Ampersand Sanlam Collective Investments SA Inflation Linked Bond Fund

Minimum Disclosure Document

As of 30/09/2022

ampers&nd ASSET MANAGEMENT

MDD Issue Date: 19/10/2022

Portfolio Objective

The objective of the portfolio is to deliver returns in line with or exceeding the S&P SA Sovereign inflation-linked 1+ index at similar risk measured over 1 year rolling periods. The portfolio will offer potential for capital growth as well as a regular level of income.

Investment Policy

The portfolio will invest in inflation-linked government issued rand denominated securities. The underlying investments will be managed by combining passive and actively managed strategies and will change over time to reflect the manager's assessment of interest rate and inflation rate cycles. The portfolio may also invest in participatory interest in portfolios of collective investment schemes registered in the Republic of South Africa. The manager may utilize listed and unlisted instruments (derivatives) for efficient portfolio management subject to the limits and conditions as stipulated in the Act.

Fund Information

Ticker	AMLBFA
Portfolio Manager	Hannes van Zyl & Ian Peters
ASISA Fund Classification	SA : Interest Bearing : Variable Term
Risk Profile	Cautious
Benchmark*	S&P SA Sovereign inflation-linked 1
Extended Text Row	+ index over 1 year rolling period
Fund Size	R 88,526,101
Portfolio Launch Date	01/03/2022
Fee Class Launch Date	01/03/2022
Minimum Lump Sum Investment	R 10,000
Minimum Monthly Investment	R 500
Income Declaration Date	March, June, September & December
Income Payment Date	1st business day of April, July, October & January
Portfolio Valuation Time	15:00
Transaction Cut Off Time	15:00
Daily Price Information	Local media & www.sanlamunittrusts.co.za
Repurchase Period	2-3 business days

Fees (Incl. VAT)

	A-Class (%)
Maximum Initial Advice Fee	—
Maximum Annual Advice Fee	—
Manager Annual Fee	0.95
Total Expense Ratio*	1.04
Transaction Cost*	—
Total Investment Charges*	1.04
Performance Fee	—
TER Measurement Period*	01 March 2022 - 30 June 2022

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.

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.

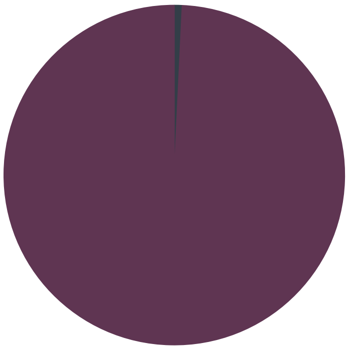
***These figures will be available when the Fund has sufficient history. As the fund's track record is shorter than a year, the TER and TC cannot be accurately determined. Calculations are based on actual data where possible, and on best estimates where data is not available.**

Top Holdings

	(%)
R197 Government Bond	14.39
I2025 Government ILB	14.32
I2050 Government ILB	13.33
I2038 Government ILB	11.92
R202 Government Bond	11.84
I2046 Government ILB	11.45
R210 Government ILB	8.45
I2033 Government ILB	7.34
I2029 Government ILB	6.30

Asset Allocation

Portfolio Date: 30/09/2022



	%
SA Cash	0.75
SA Bond	99.25
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: Since Inception to 31/12/2021

Highest Annual %	—
Lowest Annual %	—

Risk Statistics (3 Year Rolling)*

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

Distribution History (Cents Per Unit)*

30/06/2022	6.78 cpu	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—

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Risk Profile

This portfolio aims to protect capital in real (after inflation) terms, while providing a reasonable level of income. The portfolio displays low volatility levels, designed to reduce the probability of capital losses. This portfolio has no exposure to equities. It is designed for maximum capital protection and aims to ensure a stable income and/or income growth.

Glossary Terms

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

Asset allocation
Asset allocation is the percentage the fund holds in different asset classes. It is used to determine the level of diversification in the fund.

Capital fluctuations (Volatility)
Volatility refers to the extent to which the price of an investment or capital value fluctuates over a certain time period. High-volatility funds usually offer the potential for higher long-term returns than low-volatility funds.

Collective Investment Schemes
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. This allows private investors to pool their money into a single fund, which spreads their risk across a range of investments, gives them the benefit of professional fund management and reduces their costs.

