



As of 30/06/2021

Fund objective and strategy

This is an income portfolio that aims to provide consistent positive returns and minimal volatility. Its objective is to outperform money market and traditional income portfolios over the medium to longer term.

The fund invests mainly in fixed income and credit markets, including in instruments such as money market securities, bonds, unlisted loans and inflation-linked bonds. It strategically allocates to these various instruments based on current valuations, seeking to enhance the yield of the portfolio while compensating as far as possible for the underlying risk. Within legal limits and in line with its objective, it may also invest in other securities such as listed property and preference shares.

Given that the fund aims to deliver consistent positive returns, it is designed to be less volatile than traditional bond funds, with significantly fewer negative monthly returns. It employs very moderate duration strategies.

The fund is managed according to the prudential investment guidelines for South African retirement funds.

Fund information

Ticker	RSMIB
Yield (%)	5.50
Portfolio manager	Bronwyn Blood
ASISA fund classification	South African - Multi Asset - Income
Risk profile	Conservative
Benchmark	STeFI Composite Index + 1%
Fund size	R 1,608,624,689
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 dates	March, June, September & December
Income pricing dates	1st business day of April, July, October & January
Portfolio valuation time	15:00
Transaction cut-off time	15:00
Daily price information	Local media & www.sanlamunitrusts.co.za
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	0.58
Total expense ratio (TER)	0.61
Transaction cost (TC)	—
Total investment charge (TIC)	0.61
TER measurement period	01 April 2018 - 31 March 2021

The TER shows the percentage of the fund incurred as administration expenses. A higher TER does not necessarily imply a poor return, and a low TER does not necessarily imply a good return. The current TER is also not necessarily an accurate indication of future TERs.

The TC shows the percentage of the fund incurred as expenses related to buying and selling the assets it holds. These expenses are necessary costs in administering the fund. The TC impacts fund returns but should not be considered in isolation, as there are many other factors that impact returns. These include the type of fund invested in, the investment decisions of the investment manager and the TER.

The TIC (TER + TC) measures the total cost to the investor of investing in this fund. It shows the total percentage of the fund incurred as costs.

*The Granate Sanlam Collective Investments Multi Income Fund transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 28 October 2017.

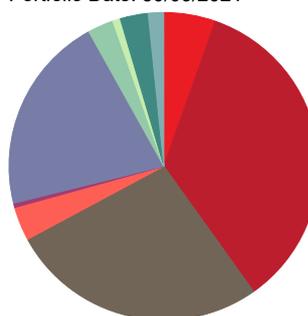
**Granate does not provide financial advice. Advice fees are agreed between the investor and financial adviser.

MDD Issue Date: 16/07/2021

Top ten holdings	% of portfolio
Portfolio Date	30/06/2021
Eskom ES26	4.36
FRBI28	4.08
R2023 Government Bond	3.31
NBK21A	2.91
FRBI254	2.54
R210 Government Bond	2.46
Nedbank NGT103	2.20
R2030 Government Bond	2.18
Eskom ES33	2.01
R2035 Government Bond	1.99

Asset allocation

Portfolio Date: 30/06/2021



	%
MMI: Floating	5.40
Bonds: Floating	34.75
Bonds: Fixed	26.97
Cash	3.55
MMI: Fixed	0.46
Bonds: CPI-linked	20.82
Property	2.70
Bonds: Zero Coupon	0.81
MMI: Treasury Bills	2.92
Other CIS: Money Market	1.61
Swap: Interest	0.01
Total	100.00

Annualised performance (%)

	Fund	Benchmark
1 year	9.35	5.01
3 years	9.05	7.05
5 Years	9.16	7.62
Since inception	9.17	7.66

Cumulative performance (%)

	Fund	Benchmark
1 year	9.35	5.01
3 years	29.69	22.67
5 Years	55.02	44.39
Since inception	58.53	47.31

Highest and lowest calendar-year returns

Time Period: Since Inception to 31/12/2020

Highest annual %	9.90
Lowest annual %	8.35

Monthly returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2021	0.67	0.04	0.15	1.28	1.10	0.56							3.85
2020	0.76	0.57	-1.14	1.43	1.70	0.48	0.67	0.93	0.76	0.84	0.91	1.07	9.33
2019	1.09	0.64	0.71	0.91	0.75	0.80	0.66	0.83	0.68	0.57	0.61	0.77	9.41
2018	0.59	0.71	0.92	0.71	0.41	0.39	1.00	0.35	0.62	0.58	1.11	0.67	8.35
2017	0.83	0.72	0.73	0.87	0.97	0.68	0.98	0.90	0.77	0.51	0.48	1.06	9.90
2016	—	—	—	0.72	0.73	0.79	0.86	0.72	0.79	0.82	0.76	0.76	—

Distribution history (cents per unit)

30/06/2021	1.52 cpu	30/06/2020	1.64 cpu
31/03/2021	1.41 cpu	31/03/2020	1.84 cpu
31/12/2020	1.46 cpu	31/12/2019	1.95 cpu
30/09/2020	1.49 cpu	30/09/2019	2.10 cpu

Administered by





As of 30/06/2021

Risk statistics (3-year rolling)

Standard deviation	1.56
Sharpe ratio	1.81
Information ratio	1.14
Maximum drawdown	-1.14

Glossary terms

Annualised returns

Annualised returns show the compound annual growth rate on a total return basis. Total return assumes that distributions are reinvested in the fund.

Asset allocation

Asset allocation is the percentage the fund holds in different asset classes. It is used to determine the level of diversification in the fund.

Capital fluctuations (Volatility)

Volatility refers to the extent to which the price of an investment or capital value fluctuates over a certain time period. High-volatility funds usually offer the potential for higher long-term returns than low-volatility funds.

