

Key Features

Fund Manager	ISG Asset Management Ltd
Launch Date	June - 11
Risk Profile	Low
Trustee	HSBC Bank
Custodian	Co-op Custodial Services
Auditors	PWC
Minimum Investment:	USD \$ 5,000.00
Minimum Additional investment	USD \$ %,000.00
Initial Fee	Nil
Annual management Fee:	2.0%
Effective Annual Yield	9.40%
Distribution	Monthly

Market Commentary

GDP: Real GDP growth for Q1 2020 grew by 4.9% compared to 5.5% in Q1 2019. The agricultural sector expanded by 4.9% from 4.7% in Q1 2019 while accommodation and food service contracted 9% compared to an expansion of 11% in Q1 2019. All other sectors expanded at a slower pace compared to the previous year. The IMF revised the 2020 Canada GDP prospects to a contraction of 0.3% in June 2020 down from a 1% base case growth forecast in April 2020. The economy however could exhibit resilience supported by the agricultural sector. The Treasury estimates a growth of at least 2.5% for the full year 2020.

Exchange rates: During the quarter, the USD lost 1.72% to the dollar closing at 106.52 from 104.69 in March. The USD however gained against the regional currencies. The country's forex reserves stood at USD 9.229 billion at the end of Q2 2020; equivalent to 5.55 months of import cover. This was an increase from USD 7.965 billion at the beginning of the quarter. The current account deficit narrowed to 5.2% in May 2020 from 5.6% in April. The deficit is projected at 5.8% by the end of the year.

Inflation: Averaged 5.23% in Q2 2020 compared to 5.87% in Q1 2020; the drop was mainly attributed to lower food and fuel prices. Pump prices averaged USD 85.55, USD 80.68 and USD 82.09 for super petrol, diesel and Kerosene for the period May 15th-June 14th 2020 respectively. Crude oil prices are not expected to rise after a significant slump in Q1 2020 hence may not exert an upward pressure on inflation. Food prices are also expected to remain lower given that the next quarter (Q3) is the harvest season.

Interest rates: The Central Bank further reduced the CBR rate to 7% in Q2 2020 from 7.25% in Q1 2020. Short-term rates significantly dropped in Q2 with the 91,182 and 364-day papers closing at 6.7%, 7.395% and 8.194% from 7.24%, 8.118% and 9.045% respectively at the end of March 2020. The yield curve also dropped on both the short and the long-end by an average of 26 bps across the tenors.

Outlook: The average return on the fund in Q2'20 was 9.28%. High liquidity prevails in the market and is expected to persist on government payments of pending bills, maturities, VAT refunds and banks minimizing lending in an elevated risky environment. Flight to safety is still a trend, and investors are expected to tend more towards increasing their share of investment in government securities. We expect a further dip in the rate in Q3 as the reinvestment rate will be lower.

Who should invest?

Investors who are seeking ;

- Capital preservation whilst not seeking long-term capital growth
- A high degree of capital stability and who are strictly risk averse.
- A short term parking bay for surplus fund particularly in times of market volatility

Key benefits

Liquidity: The client is able to withdraw their funds at short notice with no penalty fees.

Flexibility: The client is able to switch or transfer funds to another fund that he/she may have with ISG.

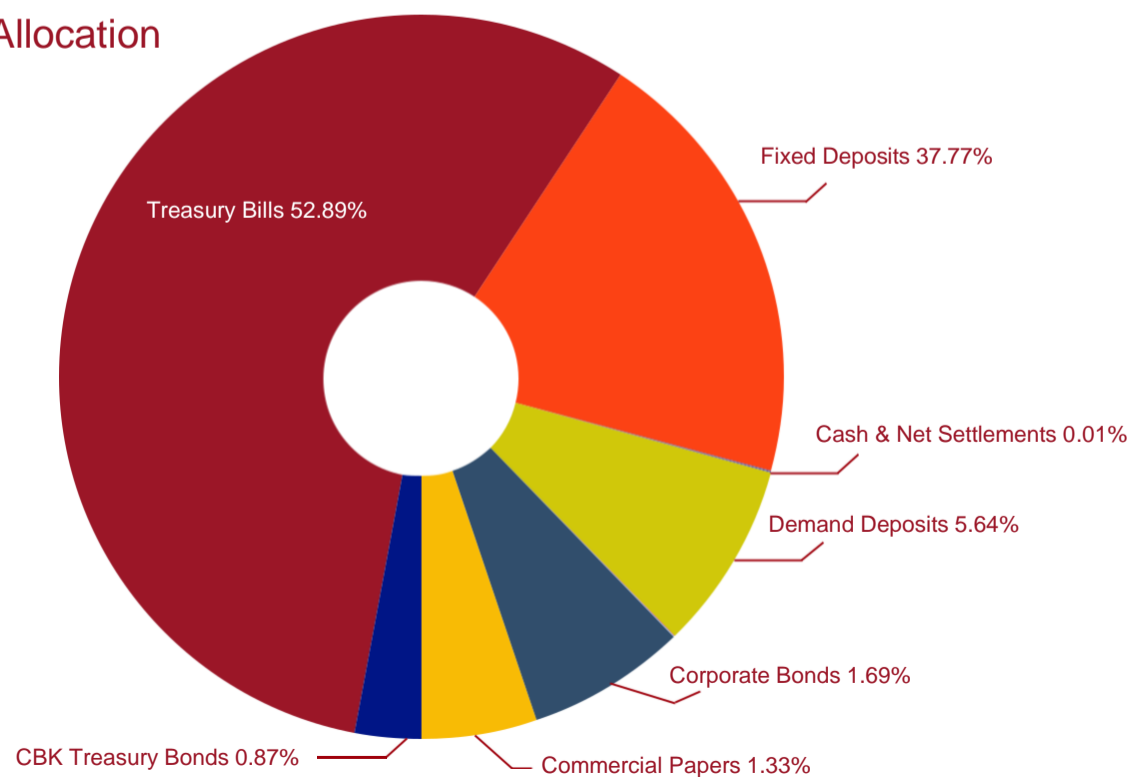
Security: The fund invests in government paper and liquid instruments.

Competitive Returns: Interest is calculated daily and credited at the end of each month. As an institutional client, the fund benefits from placing deposits in large sums and as such is able to negotiate for competitive rates.

Professional fund management: prospective investors benefit from the expertise of our seasoned professionals.



Asset Allocation



Statutory Disclaimer: The value of units may go down as well as up and past performance is not necessarily a guide to the future. There are no guarantees on the client's capital as the performance of units in the fund is determined by changes in the value of underlying investments hence value of your unit trust investment.