

### Fund Objective

This fund aims to deliver a higher level of income than fixed deposits and call deposits over time. Capital preservation is of primary importance and the fund offers immediate liquidity. The fund has no offshore exposure.

### Fund Strategy

The fund invests in a range of money market instruments which include negotiable certificates of deposit, bankers' acceptances, debentures, treasury bills and call accounts. The fund may only invest in money market instruments with a maturity of less than 13 months. While capital losses are unlikely, they can occur if, for example one of the issuers of an instrument held by the fund defaults. In this event losses will be borne by the fund and its investors.

### Why choose this fund?

- This fund is ideal for use as an emergency fund.
- It could form the core fund of your portfolio's cash component.
- It is ideal for risk-averse investors, or investors who are waiting for market volatility or global uncertainty to subside.
- The fund should produce higher returns than call deposits while interest rates are declining.
- The fund pays out income on a monthly basis.
- In rising interest rate environments, these funds will benefit soonest from higher call deposit rates.

### Fund Information

ASISA Fund Classification	SA - Interest Bearing - Money Market
Risk profile	Ultra conservative
Benchmark	STeFI Composite Index
Portfolio launch date	01 December 2016
Fee class launch date	01 December 2016
Minimum investment	Lump sum: R10 000   Monthly: R500
Portfolio size	R147.1 million
Yield	7.77%
Last twelve distributions	31 Jan 2017: 0.64 cents per unit 28 Feb 2017: 0.58 cents per unit 31 Mar 2017: 0.65 cents per unit 30 Apr 2017: 0.63 cents per unit 31 May 2017: 0.65 cents per unit 30 Jun 2017: 0.64 cents per unit 31 Jul 2017: 0.64 cents per unit 31 Aug 2017: 0.64 cents per unit 30 Sep 2017: 0.61 cents per unit 31 Oct 2017: 0.62 cents per unit 30 Nov 2017: 0.60 cents per unit 31 Dec 2017: 0.62 cents per unit
Income decl. dates	Last day of each month
Income price dates	1st working day of the following month
Valuation time of fund	17:00
Transaction cut off time	13:00
Daily price information	Local newspaper and www.satrix.co.za
Repurchase period	3 working days

### Fees (Incl. VAT)

	Retail Class (%)
Advice initial fee (max.)	N/A
Manager initial fee	N/A
Advice annual fee (max.)	1.14
Manager annual fee	0.23
Total Expense Ratio (TER)	0.29
Transactional Costs (TC)	0.02

Total Expense Ratio (TER) | Advice fee | Any advice fee is negotiable between the client and their financial advisor.

This monthly Minimum Disclosure Document should be viewed in conjunction with the Glossary Terms Sheet.

Total Expense Ratio (TER) | Advice fee | Any advice fee is negotiable between the client and their financial advisor. An annual advice fee negotiated is paid via a repurchase of units from the investor.

The portfolio manager may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. This fund is also available via certain LISPS (Linked Investment Service Providers), which levy their own fees.

Total Expense Ratio (TER) | The Total Expense Ratio (TER) is the charges incurred by the portfolio, for the payment of services rendered in the administration of the CIS. The TER is expressed as a percentage of the daily NAV of the CIS and calculated over a period of 1 year. The TER is calculated from inception to 31 December 2017. A higher TER does not imply a poor return nor does a low TER imply a good return.

The Transaction Cost (TC) is the cost incurred by the portfolio in the buying and selling of underlying assets. This is expressed as a percentage of the daily NAV of the CIS and calculated over a period of 1 year. Obtain the costs of an investment prior to investing by using the EAC calculator provided at www.satrix.co.za

### Top 10 Holdings

Securities	% of Portfolio
Nedbank F/R 02022018	4.08
Republic of South Africa TB 7.745% 28032018	3.96
ABSA F/R 13042018	2.74
FirstRand F/R 02052018	2.72
Republic of South Africa TB 7.56% 11042018	2.30
Sanlam Capital Markets PN 8.092% 08012018	2.09
Standard Bank F/R 13042018	2.05
China Construction Bank Corporation FD 7.05% 22012018	2.02
Republic of South Africa TB 7.523% 07022018	2.00
Republic of South Africa TB 7.565% 31012018	2.00

Top 10 Holdings as at 31 Dec 2017

### Performance (Annualised) as at 31 Dec 2017 on a rolling monthly basis

Retail Class	Fund (%)	Benchmark (%)
1 year	7.11	N/A
3 year	N/A	N/A
5 year	N/A	N/A
Since inception	7.11	N/A

Annualized return is the weighted average compound growth rate over the period measured.

