

Fund Objective

The objective of the portfolio is to provide an investment vehicle for investors who want to achieve long term capital appreciation. The portfolio aims to outperform the MSCI Emerging Market Total Return Net Index over a rolling three year period.

Fund Strategy

The portfolio will apart from assets in liquid form, invest in participatory interests of the SIM Global Emerging Markets Fund established under the Sanlam Universal Funds PLC approved by the Irish Regulator. The Sanlam Investment Management Global Emerging Markets Feeder Fund will have foreign exposure of at least 85% at all times. Subject to the investment restrictions, the underlying portfolio will primarily invest in equity securities including equity linked securities such as common stock and preference shares) of companies traded in or dealt on the stock exchanges or regulated markets. The underlying portfolio may, where the Manager considers it in the best interests of the portfolio, invest up to 100% of its net assets in securities traded in or dealt on the stock exchanges or regulated markets considered by the manager to be emerging and frontier markets. The portfolio may also invest in financial instruments for the exclusive purpose of hedging against exchange rate risk.

Tax Free Savings Account

This Fund qualifies as a tax free investment according to section 12T of the Income Tax Act, with effect from 1 March 2015. South African individuals qualify for the associated tax benefits namely no tax on dividends, income or capital gains whilst still enjoying all the benefits of a unit trust. Note contributions to tax free investments are limited to R33 000 per tax year, with a lifetime limit of R500 000. Amounts invested in excess of these permissible thresholds are taxable.

Fund Information

Ticker	SGFA1
Portfolio Manager	Neal Smith
ASISA Fund Classification	Global - Equity - General
Risk Profile	Aggressive
Benchmark	MSCI World Emerging Market Index
Fund Size	R 78,055,725
Portfolio Launch Date	01/08/2016
Fee Class Launch Date	01/08/2016
Minimum Lump Sum Investment	R 10,000
Minimum Monthly Investment	R 500
Income Declaration Date	June & December
Income Pricing 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	3 business days

Fees (Incl. VAT)	A1-Class (%)
Maximum Initial Advice Fee	3.42
Maximum Annual Advice Fee	1.14
Manager Annual Fee	0.57
TER	3.99
TC	0.59
TIC	4.58

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. The TER measurement period is 01 October 2014 to 30 September 2017.

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.

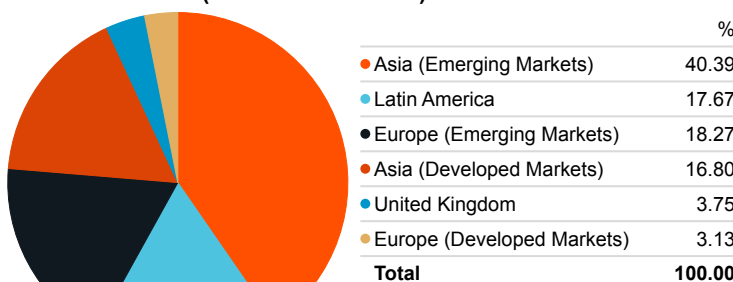
Total Investment Charges (TER + TC) is the total percentage value of the Financial Product that was incurred as costs relating to the investment of the Financial Product.

Top Ten Holdings (31 December 2017)

	% of Portfolio
Samsung Electronics	7.06
VIPShop	6.80
Alibaba Group	6.64
NetEase	5.39
Sberbank	4.90
Matahari Department Store	4.50
Banco Bradesco	4.19
Magnit	3.30
TCS Group Holding	3.00
Estacio Participacoes SA	2.77

These are the top holdings of the offshore fund in which this feeder fund invests.

Asset Allocation (31 December 2017)



Annualised Performance (%)

	Fund	Benchmark
1 Year	22.32	24.63
Since Inception	18.51	17.49

Cumulative Performance (%)

	Fund	Benchmark
1 Year	22.32	24.63
Since Inception	29.01	27.35

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2017	
Highest Annual %	24.87
Lowest Annual %	24.87

Risk Statistics (3 Year Rolling)**

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

Distribution History (Cents Per Unit)

31/12/2017: 0.00 cpu 31/12/2016: 0.00 cpu

*Denker Sanlam Collective Investments Emerging Market Feeder Fund.
 **These figures will become available once sufficient performance history has been met.

