# Minimum Disclosure Document

(Fund Fact Sheet)

# Sanlam Investment Management Global Equity Income Feeder Fund

January 2017

## Fund Objective

The objective of this feeder fund is to generate a growing stream of dividend income for investors through investing in equities, while at the same time pursuing moderate growth in the capital invested. The portfolio primarily invests in participatory interests of the FSB approved Sanlam Investment Management Global Equity Income 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.

## Fund Strategy

The manager strives to achieve the fund objective through investing in the shares of companies that are offering relatively high dividend yields and are well established, have healthy balance sheets, generate strong cash flows and have demonstrated a commitment to paying regular dividends. This portfolio may also invest in financial instruments for the exclusive purpose of hedging exchange rate risks.

## Tax Free Unit Trust

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 R30 000 per tax year, with a lifetime limit of R500 000. Amounts invested in excess of these permissible thresholds are taxable.

## Fund Information

| | |
|---|---|
| ASISA Fund Classification | Global - Equity - General |
| Risk profile | Moderate aggressive |
| Benchmark | Annualised Income Yield of MSCI World High Dividend Yield Index + US Consumer Price Index |
| Portfolio launch date | 03 June 2013 |
| Fee class launch date | 03 June 2013 |
| Minimum investment | Lump sum: R4 000 \| Monthly: R500 |
| Portfolio size | R96.3 million |
| Last two distributions | 30 June 2016: 8.84 cents per unit<br>31 Dec 2016: 30.39 cents per unit |
| Income decl. dates | 30 Jun \| 31 Dec |
| Income price dates | 2nd working day in July and January |
| Valuation time of fund | 15:00 |
| Transaction cut off time | 15:00 |
| Daily price information | Local newspaper and www.sanlamunittrusts.co.za |
| Repurchase period | 3 working days |

## Fees (Incl. VAT)

| | A1-Class (%) |
|---|---|
| Advice initial fee (max.) | 3.00 |
| Manager initial fee | N/A |
| Advice annual fee (max.) | 1.14 |
| Manager annual fee | 0.85 |
| Total Expense Ratio (TER) | 2.21 |

Advice fee | Any advice fee is negotiable between the client and their financial advisor. An annual advice fee negotiated is paid via a repurchase of units from the investor.

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.

No initial fees are payable when there is no advisor involved.

Total Expense Ratio (TER) | PERIOD: 1 October 2013 to 30 September 2016
Total Expense Ratio (TER) | 2.21% of the value of the Financial Product 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) | 0.02% of the value of the Financial Product 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) | 2.48% of the value of the Financial Product was incurred as costs relating to the investment of the Financial Product.

A Feeder Fund is a portfolio that, apart from assets in liquid form, consists solely of participatory interests in a single portfolio of a collective investment scheme. The portfolio manager may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. This fund is also available via certain LISPS (Linked Investment Service Providers), which levy their own fees. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down.

## Top 10 Holdings

| Securities | % of Portfolio |
|---|---|
| Verizon Communicat | 4.13 |
| Philip Morris International | 4.02 |
| Cisco | 3.96 |
| British American Tobacco | 3.55 |
| Glaxo Smith Kline | 3.54 |
| Legal & General | 3.42 |
| Singapore Telecomm | 3.22 |
| Unilever | 3.13 |
| Royal Dutch Shell | 3.11 |
| Gen Elec Co - Com | 3.00 |

Top 10 Holdings as at 31 Dec 2016

## Performance (Annualised) as at 31 Jan 2017 on a rolling monthly basis

| A1-Class | Fund (%) | Benchmark (%) |
|---|---|---|
| 1 year | (12.02) | (10.52) |
| 3 year | 9.28 | 11.06 |
| 5 year | N/A | N/A |
| Since inception | 12.89 | 13.01 |

Annualised return is the weighted average compound growth rate over the period measured.

## Performance (Cumulative) as at 31 Jan 2017 on a rolling monthly basis

| A1-Class | Fund (%) | Benchmark (%) |
|---|---|---|
| 1 year | (12.02) | (10.52) |
| 3 year | 30.50 | 36.99 |
| 5 year | N/A | N/A |
| Since inception | 55.96 | 56.59 |

Cumulative return is aggregate return of the portfolio for a specified period

## Risk statistics: 3 years to 31 Jan 2017

| | |
|---|---|
| Std Deviation (Ann) | 15.04 |
| Sharpe Ratio (Ann) | 0.24 |

## Actual highest and lowest annual returns*

| | |
|---|---|
| Highest Annual % | 36.12 |
| Lowest Annual % | (12.02) |

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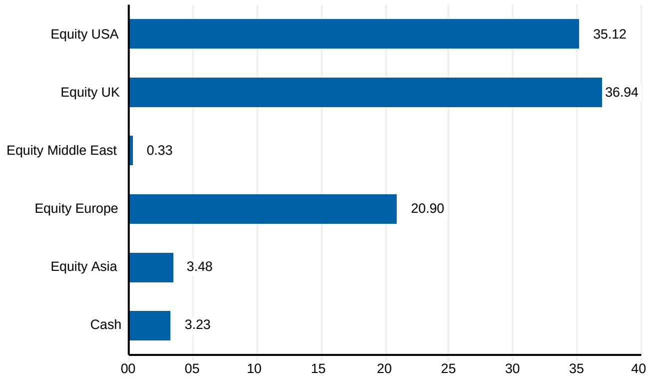
### Asset Allocation




### Portfolio Manager(s) Quarterly Comment - 31 Dec 2016

We did not have to wait long for my sentiment regarding the futility of trying to predict the short-term direction of markets to be vindicated. While Donald Trump's victory in the US presidential election was perhaps not entirely surprising, the market's reaction certainly surprised most pundits who had predicted grave consequences should he win. His popularity appears to be rooted in the same general discontent that spurred British voters to reject their membership of the European Union and Italians to vote against their government's proposed constitutional amendments. It is now clear that this is a sentiment that is going to exert a significant influence on the global political discourse during the next few years. Its potentially serious impact on the global financial system is already apparent in warnings about a potential substantial shift in the direction of the global trade liberalisation witnessed during the past 25 years. It is likely that the posturing and threats about increased trade protectionism will intensify and lead to increased market uncertainty and volatility.

