Quarterly Report

Counterpoint SCI Money Market Fund

Quarter ending 31 March 2021

This Fund is suitable for the risk-averse investor seeking a short-term investment or a safe haven holding, while earning an above inflation return. The recommended investment horizon is three months or more.

Performance Table

Annualised Performance	Fund	Benchmark
3 Months	1.0%	0.9%
1 Year	4.9%	3.8%
3 Years	6.7%	5.6%
5 Years	7.1%	6.1%
10 Years	6.6%	5.7%
Since Inception (October 2010)	6.5%	5.7%

Fund Details	
Benchmark	*STeFI Call Rate*
ASISA Category	*South Africa Interest Bearing Money Market*
Portfolio Managers	*Piet Viljoen*

Performance Review

The Counterpoint SCI Money Market Fund returned 1.0% for the quarter, outperforming its benchmark, the Short-Term Fixed Interest (STeFI) Daily Call Rate, which returned 0.9%. The Fund's total return for the last year, net of fees, was 4.9% versus the STeFI call rate return of 3.8%. Since inception, the Fund continues to comfortably outperform the STeFI call rate with a return of 6.5% per annum versus the benchmark's annual return of 5.7% over the same period.

Portfolio Actions

Over the quarter the South African Reserve Bank (SARB) maintained rates at a record low REPO rate of 3.5%.

At quarter end, the inflation print year-on-year came in at 2.9%, falling outside the lower part of the 3% - 6% range mandated by the SARB. Although the print was lower than projected, expectations for inflation risk have pivoted to the upside, fuelled by rising oil and electricity prices.

At the recent MPC meeting, votes were unanimously in favour of keeping rates flat, differing from Q4 2020 where votes were split between a cut and holding rates flat. Although the SARB model predicts two 25bp hikes this year, feedback from the committee signal this as an unlikely event. These actions and market commentary tie into our belief that we have bottomed out in the interest rate cycle.

Over the quarter, we remained active in government treasury bill auctions, adding to our exposure in the nine month and the twelve-month region of the curve. Treasury bills remain attractively priced relative to bank Negotiable Certificate Deposit (NCDs).

We maintain our low exposure to corporate credit in the Fund, as capital preservation is of utmost importance to us in managing our client's capital. We require spreads to open significantly before we deem them to be attractive enough to warrant a position on a risk-adjusted basis.

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Issuant Exposure (%)	
Nedbank	*25.5*
Republic of South Africa	*24.7*
Investec	*19.7*
Standard Bank	*15.1*
African Bank	*9.3*
China Contruction	*4.7*
Cash	*1.0*
Total	*100.0*

Duration Breakdown (%)	
0 - 1 Month	*32.9*
2 - 3 Month	*42.9*
4 - 6 Month	*10.4*
7 - 12 Month	*13.8*
Total	*100.0*

The Fund has benefited from a historic bias to fixed rate instruments, with rates locked in prior to the aggressive rate cuts last year, but these instruments are now approaching maturity. The money market yield curve has steepened since December 2020, affording opportunities further out on the curve. Against the backdrop of our belief that rates have bottomed out, we are positioning the Fund with a bias towards floating rate instruments in order to benefit from the flat to rising rate environment we anticipate.

Piet Viljoen
Portfolio Manager