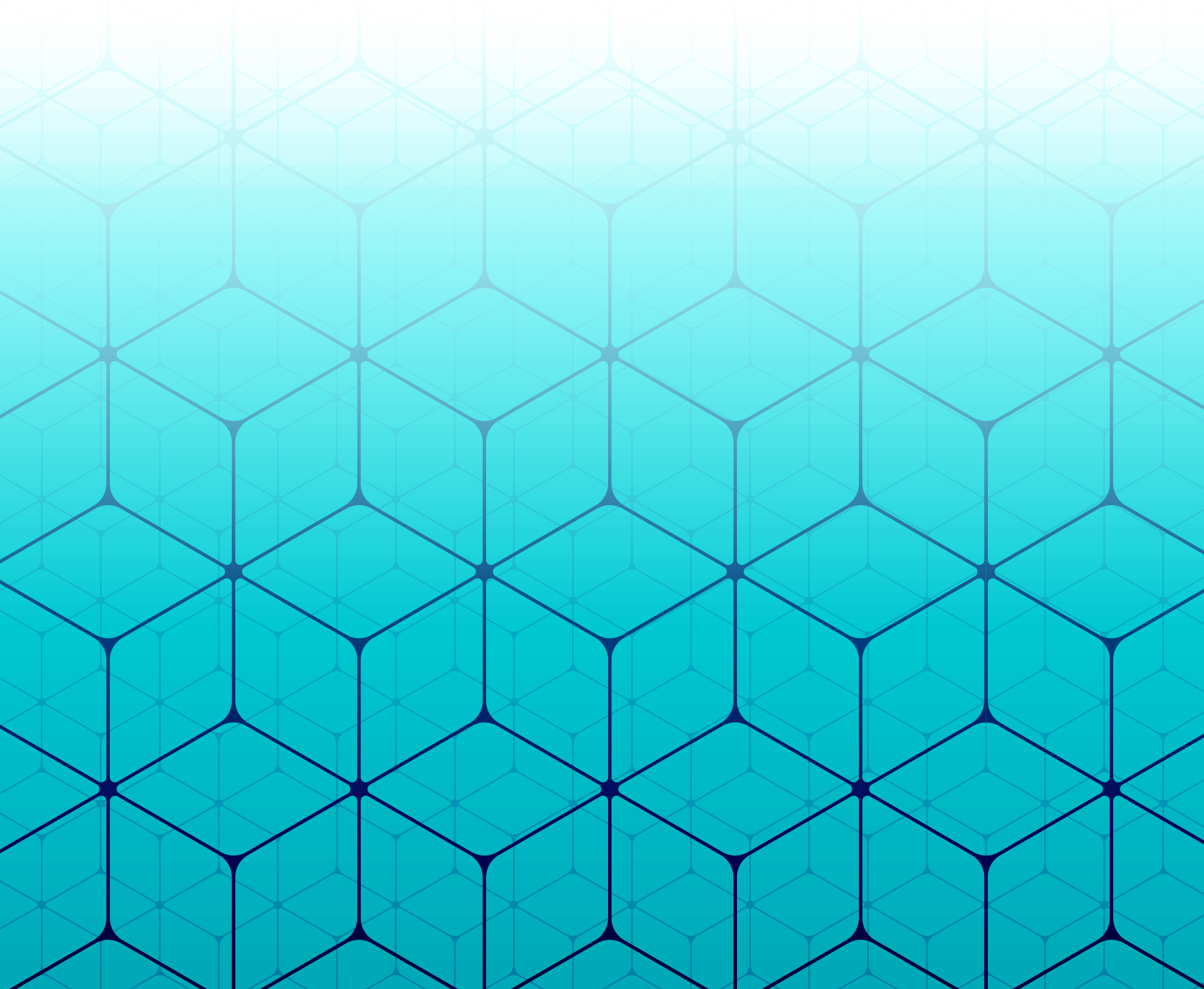


# **STRATEGIC INVESTMENT SERVICE**

Management Company (RF) (Pty) Ltd

## **ABRIDGED ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**



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**Manager**

Strategic Investment Service Management Company (RF) Proprietary Limited (“SIS”) is registered in terms of the Unit Trust Scheme Control Act as the manager of the SIS Unit Trust Scheme.