Administered by



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.

Glossary Terms

Active Stock-picking Process

This is when asset managers actively and tactically vary their stock selections based on economic and market data, and fundamental valuations, etc. This should lessen an investor's exposure to declining markets and helps preserve capital.

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 Growth

Capital growth is the profit made on an investment, measured by the increase in its market value over the invested amount or cost price. It is also called capital appreciation.

Distributions

The income that is generated from an investment and given to investors through monthly, quarterly, bi-annual or annual distribution pay-outs.

Equities

Equities are shares that represent an institution's or individual's ownership in a listed company. These shares are also the "vehicle" through which they are able to "share" in the profits made by that company. As the company grows, and the expectation of improved profits increases, the market price of the share will increase which translates into a capital gain for the shareholder. Similarly, negative sentiment about the company will result in the share price falling. Shares / equities are usually considered to have the potential for the highest return of all the investment classes but also have the highest level of risk i.e. share investments have the most volatile returns over the short term. An investment in equities should be viewed with a 7 to 10 year horizon.

Feeder Fund

A feeder fund is a South African-based fund that feeds exclusively into its primary foreign-based fund. It allows investors easy access to investing in an offshore fund, eliminating complicated tax and other implications. The shares of the feeder fund represent shares in the primary fund (called a master fund).

Liquidity

The ability to easily turn assets or investments into cash.

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.

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 based investments. Any investment made through these products gives an investor a single point of entry into a selection of different investments.

Maximum Drawdown

The maximum drawdown measures the highest peak to trough loss experienced by the fund.

Money Market Instruments

A money market instrument is a low risk, highly liquid, short-term (one year or less) debt instrument, issued by financial institutions or governments, that tend to have lower returns than high-risk investments.

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.

Undervalued Equity Stocks/ Investing in Neglected Global Equities

This is a strategy of selecting shares that trade for less than their intrinsic values. Value investors actively seek stocks that they believe the market has undervalued. They believe the market overreacts to good and bad news, resulting in stock price movements that do not correspond with the company's actual long-term fundamentals. The result is an opportunity for value investors to profit by buying when the price is deflated.

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. A feeder fund is a portfolio that invests in a single portfolio of a collective investment scheme, which levies its own charges and which could result in a higher fee structure for the feeder fund. 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 Denker Capital (Pty) Ltd, (FSP) Licence No. 47075, 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

Denker Capital (Pty) Ltd

(FSP) License No. 47075
Physical Address: 6th Floor, The Edge, 3 Howick Close Tyger Falls, Bellville 7530
Postal Address: PO Box: Private Bag X8, Tyger Valley 7536
Tel: +27 (21) 950 2670
Email: service@denkercapital.com
Website: www.denkercapital.com

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.co.za
Website: www.sanlamunittrusts.co.za

Trustee Information

Standard Bank of South Africa Ltd

Tel: +27 (21) 441 4100
Email: compliance-sanlam@standardbank.co.za

Risk Considerations

- The fund is focused on investment in global listed companies; accordingly the performance of the fund is directly linked to the performance of the global equity markets.
- Investing in international companies means the currency exchange rate fluctuations will have an impact on the fund's investment performance.
- As the SA Rand can be a volatile currency, this could lead to significant fluctuations in the rand value of this fund.

Portfolio Manager Quarterly Comment**Review**

The fourth quarter of 2017 saw the MSCI Emerging Markets Index outperform the MSCI World Index by 1.9%, extending emerging markets' outperformance against the developed markets to 14.9% for the 12 months ending 31 December.