### Performance (Cumulative) as at 31 Dec 2017 on a rolling monthly basis

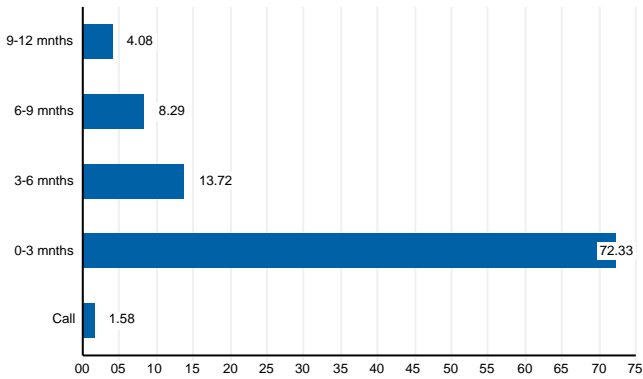
Retail Class	Fund (%)	Benchmark (%)
1 year	7.11	N/A
3 year	N/A	N/A
5 year	N/A	N/A
Since inception	7.11	N/A

Cumulative return is aggregate return of the portfolio for a specified period

### Actual highest and lowest annual returns\*

Highest Annual %	7.11
Lowest Annual %	7.11

Asset Allocation



Portfolio Manager(s) Quarterly Comment - 31 Dec 2017

Market review

Early in the quarter the most notable event was the Medium Term Budget Policy Statement (MTBPS), which was presented towards the end of October. This was Finance Minister Malusi Gigaba's maiden budget speech and it couldn't be any easier. Most economists expected a revenue shortfall of R30 billion, but the actual number presented was R51 billion. Together with downward revised gross domestic product (GDP) growth for 2017 from 1.3% to 0.7%, this will result in a projected budget deficit of 4.3% for the 2017/2018 financial year, which is substantially higher than the 3.1% target set at the February 2017 Budget. Unless drastic measures are taken to cut expenditures or raise taxes, debt will rise to 60% of GDP by 2020. The three rating agencies, Fitch, S&P and Moody's, were highly critical of the budget statement. All three agencies stated that the budget was credit-negative by pointing out the change in policy direction by National Treasury shown by the lack of plans/actions to achieve fiscal consolidation.

At the November Monetary Policy Committee (MPC) meeting of the South African Reserve Bank (SARB) the repo rate was left unchanged at 6.75%. The SARB was more hawkish than in recent MPC meetings. This was because of the weak and deteriorating fiscal condition, the knock-on effects of higher credit rating downgrade risks and the weakening of the rand, which would result in weaker/higher future inflation. Furthermore, the SARB provided policy guidance for the first time, indicating that three rate hikes (75 basis points) are possible over the forecast horizon (2018-2019). It will also aim to move inflation closer to the midpoint of the band (4.5%). With regards to the growth outlook, it stated that risks are still mainly to the downside.

Immediately following the MPC meeting Fitch, S&P and Moody's released updated SA credit ratings. Fitch left SA's local and foreign ratings at BB+ (highest non-investment grade rating) with a stable outlook. S&P downgraded SA's local and foreign ratings to BB+ and BB respectively. Moody's decided to put the country's Baa3 (lowest investment grade) ratings on review for a downgrade, stating that the fiscal position's deterioration was much more than expected. As a result of the S&P local rating downgrade, already some forced selling of SA bonds was triggered. In case Moody's decides to downgrade the local rating, more SA bonds will have to be sold. This will cause the rand to weaken, which in turn will lead to higher future inflation.

In early December the credit market was negatively affected by Steinhoff, when it was reported that 'a probe had been launched into accounting irregularities and that its chief executive was stepping down immediately'. This caused the share price to decline by 92% during the month. Moody's also downgraded its credit rating from BBB- to CCC+.

During the ANC elective conference towards the end of the quarter, current Deputy President Cyril Ramaphosa was elected as the new leader of the ANC party after a gripping battle with Nkosazana Dlamini-Zuma. Considering that Dlamini-Zuma was the candidate backed by President Zuma and also that Ramaphosa has promised to revive SA's stagnating economy and to reduce state corruption, Ramaphosa's victory is viewed as the beginning of the end of the Zuma era, which brought about

years of economic decline and rampant corruption. Already before the final election result was known, the market was pricing in a Ramaphosa victory. Consequently, the currency, money and bond markets all strengthened significantly.

In the US, Janet Yellen is coming towards the end of her term as Federal Reserve Chair and Jerome Powell was elected to replace her. In the UK, the Bank of England hiked interest rates for the first time in 10 years. The Fed raised interest rates by 25 basis points in December as expected, as it lifted its outlook for growth, but left its inflation outlook unchanged. Paradoxically, the tax reform bill initially strengthened the dollar and towards the end of the quarter it caused the dollar to weaken.

GDP growth in the third quarter of 2017 came in at 2.0% quarter-on-quarter, which was broadly in line with expectations. SA's unemployment rate stayed elevated at 27.7%. During the quarter, CPI year-on-year (y/y) improved from 5.1% to 4.6% and PPI y/y improved slightly to 5.1% from 5.2%. The rand/US dollar exchange rate strengthened to R12.39 from R13.54. The 10-year SA government bond weakened slightly to 8.78% from 8.69%. The trade balance increased to R13.02 billion from R4.48 billion.

