Ampersand Sanlam Collective Investments Income Fund

Minimum Disclosure Document

As of 2018/08/31

ampers&nd ASSET MANAGEMENT

MDD Issue Date: **2018/09/17**

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 log 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 Africa- Multi Asset - Income
Risk Profile	Conservative
Benchmark	STeFI Call Rate
Fund Size	R 188 937 857
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)

Fees (Incl. VAT)	A-Class (%)
Maximum Initial Advice Fee	—
Maximum Annual Advice Fee	—
Manager Annual Fee	0.57
Total Expense Ratio	—
Transaction Cost	—
Total Investment Charges	—
Performance Fee	—
TER Measurement Period	N/A

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.

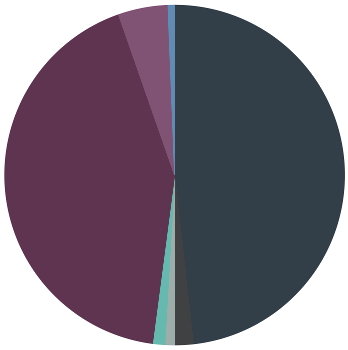
Performance fees are incentive fees earned by the manager for performance in excess of the benchmark. Performance fees form part of the cost structure of the fund and are included in the Total Expense Ratio. Please visit www.sanlamunittrusts.co.za for a detailed list of our funds that charge performance fees together with their calculation methodologies.

Top Ten Holdings

Top Ten Holdings	(%)
Miplan IP Enhanced Income Fund	18.41
Fairtree Flexible Income Plus Prescient Fund	18.40
BCI Income Plus Fund	18.38
Saffron SCI Opportunity Income Fund	18.37

Asset Allocation

Portfolio Date: 2018/06/30



	%
SA Cash	48.23
Non-SA Cash	1.75
SA Equity	0.94
Non-SA Equity	1.15
SA Bond	42.57
Non-SA Bond	4.73
Other	0.62
Total	**100.00**

Annualised Performance (%)

	Fund	Benchmark
1 Year	—	—
3 Years	—	—
5 Years	—	—
Since Inception	—	—

Cumulative Performance (%)

	Fund	Benchmark
1 Year	—	—
3 Years	—	—
5 Years	—	—
Since Inception	—	—

Highest and Lowest Annual Returns

Time Period: Since Inception to 2017/12/31

Highest Annual %	—
Lowest Annual %	—

Risk Statistics (3 Year Rolling)

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

Distribution History (Cents Per Unit)

N/A

Administered by

Sanlam

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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 buyunits. 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 ofprofessional 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 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 withholdingtax. 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. 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
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Portfolio Manager Comment

As at 30 June 2018

Economic Market overview

The second quarter of 2018 continued to put pressure on investors and test their commitment to a chosen strategy. We saw aggressive market swings highlighted by the significant risk-off environment in the latter weeks of the quarter.

“It never rains but it pours” has perhaps never been more apt in describing the domestic and global events of Q2 2018.

Just as most interested parties and citizens managed to get their heads clear on the direction President Ramaphosa and the governing party wanted to take with the country, the debate on land reform clouded all rational thought and ignited emotions going back hundreds of years, bringing a quick end to “Ramaphoria”. Both opposition parties (i.e. the DA and the EFF) used this as a platform to push their own ideologies, which in turn highlighted the unaddressed and divisive issues of South Africa’s history.

In addition, the stark realities of the 10 years of mismanagement under the previous president, have come to the forefront of the South African economy. This has resulted in significant doubt around whether South Africa would be able to ‘steady the ship and right the course’ to finally put the “Zunami” debacle behind us.

On the local economic front, the SA economy continued to struggle, which was highlighted by the GDP contraction that occurred in Q1 2018. GDP contracted by 2.2% quarter-on-quarter, and continued on a sub-par economic performance path, bringing the SA GDP number to a disappointing 0.8% year-on-year. This has been the worst quarterly number since the first quarter of 2009 and it appears unlikely that the latter parts of 2018 will see any significant improvement.
The rand is currently at its weakest level since November 2017 and has depreciated by 12% for the year to date and 14.1% for the second quarter. Higher global oil prices in conjunction with the weaker rand resulted in a petrol price increase in excess of R2 per litre over the last few months and it appears that inflation pressures are only going to increase. This makes it particularly unlikely that the South African Reserve Bank will be able to cut interest rates again in 2018.

The uncertainty over land expropriation without compensation and rising inflationary pressure have already dented consumer confidence and are likely to continue to shape the domestic economic landscape and put the consumer under continued pressure as we head into the backend of 2018. We look forward to more stability and policy certainty post the 2019 general election.

These and other local events coincided with a number of global events which culminated in a divided G7 meeting as well as the US-North Korea Nuclear Summit where President Trump became the first US President to meet with a North Korean leader in almost 70 years.

The most dominant event which caused angst among investors, was the threat of global trade wars, fuelled by the aggressive posturing of the US.

The US has continued to assert its will on most of its trading partners (including China) and has managed to alienate many of its strongest historic allies including Canada and the UK, while at the same time embracing historic enemies like North Korea and Russia. However Trump’s Russian love affair with Mr Putin is nothing new and might turn out to be his Watergate.

The impact of these events were acutely felt across most risk assets but in particular across global emerging markets, where most major markets declined as global risk appetite waned. The impact was particularly evident in emerging market currencies, where many tradable currencies lost between 10% and 30% against the USD.

Position going forward

Our key positions across the portfolios have remained consistent for the majority of the past 12 to 18 months.

We retain a strong allocation to offshore assets and we also continue to hold a significant allocation in SA Listed Property. We will continue to monitor the position closely to effectively manage risks and embrace opportunities when they are presented. 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.

Asset allocation and diversification therefore remain key to ensuring downside risk management while continuing to achieve our inflation-based returns. Our aim is to provide our investors with diverse exposure across various investment strategies, investment managers and assets. We feel strongly that the result of this diversification strategy should have a high probability of achieving our long term return objectives, while providing protection against short term swings and overall risk.

Portfolio Manager
Tom Barlow
CFA ®, BCom (Economics)

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