SIS is a wholly owned subsidiary of Acsis Limited. SIS is a full member of the Association for Savings and Investment SA.

**Company information**

Registration number 1997/022003/06

**Registered address**

Mutual Park Jan Smuts Drive Pinelands 7405

**Contact details**

PO Box 44604 Claremont 7735 South Africa

Tel: +27 (21) 524 4410 Fax: +27 (21) 441 1199 Doc-ex 14 Century City

**Independent Non-Executive Director**

BH Jack (Chairman) (Resigned 20 August 2019)

TJ Tapela

LA Harvey (Appointed 20 August 2019)

PJ Dempsey (Appointed as director on 20 August 2019 and as Chairman on 1 October 2019)

**Executive Director**

TJ Pascoe

ES Botha

**Company secretary**

Old Mutual Life Assurance Company (South Africa) Limited

**Portfolio manager**

Acsis Limited is the portfolio manager for all of the portfolios

**Trustees**

Standard Bank of South Africa Limited

**Auditors**

KPMG Inc

Copies of the audited annual financial statements of the Manager and of the schemes managed by it are available free of charge on request. Please contact the office detailed above. No scrip lending activities were undertaken by any of the schemes.

**REPORT OF THE MANAGING DIRECTOR**

The annual report contains the pertinent financial information for the year ended 31 December 2019. There was no deviation from the investment policies and objectives of the portfolios as contained in the relevant Trust Deeds.

A handwritten signature in black ink, appearing to read 'ES Botha', with a stylized initial 'E'.

ES Botha

Acsis Limited



The Manager  
Strategic Investment Service Management Company (RF) (Pty) Limited  
Mutual Park  
Jan Smuts Drive  
Pinelands  
7405

## REPORT OF THE TRUSTEE FOR THE STRATEGIC INVESTMENT SERVICE UNIT TRUST SCHEME

We, the Standard Bank of South Africa Limited, in our capacity as Trustee of the Strategic Investment Service Unit Trust Scheme (“the Scheme”) have prepared a report in terms of Section 70(1)(f) of the Collective Investment Schemes Control Act, 45 of 2002, as amended (“the Act”), for the financial year ended 31 December 2019.

In support of our report we have adopted certain processes and procedures that allow us to form a reasonable conclusion on whether the Manager has administered the Scheme in accordance with the Act and the Scheme Deed.

As Trustees of the Scheme we are also obliged to in terms of Section 70(3) of the Act to satisfy ourselves that every statement of comprehensive income, statement of financial position or other return prepared by the Manager of the Scheme as required by Section 90 of the Act fairly represents the assets and liabilities, as well as the income and distribution of income, of every portfolio of the Scheme.

The Manager is responsible for maintaining the accounting records and preparing the annual financial statements of the Scheme in conformity with International Financial Reporting Standards. This responsibility also includes appointing an external auditor to the Scheme to ensure that the financial statements are properly drawn up so as to fairly represent the financial position of every portfolio of its collective investment scheme are in accordance with International Financial Reporting Standards and in the manner required by the Act.

Our enquiry into the administration of the Scheme by the Manager does not cover a review of the annual financial statements and hence we do not provide an opinion thereon.

Based on our records, internal processes and procedures we report that nothing has come to our attention that causes us to believe that the accompanying financial statements do not fairly represent

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Tel. Switchboard: +27 (0)11 721 9000

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) Authorised financial services provider and registered credit provider (NCRCP15)

**Directors:** TS Gcabashe (Chairman) L Fuzile\* (Chief Executive) A Daehnke\* MA Erasmus<sup>1</sup> GJ Fraser-Moleketi GMB Kennealy BP Mabelane JH Maree  
NNA Matyumza KD Moroka NMC Nyembezi ML Oduor-Otieno<sup>3</sup> AC Parker ANA Peterside CON<sup>4</sup> MJD Ruck PD Sullivan<sup>5</sup> SK Tshabalala\* JM Vice Lubin  
Wang<sup>2</sup>

**Company Secretary:** Z Stephen - 24/02/2020

\*Executive Director <sup>1</sup>British <sup>2</sup>Chinese <sup>3</sup>Kenyan <sup>4</sup>Nigerian <sup>5</sup>Australian

the assets and liabilities, as well as the income and distribution of income, of every portfolio of the Scheme administered by the Manager

We confirm that according to the records available to us, no losses were suffered in the portfolios and no investor was prejudiced as a result thereof.

