

# GTC Fixed Income Fund

## Minimum Disclosure Document

31 August 2019



### Investment mandate and objective

The primary investment objective of the Fund is to generate real positive returns over time through the active management of a combination of money market, bond and income generating instruments. The strategy and investment mandate of the fund has a focus on income generation, with downside protection of capital.

### Risk profile of the fund

Low risk

### Investment features:

The fund will primarily invest in a range of fixed income securities including instruments guaranteed by the Republic of South Africa, gilts, semi-gilts, loan stock, preference shares, debentures, debenture stock, debenture bonds, unsecured notes, financially sound listed property investments, participatory interest in collective investment schemes and any other instruments guaranteed by the Republic of South Africa which are considered consistent with the fund's primary objective. Taquanta Asset Management is our preferred investment manager mandated to achieve the above investment objectives.

### Performance (%)

	Since Inception	5 Years*	3 Years*	1 Year	6 Month	3 Months
GTC Fixed Income Fund Class B	7.51	7.40	8.18	8.01	3.94	1.96
AF MM Index (STEFI)	5.76	5.72	6.14	6.49	3.23	1.60

\*Annualised

Stated performance is after fees have been deducted

AF MM index was replaced by STEFI

### Performance history (%)

Fund highest & lowest annual returns*	Portfolio: Class B	AF MM Index (STEFI)
Highest	13.34	10.15
Lowest	3.21	3.62

\*Performance measured over rolling 12 months

### Fund facts:

Multi manager:	GTC
Fund classification:	SA - Multi Asset - Income
Investment managers:	Taquanta
Benchmark:	Alexander Forbes MM Index *AF MM Index was replaced by STEFI
Management company:	GTC Management Company
Inception date:	July 2007
Trustee:	Rand Merchant Bank
Fund size:	R1 049 603 780
Income declaration:	28 February, 31 May, 31 Aug, 30 Nov
Income distribution:	Third day of the following month
Value distributed:	<b>Nov 2018:</b> 2.0657 <b>Feb 2019:</b> 2.0687 <b>May 2019:</b> 2.1019 <b>Aug 2019:</b> 2.0416
Current NAV & Dealing prices:	Class B: R 1.0726

### Total investment charges (%)

as at 30 August 2019

<b>Total Expense Ratio (TER)</b>	<b>0.79</b>
Weighted TER portion of underlying	0.79
Performance Fee	0.00
<b>Transaction Costs (TC)</b>	<b>0.00</b>
<b>Total Investment Charges (TIC)</b>	<b>0.79</b>

Total Investment Charges are quarterly in arrears.

**TER:** Expenses relating to the administration of the Financial Product. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not be necessarily an accurate indication of future TERs.

**TC:** Costs relating to the buying and selling of the assets underlying the Financial Product.

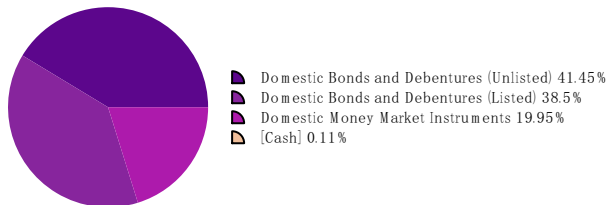
**TIC:** Transaction costs are a necessary cost in administering the Financial Product returns. It should be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER.

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### Asset class exposure



### Asset class exposure for the quarter (%)

Asset Class	June	July	August
Domestic Bonds and Debentures (Listed)	38.82	36.93	38.50
Domestic Bonds and Debentures (Unlisted)	26.73	33.81	41.45
Domestic Money Market Instruments	21.04	20.48	19.95
[Cash]	7.40	2.94	0.11
[Unassigned]	6.01	5.85	-

### Risk statistics (%): 5 years rolling

Tracking error	0.32
Annualized standard deviation	0.42

### NAV values

	June	July	August
Fund Units	975,710,350.60	977,222,934.00	977,157,589.20
Fund NAV	R1,033,074,150.00	R1,042,678,254.00	R1,049,603,780.00
Class NAV [B]	R167,566,297.50	R169,369,135.40	R182,480,950.70

### Mandate compliance

The fund remains within the reporting regime as at the date of this report.

