

Fund Objective

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

Fund Strategy

The fund will invest in a diversified pool of assets with various different investment strategies and investment managers being utilised to achieve its objectives. The fund can include both active and passive strategies to achieve the set objectives.

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 Manager shall be permitted to invest in listed and unlisted financial instruments (derivatives) as allowed by the Act from time to time. The Manager shall be permitted to invest on behalf of the portfolio in offshore investments as legislation permits. The fund is Reg. 28 compliant and is suitable for retirement savings.

Why choose this fund?

The fund is a moderate multi-managed portfolio that focuses on providing investors with long term real returns and a degree of capital stability over the short to medium term. The fund will aim to capture a degree of positive market movements while providing protection in difficult periods.

Fund Information

ASISA Fund Classification	SA Multi Asset Medium Equity
Risk Profile	Moderate
Benchmark	50% FTSE/JSE All Share Index / 50% STeFi Composite Index
Fee Class Launch date	12 May 2008
Portfolio Launch date	12 May 2008 (Transition to Sanlam 01 July 2017)
Minimum investment	Lump Sum: R1 million Monthly: R100 000
Portfolio Size	R 1469 million
Bi-annual Distributions	30/06/17: 1.84 cents per unit 31/12/16: 0.62 cents per unit
Income decl. dates	30/06 31/12
Income price dates	1st working day in January and July
Portfolio valuation time	17:00
Transaction cut off time	15:00
Daily price information	Local newspaper and www.sanlamunitrusts.co.za
Repurchase period	3 working days

Fees (Incl. VAT)	A-Class (%)
Advice initial fee (max.)	0.00
Manager initial fee (max.)	0.00
Advice annual fee (max.)	0.00
Manager annual fee (max.)	0.79
Total Expense Ratio (TER)	1.80

Advice fee | Any advice fee is negotiable between the client and their financial advisor. An annual advice fee negotiated is paid via a repurchase of units from the investor.

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

PERIOD: 01 April 2014 to 31 March 2017

Total Expense Ratio (TER) | 1.80% 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) | 0.07% 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) | 1.87% of the value of the Financial Product was incurred as costs relating to the investment of the Financial Product.

A fund of fund unit trust only invests in other unit trusts, which levy their own charges, which could result in a higher fee structure for these funds. The fund manager may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down.

Fund Composition

Securities (%)	31-Jul
Ampersand Sanlam Collective Investments Equity Fund	31.1
VFPF INTERNATIONAL GRTH	27.3
Ampersand Sanlam Collective Investments Flexible Property Income Fund	19.2
Saffron MET Active Bond Fund (B)	13.1
SAFFRON AFRICAN YIELD CLASS B	3.0
Cash (RSA)	2.7
Saffron MET Top 20 fund	2.0
MOM OPP INC F C1	1.6

Performance (Annualised) as at 31 Jul 2017 on a rolling monthly basis*

A-Class (%)	Fund (%)	Benchmark (%)
1 Year	3.30	7.76
3 Year	5.33	6.36
5 Year	9.04	9.83
Since inception	8.40	8.36

An annualised rate of return is the average rate of return per year, measured over a period either longer or shorter than one year, such as a month, or two years, annualised for comparison with a one-year return.

Performance (Cumulative) as at 31 Jul 2017 on a rolling monthly basis*

A-Class (%)	Fund (%)	Benchmark (%)
1 Year	3.30	7.76
3 Year	16.84	20.33
5 Year	54.16	59.79
Since inception	110.84	110.13

Cumulative return is the aggregate return of the portfolio for a specified period.

Risk statistics: 3 years to 31 Jul 2017

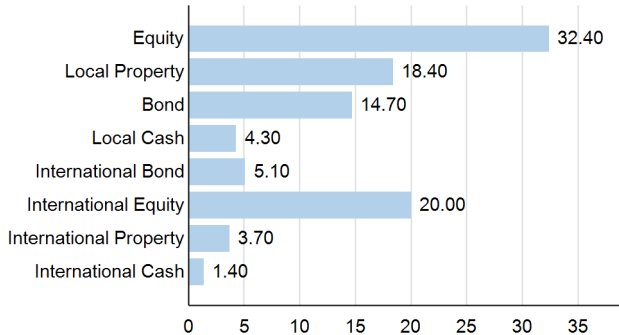
Std Deviation (Ann)	6.16
Sharpe Ratio (Ann)	-0.27

Actual highest and lowest annual returns*

Highest Annual %	15.26
Lowest Annual %	3.30

*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.

Portfolio Detail



Portfolio Manager(s) Comment

Economic Market Overview

The end of the first quarter appears to have set the tone for the rest of the year as markets both locally and abroad were continuously bombarded with negative surprises. Initially most of the surprises were economic in nature as global growth numbers continued to disappoint which impacted future expectations on GDP growth and inflation.

Furthermore, political and policy surprises out of the US continued, playing havoc with markets during April while the French elections exacerbated negative sentiment as many pundits expected Marie Le Pen to have a strong showing – echoing the populist stance Trump holds in the US.

Many of these fears subsided when the market-friendly and moderate Emmanuel Macron won the French elections in a very strong showing. This has provided massive support for the longer term EU-friendly environment in Europe's second largest economy, while it has also provided more sanity with regards to political impact on markets.

