

### Fund Objective

The portfolio's primary objective is to provide outperformance of the SA Equity Market as measured by the CAPI over a rolling 5-year period while achieving this return at lower risk.

### Fund Strategy

The portfolio's investment universe consists of financially sound equity securities, preference shares, convertible bonds, property shares and property related securities listed on exchanges, and assets in liquid form. The Manager shall be permitted to invest on behalf of the portfolio in offshore investments as legislation permits. This portfolio may also invest in participatory interests of underlying unit trust portfolios.

The portfolio's equity exposure will always exceed 80% of its net asset value. The Manager may from time to time invest in listed and unlisted financial instruments in accordance with the provisions of the Act, and the Regulations thereto, as amended from time to time, in order to achieve the portfolio's investment objective. The Manager may also include unlisted forward currency, interest rate and exchange rate swap transactions for efficient portfolio management purposes.

### Why choose this fund?

The Ampersand Sanlam Collective Investments Equity Fund is an equity portfolio that seeks to sustain high long-term capital growth.

### Fund Information

|                                  |  |
|----------------------------------|--|
| <b>ASISA Fund Classification</b> | SA Equity General  |
| <b>Risk Profile</b>              | Aggressive   |
| <b>Benchmark</b>                 | FTSE/JSE CAPI Index  |
| <b>Fee Class Launch date</b>     | 02 April 2013  |
| <b>Portfolio Launch date</b>     | 02 April 2013 (Transition to Sanlam 01 July 2017)              |
| <b>Minimum investment</b>        | LISP Minimums Apply  |
| <b>Portfolio Size</b>            | R 913 million  |
| <b>Bi-annual Distributions</b>   | 30/06/17: 0.90 cents per unit<br>31/12/16: 1.49 cents per unit |
| <b>Income decl. dates</b>        | 30/06   31/12  |
| <b>Income price dates</b>        | 1st working day in January and July                            |
| <b>Portfolio valuation time</b>  | 15:00  |
| <b>Transaction cut off time</b>  | 15:00  |
| <b>Daily price information</b>   | www.sanlamunitrusts.co.za                                      |
| <b>Repurchase period</b>         | 3 working days   |

| <b>Fees (Incl. VAT)</b>           | <b>B-Class (%)</b> |
|-----------------------------------|--------------------|
| <b>Advice initial fee (max.)</b>  | Neg*               |
| <b>Manager initial fee (max.)</b> | 0.00               |
| <b>Advice annual fee (max.)</b>   | Neg*               |
| <b>Manager annual fee (max.)</b>  | 0.85               |
| <b>Total Expense Ratio (TER)</b>  | 1.35               |

\* 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.

\* This fund is also available via certain LISPS (Linked Investment Services Providers), who levy their own fees.

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 April 2014 to 31 March 2017

Total Expense Ratio (TER) | 1.35% 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) | 0.14% 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) | 1.49% of the value of the Financial Product was incurred as costs relating to the investment of the Financial Product.

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

| <b>Securities (%)</b>                                   | <b>31-Aug</b> |
|---|---------------|
| Saffron MET Top 20 fund                                 | 19.6          |
| Element Earth Equity Sanlam Collective Investments Fund | 19.4          |
| First Avenue SCI Equity                                 | 16.4          |
| MET General Equity                                      | 15.8          |
| CAPPED TOP40 ADJ PART INDEX SWAP                        | 14.9          |
| CAPPED TP40 ADJ PART INDEX SWAP                         | 2.3           |
| Cash (RSA)  | 1.0           |
| Anglogold Ashanti Limited                               | 0.8           |
| Old Mutual  | 0.7           |
| South32 Limited   | 0.7           |

### Performance (Annualised) as at 31 Aug 2017 on a rolling monthly basis\*

| <b>B-Class (%)</b> | <b>Fund (%)</b> | <b>Benchmark (%)</b> |
|--------------------|-----------------|----------------------|
| 1 Year             | 2.36            | 9.58                 |
| 3 Year             | 1.73            | 6.53                 |
| 5 Year             | N/A             | N/A                  |
| Since inception    | 5.64            | 11.37                |

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 Aug 2017 on a rolling monthly basis\*

| <b>B-Class (%)</b> | <b>Fund (%)</b> | <b>Benchmark (%)</b> |
|--------------------|-----------------|----------------------|
| 1 Year             | 2.36            | 9.58                 |
| 3 Year             | 5.28            | 20.91                |
| 5 Year             | N/A             | N/A                  |
| Since inception    | 27.43           | 60.91                |

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

### Risk statistics: 3 years to 31 Aug 2017

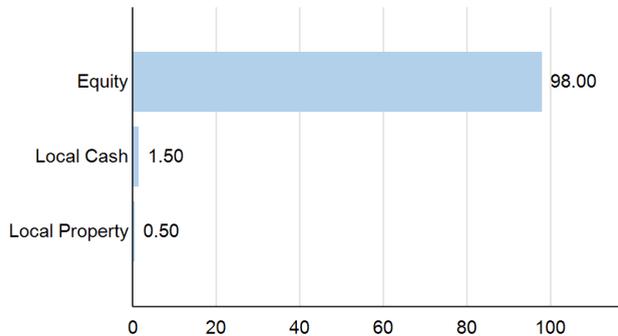
|                     |       |
|---------------------|-------|
| Std Deviation (Ann) | 9.78  |
| Sharpe Ratio (Ann)  | -0.54 |

### Actual highest and lowest annual returns\*

|                  |       |
|------------------|-------|
| Highest Annual % | 17.57 |
| Lowest Annual %  | -4.97 |

\*The highest and lowest 12 month returns are based on a 12 month rolling period over 10 years or since inception where the 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 Equity Fund lost -1.41% for the quarter against the JSE All Share TR Index performance of -0.39%. Local equities were under pressure on the back of the local credit downgrade while our underweight position in Naspers generated the bulk of underperformance versus the benchmark. We remain comfortable with the composition and balance of the portfolio.

### 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%.

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 and remain compliant with our mandate. Asset allocation and diversification does however contribute to ensuring downside risk management which should lead to long term outperformance of the fund benchmark and objectives. 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 5 years, but the fund should be seen as a long term structural hedge against inflation).

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 (Aggressive)

This is an aggressively managed, high-risk portfolio that aims to deliver capital growth over the long term (greater than 5 years). It is designed to substantially outperform the markets and therefore carries a long-term investment horizon (5 years and upwards). The portfolio will be diversified across all major asset classes with significant exposure to equities, and may include offshore equities. There may be some capital volatility in the short term, although higher returns may be expected from five years or beyond.

### Trustee Information

#### Standard Bank of South Africa Ltd

Tel: +27 (21) 441-4100  
E-mail: Compliance-SANLAM@standardbank.co.za

### 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

#### 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.

#### 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.

#### Exchange rate swap transactions

Exchange of Principal. In a currency swap, the parties agree in advance whether or not they will exchange the principal amounts of the two currencies at the beginning of the transaction. ... For example, if a swap involves exchanging €10 million vs \$12.5 million, that creates an implied EUR/USD exchange rate of 1.25.

#### Participatory interests

Exchange of Principal. In a currency swap, the parties agree in advance whether or not they will exchange the principal amounts of the two currencies at the beginning of the transaction. ... For example, if a swap involves exchanging €10 million vs \$12.5 million, that creates an implied EUR/USD exchange rate of 1.25.

#### Preference shares

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.

#### Total Expense ratio (TER)

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

#### Unlisted forward currency

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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