Denker SCI* Global Financial Feeder Fund

Minimum Disclosure Document

As of 31/12/2017

DENKER CAPITAL

Fund Objective

The objective of the portfolio is to provide long-term capital growth by investing in financial companies from around the world. This feeder fund portfolio primarily invests in participatory interests of the FSB approved Sanlam Investment Management Global Financial Fund, a sub-fund of the Irish domiciled Sanlam Universal Funds plc. The portfolio may also hold ancillary liquid assets including cash and/or money market instruments. The Portfolio may, where the Manager considers it in the best interests of the Fund, 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 markets.

Fund Strategy

The fund utilises its database and long experience of the financial sector to invest in financial companies with the search focused on companies that have a good track record of growing their net worth, whilst maintaining the discipline of investing only when they are undervalued.

Why Choose This Fund?

- The fund invests in undervalued financial companies around the world, 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	SGFFA1
Portfolio Manager	Kokkie Kooyman
ASISA Fund Classification	Global - Equity - Unclassified
Risk Profile	Aggressive
Benchmark	MSCI World Financial Index
Fund Size	R 180,197,267
Portfolio Launch Date	01/03/2011
Fee Class Launch Date	01/03/2011
Minimum Lump Sum Investment	R 10,000
Minimum Monthly Investment	R 500
Income Declaration Date	June & December
Income Pricing Date	2nd 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	1.14
TER	2.34
TC	0.39
TIC	2.73

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.

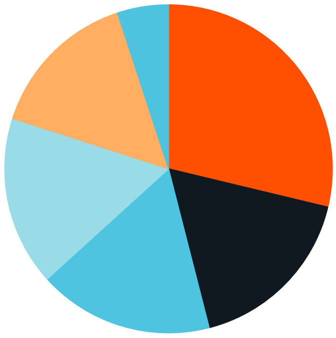
*Denker Sanlam Collective Investments Global Financial Feeder Fund.

Top Ten Holdings

	% of Portfolio
JP Morgan	5.82
TCS Group Holding	5.01
TBC Bank	4.93
One Savings Bank	4.01
Yes Bank	3.26
Turkiye Sinai Kalkin	2.96
Citigroup	2.96
Adira Dinamika	2.87
Sparebank 1 Nord Norge	2.69
Essent Group	2.55

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

Asset Allocation



	%
North America	28.75
United Kingdom	17.26
Europe (Developed Markets)	17.27
Asia (Emerging Markets)	16.68
Europe (Emerging Markets)	14.99
Latin America	5.05
Total	**100.00**

Annualised Performance (%)

	Fund	Benchmark
1 Year	14.61	11.72
3 Years	12.10	13.23
5 Years	15.13	21.30
Since Inception	15.67	18.39

Cumulative Performance (%)

	Fund	Benchmark
1 Year	14.61	11.72
3 Years	40.87	45.18
5 Years	102.23	162.59
Since Inception	170.34	216.88

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2017	
Highest Annual %	31.87
Lowest Annual %	4.04

Risk Statistics (3 Year Rolling)

Standard Deviation	19.89
Sharpe Ratio	0.33
Information Ratio	-0.02
Maximum Drawdown	-15.82

Distribution History (Cents Per Unit)

31/12/2017: 0.00 cpu	31/12/2016: 0.00 cpu	31/12/2015: 0.00 cpu
30/06/2017: 0.00 cpu	30/06/2016: 0.00 cpu	30/06/2015: 0.00 cpu

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Sanlam

Issue date: 25/01/2018

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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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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

12 months to December 2017

In our commentary a year ago we said: "During 2016 it became evident that the tide of lower inflation, growth and interest rates was ending and starting to reverse. The election of Donald Trump as US president increased the probability of a reflating world dramatically and markets have started reacting to this." While inflation has remained subdued, 2017 saw a gradual shift towards higher interest rates in the US as well as a number of other countries. We think this trend will continue in 2018 and beyond, which is very positive for global financials.

We focus on long-term winners

We outperform because our database highlights financial companies that are mispriced and grow shareholder value. Hence a supportive macro backdrop does play an enhancing role but our strength lies in the experience, constant company visits and database we've built up over the years.