We conclude our report by stating that we reasonably believe that the Manager has administered the Scheme in accordance with:

- (i) the limitations imposed on the investment and borrowing powers of the manager by this Act;
- (ii) and the provisions of this Act and the deed;



Melinda Mostert  
**Standard Bank of South Africa Limited**



Seggie Moodley  
**Standard Bank of South Africa Limited**

27 March 2020

**IMPORTANT NOTICE:**

In terms of the Collective Investment Schemes Control Act, the trustees of all unit trust companies must report on their adherence to limitations imposed on investing, borrowing powers and the general provisions of the Act and Trust Deed. Our trustees, Standard Bank of South Africa Limited, have released Strategic Investment Service Unit Trust Scheme report for 2019. The report does not detail any material breaches and is available from the Manager on request and may be viewed at the registered offices of the Manager.

R'000	SIS Equity Fund	SIS Equity Fund of Funds	SIS Flexible Income Fund of Funds	SIS Inflation Matching Fund of Funds
<b>STATEMENT OF COMPREHENSIVE INCOME</b>				
FOR THE YEAR ENDED 31 DECEMBER 2019				
Net income from operations before finance costs	812 553	18 619	20 495	17 369
Total finance costs	250 026	9 571	17 852	15 644
Distributions	249 248	9 537	17 845	15 640
Withholding tax on foreign dividends	778	34	7	4
<b>Change in net assets attributable to unitholders</b>	<b>562 527</b>	<b>9 048</b>	<b>2 643</b>	<b>1 725</b>
<b>STATEMENT OF FINANCIAL POSITION</b>				
AT 31 DECEMBER 2019				
Total assets	6 192 162	423 478	380 370	236 658
Total liabilities, excluding net assets attributable to unitholders	251 748	1 841	3 617	8 318
<b>Net assets attributable to unitholders</b>	<b>5 940 414</b>	<b>421 637</b>	<b>376 753</b>	<b>228 340</b>

R'000	SIS Inflation Plus 1-3 Fund of Funds	SIS Inflation Plus 3-5 Fund of Funds	SIS Inflation Plus 3-5 Prudent Fund of Funds	SIS Inflation Plus 4-6 Fund of Funds
<b>STATEMENT OF COMPREHENSIVE INCOME</b>				
FOR THE YEAR ENDED 31 DECEMBER 2019				
Net income from operations before finance costs	504 595	1 349 059	36 035	927 507
Total finance costs	190 685	370 010	12 871	239 858
Distributions	190 392	368 128	12 871	238 541
Withholding tax on foreign dividends	293	1 882	-	1 317
<b>Change in net assets attributable to unitholders</b>	<b>313 910</b>	<b>979 049</b>	<b>23 164</b>	<b>687 649</b>
<b>STATEMENT OF FINANCIAL POSITION</b>				
AT 31 DECEMBER 2019				
Total assets	4 583 130	11 209 876	1 591 514	8 813 523
Total liabilities, excluding net assets attributable to unitholders	77 756	105 836	14 069	70 394
<b>Net assets attributable to unitholders</b>	<b>4 505 374</b>	<b>11 104 040</b>	<b>1 577 445</b>	<b>8 743 129</b>

R'000	SIS International Fixed Interest Fund of Funds	SIS International Flexible Fund of Funds	SIS International Growth Fund of Funds	SIS Maximum Return Fund of Funds
<b>STATEMENT OF COMPREHENSIVE INCOME</b>				
FOR THE YEAR ENDED 31 DECEMBER 2019				
Net income from operations before finance costs	107	588 413	3 938 165	216 682
Total finance costs	-	19 473	11 745	12 429
Distributions	-	19 473	11 745	12 277
Withholding tax on foreign dividends	-	-	-	152
<b>Change in net assets attributable to unitholders</b>	<b>107</b>	<b>568 940</b>	<b>3 926 420</b>	<b>204 253</b>
<b>STATEMENT OF FINANCIAL POSITION</b>				
AT 31 DECEMBER 2019				
Total assets	129 144	2 570 831	19 529 525	1 297 436
Total liabilities, excluding net assets attributable to unitholders	97	20 895	166 388	655
<b>Net assets attributable to unitholders</b>	<b>129 047</b>	<b>2 549 936</b>	<b>19 363 137</b>	<b>1 296 781</b>

