

Ampersand SCI CPI Plus 4 Fund of Funds

Minimum Disclosure Document

As of 30/09/2017



Fund Objective

The primary objective of the portfolio is to outperform SA CPI Plus 4% per annum on a rolling 36 month basis. The secondary objective is capital preservation over all 18 month rolling periods.

Fund Strategy

Investments to be included in the portfolio will, apart from assets in liquid form, consist solely of participatory interests in portfolios of collective investment schemes registered in the Republic of South Africa or of participatory interests in collective investment schemes or other similar schemes operated in territories with a regulatory environment which is to the satisfaction of the Manager and the Trustee of a sufficient standard to provide investor protection which is at least equivalent to that in South Africa. The portfolio will consist of a mix of collective investment scheme portfolios investing in equity, bond, money market and property markets as well as multi-asset class portfolios and is not limited to certain asset classes. The portfolio shall adhere to the multi asset : medium equity classification requirements as set out by the Asisa standard: fund classification for South African regulated collective investment scheme portfolios, which currently limits the equity exposure to 60%. The portfolio will be managed in accordance with regulations governing pension funds. The Manager shall be permitted to invest on behalf of the portfolio in offshore investments as legislation permits. The Manager shall be permitted to invest in listed and unlisted financial instruments (derivatives) as allowed by the Act from time to time. For the purpose of this portfolio, the Manager shall reserve the right to close the portfolio to new investors on a date determined by the Manager. This will be done in order to be able to manage the portfolio in accordance with its mandate. The Manager may, once a portfolio has been closed, open that portfolio again to new investors on a date determined by the Manager.

Fund Information

Ticker	VPCFF
Portfolio Manager	Tom Barlow CFA®, BCom (Economics)
ASISA Fund Classification	South African - Multi Asset - Medium Equity
Risk Profile	Moderate
Benchmark	50% FTSE/JSE All Share Index & 50% STeFi Composite
Fund Size	R 1,515,411,802
Portfolio Launch Date	05/12/2008
Fee Class Launch Date	12/05/2008
Minimum Lump Sum Investment	R 1,000,000
Minimum Monthly Investment	R 100,000
Latest Distribution Date	03/07/2017
Total 12 Month Distribution	R 0.02
Income Declaration Date	June & December
Income Payment Date	July & January
Portfolio Valuation Time	17:00
Transaction Cut Off Time	15:00
Daily Price Information	Local media
Repurchase Period	2-3 business days

Fees (Incl. VAT)

Maximum Initial Advice Fee	3.28
Maximum Annual Advice Fee	1.14
Manager Annual Fee	0.79
Total Expense Ratio	1.22
Transaction Cost	0.02
Total Investment Charges	1.24
Performance Fee	N/A

Total Expense Ratio (TER) is a percentage value of the fund that 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) is a percentage value of the fund that 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.

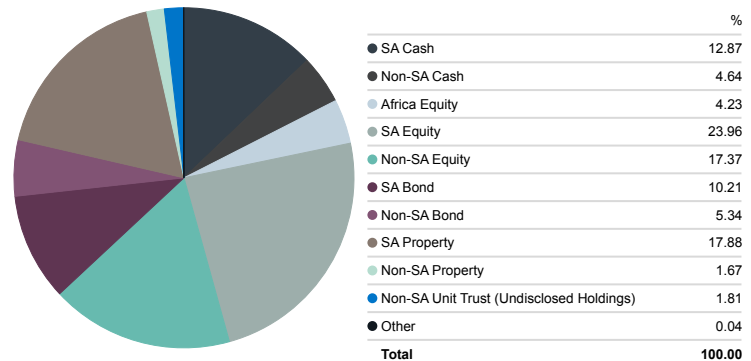
Total Investment Charges (TIC) is the total percentage value of the fund that was incurred as costs relating to the management of the Financial Product and is the sum of the TER and TC.

Performance fees are incentive fees earned by the manager for performance in excess of the the benchmark. Performance fees form part of the cost structure of the fund and are included in the Total Expense Ratio. Please visit www.sanlamunitrusts.co.za for a detailed list of our funds that charge performance fees together with their calculation methodologies.