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. This allows private investors to pool their money into a single fund, which spreads their risk across a range of investments, gives them the benefit of professional fund management and reduces their costs.

Cumulative returns

Cumulative return is the total return an investor would have achieved if they reinvested all distributions.

Derivatives

Derivatives are instruments generally used to protect against risk (capital losses). However, they can also be used for speculative purposes. Examples include futures, options and swaps.

Distributions

Distributions show the income that is generated from an investment and paid out to investors. These pay-outs can be monthly, quarterly, bi-annually or annually.

Diversification

Diversification is a strategy designed to reduce risk and protect against capital losses in a portfolio. It works by combining a variety of asset classes or investments that are unlikely to all move in the same direction at the same time. This allows for more consistent performance under a wide range of economic conditions, as it smooths out the impact of negative market events. The positive performance of some investments or asset classes should neutralise the negative performance of others.

Fund strategy

The fund strategy is how it is managed to achieve its objective.

Information ratio

The information ratio measures the risk-adjusted performance of a fund (the returns it generates and the investment risk it takes to do so) compared to its benchmark. The higher the ratio, the better the fund's risk-adjusted performance compared to the benchmark. For this ratio, risk is quantified by the standard deviation of the fund's returns relative to its benchmark.

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 this pool is split into equal portions called participatory interests or units. You therefore buy participatory interests in that unit trust equal to the value of your monetary contribution.

Sharpe ratio

The Sharpe ratio measures the total risk-adjusted performance of a fund: the returns it generates and the risk it takes to do so. It indicates if a fund's returns are due to excessive risk or not. The higher a fund's Sharpe ratio (i.e. a higher return with a contained risk profile), the better its risk-adjusted performance. For this ratio, risk is quantified by the standard deviation.

Standard deviation

Standard deviation is a measure of the extent to which returns on an investment change from month to month. It is typically used by investors to gauge the volatility expected from an investment.

Risk profile: Conservative

This fund is suitable for investors who seek stable income flows and are aiming to keep their capital intact. It is highly unlikely to experience negative returns but will also not experience excessive returns on the upside.

The main investment risks are credit risk, interest rate risk and liquidity risk. To mitigate these, the portfolio is largely exposed to high-quality corporates and banks with low interest rate risk, and is diversified across the income-oriented asset classes.

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 as the latest distribution divided by the average 3-month unit price, 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

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Email: info@granate.co.za
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Manager information

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Note: Fund commentaries are updated quarterly.

Portfolio manager quarterly comment - 30/06/2021

Market comment

What to expect from Granate

*"My mama said, 'you can't hurry love
No, you'll just have to wait'
She said, 'love don't come easy
Well it's a game of give and take'
You can't hurry love
No, you'll just have to wait
Just trust in the good time
No matter how long it takes"
You can't hurry love, The Supremes (1966)*

If your investment managed by Granate in any given year is your best-performing investment, it is coincidental. Just plain luck. The best-performing funds are normally heavily invested in specific themes or run very concentrated portfolios – which we don't do. We don't judge this approach. Our stomachs simply aren't strong enough for such all-or-nothing bets. We *do* build portfolios that are high in conviction, but they will still be diversified across different industries, companies and themes. We sometimes even invest extensively in plain old government bonds (which currently offer good yields).

We are focused on batting averages rather than big swings. But, over the long term, we target high batting averages. We have big ambitions for your savings.

Why do we think our long-term batting average will be good?

We have several reasons for this conviction. One of them is the order in which we arrange price and people. Many people follow share prices. But we believe share prices follow people. What does this mean? When people follow share prices, they look for upward-trending prices to catch on to, or falling prices to buy on the cheap. This shorter-term focus can result in tremendous returns. However, we believe *our* competitive advantage is being on the opposite side of the transaction. Patience in markets is abnormal. Consistently buying from or selling to impatient people could therefore result in abnormal returns.

How do we decide which investments are worth the wait?

Very smart people operate in healthy working cultures and run good business models, empowering them to make the right decisions. We believe that the share prices of businesses under this type of leadership will follow. Importantly, prices do not follow people like an obedient Labrador, but rather like a rescue Jack Russell. The little dog darts around all over the place but ultimately ends up alongside its owner. Therefore, we focus on the long term.

There is a rare exception where good companies don't deliver good long-term returns. This happens when the share price has run to the point where it is completely detached from any realistic future. This risk can be managed by a few inversion calculations. If the current share price can only be justified by extremely optimistic assumptions, it is best to stay clear. An example would be when you need to assume that the supply of a commodity will not increase to bring industry returns down to a reasonable cost of capital. Free lunches are rare.

The importance of people is just as true in fixed income markets

When you are buying a bond, you are lending money to someone. Any experienced banker will tell you that the person you lend the money to is far more important than the rate you lend at. You need to get the money back. If we lend money to the right people at attractive rates (for us), the odds are good that we will get the money back – or even sell the bond to someone else at a higher price. If we repeat this process many times over, our clients will achieve above-average batting averages over time.

Our funds are currently performing well. But the day will come that we ask you to remember about the random run of the Jack Russell, and to give the Supremes another listen.

Portfolio manager

Bronwyn Blood

Prior to joining Granate in December 2015, Bronwyn was the Portfolio Manager of the Flexible Fixed Interest funds and the flagship Absolute Yield Fund at Cadiz Asset Management. She took over the management of the Flexible Fixed Interest funds when Cadiz bought African Harvest in 2006 and managed the Absolute Yield Fund from 2007. Bronwyn holds a BCom Honours degree from the University of Natal.