

Fund Objective

The portfolio will aim to achieve a higher return than that of a traditional money market or pure income fund and focus on protection against capital loss for investors.

Fund Strategy

The portfolio will invest in a combination of fixed income generating assets. The major contributor to long term out-performance should come from active duration management. To achieve a greater return than a conventional money market fund, the portfolio will invest in multi assets such as cash, government and corporate bonds, inflation-linked bonds, listed property and equities, both in South Africa and internationally. The portfolio will have a maximum exposure to equities of 10% and a maximum exposure of 25% to property. The portfolio will also invest in listed and unlisted financial instruments (derivatives) as allowed by the Act from time to time.

Fund Information

Ticker	ASIIFA
Portfolio Manager	Tom Barlow
ASISA Fund Classification	South African - Multi Asset - Income
Risk Profile	Conservative
Benchmark	STeFI Call Rate
Fund Size	R 723 032 537
Portfolio Launch Date*	2018/06/01
Fee Class Launch Date*	2018/06/01
Minimum Lump Sum Investment	R 10 000
Minimum Monthly Investment	R 5 000
Income Declaration Date	March, June, September & December
Income Payment Date	1st business day of April, July, October & 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)

	A-Class (%)
Maximum Initial Advice Fee	3,45
Maximum Annual Advice Fee	1,15
Manager Annual Fee	0,57
Total Expense Ratio	1,06
Transaction Cost	0,04
Total Investment Charges	1,10
Performance Fee	—
TER Measurement Period	01 June 2018 - 30 September 2019

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 for a detailed list of our funds that charge performance fees together with their calculation methodologies.

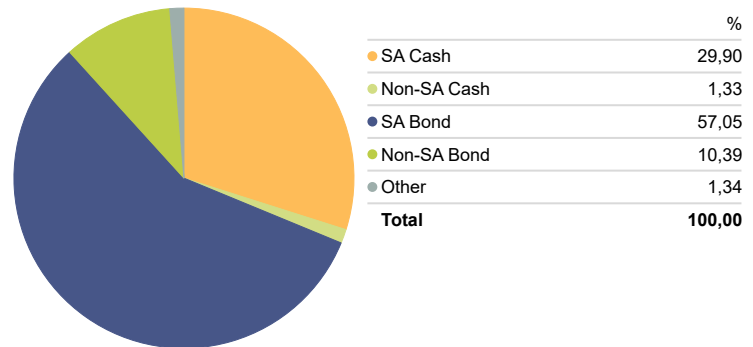
MDD Issue Date: 2020/03/17

Top Holdings

	(%)
Miplan IP Enhanced Income Fund	19,48
Fairtree Flexible Income Plus Prescient Fund	19,30
BCI Income Plus Fund	19,19
Saffron SCI Opportunity Income Fund	19,16
Firststrand Ltd Bond 06032020	0,99
USD/ZAR Currency Put Option	0,90
Nedbank Ltd Bond 20082015	0,64
Liberty Group Ltd F/R 28022023	0,64
Redink Rental (RF) Limited	0,59
Investec Plc	0,59

Asset Allocation

Portfolio Date: 2019/12/31



Annualised Performance (%)

	Fund	Benchmark
1 Year	9,01	6,59
3 Years	—	—
5 Years	—	—
Since Inception	8,61	7,57

Cumulative Performance (%)

	Fund	Benchmark
1 Year	9,01	6,59
3 Years	—	—
5 Years	—	—
Since Inception	8,61	7,57

Highest and Lowest Annual Returns

Time Period: Since Inception to 2019/12/31

Highest Annual %	9,29
Lowest Annual %	9,29

Risk Statistics (3 Year Rolling)

Standard Deviation	—
Sharpe Ratio	—
Information Ratio	—
Maximum Drawdown	—

Distribution History (Cents Per Unit)

2019/12/31 18.69 cpu

Risk Profile

Conservative

This portfolio suits the investor who is seeking stable income flows and aims to keep capital intact. This means that the portfolio is highly unlikely to experience negative returns, but equally will not experience excessive returns on the upside. The main sources of risk are credit risk, interest rate risk and liquidity risk. The portfolio is largely exposed to high quality corporates and banks with low interest rate risk. The portfolio is less volatile than traditional bond funds and is diversified across the income oriented asset classes such as cash, nominal bonds, inflation linked bonds and property.

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.

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 on request 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 on request 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 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 fund may invest in financial instruments (derivatives) for efficient portfolio management purposes. A fund of funds portfolio is a portfolio that invests in portfolios of collective investment schemes that levy their own charges, which could result in a higher fee structure for the fund of funds. 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 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
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@sanlaminvestments.com
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

As at 31 December 2019

Economic Market overview

2019 was a challenging year with enormous divergence. The chasm between the best and worst performing assets, regions, economies and markets has not been this severe in many decades.