Top Ten Holdings

	% of Portfolio
Ampersand Momentum Equity B1	30.86
VFPF International Growth A	27.72
Ampersand Momentum Flex Property Inc B1	19.61
Saffron MET Active Bond B	13.21
Saffron African Yield Class B	3.07
Saffron MET Top 20 Fund B	2.01
Element Specialist Income C	1.49
Saffron MET Opportunity Income C1	0.68
STANLIB Extra Income ABIL Retention	0.01
STANLIB Extra Income R	0.00

Asset Allocation



Performance (Annualised)

	Fund	Benchmark
1 Year	6.08	9.08
3 Years	6.22	7.43
5 Years	8.82	9.70
Since Inception	8.52	8.65

Performance (Cumulative)

	Fund	Benchmark
1 Year	6.08	9.08
3 Years	19.83	24.00
5 Years	52.62	58.87
Since Inception	114.55	116.85

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2016	
Highest Annual %	15.24
Lowest Annual %	-0.91

Risk Statistics (3 Year Rolling)

Standard Deviation	6.15
Sharpe Ratio	-0.10
Information Ratio	-0.25
Maximum Drawdown	-6.01

Administered by



Risk Profile: Moderate

You want to protect yourself from the ups and downs as much as possible and, in so doing, have as smooth a ride as is possible. But you know you need to take some risk to grow your capital. You have a medium to long-term investment horizon; you are looking for a diversified portfolio (ie, a portfolio that invests in a number of different asset classes to spread your risk), and one that offers real (after inflation) returns but with lower volatility. This fund would appeal to anyone nearing retirement (in the capital accumulation phase) and as well as after retirement (in the de-accumulation or capital preservation phase).

Glossary Terms

Annualised Returns

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

Asset Allocation

Asset allocation is the percentage holding in different asset classes (i.e. equities, bonds, property, etc.). It is used to determine the level of diversification in a portfolio.

Capital Volatility

Volatility is a measure of 'risk' and refers to the extent to which the price of an investment or capital value fluctuates over a certain period of time. Funds with high volatility usually offer the potential for higher returns over the longer term than low volatility funds.

Cumulative Returns

Cumulative return is the total growth experienced over the period measured.

Derivatives

Derivatives are instruments generally used as an instrument to protect against risk (capital losses), but can also be used for speculative purposes. Examples are futures, options and swaps.

Distributions

The income that is generated from an investment and given to investors through monthly, quarterly, bi-annual or annual distribution pay-outs.

Diversification

This is a strategy designed to reduce risk within a portfolio by combining a variety of investments (or asset classes) such as equities, bonds, cash or property, which are unlikely to all move in the same direction at the same time. This is designed to reduce the risk (and protect against capital losses) within a portfolio. Diversification allows for more consistent performance under a wide range of economic conditions as it smoothes out the impact of negative market events. The positive performance of some investments or asset classes should neutralize the negative performance of others.

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 Objective

The fund objective is the portfolio's core goal.

Fund Strategy

The fund strategy is the way that the fund is managed to achieve the fund objective.

Information Ratio

The Information Ratio measures the market risk-adjusted performance of an investment or portfolio. The greater a portfolio's Information Ratio, the better its risk-adjusted performance has been compared to the market in general.

Collective Investment Schemes

Collective Investment Schemes (CIS) (also called unit trusts) are portfolios of assets such as equities, bonds, cash and listed property, in which investors can buy units. They allow private investors to pool their money together into a single fund, thus spreading their risk across a range of investments, getting the benefit of professional fund management, and reducing their costs.

LISP (Linked Investment Service Provider)

A Linked Investment Service Provider is a financial institution which packages, distributes and administers a broad range of unit trust investments.

Market Capitalization

Market capitalization is the total value of the issued shares of a publicly traded company; it is calculated by multiplying the share price by the number of shares in issue.

Maximum Drawdown

The maximum drawdown measures the highest peak to trough loss experienced by the fund.

Participatory Interests

When you buy a unit trust, your money is pooled with that of many other investors. The total value of the pool of invested money in a unit trust fund is split into equal portions called participatory interests or units. When you invest your money in a unit trust, you buy a portion of the participatory interests in the total unit trust portfolio. Participatory interests are therefore the number of units that you have in a particular unit trust portfolio.

Sharpe Ratio

The Sharpe Ratio measures total risk-adjusted performance of an investment or portfolio. It measures the amount of risk associated with the returns generated by the portfolio and indicates whether a portfolio's returns are due to excessive risk or not. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been (i.e. a higher return with a contained risk profile, where the portfolio manager is not taking excessive risk to achieve those returns).

Standard Deviation

Standard deviation (also called monthly volatility) is a measure of how much returns on an investment change from month to month. It is typically used by investors to gauge the volatility expected of an investment.

