



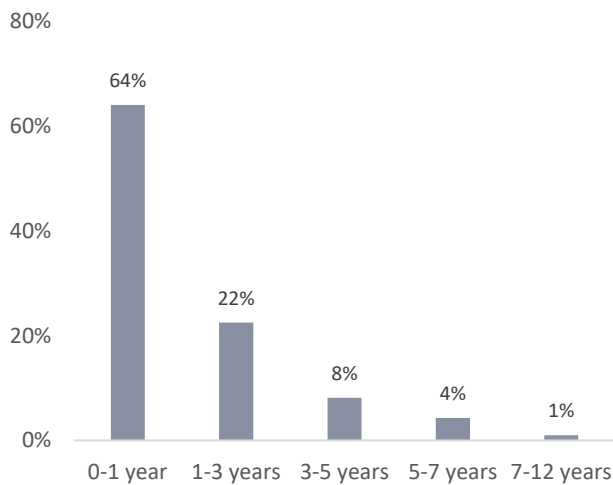
### Investment Objective

The Fund aims to maximise income and deliver stable absolute returns that exceed the Benchmark over any rolling 12 month period.

### Fund Profile

The Fund may invest in a spectrum of primarily South African investments, which may include interest-bearing instruments, government and corporate bonds, other non-equity securities, money market instruments and other assets in liquid form (as defined in CISCA BN90).

### Maturity Profile



Returns <sup>1</sup>	Fund %	Benchmark %
<b>3 Month</b>	3.6	1.3
<b>Year to Date</b>	4.5	3.0
<b>Latest 1 Year</b>	8.8	6.7
<b>Since Inception</b>	8.8	6.9

### Investor Profile

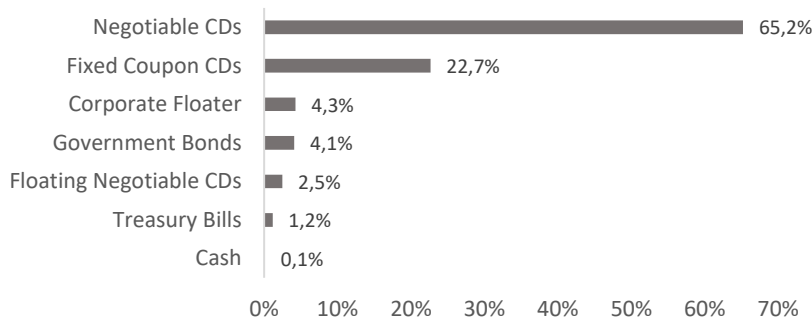
The Fund is suitable for investors seeking an alternative to cash or bank deposits, who can accept a low level of investment risk and have an investment horizon of at least 12 months.

### Risk Profile



Fund Information:	Class A1
<b>ASISA Fund Classification</b>	South African – Multi Asset – Income
<b>Benchmark<sup>2</sup></b>	110% of STEFI Call Deposit Index
<b>Fund Size</b>	R 995.2 million
<b>Regulation 28 Compliant</b>	Yes
<b>Fund Launch Date</b>	1 December 2018
<b>Class Launch Date</b>	1 December 2018
<b>ISIN Number</b>	ZA000264396
<b>Minimum Lump Sum Investment</b>	R5 000
<b>Minimum Debit Order investment</b>	R500 pm
<b>Participatory Interests (Units) in Issue</b>	95 960 616
<b>Net Quarterly Units Subscriptions/(Redemptions)</b>	72 015 753
<b>NAV per Participatory Interest (cents)</b>	1 037.06
<b>Income Declaration Dates</b>	March, June, September, December
<b>Previous Distributions (cents per unit)</b>	Jun 2020: 14.78 Mar 2020: 17.37 Dec 2019: 38.85 Sep 2019: 0.00
<b>Daily Pricing Information</b>	www.morningstar.co.za
<b>Annual Management Fee</b>	0.35% per annum (excl. VAT)
<b>Total Investment Charge (incl. VAT)<sup>3</sup></b>	As at 31 March 2020
<b>Management Fees</b>	0.40%
<b>Other Costs</b>	0.08%
<b>Total Expense Ratio (TER)</b>	0.48%
<b>Transaction Costs</b>	0.00%
<b>Total Investment Charge (TIC)</b>	0.48%

## Asset Allocation



## Credit Exposures (%)

Standard Bank Group	25
Nedbank Limited	24
ABSA Bank Limited	24
Investec Bank	17
Republic of South Africa	4
Firststrand Limited	7

## Manager Commentary: June 2020

Risk assets have been surfing the liquidity wave brought about by QE infinity from the Fed, ECB and many other central banks. However, countries may have to deal with the risk of a “second wave” of Covid-19 infections as politicians ease the stringency measures. Until now, the US has been the prime example of a “second wave” meeting up with the broadening “first wave” of infections.