R'000	SIS Money Market Fund	SIS Property Equity Fund	SIS Property Fund of Funds
<b>STATEMENT OF COMPREHENSIVE INCOME</b>			
FOR THE YEAR ENDED 31 DECEMBER 2019			
Net income/(loss) from operations before finance costs	46 847	(463)	603
Total finance costs	46 847	56 828	2 647
Distributions	46 847	56 170	2 625
Withholding tax on foreign dividends	-	658	22
<b>Change in net assets attributable to unitholders</b>	<b>-</b>	<b>(57 291)</b>	<b>(2 044)</b>
<b>STATEMENT OF FINANCIAL POSITION</b>			
AT 31 DECEMBER 2019			
Total assets	579 063	602 229	50 308
Total liabilities, excluding net assets attributable to unitholders	3 795	23 915	1 556
<b>Net assets attributable to unitholders</b>	<b>575 268</b>	<b>578 314</b>	<b>48 752</b>

Portfolio composition	Cash and cash equivalents*	Money market instruments	Derivatives at fair value#	Bonds	Unit trusts		Equity	
					Local	Foreign	Local	Foreign
SIS Equity Fund	4.28	-	-	-	-	-	95.72	-
SIS Equity Fund of Funds	1.94	-	-	-	98.06	-	-	-
SIS Flexible Income Fund of Funds	2.42	-	-	-	97.58	-	-	-
SIS Inflation Matching Fund of Funds	3.73	-	-	-	96.27	-	-	-
SIS Inflation Plus 1-3 Fund of Funds	0.18	-	-	-	99.82	-	-	-
SIS Inflation Plus 3-5 Fund of Funds	0.10	-	-	-	99.90	-	-	-
SIS Inflation Plus 3-5 Prudent Fund of Funds	1.00	-	-	-	99.00	-	-	-
SIS Inflation Plus 4-6 Fund of Funds	0.13	-	-	-	99.87	-	-	-
SIS International Fixed Interest Fund of Funds	0.19	-	-	-	-	99.81	-	-
SIS International Flexible Fund of Funds	1.02	-	-	-	-	98.98	-	-
SIS International Growth Fund of Funds	1.16	-	-	-	-	98.84	-	-
SIS Maximum Return Fund of Funds	0.45	-	-	-	99.55	-	-	-
SIS Money Market Fund	2.24	97.76	-	-	-	-	-	-
SIS Property Equity Fund	6.89	-	-	-	-	-	93.11	-
SIS Property Fund of Funds	3.44	-	-	-	96.56	-	-	-

\* Only capital, current and call deposits are included.

# Where portfolios hold SAFEX instruments the fair value of derivative assets and liabilities is zero.

Investment performance	1 YEAR	3 YEARS	5 YEARS	7 YEARS	10 YEARS
	(Class A)	(Class A)	(Class A)	(Class A)	(Class A)
SIS Equity Fund	-5.6	-1.4	-0.8	5.2	9.3
SIS Equity Fund of Funds*	-10.5	-	-	-	-
SIS Flexible Income Fund of Funds*	5.1	-	-	-	-
SIS Inflation Matching Fund of Funds	6.8	7.5	7.1	6.7	6.5
SIS Inflation Plus 1-3 Fund of Funds	6.6	6.0	5.5	7.8	9.4
SIS Inflation Plus 3-5 Fund of Funds	4.9	5.2	4.6	7.9	10.0
SIS Inflation Plus 3-5 Prudent Fund of Funds	2.3	-	-	-	-
SIS Inflation Plus 4-6 Fund of Funds	1.9	4.0	3.7	7.6	10.3
SIS International Fixed Interest Fund of Funds	11.4	5.6	5.0	6.7	6.7
SIS International Flexible Fund of Funds	24.3	15.0	11.4	14.5	-
SIS International Growth Fund of Funds	22.5	13.9	11.9	15.8	15.4
SIS Maximum Return Fund of Funds	11.0	7.8	6.1	10.2	12.4
SIS Money Market Fund	7.7	7.9	7.7	7.1	6.7
SIS Property Equity Fund	-23.9	-11.2	-4.2	2.6	8.3
SIS Property Fund of Funds*	-19.0	-	-	-	-

