FUND FACT SHEET
NOVEMBER 2018

Cadiz Money Market Fund

cadiz ASSET MANAGEMENT

KEY INFORMATION

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

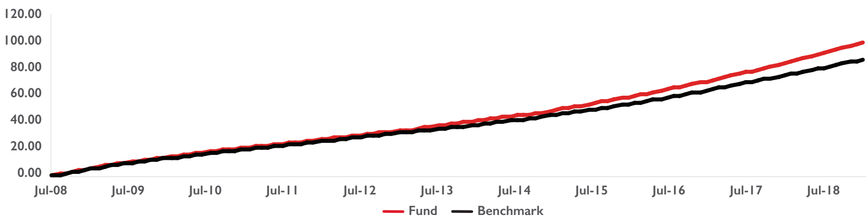
FUND OBJECTIVE

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.

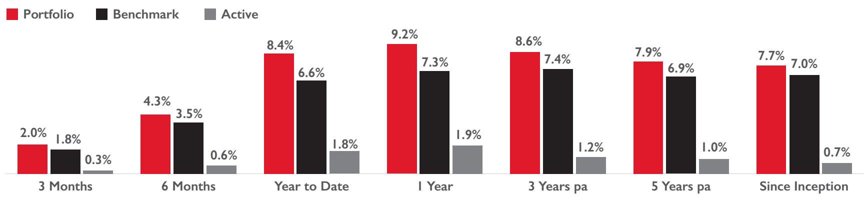
RISK STATISTICS (3 YEARS)

	Fund	Benchmark	Active
Standard Deviation	0.3%	0.1%	0.3%
Tracking error	0.4%		
Information Ratio	3.2		

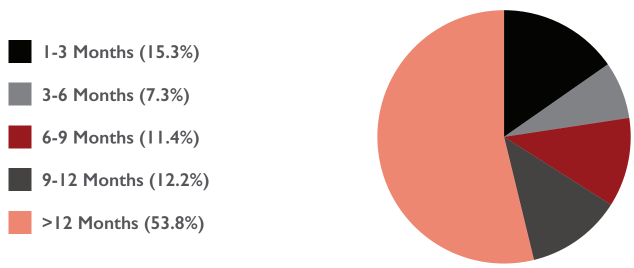
CUMULATIVE PERFORMANCE SINCE INCEPTION



PERIOD RETURN ENDING - 30 NOVEMBER 2018



SECTOR ALLOCATIONS



FUND CHARACTERISTICS

Maximum duration of the portfolio	90 days
Maturity of longest dated instrument	1 031 days

Quarterly Fund Commentary- Third Quarter 2018

The third quarter of 2018 was indeed an interesting quarter for interest rate sensitive markets. The period was characterised by rand volatility, rising oil prices and weaker bond yields. Most of the weakness experienced by the rand was driven by the loss of support for emerging market currencies as global investors sought the safety of developed markets. After touching 13.10 to the USD the rand weakened to close the quarter at about 14.20 to the USD. After some initial strength, the bond market moved in tandem with the currency. The R186 Government Bond yield rallied to 8.57% before losing ground to end the quarter close to 9.00%. The return from the All Bond Total Return Index (ALBI) was muted delivering a mere 0.78% for the three months under review. Most of the gains were made in the shorter end of the yield curve as market participants reduced their sensitivity levels by shortening duration.

Most of the shift in money market yields occurred in the 12-month area of the curve with 12 month NCDs selling off by about 25 basis points to close at 8.30% for the quarter. The SARB Monetary Policy Committee (MPC) meetings in July and September resulted in no change in interest rates over the period but the tone of the rhetoric has become more hawkish with three of the seven members voting for a rate hike at the last meeting. Even though as a house we do not foresee a change in rates in the near term, the risks of a rate hike have risen substantially. MPC members have stated that the committee's stance remains accommodative but interest rates may have to be raised to keep inflation within the target bands.

We do however look ahead to the imminent Medium Term Budget Policy Statement (MTBPS) to give some direction within a weak economic environment. It remains to be seen how the finance ministry will tackle the fiscal challenges facing our country ahead of critical events such as the general elections next 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 1.86% for the quarter while the STeFI composite index was up 1.78%..

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