Additional Information

All reasonable steps have been taken to ensure the information on this MDD is accurate. 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 performances are not necessarily a guide to future performances, 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. 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. The portfolio may invest in other unit trust portfolios which levy their own fees, and may result in a higher fee structure for our portfolio. 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 is outsourced to financial services providers authorized in terms of the Financial Advisory and Intermediary Services Act, 2002. Standard Bank of South Africa Ltd is the appointed trustee of the Sanlam Collective Investments scheme. Sources of Performance and Risk Data: Morningstar Direct, INET BFA and Bloomberg. The risk free asset assumed for the calculation of Sharpe ratios: STEFI Composite Index. The highest and lowest 12-month returns are based on a 12-month rolling period over 10 years or since inception where the performance history does not exist for 10 years. Obtain a personalised cost estimate before investing by visiting www.sanlamunittrustsmdd.co.za and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

Investment Manager Information

Ampersand Asset Management (Pty) Ltd
(FSP) License No. 33676
Physical Address: 1 Tuscan Office Park, 6 Coombe Place, Rivonia, Sandton, 2191
Postal Address: P.O. Box 926, Rivonia, 2128
Tel: +27 (11) 803 6597
Email: queries@ampersand.co.za
Website: www.ampersandam.co.za

Manager Information

Sanlam Collective investments (RF) (Pty) Ltd
Physical Address: 2 Strand Road, Bellville, 7530
Postal Address: P.O. Box 30, Sanlamhof, Bellville, 7532
Tel: +27 (21) 916 1800
Email: service@sanlainvestments.co.za
Website: www.sanlamunittrusts.co.za

Trustee Information

Standard Bank of South Africa Ltd
Tel: +27 (21) 441 4100
Email: compliance-sanlam@standardbank.co.za

Portfolio Manager Comment

Economic Market Overview

There can be no doubt that we live in a time of continuous and unpredictable change. Economic and political changes are evident worldwide and that can sometimes be unsettling. Ongoing Brexit negotiations; missile tests in North Korea; the latest Trump Bump news, to name just a few headline markers. It's so easy then to lose sight of the bigger picture and get caught up in all the noise out there. Therefore it is important for us to focus on structural long term drivers and building diversified portfolios for our clients.

It has been a good quarter for global equity markets with economic data pointing to a healthy global economic outlook. The US Federal Reserve announced that they will start the process of "quantitative tightening" and also suggested another rate rise is possible for December. Meanwhile, the European Central Bank might announce a further slowdown in the pace of its quantitative easing programme and even the Bank of England suggested a raise in interest rates before year end.

Emerging markets have performed very well this year. China's growth spurt has contributed, as has the weakness of the US dollar. South Africa has officially exited the recession in the second quarter and easing inflation offers a small window for the South African Reserve Bank to cut rates. However, SA is in a structural growth slowdown currently. Slow growth, the possibility of further credit rating downgrades and political and policy uncertainty are local factors that are likely to keep market uncertainty levels elevated until the ANC election in December.

The JSE All Share Index ended this quarter positive 8.91%. Local bonds and local listed property recovered well with the All Bond Index generating 3.66% and the property index ended up 5.73% over this period. Local short dated fixed income assets continued to perform well as credit markets remained constructive and yields remained reasonable with the STeFi Composite generating a return of 1.88%.

Portfolio Activity

The Ampersand Sanlam Collective Investments CPI+4% Fund of Funds generated a return of 4.53% for the quarter. The SA inflation plus 4% fund objective and Portfolio Benchmark (50% J203T/50% SteFi) returned 1.05% and 5.37% respectively. We are comfortable with the way the portfolio performed.

Portfolio Positioning

Our key positions across the portfolios have remained consistent for the majority of the past 12 months.

The last six months have been another period of prosperity for investors, with equity markets making several new all-time highs and volatility remaining low apart from a couple of short spikes. We remain concerned with market valuations and risk, however structurally we need to retain growth assets in the portfolio to ensure we achieve our longer term objectives. Asset allocation and diversification therefore remain key to ensuring downside risk management while continuing to achieve our inflation-based returns. We continue to focus our attention on consistently applying our philosophy and process to ensure we meet our investment objectives over the long term (a time horizon of at least 3 years, and longer for the more risk-orientated portfolios).

We urge investors to remain patient and committed to their chosen investment strategy as negative surprises are possible. We are continuously looking for ways to increase the certainty of cash flow while remaining cognisant of our longer term capital preservation objectives.

Portfolio Manager

Tom Barlow
CFA®, BCom (Economics)