

As of 2018/07/31

### 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              | 7.36%   |
| Portfolio Manager           | Vaneshen Naidoo                                 |
| ASISA Fund Classification   | South African - Interest Bearing - Money Market |
| Risk Profile                | Ultra Conservative                              |
| Benchmark                   | STeFI Composite Index                           |
| Fund Size                   | R 136 086 557                                   |
| 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 | 3.45                          |
| Maximum Annual Advice Fee  | 1.15                          |
| Manager Annual Fee         | 0.34                          |
| Total Expense Ratio        | 0.43                          |
| Transaction Cost           | —                             |
| Total Investment Charges   | 0.43                          |
| TER Measurement Period     | 01 April 2016 - 31 March 2018 |

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 quality requirement 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 part 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.

MDD Issue Date: 2018/08/14

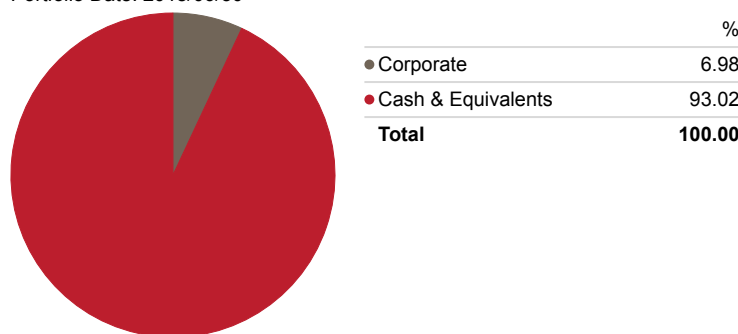
### Top Ten Holdings

% of Portfolio

| Portfolio Date         | 2018/06/30 |
|------------------------|------------|
| Nedbank 04072018       | 8.85       |
| Investec 06062019      | 6.99       |
| Investec 10122018      | 4.55       |
| Standard Bank 18122018 | 4.54       |
| Telkom 21092018        | 4.44       |
| Investec 27092018      | 4.43       |
| Investec 09072018      | 4.42       |
| RMB 06062019           | 4.37       |
| RMB 10122018           | 4.36       |
| Nedbank 17092018       | 4.36       |

### Asset Allocation

Portfolio Date: 2018/06/30



### Annualised Performance (%)

|                 | Fund | Benchmark |
|-----------------|------|-----------|
| 1 Year          | 7.62 | 7.32      |
| Since Inception | 7.77 | 7.47      |

### Cumulative Performance (%)

|                 | Fund  | Benchmark |
|-----------------|-------|-----------|
| 1 Year          | 7.62  | 7.32      |
| Since Inception | 19.08 | 18.30     |

### Highest and Lowest Calendar Year 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)

|            |          |            |          |
|------------|----------|------------|----------|
| 2018/07/31 | 0.60 cpu | 2018/01/31 | 0.61 cpu |
| 2018/06/30 | 0.59 cpu | 2017/12/31 | 0.60 cpu |
| 2018/05/31 | 0.62 cpu | 2017/11/30 | 0.61 cpu |
| 2018/04/30 | 0.60 cpu | 2017/10/27 | 0.64 cpu |
| 2018/03/29 | 0.62 cpu | 2017/09/30 | 0.62 cpu |
| 2018/02/28 | 0.55 cpu | 2017/08/31 | 0.64 cpu |

Administered by

As of 2018/07/31

### 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 buy units. 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 of professional 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

All reasonable steps have been taken to ensure the information on this MDD is accurate. The information to follow does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act. Use or rely on this information at your own risk. Independent professional financial advice should always be sought before making an investment decision. The Sanlam Group is a full member of the Association for Savings and Investment SA. Collective investment schemes are generally medium- to long-term investments. Please note that past performances are not necessarily a guide to future performances, and that the value of investments / units / unit trusts may go down as well as up. A schedule of fees and charges and maximum commissions is available from the Manager, Sanlam Collective Investments (RF) Pty Ltd, a registered and approved Manager in Collective Investment Schemes in Securities. Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. Collective investments are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any deductible expenses such as audit fees, brokerage and service fees. Actual investment performance of the portfolio and the investor will differ depending on the initial fees applicable, the actual investment date, and the date of reinvestment of income as well as dividend withholding tax. Forward pricing is used. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The performance of the portfolio depends on the underlying assets and variable market factors. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-div date. Lump sum investment performances are quoted. The portfolio may invest in participatory interests of other unit trust portfolios. These underlying funds levy their own fees, and may result in a higher fee structure for our portfolio. All the portfolio options presented are approved collective investment schemes in terms of Collective Investment Schemes Control Act, No 45 of 2002 ("CISCA"). The Manager may borrow up to 10% the market value of the portfolio to bridge insufficient liquidity. The fund may from time to time invest in foreign instruments which could be accompanied by additional risks as well as potential limitations on the availability of market information. Investments in foreign instruments are also subject to fluctuations in exchange rates which may cause the value of the fund to go up or down. The fund may invest in financial instruments (derivatives) for efficient portfolio management purposes. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressures and in such circumstances a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed. Management of the portfolio is outsourced to Granate Asset Management (Pty) Ltd, (FSP) Licence No. 46189, an Authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002. Sanlam Collective Investments (RF) (Pty) Ltd retains full legal responsibility for the co-named portfolio. Standard Bank of South Africa Ltd is the appointed trustee of the Sanlam Collective Investments scheme. Sources of Performance and Risk Data: Morningstar Direct, INET BFA and Bloomberg. The risk free asset assumed for the calculation of Sharpe ratios: STEFI Composite Index. The highest and lowest 12-month returns are based on a calendar year period over 10 years or since inception where the performance history does not exist for 10 years. Obtain a personalised cost estimate before investing by visiting [www.sanlamunittrustsmdd.co.za](http://www.sanlamunittrustsmdd.co.za) and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

