Granate SCI* Money Market Fund Class B

Collective Investment Scheme Minimum Disclosure Document

As of 31/03/2020

GRANATE ASSET MANAGEMENT

MDD Issue Date: 23/04/2020

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 are as per the ASISA fund classification structure applicable to South African - Interest Bearing - Money Market Portfolios. The portfolio can invest in Money Market instruments with a maturity limit of less than thirteen months, and 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	7.17
Portfolio Manager	Vaneshen Naidoo
ASISA Fund Classification	South African - Interest Bearing - Money Market
Risk Profile	Ultraconservative
Benchmark	STeFI Composite Index
Fund Size	R 148,163,588
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 (TER)	0.31
Transaction Cost	—
Total Investment Charges	0.31
TER Measurement Period	01 January 2017 - 31 December 2019

The 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 TERs.

The 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 necessary costs in administering the Financial Product and impact 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

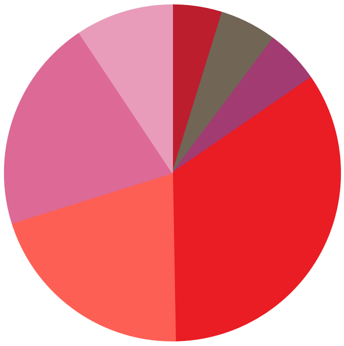
The Granate Money Market Fund is a domestic money market fund which seeks to provide investors with a high level of income, whilst preserving capital, maintaining liquidity and mitigating the risks that are specific to money market funds; namely interest rate risk, liquidity risk and credit risk. Typically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

Top Ten Holdings	% of Portfolio
Portfolio Date	**31/03/2020**
NED SRN 060420	10.31
SBK FRN 140121	8.23
NED SRN 150620	6.77
RSA T-Bill 010720	3.98
NED SRN 150620	3.39
China Construction Bank Call	2.76
Thekwini Conduit	2.73
RSA T-Bill 200520	2.67
RSA T-Bill 270520	2.67
Absa Call	2.44

Asset Allocation

Portfolio Date: 31/03/2020



	%
Bond: Fixed	4.78
Bonds: Floating	5.44
Cash	5.18
MMI: Fixed	34.32
MMI: Floating	20.45
MMI: Stepped	20.47
RSA T-Bills	9.36
Total	**100.00**

Annualised Performance (%)

	Fund	Benchmark
1 Year	7.50	7.21
3 Years	7.66	7.31
Since Inception	7.74	7.37

Cumulative Performance (%)

	Fund	Benchmark
1 Year	7.50	7.21
3 Years	24.78	23.57
Since Inception	34.73	32.92

Highest and Lowest Calendar Year Returns

Time Period: Since Inception to 31/12/2019

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)

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

Administered by

Sanlam

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Risk Profile: Ultraconservative

An ultraconservative 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 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 are 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 (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 the 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 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 (NAV) 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 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: 2nd Floor, Josephine Mill
13 Boundary Road, Newlands, Cape Town, 7700
Tel: +27 (21) 276 3450
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
Tel: +27 (21) 916 1800
Email: service@sanlaminvestments.com
Website: www.sanlamunittrusts.co.za

Trustee Information

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As of 31/03/2020

Portfolio Manager Quarterly Comment

Quarterly Commentary (31/03/2020)

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

March 2020 must be one of the worst and most volatile months on record, as financial markets globally responded to the economic consequences of the COVID-19 pandemic – a simultaneous demand and supply shock of unprecedented proportions. Policy responses varied across economies, but key actions have been the same: implement a lockdown to contain the health crisis and provide fiscal and monetary stimulus to support the economy. The market sell-off was widespread, as investors moved quite rapidly to increase cash holdings at the expense of risk assets. Even 'safe-haven' assets such as gold sold off at the height of the panic. This was despite central banks' decisive policy action and government announcements of some of the largest economic relief packages in history.

South African equity and fixed income markets were not spared, with foreigners rushing to sell assets. The liquidity squeeze in the fixed income market forced the South African Reserve Bank (SARB) to step in and firstly cut the repo rate by 100 basis points – a magnitude of four times more than the incremental interest rate changes in recent years – and subsequently introduce an additional set of temporary measures. This was somewhat effective in stabilising the fixed income market, despite Moody's finally downgrading the country to below sub-investment grade. Moody's cited the lack of concrete action around structural reforms by government and massive downward revisions to growth due to COVID-19. This combination has given rise to a significantly worse fiscal outlook for the country's overall debt trajectory, as South Africa struggles with a concrete plan to contain its debt levels.

Portfolio activity and positioning
The money market curve followed the repo rate lower, with money market rates falling by more than 100 basis points at quarter end. Throughout the quarter we continued taking advantage of a steep money market curve by investing into one-year bank paper at elevated levels. This trade was favourable for the fund, as the market had not anticipated that the SARB would cut the repo rate by as much as it did.

On the monetary front, it seems as though the SARB's Monetary Policy Committee is primed for more cuts to the repo rate, having revised growth down by a further 2% to 4% and indicating that inflation will likely be contained within the 3% to 6% range despite the significant weakening in the currency. At quarter end, the forward rate agreement (FRA) market was pricing in further cuts of almost 100 basis points in this year.

We believe that there is a high probability that the SARB may cut the repo rate significantly in the coming months. This will ultimately depend on the extent of the recession that South Africa is likely to experience, and the policy rates that the SARB deems necessary. It is important to bear in mind that South Africa's saving shortage requires high real policy rates to attract investors. We will therefore continue to invest into longer-term money market bank paper as opportunities present themselves, albeit at lower rates than offered in the previous quarter.

The money market portfolio maintains a high level of liquidity through call deposits and bank paper. With strong capital buffers, relatively liquid balance sheets, strong risk mitigations in place and a supportive SARB, we think that banks are in a strong position to withstand this crisis.

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.