

As at 31 October 2018

### Fund Objective

The Capricorn Sanlam Collective Investments Market Neutral Retail Hedge Fund is a low risk, market neutral South African long/short equity hedge fund that employs a multiple investment strategy. This portfolio aims to ensure stable income flows and capital preservation is of primary importance. The portfolio invests in a combination of low-risk asset classes, but exposure to equities is limited to protect against volatility and risk of capital losses. It aims to deliver superior risk adjusted returns that are uncorrelated to the general market over any 12 month period.

### Fund Manager Details

**Outsourced Investment Manager** Capricorn Fund Managers (Pty) Limited

**FAIS Disclosure** Capricorn Fund Managers (Pty) Ltd is an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002.

FSP Number: 863

### Fund Information

**Fund Classification** Retail Investor Hedge Fund

**Base Currency** South African Rand (ZAR)

**Benchmark** STeFI

**Fund Inception (prior to CIS)** 01 July 2003

**CIS Establishment Date** 01 August 2016

**Fund Size** R 14 million

**Last two distributions** 30/06/18: 18.12 cents per unit  
31/12/17: 4.71 cents per unit

**Income Declaration Dates** 31/03 | 30/06 | 30/09 | 31/12

**Income Price Date** 1st working day in April, Jul, Oct & Jan

**Fund Valuation Time** 17:00

**Transaction Cut Off Time** 14:00

**Daily Price Information** www.sanlamunitrusts.co.za

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

**Trustee Contact** 021 441 4100

Compliance-SANLAM@standardbank.co.za

**Fees (excl VAT)** **A1 Class**

**Asset Management Fee** 1.25%

**Performance Fee** 20% of outperformance above benchmark on a 1 year rolling. No Cap

**Annual Service Fees** 0.50%

**Total Expense Ratio (TER)** 3.64%

Period of TER calculation | 01 August 2016 to 30 June 2018. The TER will be higher than the quoted service charge of the manager.

Total Expense Ratio (TER) | 3.64% 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) | 0.20% 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) | 3.84% of the value of the Financial Product was incurred as costs relating to the investment of the Financial Product.

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. Advisory fees are negotiable between the client and their financial advisor and may not exceed 1% (excl. VAT) per annum of the amount invested. This fund is also available via certain LISPS (Linked Investment Service Providers), which levy their own fees.

Minimum Disclosure Documents applicable for other fee classes are available upon request.

### Performance Report <sup>1</sup>

	Fund	Benchmark
<b>A1 Class (%)</b>		
1 Year	-3.19%	7.26%
2 Years (Annualised) <sup>2</sup>	2.23%	7.43%
3 Years (Annualised) <sup>2</sup>	N/A	N/A
5 Years (Annualised) <sup>2</sup>	N/A	N/A
Highest Annual Return	11.76%	7.63%
Lowest Annual Return	-3.19%	7.26%

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

Risk Statistics <sup>1</sup>	Current	Maximum	Mandate*
One Month Value at Risk (VaR) at 99% <sup>3</sup>	5.2%	5.6%	
Leverage <sup>4</sup>	164.7%	173.3%	200%
Liquidity (Average Days to Trade)	0.0	0.0	30.0

\*Where no mandate limit is stated, a limit does not exist.

Counterparty Exposure	Gross Exposure
Firstrand Bank Limited	146.95%
Jse Debt Market	60.99%
Jse Listed Physicals	0.16%

Asset Allocation	Net	Long	Short
<b>Cash &amp; Margin</b>	<b>13.20%</b>	<b>43.07%</b>	<b>0.00%</b>
<b>Equities</b>	<b>26.21%</b>	<b>65.12%</b>	<b>-38.91%</b>
Stocks & CFDs	26.21%	65.12%	-38.91%
<b>Fixed Income</b>	<b>60.59%</b>	<b>60.59%</b>	<b>0.00%</b>
Floating Rate note	60.59%	60.59%	0.00%

1) All performance prior to the CIS establishment date are actual net of fee performances in pre-regulated investment structures.

2) Where return and risk figures are quoted for periods greater than 12 months, these returns are annualised. In other words, they are scaled to represent an equivalent one year measure.

3) VAR represents the statistical loss that the Fund can experience given its current holdings over a one Month period with a 1% probability.

