

**Fund Objective**

This is a pure equity fund diversified across all sectors of the JSE. It offers a reasonable level of current income and the potential for long term outperformance. The fund managers only invests in shares which are undervalued and are very aware of downside risks. A maximum of 30% offshore assets may be held.

**Fund Strategy**

This fund may invest in any listed share, but focuses on financially sound companies which offer exceptional value. This portfolio may invest in derivatives for efficient portfolio management. This portfolio may also invest in participatory interests of underlying unit trust portfolios.

**Why choose this fund?**

\*Our value investment philosophy has delivered superior long term performance.

\*The fund can invest up to 25% in foreign listed companies, increasing the opportunity to invest in good companies at a discount.

\*The fund is not benchmark cognisant and aims to maximise real wealth for investors over time.

\*The fund is consistently managed by motivated and passionate investment professionals.

**Fund Information**

<b>ASISA Fund Classification</b>	SA - Equity - General
<b>Risk profile</b>	Aggressive
<b>Benchmark</b>	87.5% of the FTSE/JSE Capped Shareholders Weighted All Share Index (Capped Swix) J433 and 12.5% MSCI World Net Total Return USD Index (NDDUWI) over a 1 year rolling period
<b>Portfolio launch date</b>	01 Oct 1998
<b>Fee class launch date</b>	01 Oct 1998
<b>Minimum investment</b>	Lump sum: R10 000   Monthly: R500
<b>Portfolio size</b>	R2 016.1 million
<b>Last two distributions</b>	30 Jun 2017: 0.00 cents per unit 31 Dec 2017: 9.33 cents per unit
<b>Income decl. dates</b>	30 Jun   31 Dec
<b>Income price dates</b>	1st working day in January and July
<b>Valuation time of fund</b>	15:00
<b>Transaction cut off time</b>	15:00
<b>Daily price information</b>	Local newspaper and <a href="http://www.sanlamunitrusts.co.za">www.sanlamunitrusts.co.za</a>
<b>Repurchase period</b>	3 working days

**Fees (Incl. VAT)**

	Retail Class (%)
<b>Advice initial fee (max.)</b>	3.45
<b>Manager initial fee</b>	N/A
<b>Advice annual fee (max.)</b>	1.15
<b>Manager annual fee</b>	1.55
<b>Total Expense Ratio (TER)</b>	1.76

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.

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 own.

Total Expense Ratio (TER) | PERIOD: 01 January 2015 to 31 December 2017  
Total Expense Ratio (TER) | 1.76% 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. Inclusive of the TER of 1.76%, a performance fee of 0.18% of the net asset value of the class of participatory interest of the portfolio was recovered.

Transaction Cost (TC) | 0.28% 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) | 2.04% of the value of the Financial Product was incurred as costs relating to the investment of the Financial Product.

Manager Performance Fee (incl. VAT) | Performance Fee Benchmark: FTSE/JSE All Share Index, Base Fee: 1.53%, Fee at Benchmark: 1.53%, Fee hurdle: FTSE/JSE All Share Index, Sharing ratio: 20%, Minimum fee: 1.53%, Maximum fee: 3.42%, Fee example: 1.53% p.a. if the fund performs in line with its Performance Fee benchmark being FTSE/JSE All Share Index.

The performance fee is accrued daily, based on performance over a rolling one year period with payment to the manager being made monthly. Performance fees will only be charged once the performance fee benchmark is outperformed and only if the fund performance is positive. A copy of the Performance fee Frequently Asked Questions can be obtained from our website: [www.sanlaminvestments.com](http://www.sanlaminvestments.com).

**Top 10 Holdings**

Securities	% of Portfolio
Anglos	5.98
Naspers -N-	5.24
Old Mutual	4.41
Combined Motor	4.33
Sanlam Global Best Ideas Universal Fund E	4.06
Barclays Group Africa	4.02
Stanbank	3.83
Investec	3.09
Italtile	3.04
Reinet Investments S.C.A	2.96

Top 10 Holdings as at 31 Mar 2018

**Performance (Annualised) as at 30 Apr 2018 on a rolling monthly basis**

Retail Class	Fund (%)	Benchmark (%)
1 year	(2.16)	10.36
3 year	(2.08)	4.94
5 year	6.07	11.53
10 year	8.29	9.69

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

**Performance (Cumulative) as at 30 Apr 2018 on a rolling monthly basis**

Retail Class	Fund (%)	Benchmark (%)
1 year	(2.16)	10.36
3 year	(6.12)	15.57
5 year	34.24	72.57
10 year	121.72	152.16

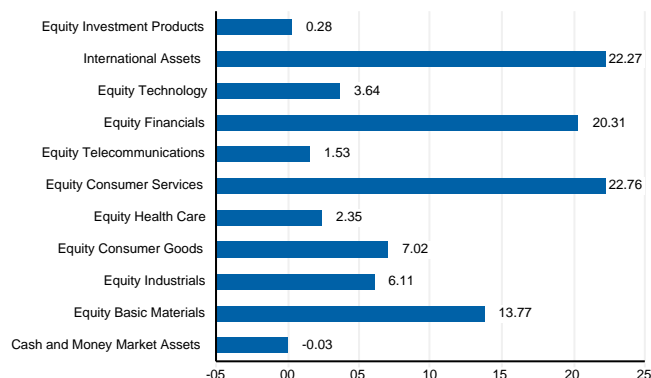
Cumulative return is aggregate return of the portfolio for a specified period

**Risk statistics: 3 years to 30 Apr 2018**

Std Deviation (Ann)	11.65
Sharpe Ratio (Ann)	(0.80)

**Actual highest and lowest annual returns\***

Highest Annual %	48.74
Lowest Annual %	(21.37)

**Asset Allocation**

**Portfolio Manager(s) Quarterly Comment - 31 Mar 2018**
**Market overview**

After the euphoric end to the markets in 2017, the first quarter of 2018 was the worst quarter in over eight years. The biggest contributors to the 6% fall in the FTSE/JSE All Share Index were Naspers (-16%), British American Tobacco (-15%) and Reinet (-16%).

