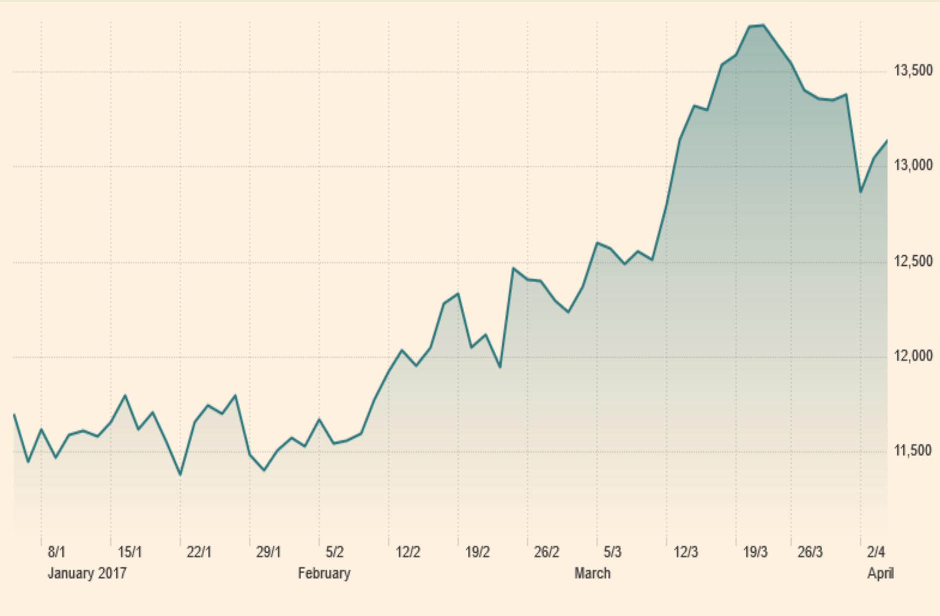
Analysts see Steinhoff International Holdings NV for this coming quarter outperforming the market. With the supposed big Shoprite deal about to be cemented, this will give both companies allot of scale in the South African market. The future of Steinhoff is also very much dependant on how things play out in Europe with regards to the potential tightening of monetary policy initiated by the ECB.

Fund Strategy

We see it suited to take some protection in the short term position by placing 5-10% of funds into TVIX or UVXY in the following quarter during such volatile global economic times. We feel that the interest rate cycle is turning, and based on this we plan to take any rally in Treasuries as a shorting opportunity by purchasing TBT (ProShares Ultra-short 20+ Year Treasury) around $38 level.

In local developments, our decision was to sell and profit from all the Capital appreciation shares held. We look to take some profits on the resources and purchase shares on a pull-back. Such as Discovery holdings where there has been a brief reversal of a prevailing upward trend.

Discovery Ltd (DSY:JNB)



Our consensus is that the market has been on an up-trend since the Trump election, and now the markets are toppish in the short term and a correction is due.

The commercial hedgers in the equity index futures have established a $62bn short position, their second largest exposure against the stock market in history. The only time they had a larger bet was in August last year when the S&P 500 lost about 5% in the next two months. So we are expecting a 5-10% short term correction in the market.

④ *Financials*

FACTS

Portfolio Manager: Anglorand Capital Investment Committee

Fund Benchmark: JSE ALSI

Minimum Investment: Debit Order NAD 500 Lump Sum NAD 5,000

INVESTMENT COMMITTEE

Harold Bernstein (CA SA) - Chairman

David Lewis

Fransesco Sturino (CFA)

FEES

The Anglorand Growth Fund charges an annual service charge of 1.0% on the market value of the fund under the administration in the Growth Fund.

DETAILED HOLDINGS AS AT 31 March 2017

SECTOR / SHARE	MARKET VALUE	% OF FUND
BASIC MATERIALS		13.73%
ISHARESSILVERTRUST	NAD 3,438,215.00	11.24%
SIBANYEGOLD	NAD 424,200.00	1.39%
PETMIN	NAD 336,125.79	1,10%
FTSE/JSE INDICES		8.91%
ISHARES20+TREASURYBONDFUND	NAD 272,6516.03	8.91%
FINANCE		4.58%
STANDARDBANKGROUP	NAD 723,500.00	2.36%
LIBERTYTWODEGREES	NAD 453,200.00	1.48%
STELLARCAPITALPARTNERS LTD	NAD 226,995.00	0.74%
INDUSTRIALS		3.23%
PPC LTD	NAD 532 000.00	1.74%
BELLEQUIPMENT	NAD 450,912.67	1.47%
MICROMEGAHOLDINGS	NAD 5,260.00	0.02%
OIL & GAS		3.21%
SASOL	NAD 982.800.00	3.21%
RETAIL		2.13%
STEINHOFFINTHOLDINGS	NAD 652,400.00	2.13%
CASH	NAD 19,477,928.40	64.20%
TOTAL	**NAD 31,340,070.64**	**100.00%**

SECTOR BREAKDOWN

ASSET ALLOCATION	% NAV
BASIC MATERIALS	13.72%
SPECIALIST SECURITIES	8.91%
FINANCIALS	4.58%
INDUSTRIALS	3.23%
OIL & GAS	3.21%
RETAIL	2.13%
CASH	64.20%

Updated: 31 March 2017

PAST PERFORMANCE

Performance Table	Performance Since : 31 Dec 2004	1-month	3-month	1-year	YTD 2015	2014	Annual average (3 Years)
Anglorand	143.9%	-0.5%	-2.1%	-1.2%	1.8%	-4.1%	10.2%
JSE Top 40	299.1%	2.7%	4.1%	-2.3%	3.3%	10.1%	16.2%

Updated: 31 March 2017, measured in local currency (NAD), including distributions

STATISTICS

Performance Statistics	1-year	3-year	Since Dec-2003
Anglorand - S/Dev	1.9%	1.7%	2.9%
JSE Top 40 - S/Dev	2.8%	3.2%	4.7%
BETA	0.24	0.02	0.34
CORRELATION	0.36	0.03	0.55
SHARPE RATIO	-0.15	-0.06	0.85

Updated: 31 March 2017, Monthly Returns

DISCLAIMER