Minimum Disclosure Document

(Fund Fact Sheet)

Sanlam Investment Management Balanced Fund

May 2018

Fund Objective

This is a multi asset class fund which aims to grow capital steadily while providing income over the medium to longer term. The preservation of real capital is of primary importance in achieving this objective. The fund is Reg. 28 compliant and is suitable for retirement savings. The fund may hold up to 30% in offshore assets.

Fund Strategy

Typically this fund will hold a large weighting in JSE shares with a maximum equity exposure of 75%. Capital exposure will also include investments in money market instruments, bonds, listed property and up to 30% in offshore assets. Fund risk is lower than that of a pure equity fund. This portfolio may also invest in participatory interests of underlying unit trust portfolios.

Why choose this fund?

*By investing in a single fund which diversifies across all major asset classes, investors 'outsource' the difficult decision of how much and when to invest in various asset classes.
*The fund may hold a maximum of 75% in equities making it less volatile than a general equity fund.

Fund Information

ASISA Fund Classification	SA - Multi Asset - High Equity
Risk profile	Moderate
Benchmark	Mean of the ASISA SA Multi Asset High Equity Category
Portfolio launch date	01 Feb 1995
Fee class launch date	01 Jul 2004
Minimum investment	Lump sum: R10 000 | Monthly: R500
Portfolio size	R16 651 million
Last two distributions	30 Jun 2017: 58.29 cents per unit 31 Dec 2017: 166.54 cents per unit
Income decl. dates	30 Jun | 31 Dec
Income price dates	1st working day in January and July
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)

	Retail Class (%)
Advice initial fee (max.)	3.45
Manager initial fee	N/A
Advice annual fee (max.)	1.15
Manager annual fee	1.26
Total Expense Ratio (TER)	1.68

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.

This fund is also available via certain LISPS (Linked Investment Service Providers), which levy their own fees.

The portfolio manager may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down.

Sanlam Reality members may qualify for a discount on the Manager annual fee.

Total Expense Ratio (TER) | PERIOD: 01 April 2015 to 31 March 2018
Total Expense Ratio (TER) | 1.68% 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 1.68%, a performance fee of 0.28% of the net asset value of the class of participatory interest of the portfolio was recovered.
Transaction Cost (TC) | 0.14% 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) | 1.82% 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: Mean of the ASISA SA Multi Asset High Equity Category, Base Fee: 1.25%, Fee at Benchmark: 1.25%, Fee hurdle: Mean of the ASISA SA Multi Asset High Equity Category, Sharing ratio: 20%, Minimum fee: 1.25%, Maximum fee: 2.85%, Fee example: 1.25% p.a. if the fund performs in line with its Performance Fee benchmark being Mean of the ASISA SA Multi Asset High Equity Category.

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.sanlamunittrusts.co.za.

Top 10 Holdings

Securities	% of Portfolio
Sanlam World Eq	11.57
Naspers -N-	9.95
SIM Enhanced Yield Fund Class B3 (D)	9.40
SIM Property Fund	5.93
Sanlam World Equity Tracker Fund Class I USD	3.59
Stanbank	2.52
BTI Group	2.31
FirstRand / RMBH	2.27
Sasol	2.10
Old Mutual	2.01

Top 10 Holdings as at 31 Mar 2018

Performance (Annualised) as at 31 May 2018 on a rolling monthly basis

Retail Class	Fund (%)	Benchmark (%)
1 year	1.37	3.23
3 year	3.73	3.58
5 year	6.92	6.82
10 year	8.27	7.83

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

Performance (Cumulative) as at 31 May 2018 on a rolling monthly basis

Retail Class	Fund (%)	Benchmark (%)
1 year	1.37	3.23
3 year	11.61	11.13
5 year	39.76	39.07
10 year	121.27	112.59

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

Risk statistics: 3 years to 31 May 2018

Std Deviation (Ann)	7.17
Sharpe Ratio (Ann)	(0.49)

Actual highest and lowest annual returns*

Highest Annual %	23.40
Lowest Annual %	(13.68)

This monthly Minimum Disclosure Document should be viewed in conjunction with the Glossary of Terms Sheet.