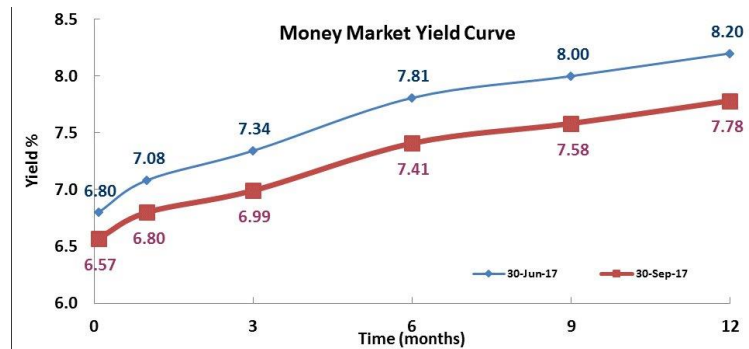
The money market yield curve shifted upwards over the quarter, pricing in some potential future interest rate hikes. The stronger currency, because of the optimism (less pessimism otherwise) created by the election of Ramaphosa, should be less inflationary, potentially giving the SARB a little scope for an interest rate cut to support the economy.

What we did

All maturities were invested across the money market yield curve, exploiting the term premium. Quality corporate credit, which traded above the three-month Johannesburg Interbank Average Rate (Jibar), was added to the portfolio. We preferred a combination of floating rate notes (FRNs) in the portfolio together with some fixed-rate negotiable certificates of deposit (NCDs). The combination of corporate credit, high-yielding NCDs and FRNs will enhance portfolio returns.

Our strategy

Our preferred investments would be a combination of fixed-rate notes, floating rate notes and quality corporate credit to enhance returns in the portfolio. We are taking a balanced approach between fixed- and floating rate instruments, considering current relative valuation, also that there could still be a rate cut or two and the upside risk to the inflation profile.



Portfolio Manager(s)

The Satrix Investment Team

Management of Investments

The management of investments are outsourced to Sanlam Investment Management (Pty) Ltd, FSP 579, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002.

### Risk Profile (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 level with inflation. Capital protection is of prime importance

### Additional Information

Although all reasonable steps have been taken to ensure the information on this website/advertisement/brochure 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 highest and lowest annualised performance numbers are based on 10 non-overlapping one year periods or the number of non-overlapping one year periods from inception where performance history does not yet exist for 10 years.

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, Satrix Managers (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 portfolio may invest in other unit trust portfolios which 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 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. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. The portfolio management of all the portfolios is outsourced to financial services providers authorized in terms of the Financial Advisory and Intermediary Services Act, 2002. Standard Chartered Bank is the appointed trustee of the Satrix Managers Scheme.

### Trustee Information

Standard Chartered Bank

Tel no.: 011 217 6600, E-mail: [zatrustee.securities@sc.com](mailto:zatrustee.securities@sc.com)

### Glossary of Terms

#### Annualised total returns

Annualised return is the weighted average compound growth rate over the period measured.

#### Call deposits

Call deposits or call deposit accounts allow investors to deposit and withdraw funds in several currencies, which commonly include the U.S. dollar, the euro and the British pound. This flexibility reduces investors' exposure to foreign exchange expenses and currency risk.

#### Capital preservation

This is an investment strategy where the primary goal is to preserve (protect) capital and prevent losses in a portfolio. Preserving capital is a priority for retirees and those approaching retirement, since they may be relying on their investments to generate income to cover their living expenses, and have limited time to recoup losses if markets experience a downturn.

#### Fixed deposits

A fixed deposit or term deposit is an amount of money held at a financial institution for a fixed amount of time. It pays higher interest than a savings account but imposes conditions on the amount, frequency, and/or period of withdrawals.

#### LISP (Linked Investment Service Provider)

A Linked Investment Service Provider is a financial institution which packages, distributes and administers a broad range of unit trust based investments. Any investment made through these products gives an investor a single point of entry into a selection of different investments.

#### Money market instruments

A money market instrument is a low risk, highly liquid, short-term (one year or less) debt instrument, issued by financial institutions or governments, that tend to have lower returns than high-risk investments.

#### Regulation 28

Regulation 28 of the Pension Funds Act sets out prudent investment limits on certain asset classes in investment funds. It applies specifically to investments in Retirement Annuities and Preservation Funds. The allowed maximum exposures to certain asset classes is: 75% for equities; 25% for property; 25% for foreign (offshore) and 5% African assets.

#### Sharpe ratio

The Sharpe ratio measures 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 amount of expected volatility in an investment.

#### Total Expense Ratio (TER)

This is the total costs associated with managing and operating an investment (excluding administration, financial planning and servicing fees). These costs consist primarily of management fees and additional expenses such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the fund is divided by the fund's total assets under management to arrive at a percentage amount, which represents the TER.

#### Tax Free Unit Trust

This Fund qualifies as a tax free investment according to section 12T of the Income Tax Act, with effect from 1 March 2015. South African individuals qualify for the associated tax benefits namely no tax on dividends, income or capital gains whilst still enjoying all the benefits of a unit trust. Note contributions to tax free investments are limited to R33 000 per tax year, with a lifetime limit of R500 000. Amounts invested in excess of these permissible thresholds are taxable.