

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	R266.6 million
Yield	7.77%
Last twelve distributions	30 Nov 2019: 0.57 cents per unit 31 Oct 2019: 0.60 cents per unit 30 Sep 2019: 0.59 cents per unit 31 Aug 2019: 0.62 cents per unit 31 Jul 2019: 0.66 cents per unit 30 Jun 2019: 0.62 cents per unit 31 May 2019: 0.64 cents per unit 30 Apr 2019: 0.62 cents per unit 31 Mar 2019: 0.66 cents per unit 28 Feb 2019: 0.57 cents per unit 31 Jan 2019: 0.63 cents per unit 31 Dec 2018: 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	www.satrix.co.za
Repurchase period	T+3

Fees (Incl. VAT)

	Retail Class (%)
Advice initial fee (max.)	N/A
Manager initial fee	N/A
Advice annual fee (max.)	1.15
Manager annual fee	0.29
Total Expense Ratio (TER)	0.33
Transactional Costs (TC)	0.01

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) | 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 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 01 October 2018 to 30 September 2019. 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.

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Top 10 Holdings

Securities	% of Portfolio
Standard Bank F/R 17012020	4.88
Nedbank F/R 27122019	3.76
Standard Bank F/R 12122019	3.40
FirstRand F/R 04052020	3.00
FirstRand F/R 21022020	2.98
ABSA F/R 16102020	2.63
ABSA F/R 11022020	2.61
FirstRand F/R 10072020	2.26
Republic of South Africa TB 7.429999% 13052020	2.16
Republic of South Africa TB 7.4449% 06052020	2.16

Top 10 Holdings as at 30 Nov 2019

Performance (Annualised) as at 30 Nov 2019 on a rolling monthly basis

Retail Class	Fund (%)	Benchmark (%)
1 year	7.65	7.31
3 year	N/A	N/A
5 year	N/A	N/A
Since inception	7.64	7.36

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

Performance (Cumulative) as at 30 Nov 2019 on a rolling monthly basis

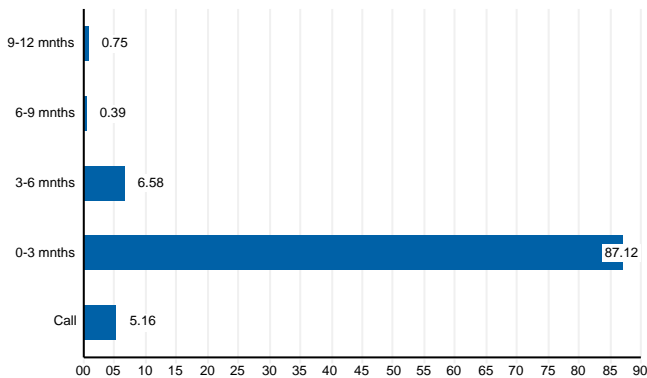
Retail Class	Fund (%)	Benchmark (%)
1 year	7.65	7.31
3 year	N/A	N/A
5 year	N/A	N/A
Since inception	23.95	23.03

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

Actual highest and lowest annual returns*

Highest Annual %	7.65
Lowest Annual %	7.50

Asset Allocation



Portfolio Manager(s) Quarterly Comment - 30 Sep 2019

Market review

In the second quarter, SA's GDP grew by 3.1% year-on-year (y/y), recovering almost fully from the similar-sized dismal contraction in the first quarter. The factors responsible for the recovery were predominantly the opposite of those in the first quarter, namely recovery from a low base and the positive impact of reduced power cuts by Eskom on mining and manufacturing production.

Headline CPI inflation remained surprisingly low over the quarter, improving to 4.3% y/y in August, from 4.5% y/y in June. In July, it was even as low as 4% y/y, mainly as a result of lower fuel price inflation and also, surprisingly, lower electricity and food price inflation.

With inflation at lower levels, the South African Reserve Bank (SARB) cut the repo rate with 25 basis points (bps) at its July Monetary Policy Committee (MPC) meeting, from 6.75% to 6.50%, providing the economy with much-needed support.

At its September MPC meeting, the SARB kept the repo rate unchanged at 6.50%, following a unanimous vote. They are of the opinion that risks to the inflation outlook are balanced. Their 2019 inflation forecast was lowered to 4.2%, the 2020 forecast remained unchanged at 5.1%, and the 2021 forecast was increased slightly to 4.7% from 4.6%. They kept the 2019 growth forecast unchanged at 0.6%, lowered the 2020 forecast to 1.50% from 1.80%, and lowered the 2021 forecast to 1.80% from 2%. Speaking to Bloomberg earlier in the month, SARB Governor Lesetja Kganyago mentioned that the jump in GDP was from a low base, and consequently the SARB is not changing its 2019 growth forecast of 0.6%.

