

Definitive RealFin Income Fund

MINIMUM DISCLOSURE DOCUMENT | MAY 2024

GENERAL INFORMATION

Unit Price:	10,056.6568 cents
Fee Class:	Class A
Fee Class Units:	R3,251,030.35
Fund Category:	South African - Interest Bearing - Short Term
Structure:	Registered SA CIS in Securities
Risk Profile:	Low
Fund Manager:	Jackie Solomon
Fund Inception Date:	1-May-21
CIS Establishment Date	2-Dec-20
Management Company:	Realfin Collective Investment Schemes (RF) Proprietary Limited
Fund Size:	R 324,399,694.13
Benchmark:	STeFI
Currency:	ZAR
Minimum lump sum:	R 50,000.00
Additional lump sum:	R 5,000.00
Annual Management Fee:	0.57% (ex VAT) p.a.
Performance Fee:	0.00% (ex VAT) p.a.
Subscriptions:	Daily
Redemptions:	Daily
Portfolio Valuation:	15h00 each day
Transaction cut-off time:	14h00 each day
Income Distribution:	Monthly
Administrator:	RealFin Fund Services Proprietary Limited
Trustee:	FirstRand Bank Limited (acting through its RMB Trustee Services Division)
Auditor:	PricewaterhouseCoopers

* Prices are available daily via FinSwitch & RCIS website.

TER*	TC*	TIC*
0.85%	0.00%	0.85%

* The TER, TC and TIC calculation as at 31 March 2024

INVESTMENT OBJECTIVE

The portfolio seeks to provide the investor with a regular high level of income together with relative capital stability. The investment objective of the portfolio aims to maximise income whilst providing for capital stability.

INVESTMENT MANDATE

- The Portfolio will invest in bonds, fixed deposits, fixed income instruments and other interest earning securities which have a fixed maturity date and either have a predetermined cash flow profile or are linked to benchmark yields.
- The Portfolio may invest in offshore investments as legislation permits.
- The portfolio may invest in assets in liquid form, participatory interests in money market or fixed income portfolios of collective investment schemes.
- The portfolio may also invest in listed and unlisted financial instruments (derivatives) as allowed by the Act from time to time, such as forward currency, interest rate and exchange rate swap transactions, for efficient portfolio management purposes.

INVESTMENT RESTRICTIONS

The Portfolio is restricted at all times to:

- The requirements and investment restrictions of the CISCAs;
- The requirements and investment restrictions of exchange control legislation;
- Not include equity securities, real estate securities or cumulative preference shares; and
- The weighted average modified duration of the underlying assets is limited to a maximum of two, in order to provide relative capital stability.

RISK PROFILE

The fund is suitable for investors who require high levels of income and capital preservation. The fund provides an attractive alternative to current and savings accounts and may be used to diversify away from equity assets or as a short-term investment for capital. The fund typically displays very little volatility.

Low



- Generally low risk portfolios have minimal equity exposure or no equity exposure, resulting in far less volatility than a more aggressive mandated portfolio and in turn the probability of capital loss (permanent/temporary) is less likely.
- However, expected potential long term investment returns could be lower over the medium to long term.

MONTHLY NET RETURNS (SINCE INCEPTION OF CIS)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	0.86%	0.74%	0.71%	0.84%	0.80%								4.01%
2023	0.73%	0.65%	0.79%	0.61%	0.77%	0.86%	0.70%	0.80%	0.79%	0.81%	0.78%	0.75%	9.41%
2022	0.41%	0.42%	0.47%	0.45%	0.45%	0.46%	0.44%	0.57%	0.49%	0.65%	0.60%	0.71%	6.29%
2021							0.39%	0.40%	0.43%	0.40%	0.38%	0.41%	2.43%

RETURN STATISTICS	FUND	BENCHMARK
1 Month	0.80%	0.70%
3 Month	2.37%	2.09%
12 Month	9.85%	8.52%
Return Since Inception (Cumulative)	23.90%	19.92%
Compound Annual Return	7.62%	6.43%
Average Compound Monthly Return	0.61%	0.52%
Highest 12 Month Rolling Return	9.85%	8.52%
Lowest 12 Month Rolling Return	5.18%	4.18%
Standard Deviation (Monthly)	0.17%	0.15%
Annualised Standard Deviation	0.58%	0.53%
% Positive Months	100.00%	100.00%

ASSET ALLOCATION*

SA Cash & Cash Collateral	16.00%
SA Fixed Income	54.45%
SA Fixed Income Funds	29.54%

* Net Exposure as a percentage of net asset value at month end.

