

### INCOME RANGE

#### RISK RATING



#### Risk reward profile

For credit and income instruments, while unlikely, capital loss may occur due to an event like the default of an issuer. The portfolio typically displays little volatility.

#### GENERAL INFORMATION

##### ASISA category

South African Interest Bearing Money Market

##### Benchmark

STeFI Call Deposit

##### Investment manager

Taquanta Asset Managers (Pty) Ltd is authorised as a Financial Services Provider under the Financial Advisory and Intermediary Services Act (FSP No. 618).

##### Inception date

20 September 2012

##### Appropriate term

No minimum period

##### Market value

R 26,373 Million

##### Income distributions

Frequency: Monthly

February 2017: 0.60 cpu

Previous 12 months: 7.71 cpu

##### Fees and charges (excluding VAT)

Initial fees	0.00%
Annual management fee	0.20%
<hr/>	
Total expense ratio	0.24%
Transaction costs	0.00%
Total investment charges <sup>2</sup>	0.24%

#### Please Note:

Differences may exist due to rounding

#### CONTACT

Client Services Centre

Tel: 0860 123 263

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### Minimum Disclosure Document

## Portfolio profile

The portfolio aims to maximise interest income while protecting the initial capital and providing immediate liquidity to investors by investing in short-term money market instruments of the highest quality. Complies with Regulation 28 of the South African Pension Funds Act and Regulations 29 and 30 of the Medical Schemes Act.

## Performance<sup>1</sup>

Period	Portfolio - Gross	Portfolio - Net	Benchmark
1 year pa	8.2%	8.0%	6.9%
3 Years pa	7.2%	7.0%	6.1%
Since Inception	6.7%	6.4%	5.7%
Lowest 1 year return	5.5%	5.3%	
Highest 1 year return	8.2%	8.0%	

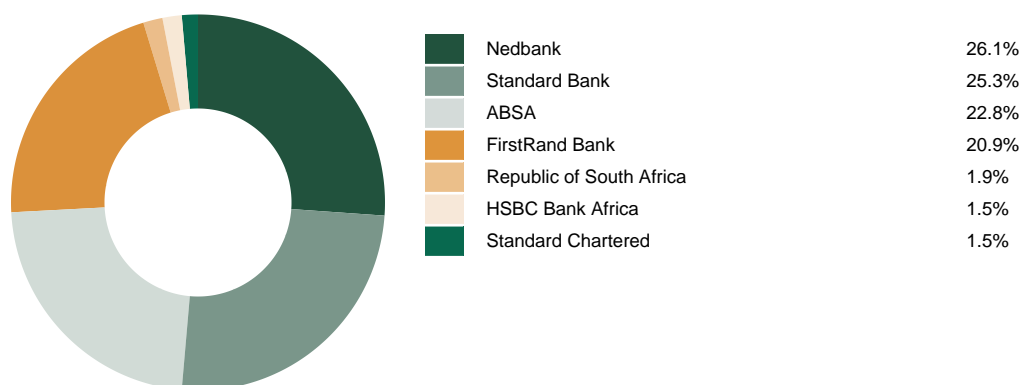
## Risk

Period	Portfolio	ALSI
Volatility [3 years]	0.2%	9.8%

## Maturity spread

Maturity spread	% Spread
0 - 3 months	59.9%
3 - 6 months	13.2%
6 - 13 months	26.9%
<b>Total</b>	<b>100.0%</b>

## Portfolio structure



<sup>1</sup> The annualized total return is the average return earned by an investment each year over a given time period. Performance is calculated for the portfolio and individual investment performance may differ as a result of initial fees, the actual investment, the actual investment date, the date of reinvestment and dividend withholding tax. Due to the delayed release of inflation data, relevant benchmarks will lag by one month.  
Data source: © Morningstar Inc. All rights reserved.

<sup>2</sup> Total Expense Ratio (TER), expressed as a percentage of the Fund, relates to expenses incurred in the administration of the Fund. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TERs. Transaction Costs (TC), expressed as a percentage of the Fund, relate to the costs incurred in buying and selling the underlying assets of the Fund. TC are a necessary cost in administering the fund and impact fund returns. It should not be considered in isolation as returns may be impacted by other factors over time including market returns, the type of fund, the investment decisions of the investment manager and the TER. The Total Investment Charges expressed as a percentage of the Fund, relates to all investment costs of the Fund. Both the TER and TC of the Fund are calculated on an annualised basis, beginning 01/01/2014 and ending 31/12/2016.

# Nedgroup Investments Corporate Money Market Fund

February 2017



## INCOME RANGE

### Investment manager commentary

#### Taquanta Asset Management

Current statistics suggest that most developed economies performed well at the beginning of 2017. US and UK economic activity has expanded further in 2017, although at a slower pace than at the end of 2016. Inflation is increasing in some advanced economies, mainly due to higher fuel prices. In the US, the Consumer Price Index (CPI) rose to 2.5% year-on-year (y-o-y) from 2.1% y-o-y the previous month and core inflation remained high at 2.3% y-o-y. Energy prices, which increased by 4% over the month, also contributed to the higher-than-expected CPI print. The chances of a hike in the target range of the US federal funds rate in March 2017 have increased, following the hawkish testimony of Fed Chair Janet Yellen. In the UK, headline inflation increased to 1.8%. Following the surprise voter result of Brexit, the Eurozone and the UK performed better than expected.