The challenge for investors is to distinguish the temporary from the permanent effects associated with the Covid-19 pandemic and the attendant policy response. To be sure, it is the governments’ decisions to enter into varying degrees of lockdown that have caused the supply and demand shocks across the globe. Investors must also discern what markets are discounting as permanent and what part of the hit is temporary.

The rebound in macro data, such as US non-farm payrolls and retail activity, and the surge in economic surprise indices (again most notably for the US) indicate that much of the demand shock was temporary and due to the restrictions. However, the economic scarring could be longer lasting. Household incomes may be permanently lower, while job losses may lag the recession. In addition, behavioural change – whether due to the need for precautionary savings or reduced travel and activity as a health protection measure – could depress the pace of growth in the coming quarters.

For South Africa, the recovery will also be constrained by an uncompetitive economy due to overregulation, lack of reliable power supply, and concentrated/monopolistic network industries. Importantly, the pandemic has brought forward the long-feared fiscal cliff, which will force the government into austerity at time when the economy can least afford it. Structural reform is long overdue, but these reforms often entail short-term pain for long-term gain, which then reduces the political appetite to implement reforms.

In the short term, a resumption of capital inflows may partially mask South Africa’s ills. A steady rand, anchored inflation expectations, and a wide output gap should allow for further monetary policy easing. Timing has become less certain, but as we have learnt from macro and markets, there are leads and lags. In the end, lower cash and real rates, even if gradual, reduce the hurdle for investment further along the risk frontier.

### Market developments

Listed property (13.4%) took pole position in June, followed by equities (7.7%), which was the only other asset class to beat cash (0.5%). Fixed-rate bonds (-1.1%) and inflation-linked bonds (-0.8%) came under pressure from elevated fiscal risk and even higher issuance.

Following the market rout in 1Q20, equities (23.2%) rebounded sharply in Q2, followed by listed property (20.4%), where the performance was off a very low base. Fixed-rate bonds posted a respectable 9.9%, double the return from inflation-linked bonds (4.7%), as all the asset classes managed to outperform cash (1.5%).

US breakeven inflation widened alongside the rebound in oil prices as TIPS yield fell but nominal yields remained stable. EM yields compressed moderately further, but SA did not benefit from falling global yields as the 10-year yield rose by 30bp. The local bond market has built in renewed risk premium associated with the fiscal deterioration and funding requirement. While tactically bonds screen cheap, the rise in the debt ratio implies upward pressure on funding costs.

### Portfolio performance and positioning

The fund gained 3.6% in 2Q20, outperforming the benchmark. The relative performance was due to gains on the government bond positions early in the quarter and the accretive performance from NCDs. Following the strong rally in yields in April, we lowered our exposure to government fixed-rate bonds. Since then we have maintained a neutral duration stance of 1.2.

## Disclosure

Any forecasts or market commentary, whether express or implied, are not guaranteed to occur and may change without notification at any time after publication.



## Important information:

### Management Company

Novare CIS (RF) Proprietary Limited (Novare CIS) (the 'management company') (Registration No.2013/191159/07) is an authorized Management Company registered according to the Collective Investment Schemes Control Act (CISCA) and regulated by the Financial Sector Conduct Authority (FSCA). Directors: Mr. DA Roper, Mr. JS du Preez, Mr. GL Carter, Mr. A du Toit, Ms. N Smith. Contact details: P.O. Box 4742, Tyger Valley, 7736, South Africa. Call Centre: 0800 668 273 (0800 Novare). Email: [clientservice@novare.co.za](mailto:clientservice@novare.co.za). Website: [www.novare.com](http://www.novare.com)

### Investment Manager

Matrix Fund Managers Proprietary Limited (the 'investment manager') (Registration No: 2007/028504/07) is an authorised financial services provider under the Financial Advisory and Intermediary Services Act - FSP No: 44663. Directors: Directors: Mr. R Briesies, Mr. RA Coombe, Ms. R Dean, Mr. NR Naidoo, Mr. LW Pretorius Contact details: Postnet Suite 80, Private Bag X1005, Claremont, 7735, South Africa. Telephone: +27 21 673 7800, Email: [info@matrixfm.co.za](mailto:info@matrixfm.co.za) and Website: [www.matrixfundmanagers.co.za](http://www.matrixfundmanagers.co.za) Matrix Fund Managers is supervised by the FSCA and is a member of the Association for Savings and Investment South Africa (ASISA).

