FUND FACT SHEET
DECEMBER 2018

Cadiz Money Market Fund

cadiz ASSET MANAGEMENT

KEY INFORMATION

Portfolio Manager	Alastair Sellick and Sidney McKinnon
Inception	1 July 2008
Benchmark	STeFI

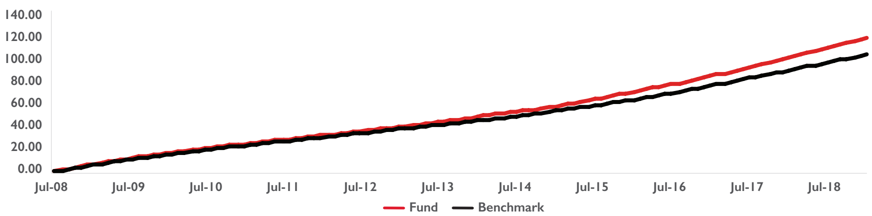
FUND OBJECTIVE

The Cadiz Money Market product range encompasses both segregated and pooled portfolios. These low risk money market mandates focus on delivering strong consistent returns over the medium to longer term, benchmarked against the STeFi. Core money market mandates are managed on a fully discretionary best house view basis. This mandate is ideally suited as a core money market investment for both pension and provident funds, as well as a money market investment option for retirement funds which offer member investment choice Our money market products have consistently outperformed the STeFi since its inception in 2000.

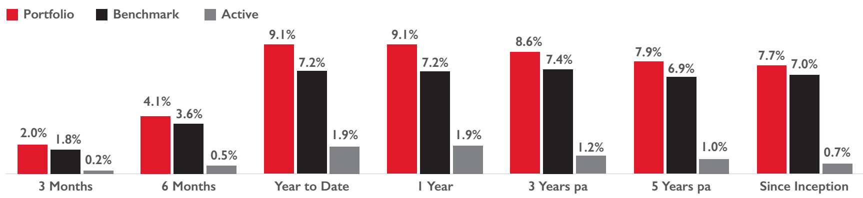
RISK STATISTICS (3 YEARS)

	Fund	Benchmark	Active
Standard Deviation	0.3%	0.1%	0.3%
Tracking error	0.4%		
Information Ratio	3.3		

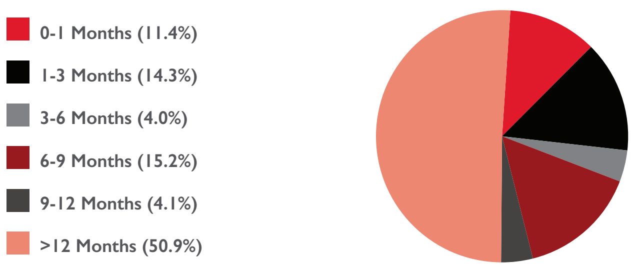
CUMULATIVE PERFORMANCE SINCE INCEPTION



PERIOD RETURN ENDING - 31 DECEMBER 2018



SECTOR ALLOCATIONS



FUND CHARACTERISTICS

Maximum duration of the portfolio	90 days
Maturity of longest dated instrument	1 050 days

Quarterly Fund Commentary-Fourth Quarter 2018

The final quarter of the year was once again characterised by currency volatility, emerging market unpredictability and heightened local bond trading activity. The volatility in the rand was fuelled by international factors such as the pattern of interest rate changes in the US and their inclination to continue, or not continue hiking rates. The local currency started the period at about 14.22 to the USD after which it was driven weaker above the 14.70 mark. It then oscillated above and below the 14.00 level to end the year at about 14.35 to the USD. Local bond yields initially weekend on the back of a disappointing Medium-Term Budget Policy Statement delivered by the newly appointed minister of Finance, Tito Mboweni during the early part of the quarter. Yields however strengthened when the South African Reserve Bank started its rate hiking cycle in November with a 25 basis point increase, reducing the need for more hikes later in the cycle. The All Bond Total Return Index was up 2.80% for the period supported by a late rally on the back of a stronger local currency.

Most of the shift in money market yields occurred in the short and medium part of the curve for the period under review. 3 and 6-month NCD yields rose about 15 basis points on average while the 12-month NCD yield rose a mere 5 basis points. Much of the move was prompted by the 25 basis point hike in interest rates. The rhetoric of the Monetary Policy Committee remains hawkish but is offset by depressed economic activity and a deteriorating fiscal balance. Our view currently does not include a rate hike at the January meeting but the risk of at least one rate hike in the coming months remains high.

Factors that will influence the direction of rates include the possibility of a sovereign ratings downgrade, global pressures on developed markets, currency volatility and a looming general election in the month of May this year.

The Fund continues to invest strategically across the money market yield curve to maximise yield while remaining within the risk parameters defined for money market funds. The Fund's retail asset class delivered 1.87% for the quarter while the STeFI composite index was up 1.78%.

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