Domestically, mining and manufacturing production declined by 10.3% and 4.4% respectively on a seasonally adjusted and annualised basis over the final quarter of 2016. In the State of the Nation Address, President Zuma stressed that government's focus would shift towards achieving radical socio-economic transformation, using all levers available to government to transform the private sector. Finance Minister Gordhan presented the 2017 National Budget, which continues to pursue fiscal consolidation. The budget sets out to reduce the deficit from 3.4% of GDP in 2016/2017 to 3.1% in 2017/2018 by relying on higher taxes to increase government revenue. Government revenue is forecast to grow by 9.0% in 2017/2018 and 8.6% in 2018/2019.

South Africa's headline CPI remained high in January, but reduced to a lower-than-expected 6.6% y-o-y from 6.8% y-o-y in December. Food price inflation remains the largest contributor to the CPI; food prices remained elevated at 11.8% y-o-y. Core inflation (CPI less food, non-alcoholic beverages, fuel and energy prices) reduced to 5.5% y-o-y from 5.9% y-o-y the previous month. Producer price inflation (PPI) in South Africa reduced sharply to 5.9% y-o-y from 7.1% y-o-y the previous month. Due to the favourable weather conditions in the northern parts of South Africa, white and yellow maize harvests should increase significantly, which will moderate food price inflation and help to reduce CPI and PPI inflation going forward. However, there is a risk to this forecast after confirmed sightings of the armyworm in parts of South Africa. Interestingly enough the armyworm does not affect genetically modified maize, which is approximately 85% of the South African crop.

Private sector credit extension (PSCE) growth increased to 5.6% y-o-y in January compared to 5.1% y-o-y the previous month. Corporate credit growth increased to 10.1% y-o-y from 9.1% y-o-y the month before, while household credit growth moderated to 0.6% y-o-y from 0.7 % y-o-y. Household lending is expected to remain subdued due to weak levels of consumer confidence and stricter lending criteria. Money supply (M3) accelerated to 7.9% y-o-y from 6.9% y-o-y the month before. The uptick was mainly due to financial corporate deposits which increased to 9.1% from 4.5% the previous month.

#### Review of the Fund

Performance: the Fund continues to comfortably outperform its benchmark, and delivered a gross return of 0.62% for February 2017.

#### Who we are

Nedgroup Collective Investments (RF) Proprietary Limited, is the company that is authorised in terms of the Collective Investment Schemes Control Act to administer the Nedgroup Investments unit trust funds. It is a member of the Association of Savings & Investment South Africa (ASISA).

#### Our trustee

The Standard Bank of South Africa Limited is the registered trustee. Contact details: Standard Bank, Po Box 54, Cape Town 8000, [Trustee-compliance@standardbank.co.za](mailto:Trustee-compliance@standardbank.co.za), Tel 021 401 2002.

#### Performance

Unit trusts are generally medium to long-term investments. The value of your investment may go down as well as up. Certain unit trust funds may be subject to currency fluctuations due to its international exposure. Past performance is not necessarily a guide to future performance. Nedgroup Investments does not guarantee the performance of your investment and even if forecasts about the expected future performance are included you will carry the investment and market risk, which includes the possibility of losing capital.

#### Pricing

Funds are valued daily at 15:00. Instructions must reach us before 14:00 (12:00 for Nedgroup Money Market Fund) to ensure same day value. Prices are published daily on our website and in selected major newspapers.

#### Fees

Certain Nedgroup Investments unit trust funds apply a performance fee. For the Nedgroup Investments Flexible Income Fund and Nedgroup Investments Stable Fund, it is calculated daily as a percentage (the sharing rate) of total positive performance, with the high watermark principle applying. For the Nedgroup Investments Bravata World Wide Flexible Fund it is calculated monthly as a percentage (the sharing rate) of outperformance relative to the fund's benchmark,

with the high watermark principle applying. All performance fees are capped per fund over a rolling 12-month period. A schedule of fees and charges and maximum commissions is available on request from Nedgroup Investments.

#### Disclaimer

Unit trusts are traded at ruling prices and can engage in borrowing and scrip lending. Nedgroup Investments has the right to close unit trust funds to new investors in order to manage it more efficiently. For further additional information on the fund, including but not limited to, brochures, application forms and the annual report please contact Nedgroup Investments.

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#### Our offices are located at

Nedbank Clocktower, Clocktower Precinct, V&A Waterfront, Cape Town, 8001

#### Write to us

PO Box 1510, Cape Town, 8000

#### Date of issue

15 March 2017

# Nedgroup Investments Corporate Money Market Fund

February 2017



## INCOME RANGE

Credit: the Fund is invested 95.17% in the Big 4 South African banks, 2.97% in South African branches of international banks, and 1.87% in South African government and government-guaranteed exposure to SANRAL.

### Investment outlook

Consumer price inflation is in South Africa trending lower and the risks to the economic growth forecasts are to the downside. With that in mind, our base case view is for interest rates to remain flat for the year. The Fund is well positioned for a flat to rising interest rate cycle. There is upside risk to this view if South Africa's sovereign credit rating is downgraded and if the Fed hikes interest rates in the US. There is also a possible scenario of a rate cut in the last half of this year, if growth figures decline, inflation is contained, and there is no significant weakness in the rand. The Fund is well positioned to take advantage of the current economic climate and uncertainties ahead.

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