Denker SCI* Flexible Fund

Minimum Disclosure Document

As of 2018/03/31

DENKER CAPITAL

Fund Objective

The objective of the portfolio is to provide returns to investors seeking to increase risk in their portfolios with attractive returns. The portfolio will not be constrained by strategic asset allocation benchmark considerations and returns are likely to be volatile.

Fund Strategy

This is an actively managed fund which invests in local and international asset classes. The fund may include participatory interests of collective investment schemes, listed and unlisted financial instruments (derivatives), for efficient portfolio management purposes.

To maximise returns for investors, exposure to asset classes varies while the fund can invest up to 100% in equities.

Why Choose This Fund?

The fund is not constrained by benchmark considerations so its focus is on creating attractive returns for investors who are willing to take on risk.

Asset allocation takes the views of Denker Capital's experienced investment team into account.

Fund Information

Ticker	DSIFF
Portfolio Manager	Jan Meintjes
ASISA Fund Classification	South African - Multi Asset - Flexible
Risk Profile	Aggressive
Benchmark	CPI + 5%
Fund Size	R 3 396 004
Portfolio Launch Date	2017/08/01
Fee Class Launch Date	2017/08/01
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	2-3 business days

Fees (Incl. VAT)	A1-Class (%)
Maximum Initial Advice Fee	3.42
Maximum Annual Advice Fee	1.14
Manager Annual Fee	0.85
TER	—
TC	—
TIC	—
Performance Fee	—

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 and Transaction Costs cannot be determined accurately because of the short life span of the Financial Product. Calculations are based on actual data where possible and best estimates where actual data is not available.

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.

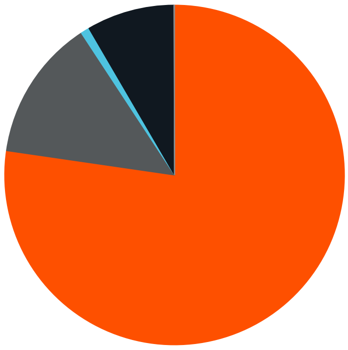
Manager Performance Fee - Performance fee benchmark: CPI + 5%; Minimum Fee 0.85%; Maximum Fee 4.25%. All fees are inclusive of VAT. The manager will not charge performance fees in the first year of the fund. Performance fees will only accrue from 1 September 2018.

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

Top Ten Holdings

	% of Portfolio
Naspers Ltd	9.36
SIM Global Emerging Market Fund	6.75
Old Mutual Plc	5.11
Barclays Africa Group Ltd	4.46
BHP Billiton Plc	4.16
Reinet INV SCA	4.06
Steinhoff Africa Retail Ltd	3.82
Sasol Ltd	3.32
Anglo American Plc	3.29
KAP Industrial Holdings Ltd	2.88

Asset Allocation



	%
SA Equity	77.30
Non-SA Cash	13.46
SA Cash	0.84
Non-SA Equity	8.34
Non-SA Property	0.06
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: 2018/01/01 to 2018/03/31	
Highest Annual %	—
Lowest Annual %	—

Risk Statistics (3 Year Rolling)**

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

Distribution History (Cents Per Unit)

31/12/2017: 7.43 cpu

Administered by Sanlam

Issue date: 23/04/2018

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Risk Profile: Aggressive

You can afford to take on a higher level of risk (i.e. will have a greater exposure to equities in your portfolio) because of your investment time horizon, or your appetite for risk. You know that in taking the risk, you need to be patient if you want to achieve the results. So you are willing to invest for the long-term and are prepared to tolerate some volatility in the short term, in anticipation of the higher returns you expect to receive in 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.

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.

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.

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

Investment Manager Information

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Portfolio Manager Quarterly Comment

Market review

In South Africa, there was general optimism after the elective conference outcome in December. The major events locally during the last quarter were driven by politics and renewed economic optimism. In order for confidence to grow we felt that the people in key positions needed to be changed. Cyril Ramaphosa has not disappointed. The quarter saw the Zuma administration removed with the President being recalled, a meaningful cabinet reshuffle, board changes at Eskom and the leadership at SARS suspended. The leadership at the National Prosecuting Authority is also starting to feel the winds of change.

From an economic point of view these actions led to a 'tough love' budget (where VAT increased by 1%), a stronger rand and a ratings agency reprieve in March. This was topped with a 25 basis point interest rate cut towards the end of the quarter and a number of cautious increases in expected GDP growth numbers for 2018 and 2019.

Globally, the Trump administration threw a cat amongst the pigeons by starting a possible trade war with China. Gains in US equity markets in the latter part of last year suffered a reversal as market participants started to weigh up the possible impact of higher trade barriers.

Local equities were down almost 6% for the quarter and listed property was particularly hard hit as cross holdings and corporate structures in the sector came under scrutiny. It has been our view for a while that small and mid cap shares offer more value and they have outperformed the market over the past quarter by a considerable margin.

Global equity markets pulled back in February and March after a strong January, leaving them down by around 1% for the quarter. The rand appreciated 5% against the US dollar over the past three months.

Performance

Weak equity markets in SA and abroad and a stronger rand limited the availability of positive returns. Our SA equity exposure outperformed the local market materially and we held very little offshore equities, but this was not enough to counter the impact of weaker equity markets and a stronger rand. The fund posted a moderately negative return for the quarter.

Outlook

Despite some policy issues that have emerged in the US around trade barriers, and locally on land ownership, we continue to believe that local economic growth improvement will become more evident over the medium term and that global growth will continue to be healthy. We will continue to be fully invested locally with a preference for small and mid cap companies that will benefit from improved growth. Internationally we will look for opportunities to increase equity exposure off a low base.

Portfolio Manager

Jan Meintjes
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