

# Nedgroup Investments Corporate Money Market Fund

Class C

July 2017



## 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

### Client type

Institutional

### 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 27,885 Million

### Income distributions

Frequency: Monthly

July 2017: 0.57 cpu

Previous 12 months: 7.76 cpu

### Fees and charges (excluding VAT)

Initial fees 0.00%  
Annual management fee 0.20%

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  
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Website: [www.nedgroupinvestments.co.za](http://www.nedgroupinvestments.co.za)  
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## 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	8.4%	8.1%	7.0%
3 Years pa	7.5%	7.3%	6.3%
Since Inception	6.8%	6.6%	5.8%
Lowest 1 year return	5.5%	5.3%	
Highest 1 year return	8.4%	8.1%	

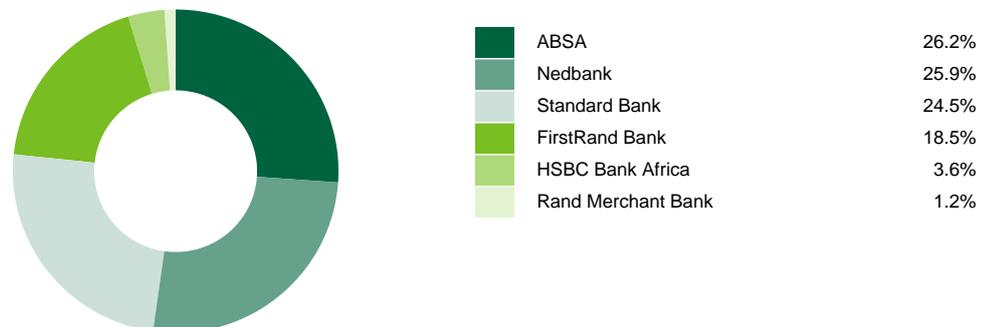
## Risk

Period	Portfolio	ALSI
Volatility [3 years]	0.2%	10.8%

## Maturity spread

Maturity spread	% Spread
0 - 3 months	57.3%
3 - 6 months	13.4%
6 - 13 months	29.3%
<b>Total</b>	<b>100.0%</b>

## Portfolio structure



1) 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.

2) 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 01/07/2014 and ending 30/06/2017

## INCOME RANGE

### Investment manager commentary

#### Taquanta Asset Management

The rebound in global growth seems to have remained on course for this year, with the IMF keeping its forecast at 3.5%. Uncertainty remains however, around when economic policy reforms in the US will be implemented, with increased pressure to move forward on proposed tax reform to drive growth.

US CPI slowed to 1.6% year-on-year in June, from 1.9% in May, this is below the Federal Reserve's 2% target. Elsewhere in major economies, Japanese growth is projected to be 1.3% this year. Japan will have to focus on implementing policies to counter the effects of an ageing population and a shrinking workforce to ensure they maintain momentum in growth and productivity. Growth forecasts for the Eurozone have been revised upwards, following better than expected growth reported in the first quarter of 2017.

The IMF projects growth in emerging markets to increase to 4.6% in 2017 (from 4.3% in 2016). In stark contrast to these growth rates, the Reserve Bank has revised South Africa's growth forecast downwards to 0.5% for 2017, (1% previously projected). A challenging political climate and weak consumer and business confidence continue to hamper growth in South Africa. When looking at South Africa's key industries namely mining and manufacturing, mining contributed 21% towards South African output in the 1980s, this number has declined to 8% in 2016 according to Statistics SA.

The mining profit margin ratio has also tightened significantly, from 30 cents for every rand of turnover to nine cents in the first quarter of 2017. The knock-on effects of tightening profit margins, means it is tougher for businesses to expand and grow, invest or make new hires. Statistics SA reported that the profit margin in the formal business sector has seen a downward trajectory from 11 cents for every R1 of turnover in 2007, to five cents for every R1 in 2017.

June saw annual percentage change in PPI contract from 4.8% in May to 4% year-on-year in June. Private sector credit extension grew 6.2% year-on-year in June (May 6.7%), which fell short of the market consensus of 6.5%.

The Reserve Bank announced a largely unexpected 25 basis points cut in the repo rate during the July MPC meeting. The Reserve Bank cited reasons such as the improved inflation outlook, with CPI reported to be 5.1% in June (down from 5.4% in May), and the deteriorating growth outlook, for the surprise cut. They noted however that they would not hesitate to reverse the decision should the inflation outlook deteriorate.

There has been a compression in bank spreads post the rate cut, with a similar trend possible for high quality corporates if underpinned by strong demand and weak supply, especially if banks have high demand for high quality liquid assets. Our base case view is for interest rates to remain flat, with the possibility of another rate cut for 2017 should growth and inflation remain weak. The Fund is well positioned to take advantage of the current economic climate and uncertainties ahead.

The Nedgroup Investments Corporate Money Market Fund is invested 96.41% in the big four South African banks, with 3.59% in South African branches of international banks. The Fund continues to comfortably outperform its benchmark, delivering a gross return of 0.67% in July 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.

#### Nedgroup Investments contact details

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For further information on the fund please visit: [www.nedgroupinvestments.co.za](http://www.nedgroupinvestments.co.za)

#### Our offices are located at

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#### Write to us

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