

FACT SHEET

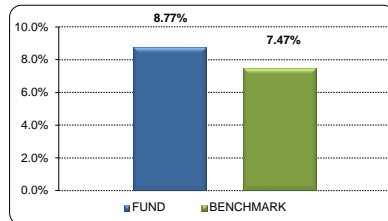
Fund Description

This fund aims to outperform the STeFi Composite Index, through active and quantitatively managed exposure via diverse securities from South Africa's Big 4 banks and short-dated investment. Disciplined portfolio construction along with rigorous risk mitigating controls seek out high yield opportunities and grade stock capital appreciation while maintaining a strong credit rating of A1/F1. The fund is Reg.28 compliant.

Fund Objectives

To out-perform the STeFi Composite Index.

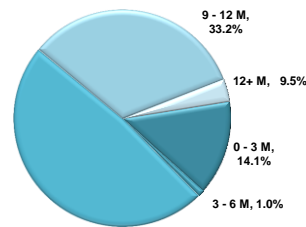
Investment Performance



	Fund	Benchmark	Alpha
Cumulative Performance			
1 month	0.68%	0.61%	0.07%
3 months	2.01%	1.77%	0.24%
6 months	4.24%	3.53%	0.71%
YTD	4.97%	4.20%	0.78%
1 year	8.42%	7.32%	1.11%
3 years			
Calendar Year Performance			
2017	8.63%	7.52%	1.11%
2018			
2019			

Inception: 16-February-2016

Fund Sector Breakdown



Investment Risk Measures

	Fund	Benchmark
Return	8.77%	7.47%
Sharpe Ratio	6.92	4.00
Sortino Ratio	N/A	N/A
Max Drawdown	0.00%	0.00%
Drawdowns	0	0

Benchmark Comparisons

	Fund	Benchmark
Money Market Duration	118	165
Credit Rating	F1+	
Yield	7.97	7.22

Fund Comment

Lingering trade war concerns continue to weigh on markets at the start of the third quarter as escalating trade tensions remain the theme for July.

The STeFi Call Index returned 0.53%; short-term nominal bonds delivered 0.92% (ALBI 1-3 years) and cash returned 0.61% as indicated by the STeFi Composite Index in Jul 2018.

During the same period; yields for 12-month negotiable certificates of deposits fell by -5.8 bps to close the month at 7.98% and the level of the 12 x 15 FRAs fell by -6.7 basis points to end the month at 7.33%. Concurrently, the 12 x 15 FRA/3 x 6 FRA gap ticked down by -4 basis points to 31 bps whilst medium-term break-evens tightened by -0.3% to 5.3%. Foreigners bought local assets worth R1.7 billion as yields rallied during the month of Jul 2018.

The fund returned 0.68%, higher than the returns of the STeFi Composite Index of 0.61%. Holdings in fixed instruments and non-bank credit led to the outperformance.

After registering a value of 4.4% in May 2018, headline inflation for Jun 2018 was 4.6% (consensus 4.8%). On the same note, the price for Brent crude oil fell by -6.54%, to end the month at \$74.06 per barrel and the Rand appreciated against the Dollar by 3.33% to close at R13.28 per dollar. The seasonally adjusted Kagiso Purchasing Managers' Index (PMI) declined by -1.9 index points to reach 47.9 in Jun 2018.

On the global front, US dollar traded sideways as the Fed Chair Powell reiterated that the Fed will continue to raise rates steadily. Trade wars between the US and China seem to continue but, thankfully, has calmed down between the US and EU following the agreement reached between US President Donald Trump and the European Union to negotiate on trade. On the economic side of things, initial jobless claims rose by 3,000 during the week ending on 30 June to reach 231,000 however these numbers remained near multi-decade lows. US inflation indicators suggest increased price pressures with headline CPI continually printing above the 2% level at 2.8%. Demand pull inflation seems to be accelerating as non-farm payroll numbers for June were higher than market expectations (213000 vs 915 000). Wage growth in June was 2018's strongest so far at 4.89% with the official unemployment rate at an 18-year low. Finally, US economic growth accelerated to an annual rate of 4.1% during the second quarter, compared with a revised 2.2% in the first quarter.

Euro area's economic momentum gained steam in June. Euro-zone PMI rose from 54.1 in May to 54.8 in June; ending the indicator's downward fall since January 2018 and signaling expanding business activity. Eurozone growth reflected a solid 2.5% year-on-year growth aligned with June expectations. Mixed economic data came from China, while China's GDP growth in the second quarter and fixed asset investment in June matched forecasts at 6.5% and 6% respectively. June retail sales beat expectations by 0.2% at 9% and industrial production printed 6% for the month missing expectations of 6.5%.

Locally the market largely took its cues from global events and concerns over the health of the local economy continued. The central bank announced that the main lending rate, the repo-rate, was unchanged at 6.5% but risks to inflation were rising and the outlook for economic growth had worsened. The South African Reserve Bank downgraded growth forecast for 2018 from 1.7% to 1.2%. Boosting sentiment, however, was the important outcome from the BRICS meeting, where China pledged to inject nearly \$15bn into South Africa's economy, spread across the parastatals as well as various infrastructure projects. On the economic side, manufacturing grew 2.3% year-on-year in May, ahead of expectations by 0.6%. Despite improved manufacturing output, sentiment remains poor hinting at slow growth going forward. Headline consumer inflation quickened, although less than expected, to 4.6% year-on-year in June from 4.4% in May.

Given this backdrop, technical indicators suggest that the short-term interest rate markets do not fully reflect the risk posed by foreign outflows whilst relative valuations indicate that there is no value in fixed term deposits. Hence, the fund will maintain exposure in floating rate instruments as yields continue to adjust to waning central bank support. Since credit spreads are widening, the fund will maintain exposure in

Fees

0.10%; R0-R250m
0.10%; R250-R500m
0.10%; +R500m