Eskom remains the biggest risk for the SA economy, which was reiterated again with the release of their FY2019 results, recording a R20.7 billion loss. Early in the quarter, Finance Minister Tito Mboweni tabled the Eskom Special Appropriations Bill, which provides for an additional R59 billion for this fiscal year and 2020/21. They also did not provide any information on the planned unbundling and reform. The Chief Restructuring Officer was only appointed at the end of July. This shows that they are struggling to come up with solutions on how to take the struggling parastatal forward. National Treasury also announced that they will increase its weekly SA government bond issuance by R1.51 billion, of which a substantial portion will be used to support Eskom.

At the Sub-Saharan Africa Summit, Moody's stated that the chances of a downgrade in the next 12 to 18 months are small. According to them, worst-case fiscal metrics are a 70% debt-to-GDP ratio and a fiscal deficit of 7% of GDP, and the best case is a debt-to-GDP ratio of 65%, which is still similar to other BBB- rated countries at 60%. The Moody's rating outlook is currently stable, but there is a good chance that it can be changed to negative. National Treasury recently issued US\$5 billion worth of Eurobonds, which will help to reduce SA's fiscal deficit significantly.

Government is close to finalising a programme for the redistribution of state-owned land. If implemented successfully, this will be positive for the economy, investors and rating agencies. President Cyril Ramaphosa also recently announced the appointment of an Economic Advisory Council, which will aid the government and presidency in the development and implementation of growth-boosting policies.

During the quarter the US Federal Reserve (Fed) cut interest rates twice by 25 bps.

They stated that this is not necessarily the start of an extended rate-cutting cycle. The objectives of the rate cuts are to insure their economy against downside risks from weak global growth and trade policy uncertainty, to help offset the effects that these factors currently have on the economy and to promote a faster return of inflation to their 2% target. The European Central Bank also cut their benchmark interest rate by 10 bps and restarted their stimulus programme, intending to buy €20 billion of bonds per month.

Core CPI remained unchanged at 4.3% y/y during the quarter. PPI inflation decreased from 5.8% y/y in June to 4.5% y/y in August. The Rand weakened to 15.17 against the US Dollar from 14.11 during the quarter. The 10-year SA government bond yield weakened to 8.92% from 8.69%. The trade balance increased from a surplus of R2.1 billion to one of R6.84 billion. The unemployment rate increased from 27.6% in the first quarter to 29% in the second quarter.

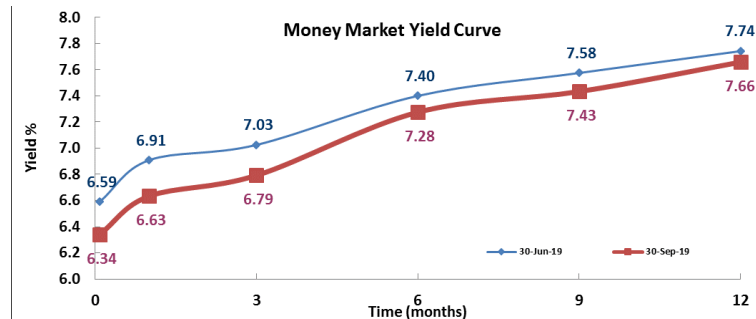
The money market yield curve shifted down after the 25-bps rate cut in July. After the September MPC meeting, where the SARB kept the repo rate unchanged, the curve steepened a little again. Now, with the SARB's inflation expectations for 2020 and 2021 still being above the midpoint (4.5%) of the target range (3-6%), the market is only expecting one 25-bps rate cut over the next year.

What we did

All maturities were invested across the money market yield curve, exploiting the term premium as well as adding some higher-yielding fixed-term negotiable certificates of deposit (NCDs). Quality corporate credit, which traded above the three-month JIBAR rates, was added to the portfolio. We preferred a combination of floating rate notes in the portfolio together with some fixed-rate NCDs. The combination of corporate credit, high-yielding NCDs and floating rate notes 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. Although the curve steepened a little, fixed-rate notes are still not providing enough compensation for their additional interest rate risk compared to floating rate notes.



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

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.

Tax Free Investing

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 subject to tax penalties.

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.