

STRATEGIC INVESTMENT SERVICE
Management Company (RF) (Pty) Ltd

ABRIDGED ANNUAL REPORT 2018



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Manager

SIS Management Company is registered in terms of the Collective Investment Schemes 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

Directors

BH Jack (Independent non-executive) (Chairman), TJ Tapela (Independent non-executive), TJ Pascoe (executive), ES Botha (executive)

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 2018. There was no deviation from the investment policies and objectives of the portfolios as contained in the relevant Trust Deeds.



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 2018.

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

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 Fuzile¹ (Chief Executive) A Daehnke² GJ Fraser-Moleketi³ Hao Hu¹ GMB Kennealy⁴ JH Maree¹ NNA Matyumza¹
KD Moroka¹ ML Oduor-Otieno² AC Parker¹ ANA Peterside³ CON³ MJD Ruck⁴ PD Sullivan⁴ SK Tshabalala¹ JM Vice¹ Lubin Wang¹

Company Secretary: Z Stephen – 31/12/2018

¹Executive Director ¹Chinese ²Kenyan ³Nigerian ⁴Australian

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

28 March 2019

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 2018. 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 Linked Bond Fund
STATEMENT OF COMPREHENSIVE INCOME				
FOR THE YEAR ENDED 31 DECEMBER 2018				
Net (loss)/income from operations before finance costs	(1 376 585)	(22 956)	8 734	32 783
Total finance costs	307 199	3 724	10 623	63 729
Distributions	300 514	3 681	10 616	63 729
Withholding tax on foreign dividends	6 685	43	7	-
Change in net assets attributable to unitholders	(1 683 784)	(26 680)	(1 889)	(30 946)
STATEMENT OF FINANCIAL POSITION				
AT 31 DECEMBER 2018				
Total assets	6 921 087	243 235	211 944	1 319 843
Total liabilities, excluding net assets attributable to unitholders	152 968	1 227	3 471	21 682
Net assets attributable to unitholders	6 768 119	242 008	208 473	1 298 161

R'000	SIS Inflation Matching Fund of Funds	SIS Inflation Plus 1-3 Fund of Funds	SIS Inflation Plus 3-5 Fund of Funds	SIS Inflation Plus 5-7 Fund of Funds
STATEMENT OF COMPREHENSIVE INCOME				
FOR THE YEAR ENDED 31 DECEMBER 2018				
Net (loss)/income from operations before finance costs	12 881	(113 075)	(960 032)	(728 249)
Total finance costs	13 822	184 065	350 535	210 739
Distributions	13 812	183 188	347 072	208 195
Withholding tax on foreign dividends	10	877	3 463	2 544
Change in net assets attributable to unitholders	(941)	(297 140)	(1 310 567)	(938 988)
STATEMENT OF FINANCIAL POSITION				
AT 31 DECEMBER 2018				
Total assets	206 101	4 879 695	13 344 249	8 803 504
Total liabilities, excluding net assets attributable to unitholders	7 414	92 463	157 377	91 721
Net assets attributable to unitholders	198 687	4 787 232	13 186 872	8 711 783

R'000	SIS Inflation Plus 7-9 Fund of Funds	SIS International Fixed Interest Fund of Funds	SIS International Flexible Fund of Funds	SIS International Growth Fund of Funds
STATEMENT OF COMPREHENSIVE INCOME				
FOR THE YEAR ENDED 31 DECEMBER 2018				
Net (loss)/income from operations before finance costs	(98 009)	1 888	311 490	(630 911)
Total finance costs	9 503	-	26 473	14 713
Distributions	9 135	-	26 473	14 713
Withholding tax on foreign dividends	368	-	-	-
Change in net assets attributable to unitholders	(107 512)	1 888	285 017	(645 624)
STATEMENT OF FINANCIAL POSITION				
AT 31 DECEMBER 2018				
Total assets	1 259 462	65 519	3 507 257	14 852 262
Total liabilities, excluding net assets attributable to unitholders	4 047	80	13 539	8 784
Net assets attributable to unitholders	1 255 415	65 439	3 493 718	14 843 478

R'000	SIS Money Market Fund*	SIS Property Equity Fund	SIS Property Fund of Funds
STATEMENT OF COMPREHENSIVE INCOME			
FOR THE YEAR ENDED 31 DECEMBER 2018			
Net (loss)/income from operations before finance costs	46 083	(515 577)	(9 538)
Total finance costs	46 088	113 079	3 011
Distributions	46 088	112 231	2 996
Withholding tax on foreign dividends	-	848	15
Change in net assets attributable to unitholders	(5)	(628 656)	(12 549)
STATEMENT OF FINANCIAL POSITION			
AT 31 DECEMBER 2018			
Total assets	578 287	1 236 947	55 834
Total liabilities, excluding net assets attributable to unitholders	3 924	50 883	1 926
Net assets attributable to unitholders	574 363	1 186 064	53 908

