

As of 2019/08/31

### 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 CISA 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	RSMMB
Yield	7.54
Portfolio Manager	Vaneshen Naidoo
ASISA Fund Classification	South African - Interest Bearing - Money Market
Risk Profile	Ultra Conservative
Benchmark	STeFI Composite Index
Fund Size	R 172 958 266
Portfolio Launch Date*	2016/04/01
Fee Class Launch Date*	2016/04/01
Minimum Lump Sum Investment	R 50 000
Minimum Monthly Investment	R 1 000
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)

	B-Class (%)
Maximum Initial Advice Fee	3.45
Maximum Annual Advice Fee	1.15
Manager Annual Fee	0.28
Total Expense Ratio	0.32
Transaction Cost	—
Total Investment Charges	0.32
TER Measurement Period	30 June 2016 - 30 June 2019

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 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.

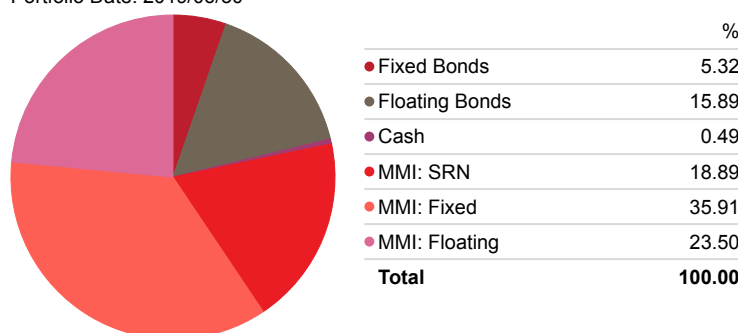
MDD Issue Date: 2019/09/18

### Top Ten Holdings

Portfolio Date	2019/06/30
NED 040719	3.47
NED 160919	2.28
RMB 090719	1.41
RCS 241019	1.16
PMM 281119	1.15
NED 160919	1.14
RMB 281119	0.72
RMB 050320	0.69
RMB 260819	0.49
RMB 120919	0.48

### Asset Allocation

Portfolio Date: 2019/06/30



### Annualised Performance (%)

	Fund	Benchmark
1 Year	7.68	7.31
3 Years	7.78	7.41
Since Inception	7.81	7.42

### Cumulative Performance (%)

	Fund	Benchmark
1 Year	7.68	7.31
3 Years	25.20	23.92
Since Inception	29.29	27.70

### Highest and Lowest Calendar Year Returns

Time Period: Since Inception to 2018/12/31

Highest Annual %	7.98
Lowest Annual %	7.59

### Risk Statistics (3 Year Rolling)\*\*

Standard Deviation	0.08
Sharpe Ratio	10.31
Information Ratio	10.27
Maximum Drawdown	—

### Distribution History (Cents Per Unit)

2019/08/31	0.62 cpu	2019/02/28	0.57 cpu
2019/07/31	0.63 cpu	2019/01/31	0.62 cpu
2019/06/30	0.62 cpu	2018/12/31	0.62 cpu
2019/05/31	0.63 cpu	2018/11/30	0.60 cpu
2019/04/30	0.61 cpu	2018/10/31	0.62 cpu
2019/03/31	0.64 cpu	2018/09/30	0.60 cpu

Administered by

As of 2019/08/31

### 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 yield is calculated on a 7-day rolling basis, annualised. 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)

As of 2019/08/31

### Portfolio Manager Quarterly Comment

Quarterly Commentary (30/06/2019)

#### 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 CISC 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.

This is an ultra-conservative portfolio that 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.

The portfolio is bound by the 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.

#### Economic Overview

Uncertainty around global economic growth momentum, concerns relating to trade tensions and the possibility of slower global trade translated into dovish comments by both the European central bank (ECB) and the US federal reserve (FED). Both central banks referred more openly to the prospect of policy loosening if growth risks materialise and follow a wave of central banks that have either adopted or alluded to monetary policy easing.