The 7.4% return of the MSCI Emerging Markets Index for the quarter was largely driven by South Africa (up 21% on Cyril Ramaphosa winning the leadership race of the African National Congress), India (up 11% after the government announced plans for a major recapitalisation for state-controlled banks) and South Korea (up 10% on China's effort to re-establish diplomatic relations between the two countries after South Korea's missile deployment).

Performance

The fund underperformed in the quarter, but solidly outperformed the MSCI Emerging Markets Index for the 12 month period by 3.2%.

The fund's underweight positions in South Africa, India and South Korea were the primary reasons for underperformance during the quarter. This was partially offset by the stock selection, as noted below. (Note that with regard to our geographical positioning, we build our portfolio on a bottom-up basis.)

The biggest contributors to relative performance of the portfolio during the quarter were VIPshop, NetEase and Vakrangee.

- VIPshop (up 33% for the quarter), operates as an online discounted brand retailer in China, utilizing the online flash sales model to push off-season products to customers. It was the fund's top contributor for the quarter and was driven by a surprise announcement on December 18th, that Tencent and JD.com would invest a combined USD863 million into the company, thereby solidifying the partnership between the three China Internet players. Tencent and JD's investment represent a 7.0% and 5.5% stake in VIPshop, respectively. VIPshop continues to show significant upside to our estimate of intrinsic value and remains a top 10 holding in the fund.
- NetEase (up 31%), is a leading online games company headquartered in China. It also provides various online services such as advertising, e-mail and e-commerce. Q3 2017 results reported revenues increased 35% YoY. This was driven by the 80% YoY growth in the e-commerce business. The online gaming revenue grew 23% YoY. Margins were satisfactory. On December 17, the company held its Annual Game Conference in Shanghai, where it unveiled an exciting pipeline of games across genres. NetEase is a top 10 holding for the fund due to it trading significantly below our estimate of intrinsic value.
- Vakrangee (up 74%) operates a convenience-service chain of Kendra stores in India, assisting the Government of India with its financial inclusion plan for the portion of the population that is unserved and unbanked. It is the leading services provider of government-to-citizen services, real-time banking, insurance and financial services and assisted e-commerce to consumers in 5,000 postal codes. It recently entered into a partnership with Amazon India, allowing them access to more than 10,000 of Amazon's 12,000 assisted e-commerce stores in rural India.

Magnit and Banco Bradesco were among the biggest detractors from performance for the quarter.

- Magnit (share price down 33% for the quarter) is a leading Russian food retailer, holding an 8% market share, with over 10,500 convenience stores and 230 hypermarkets across Russia. The company reported below consensus revenue and profitability in Q3 2017. This was on the back of an ongoing refurbishment programme, which saw some stores closed for 24 days on average, and its continued expansion plan in a structurally formalising Russian food retail market. We expect that 2018 will see Magnit start to show a growth reacceleration as the refurbishments have a lesser impact on the near term results and the Russia consumer environment improves. The company represents a top 10 holding for the fund and we are comfortable to remain holders based on its valuation.
- Banco Bradesco (down 8%) is a Brazilian financial group covering all areas of financial intermediation ranging from individual and corporate credit, credit cards, insurance, leasing, payment collection and processing, asset management and brokerage services. The company reported Q3 2017 results with recurring net income increasing 8% YoY, slightly ahead of consensus estimates. This was mainly driven by lower loan provisions in light of improving asset quality and controlled expenditures which offset weak loan activity and compressed net interest margins, culminating in a stable return on equity of 17.7%.

Outlook

Emerging markets continue to benefit from a combination of low valuations, relatively stable political climates, improving business sentiment, and central banks that in most cases have room to reduce interest rates to stimulate growth if needed.

Investing is a long-term endeavour and we are confident that our bottom up approach of constructing the portfolio will see the patient investor richly rewarded. We focus on companies:

- with strong sustainable competitive advantages;
- which generate returns well above their cost of capital;
- which generate significant free cash flow; and
- which are trading at significant discounts to their intrinsic value.

Portfolio Manager**Neal Smith**

B. Comm, CA (SA)