Portfolio composition	Cash and cash equivalents*	Money market instruments	Derivatives at fair value#	Bonds	Unit trusts		Equity	
					Local	Foreign	Local	Foreign
SIS Equity Fund	3.13	-	-	-	-	-	96.87	-
SIS Equity Fund of Funds	1.82	-	-	-	98.18	-	-	-
SIS Flexible Income Fund of Funds	2.05	-	-	-	97.95	-	-	-
SIS Inflation Linked Bond Fund	1.32	1.07	-	97.61	-	-	-	-
SIS Inflation Matching Fund of Funds	4.24	-	-	-	95.76	-	-	-
SIS Inflation Plus 1-3 Fund of Funds	2.06	-	-	-	72.71	25.23	-	-
SIS Inflation Plus 3-5 Fund of Funds	1.29	-	-	-	70.21	28.50	-	-
SIS Inflation Plus 5-7 Fund of Funds	1.20	-	-	-	70.70	28.10	-	-
SIS Inflation Plus 7-9 Fund of Funds	0.40	-	-	-	41.86	57.74	-	-
SIS International Fixed Interest Fund of Funds	3.01	-	-	-	-	96.99	-	-
SIS International Flexible Fund of Funds	0.59	-	-	-	-	99.41	-	-
SIS International Growth Fund of Funds	0.63	-	-	-	-	99.37	-	-
SIS Money Market Fund*	2.94	97.06	-	-	-	-	-	-
SIS Property Equity Fund	4.80	-	-	-	-	-	95.20	-
SIS Property Fund of Funds	4.63	-	-	-	95.37	-	-	-

* 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	-13.7	1.4	2.9	9.6	12.0
SIS Equity Fund of Funds*	-11.9	-	-	-	-
SIS Flexible Income Fund of Funds*	5.2	-	-	-	-
SIS Inflation Linked Bond Fund	1.5	3.6	4.9	-	-
SIS Inflation Matching Fund of Funds	7.1	7.9	7.1	6.7	6.6
SIS Inflation Plus 1-3 Fund of Funds	-2.2	4.5	5.9	9.4	9.9
SIS Inflation Plus 3-5 Fund of Funds	-6.6	3.3	5.6	10.1	10.8
SIS Inflation Plus 5-7 Fund of Funds	-7.5	2.8	5.5	10.5	11.5
SIS Inflation Plus 7-9 Fund of Funds	-7.2	1.8	5.6	11.8	12.7
SIS International Fixed Interest Fund of Funds	9.6	-3.6	3.7	6.9	-
SIS International Flexible Fund of Funds	9.6	-1.0	9.3	14.7	-
SIS International Growth Fund of Funds	-4.3	3.6	7.9	16.2	12.5
SIS Money Market Fund	7.8	7.9	7.2	6.7	6.9
SIS Property Equity Fund	-23.8	-0.4	7.9	11.6	13.0
SIS Property Fund of Funds*	-22.2	-	-	-	-

Income distribution per unit (cents)	MARCH 2018	JUNE 2018	SEPTEMBER 2018	DECEMBER 2018
	(Class A)	(Class A)	(Class A)	(Class A)
SIS Equity Fund	-	16.60	-	14.29
SIS Equity Fund of Funds*	-	2.97	-	0.86
SIS Flexible Income Fund of Funds*	3.35	3.29	3.93	3.34
SIS Inflation Linked Bond Fund	-	2.37	-	1.76
SIS Inflation Matching Fund of Funds	-	4.35	-	4.48
SIS Inflation Plus 1-3 Fund of Funds	-	7.39	-	7.50
SIS Inflation Plus 3-5 Fund of Funds	-	5.88	-	4.69
SIS Inflation Plus 5-7 Fund of Funds	-	8.28	-	6.15
SIS Inflation Plus 7-9 Fund of Funds	-	3.07	-	1.89
SIS International Fixed Interest Fund of Funds	-	-	-	-
SIS International Flexible Fund of Funds	-	0.96	-	0.90
SIS International Growth Fund of Funds	-	-	-	-
SIS Money Market Fund**	-	-	-	-
SIS Property Equity Fund	-	17.59	-	17.45
SIS Property Fund of Funds*	-	4.93	-	5.85

* Relates to class T.

** The SIS Money Market Fund distributes daily.

Price and total expense ratio	LAST PUBLISHED PRICE	TOTAL EXPENSE RATIO (TER)
	(31/12/2018)	Percentage per Class (%)
	(Class A)	(Class A)
SIS Equity Fund	961.62	0.98
SIS Equity Fund of Funds*	197.30	1.33
SIS Flexible Income Fund of Funds*	210.10	0.75
SIS Inflation Linked Bond Fund	119.55	0.56
SIS Inflation Matching Fund of Funds	127.23	1.26
SIS Inflation Plus 1-3 Fund of Funds	405.51	1.34
SIS Inflation Plus 3-5 Fund of Funds	413.14	1.43
SIS Inflation Plus 5-7 Fund of Funds	616.98	1.45
SIS Inflation Plus 7-9 Fund of Funds	697.11	1.60
SIS International Fixed Interest Fund of Funds	172.09	1.36
SIS International Flexible Fund of Funds	293.79	0.89
SIS International Growth Fund of Funds	410.29	1.34
SIS Money Market Fund	100.00	0.39
SIS Property Equity Fund	442.93	0.53
SIS Property Fund of Funds*	177.94	1.23

* 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 of 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 2018. 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.