Domestic economic growth in 1Q19 (released in June) came in a lot worse than expected at a seasonally adjusted annualised rate of -3.2%, the worst contraction since 2009. The contraction was broad based - agriculture, mining and manufacturing sectors deteriorating the most - suggesting that the cause of the slowdown is not limited to electricity outages. Leading indicators such as the PMIs and business confidence remain depressed and available data for 2Q19 continues to point to softness in the local economy as the mining and manufacturing sectors remain weak and car sales continue to decline sharply. That said, the electricity supply has stabilised, and the softness does not appear to be as severe as 1Q19. While a technical recession (which brings with it negative sentiment) will probably be avoided, the lowered GDP growth forecast for 2019 of both consensus and the SARB might be difficult to achieve. The Monetary Policy Committee (MPC) of the Reserve Bank met once during the 2<sup>nd</sup> quarter and kept the repo rate unchanged at 6.75%. However, the vote was much closer than previous meetings with two of the five members voting for a 25bp cut.

The MPC revised its headline and core CPI inflation forecasts lower across the entire forecast horizon. CPI forecasts are now only slightly higher than the mid-point of the inflation target of 4.5% over most of the forecast horizon - something that the SARB has been determined to achieve. There was also further downward revision to the SARB's growth forecast for 2019 which is now expected to average 1.0% (down from 1.3% in March) because of the larger than expected slowdown in the first quarter. The MPC now expects a materially wider output gap than previously envisaged, due to the disappointing 1Q GDP. A wider output gap and a lower inflation trajectory, which is closer to the mid-point target of 4.5%, are reasons that the Quarterly Projection Model (QPM) now embeds one 25bp cut by the end of 1Q20, as opposed to the March 2019 forecast which had one generated hike by the end of 2019. The inflation trajectory and an MPC that sees the balance of risks around its inflation projection being more or less even, provides room for a rate cut and cyclical support for growth without comprising its main objective or credibility.

We therefore believe that rate cuts are very likely in the 2<sup>nd</sup> of 2019 with the risk of rates remaining flat if Eskom's challenging financial situation (and the knock-on consequences this could have for South Africa's fiscal position, credit rating, and exchange rate) cannot be resolved.

#### Market overview

Financial markets had a 2<sup>nd</sup> consecutive positive quarter in 2019, buoyed mainly by dovish central banks and despite generally softer economic data in both emerging and developed markets.

Locally, all major asset classes recorded a positive return. Despite the recovery, only the local bond market (ALBI) outperformed money market assets over a rolling 12-month period. Money market rates fell in May following on from the SARB's dovish MPC statement. The money market curve also flattened further during the quarter as both economic growth and inflation remain subdued and the market priced further repo rate cuts.

At the end of the quarter, the market (as proxied by the Forward Rate Agreements - FRAs) was pricing in a 25bp rate cut in July and a 50% chance of a further 25bp cut by the end of

the year. As a result, Negotiable Certificates of Deposit (NCD) rates at quarter end had declined. The 3-month NCD rate decreased by 6.25bps, while the 12-month NCD rate ended 48bps lower at 7.75% (Q1 2019: 8.23%).

#### Portfolio activity

At the start of the quarter the money market fund had a higher ratio of floating rate to fixed rate money market instruments. We continued to follow a strategy of decreasing the floating rate notes by reinvesting any maturities and cash holdings into longer term fixed rate assets which were offering positive risk compensation. This strategy, employed at the beginning of the quarter, was appropriate as investment into 12-month NCD's was attractive, given the steepness of the money market curve and the return profile of the fund. Floating rate notes provided positive uplift to the fund as bank funding rates remained attractive and 3-month Jibar rates remained relatively unchanged until June, at which point we started to sell our shorter dated floating rate notes when liquidity was needed.

#### Portfolio positioning

While the fund has a slightly higher exposure to floating rate bank paper, the future benefits of these type of notes have moderated and could weaken further if the reserve bank follows the market predictions and decreases the repo-rate at future meetings.

Repo-rate cuts are likely, but the market has already priced in a high probability of these cuts into fixed rate notes. The money market curve is no longer as steep as the previous quarter and the risk compensation, while positive, has decreased. Bank funding spreads are still, however, elevated and there is some risk that the repo- rates will not be cut as aggressively as the market has priced in. We will therefore look to invest into longer floating rate notes at this stage.

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 Granate Asset Management in December 2015 and currently manages the Money Market and Cash portfolios in the Fixed Interest Team. He 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. Vaneshen holds a BSc. Hons (Engineering) and M.Sc.(Engineering) from The University of Cape Town, and is also a CFA.