



MDD Issue Date: 2018/07/18

Fund Objective

The objective of the Capricorn Sanlam Collective Investments Equity Fund is to provide above average growth in capital over the medium to long term. Income will be of secondary importance. The risk associated with this portfolio shall be the same as the risk associated with SA equities as an asset class. Volatility of capital can occur over the short term.

Fund Strategy

The portfolio shall invest predominantly in equities across all sectors of the JSE Securities Exchange of South Africa. The portfolio shall also invest in assets in liquid form and other permissible assets allowed by the Act. The portfolio shall be allowed to invest in listed and unlisted financial instruments (derivatives) as permitted by the Act from time to time in order to achieve its investment objective. The fund may at any time hold a maximum of 30% in offshore assets and may also invest in participatory interests of underlying unit trust portfolios.

Why Choose This Fund?

- The fund is managed by an award winning investment boutique.
- The structure of the fund allows for maximum exposure to equities, through a robust investment process to choose quality companies, management teams and business models.
- While being cognisant of the JSE All Share benchmark, the fund invests in the team's best equity ideas, aiming to outperform the benchmark over time.
- The fund has a strong focus on risk adjusted returns over the medium to long term.

Fund Information

Ticker	CSEB1
Portfolio Manager	Matthew Auerbach
ASISA Fund Classification	South African - Equity - General
Risk Profile	Aggressive
Benchmark	FTSE/JSE Shareholder Weighted All Share Index
Fund Size	R 218 379 815
Portfolio Launch Date*	2016/07/01
Fee Class Launch Date*	2016/07/01
Minimum Lump Sum Investment	R 100 000
Minimum Monthly Investment	—
Income Declaration Date	June & December
Income Payment Date	1st business day of July & January
Portfolio Valuation Time	15:00
Transaction Cut Off Time	15:00
Daily Price Information	Local media
Repurchase Period	2-3 business days

Fees (Incl. VAT) A-Class (%)

Maximum Initial Advice Fee	—
Maximum Annual Advice Fee	—
Manager Annual Fee	1.03
Total Expense Ratio	2.25
Transaction Cost	1.69
Total Investment Charges	3.94
Performance Fee	—
TER Measurement Period	01 July 2016 - 31 March 2018

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.

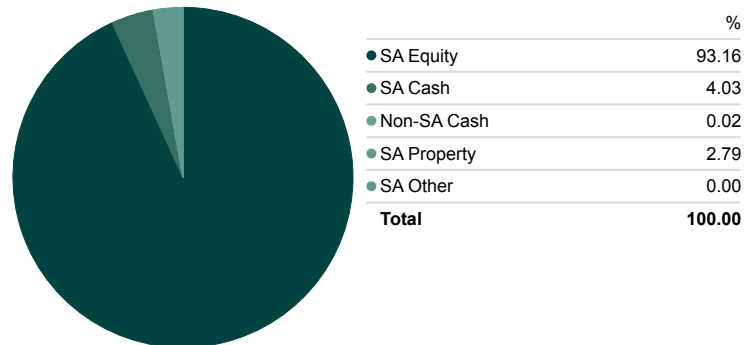
Manager Performance Fee - Performance fee benchmark: FTSE/JSE Shareholder Weighted All Share Index + 2%; Minimum Fee 1.03%; Maximum Fee 2.87%. All fees are inclusive of VAT.

Top Ten Holdings

	(%)
Naspers Limited	23.04
The Foschini Group Limited	4.65
BHP Billiton Plc	4.59
Standard Bank Group Limited	3.96
Capitec Bank Holdings Limited	3.42
British American Tobacco Plc	3.41
Sanlam Limited	2.89
Exxaro Resources Limited	2.89
Barclays Africa Group Limited	2.65
Glencore Xstrata Plc	2.59

Asset Allocation

Portfolio Date: 2018/06/30



Annualised Performance (%)

	Fund	Benchmark
1 Year	11.80	11.68
Since Inception	1.36	5.71

Cumulative Performance (%)

	Fund	Benchmark
1 Year	11.80	11.68
Since Inception	2.73	11.73

Highest and Lowest Annual Returns

Time Period: Since Inception to 2017/12/31

Highest Annual %	17.88
Lowest Annual %	17.88

Risk Statistics (3 Year Rolling)

Standard Deviation

Sharpe Ratio

Information Ratio

Maximum Drawdown

Distribution History (Cents Per Unit)

2018/06/30	16.05 cpu
2017/12/31	7.96 cpu
2017/06/30	5.11 cpu



Risk Profile

Aggressive

You can afford to take on a higher level of risk (i.e., have a greater exposure to equities) because of your investment time horizon and/or your appetite for risk. You know that in taking the risk, you need to be patient if you want to achieve the results. So you are willing to invest for the long-term and are prepared to tolerate some volatility in the short term, in anticipation of the higher returns you expect to receive in five years or beyond.

Glossary Terms

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.

Derivatives

Derivatives are instruments generally used as an instrument to protect against risk (capital losses), but can also be used for speculative purposes. Examples are futures, options and swaps.

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.

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.

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. 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 Capricorn Fund Managers (Pty) Ltd, (FSP) Licence No. 863, 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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Portfolio Manager Comment

As at 30 June 2018

Fund manager thoughts

The global trade war intensified in June, in conjunction with the emerging markets (EM) peer group remaining volatile, SA Inc. sold off in the month. Furthermore, the announcement of negative 2.2% GDP growth in the first quarter was a reality check to the market that expected a significant turnaround in momentum since Ramaphoria.

Through the EM sell-off, The Foschini Group, Sanlam and Standard Bank led the losses in our portfolio. We continued to reduce exposure to highly rated stocks that could disappoint at earnings results (Dischem, Mr Price, Truworths, Coronation) which proved to be the right decision in June. With our view of the Rand trading significantly stronger than its EM peers, we rotated into BHP Billiton, Glencore and Sappi which rallied in June. We expect a near term relief rally off current lows of which we have strategically positioned for.

Market outlook

Global trade wars, higher US yields, a European Union on the brink of tapering and EM peers going through turmoil will not be positive for emerging markets. Furthermore, we are cautious that the SA economy fails to create jobs and growth. Eskom, Lonmin and Impala Platinum are looking to restructure jobs in the next 12 months which could result in a further 40,000 jobs shed in an already weak economy. Capricorn has a fairly balanced portfolio with an increased exposure to commodities and offshore stocks until confidence returns in SA Inc. We believe the sell-off has been overdone and expect a near term relief rally from current depressed levels which are similar to the global financial crisis levels of 2007. The ZAR currently trades 16% weaker than the start of last quarter. Consequently, we believe pockets of value exist in quality Rand hedges that are yet to price this in, namely Aspen and Sappi. In our view we are likely to repeat 2017, where a mediocre start to the year was followed by an aggressive rally into year end, assisted by the current weaker ZAR environment.

Kind Regards

The Capricorn Team

Portfolio Managers

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