

**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 a 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 portfolio's equity exposure will always exceed 80% of its net asset value. The Manager may also include unlisted forward currency, interest rate and exchange rate swap transactions for efficient portfolio management purposes.

**Fund Information**

Ticker	AMECB
Portfolio Manager	Tom Barlow
ASISA Fund Classification	South African - Equity - General
Risk Profile	Aggressive
Benchmark	FTSE/JSE CAPI Index
Fund Size	R 784 399 395
Portfolio Launch Date*	2013/04/01
Fee Class Launch Date*	2013/04/02
Minimum Lump Sum Investment	R 100 000
Minimum Monthly Investment	R 5 000
Income Declaration Date	June & December
Income Payment Date	1st business day of July & January
Portfolio Valuation Time	15:00
Transaction Cut Off Time	15:00
Daily Price Information	Local media
Repurchase Period	2-3 business days

**Fees (Incl. VAT)**

**B-Class (%)**

Maximum Initial Advice Fee	—
Maximum Annual Advice Fee	—
Manager Annual Fee	0.86
Total Expense Ratio	1.41
Transaction Cost	0.29
Total Investment Charges	1.70
Performance Fee	—
TER Measurement Period	01 October 2015 - 30 September 2018

Total Expense Ratio (TER) is the percentage value of the Financial Product 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 the percentage value of the Financial Product 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 (TER + TC) is the total percentage value of the Financial Product that was incurred as costs relating to the investment of the Financial Product.

Performance fees are incentive fees earned by the manager for performance in excess of 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](http://www.sanlamunitrusts.co.za) for a detailed list of our funds that charge performance fees together with their calculation methodologies.

\*The Ampersand Sanlam Collective Investments Equity Fund transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 01 July 2017.

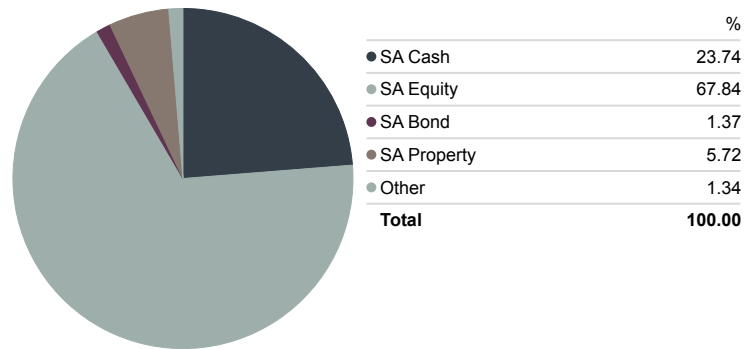
MDD Issue Date: 2019/01/28

**Top Ten Holdings**

	(%)
Element Earth Equity SCI Fund	22.81
Saffron SCI Large Cap Fund	21.32
Worldwide Capital Hedged Equity Portfolio	13.67
First Avenue SCI Equity Fund	8.96
First Avenue SCI Focussed Quality Equity Fund	8.55
ClucasGray Equity Prescient Fund	6.03
Ampersand SCI Flexible Property Income Fund	5.70
Anglogold Ashanti Ltd	0.82
African Oxygen Ltd	0.61
British American Tobacco Plc	0.41

**Asset Allocation**

Portfolio Date: 2018/12/31



**Annualised Performance (%)**

	Fund	Benchmark
1 Year	-8.11	-7.67
3 Years	2.37	4.25
5 Years	2.35	5.77
Since Inception	3.69	8.12

**Cumulative Performance (%)**

	Fund	Benchmark
1 Year	-8.11	-7.67
3 Years	7.29	13.30
5 Years	12.33	32.36
Since Inception	23.18	56.76

**Highest and Lowest Annual Returns**

Time Period: Since Inception to 2018/12/31

Highest Annual %	14.64
Lowest Annual %	-8.11

**Risk Statistics (3 Year Rolling)**

Standard Deviation	9.31
Sharpe Ratio	-0.47
Information Ratio	-0.31
Maximum Drawdown	-9.91

**Distribution History (Cents Per Unit)**

2018/12/31	1.54 cpu	2016/12/31	1.48 cpu
2018/06/30	0.25 cpu	2016/06/30	0.46 cpu
2017/12/31	1.31 cpu	2016/04/30	1.05 cpu
2017/06/30	0.89 cpu	2015/12/31	1.23 cpu

Administered by



## Risk Profile

### Aggressive

You can afford to take on a higher level of risk (ie, will have a greater exposure to equities in your portfolio) because of your investment time horizon or your appetite for risk. You know that in taking the risk, you need to be patient if you want to achieve the results. So you are willing to invest for the long-term and are prepared to tolerate some volatility in the short term, in anticipation of the higher returns you expect to receive in five years or beyond.

