

# Cadiz Absolute Yield Fund

REGULATION 28 COMPLIANT

## Fund Information

### FUND OBJECTIVE

The fund aims to provide investors with a return of 2% in excess cash over a rolling 3 years and a positive return over any rolling 12 month period. The fund is expected to deliver more consistent returns than an income fund and reduce the volatility inherent in the bond market. Great care is applied to protect the fund against incurring losses.

### WHAT DOES THE FUND INVEST IN?

The fund can invest in a combination of assets, such as government and corporate bonds, inflation linked bonds, listed property and cash both in South Africa and offshore. Derivative strategies such as swaps and futures may also be used for efficient portfolio management purposes and to mitigate downside risk. The fund does not invest in ordinary shares.

The intended maximum limits, (see underlying instruments mentioned below), may not exceed 25% of the value of fund:

- Listed property: up to 10%
- Preference shares: up to 10%
- International assets: up to 10%
- Hybrid instruments: up to 5%

The fund has a flexible mandate with no duration or maturity limits for its investments.

### WHO IS THE FUND SUITABLE FOR?

- Investors seeking a cash alternative to a bank deposit.
- Retirees who seek a managed exposure to income generating investments.
- Those who seek active management within the fixed interest universe.
- Investors who have at least an 18 month or longer investment horizon.

### INVESTMENT PROCESS

The fund is actively managed by an experienced team who are able to change the fund's duration depending on our view of the interest rate cycle and the valuation of fixed rate bonds. Derivatives are deployed to switch between fixed and floating rate exposure, which also mitigates the risk of volatility associated within the bond market.

There are no guarantees that the fund will always outperform cash over short periods of time and therefore capital losses are possible, especially in the case of negative credit events which may affect the underlying holdings. The fund's investments are subject to a stringent risk management process.

### FEES ON CLASS A (EXCLUDING VAT)

Initial fee: 0%

Annual Management fee: 0,80%

### PERFORMANCE FEE

None

### TOTAL EXPENSE RATIO (TER) AND TRANSACTION COSTS

Cadiz Absolute Yield Fund (Class A)

PERIOD (ANNUALISED) | AUGUST 2015 - 30 SEPTEMBER 2018

Total expense ratio	1.0%
Transaction costs	0.0%
Total investment charge	1.0%

### RISK VS REWARD



### CONTACT DETAILS

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This document is for information only and do not constitute advice or a solicitation for funds. Investors should note that the value of an investment is dependent on numerous factors which may include, but not limited to, share price fluctuations, interest and exchange rates and other economic factors. Performance is further affected by uncertainties such as changes in government policy, taxation and other legal or regulatory developments. Past performance provides no guarantee of future performance. Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to the future. Unit trusts are traded at ruling prices and can engage in scrip lending and borrowing. Unit trust prices are calculated on a net asset value basis, which is the total value of all assets in the portfolio including any income accruals and less any permissible deductions (brokerage, UST, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio, divided by the number of units in issue. A schedule of fees, charges and maximum commissions is available on request from Cadiz Collective Investments. Commission and incentives may be paid, and if so, are included in the overall costs. Portfolios may be closed. Forward pricing is used. Cadiz Collective Investments' portfolios are valued daily at 15:00. Instructions must reach Cadiz Collective Investments before 14:00 (11:00 for Cadiz Money Market Fund) to ensure same day value. Cadiz Collective Investments (RF) (Pty) Ltd – Co. Reg. No. 2004/032263/07 Address: PO Box 44547, Claremont, 7735. A member of the Association of Savings & Investment South Africa. Trustees: ABSA Capital Investor Services.

### FUND MANAGERS



**Alastair Sellick**  
Head of Fixed Interest

### GENERAL INFORMATION

Inception	1 March 2006
Benchmark	STeFi + 2% pa net of fees over rolling 3 years. No negative returns over rolling 12 months
Sector	ASISA SA Multi Asset Income
Fund Class	A
Fund Size	R585 million
Regulation 28 compliant	Yes
Minimum Investment	Lump sum: R5 000 Monthly: R500 Adhoc: R500
Income Distribution (Class A)	Bi-annual (end June and end December)
ISIN Code	ZAE 000078382
Domicile	South Africa
JSE Code	AHAY

