



**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	7.34
Portfolio Manager	Vaneshen Naidoo
ASISA Fund Classification	South African - Interest Bearing - Money Market
Risk Profile	Ultra Conservative
Benchmark	STeFI Composite Index
Fund Size	R 157 829 011
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 are including 15% (VAT)**

	<b>B-Class (%)</b>
Maximum Initial Advice Fee	3,45
Maximum Annual Advice Fee	1,15
Manager Annual Fee	0,28
Total Expense Ratio	0,31
Transaction Cost	—
Total Investment Charges	0,31
TER Measurement Period	01 January 2017 - 31 December 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**

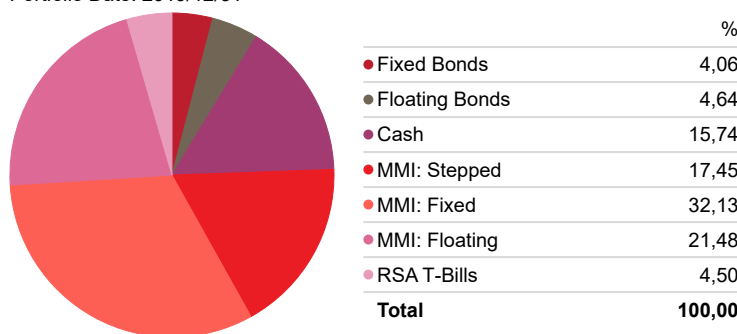
The Granate Money Market Fund is a domestic money market fund which seeks to provide investors with a high level of income, whilst preserving capital, maintaining liquidity and mitigating the risks that are specific to money market funds; namely interest rate risk, liquidity risk and credit risk. Typically 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 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**

Portfolio Date	2019/12/31
China Construction Bank Call	11,45
NED SRN 060120	8,79
NED SRN 160320	5,77
Absa Fixed 060220	4,07
NED SRN 160320	2,89
RMB Call	2,46
Investec Fixed 130120	2,38
Absa Fixed 230120	2,37
Absa Fixed 200120	2,33
Thekwini Conduit	2,31

**Asset Allocation**

Portfolio Date: 2019/12/31



**Annualised Performance (%)**

	Fund	Benchmark
1 Year	7,54	7,26
3 Years	7,68	7,33
Since Inception	7,74	7,38

**Cumulative Performance (%)**

	Fund	Benchmark
1 Year	7,54	7,26
3 Years	24,86	23,65
Since Inception	33,93	32,17

**Highest and Lowest Calendar Year Returns**

Time Period: Since Inception to 2019/12/31

Highest Annual %	7,98
Lowest Annual %	7,59

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

Standard Deviation	0,09
Sharpe Ratio	9,31
Information Ratio	9,27
Maximum Drawdown	—

**Distribution History (Cents Per Unit)**

2020/02/29	0.55 cpu	2019/08/31	0.61 cpu
2020/01/31	0.59 cpu	2019/07/31	0.63 cpu
2019/12/31	0.59 cpu	2019/06/30	0.62 cpu
2019/11/30	0.58 cpu	2019/05/31	0.63 cpu
2019/10/31	0.60 cpu	2019/04/30	0.61 cpu
2019/09/30	0.59 cpu	2019/03/31	0.64 cpu

Administered by





As of 2020/02/29

## 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 on request 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 on request 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 countries and therefore it may have risks regarding liquidity, the repatriation of funds, political and macroeconomic situations, foreign exchange, tax, settlement, and the availability of 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 (31/12/2019)

#### 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.

#### Market Comment

Global Markets ended the year on a positive note as trade agreements were reached between US and China, while the UK elections delivered political stability which cleared the way for Brexit. Generally, central banks continued their accommodative monetary policy stance and the overall positive sentiment spread to emerging markets including South Africa.

Unfortunately, local SA data released in December showed the economy shrinking by -0.6% displaying broad based weakness in the economy with only 4 sectors recording growth and most sectors in technical recessions. The situation at Eskom will continue to contribute largely to these negative GDP numbers going forward, as South Africa was once again plunged into darkness over the quarter due to Eskom's electricity generation fleet experiencing an unprecedented level of breakdowns. This low level of GDP enhances SA's fiscal predicament as it forms the base of Government's revenue. The Mid Term Budget published in October already highlighted a revenue shortfall of R48bn over the next 3 years and based on the latest GDP numbers and nominal economic growth falling to 3.8% the future revenue shortfall could be significantly worse. Inflation continued to surprise on the downside and reached a y/y level of 3.7% - its lowest level in almost 8 years. In the fourth quarter the Monetary Policy Committee (MPC) voted against cutting the repo rate but the decision was a contentious one as three members favoured rates being kept on hold against two voting for a rate cut.

Money market and Bonds were on a par returning 1.73% and 1.74% for the quarter respectively. The Forward Rate Agreement (FRA) curve market has moved between pricing in no further rate cuts to a good chance of two possible rate cuts in 2020. As a result, Negotiable Certificates of Deposits (NCDs) rates traded in a range during the quarter. The 3-month NCD rate increased by 4bps, while the 12-month NCD rate ended 5bps lower at 7.63% (Q2 2019: 7.68%) at quarter end.

#### Portfolio Activity and Positioning

The link between the poor fiscal outlook and policy rate setting means that the bar for a rate cut remains high. However, there is a high probability of a weaker economy and lower than expected inflation. It is therefore our expectation that there will be at least one rate cut after the first quarter of 2020.

We continued to take advantage of the money market curve steepening when the market lowered its expectations for numerous rate cuts later in the cycle, by investing into longer term fixed rate notes at higher yields. During the quarter we also significantly increased our exposure to the government Treasury bills (T-bills) particularly in the six-month area, as yields were significantly higher than the bank NCD's of the same term.

The fund will not invest for binary outcomes despite our expectation. We therefore still hold a reasonable exposure to floating rate notes as these instruments offer diversification to the fund as well as the fact that real rates continue to remain high.

The money market portfolio maintains a high level of liquidity through call deposits and bank paper.

#### Portfolio Manager

Vanesh 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.