Ampersand Sanlam Collective Investments Income Fund

Minimum Disclosure Document

As of 2018/09/30

ampers&nd ASSET MANAGEMENT

MDD Issue Date: 2018/10/17

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 African - Multi Asset - Income
Risk Profile	Conservative
Benchmark	STeFI Call Rate
Fund Size	R 256 730 646
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	—
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.

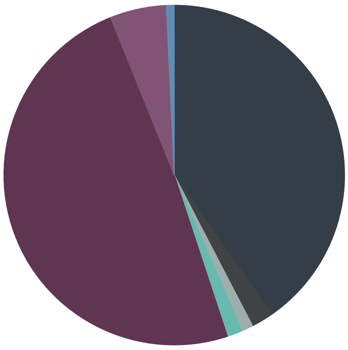
Total Investment Charges (TER + TC) is the total percentage value of the Financial Product that was incurred as costs relating to the investment of the Financial Product.

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	(%)
Saffron SCI Opportunity Income Fund	18.50
BCI Income Plus Fund	18.46
Fairtree Flexible Income Plus Prescient Fund	18.45
Miplan IP Enhanced Income Fund	18.42

Asset Allocation

Portfolio Date: 2018/09/30



	%
SA Cash	40.28
Non-SA Cash	2.11
SA Equity	1.11
Non-SA Equity	1.45
SA Bond	48.96
Non-SA Bond	5.36
Other	0.73
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)

2018/09/30 15.72 cpu

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

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

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Portfolio Manager Comment

As at 30 September 2018

Economic Market overview

Mark Twain's observation of "History does not repeat, but it does rhyme" is an apt synopsis for what we experienced during the third quarter of 2018.

The trade tensions and threats of tariffs and protectionism between the US and its major trading partners have continued to upset the perceived calm and tranquillity across the globe, yet economic activity and growth have remained robust.

This robust economic performance provided support to developed equity markets yet the risk associated with higher tariffs and the rise of protectionist policies put pressure on emerging markets as many developed market investors decided to reduce overall risk exposure. This risk adjustment caused strife across most emerging markets as many EM currencies experienced significant losses with Argentina and Turkey being the most affected. However the events also scarred the local currency and stock market.

On the global front, tensions between the US and the rest of the world continue to dominate the narrative. This culminated in an open spat at the recently held G7 Summit in Canada in June 2018 but continued during many of Trump's subsequent visits across the globe. This has again been evident in the negotiations around NAFTA where the United States has caused strained relations with both their closest neighbours and historic allies. It does appear that the changing of the guard in Mexico where a more conservative government has taken power has paved the way for a revised trade agreement between Mexico and the US, but the negotiations between the Trump administration and Canada has taken a distinctly different tone and seems likely to drag on.

On the local political front President Ramaphosa has dedicated a lot of energy to reviving the local economy and his strategy is focused on attracting foreign investment. He has already managed to convince various parties across the globe to keep supporting South Africa and we have seen public commitments from numerous countries and governments with the most significant coming from the Kingdom of Saudi Arabia, the UAE and China where the President has managed to secure funding of around $35billion. The bulk of this funding will go towards infrastructure and energy orientated project hence it does entrench a much needed longer term focus within the SA government which under the previous administration was more focused on self-enrichment and cadre politics.

The immediate economic growth and employment environment in South Africa however remains dire. The local economy entered a technical recession as the economy contracted for a second quarter in a row. This brought the annual growth rate to a meagre 0.4% year-on-year while the unemployment rate remained stubbornly high at 27.2%. The growth outlook for the local economy also does not appear very rosy as many sectors continue to struggle and it is likely that economic growth could continue to disappoint for the rest of 2018.

The US has continued to lead the global growth trajectory and the US economy has continued to surprise on the upside when it comes to growth and employment. Economic growth has hit a multi-year high, reaching 4.2% year-on-year as at the end of the second quarter of 2018. This culminated in strong US employment growth and the unemployment rate hitting a 49-year low of 3.7%. Expectations around growth remain positive and this has allowed the US Fed to continue with gradual interest rate increases which is expected to continue over the next 12 to 18 months.

Economic growth in the European Union has continued to recover and it finally appears as if the tide has turned. This is especially evident in some of the peripheral economies where the expected growth rates in some smaller economies (like Romania, Ireland, Poland and Bulgaria) are inching above 4% p.a. while the larger economies like Germany and France are slowly pushing above 2%. The one large risk to the region remains the possible negative impact of Brexit and the uncertainty relating to this. Hopefully the EU and the UK will come up with a workable solution but time is quickly running out as the cut-off date for the UK leaving the EU is 29 March 2019.

Portfolio Activity

The Ampersand Sanlam Collective Investments Income Fund generated a return of 1.72% for the quarter against the benchmark (SteFi) performance of 1.76%. The biggest contributor to short term performance has been the offshore component as well as the property component. We are comfortable with the way the portfolio performed during the third quarter of 2018.

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 to 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)