This was particularly evident in the South African market where many cyclical commodity assets continued to surprise even the most optimistic investors and beneficiaries while SA Focused cyclical assets like SA Retailers and SA Listed Property experienced continued pressure on the back of weak economic performance, low business and consumer confidence and continued investor pessimism.

On top of these frustrating outcomes the local economy continued to struggle as a result of government policy uncertainty, high unemployment, weak consumer demand and suffocating high interest rates. These challenges were further amplified by the return of load shedding in December 2019 and continued challenges at most of the State-Owned Enterprises but particularly SAA where the company was placed in voluntary business rescue.

On the global front – the environment was significantly rosier from a market performance perspective, yet the political environment remained extremely unpredictable and volatile.

Market performance continued to be robust as investor demand for growth assets remained insatiable. Global Central Banks continued monetary support with interest rates remaining at or close to all-time lows in many jurisdictions. This backdrop provided support for decent economic growth yet surprisingly muted inflation.

Inflation remains a major concern for many, yet we believe the structural trends around technology, demographic shift and broader supply of oil as result of shale and other technological advances over the last 10 years, have resulted in a dramatic downward shift in long term global inflation expectations which could support the status quo for the foreseeable future.

Although we saw a rally in most commodity prices over the last 12 months – the price of Brent Crude oil is still below the September/October 2018 highs and although the recent rise will have an impact on inflation in the near term, the effect will be muted and in many cases, deflationary. The average price of oil for 2019 remains below the current levels and therefore an inflationary spike remains a remote possibility.

In summary we believe the global macro-economic environment should remain conducive to a continued rally in global growth assets while cyclical assets could continue to outperform. The political risks remain elevated as the US/China trade war and tensions in Hong Kong and the Middle East loom ominously on the horizon. Furthermore the UK seems hell bent on blowing up the EU and the EU seems completely comfortable in lighting the fuse.

Position going forward

Our portfolios remain well diversified and continue to hold significant exposure to growth assets to provide long term protection against inflation risk and retention of purchasing power.

We continuously look for ways to entrench exposure to growth assets while remaining cognisant of the prevailing risks in the market.

We believe SA Equity and SA Listed Property assets are becoming increasingly more attractive and we would look to increase or at worst maintain our exposure if we experience volatility. On the global front we remain constructive on growth assets as mentioned before.

Below is a summary of our major positions and our strategic thinking:

1. We are true to our investment philosophy with the major focus on managing client expectations and not losing money over the short to medium term (12 to 24 months)

As much as we try to limit the downside and manage short term volatility, the funds need to remain focused on achieving their long-term return objectives and as a result, will always have exposure to growth assets (these provide the long-term growth underpin but also attract short term capital volatility).

2. We are diversified across geography, asset class, currency and investment strategy

The portfolios currently invest around 27.5% to 32.5% offshore and we further increase diversification by investing in SA growth assets that receive hard currency returns or that provide substantial inflation protection. The portfolios also invest in a broad range of asset classes that have different characteristics and return profiles and include exposure to a mix of global currencies, although a large component of between 45% and 60% is linked to the local currency (ZAR). The final approach we use to ensure diversification is by combining a number of different investment strategies (currently 15 to 17) and managers (currently 11 to 13) which we believe results in the best possible risk-return profile for our investors. We will continue to assess the investment managers' portfolios and periodically adjust the allocations to best reflect our views and risk perceptions.

3. We prefer exposure to assets that we believe offer reasonable value in the medium to long term. We also actively look to down-weight, and where practical, avoid assets that are expensive with a high probability of permanent capital destruction over the medium to long term.

Below is a summary of our major asset allocation positions:

- Neutral on local equities on the back of valuation concerns although opportunities have continued to develop;
- Overweight global equities on the back of reasonable valuations as a result of strong earnings, further expected growth, diversification benefits and continued low interest rate environment underpin;
- Underweight global and local bonds due to risk of interest rate normalization;

- Tactical and active positioning can add significant value, particularly in the local environment;
- Overweight global and local listed property on the back of relative and absolute valuations;
- Offers diversification benefits across geography, currency and industry;
- Offers strong inflation protection through yield escalation.

4. Markets remain dynamic which can result in intense short-term swings and emotional reactions from the investment public. This highlights risks but also provides opportunities;

- Tactical positions in local and global short-dated fixed income instruments provide optionality through liquidity which will allow us to make use of short to medium term opportunities that may arise, should markets overreact to negative news or surprises.

5. Uncertainty forces most investors to look for comfortable investments which tend to create crowded trades with significant concentration risk. We are acutely aware of these pockets and aim to avoid these comfort traps by questioning our thinking and remaining true to our approach.

As we have stressed over the last 12 to 18 months, we need to retain growth assets in the portfolio to ensure we achieve our longer-term performance objectives. We recognise that the last 12 to 24 months have been particularly challenging and we are grateful for your continued support and belief in our commitment to you.

Portfolio Manager

Tom Barlow
CFA®, BCom (Economics)