Cumulative returns
Cumulative return is the total return an investor would have achieved if they reinvested all distributions.

Derivatives
Derivatives are instruments generally used to protect against risk (capital losses). However, they can also be used for speculative purposes. Examples include futures, options and swaps.

Distributions
Distributions show the income that is generated from an investment and paid out to investors. These pay-outs can be monthly, quarterly, bi-annually or annually.

Diversification
Diversification is a strategy designed to reduce risk and protect against capital losses in a portfolio. It works by combining a variety of asset classes or investments that are unlikely to all move in the same direction at the same time. This allows for more consistent performance under a wide range of economic conditions, as it smooths out the impact of negative market events. The positive performance of some investments or asset classes should neutralise the negative performance of others.

Fund strategy
The fund strategy is how it is managed to achieve its objective.

Information ratio
The information ratio measures the risk-adjusted performance of a fund (the returns it generates and the investment risk it takes to do so) compared to its benchmark. The higher the ratio, the better the fund's risk-adjusted performance compared to the benchmark. For this ratio, risk is quantified by the standard deviation of the fund's returns relative to its benchmark.

Maximum drawdown
The maximum drawdown measures the highest peak-to-trough loss experienced by the fund.

Participatory interests
When you buy a unit trust, your money is pooled with that of many other investors. The total value of this pool is split into equal portions called participatory interests or units. You therefore buy participatory interests in that unit trust equal to the value of your monetary contribution.

Sharpe ratio
The Sharpe ratio measures the total risk-adjusted performance of a fund: the returns it generates and the risk it takes to do so. It indicates if a fund's returns are due to excessive risk or not. The higher a fund's Sharpe ratio (i.e. a higher return with a contained risk profile), the better its risk-adjusted performance. For this ratio, risk is quantified by the standard deviation.

Standard deviation
Standard deviation is a measure of the extent to which returns on an investment change from month to month. It is typically used by investors to gauge the volatility expected from an investment.

Additional Information

Investment Manager Information
Ampersand Asset Management (Pty) Ltd
(FSP) License No. 33676
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Manager Information
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Portfolio Manager Comment

As at 30 September 2022

The third quarter of 2022 started off well from both a local and global bond and equity market perspective. However, this was short lived as the month of September experienced another bout of significant volatility as the market continues to struggle to come to terms with global developed market inflation. Over the quarter, persistently high inflation and interest rate hikes in the US and Europe continued to be the major driver of markets around the globe.

United States

In September, the S&P 500 Index experienced its worst month since the pandemic hit in March 2020 as US stocks fell going into the last weekend of the third quarter. Investors fled the market due to concerns about persistently high inflation and a Federal Reserve that was determined to raise interest rates to combat it, even at the risk of sparking a recession.

Prior to Covid, inflation has been contained in the US and Europe for more than a decade. But despite the known supply chain disruptions due to Covid-19, it seems that the market has all but forgotten that when inflation rises, interest rates follow.

The Federal Reserve has been widely criticized for not being more decisive in combating inflation by hiking rates faster and it is most likely safe to expect continued volatility towards the last two Fed meetings this year. US CPI eased to 9.9% y/y in August from 10.1% in July which, whilst decreasing, is still stubbornly high.

South Africa

South Africa's annual inflation rate eased slightly to 7.6% in August, from a previous 13-year high of 7.8% in July. Furthermore, the rand came under further pressure in September as a result of escalating tensions between Russia and Ukraine, continued hawkish messaging from the Fed and a very strong US dollar. Year to date, the rand depreciated by 13.55% to the USD.

Position going forward and conclusion

In previous communications this year we have warned that the volatility of extreme ups and downs is likely to remain for the rest of 2022. Trying to forecast when global inflation will soften, when central banks will retreat to a more dovish stance and when bond and equity markets will recover, is impossible.

Over the quarter the Ampersand funds have delivered returns ahead of benchmark. In the context of both the benchmark and market returns the funds have held up well over the period. As with all bear markets and periods of high volatility in the past, we know that markets are cyclical and from time to time deliver disappointing outcomes. What we also know is that periods of poor returns have always been followed by periods of strong recovery. Remaining calm and invested during volatile times is likely to lead to the best investment outcomes over time.

Portfolio Managers
Hannes van Zyl (Under Supervision)
BCom (Economics), MBA and CFA ®.

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