

# GTC Management Company

## Fixed Income Fund

September 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.

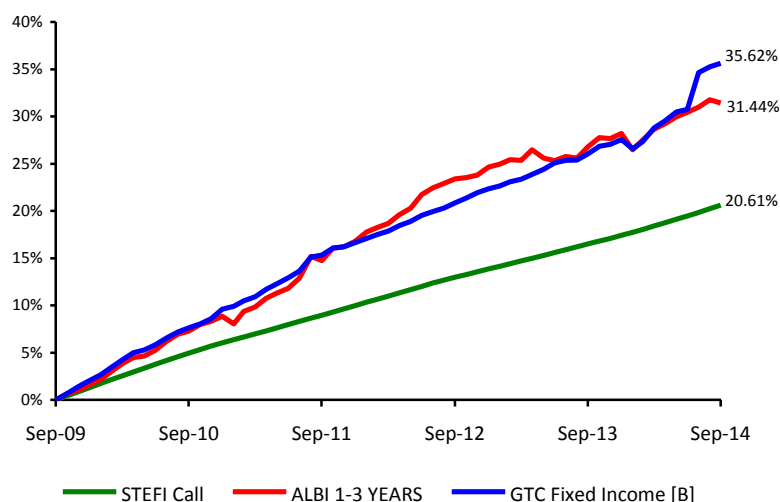
### Risk profile of the fund

**Low risk**

### Fund Facts

Manager:	Prescient
Inception date:	July 2007
Classification:	Domestic Fixed Income Varied Specialist
Fund size:	<b>R 725 068 449</b>
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: 1.2731cpu Class B: 1.3679cpu
Valuation:	Class A: R 1.0580 Class B: R 1.0587 Priced a day in arrears

### 5 year cumulative performance history (%)



### Performance history (%)

	1 Year	2 Year*	3 Year*	4 Year*	5 Year*
Fixed Income Class A <sup>1</sup>	7.14	5.45	5.09	5.49	5.79
Fixed Income Class B <sup>1</sup>	7.58	5.93	5.55	5.95	6.28
ALBI 1-3 year <sup>1</sup>	3.66	3.20	4.63	5.20	5.62
SteFi Call Rate <sup>1</sup>	3.53	3.33	3.44	3.54	3.82

\*Annualised

<sup>1</sup>The 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	0.26				<b>6.32</b>
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	<b>4.26</b>
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	<b>4.78</b>
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	<b>6.28</b>
Class B 2010 <sup>1</sup>	0.60	0.70	0.86	0.71	0.30	0.51	0.65	0.60	0.43	0.38	0.48	0.95	<b>7.41</b>
Class B 2009 <sup>1</sup>	1.00	0.98	0.93	1.02	0.52	0.76	0.73	0.72	0.80	0.67	0.73	0.61	<b>9.89</b>
Class B 2008 <sup>1</sup>	0.37	0.74	0.62	0.45	-0.08	1.12	1.76	1.05	1.05	0.75	1.38	1.03	<b>10.72</b>
Class B 2007 <sup>1</sup>							0.76	0.65	1.14	0.99	0.44	0.62	<b>9.20</b>

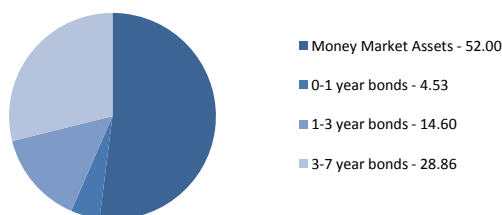
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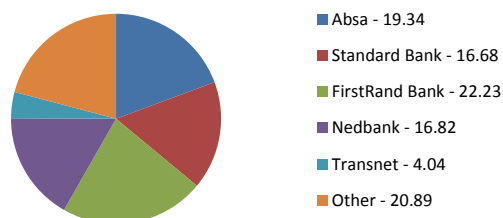
### Asset class exposure (%)



### Fund statistics (%)

Duration	0.42
Modified Duration	0.41
Yield to maturity	4.20

### Issuer exposures (%)



### Portfolio comment

With a continually weakening Rand, rising imports and declining mining revenues impacting on the current account it was not surprising that at the Monetary Policy Committee meeting of the S.A. Reserve Bank in July that it was decided to raise the repo rate by 25 basis points to 5.75% as inflation had breached the upper limit of SARB's inflation target range of 3%-6%. CPI came in June at 6.6% (August 6.4%) against a consensus of 6.7% leaving the MPC with little choice but to raise rates in spite of the poor economic outlook. The Rand experienced a volatile third quarter weakening, weakening 5.7% versus a rampant US dollar while the delay in announcing a successor to outgoing SARB governor, Gill Marcus did little to stem the tide. The promotion of Deputy Governor Letsetja Khganyago was welcomed by the investment community-overall it is expected for the MPC to maintain a dovish tone and maintain an accommodative stance. Growth forecast for 2014 was trimmed down to 1.5%(1.7%) on the back of a disappointing 0.6% Q2 GDP number mainly on the back of strike activity in the mining and steel sectors.

### Contact Details

Grant Thornton Office Park  
137 Daisy Street  
Sandown  
Johannesburg

Telephone: (011) 322 4752  
Fax: (011) 322 4610  
E-mail: [info@gtc.co.za](mailto:info@gtc.co.za)  
Web: [www.gtc.co.za](http://www.gtc.co.za)

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