Denker SCI* Global Equity Feeder Fund

Minimum Disclosure Document

As of 31/12/2017

DENKER CAPITAL

Fund Objective

The objective of the portfolio is to provide above average long-term capital growth by investing in global equities which the Investment Manager has identified as being undervalued and as offering above average growth potential. This fund is a feeder fund which invests only in the Sanlam Investment Management Global Best Ideas Fund, managed by Sanlam Asset Management (Ireland). The portfolio may also hold ancillary liquid assets including cash and or money market instruments.

Fund Strategy

The Investment Manager seeks to achieve the objective of the fund by investing in undiscovered or neglected global equities that the Investment Manager has identified as being undervalued and offering above average growth potential over time.

Why Choose This Fund?

- The fund invests in undervalued equity stocks, the research focus being on undiscovered or neglected stocks.
- The fund employs an active stock-picking investment process.
- It is a Rand denominated fund. No foreign exchange tax clearance is required.

Fund Information

Ticker	SLFA
Portfolio Managers	Douw Steenekamp & Pierre Marais
ASISA Fund Classification	Global - Equity - General
Risk Profile	Aggressive
Benchmark	MSCI World Equities Index
Fund Size	R 618,187,272
Portfolio Launch Date	26/02/2007
Fee Class Launch Date	02/07/2007
Minimum Lump Sum Investment	R 5,000
Minimum Monthly Investment	R 500
Income Declaration Date	December
Income Pricing Date	1st business day of 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)	A-Class (%)
Maximum Initial Advice Fee	3.31
Maximum Annual Advice Fee	1.14
Manager Annual Fee	1.42
TER	2.31
TC	0.19
TIC	2.50

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. The TER presented is for the period 1 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.

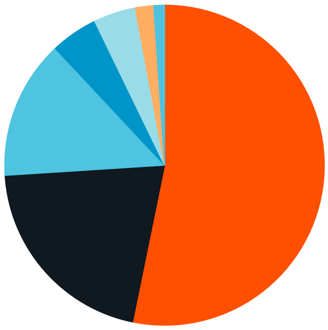
*Denker Sanlam Collective Investments Global Equity Feeder Fund

Top Ten Holdings

	% of Portfolio
Microsoft	3.75
Cisco	3.74
Becton Dickinson	3.09
NVR Inc	3.04
JP Morgan	3.02
Apple	2.94
Oracle	2.90
Medtronic Plc	2.74
Royal Dutch Shell	2.64
Verizon	2.62

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

Asset Allocation



	%
North America	53.21
United Kingdom	20.77
Europe (Developed Markets)	14.03
Asia (Developed Markets)	4.78
Asia (Emerging Markets)	4.26
Europe (Emerging Markets)	1.86
Latin America	1.08
Total	**100.00**

Annualised Performance (%)

	Fund	Benchmark
1 Year	10.54	11.42
3 Years	7.45	12.39
5 Years	11.63	21.07
10 Years	5.07	12.10
Since Inception	4.67	11.35

Cumulative Performance (%)

	Fund	Benchmark
1 Year	10.54	11.42
3 Years	24.06	41.98
5 Years	73.38	160.15
10 Years	64.04	213.40
Since Inception	63.91	220.36

Highest and Lowest Annual Returns

Time Period: 01/01/2008 to 31/12/2017

Highest Annual %	39.61
Lowest Annual %	-42.82

Risk Statistics (3 Year Rolling)

Standard Deviation	17.38
Sharpe Ratio	0.10
Information Ratio	-0.81
Maximum Drawdown	-16.52

Distribution History (Cents Per Unit)

31/12/2017: 0.00 cpu
31/12/2016: 0.00 cpu
31/12/2015: 0.00 cpu
31/12/2014: 0.00 cpu

Administered by

Sanlam

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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

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Administered by Sanlam

Issue date: 25/01/2018

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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

Global markets have ended 2017 with a number of remarkable records in their wake. Here are three that help to illustrate where we find ourselves at the close of the year. It is strange territory indeed:

- The inclusive MSCI All Country World Index has, for the first time ever, had a full calendar year without a single negative return month (on a total return basis). In fact, this index has had consistent positive return months since October 2016.
- The S&P 500 similarly has had 14 positive total return months to date. This beats the previous longest positive streak of 10 months that ended in September 1995.
- In the past two years, US stocks have exhibited some of the lowest volatility on record, which record goes back to the 1880s.

Essentially, there are two ways to think about the current state of financial markets: The optimists would point to the robust health of the world economy generally, led by the US at full employment and a rapidly recovering Europe. To the inhabitants of this benign land, these data indicate further vigorous earnings growth ahead as well as markets that are correctly priced for this eventuality. An alternative view would be that a decade of ultra-loose monetary policy has unleashed a credit binge in which company performance has been boosted by credit-fuelled buybacks and easy money for sub-economic capital projects. Our cautious stance remains and thus too our leaning towards the latter interpretation, albeit a year too early.

The new records mentioned above provided some of the momentum for the steady progress of the fund's quarterly returns in 2017. The upshot is that the full calendar year saw the fund returning 24.4% after costs, against the 22.4% of the MSCI World Index benchmark.

For the December quarter, the fund benefited most from its financial sector holdings. In particular, the reality of the long-awaited tax reforms and an apparent willingness by the Federal Reserve to keep raising interest rates boosted the fund's US-based financial holdings, where Bank of America rose 17% and JPMorgan 13%. Additionally, Sberbank rose further in the quarter from oversold levels (+19%). From a sector perspective, consumer staples detracted the most from the quarter's returns, with negative returns from Unilever (-4%), Wesco Aircraft Holdings (-21%) and Philip Morris International (-4%).

Geographically, the fund saw the bulk of its beneficial performance from holdings in the US, despite being effectively underweight this geography compared to the benchmark. This was thanks to further excellent returns this quarter from the homebuilder business NVR (+23%), as well as Cisco (+15%), Microsoft (+15%) and Boeing (+17%).

A number of businesses in the portfolio returned more than 50% in 2017. Our conviction about the mispricing of homebuilders in general was vindicated by the fund's best performing investment in 2017, NVR (+110%). Taylor Wimpey, a UK-based counterpart, returned 58%, while another UK recovery trade was evident in the 68% return provided by IG Group. Boeing rose 95% in 2017 on the back of robust order growth. The principal detractors were Wesco Aircraft (-51%), where a number of management issues continued to plague the business, while the prolonged turnaround struggles of retailer Esprit (-32%) disappointingly continued in 2017. Nielsen (-10%) also frustrated its investors, with deeper than expected problems in their Buy division.

Disciplined stock picking, a focus on company fundamentals, and a healthy disregard for macroeconomic noise facilitated a satisfactory result in 2017, despite a difficult year for managers with a value-oriented mind-set.

Based on current consensus expectations the fund has a forward P/E of 14.1x versus 16.9x for the MSCI World Index and a dividend yield of 2.5% versus 2.2%. The fund ROE is 20% compared to 16% for the above benchmark and has superior profitability (operating margin: 22% versus 19%). The fund has an active share of 86%.

Portfolio Managers

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