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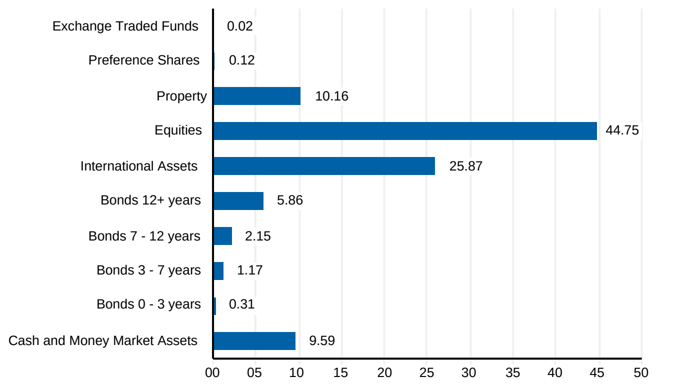
May 2018

Asset Allocation



Portfolio Manager(s) Quarterly Comment - 31 Mar 2018

Overview and Asset Allocation

It has been just about a decade since the global financial crisis - a decade that included stimulus previously unheard of, yet that for a long time did not seem to have much impact on economic growth and rather had as its biggest consequence significant repricing of most asset classes. The first quarter of 2018 was characterised by much nervousness about the sustainability of this repricing, the speed of reversal of the stimulus and the effect that this reversal might have on asset (de)pricing.

As mentioned last quarter, economic indicators continue to indicate synchronised global growth. At last the long period of disconnect between growth and stimulus seems to be fading. And as labour markets start to tighten, especially in the US, the potential for an uptick in inflation was one of the main flames fuelling the nerves. An upside surprise in inflation could accelerate the pace at which policy rates are increased and with it accelerate a potential derating of most asset markets.

The result of the nervousness could be seen in the volatility that characterised the first quarter. In the end equity markets, in dollar terms, ended the quarter (only) marginally lower, but not before twice declining rapidly and losing about 10% from peak to trough. The initial decline was, however, followed by a recovery, as the fear of accelerated interest rate rises subsided again and equity markets continued to receive support from a solid earnings outlook on the back of the synchronised economic growth. The net result of the two declines was to reverse the excessively buoyant rise in equity markets in the first three weeks of the quarter.

It is most unfortunate that this period of market nervousness, fuelled by economic forces, has coincided with a period of unprecedented (at least in recent decades) political nervousness, fuelled by Trump's unusual and unpredictable approach to just about everything, a dangerous 'mine-is-bigger-than-yours' (nuclear) game with North Korea, a US/China trade war and Brexit. In most cases, such political developments tend to be noise rather than fundamental drivers of financial markets' returns. However, at the moment they are adding fuel to fire with regards to the volatility that global financial markets are already experiencing.

All of that said, the low prospective returns from foreign fixed-interest assets continue to support valuations of foreign growth assets and as long as global interest rates don't accelerate upwards (and as a base case they should not) and earnings don't contract (which they should not, given synchronised global growth), global equities are likely to continue delivering superior returns relative to fixed-interest assets. We hence continue to hold the bulk of our foreign exposure in foreign equities. Within this, we continued to add some exposure to emerging markets, which are slightly cheaper than developed markets and should continue to gain from the synchronised global growth taking place.

In the end the quarter saw -1.3% returns from global equities and +1.4% from global bonds. The biggest loser was property which returned -4.5% when it derated together with the initial rise in bond yields, but not fully recovered when bond yields stabilised and even pulled back a bit again.

We continue to avoid global fixed-interest assets, since it is difficult to find a scenario where these provide any form of real return in the foreseeable future. Developed market bonds are offering low or negative prospective real yields. In addition, their yields are more likely to rise than fall, due to the quantitative easing policies of central banks coming to an end.

We also continue to hold a small position in a select basket of developed market REITs. This is due to a lack of attractively priced alternative investment opportunities. The properties we own typically have an average dividend yield of around 6%. This is fair if a real return of about 4% is required. We have, however, reduced our exposure to this basket and reinvested the funds in a more diversified portfolio of attractively priced real assets (some property, some renewable energy, some utilities) where long-term contracts are in place for income to rise with inflation.

On the local side the last few years were characterised by a lot of country-specific issues, which culminated in a series of events that all seemed to be binary in nature - with the potential to swing markets (especially fixed-interest markets) significantly in either direction. The past quarter seemed to mark the end of that era, when the first post-Zuma budget was reasonably well received and a Moody's downgrade to junk status was (at last) avoided. For the time being, the price developments of local asset markets are likely to be driven by 'normal' market factors such as economic developments, cyclical forces and asset pricing compared to investment alternatives or competing markets.

The first wave of this renewed 'normal' market behaviour (albeit amid a nervous global marketplace) saw local bonds being repriced relative to other emerging market bonds and delivering a very solid quarter in the process. The FTSE/JSE All Bond Index (ALBI) ended the quarter the best performer among major local asset classes, up 8.1%.

Given the continued binary nature of events that could determine the path of local bond markets, combined with the high forecast risks of the outcomes of these events, we continued to hold only a moderate position in local bonds. We did, however, supplement our bond exposure with another derivative structure that would provide additional exposure to bonds in the case of a bond rally, which resulted in additional exposure to bonds when the stronger bond yields did materialise. These structures ended the quarter well in the money and should bond yields remain at current levels, the remaining time value in these structures will accrue to the portfolio over the course of the next few months. From the quarter-end levels for bond yields, we expect bonds to give decent real returns, but not to outperform our expected return from the asset class and consequently we continue to hold only a moderate exposure to local bonds.

