

GTC Management Company

Fixed Income Fund

August 2014

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.

Investment features

Domestic- Fixed Income-Interest Fund

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.

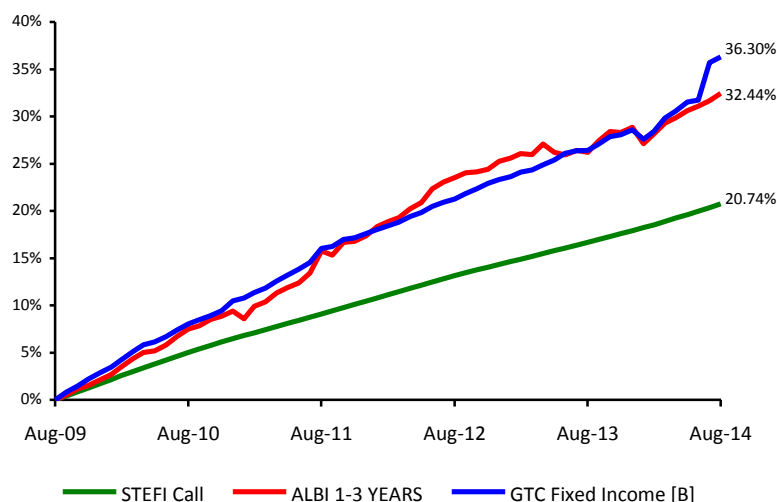
Risk profile of the fund

Low risk

Fund Facts

Manager:	Prescient
Inception date:	July 2007
Classification:	Domestic Fixed Income Varied Specialist
Fund size:	R 718 648 553
Benchmark:	Better of STeFI Call rate and ALBI 1-3 year measured over a 3 year rolling period.
Trustee:	ABSA Bank
Auditors:	KPMG Inc
Administrators:	Global Independent Administrators
Management company:	GTC Management Company
Income declarations:	28 February, 31 May, 31 August, 30 November
Income distribution:	First day of following month
Minimum initial investment:	R20 000
Initial fees:	0-5% excl VAT
NAV & dealing prices:	Class A: R 1.0580 Class B: R 1.0587
Valuation:	Priced a day in arrears

5 year cumulative performance history (%)



Performance fees

Performance fees are absolute return based, which implies that performance fees are only accrued on positive performances above an adjusted cash benchmark.

Fund Base Fees

Base fees were 1.09% (Class A) and 0.48% (Class B)

Performance Fee

20% of performance over Alexander Forbes Money Market (capped at 2%)

Manager Performance fee - 15% of out-performance of Albi 1-3 year.

Performance fees of 0.65% (Class A) and 0.65% (Class B) were levied on the fund due to outperformance of the benchmark.

Total expense ratio (TER)

A Total Expense Ratio (TER) is a measure of a portfolio's assets that are relinquished as operating expenses. The total operating expenses are expressed as a percentage of the average value of the portfolio. Included in the TER is the proportion of costs that are incurred by the performance component, fee at target, trading costs (including brokerage, VAT, STT, STRATE and insider trading levy) and other expenses. These are disclosed separately as percentages of the net asset value. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs.

The total TER* was therefore 1.75% (Class A) and 1.13% (Class B).

TERs shown include VAT

*as at June 2014

Performance history (%)

	1 Year	2 Year*	3 Year*	4 Year*	5 Year*
Fixed Income Class A ¹	7.19	5.44	4.98	5.47	5.86
Fixed Income Class B ¹	7.84	6.01	5.51	5.98	6.39
ALBI 1-3 year ¹	4.93	3.55	4.59	5.35	5.78
SteFi Call Rate ¹	3.47	3.30	3.44	3.55	3.84

*Annualised

¹The stated performance is after fees have been deducted

Fund performance history (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Cumulative
Class B 2014	-0.77	0.63	1.11	0.58	0.72	0.16	3.00	0.45					6.00
Class B 2013	0.23	0.38	0.21	0.42	0.42	0.56	0.22	0.01	0.53	0.62	0.16	0.41	4.26
Class B 2012	0.37	0.33	0.35	0.48	0.37	0.53	0.35	0.31	0.45	0.43	0.47	0.34	4.78
Class B 2011	0.28	0.52	0.42	0.67	0.57	0.55	0.62	1.30	0.18	0.65	0.14	0.38	6.28
Class B 2010 ¹	0.60	0.70	0.86	0.71	0.30	0.51	0.65	0.60	0.43	0.38	0.48	0.95	7.41
Class B 2009 ¹	1.00	0.98	0.93	1.02	0.52	0.76	0.73	0.72	0.80	0.67	0.73	0.61	9.89
Class B 2008 ¹	0.37	0.74	0.62	0.45	-0.08	1.12	1.76	1.05	1.05	0.75	1.38	1.03	10.72
Class B 2007 ¹							0.76	0.65	1.14	0.99	0.44	0.62	9.20

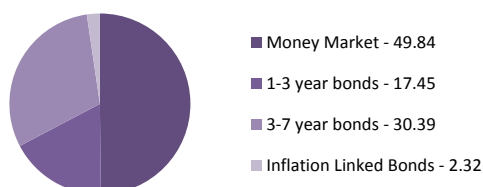
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GTC

Formerly Grant Thornton Capital

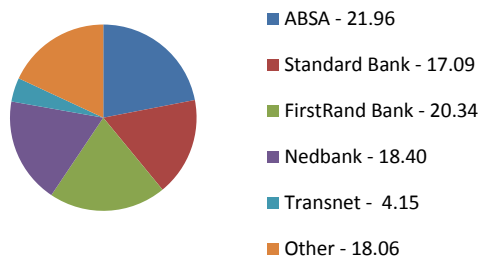
Asset class exposure (%)



Fund statistics (%)

Duration	0.40
Modified Duration	0.39
Yield to maturity	3.99

Issuer exposures (%)



Portfolio comment

At its July 17th meeting the MPC of the Reserve Bank decided to raise the repo rate by 25 basis points to 5.75 percent as inflation had breached the upper end of the target range. CPI came in at 6.6% in June against a consensus of 6.7% leaving the MPC little option but to raise rates. The increase in the inflation rate was largely driven by exchange rate depreciation and sharply rising food prices. Since the previous meeting of the MPC, the economic growth outlook had deteriorated further, due to protracted strike action in the mining and manufacturing sectors. The economy contracted in Q1 of 2014 with the growth outlook remaining subdued amid low business confidence. Recent wage settlements in excess of inflation and productivity growth have added to the upside risk to the inflation outlook.

Currently the market is pricing in an increase of 1% in the repo rate over the next 12 months. Over July the ALBI returned 0.9%(net) cash as measured by the STEFI returning 0.4%(net). Over 1 year the fund has outperformed its benchmark?(net of fees) benefiting from its exposure to property as well as a small allocation to inflation linked bonds. The fund remains positioned short in duration, with selective exposure to yield enhancing longer dated instruments.

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