

Fund Objective

The portfolio's primary objective is to provide outperformance of its benchmark over a 3 year rolling period.

Fund Strategy

The investable universe of the portfolio will be property securities, property collective investment schemes, property loan stock, Real Estate equity, fixed interest securities debentures, preference shares, non-equity securities, derivatives, and assets in liquid form. The minimum portfolio exposure to JSE listed property shares, property loan stock and property portfolios will be 33% of the portfolio's market value. The portfolio may from time to time invest in listed and unlisted financial instruments, in accordance with the Act, and the Regulations thereto, as amended from time to time, in order to achieve the portfolio's investment objective. The Manager may only include forward currency agreements, interest rate and exchange rate swap transactions for efficient portfolio management purposes. This portfolio may also invest in participatory interests of underlying unit trust portfolios. The Manager shall be permitted to invest on behalf of the portfolio in offshore investments as legislation permits.

Why choose this fund?

The fund is a multi-managed focused listed real estate portfolio that aims to outperform a combination of SA listed property and money market. The fund will aim to capture a high degree of positive market movements while providing protection in difficult periods.

Fund Information

ASISA Fund Classification	SA Real Estate General
Risk Profile	Aggressive
Benchmark	67% FTSE/JSE Listed Property Index 33% Stefi Composite Index
Fee Class Launch date	01 November 2013
Portfolio Launch date	01 November 2013 (Transition to Sanlam 01 July 2017)
Minimum investment	Lump Sum: R 1 million Monthly R100 000
Portfolio Size	R 644 million
Quarterly Distributions	30/06/17: 1.63 cents per unit 31/03/17: 1.21 cents per unit 31/12/16: 2.02 cents per unit 30/09/16: 1.35 cents per unit
Income decl. dates	31/03 30/06 30/09 31/12
Income price dates	1st working day in January, April, July and October
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.)	1.71
Total Expense Ratio (TER)	2.03

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) | 2.03% 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) | 2.10% 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

Securities (%)	31-Aug
ABSA Property Equity	20.7
Sesfikile SCI Property	19.5
Nedgroup Investments Property	17.5
NEPI ROCK	3.0
FAIRVEST PROPERTY HOLDINGS LIMITED	2.8
GROWTHPOINT PROPERTIES LIMITED	2.8
Equities Property Fund Limited	2.8
ARROWHEAD PROP LTD A	2.6
MAS	2.6
Redefine Properties Limited	2.4

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

A-Class (%)	Fund (%)	Benchmark (%)
1 Year	10.60	8.86
3 Year	12.62	11.17
5 Year	N/A	N/A
Since inception	12.28	10.83

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*

A-Class (%)	Fund (%)	Benchmark (%)
1 Year	10.60	8.86
3 Year	42.82	37.37
5 Year	N/A	N/A
Since inception	55.87	48.29

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

Risk statistics: 3 years to 31 Aug 2017

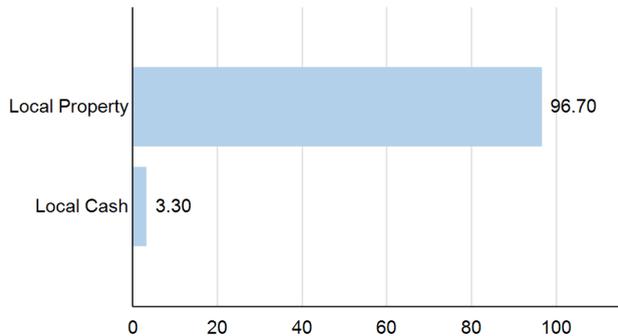
Std Deviation (Ann)	9.74
Sharpe Ratio (Ann)	0.58

Actual highest and lowest annual returns*

Highest Annual %	24.73
Lowest Annual %	3.53

*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 Flexible Property Income Fund lost -0.69% for the quarter against the benchmark (33% cash, 67% SA Listed Property) performance of 1.01%. Local listed property ended the quarter up 0.91%. Our inclusion of locally orientated property counters and our focus on higher yielding assets resulted in underperformance. We remain comfortable with the balance and allocation 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%.

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. We continue to be diversified across asset class, currency, geography and strategy. We remain cautious and hold positions in local cash and equivalents and we believe that offshore diversification remains critical for long term success.

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

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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

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.

Liquidity

The ability to easily turn assets or investments into cash.

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.

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.

Property loan stock (PLS)

A property loan stock is a way for investors to buy shares in commercial, retail or industrial property, listed on the JSE. These property portfolios are managed on behalf of shareholders by professional property managers. Investors buy units and share in the income stream from that property portfolio. However, the modern trend is that PLSs are being replaced by internationally recognised Real Estate Investment Trusts (REITs).

Securities

A general term for shares, bonds, money market instruments and debentures.

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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