### Complaints and Conflicts of Interest

The complaints policy and procedure, as well as the conflicts of interest management policy, are available on management company's website. Associates of the management company may be invested within certain portfolios, and the details thereof are available from the management company.

### Trustee/Custodian/Depository

FirstRand Bank Limited. Registration number: 1929/001225/06. Physical address: 1st Floor, Nr.3 Jeppe Place, Bank City, Corner of Jeppe and Simmonds Streets, Johannesburg, 2000. Postal address: 1st Floor, Nr.3 Jeppe Place, Bank City, Corner of Jeppe and Simmonds Streets, Johannesburg, 2000. Telephone number: 011 282 8000. E-Mail address: [Trusteeservices@rmb.co.za](mailto:Trusteeservices@rmb.co.za). Website: [www.rmb.co.za](http://www.rmb.co.za). The trustee/custodian is registered as a trustee of collective investment schemes, in terms of the Collective Investment Schemes Control Act.

### Fund Administration

Maitland Group South Africa Limited. Registration number: 1981/009543/06. Physical address: Maitland House 1, River Park, Gloucester Road, Mowbray, 7700. Tel. number: 021 681 8000

### Auditor

PKF Cape Town, a member of PKF South Africa Inc. Registration Number: 2013/188449/07. Physical Address: Tyger Forum A, 2nd Floor, 53 Willie van Schoor Avenue, Tyger Valley, Cape Town, South Africa. Postal Address: P.O. Box 5700, Tyger Valley, 7536. Contact details: +27 21 914 8880.

### Co-Naming Agreement

The Management Company and the Investment Manager have entered into a co-naming agreement regarding the administration of the co-named Fund. The Management Company retains full legal responsibility for the co-named Fund and performs risk management over the portfolio.

### Performance

Collective Investment Schemes in Securities (CIS) are generally medium to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. The Management Company does not provide any guarantee in respect of the capital or the performance of the Fund. Performance figures are provided for illustrative purposes and are for lump sum investments with income distributions reinvested. Actual investor performance may differ as a result of the investment dates, reinvestment dates, dividend withholding tax and other factors.

### Fund Mandate

The Fund may be closed to new investors at any time in order for it to be managed more efficiently in accordance with its mandate. CIS's are traded at ruling prices, the CIS may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity.

### Unit Prices

Unit prices are calculated on a net asset value basis, which is the total market value of all assets in the Fund including any income accruals and less any permissible deductions from the Fund divided by the number of participatory interests (units) in issue. Forward pricing is used and fund valuations take place at approximately 15:00 each business day. Purchase and redemption requests must be received by the Management Company by 14:00 each business day to receive that day's price. Unit trust prices are available daily on [www.morningstar.co.za](http://www.morningstar.co.za)

### Fees

Permissible deductions include manager fees, brokerage and other market related costs, Securities Transfer Tax (STT), auditor's fees, bank charges and trustee fees. A schedule of fees, charges and maximum commissions is available on request from the Management Company.

### Total Expense Ratio (TER) and Total Investment Charge (TIC)

The TER is the annualised percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past 3 years (or shorter periods, where applicable). The TER includes the annual management fees that have been charged (both the base fee and any performance related fee), VAT and other expenses. The TER does not include transaction costs. As expenses vary, the current TER cannot be used as an indication of future TER's. A high TER ratio does not necessarily imply a poor return nor does a low TER imply a good return. Instead, when investing, the investment objective of the Fund should be consistent with the investor's objective and compared against the performance of the Fund. The TER should then be used to compare whether the Fund's performance offers value for money.

Transaction Costs (including brokerage, STT, STRATE and FSCA Investor Protection Levies and VAT thereon) are shown separately. Transaction Costs are a necessary cost in administering the Fund and impact Fund returns. They should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER. The sum of the TER and Transaction Costs is shown as the Total Investment Charge.

### Additional Information

Additional information such as daily fund prices, brochures, application forms, a schedule of fund fees and the annual report is available on our website, [www.matrixfundmanagers.com](http://www.matrixfundmanagers.com) or by contacting us.

### Footnotes:

1. All returns for periods greater than 12 months are annualized.
2. 110% of the STeFI Call Deposit Index
3. The reported TIC is for the period 1 December 2018 up until 31 March 2020 and is based on actual management fees and projected other costs of administrating the portfolio.

### Disclaimer

This document is for information purposes only and does not constitute or form any part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase any particular investment. Whilst reasonable care has been taken in ensuring that the information contained in this document is accurate, neither the Management Company nor the Investment Manager accept liability in respect of damages and/or loss (whether direct or consequential) or expense of any nature which may be suffered as a result of reliance, directly or indirectly, on the information in this document. Nothing in this document will be considered to state or imply that the Fund is suitable for a particular type of investor.