Macron's victory also provided some much needed support for Ms Merkel in Germany as her pro-EU views have attracted continued negative responses from right wing opposition. This has greatly subsided since Macron's strong showing and positive sentiment from most of Europe.

A unified Europe with a clear and executable strategy should be positive for global risk, yet the uncertainty around the longer term impact of Brexit, along with policy uncertainty out of the United States with President Trump running the show, continues to drive market discomfort. Investors have remained extremely resilient and market volatility continues to surprise on the down. This is clearly highlighted by the Volatility Index being at or close to all-time lows during the latter parts of the quarter, which provided continued support for global equity assets.

One of the biggest surprises this year relates to the weakness of the US Dollar which remained under massive pressure during the quarter. The main reason for this appears to relate to the sluggish increases in US interest rates as the Federal Reserve remains cautious not to put further strain on a fragile US Economy. This has disappointed many pundits that expected a more aggressive interest rate policy.

Many have blamed the weak US currency on slow economic growth and political infighting and others have spoken of the indirect benefits of a weaker currency which suits the current administration's narrative and longer term objectives.

What remains clear however is that opinions are varied and uncertainty rife, regardless of which bias holds or which narrative is preferred. This environment will continue to be difficult to forecast and will undoubtedly have surprises, both positive and negative.

Portfolio Activity

The Ampersand Sanlam Collective Investments CPI+4% Fund of Funds generated a return of 1.13% for the quarter. The SA inflation plus 4% fund objective returned 1.98% for the quarter. We are comfortable with the way the portfolio performed although it slightly underperformed the inflation benchmark due to the strong Rand, which impacted our offshore positions and the weak local equity market.

Portfolio Positioning

Growth assets experienced significant volatility over the quarter with the global components holding up best. The return in hard currency terms was strong and weakness in the local currency unit in the last weeks of June provided much needed support. The SA equity and listed property components were under pressure as concerns around local economic growth and uncertainty remained rife.

The JSE All Share Index lost -0.4% this quarter as market sentiment remained negative and valuations elevated. Local bonds and local listed property again experienced significant volatility, especially in the last weeks of June, but ended the quarter stronger on the back of a stronger local currency and lower bond yields. The All Bond Index generated 1.5% and the property index ended up 0.9% 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 1.9%.

Our overweight position in local fixed income and cash equivalents added material value while the offshore growth assets performed strongly relative to local equity assets. For the first time in approximately 3 years the local property component was one of the major laggards but we remain positive on the longer term position and growth prospects of the asset class.

When we look back at the quarter, diversification and the inclusion of low risk cash-orientated assets added significant value. We continue to be diversified across asset class, currency, geography and strategy. We remain cautious and hold significant positions in local cash and equivalents and we believe that offshore diversification remains critical for long term success.

We urge investors to remain patient and committed to their chosen investment strategy as negative surprises are possible yet the destruction that strategy capitulation creates tends to last much longer and cause much greater pain.

Uncertainty remains high and leads us to focus on structural long term drivers with asset class valuations being dominant. We are continuously looking for ways to increase the certainty of cash flow while remaining cognisant of our longer term capital preservation objectives. We focus on keeping our emotions, be it positive or negative, in check to ensure the best possible long term outcomes within the portfolios.

Portfolio Management

The management of investments are outsourced to Ampersand Asset Management (Pty) Ltd, (FSP) Licence No. 33676, an Authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002.

Tom Barlow

BComm Economics, CFA charter holder

Risk Profile (Moderate)

This is a medium-risk portfolio that aims to deliver income and capital growth over the medium term. This portfolio is designed to minimise volatility and aims to cultivate as smooth a ride as possible. There is some exposure to risky asset classes (such as equities) necessary to grow capital over the medium to long term. This portfolio has a medium to long-term investment horizon. The portfolio is diversified across all major asset classes with an average exposure to equities, and offers real (after inflation) returns but with lower volatility.

Trustee Information

Standard Bank of South Africa Ltd

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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 an accurate determination of 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 countries and therefore it may have risks regarding liquidity, the repatriation of funds, political and macroeconomic situations, foreign exchange, tax, settlement, and the availability of 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. The Manager retains full legal responsibility for the co-named portfolio.

Ampersand Asset Management (Pty) Ltd is responsible for the management of the investments held in the Fund. The management of investments are outsourced to Ampersand Asset Management (Pty) Ltd, (FSP) Licence No. 33676, an Authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002.

Glossary 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.

Collective Investment Scheme (CIS)

Collective investment schemes (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.

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.

Equities

Equities are shares that represent an institution's or individual's ownership in a listed company. These shares are also the "vehicle" through which they are able to "share" in the profits made by that company. As the company grows, and the expectation of improved profits increases, the market price of the share will increase which translates into a capital gain for the shareholder. Similarly, negative sentiment about the company will result in the share price falling. Shares / equities are usually considered to have the potential for the highest return of all the investment classes but also have the highest level of risk i.e. share investments have the most volatile returns over the short term. An investment in equities should be viewed with a 7 to 10 year horizon.

Regulation 28

Regulation 28 of the Pension Funds Act sets out prudent investment limits on certain asset classes in investment funds. It applies specifically to investments in Retirement Annuities and Preservation Funds. The allowed maximum exposures to certain asset classes is: 75% for equities, 25% for property, 25% for foreign (offshore) assets and 5% African assets.

Total Expense Ratio (TER)

This is the total costs associated with managing and operating an investment 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.

Manager information:

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