Granate SCI* Money Market Fund Class A

Collective Investment Scheme Minimum Disclosure Document

As of 2018/03/31

GRANATE
ASSET MANAGEMENT

Part of RMI Investment Managers

Fund Objective and Strategy

The objective of the portfolio is to provide investors with a way to participate in a diversified portfolio of money market instruments that ordinarily are either not available or offer a lower yield to retail investors. The primary performance objective of the portfolio is to obtain a high level of current income as is consistent with capital preservation and liquidity. Capital gains will be of an incidental nature.

The portfolio will be managed in accordance with CISCA and Regulation 28 of the Pension Funds Act. The portfolio will be allowed to invest in listed and unlisted financial instruments (derivatives) as allowed by the Act from time to time, in order to achieve the portfolio's objective.

Portfolio Limits and Constraints

Exposure limits as per the ASISA fund classification structure applicable to South African - Interest Bearing - Money Market Portfolios. Money market instruments with a maturity limit of less than thirteen months, the average duration of the underlying assets may not exceed 90 days and a weighted average legal maturity of 120 days. The portfolio will be managed in compliance with prudential investment guidelines applicable to retirement funds in South Africa.

Fund Information

Ticker	RSMMA
12 Month Yield	7.49%
Portfolio Manager	Vaneshen Naidoo
ASISA Fund Classification	South African - Interest Bearing - Money Market
Risk Profile	Ultra Conservative
Benchmark	STeFI Composite Index
Fund Size	R 132 243 462
Portfolio Launch Date*	2016/04/01
Fee Class Launch Date*	2016/04/01
Minimum Lump Sum Investment	R 10 000
Minimum Monthly Investment	R 500
Income Declaration Date	Monthly
Income Pricing Date	1st business day of the following month
Portfolio Valuation Time	14:00
Transaction Cut Off Time	13:00
Daily Price Information	Local media
Repurchase Period	2-3 business days

Fees (Incl. VAT)	A-Class (%)
Maximum Initial Advice Fee	3.42
Maximum Annual Advice Fee	1.14
Manager Annual Fee	0.34
Total Expense Ratio	0.44
Transaction Cost	—
Total Investment Charges	0.44

Total Expense Ratio (TER) is the percentage value of the Financial Product that was incurred as expenses relating to the administration of the Financial Product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's.

Transaction Cost (TC) is the percentage value of the Financial Product that was incurred as costs relating to the buying and selling of the assets underlying the Financial Product. Transaction Costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER.

Total Investment Charges (TER + TC) is the total percentage value of the Financial Product that was incurred as costs relating to the investment of the Financial Product.

*The Granate Sanlam Collective Investments Money Market Fund transitioned to Sanlam Collective Investments
(RF) (Pty) Ltd on 28 October 2017.

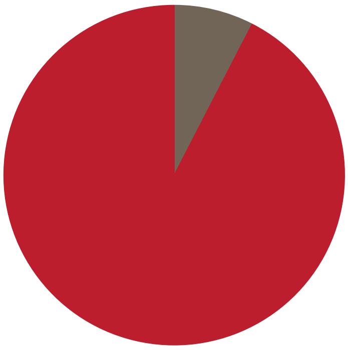
**Risk statistics will only be available once the fund has reached three years performance history.

Specific Risks
The Granate Money Market Fund is a domestic money market fund which seeks to provide investors with a high level of income, whilst preserving capital, maintaining liquidity and mitigating the risks that are specific to money market funds; namely interest rate risk, liquidity risk and credit risk. Typically the interest rate risk is influenced by the interest rate expectations and is controlled by deciding on the aggregate term of the fund. A minimum credit qualityrequirement for any asset held in the fund is imposed and there are typically higher exposures to the issuers that are subject to additional oversight. Proprietary credit research is a very important of the investment process. Liquidity profiles of the underlying investment are considered so as to ensure that the fund can meet its daily obligations. While capital losses are unlikely, they can occur if, for example, one of the issuers of an instrument held by the portfolio defaults. In this event, losses will be borne by the portfolio and its investors.

