

As of 31/10/2019

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	RSMMB
Yield	7.38
Portfolio Manager	Vaneshen Naidoo
ASISA Fund Classification	South African - Interest Bearing - Money Market
Risk Profile	Ultra Conservative
Benchmark	STeFI Composite Index
Fund Size	R 177,792,291
Portfolio Launch Date*	01/04/2016
Fee Class Launch Date*	01/04/2016
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 are including 15% (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.

**Granate does not provide financial advice, advice fees if applicable are thus contracted directly between client and appointed advisor.

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.

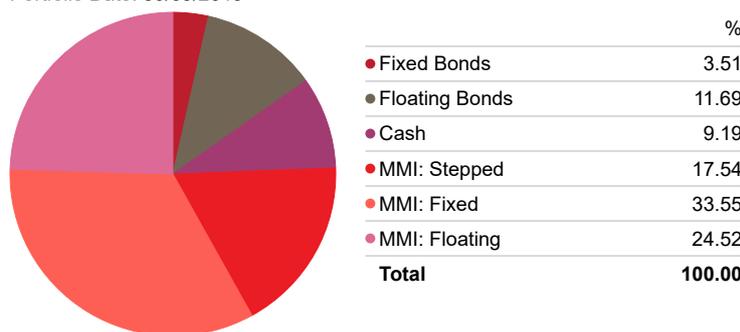
MDD Issue Date: 27/11/2019

Top Ten Holdings

Portfolio Date	% of Portfolio
30/09/2019	
China Construction Bank Call	9.73
NEDBANK 041019	8.84
NEDBANK 171219	5.80
ABSA 060220	4.09
BNP PARIBAS 241019	2.94
PMM 281119	2.91
NEDBANK 171219	2.90
INVESTEC 130120	2.35
ABSA 200120	2.34
ABSA 230120	2.34

Asset Allocation

Portfolio Date: 30/09/2019



Annualised Performance (%)

	Fund	Benchmark
1 Year	7.65	7.33
3 Years	7.75	7.39
Since Inception	7.79	7.41

Cumulative Performance (%)

	Fund	Benchmark
1 Year	7.65	7.33
3 Years	25.09	23.86
Since Inception	30.85	29.22

Highest and Lowest Calendar Year Returns

Time Period: Since Inception to 31/12/2018	
Highest Annual %	7.98
Lowest Annual %	7.59

Risk Statistics (3 Year Rolling)**

Standard Deviation	0.08
Sharpe Ratio	9.39
Information Ratio	9.35
Maximum Drawdown	—

Distribution History (Cents Per Unit)

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

Administered by

As of 31/10/2019

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 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

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Tel: +27 (21) 446 9410

Email: info@granate.co.za

Website: www.granate.co.za

Manager Information

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Website: www.sanlamunittrusts.co.za

Trustee Information

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Portfolio Manager Quarterly Comment

Quarterly Commentary (30/09/2019)

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 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.

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.

Market Comment

Globally Central Banks eased policy rates in response to slowing economic growth over the quarter: both the Fed and ECB cut rates along with 20 other banks. The Fed also eased a liquidity shortage, while the ECB will restart asset purchases. Ongoing US-China trade tensions, an oil-price spike and more Brexit drama kept volatility on the high side for the quarter.

On the local front, the SARB kept rates unchanged which didn't have much of a market impact as it was a widely expected decision. Given the weak state of the local economy, low domestic inflation and the fact that globally the tone is extremely dovish meant it was quite surprising that the decision to keep rates unchanged was unanimous amongst MPC members. There is still a considerable risk around the Moody's review in November and fiscal issues which will be highlighted in the MTBPS, which is why the SARB is focused on keeping real policy rates high for now. We believe that the rate cut is highly likely at the November meeting, although an unfavorable MTBPS does make this a close call.

Money market was the best local performing asset class for the quarter returning 1.8%. The Forward Rate Agreement market (FRA) market is pricing in a further rate cut next year but it is now indicating that this will be the low of the interest rate cutting cycle. As a result, Negotiable Certificates of Deposits (NCDs) rates at quarter end declined. The 3-month NCD rate decreased by 29bps, while the 12-month NCD rate ended 7.5bps lower at 7.68% (Q2 2019: 7.75%).

Portfolio activity and positioning

At the start of the quarter the fund favored longer dated floating rate notes. The market had already priced in a high probability of multiple repo rate cuts into the fixed rate notes and the risk compensation, albeit positive, had decreased. Any fixed rate opportunities were therefore defensively invested in the shorter area of the money market curve given the flattened profile and potential risks.

The money market fund does however not invest for binary outcomes. We therefore took advantage of the money market curve steepening as the market lowered its expectations for numerous rate cuts later in the cycle, by investing into longer term fixed rate notes at higher yields.

Increasing the exposure to longer term fixed rate instruments provides diversification for the fund because of the higher exposure to floating rate bank notes. The future benefits of floating rate notes could weaken if the reserve bank decreases 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 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.