A glance at the top 20 contributors to performance over the past 15 years confirms this and shows that the same companies regularly appear, highlighting the focus on long-term winners as opposed to short-term turnarounds. The top contributors to performance in 2017 confirm this:

- TCS we've held for more than four years and it has generated a return exceeding 490% in the past three years. It is still in the early years of its evolvement as a financial services company in Russia, leaving considerable room to grow plus it remains undervalued.

- Similarly, IS Yatirim Menkul was purchased in June 2007 (its sister company TSKB was purchased in 2004). Toward the end of 2017 we started reducing our investment in the company but increased TSKB.

- Encore Capital's management have been buying books of defaulting debtors from banks at good prices for many years and have built up considerable expertise in data management and debt collection to generate a high return on shareholder capital.
  The team have identified a number of similar companies with considerable potential in which we have built up positions which should benefit the fund for quite a few years.

- On the other hand the size of holdings in larger banks like Erste Group, Bank Negara Indonesia, Sberbank and Credicorp increase and decrease in the portfolio as their economies expand (and occasionally contract). The skill we have lies in our database and emotional strength to invest in these countries when other investors flee them (although we've learnt to wait with re-investing until we can see evidence of the economic turnaround). *Towards the end of 2017 we increased the fund's investment in similar situations in Brazil, Hungary and Austria.*

Total return[1] of shares that had largest impact on performance in 2017					
Top 10			**Bottom 10**		
IS Yatirim Menkul	Turkey	98%	UBS	Switzerland	22%
TCS Group	Russia	88%	Bank of ireland	Ireland	12%
Bank Negara Indonesia	Indonesia	84%	Tukiye Sinai Kalkinma Bankasi	Turkey	11%
Bank Rakyat Indonesa	Indonesia	60%	Adira Dinamika Multi Finance	Indonesia	11%
ERSTE GROUP	Austria	52%	LIC Housing Finance	India	8%
ENCORE CAPITAL	USA	47%	US Bancorp	USA	7%
Yes Bank Limited	India	46%	XL Group	USA	-4%
Sberbank of Russia	Russia	44%	American International Group	USA	-7%
MGIC Investment Corp.	USA	39%	Renaissance Re	USA	-7%
Credicorp	Peru	38%	Panin Sekuritas	Indonesia	-46%

[1] Total return in US dollars, including dividends received

We invest with a three to five year horizon and not every investment made will outperform in year one. The main detractor in 2017 was Panin Sekuritas – and we've spent a lot of time analysing (as we do annually with all our poor performers) why we did invest (or in this case remained invested after it had performed very well).

Besides Panin only the property and casualty insurers (XL, Renaissance and Validus) recorded negative returns in 2017. These were fairly small positions and important to note that they were outperformers in previous years. The market sold them down in the second half of 2017 due to the severe hurricanes and fires which will result in 2017 being a record year in terms of claims related payouts. These companies all have strong balance sheets and should re-rate sharply in 2018 as the pricing cycle improves again. We have gradually started adding to these holdings.

Looking forward

The evidence points to 2018 as being the year for financials. The growth, inflation and higher interest rate cycles that started turning in 2017 should continue, which bodes well for net interest margins and return on capital. The sector has sufficient capital, now has clean lending books and is operationally lean and mean. Most important: valuations generally remain attractive.

Our research and meetings with management confirm that the financial sector is well placed to generate strong shareholder value growth in 2018 and most probably for a few years. We believe the companies we are invested in are mispriced and should re-rate further making us optimistic that 2018 will be another good year for companies in the financial sector.

2017 again highlighted the team's ability to find underappreciated companies in its circle of competence. This has allowed the fund to outperform for 14 years of the 18 years since we started it in 1999[2] outperforming the MSCI World index by a factor of 4x.

[2]From 1999 – 2004 the fund was managed under a different fund management company, but by the same fund manager.

Portfolio Manager

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BCom (Hons), HDE, CA (SA)

Administered by

Sanlam

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