Top Ten Holdings

	% of Portfolio
Nedbank 040418	7.69
Nedbank 180618	5.41
China Construction Bank	4.19
Investec 101218	3.88
Standard Bank 181218	3.87
Investec 090418	3.85
China Cosntruction Bank 070618	3.80
RMB 120618	3.80
RMB 101218	3.80
Absa 120618	3.79

Asset Allocation



	%
Corporate	7.56
Cash & Equivalents	92.44
Total	**100.00**

Annualised Performance (%)

	Fund	Benchmark
1 Year	7.75	7.45
Since Inception	7.80	7.51

Cumulative Performance (%)

	Fund	Benchmark
1 Year	7.75	7.45
Since Inception	16.22	15.58

Highest and Lowest Annual Returns

Time Period: Since Inception to 2017/12/31	
Highest Annual %	7.86
Lowest Annual %	7.86

Risk Statistics (3 Year Rolling)**

Standard Deviation	—
Sharpe Ratio	—
Information Ratio	—
Maximum Drawdown	—

Distribution History (Cents Per Unit)

31/03/2018: 0.62 cpu	30/11/2017: 0.61 cpu	31/07/2017: 0.64 cpu
28/02/2018: 0.55 cpu	27/10/2017: 0.64 cpu	30/06/2017: 0.64 cpu
31/01/2018: 0.61 cpu	30/09/2017: 0.62 cpu	31/05/2017: 0.64 cpu
31/12/2017: 0.60 cpu	31/08/2017: 0.64 cpu	30/04/2017: 0.62 cpu

Administered by

Sanlam

Issue date: 23/04/2018

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Risk Profile: Ultra Conservative

An ultra-conservative portfolio caters for an extremely low risk tolerance, and is designed for minimum capital fluctuations and volatility. It carries a short time-frame for investment. There are no growth assets in this portfolio and it is a cash-based investment. The ultraconservative portfolio aims to yield returns that are higher than bank deposits and typically higher than inflation. Capital protection is of prime importance.

Glossary Terms

Annualised Returns
Annualised return is the weighted average compound growth rate over the period measured.

Asset Allocation
Asset allocation is the percentage holding in different asset classes (i.e. equities, bonds, property, etc.). It is used to determine the level of diversification in a portfolio.

Capital Fluctuations (Volatility)
Volatility is a measure of 'risk' and refers to the extent to which the price of an investment or capital value fluctuates over a certain period of time. Funds with high volatility usually offer the potential for higher returns over the longer term than low volatility funds.

Cumulative Returns
Cumulative return is the total growth experienced over the period measured.

Derivatives
Derivatives are instruments generally used as an instrument to protect against risk (capital losses), but can also be used for speculative purposes. Examples are futures, options and swaps.

Distributions
The income that is generated from an investment and given to investors through monthly, quarterly, bi-annual or annual distribution pay-outs.

Diversification
This is a strategy designed to reduce risk within a portfolio by combining a variety of investments (or asset classes) such as equities, bonds, cash or property, which are unlikely to all move in the same direction at the same time. This is designed to reduce the risk (and protect against capital losses) within a portfolio. Diversification allows for more consistent performance under a wide range of economic conditions as it smoothes out the impact of negative market events. The positive performance of some investments or asset classes should neutralize the negative performance of others.

Financial Instruments
Derivatives also known as financial instruments (such as a future, option, or warrants) whose value derives from and is dependent on the change in value of an underlying asset (such as a commodity, currency, or security) to protect against risk (capital losses).

Fund Objective
The fund objective is the portfolio's core goal.

Fund Strategy
The fund strategy is the way that the fund is managed to achieve the fund objective.

Information Ratio
The Information Ratio measures the market risk-adjusted performance of an investment or portfolio. The greater a portfolio's Information Ratio, the better its risk-adjusted performance has been compared to the market in general.

Collective Investment Schemes
Collective Investment Schemes (CIS) (also called unit trusts) are portfolios of assets such as equities, bonds, cash and listed property, in which investors can buyunits. They allow private investors to pool their money together into a single fund,thus spreading their risk across a range of investments, getting the benefit ofprofessional fund management, and reducing their costs.

Market Capitalization
Market capitalization is the total value of the issued shares of a publicly traded company; it is calculated by multiplying the share price by the number of shares in issue.

Maximum Drawdown
The maximum drawdown measures the highest peak to trough loss experienced by the fund.

Participatory Interests
When you buy a unit trust, your money is pooled with that of many other investors. The total value of the pool of invested money in a unit trust fund is split into equal portions called participatory interests or units. When you invest your money in a unit trust, you buy a portion of the participatory interests in the total unit trust portfolio. Participatory interests are therefore the number of units that you have in a particular unit trust portfolio.

Sharpe Ratio
The Sharpe Ratio measures total risk-adjusted performance of an investment or portfolio. It measures the amount of risk associated with the returns generated by the portfolio and indicates whether a portfolio's returns are due to excessive risk or not. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been (i.e. a higher return with a contained risk profile, where the portfolio manager is not taking excessive risk to achieve those returns).

Standard Deviation
Standard deviation (also called monthly volatility) is a measure of how much returns on an investment change from month to month. It is typically used by investors to gauge the volatility expected of an investment.

