

# Nedgroup Investments Corporate Money Market Fund

Class C

December 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 28,935 Million

### Income distributions

Frequency: Monthly

December 2017: 0.64 cpu

Previous 12 months: 7.68 cpu

### Fees and charges (excluding VAT)

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

### Please Note:

Differences may exist due to rounding

## CONTACT

Client Services Centre

Tel: 0860 123 263

Fax 0861 119 733

Website: [www.nedgroupinvestments.co.za](http://www.nedgroupinvestments.co.za)

Email [info@nedgroupinvestments.co.za](mailto:info@nedgroupinvestments.co.za)

## 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	8.3%	8.0%	6.9%
3 Years pa	7.8%	7.5%	6.5%
5 Years pa	7.0%	6.7%	5.9%
Since Inception	6.9%	6.7%	5.9%
Lowest 1 year return	5.5%	5.3%	
Highest 1 year return	8.4%	8.1%	

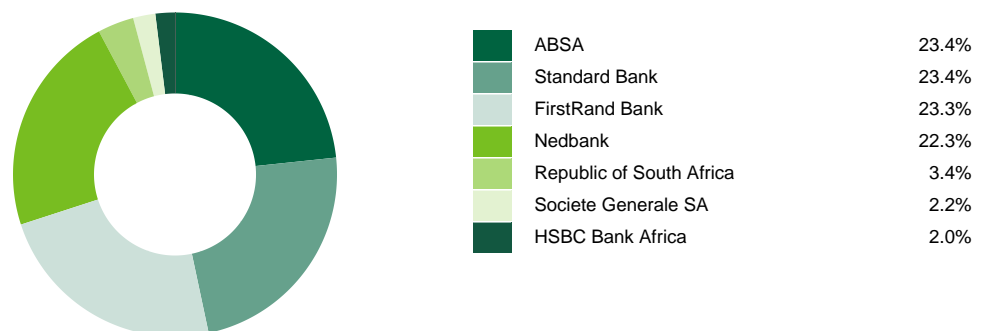
## Risk

Period	Portfolio	ALSI
Volatility [5 years]	0.3%	17.8%

## Maturity spread

Maturity spread	% Spread
0 - 3 months	67.4%
3 - 6 months	15.9%
6 - 13 months	16.8%
<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 01/10/2014 and ending 30/09/2017



## INCOME RANGE

### Investment manager commentary

#### Taquanta Asset Management

Growth in developed and most, larger emerging economies continued to gather momentum through to the end of 2017. The US Federal Reserve hiked the Fed funds rate by 25bps to 1.25%-1.50% as expected. The Federal Open Market Committee (FOMC) lifted its outlook on growth and left its outlook for inflation unchanged. The Fed still expects three more hikes in 2018. The US CPI increased to 2.2% year-on-year from 2.0% previously. The US PPI also increased to 3.1% year-on-year from 2.8%. In the UK, CPI surprised to the upside; 3.1% year-on-year from 3.0% previously, while core inflation remained unchanged at 2.7%. The main reasons for the higher inflation were food, housing, transport and communication prices.

Locally, headline GDP growth came in at a seasonally adjusted and annualised rate of 2.0% quarter-on-quarter in Q3 (higher than market expectations) from 2.8% quarter-on-quarter, the previous quarter. The largest contributors to the quarterly growth came from the primary sectors of the economy, most notably agriculture, forestry and fishing which increased by a seasonally adjusted and annualised 44.2% quarter-on-quarter. The combination of a post drought recovery and a strong maize harvest continued to deliver strong growth in agricultural gross value added. On the political front, Deputy President Cyril Ramaphosa was elected President of the African National Congress (ANC) in the face of increasing political challenges.

South Africa's CPI inflation moderated to 4.6% year-on-year from 4.8% in October. The rate slowed more than the market expectation of 4.7% year-on-year. The main driving factor behind the CPI outcome was the lower fuel price increases compared to the previous month. Food price inflation continued to slow down to 5.0% year-on-year from 5.3% and from double digit growth in 2016. Core inflation also came in lower than market expectation; it reduced to 4.4% year-on-year (lowest level since May 2012) from 4.5% the previous month. Contrary to market expectations, PPI inflation increased slightly to 5.1% year-on-year from 5.0% in October 2017.

Private sector credit extension (PSCE) surprised to the upside, beating market consensus of 5.9%. PSCE increased to 6.45% year-on-year from 5.43% the previous month and was the biggest increase since May 2017. Money supply (M3) increased to 6.61% year-on-year from 5.01% the month before.

Markets have had some time to digest the win by Cyril Ramaphosa as president of the ANC and the new NEC's top 6. Looking ahead and to avoid a downgrade by Moody's in 2018, the February 2018 budget would need to show a return of fiscal discipline by cutting expenditure and stabilising debt to GDP by 2019/20. The rand rallied on the back of Mr Ramaphosa's win and with this the inflation expectations should reduce in the coming months. Our interest rate view is for interest rates to remain flat to decreasing in the face of lower inflation expectations, uncertain political outcomes and currency risk. The fund is well positioned to take advantage of the uncertain times ahead

The Nedgroup Investments Corporate Money Market Fund is invested 92.30% in the big four South African banks, with 4.26% in South African branches of international banks and 3.44% in South African government and government-guaranteed paper. The fund continues to comfortably outperform its benchmark, delivering a gross return of 0.66% in December 2017.

**Please note an important change that will be effective January 2018. Fund commentary will be produced on a quarterly basis, moving from the current monthly cycle, to provide an enhanced analysis of the fund over a longer period.**

#### 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 discription 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

Tel: 0860 123 263 (RSA only)  
 Tel: +27 21 416 6011 (Outside RSA)  
 Fax: 0861 119 733 (RSA only)  
 Email: [info@nedgroupinvestments.co.za](mailto:info@nedgroupinvestments.co.za)  
 For further information on the fund please visit: [www.nedgroupinvestments.co.za](http://www.nedgroupinvestments.co.za)

#### Our offices are located at

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

#### Write to us

PO Box 1510, Cape Town, 8000