# Cadiz Absolute Yield Fund

REGULATION 28 COMPLIANT

## Important information regarding terms of use

### GENERAL INFORMATION AND RISKS

- Collective Investment Schemes in Securities (unit trusts) are generally medium to long-term investments.
- The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to the future. The manager does not guarantee the capital, nor the income of the portfolio.
- Unit trusts are traded at ruling prices and can engage in scrip lending and borrowing.
- Portfolios are priced daily and prices can be obtained from the website and in the daily newspapers or on Profile Data. Figures quoted are from Morningstar Inc.
- Unit trust prices are calculated on a net asset value basis, which is the total value of all assets in the portfolio including any income accruals and less any permissible deductions (brokerage, UST, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio, divided by the number of units in issue.
- Different classes of participatory interests apply to this fund and are subject to different fees and charges.
- Performance is shown for the most expensive class of the Fund and individual investor performance may differ as a result of initial fees, actual investment date, date of any subsequent reinvestment and any dividend withholding tax.
- A schedule of fees, charges and minimum commissions is available on request from Cadiz Collective Investments.
- Commissions and incentives may be paid, and if so, are included in the overall costs.
- The manager has the right to close the portfolio to new investments in order to manage it more efficiently in accordance with the mandate.
- Cadiz Collective Investments' portfolios are valued daily at 15:00. Instructions must reach Cadiz Collective Investments before 14:00 (11:00 for Cadiz Money Market Fund) to ensure same day value.
- Transaction costs are necessary costs in administering the fund and impacts the fund returns. They should be considered in isolation as returns may be impacted by many factors over time including market returns, type of fund, the investment decisions of the investment manager and TER.

### IMPORTANT INFORMATION FOR INVESTORS:

#### Total Expense Ratio (TER)

- TER is a measure of a funds expenses relating to administration of the portfolio expressed as a percentage of the average daily value of the fund over a three year period. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return.
- The sum of the TER and transaction costs is shown as the Total Investment Charge. Since Fund returns are quoted after the deduction of these expenses, the TER and Transaction costs should not be deducted again from the published returns.

#### Regulation 28 Compliance

- Where indicated the fund is managed to comply with Regulation 28 of the Pension Funds Act. Exposures in excess of the limits will be corrected immediately, except where, due to a change in the fair value or characteristic of an asset, e.g. market value fluctuations, in which case they will be corrected within a reasonable time period.
- The Management Company does not monitor compliance by retirement funds with section 19(4) of the Pension Funds Act (item 6 of Table 1 to Regulation 28).

#### Foreign investment risk

The portfolio may include underlying foreign investments. Fluctuations or movements in exchange rates may cause the value of the underlying foreign investments to go up or down. The underlying foreign investments may be adversely affected by political instability as well as exchange controls, changes in taxation, foreign investment policies, restrictions on repatriation of investments and other restrictions and controls that may be imposed by the relevant authorities in the relevant countries.

#### Derivative risk

The use of derivatives may increase the overall risk in the Fund by multiplying the effect of gains and losses.

#### Maximum drawdown

- A maximum drawdown is the maximum loss from peak to trough of a portfolio.
- It is an indicator of downside risk over a specified time period.

#### Sharpe ratio

The sharpe ratio is the average return earned in excess of one risk-free rate per unit of volatility or total risk.

#### Risks associated with investing in fixed interest and Money Market investments

- A money market fund is not a bank deposit account.
- Fluctuations in the market value of the securities in which a fixed income fund invests may have a negative impact on the fund. The income instruments are likely to be especially sensitive to changes in interest rates or changes in the market participants' expectations of how interest rates will change in future.
- There is a risk that certain corporate and other counterparties with whom the manager invests or through whom the manager transacts run into financial difficulty, and are unable to honour their commitments in full, which will lead to a potential loss of capital.
- There is a risk that in a high inflation environment, the securities in the Fund may appreciate at a rate lower than the inflation rate, and as such, the purchasing power of an investor's capital may decline.

#### Complaints

Cadiz Collective Investments are committed to handling client complaints in a timely and fair manner and has implemented systems and procedures to satisfy this commitment. The detailed Complaints Handling and Resolution Procedure is available on the website, or can be requested directly from the manager. A complaint should be lodged in writing with the Compliance Officer at [investorservices@cadiz.co.za](mailto:investorservices@cadiz.co.za)

An investor can obtain, free of charge, additional information on the proposed investment including, but not limited to, brochures, application forms and the annual report and any half-yearly report.

#### About the Management Company

Cadiz Collective Investments (RF) (Pty) Ltd – Co. Reg. NO 2004/032263/07, is registered as a management company under the Collective Investment Schemes Control Act 45 of 2002. It operates 6 unit trust portfolios under the Cadiz Unit Trust scheme, and is supervised by the Financial Services Board ("FSB").

### CONTACT DETAILS

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