## 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, biannual 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.

### 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 participatory interests of other unit trust portfolios. These underlying funds 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 Manager may borrow up to 10% the market value of the portfolio to bridge insufficient liquidity. 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. Investments in foreign instruments are also subject to fluctuations in exchange rates which may cause the value of the fund to go up or down. The fund may invest in financial instruments (derivatives) for efficient portfolio management purposes. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. Management of the portfolio is 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. Sanlam Collective Investments (RF) (Pty) Ltd retains full legal responsibility for the co-named portfolio. 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 calendar year 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](http://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 Tuscany 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](mailto:queries@ampersand.co.za)  
Website: [www.ampersandam.co.za](http://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@sanlaminvestments.com](mailto:service@sanlaminvestments.com)  
Website: [www.sanlamunittrusts.co.za](http://www.sanlamunittrusts.co.za)

### Trustee Information

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

### Portfolio Manager Comment

As at 31 December 2018

#### Economic Market Overview

2018 turned out to be a disappointing and difficult year for growth asset investors, both locally and globally. We believe structural drivers and long-term fundamentals should reward growth assets and by default risk-seeking investors over the longer term, yet this was however not what investors experienced over the last 12 months.

Global economic growth appeared strong and coordinated in the first 9 months of 2018 leading into the last quarter. Market sentiment remained positive and risk appetite appeared strong which in turn made most market pundits reasonably optimistic on market prospects going into quarter 4. What transpired tested the resolve of even the boldest risk seeking investors.

While some volatility has been clearly evident across most growth assets over the entire year, the last quarter was particularly negative with the pullback seen in the price of Brent Crude oil, probably being one of the best illustrations of the change in economic conditions and outlook.

The price of oil reached a 4 year high in October 2018 – breaking \$86 per barrel on the back of strong demand and supply concerns out of the Middle East. Unfortunately, the demand conditions changed quickly as a growing number of market participants struggled to determine the medium to long term effects of trade tensions between the US and China. Another contributing factor to the significant price drop was the possibility of even greater tightening of global monetary conditions on the back of continued interest rate increases being pushed through by the US Fed. These and other factors resulted in the price dropping to a low of \$50 per barrel on 24 December 2018. The price did recover some of the losses ending the year at \$54 per barrel or negative move of almost 35%!

Market participants started to doubt the narrative around synchronised global growth while concerns around the possible impact of tighter Global Central Bank monetary policies impacted investor confidence and analyst expectations. This in turn resulted in growth assets losing their allure forcing down medium-term expectations and causing significant pain across most equity markets.

Short-term volatility continues to present patient investors with opportunities across a number of different sectors, assets and geographies yet there are numerous risks and uncertainties which might impact these investments negatively over the next few months.

#### Portfolio Activity

The Ampersand Sanlam Collective Investments Equity Fund lost -4.07% for the quarter against the JSE All Share TR Index performance of -4.97%. The underperformance of the fund is due to our South African Listed Property exposure which has been under significant pressure as well as our offshore component.

#### Position going forward

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

Over the past 18 to 24 months we continued to increase the effective diversification while reducing the overall risk within all our portfolios, as we were not completely comfortable with the dominant narrative in the broader market. Unfortunately, this coincided with a significant increase in volatility across most assets but specifically growth assets which impacted all of our portfolios.

During certain market cycles these strategies have added significant value and resulted in significant outperformance and protection. Unfortunately, over the past 12 months this has not been the case as our strategy to diversify the portfolios away from local fixed income assets detracted significantly from performance due to the continued decrease in global risk appetite and increased risk aversion.

#### Portfolio Manager

Tom Barlow  
CFA®, BCom (Economics)