# Sasfin A Money Market Product

Asset Consulting | sasfin Wealth

## May 2023

The Money Market Portfolio is a low risk money market fund that aims to deliver returns in excess of the STeFI consistently over time. The portfolio aims to exploit multiple sources of low risk excess returns within the money market and short term credit instrument arena. This portfolio is managed on a multi-manager basis. Each manager appointed to manage a portion of the portfolio has been selected on the basis of rigorous quantitative and qualitative analysis. The underlying managers are monitored and reviewed by Sasfin Asset Consulting on behalf of their clients.

The portfolio complies with Regulation 28 of the Pension Funds Act, 1956 as amended.

The portfolio is offered on a pooled and unitised basis on the Sygnia Life license.

## ABOUT SYGNIA

Sygnia is a financial services group specialising in the design and management of customised multi -manager product solutions for institutional clients in South Africa and globally. Sygnia Life is a registered life assurance company within the group.

## ABOUT SASFIN

Sasfin is a premier South African banking group, providing business banking, wealth management, capital, specialised services and treasury services. Sasfin Asset Consulting, a division of Sasfin, provides a comprehensive, independent and highly professional financial advisory service to institutional clients.

## FEES

Investment Managers: Up to 0.19%
Platform: Up to 0.15%

The above fees exclude VAT, performance fees and fund expenses. The investment management fees consist of fees charged by the underlying investment managers and Sasfin Asset Managers. The indicative investment management fees are based on the respective strategic weightings of the underlying investment managers. The investment management fees will vary from time to time based on the actual manager weightings.

## PERFORMANCE SUMMARY

| 1 Year | 3 Year | 5 Year | Since Inception |
|---|---|---|---|
| 9.6% | 5.7% | 6.6% | 7.8% |

## PERFORMANCE COMMENTARY

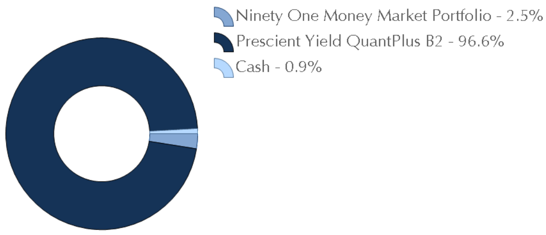
True to form, the market sold in May as seasonal midyear volatility ticked up, with many factors contributing to the weak month. In addition to idiosyncratic geopolitical events, economic data surprises turned negative, US debt ceiling talks seesawed and European inflation expectations surged. It was not all negative, however, and US corporate earnings continued to surprise to the upside. In fact, positive-earnings surprises of this magnitude are unprecedented when entering a recession. Russian crude oil flows to Asia hit a record high even after output cuts were promised, causing oil prices to fall further. Chinese economics showed a strong consumer. In general, a weaker dollar and falling commodity prices have kicked off a broad-based disinflationary process among emerging markets, allowing more monetary stimulus – but not in South Africa. On top of load shedding troubles, South Africa got caught up in a secret arms deal scandal with Russia, jeopardising US trade relations.

Leading economic indicators point to a recession in the US. As the Fed's tightening campaign and US bank failures restrict the flow of bank credit through the economy, demand and demand-driven inflation will subside. Elevated goods inflation will face further tailwinds as sticky supply chain bottlenecks clear out. Lower inflation will make the Fed's job easier once the economy slows and unemployment rises in the second half of the year. The Fed is unlikely to panic and raise rates further (which would force the economy into a deep recession), but inflation is not going away in the short term. We thus remain positioned for a higher-for-longer scenario in terms of inflation and interest rates and, as a necessary by-product, volatility. A prolonged pause is likely to see a downgrade to earnings, but a global recession remains unlikely. The average duration of manufacturing cycles is 18 months, which suggests the US manufacturing downturn is nearing its end. The outlook in the rest of the world continues to improve. We remain bearish on the dollar – not because the US may lose its dominant reserve status, but because the Fed will accept higher US inflation, and recovering European and Chinese economies should lead to stronger rest of world growth.

The FTSE/JSE CAPPED SWIX Index decreased by 5.8%, Industrials were down 3.1% and Financials dropped by 7.9%. The JSE All Bond Index declined by 4.8%, while the rand depreciated by 8.4% relative to the US dollar.

## PERFORMANCE

| PERIOD | FUND | STEFI |
|---|---|---|
| 1 month | 3.1% | 0.6% |
| 3 month | 4.0% | 1.8% |
| 6 month | 6.0% | 3.5% |
| Year to date | 5.3% | 3.0% |
| 1 year | 9.6% | 6.4% |
| 2 year | 6.9% | 5.2% |
| 3 year | 5.7% | 4.9% |
| 5 year | 6.6% | 5.8% |
| 10 year | 7.1% | 6.2% |
| Since Inception (back dated) | 7.8% | 6.9% |




## HISTORICAL PERFORMANCE

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Year | STeFI |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2019** | 0.7% | 0.6% | 0.7% | 0.5% | 0.7% | 0.7% | 0.7% | 0.7% | 0.6% | 0.6% | 0.5% | 0.6% | **7.9%** | **7.3%** |
| **2020** | 0.7% | 0.5% | 0.7% | 0.6% | 0.5% | 0.4% | 0.4% | 0.4% | 0.4% | -0.4% | 0.2% | 0.4% | **4.9%** | **5.4%** |
| **2021** | 0.3% | 0.3% | 0.3% | 0.4% | 0.3% | -0.5% | 0.4% | 0.3% | 0.4% | 0.3% | 0.5% | 0.5% | **3.6%** | **3.8%** |
| **2022** | 0.4% | 0.4% | 0.5% | 0.5% | 0.4% | 0.4% | 0.5% | 0.6% | 0.4% | 0.8% | 0.6% | 0.7% | **6.4%** | **5.2%** |
| **2023** | 0.8% | 0.5% | 0.6% | 0.2% | 3.1% | | | | | | | | **5.3%** | **3.0%** |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Returns are gross of fees. Past investment returns are not indicative of future returns and the returns are not guaranteed.

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