

### Fund Objective

The objective of this fund of funds portfolio is to offer a low risk, liquid investment which will generate income predominantly in the form of dividends. Income distributed to investors will aim to exceed the average after-tax yield normally received from money market portfolios.

### Fund Detail

This unit trust has a conservative investment mandate that will follow a risk profile focused on capital preservation subject to strict criteria, in accordance with the requirements of the Collective Investment Schemes Control Act (CISCA).

The fund invests in a diversified portfolio consisting of liquid instruments and low risk unit trust funds primarily investing in redeemable preference shares and fixed interest and money market instruments. The manager may enter into financial instruments for the exclusive purpose of hedging any exchange rate risk.

The fund focuses on capital preservation and on enhancing the after-tax returns for investors to provide a higher total after-tax return than enhanced cash funds. The fund will generate income predominantly in the form of dividends and capital growth with a small portion of interest. Capital risk is restricted as there is no exposure to equity portfolios. This fund has no direct foreign currency exposure.

### Fund Information

ASISA fund classification	SA - Multi Asset - Income
Risk profile	Conservative
Benchmark	After-tax return on the SIM Money Market Fund (individual tax rate of 45%)
Pricing	Unit trust pricing on NAV basis.
Portfolio launch date	2 March 2009 (A3 class: 1 July 2009)
Minimum investment	Lump sum R100 000   Monthly R10 000
Portfolio size	R1 495.82 million
Fund Manager	Sanlam Collective Investments (RF) (Pty) Ltd
Investment Managers	Sanlam Structured Solutions, a division of Sanlam Investment Management (Pty) Ltd, and TBI Investment Managers (Pty) Ltd
Income declaration dates	Last day of each month
Income price dates	2 <sup>nd</sup> Working day of new month (distributed on the following working day)
Valuation time of fund	17:00
Transaction cut off time	15:00
Daily price information	The local newspaper and <a href="http://www.sanlamunitrusts.co.za">www.sanlamunitrusts.co.za</a>
Liquidity	48 hours (subject to provisions of CISCA, the Deed and the application form)

### Fees (Incl. VAT)

	A3 class (%)
Manager initial fee	0.00
Manager annual fee	0.85
Total expense ratio (TER)	1.37
Transaction Cost	0.00
Total Investment Charges	1.37

Fees may be payable to intermediaries and are specified on the application form. TBI investment Mangers (Pty) Ltd earns a portion of the Manager Annual Fee for services related to investment management and distribution.

Obtain a personalised cost estimate before investing by visiting [www.sanlamunitrustsmdd.co.za](http://www.sanlamunitrustsmdd.co.za) and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

### Period: 01 October 2015 - 30 September 2018

**Total Expense Ratio (TER):** 1.37% of the value of the Financial Product was incurred as expenses relating to the administration of the Financial Product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's

**Transaction Cost (TC):** 0.00% of the value of the Financial Product was incurred as costs relating to the buying and selling of the assets underlying the Financial Product. 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 other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER.

**Total Investment Charges (TER + TC):** 1.37% of the value of the Financial Product was incurred as costs relating to the investment of the Financial Product.

### Who Should Invest

- Cautious investors seeking protection from equity market volatility.
- Investors seeking a liquid unit trust investment with a better after-tax yield than a money market or enhanced cash fund.
- High net worth individuals who have utilised their interest exemption and trusts who require a regular, tax managed income.
- Corporate investors.

### Fund Characteristics

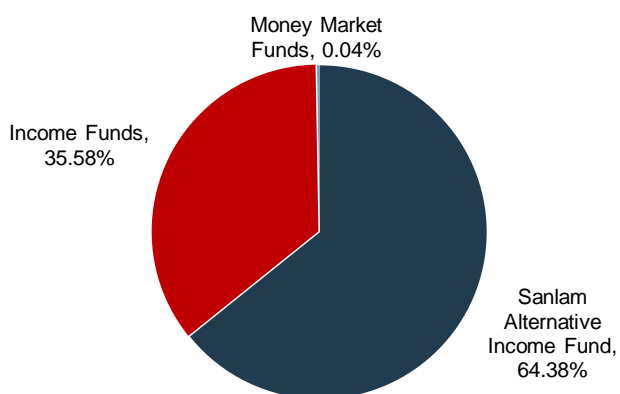
- Capital preservation.
- Return mainly in the form of dividends and capital growth and a small portion of interest.
- Returns track short-term interest rate movements, ensuring protection against interest rate exposure.
- Monthly income distributions.



