

Counterpoint SCI Money Market Fund

Quarter ending 31 December 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	4.1%	3.5%
3 Years	5.9%	4.9%
5 Years	6.6%	5.6%
10 Years	6.5%	5.6%
Since Inception (October 2010)	6.4%	5.6%

Fund Details

Benchmark	STeFI Call Deposit Rate
ASISA Category	South Africa Interest Bearing Money Market
Portfolio Managers	Raihan Allie Daniel King

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 4.1% versus the STeFI call rate return of 3.5%. Since inception, the Fund continues to comfortably outperform the STeFI call rate with a return of 6.4% per annum versus the benchmark's annual return of 5.6% over the same period.

Portfolio Actions

The South African Reserve Bank's Monetary Policy Committee (MPC) increased the repo rate by 25 bps, to 3.75%. The hike came despite local inflation remaining within the MPC's targeted range of 3% to 6% over the forecast horizon. Although the print was in line with projections, expectations for inflation risk have pivoted to the upside, driven by a broad universe of goods and services.

Over the quarter, we remained active in government treasury bills auctions, adding to our exposure in the nine-month and the twelve-month region of the curve. Treasury bills provide a superior risk/reward payoff over the remaining money market universe.

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

The money market yield curve has continued to steepen, with 12m JIBAR now 175bps above 3m JIBAR. The curve now offers significant yield pickup to take on additional duration, affording opportunities further out on the curve. Against the backdrop of our belief that rates have

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Issuant Exposure (%)

ABSA	24.6
RSA Government	23.2
Investec	18.1
Nedbank	17.0
Standard Bank	10.7
China Construction	4.5
Mercedes Benz	1.9
Total	100.0

bottomed out, we are positioning the Fund with a bias towards floating rate instruments but cannot resist the attractive spreads on government T-Bills on the longer end of the curve.

Raihan Allie
Portfolio Manager

Duration Breakdown (%)

0 - 1 Month	30.6
2 - 3 Month	34.8
4 - 6 Month	4.5
7 - 12 Month	30.1
Total	100.0

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