FUND FACT SHEET JULY 2019

Cadiz Money Market Fund

cadiz ASSET MANAGEMENT

KEY INFORMATION

Portfolio managers	Sidney McKinnon & Alastair Sellick
Inception	1 July 2008
Benchmark	STeFI Composite

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. These money market mandates are managed on a fully discretionary best house view basis and targets a weighted average duration of 90 days. 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.

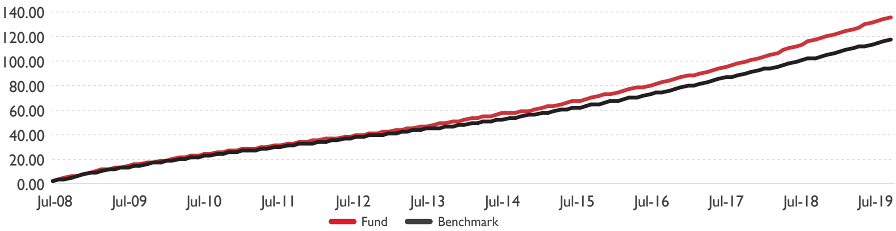
RISK STATISTICS (3 YEARS)

	Fund	Benchmark	Active
Standard Deviation	0,3%	0.1%	0.2%
Tracking error	0,3%		
Information Ratio	3,7		

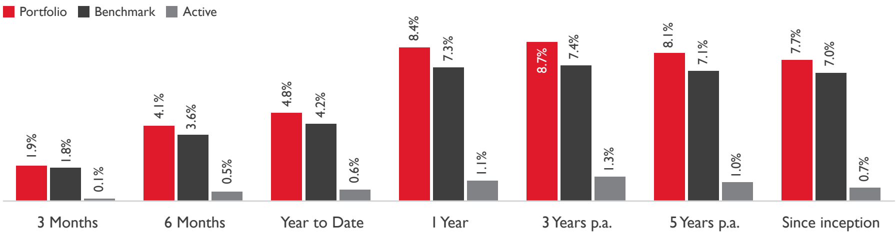
FUND CHARACTERISTICS

Maximum duration of the portfolio	90 days
Maturity of longest dated instrument	0 days

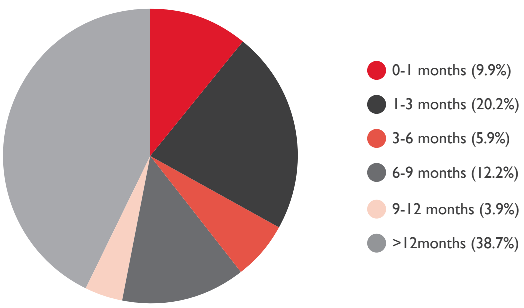
CUMULATIVE PERFORMANCE SINCE INCEPTION



PERIOD RETURN ENDING – 31 JULY 2019



SECTOR ALLOCATION



Quarterly Fund Commentary Second Quarter 2019

Global yields initially rose as global markets exhibited more optimism than the previous quarter. Global growth prospects were positive, inflation seemed well contained and central banks maintained their dovish stance. Yields however started to fall as US-China trade tensions escalated on the back of fears of global supply chain disruption and renewed threats on trade tariffs. By the end of the quarter, sentiment was tested as the market priced in a dovish Fed rate cut in July and potentially another cut later in the year. The local currency started the period at about 14.14 to the USD. After some initial strength, uncertainty ahead of the national elections drove the currency weaker. The election outcome however provided material support for the rand, at a time when other emerging market currencies faltered. The support was short-lived as increased risk aversion in global markets on the back of deteriorating global growth weakened the local currency materially to reach levels above 14.80 to the USD. The rand recovered substantially during the last month of the quarter as markets factored in an implied probability of rate cuts in the US over the coming months.

The local bond market was driven stronger initially by a wave of foreign buying early in the quarter. The inflow however was short-lived as foreigners turned net sellers later in the period. Yields continued to declined albeit at a slower pace as the government elections proved to be relatively painless and inflation continued its benign trend. The JSE All Bond index was up 3.70% for the quarter.

Most of the shift in money market yields occurred in the medium to long end of the curve for the period under review. 3-month NCD yields were down 7.5 basis points while the 6-month, 9-month and 12-month NCD yield declined 32, 32 and 47 basis points respectively. The strength in the longer end was once again prompted by the SARB's decision to keep rates on hold and further speculation of potential rate cuts before the end of the year. Our view currently does not include a rate change at the next MPC meeting but the risk of potential rate cuts has increased.

Factors that will influence the direction of rates in the coming months include currency volatility, weakening global growth and event driven risk such as the probability of a ratings downgrade.

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 1.94% for the quarter while the STeFI composite index was up 1.84%.

CONTACT DETAILS | T 08000 CADIZ (22349) | F 0861 022 349 | E cam@cadiz.co.za | www.cadiz.co.za