Additional Information

Investment Manager Information

Granate Asset Management (Pty) Ltd
(FSP) License No. 46189
Physical Address: 2 Merchant Place, Cnr Rivonia and Fredman Drive, Sandton, 2196
Postal Address: 2 Merchant Place, Cnr Rivonia and Fredman Drive, Sandton, 2196
Tel: +27 (21) 446 9410
Email: info@granate.co.za
Website: www.granate.co.za

Manager Information

Sanlam Collective Investments (RF) (Pty) Ltd
Physical Address: 2 Strand Road, Bellville, 7530
Postal Address: P.O. Box 30, Sanlamhof, Bellville, 7532
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Trustee Information

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Portfolio Manager Quarterly Comment - Q1 2018

Economic overview

Economic activity in major economies maintained its strong momentum during the 1st quarter of 2018. Furthermore, consensus forecast for economic growth for both developed and developing economies for 2018 and 2019 have been revised upwards. These upward revisions to economic growth have come despite the increasing risk of "trade wars" as countries are retaliating to the US's imposition of trade barriers and rising policy rates in the US.

Domestic economic data for the 4th quarter 0f 2017 (released during Q1 2018) showed that the economy is in better shape than previously thought. The domestic economy grew by a quarter-on-quarter annualised rate of 3.1% (1.9% y/y) in the 4th quarter of last year, after recording an upwardly revised 2.3% growth rate in the 3rd quarter. The primary sector (mainly agriculture) remained strong, but encouragingly, both the secondary (manufacturing) and tertiary (trade) sectors rebounded.

Q1 2018 data has been, on balance, encouraging. PMI's, business and consumer sentiment, and mining production have improved while manufacturing production and retail sales have softened, albeit from a strong performance in Q4 2017.

The Monetary Policy Committee (MPC) of the Reserve Bank met twice during the 1st quarter. While both MPC meetings took place after the change in the country's leadership, the situation was very different amongst the two meetings. In the January meeting the economy was still facing significant fiscal and thus rating downgrade risks.

Therefore, while inflation was falling and the economy weak, the SARB kept the repo rate unchanged as five members of the MPC voted for no change and one member voted for a 25 basis point (bp) cut. When the MPC met in March, two of the key risks that the economy was facing in January were gone, namely further fiscal deterioration and the rating downgrade. Furthermore, consumer and business confidence showed a marked improvement. This, together with the fact that the committee's inflation forecast was lowered, led to a 25bp repo-rate cut. Surprisingly, however, the March MPC statement was relatively hawkish and the decision was a close call as three of the seven (a new member was appointed to the MPC) voted for an unchanged repo rate.

The March MPC statement suggests that a further rate cut this year is in the balance. Inflation has continued to decline, but the 1% VAT increase, higher oil prices and base effects suggests that inflation has probably bottomed in the 1st quarter. This, together with the MPC's increased focus on the middle of the inflation target band (4.5%) as where it wants inflation expectations to settle, suggests that a further 25bp cut is not a given. A favorable outcome in the public-sector wage negotiations, if obtained, could be the deciding factor.

Market overview

Money market rates continued their downward trend in the 1st quarter of 2018 driven by the favorable outcome of the ANC elective conference which culminated in Moody's decision to not downgrade South Africa's credit rating.

Most of the gains in the money market rates occurred at the end of March when the repo-rate was cut by 25bp. The 3-month Negotiable Certificates of Deposit (NCD) rate decreased by 25bp and ended the quarter at 6.90% while the 12-month NCD rate ended 15bp lower at 7.75%.

At the end of the quarter a hawkish MPC and the apparent bottoming of the inflation cycle had led Forward Rate Agreements (FRAs) to price in a low probability of further cuts for the remainder of 2018.

Portfolio activity

At the start of the quarter we actively invested into floating rate paper, as we did not believe that the longer end of the money market curve (7-12 months) offered sufficient risk compensation.

When it became clearer that that the market was moving into a" normal" valuation mode post the Zuma era and a repo-rate cut was imminent, we decided to incrementally increase the portfolio's interest rate risk by investing a portion of the portfolio into high quality longer-term bank deposits. As a result, the portfolio should benefit by holding a significant amount of fixed rate paper at higher yields.

Portfolio positioning

Given the strong rally and our view that the MPC of the Reserve Bank may keep the repo-rate unchanged for 2018, longer term fixed rate assets are currently offering significantly less risk compensation than the beginning of the quarter.

We will therefore look to use the liquidity which we have built up in the portfolio to mainly invest into high quality floating-rate bank deposits as funding spreads remain attractive. Given our view that the risk remains of a further repo-rate cut, and the fact that the market is not pricing it in, we will look to invest into longer term fixed rate assets when opportunities are presented. The portfolio maintains a high level of liquidity through call deposits and bank paper.

Portfolio Manager

Vaneshen Naidoo
CFA ®, M.Sc. (Engineering) (UCT), BSc. Hons (Engineering) (UCT)

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