Growth assets, on the other hand. had a tough quarter. Equities faced the volatility experienced by global equity markets and on top of that had to contend with a material pullback in the index-dominating Naspers. In the end, the FTSE/JSE Shareholder Weighted Index (Swix) ended the quarter down 6.8%, while in US dollar terms it underperformed the MSCI Emerging Markets Index by almost 4%. We have not made any material changes to our local equity positioning. We have hedges in place, covering about 15% of our equities, to provide partial protection in the case of a fall in equity markets.

By far the toughest experience of the quarter was to be found in the property sector, where the FTSE/JSE SA Listed Property Index (SAPY) was down almost 20% for the quarter. This index was rocked by both the global decline in properties, as well as (most significantly) big falls in the Resilient group of companies on concerns of Steinhoff-type overvaluation.

It was most fortuitous that the previous quarter's additions to our local property position was obtained by virtue of a basket of the three largest SA REITs (Growthpoint, Redefine and Hyprop), as discussed last quarter. These shares avoided the decline that the broader index experienced and (as a collective) ended the quarter with a positive performance in excess of 3%, compared with the said 20% loss in the reference index. However, since we still had sizeable exposure to the broader index as well, the weak quarter for properties did materially detract from performance for the quarter. As an asset class property offers an attractive yield (both the index and the group of large SA REITs) and, barring any further derating, it requires very little distribution growth in order to outperform local fixed-interest assets. We therefore continue to hold meaningful exposure to local property.

Last quarter we observed the rand strengthening significantly as SA-specific risks subsided. This quarter the rand further consolidated gains. On a purchasing power parity basis, the trade-weighted rand is on the strong side. Against the euro and British pound, the rand remains overvalued while the strong move during recent times also saw it become marginally overvalued against the US dollar. Based on currency valuation alone, one would at these levels contemplate starting to add to your position in foreign investments. However, this is not a straightforward decision, given the higher valuation levels of foreign asset markets compared to local assets. We'll increase foreign exposure as and when we can justify additional investments based on valuation.

Portfolio Manager(s)

Fred White

BEng Cum Laude; MEng Cum Laude; MBA; CFA

Ralph Thomas

BBusSci (Finance) Honours, MBA Cum Laude

Management of Investments

The management of investments are outsourced 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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May 2018

Risk Profile (Moderate)

This is a medium-risk portfolio that aims to deliver income and capital growth over the medium term. This portfolio is designed to minimise volatility and aims to cultivate as smooth a ride as possible. There is some exposure to risky asset classes (such as equities) necessary to grow capital over the medium to long term. This portfolio has a medium to long-term investment horizon. The portfolio is diversified across all major asset classes with an average exposure to equities, and offers real (after inflation) returns but with lower volatility.

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 manager 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 is 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. A copy of the Performance fee Frequently Asked Questions can be obtained from our website: www.sanlaminvestments.com.

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.sanlamunittrustsmdd.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

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Glossary of Terms

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

Asset allocation funds
Also known as balanced or managed funds. A fund manager invests in a spread of assets such as equities, property, bonds and cash depending on market conditions.

Bond
A bond is an interest-bearing debt instrument, traditionally issued by governments as part of their budget funding sources, and now also issued by local authorities (municipalities), parastatals (Eskom) and companies. Bonds issued by the central government are often called "gilts". Bond issuers pay interest (called the "coupon") 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/gilts generally have a lower risk than shares because the holder of a gilt has the security of knowing that the gilt will be repaid in full by government or semi-government authorities at a specific time in the future. An investment in this type of asset should be viewed with a 3 to 6 year horizon.

Capital preservation
This is an investment strategy where the primary goal is to preserve (protect) capital and prevent losses in a portfolio. Preserving capital is a priority for retirees and those approaching retirement, since they may be relying on their investments to generate income to cover their living expenses, and have limited time to recoup losses if markets experience a downturn.

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

Equities
An equity or share represents an institution/individual's ownership in a listed company and is 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 and this 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 with a higher level of risk i.e. share investments have the most volatile returns over the short term. An investment in this type of asset should be viewed with a 7 to 10 year horizon.

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.

Regulation 28
Regulation 28 of the Pension Funds Act sets out prudent investment limits on certain asset classes in investment funds. It applies specifically to investments in Retirement Annuities and Preservation Funds. The allowed maximum exposures to certain asset classes is: 75% for equities; 25% for property; 30% for foreign (offshore) and 10% African assets.

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) measures how much the 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, auditors' 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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