4) Sources of leverage are from equity and / or fixed interest derivatives provided by the Prime Broker. The types and sources of leverage are based on strategies that implement derivatives, short selling and borrowed money as by the Prime Broker. Leverage is calculated using the Commitment approach.

5) Portfolio stress testing is performed by subjecting a portfolio through extreme market situations, and noting the portfolio profit and loss, value at risk and exposure movements.

6) In some circumstances asset hypothecation exists and is limited within the contracting arrangements with the different counter parties.

### Risk Profile (Conservative)

The primary objective of the Fund is to provide consistently superior, risk-adjusted absolute returns to investors, primarily through stock based opportunities.

### Management Company Information

#### Sanlam Collective Investments (RF) (Pty.) Ltd.

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 Postal: P O Box 30, Sanlamhof, 7530  
 Tel: +27 (21) 916 1800  
 Email: [service@sanlaminvestments.com](mailto:service@sanlaminvestments.com)  
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### Independent Prime Brokers and Risk Monitoring

<b>Prime Brokers</b>	RMB
<b>Risk Specialist</b>	Risk Café

### Additional Information

Sanlam Collective Investments (RF) Pty Ltd ("SCI") is a registered and approved Manager in Collective Investment Schemes in Securities and is a member company of the Sanlam Group. The Sanlam Group is a full member of the Association for Savings and Investment SA. The management of investments are outsourced to the authorised Financial Services Provider ("FSP") as stated in this Minimum Disclosure Document ("MDD").

The information contained in this MDD does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act, and should be read in conjunction with the Upfront Disclosure Document. Use of or reliance on this information is at own risk. Independent professional financial advice should be sought before making an investment decision. Collective investment schemes are generally medium-to long-term investments. 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. This fund has no Initial Fees. 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 the fund more efficiently in accordance with their mandates. The Manager retains full legal responsibility for the third-party named portfolio. The portfolio management of all the portfolios is outsourced to financial services providers authorized in terms of the Financial Advisory and Intermediary Services Act, 2002. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. Collective investments are calculated on a net asset value ("NAV") 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. Please note that past performance is not necessarily a guide to future performance, and that the value of participatory interests / units in investments / unit trusts may go down as well as up. The promulgation of hedge fund regulations in 2015 prompted the launch of this fund on the stated launch date. As a result, the returns of the fund prior to the launch date are presented as either simulated or actual returns based on past experience in pre-regulated structures. Where referenced, annualised returns describe the average amount of money earned by an investment each year over a given time period. The level of counterparty exposure is restricted to funds that are administered by Sanlam Collective Investments and the respective prime brokers of the underlying portfolio. A schedule of fees and charges and maximum commissions is available from the Manager, SCI. Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge on the SCI website ([www.sanlamcollectiveinvestments.com](http://www.sanlamcollectiveinvestments.com)).

### Glossary Terms

#### Collective Investment Schemes (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.

#### Distributions

The income that is generated from an investment and given to investors through monthly or quarterly distribution payouts.

#### Fixed-interest investments

Fixed interest funds invest in bonds, fixed-interest and money market instruments. Interest income is a feature of these funds and, in general, capital should remain stable. A fixed-interest investment aims to offer investors a regular income at a set interest rate, which can be fixed over a specified term. If interest rates fall, the fixed-interest investment typically becomes more valuable. Conversely if interest rates rise, the value of the investment will fall.

The interest provides you with a fixed amount at regular intervals. So this is usually a very predictable way of getting an income from your investment.

#### LISP (Linked Investment Service Providers)

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.

#### Leverage

This refers to the use of various financial instruments or borrowed capital, such as margin, to increase the potential return of an investment.

#### Value at Risk (VaR)

A statistical technique used to measure and quantify the level of financial risk within a firm or investment portfolio over a specific time frame. Value at risk is used by risk managers in order to measure and control the level of risk which the firm undertakes. The risk manager's job is to ensure that risks are not taken beyond the level at which the firm can absorb the losses of a probable worst outcome.

#### Encumbrance or Rehypothecation

The practice by banks and brokers of using, for their own purposes, assets that have been posted as collateral by their clients. Clients who permit rehypothecation of their collateral may be compensated either through a lower cost of borrowing or a rebate on fees.

#### 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.