Income distribution per unit (cents)	MARCH 2019	JUNE 2019	SEPTEMBER 2019	DECEMBER 2019
	(Class A)	(Class A)	(Class A)	(Class A)
SIS Equity Fund	-	14.83	-	22.07
SIS Equity Fund of Funds*	-	5.42	-	0.75
SIS Flexible Income Fund of Funds*	3.79	9.93	3.65	1.92
SIS Inflation Matching Fund of Funds	-	4.48	-	4.41
SIS Inflation Plus 1-3 Fund of Funds	-	10.13	-	7.15
SIS Inflation Plus 3-5 Fund of Funds	-	8.87	-	3.71
SIS Inflation Plus 3-5 Prudent Fund of Funds	-	1.49	-	1.69
SIS Inflation Plus 4-6 Fund of Funds	-	12.94	-	4.57
SIS International Fixed Interest Fund of Funds	-	-	-	-
SIS International Flexible Fund of Funds	-	1.19	-	1.02
SIS International Growth Fund of Funds	-	-	-	-
SIS Maximum Return Fund of Funds	-	7.21	-	-
SIS Money Market Fund**	-	-	-	-
SIS Property Equity Fund	-	14.54	-	15.47
SIS Property Fund of Funds*	-	5.03	-	4.90

\* Relates to class T.

\*\* The SIS Money Market Fund distributes daily.

Price and total expense ratio	LAST PUBLISHED PRICE	TOTAL EXPENSE RATIO (TER)
	(31/12/2019)	Percentage per Class (%)
	(Class A)	(Class A)
SIS Equity Fund	1 050.00	0.98
SIS Equity Fund of Funds*	201.67	1.37
SIS Flexible Income Fund of Funds*	210.40	0.77
SIS Inflation Matching Fund of Funds	128.00	1.21
SIS Inflation Plus 1-3 Fund of Funds	432.19	1.31
SIS Inflation Plus 3-5 Fund of Funds	444.00	1.39
SIS Inflation Plus 3-5 Prudent Fund of Funds	208.47	1.42
SIS Inflation Plus 4-6 Fund of Funds	664.23	1.41
SIS International Fixed Interest Fund of Funds	170.52	1.01
SIS International Flexible Fund of Funds	353.07	0.81
SIS International Growth Fund of Funds	515.52	1.12
SIS Maximum Return Fund of Funds	812.19	1.53
SIS Money Market Fund	100.00	0.39
SIS Property Equity Fund	409.73	0.52
SIS Property Fund of Funds*	168.18	1.30

\* Relates to class T.



#### STATUTORY INFORMATION:

Only the A Class fund portfolios and T Class fund portfolios for SIS Equity Fund of Funds, SIS Flexible Income Fund of Funds and SIS Property Fund Funds have been included in this Abridged Annual Report. Performance figures are only disclosed for funds that have been in existence for more than one year. A fund portfolio is identical for all the respective classes of that fund. Different classes purely reflect different fee structures, not different portfolio compositions. The A Classes and T Classes have been selected for this Annual Report as this is the only class of units which a retail investor can purchase directly from the SIS Unit Trust Scheme. Note that full details of all the funds and classes are available in the full Annual Report. All performance figures are based on lump sum investments to December 2019. Unit trusts are generally medium- to long-term investments. Past performance is no indication of future growth. Shorter term fluctuations can occur as your investment moves in line with the markets. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Unit trusts can engage in borrowing and scrip lending. The fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value 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. The current TER cannot be regarded as an indication of future TERs. A schedule of fees, charges and maximum commissions is available from the company. You may sell your investment at the ruling price of the day (calculated at 15h00 daily and 17h00 at month-end for all funds, except the Money Market Fund, which is at 13h00). A Fund of Fund unit trust invest only in other Collective Investment Schemes, which may levy their own charges.

The performance is calculated on a NAV-NAV basis and does not take any initial fees into account. Income is reinvested on the ex-dividend date. Actual investment performance will differ based on the initial fees applicable, the actual investment date and the date of reinvestment of income.

**NOTES**

**NOTES**