**Portfolio Holdings as at 30 November 2018**

Sanlam Alternative Income Fund	64.38%
Stanlib Income Fund	9.51%
Momentum Income Plus Fund	8.44%
SIM Active Income Fund	4.74%
Old Mutual Income Fund	3.62%
Investec Diversified Income Fund	3.44%
Coronation Strategic Income Fund	3.38%
Nedgroup Flexible Income Fund	2.08%
Investec High Income Fund	0.36%
Sanlam Money Market Fund	0.22%

**Portfolio Composition as at 30 November 2018**



**Annualised compound performance as at 30 November 2018**

	Fund %	Benchmark (%)
Latest 5 Years	5.77	3.93
Latest 3 Years	6.30	4.17
Latest 1 Year	6.05	3.98
Since Launch	5.29	3.72

**Actual highest and lowest annual performance for rolling 10 years**

Highest Annual % (2016/2017)	6.46%
Lowest Annual % (2012/2013)	4.18%

The lowest and highest annualised performance numbers are based on 10 non-overlapping one year periods or the number of non-overlapping one year periods from inception where performance history does not yet exist for 10 years.

**Monthly income distributions (cents per unit)**

31/12/2017	0.48	30/06/2018	0.28
31/01/2018	0.39	31/07/2018	0.81
28/02/2018	0.26	31/08/2017	0.37
31/03/2018	0.38	30/09/2018	0.30
30/04/2018	0.29	31/10/2018	0.48
31/05/2018	0.28	30/11/2018	0.27

**Portfolio Managers Quarterly Comment – 30 September 2018**

The quarter was plagued by negative sentiment, especially towards emerging markets. The effect of a tighter US monetary policy is being felt, as dollar liquidity shrinks and the carry trade unwinds. This is placing the South African rand and domestic bonds under pressure. Domestic politics are still high on the agenda and will most probably stay there until next year's midyear election.

Fund performance over the quarter did not excel but is outperforming the benchmark. The third quarter will be challenging with the MTBS and Moody's assessment in October. We expect a lot of volatility driven especially by emerging markets sentiment and will maintain our cautious positioning.

**Portfolio Managers**

**Steven Rosenberg**  
BSc (Hons), FASSA

Steven Rosenberg was appointed Head of Derivative Structuring at Sanlam Structured Solutions ("SSS") in 2008 and CEO of SSS in 2013. SSS develops and provides structured investment and retirement solutions for the institutional and retirement fund industry, as well as high net worth individuals. Steven is, amongst others, a member of the Sanlam Asset Liability Matching Committee, the Sanlam Capital Committee, the Investment Core Exco and SSS Risk Management Committee. He currently manages a significant portion of Sanlam's With Profit and CPI-Linked Annuity portfolios.

**Eugene Goosen**

BCom (Hons) Investment Management, MCom Business Management (RAU)

Eugene trained as a money market dealer before starting his career at Absa Treasury, he later worked at RMB, Investec and Metropolitan in the Asset Management sector. He became a director of Spencer Financial Services in 2010 before joining TBI Investment Manager's (Formerly known as Ora Fund Managers) asset management team in January 2011. He has extensive experience in structured solutions, asset and liability management, bond trading, equity derivatives trading and in managing credit processes, annuity portfolios, absolute return products, alternative and process-wide derivative strategies.



## Additional information

All reasonable steps have been taken to ensure the information on this minimum disclosure document is accurate. No member of Sanlam gives any representation, warranty or undertaking, nor accepts any responsibility or liability as to the accuracy of any of this information. The information to follow does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act. Use or rely on this information at your own risk. Independent professional financial advice should always be sought before making an investment decision.

