
ST JOHN CAPITAL DISPOSES OF ITS SIGNIFICANT MINORITY EQUITY INTEREST IN CRATOS ASSET MANAGEMENT(PTY) LTD ("CAM") ("THE TRANSACTION")

INTRODUCTION

St John Capital acquired a significant minority equity interest in CAM by way of a subscription for shares in May 2015 and advised the Investment Committee, in managing the Cratos BCI Equity Fund ("the Fund"). CAM formed the Fund, being a long only (unleveraged) equity fund, as a platform to manage its clients' funds and grow their wealth.

The Funds objective is to produce, inflation-beating returns over the long term and using a combination of fundamental analysis, technical analysis, tactical asset allocation and diversification to achieve the highest risk-adjusted return for its clients.

ABOUT THE CRATOS BCI EQUITY FUND

Description - The Cratos BCI Equity Fund is a general equity portfolio that invests predominantly in shares listed on the Johannesburg Stock Exchange and that seeks to sustain high long-term capital growth. The portfolio's investment universe consists of equity securities, preference shares, property shares and property related securities listed on exchanges and assets in liquid form. The portfolio's equity exposure will always exceed 80% of the Fund and it may include foreign assets up to a maximum of 25% of the Fund, with the balance of the fund invested in cash.

Investment Objective and Benchmark - The Fund aims to earn a higher total rate of return than that of the South African equity market. The Fund's benchmark is represented by the return of the FTSE JSE SWIX J403T Index including income.

Investment Philosophy - The Fund invested in companies that consistently earn relatively high ROTIC and demonstrate high operating margins (EBITDA and EBIT), are not capital intensive (low investment in Fixed Assets or Working Capital) and demonstrate high sustainable growth rates in EBIT with high quality of earnings which are predictable and consistent. The Fund avoided investing in companies which were not able to earn their Cost of Capital.

DISPOSAL OF SIGNIFICANT MINORITY EQUITY INTEREST IN CAM

In August 2018, St John Capital disposed of its equity interest in CAM by way of a sale of shares and claims agreement to Cratos Capital (Pty) Ltd ("CC"), such that CC could consolidate its equity interest and grow the distribution platform in CAM.

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