#### 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](mailto:info@granate.co.za)  
Website: [www.granate.co.za](http://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  
Tel: +27 (21) 916 1800  
Email: [service@sanlaminvestments.com](mailto:service@sanlaminvestments.com)  
Website: [www.sanlamunittrusts.co.za](http://www.sanlamunittrusts.co.za)

#### Trustee Information

Standard Bank of South Africa Ltd  
Tel: +27 (21) 441 4100  
Email: [compliance-sanlam@standardbank.co.za](mailto:compliance-sanlam@standardbank.co.za)

### Portfolio Manager Quarterly Comment

Quarterly Commentary (30/06/2018)

#### Fund Profile

The objective of the Granate SCI Money Market Fund 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 is 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.

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#### Economic overview

Economic activity in major economies maintained its positive momentum during the 2<sup>nd</sup> quarter of 2018 despite growing concerns around a slowdown in global trade due to higher trade barriers.

Domestic economic data for the 1<sup>st</sup> quarter of 2018 (released during Q2 2018) showed that the economy is in worse shape than previously thought. GDP contracted at a seasonally adjusted quarter-on-quarter annualised rate of 2.2% (0.8% y/y), after recording a 3.1% growth rate in the 4<sup>th</sup> quarter of 2017.

The manufacturing and mining sectors (making up 7.7% and 12.5% of GDP) contracted by 9.9% and 6.4%, respectively, together contributing 1.6% to the GDP contraction. The agriculture sector, after growing by an average annualised rate of 35% in 2017 contracted by 24.2%, to cut a further 0.7% off GDP growth. Positive contributions came from the finance sector (1.8%) which contributed 0.3% towards growth followed by general government services which makes up 14.9% of GDP and grew by 1.8%.

Q2 2018 data has been, on balance, disappointing. PMI's, retail sales, mining and manufacturing production have all disappointed, posing further downward risk to GDP growth for 2018.

The Monetary Policy Committee (MPC) of the Reserve Bank met once during the 2<sup>nd</sup> quarter and decided (unanimously) to keep the repo rate unchanged at 6.5%.

The MPC's hawkish statement was consistent with its growing focus of an inflation target of 4.5% (rather than 3%-6%). In its assessment, while the inflation forecast has remained broadly unchanged, the risks have moved to the upside due to the higher oil price, a weaker rand, higher electricity prices, and a reversal of capital flows to emerging markets. Importantly, however, the Governor reiterated that "...MPC attempts to 'look through' the first-round effects of such (supply side) shocks and to react to second-around effects". Inflation expectations and wage settlements are key in this regard.

#### Market overview

In the 2<sup>nd</sup> quarter of 2018, Money Market rates reversed the downward trend experienced in the 1<sup>st</sup> quarter, where the money market curve flattened. The 3-month Negotiable Certificates of Deposit (NCD) rate increased by 6bps and ended the quarter at 6.96% (Q1: 6.90%) while the 12-month NCD rate ended 38bps higher at 8.125% (Q1: 7.75%).

Market expectations of higher policy rates was the primary reason for the higher money market rates in the 2<sup>nd</sup> quarter; after pricing in no repo-rate hikes for the year in May, the market had moved to price in a 70% probability of a rate hike by the end of the year and at least two 25 basis points (bps) rate hikes by the end of

2019. This move in rates coincided with move in the rand that weakened significantly in the month of June.

The weaker rand certainly poses a risk that the SARB will move on rates sooner than previously expected. However, a surprisingly weak economy and the absence of demand pull inflation suggests rates on hold for the year.

#### Portfolio activity

At the start of the quarter our view was that longer term fixed rate money market assets (7-12 months) was not offering sufficient risk compensation as the money market curve was not pricing in any additional repo-rate hikes for the next 12 months. At that stage, we were predominantly investing into floating rate paper which displayed better value as funding rates remained attractive.

However, during the quarter, as fixed rate money market rates moved higher we used the additional liquidity built up in the portfolio to increase our interest rate exposure. We accomplished this by buying the longer term fixed rate money market assets which offered positive risk compensation. Thus, the portfolio should benefit by holding these higher duration money market assets at higher yields.

#### Portfolio positioning

While the money market curve continues to price in multiple hikes in the repo-rate over the next year, our current view is that the SARB is likely to keep the repo-rate on hold for that period. As indicated previously, the reason for our view is the local weak economy and the absence of demand pull inflation. The risk to this view is a significantly weaker rand which could result in higher inflation and thus increases in the repo-rate.

We will therefore continue to use the additional liquidity built up in the money market portfolio to invest into longer term fixed rate money market assets which offer positive risk compensation. Currently the portfolio is slightly more invested into floating rate bank paper but this is likely to change as we invest into longer term fixed rate money market assets. The floating rate notes do however offer some protection as these instruments will benefit if the SARB increases the repo-rate at future meetings.

The money market 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)

Vaneshen joined Cadiz Asset Management in 2006 as a graduate and during this time analysed the credit and property sectors for the fixed interest and multi asset class teams. He was responsible for the Money Market Unit Trust. In December 2015, he joined Granate Asset as a Portfolio Manager.