FUND COMMENTARY

Local markets followed developed markets higher, albeit at a slower pace, with the JSE Top 40 climbing 0.89% and the JSE All Share recording a similar 0.97%. May was a particularly volatile month for the ZAR. A weaker US dollar initially strengthened the rand to a low of ZAR18.05. However, subsequent data out of the US, coupled with a statement from the governor of the Federal Reserve Bank in the US stating that rates will likely remain on hold for longer, weighed heavily on all emerging market currencies. With South Africa's National Elections being held at the end of the month and the massive uncertainty surrounding the outcome and what it would mean for domestic policy, volatility was to be expected. Once it appeared that the ANC would lose its majority, the rand retreated to finish the month at ZAR18.75, almost in line with where it started.

The Monetary Policy Committee (MPC) kept rates unchanged this month as predicted. Expectations are for the first rate cut to be announced in the second half of the year, though there are several moving parts that will influence the path of the cutting cycle. Factors that could influence it are a potential conservative approach taken by the Federal Reserve Bank in the US, upside inflation risk and the pursuit of a lower inflation target for South Africa. While upside inflation risk is something all economies face, South Africa is particularly vulnerable due to the volatility of the exchange rate and domestic supply constraints. Furthermore, the South African Reserve Bank predicts that inflation will only stabilise to 4.5% from the end of 2025. Factors such as adverse weather conditions and the conflict in the Middle East are likely to push food price inflation higher towards the end of the year. Conversely, improved crop estimates, sufficient supplies for domestic demand and a stronger rand could support prices going forward. As a result, the MPC is likely to keep highlighting upside risk to inflation and expectations are for a cut to be delivered towards the end of 2024 with a total of 50bp cut by year-end. Consensus is for the repo rate to sit between 7% and 7.5% by the end of 2026.

CONTACT DETAILS

RealFin Collective Investment Schemes – Management Company	
Registration Number	2013/170284/07
Physical Address	347 Main Road, Kenilworth, Cape Town 7708
Telephone Number	+27 21 701 3777
Email Address	clientservices@realfin.co.za
Website	www.realfin.co.za

Realfin Fund Services - Administrator	
Registration Number	2015/017268/07
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Telephone Number	+27 21 701 3777
Email Address	definitive@realfin.co.za
Website	www.realfin.co.za
FSP Number	46537

IMPORTANT INFORMATION

RealFin Collective Investment Schemes (RF) Proprietary Limited ("RCIS") is registered and approved by the Financial Sector Conduct Authority (FSCA) as a manager of Collective Investment Schemes approved in terms of the Collective Investment Schemes Control Act. This document is for information purposes only and does not constitute or form part of any offer to issue or sell or any solicitation of any offer to subscribe for or purchase any particular investments. The information contained in the MDD does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act, and should be read in conjunction with the "RCIS Fund Information Document," which can be found on the RCIS website www.realfin.co.za. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable directly or indirectly to the use of or reliance upon the information.

DISCLOSURES

- Collective Investment Schemes are generally medium-to long-term investments.
- Definitive RealFin Income Fund** should be considered an investment with a time horizon of longer than a year.
- The value of participatory interests (units) may go down as well as up.
- Past performance is not necessarily a guide to future performance.
- Where different classes of participatory interests apply to certain Portfolio's, they would be subject to different charges.
- Collective investments are traded at ruling prices and can engage in borrowing and scrip lending.
- A schedule of fees and charges and maximum commissions, is available on request from RCIS.
- RCIS does not provide any guarantee in respect to the capital or the return of the portfolio.
- RCIS may suspend repurchases for a period, subject to regulatory approval, to await liquidity.
- RCIS may borrow up to 10% of the market value of the portfolio where insufficient liquidity exists in a portfolio, or where assets cannot be released to withdraw or cancel participatory interests.
- RCIS reserves the right to close the fund to new investors if we deem it necessary to limit further inflows in order for it to be managed in accordance with its mandate.
- Forward pricing is used.
- In terms of the Collective Investment Schemes Control Act, No.45 of 2002 (CISCA), RMB Custody and Trustee Services (A division of FirstRand Bank Limited) has been appointed by RCIS as the Trustee of **Definitive RealFin Income Fund**.
- The portfolio is valued at **15H00 on each business day**.
- Investment and Redemption Instructions will be processed according to: The transaction cut-off time as well as the Subscription and Redemption guidance stipulated within the General Information section of the Minimum Disclosure Document.
- Any capital gain realised on the disposal of a participatory interest in a collective investment scheme is subject to Capital Gain Tax (CGT).
- A money market portfolio is not a bank deposit account. The price of a participatory interest is a marked-to-market value. The total return to the investor is made up of interest received and any gain or loss made on any particular instrument, in most cases the return will merely have an effect of increasing or decreasing the daily yield. In the case of abnormal losses it can have the effect of reducing the capital value of the portfolio. Excessive withdrawals from a money market portfolio may place the portfolio under liquidity pressure and in such circumstances a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed.
- Where foreign securities are included in a portfolio, this may impose potential constraints on liquidity and the repatriation of funds. The portfolio can be impacted by macroeconomic risks, political risks, foreign exchange risks, tax risks, settlement risks and potential limitations on the availability of the market information. Fluctuations or movements in exchange rates may cause the value of underlying offshore investments to go up or down.
- A Fund of Funds Portfolio only invests in other portfolio's of collective investment schemes which levies its own charges, which could result in a higher cost structure for these portfolios.
- RealFin Collective Investment Schemes (RF) Proprietary Limited has entered into a co-naming agreement with and delegated the investment management function to **Definitive Asset Management Proprietary Limited (FSP 29465)**
- RCIS retains full legal responsibility for **Definitive RealFin Income Fund** and performs Risk Management oversight.
- Application forms can be obtained via the RCIS website www.realfin.co.za and any additional information can be requested from RCIS at manco@realfin.co.za
- The RCIS complaints policy is available on the RCIS website www.realfin.co.za
- RCIS has a Conflict of Interest policy and Treating Clients Fairly Policy which is available on request.
- RCIS' Protection of Personal Information Client Privacy Notice is available on the RCIS website www.realfin.co.za.