Continued strength in the currency also impacted the rand basket prices for both platinum and gold producers resulting in these sectors falling 21% and 13% respectively. The contagion from the Resilient group of real estate companies did not help the real estate indices, which underperformed the market. The strong momentum of SA Inc. stocks continued in the first quarter with strong performances from general retailers (+9%), automobiles and parts (+7%), construction and materials (+6%) and banks (+4.2%).

**Performance**

The fund materially outperformed its benchmark in the first quarter. Big contributors to the outperformance came from our investments in Hudaco (+16.5%), AECI (+15.5%), Anglo American (+10.5%) and Shoprite (+15%). Stocks which detracted from performance were Northam (-30%), Reinet (-16%) and Capital & Counties (-16%).

**Outlook**

We have seen a number of positive developments since the ANC elective conference in December 2017, which bodes well for improving consumer and investor confidence. This has supported Moody's maintaining South Africa's investment-grade rating (with a stable outlook). In addition, the 25-basis point cut in interest rates will help offset the negative impact of a higher VAT rate and higher petrol prices on consumers.

There is certainly light at the end of the tunnel, we are just not sure how long the tunnel is. Share prices have reacted sharply to a potential economic recovery and while GDP growth forecasts have been revised upwards we should not be naïve to the structural reform challenges required to get South Africa back on a sustainable, long-term growth path. There is much to look forward to when one looks at other countries such as India and Brazil, which recently went through positive regime changes. These countries experienced P/E multiple expansion which, together with a recovery in corporate profits, provided strong tailwinds for equity returns.

We are well positioned to benefit from an improving outlook with significant exposure to underpriced domestic cyclical and smaller-cap stocks. Because value does well in environments where growth is abundant, we think that the recovery in value currently represents the best contrarian trade in the market. This is supported by the extremely attractive discount at which value trades. The P/E discount of the MSCI South Africa Value Index versus the MSCI South Africa Growth Index is the widest it's been in over 20 years.

**Portfolio Manager(s)**
**Claude van Cuyck**

BCom (Hons), CFA

**Ricco Friedrich**

B Bus Sc (Finance), CA, CFA

**Management of Investments**

The appointed investment manager is Denker Capital, a division of Sanlam Investment Management (Pty) Ltd, FSP 579, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002.

**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.

**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. 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. Sanlam Collective Investments (RF) (Pty) Ltd is a registered and approved Manager in Collective Investment Schemes in Securities. Collective investment schemes are generally medium- to long-term investments. Past performance is not necessarily a guide to future performance, 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 on request. 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. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. 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. Forward pricing is used. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-div date. Performance is calculated for the portfolio and the individual investor performance may differ as a result of initial fees, actual investment date, date of reinvestment and dividend withholding tax. The manager has the right to close the portfolio to new investors in order to manage it more efficiently in accordance with its mandate. The performance of the portfolio depends on the underlying assets and variable market factors. Lump sum investment performances are quoted. The portfolio may invest in other unit trust portfolios which 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 fund may from time to time invest in foreign countries and therefore it may have risks regarding liquidity, the repatriation of funds, political and macroeconomic situations, foreign exchange, tax, settlement, and the availability of information. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates.

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 12-month rolling 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.sanlamunitrustsmdd.co.za](http://www.sanlamunitrustsmdd.co.za) and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

**Trustee Information**
**Standard Bank of South Africa Ltd**

Tel no.: 021 441 4100, E-mail: [Compliance-Glacier@standardbank.co.za](mailto:Compliance-Glacier@standardbank.co.za)

**Glossary of Terms**
**Annualised total returns**

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

**Benchmark cognisant**

This is an investment manager who follows a strategy where in the process of evaluating the performance of any investment, compares its performance against an appropriate benchmark. In the financial field, there are dozens of indexes that analysts use to gauge the performance of any given investment including the S&P 500, the Dow Jones, etc.

**Downside risk**

The likelihood of a fund's potential to decline in value if market conditions change.

**Linked Investment Service Provider (LISP)**

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 provides a client a single entry into a selection of investment elements.

**Net asset value (NAV)**

Net asset value (NAV) is the value of a fund's asset less the value of its liabilities per unit.

**Price to earnings ratio**

Price to earnings ratio or PE ratio is calculated by dividing the price per share by the earnings per share. This ratio provides a better indication of the value of a share, than the market price alone.

**Pure equity fund**

This is a fund that invests primarily in higher-risk asset classes such as equities (stocks or shares).

**Sharpe ratio**

The Sharpe ratio measures 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 amount of expected volatility in an investment.

**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.

**Value investment philosophy**

This is a philosophy which enables our fund managers to make rational - not emotional - decisions based on in-depth research. This gives them insight into what an asset is truly worth, not what investors are willing to pay based on greed or fear. We invest in stocks that are, in our opinion, trading below their intrinsic value.