### Exposure by years to maturity

0 - 1yrs	13.00
1 - 3yrs	49.48
3 - 7yrs	24.91
7 - 12yrs	1.92
<b>Total</b>	<b>100.0</b>

### Top 10 fixed income holdings (% of fund)

FirstRand Bank Ltd NCD 15/07/2022	5.33
Standard Bank NCD 18/07/2022	5.33
Standard Bank of South Africa Ltd (The) NCD 04/09/	4.36
Absa Bank Ltd NCD 04/07/2024	3.87
FirstRand Bank Ltd NCD 16/05/2024	3.87
FirstRand NCD 22/09/2021	3.87
Nedbank Ltd. Frn 30-apr-2024	3.87
Absa NCD 11/09/2019	2.91
Nedbank Capital (pty) Ltd. Frn 07-jan-2021	2.91
Nedbank Ltd NCD 04/07/2024	2.91
<b>Total</b>	<b>39.23</b>

### Portfolio commentary

Global bond markets returned 3.6% USD over the quarter with the US 10 year Treasury bond closing at 2.0% having started the quarter at 2.50%. The FED maintained its rate policy despite increased expectations to initiate a rate cut despite strong employment numbers. Over the quarter the ECB adopted a more dovish stance with Mario Draghi citing further potential stimulus measures to reignite a slowing economy.

The SARB kept its rates unchanged notwithstanding a very disappointing Q1 GDP number of -3.2% q-o-q. The All Bond Index was up 3.7% with inflation link bonds up 2.9%. Property was up a strong 4.5% while cash returned 1.8%. The Rand strengthened closing at R14.09 to the US dollar.

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### Contact us

#### Managers: GTC

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#### Administrators: Global Independent Administrators

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#### Trustees: Rand Merchant Bank

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### Disclaimer

This is a minimum disclosure document and general investor report. Collective Investment Schemes are generally medium to long term investments. The value of participatory interests may go down as well as up. The manager does not provide any guarantee either with respect to the capital or the return of a portfolio. Past performance is not necessarily an indication of future performance. CIS's are traded at ruling prices and can engage in borrowing and scrip lending. Different classes of units apply to these portfolios and are subject to different fees and charges. The charges for the most expensive class [Class B] have been disclosed in the Total Investment Charges. A schedule of fees and charges and maximum commissions is available on request from the manager. The manager has a right to close portfolios to new investors in order to manage them more efficiently in accordance with their mandates. Forward pricing is used. The manager may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Actual investment performance will differ based on the initial fees applicable, the actual investment date and the date of reinvestment of income. Dealing prices are calculated on a net asset value and auditor's fees, bank charges and trustee fees are levied against the portfolios. Performance is calculated for the portfolio, as well as that the individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. Recurring investment or lump sum investment performances are quoted. Income distributions are included in the calculations. Performance numbers and graphs are sourced from GTC. NAV to NAV figures have been used. The investment performance is for illustrative purposes only. The investment performance is calculated after taking the actual initial fees and all ongoing fees into account. The reinvestment of income is calculated on the actual amount distributed per participatory interest by using the ex-dividend date NAV price of the applicable class of the portfolio, irrespective of the actual reinvestment date. No performance fees are charged on the GTC Fixed Income Fund. The GTC Fixed Income Fund Class B charges an annual service fee of 0.64% (excluding VAT).

The Risk profile of the portfolios ranges from low risk to high risk with a low risk potentially associated with lower rewards and a high risk with potentially higher rewards. This portfolio has a medium to high risk profile. It is suitable for medium to long term investment horizons. It has a balanced exposure to various asset classes and has more equity exposure than a moderate risk portfolio but less than a high-risk portfolio. In turn the expected volatility is higher than a medium risk portfolio, but less than a high-risk portfolio. Where the asset allocation contained in this MDD reflects offshore exposure, the portfolio may be exposed to the following risks: potential constraints liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks and potential limitations on the availability of market information. The portfolio is exposed to equity as well as default and interest rate risks. The probability of losses is higher than that of a moderate risk portfolio, but less than a high-risk portfolio. The portfolio is subject to market or systematic risk which is the possibility of the portfolio experiencing losses due to factors that affect the overall performance of the financial markets.

Definition of the terms used to measure the risk in the portfolios a) Tracking Error: tracking error or active risk is a measure of the risk in an investment portfolio that is due to active management decisions made by the portfolio manager; it indicates how closely a portfolio follows the index to which it is benchmarked and b) Standard deviation: is a measure that is used to quantify the amount of variation or dispersion of a set of data values around the mean value. This measure is commonly known as volatility and referenced as an explicit measure of risk. One can also obtain additional information on GTC products on the website and all price related queries or information is readily available on request. Fund of funds are portfolios that invests in portfolios of collective investment schemes that levy their own charges, which could result in a higher fee structure for the fund of funds. The daily cut off time is 14:00 for trades and the valuation point is 17:00. Prices are published on Finswitch by 10:00 daily. GTC Management Company (RF) (Pty) Ltd is registered as a Collective Investment Scheme Manager in terms of Section 5 of the Collective Investment Schemes Control Act and is a member of ASISA.

MDD issue date: 16th working day of the month

*MDD Issue date: 16th working day of every month*