Definitive Asset Management – Fund Manager	
Registration Number	2006/016737/07
Physical Address	Ground Floor, The Oval, Fernwood House, 1 Oakdale Road, Newlands, 7700, Cape Town
Postal Address	Suite 139, Private Bag X16, Constantia, 7848, Cape Town
Telephone Number	+27 21 674 4167
Email Address	info@definitivecm.com
Website	www.definitivecm.com
FSP Number	29465

FirstRand Bank Limited – Trustee	
Physical Address	3 Merchant Place, Ground Floor Cnr Fredman & Gwen Streets, Johannesburg, 2001
Telephone Number	+27 87 577 8730
Email Address	trusteeservices@rmb.co.za
Website	www.rmb.co.za

TRANSACTION CUT-OFF TIMES

In order for **daily Investment Instruction** to be processed, the Investment form needs to be sent **before 14h00** for your investment form to be processed on the **current business day ("Cut Off Date")**. Your funds need to be reflecting in our bank account before 14H00 ("Cut Off") for your investment to be transacted at the current day's price. Proof of payment must be sent to clientservices@realfin.co.za. Any funds received after Cut Off time, shall be retained by the Manager in a separate account and shall be invested (together with any interest which has accrued thereon) on the next available Investment Date.

In order for your participatory interests in the portfolio to be redeemed at the current day's price ("Redemption Date"), your Redemption Instruction must be submitted to RCIS **before 14h00** on the **Redemption Date**. If your withdrawal occurs on a non-business day, you will receive the next business day's price. All redemptions must be submitted in writing and will be executed following receipt and acceptance of such instruction. Please note that in the case of daily traded funds, redemption settlement may take up to **14 business days**.

Investors wishing to redeem units amounting to more than % of the total market value of the relevant portfolio must provide the manager with at least 7 business days' written notice of such redemption. If this notice is not received by the manager, the manager may treat such withdrawal as only having taken place on the 7th Business day after such instruction is received. However, where the amount to be redeemed is in excess of 10% of the total market value of the portfolio, the parties shall determine the actual date of withdrawal through mutual agreement.

PERFORMANCE CALCULATION

CIS prices are calculated on a net asset basis, which is the total value of all the bank charges, trustee and custodian fees and the annual management fee) from the portfolio divided by the number of participatory interests (units) in issue. Performance has been calculated using NAV to NAV figures with actual portfolio ongoing fees taken into account. Income is reinvested at the reinvestment date. Different classes of participatory interests apply to these portfolio's and are subject to different fees and charges. Actual investment performance will differ based on the initial advice fee, ongoing advice fee, investment date, the date of reinvestment of distributions and dividend withholding tax. Initial advice fees have not been taken into account. Cumulative performance figures are calculated using lump sum investment amounts. Income distributions, prior to the deduction of applicable taxes, are included in the performance calculation. Performance calculations are available on request from RCIS.

PERFORMANCE FEES

Performance fees shall be calculated separately for each class at each Valuation Point. Performance fees are accrued and are payable at the end of the relevant Performance Fee Measurement Period. The calculation is based on whether the respective Class has achieved a return greater than the Fee Hurdle and where applicable, above the high watermark. A detailed description of how performance fees are calculated and applied for this portfolio is available on request from RCIS.

TER

The Fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value (NAV) of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. Calculations are based on actual data where possible and best estimates where actual data is not available.

TC

Transaction Costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER.