

**Minimum Disclosure Document**
**Fund Objective**

The Fund aims to preserve capital, maintain liquidity and generate a sound level of income. The Fund's benchmark is the Alexander Forbes Short-Term Fixed Interest (STeFI) Composite Index.

**Fund Risk Profile**

**Fund Facts**

Classification	SA – Interest Bearing MM Fund	
Benchmark	STeFI Composite Index	
Inception Date of Fund	7 May 2013	
Inception Date of Class	31 May 2017	
Total Portfolio Size	R 155 519 384	
Class Size	R 890 737	
NAV price	31 Oct 2018	100.00 (cpu)
JSE code	FMMD	
ISIN number	ZAE000178075	
Income Declaration	The fund declares income daily by means of a yield and distributes this accrued income monthly.	
Valuation	Valuation time	17h00 (daily)
	Dealing cut-off	14h00
Payment	3rd working day after month end	
Minimum Initial Investment	R 10 000 lump sum	
	R 500 debit order	
Reg. 28 Compliant	Yes	
Issue date	27 November 2018	

**Income Distribution**

Month	Cents Per Unit	Month	Cents Per Unit
Oct-18	0.69		
Sep-18	0.55		
Aug-18	0.64		
Jul-18	0.66		
Jun-18	0.58		

**Fund Universe**

The Fund invests in South African money market instruments with a term shorter than 13 months. These instruments can be issued by government, parastatals, corporates and banks. The Fund is managed to comply with regulations instruments subject to the limits of the Pension Funds Act Regulation 28.

**Investment Strategy**

The Portfolio aims to outperform the short-term fixed interest composite index over a rolling 12 months period.

**Target Investor**

Suitable for those investors who require monthly income distributions, are highly risk-averse but seek returns higher than bank deposits and need a short-term investment account.

**Fee Disclosure**

**Total Expense Ratio (TER) 0.29%**

Expenses related 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 be necessarily be an accurate indication of future TER's.

**Transaction Costs (TC) 0.00%**

Costs relating to the buying and selling of the assets underlying the Financial Product

**Total Investment Charges 0.29%**

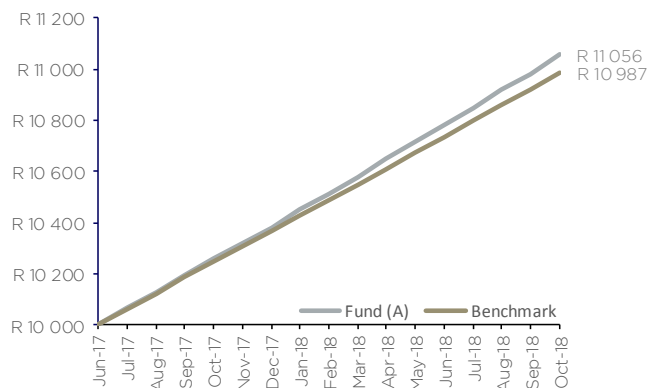
Transaction costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER.

**Portfolio Fees**

Initial Fee: N/A

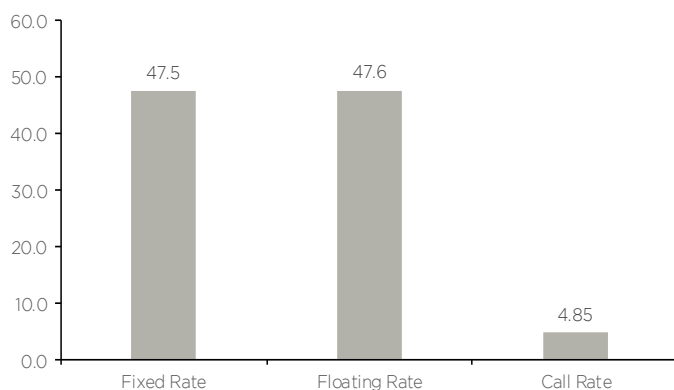
Performance Fee: N/A

Annual Service Fee: 0.40% (Excl. VAT)

**Minimum Disclosure Document**
**Growth of a R 10 000 Investment**


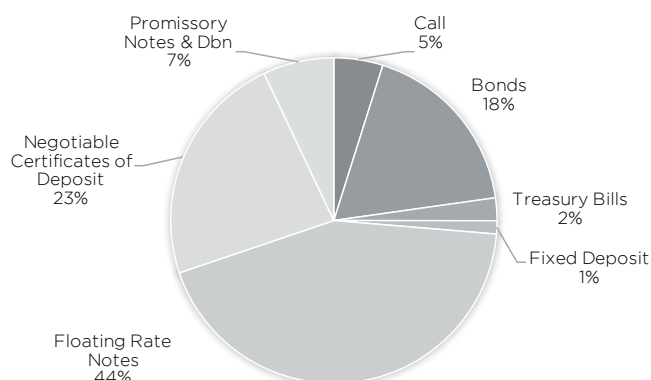
Period	Fund (A)	Benchmark	Alpha
1 Month	0.69%	0.59%	0.10%
3 Months	1.89%	1.76%	0.13%
6 Months	3.82%	3.55%	0.27%
YTD	6.50%	5.97%	0.53%
1 Year	7.76%	7.23%	0.53%
2 Years			
3 Years			
Since Inception	10.56%	9.87%	0.69%

\*Returns above one year are annualised; \*\* Fund Returns are net of fees

**Fixed vs Floating Rate Note**


Risk Stats	Fund (A)	Benchmark	Percentage
Tracking Error *	0.15%		
Information Ratio	4.49		
Volatility *	0.17%	0.08%	
Correlation	0.38		
Average Duration	88 Days		
Sharpe Ratio *	2.77	n/a	
Max. (Rolling 12 Mths)	7.81%	7.34%	
Min. (Rolling 12 Mths)	7.73%	7.21%	

\*Annualised

**Asset Allocation**


Sector Allocation	% Exposure
Banks	65.10%
Corporates	21.70%
Asset Backed Securities	9.00%
Parastatals	1.90%
Government	2.30%

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**Minimum Disclosure Document****Manager Commentary**

The most important local event during the month, namely the Medium Term Budget Policy Statement (MTBPS), was luckily not impacted by the controversy relating to the revelations by the then Finance Minister (FM), Nhlanhla Nene, that he also attended numerous meetings with the Guptas. Subsequently, FM Nene requested that President Ramaphosa release him from his post. Market nervousness followed, because of the uncertainty of how long he would remain in this post and also who his potential replacement would be. President Ramaphosa ended this nervous tension, by accepting FM Nene's resignation and appointing the former SARB Governor and former Minister of Labour, Tito Mboweni, as his replacement. The markets were surprised by this appointment and reacted positively.

The MTBPS, as presented by the new FM Tito Mboweni, was, although realistic, still more negative than expected. This was because of a 0.5% fiscal slippage in the projected budget deficit for FY 2018/19, from 3.8% (as in the March 2018 main budget) to 4.3% of GDP. Additionally, the forecasted fiscal consolidation in FY 2021/22, with debt reaching a maximum of 56.2% of GDP, have been moved out to FY 2023/24 and the new debt to GDP high will be 59.6%. This together with other negative comments seems to have raised the risk that Moody's will change the outlook on its local and foreign SA Baa3 ratings from Stable to Negative.

Economic data so far points to slightly positive GDP growth in 3Q2018. Total vehicle sales grew by 0.9% m/m in September, after falling 2.0% in August. August retail sales surprised to the upside at 2.5% y/y. Manufacturing output showed resilience in August, delivering better than expected growth of 1.3% y/y. Seasonally-adjusted mining output fell 1.2% m/m in August following the sharp 8.3% m/m decline in July.

Headline inflation (CPI YOY) for September was unchanged from August at 4.9%. Food price inflation increased substantially, but was offset by fuel price inflation. PPI inflation (PPI YOY) improved slightly from 6.3% to 6.2%, due to a combination of base effects and unchanged fuel prices.

At the SARB's October Monetary Policy Review, Governor Kganyago stated that the continued widening of the output gap, as a result of the poor growth in 1H2018, and the deterioration of the inflation outlook because of the weak currency and higher oil prices, are the problems that they face. Deputy Governor Mminele, stated again that they will look through first-round effects and try to control second-round effects, which are as of yet not visible in core inflation. They also believe that the weaker exchange rate and higher oil prices will lead to higher inflation in the coming quarters, with a peak in 2Q2019. This reiterates their hawkish stance.

The USD strengthened significantly over October, causing the USDZAR to weaken from 14.17 to 14.77. The US equity markets corrected significantly during the month, after rallying substantially the whole year. This correction affected all other stock markets.

The 10 YR SA government bond yield weakened to 9.63% from 9.22%, with Rand weakness and the weak MTBPS playing a large part. The trade balance decreased to a deficit of ZAR2.95bn in September from a surplus of ZAR8.77bn in August.

The MM yield curve steepened a bit during the month as a result of the Rand weakening. Looking at the implied three month forward rates in the curve, roughly two 25 bps rate hikes are still priced in by the market over the next year.

**Glossary of Terms**

**Volatility** is a statistical measure of the dispersion of returns for a given security or market index.

**Tracking error** is a measure of the risk in an investment portfolio that is due to active management decisions made by the portfolio manager; it indicates how closely a portfolio follows the index to which it is benchmarked.

**Information ratio**, is a measure of the risk-adjusted return of a portfolio. In this case, it measures the active return of the manager's portfolio divided by the amount of risk that the manager takes relative to the benchmark.

**Sharpe Ratio** is a measure for calculating risk-adjusted return. It is the average return earned in excess of the risk-free rate per unit of risk.

**Beta** is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole.

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