The Sanlam Group is a full member of the Association for Savings and Investment SA. Collective investment schemes are generally medium- to long-term investments. Please note that past performance is not necessarily a guide to future performance, and that the value of investments / units / unit trusts may go down as well as up. A schedule of fees and charges and maximum commissions is available from the Manager, Sanlam Collective Investments (RF) Pty Ltd, a registered and approved Manager in Collective Investment Schemes in Securities. Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. The manager may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Collective investments are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any deductible expenses such as audit fees, brokerage and service fees. Actual investment performance of the portfolio and the investor will differ depending on the initial fees applicable, the actual investment date, and the date of reinvestment of income as well as dividend withholding tax. Forward pricing is used. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The performance of the portfolio depends on the underlying assets and variable market factors. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-div date. Lump sum investment performances are quoted. Source: Money Mate. All the portfolio options presented are approved collective investment schemes in terms of Collective Investment Schemes Control Act, No 45 of 2002 ("CISCA"). The fund may from time to time invest in foreign instruments which could be accompanied by additional risks as well as potential limitations on the availability of market information. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. The portfolio management of all the portfolios are outsourced to financial services providers authorized in terms of the Financial Advisory and Intermediary Services Act, 2002. The management of investments are TBI Investment Managers (Pty) Ltd (FSP 42968), authorised Financial Services Providers under the Financial Advisory and Intermediary Services Act, 2002. A fund of funds is a portfolio that invests in portfolios of collective investment schemes that levy their own charges, which could result in a higher fee structure for the fund of fund. Standard Bank of South Africa Ltd is the appointed trustee of the Sanlam Collective Investments scheme.

## Manager Information

### Sanlam Collective Investments (RF) (Pty.) Ltd

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Website: [www.sanlamunitrusts.co.za](http://www.sanlamunitrusts.co.za)

## Glossary of terms

### Capital preservation

This is an investment strategy where the primary goal is to preserve (protect) capital and prevent losses in a portfolio. Preserving capital is a priority for retirees and those approaching retirement, since they may be relying on their investments to generate income to cover their living expenses, and have limited time to recoup losses if markets experience a downturn.

### Preference shares

Preference shares rank higher than ordinary shares in terms of dividends and capital, if the company goes into liquidation. They do not have voting rights. Dividends on preference shares are normally a predetermined percentage of the nominal value of the share.

### Diversified portfolio

Refers to the process by which investments are combined to reduce the overall risk of the portfolio.

### Financial instruments

Derivatives also known as financial instruments (such as a future, option, or warrants) whose value derives from and is dependent on the change in value of an underlying asset (such as a commodity, currency, or security) to protect against risk (capital losses).

### Fund of funds

A "fund of funds" is an investment strategy of holding a portfolio of other investment funds rather than investing directly in stocks, bonds or other securities. This type of investing is often referred to as multi-manager investment.

Investing in a fund of funds may achieve greater diversification. The benefit of diversification is that it can reduce volatility and the overall risk in the portfolio, while maintaining returns.

### Total expense ratio (TER)

This is the total costs associated with managing and operating an investment (excluding administration, financial planning and servicing fees). These costs consist primarily of management fees and additional expenses such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the fund is divided by the fund's total assets under management to arrive at a percentage amount, which represents the TER.

### Annualised total returns

Annualised return is the weighted average compound growth rate over the period measured.

### Conservative risk profile

You prefer to receive stable income flows and are determined to keep your capital intact at all times. You want an investment that is as much a sure bet as the unpredictable future will allow. You understand that comfort means that you may not receive outside returns but that your capital will be safe — and the likelihood of losing money slim. The portfolio that gives you the most comfort consists primarily of income-oriented asset classes such as cash, nominal and inflation-linked bonds and property. You shy away from too much exposure to equities because of their higher volatility.

## Trustee Information

### Standard Bank of South Africa Ltd

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