The other significant development during the quarter was the Federal Reserve's widely anticipated decision to raise its benchmark interest rate by 25bps in December. This provided further impetus to the so-called 'reflation trade', i.e. the selling of defensive high-yielding shares in favour of buying shares that are expected to benefit from a rise in interest rates. At the head of this charge were financial shares, particularly in the US.

Given the fund's explicit focus on high-yielding shares, it was not well placed for either of these developments and delivered a disappointing return of -2.51% for the quarter, despite a robust bounce in December.

The fund's financial shares benefited from the previously mentioned reflation trade, with AXA, Scor, Legal & General and Ageas all contributing positively to performance during the quarter. Likewise, the fund's energy shares (Shell, Total and BP) also contributed positively, thanks to the roughly 13% rise in the oil price during the period in response to indications of a greater degree of supply side discipline. The prices of Reynolds American and Tatts Group both benefited from takeover offers announced during the period.

Detracting from the fund's performance was its unavoidable exposure to high-yielding shares such as Unilever, AstraZeneca, Singapore Telecom, British American Tobacco and Imperial Brands, which appear to have fallen out of favour for the moment. Compounding the effect of this change in sentiment was an unwelcome surprise from the UK's Financial Conduct Authority (FCA) which on 6 December unexpectedly announced that it intends to impose considerably stricter regulations on companies that sell 'contract for difference' (CFD) products to retail customers. The share prices of all of the companies offering these products fell precipitously on the day of the announcement, with the price of IG Group, to which the fund had a 3% exposure at the time, dropping by 39% on the day. With the industry having the opportunity, until the end of March, to respond to the FCA's proposals, the final outcome remains uncertain, but it is obvious that the industry's profitability will be permanently impacted. Our immediate assessment of the situation indicated that the market was discounting a worst case scenario and this motivated us to add slightly to our position. On balance we expect to recoup some, but not all, of the losses sustained.

Market sentiment is expected to be significantly determined by the actions and pronouncements of President Trump during his first two months in the White House and the lead-up to the formal commencement by the UK Prime Minister of the Brexit negotiations with the EU during the coming quarter. Risks to the market's current apparent euphoria abound. As stated before, we believe that it is futile to try and predict in which direction the herd is going to rush in the short term. Instead we will continue to focus our attention on investing in companies that satisfy our specified criteria and which we believe will allow us to achieve our stated long-term objectives.

### Portfolio Manager(s)

Douw Steenekamp

B. Compt (Hons), CA (SA)

### Risk Consideration:

*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.

### Management of Investments

This fund is managed by Denker Capital (Pty) Ltd an appointed investment advisor to Sanlam Investment Management (Pty) Ltd, FSP 579, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002.

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### Risk Profile (Moderate Aggressive)

In this portfolio, capital growth is of primary importance and results in a higher allocation to equities. The portfolio may display capital fluctuations over the shorter term, however, volatility levels should be lower than a pure equity fund. While diversified across all the major asset classes, this portfolio is tilted more towards equities and other risky asset classes to ensure the best long-term returns of all the asset classes. Fixed income positions are minimized.

### 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. All the portfolio options presented are approved collective investment schemes in terms of Collective Investment Schemes Control Act, No 45 of 2002 (CISCA). 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. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. The portfolio management of all the portfolios are outsourced to financial services providers authorized in terms of the Financial Advisory and Intermediary Services Act, 2002. A feeder fund is a portfolio that invests in a single portfolio of collective investment schemes, which levies its own charges and which could result in a higher fee structure for the feeder fund. 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 annualised performance numbers are based on 10 non-overlapping one year periods or the number of non-overlapping one year periods from inception where performance history does not yet exist for 10 years.

### Trustee Information

Standard Bank of South Africa LTD

Tel no.: 021 441 4100, E-mail: Compliance-SANLAM@standardbank.co.za

### Glossary Terms

Annualised total returns
Annualised return is the weighted average compound growth rate over the period measured.

Collective investment scheme (CIS)
Collective investment schemes (also called unit trusts) are portfolios of assets such as equities, bonds, cash and listed property, in which investors can buy units. 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 of professional fund management, and reducing their costs.

Debt instrument
A debt instrument (e.g. a bond) is an electronic promise to repay a debt. It is issued by a corporation or government and sold to investors. A bond is an interest-bearing debt instrument, traditionally issued by government as part of their budget funding sources, and now also issued by local authorities (municipalities), parastatals (Eskom) and companies. Bond issuers pay interest to the bondholder every 6 months. The price/value of a bond has an inverse relationship to the prevailing interest rate, so if the interest rate goes up, the value goes down, and vice versa. Bonds generally have a lower risk than shares because the holder has the security of knowing that it will be repaid in full by government at a specific time in the future.

Dividend income
The investor's share of a company's profits, given to him or her as a part-owner of the company.

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.

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.

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.

Total Expense Ratio (TER)
This is the total costs associated with managing and operating an investment (excluding administration, financial planning and servicing fees). These costs consist primarily of management fees and additional expenses such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the fund is divided by the fund's total assets under management to arrive at a percentage amount, which represents the TER.

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