

Fund Objective

The objective of the portfolio is to provide above average long-term capital growth by investing in global equities which the Investment Manager has identified as being undervalued and as offering above average growth potential. This fund is a feeder fund which invests only in the Sanlam Investment Management Global Best Ideas Fund, managed by Sanlam Asset Management (Ireland). The portfolio may also hold ancillary liquid assets including cash and/or money market instruments.

Fund Strategy

The Investment Manager seeks to achieve the objective of the fund by investing in undiscovered or neglected global equities that the Investment Manager has identified as being undervalued and offering above average growth potential over time.

Why choose this fund?

*The fund invests in undervalued equity stocks, the research focus being on undiscovered or neglected stocks.

*The fund employs an active stock-picking investment process.

*It is a Rand denominated fund. No foreign exchange tax clearance is required.

Fund Information

ASISA Fund Classification	Global - Equity - General
Risk profile	Aggressive
Benchmark	MSCI World Equities Index
Portfolio launch date	26 Feb 2007
Fee class launch date	02 Jul 2007
Minimum investment	Lump sum: R10 000 Monthly: R500
Portfolio size	R575.8 million
Last two distributions	31 Dec 2016: 0.00 cents per unit
Income decl. dates	31 Dec
Income price dates	1st working day in January
Valuation time of fund	15:00
Transaction cut off time	15:00
Daily price information	Local newspapers and www.sanlamunitrusts.co.za
Repurchase period	3 working days

Fees (Incl. VAT)

	Retail Class (%)
Advice initial fee (max.)	3.30
Manager initial fee	N/A
Advice annual fee (max.)	1.14
Manager annual fee	1.14
Total Expense Ratio (TER)	2.04

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.

If there is a positive net income (e.g. income earned on cash held in the portfolio) such income will be paid to investors. In the event that the income accrual is negative, such negative accrual will be capitalised at financial year-end, i.e. 31 December.

Obtain a personalised cost estimate before investing by visiting www.sanlamunitrustsmdd.co.za and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

No initial fees are payable when there is no advisor involved.

Total Expense Ratio (TER) | PERIOD: 1 April 2014 to 31 March 2017

Total Expense Ratio (TER) | 2.04% 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) | 0.23% 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) | 2.27% of the value of the Financial Product was incurred as costs relating to the investment of the Financial Product.

A Feeder Fund is a portfolio that, apart from assets in liquid form, consists solely of participatory interests in a single portfolio of a collective investment scheme. 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 down.

Top 10 Holdings

Securities	% of Portfolio
MedTronic Inc	3.83
Microsoft	3.61
Oracle	3.44
Bard CR Inc	3.39
Cisco	3.30
JP Morgan	2.98
Apple Inc	2.91
NVR Inc	2.70
Philip Morris International	2.51
Unilever	2.50

Top 10 Holdings as at 30 Jun 2017

Performance (Annualised) as at 31 Jul 2017 on a rolling monthly basis

Retail Class	Fund (%)	Benchmark (%)
1 year	11.59	10.31
3 year	8.95	14.33
5 year	13.79	22.72
10 year	4.37	11.12

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

Performance (Cumulative) as at 31 Jul 2017 on a rolling monthly basis

Retail Class	Fund (%)	Benchmark (%)
1 year	11.59	10.31
3 year	29.31	49.44
5 year	90.75	178.35
10 year	53.44	186.96

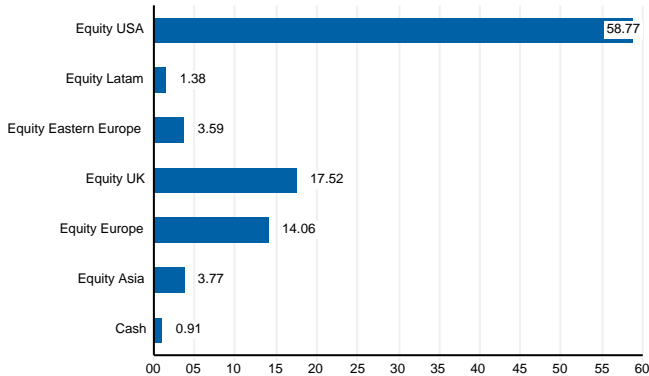
Cumulative return is aggregate return of the portfolio for a specified period

Risk statistics: 3 years to 31 Jul 2017

Std Deviation (Ann)	16.30
Sharpe Ratio (Ann)	0.12

Actual highest and lowest annual returns*

Highest Annual %	26.67
Lowest Annual %	(23.06)

Asset Allocation

Portfolio Manager(s) Quarterly Comment - 30 Jun 2017

As we write this, the G20 summit of the world's most powerful nations is underway in Hamburg, amid huge protests. Reading through the press reportage, it appears as if Hamburg has, for these few days, become a microcosm of many of the ills plaguing the world and the global economy. It's not unusual to see anarchists protesting at G20 summits, but this seems particularly virulent. As if scenes of property destruction in the German city are not enough, the G20 leaders have to deal with a damaged climate accord from which the US had withdrawn, an increasingly aggressive Russia, the rogue nation North Korea launching ICBMs and a European project hamstrung by Brexit, to name but a few issues.

Additionally, most of the world's respected geopolitical commentators have expressed grave reservations about the apparent intent of the Trump administration to abdicate the US's traditional leadership of the Western alliance and turn itself inward to 'make America great again'. That this should take the form of trashing trade agreements and building walls augurs poorly for the US economy and the very people of middle America the administration is purporting to help.

Yet, markets were reassured by the surprisingly easy wins for president Macron and his party in France in the face of a well-organised right wing challenge, boosting that country's equity market by 9% in the quarter. This was in contrast to the UK (FTSE 100: +4%), where Theresa May's ill-timed election call has weakened her and her party considerably. We doubt that she will survive as the leader of the Conservative party, thus impairing Britain's position at the Brexit negotiating table considerably and making the business climate in the UK riskier for all, in our opinion.

With this backdrop, the benchmark MSCI World index nevertheless rose 4.0% in the quarter, while the Fund returned 4.2%. For the 12 months ending on 30 June, the Fund's A class rendered a 19.4% total return after fees, 1.2% ahead of the benchmark. The Fund is in the top half of performance in the Morningstar global peer group ranking over one, two and three years.

For the quarter, Financials contributed the most to outperformance, with LIC Housing Finance rising 21% and Legal & General Plc up 13%. Healthcare was the best performing sector in the MSCI World Index (+7%) and the fund's holdings here did considerably better (+11%) than this average. We have commented before on our long-held view that the cash-generating ability of the Healthcare Equipment sub-sector remained largely unrecognised. We were thus happy to see C.R. Bard rise 27% on a \$24bn buyout offer from Becton Dickinson, while Medtronic returned 10% in the three months. The Fund also escaped most of the ravages of the energy market (-4.8%) in this period by having no exposure to the oil price-leveraged North American businesses worst affected by a \$6/bbl slump in crude prices.

The Fund's information technology holdings detracted most from performance for the period, with Cisco declining 6.6% after guiding to a slightly weaker fourth quarter. We remain of the opinion that the company's transition to cloud-based services and a business model based on subscriptions, rather than fees, is on track. The IT sector performance was substantially mitigated by a 13% rise in the Oracle share price, on the back of better than expected fourth quarter results from the database provider. Other detractors were Esprit (-36%), which weakened after a large shareholder announced that it had exited its shareholding, Verizon Communications (-7%) after surrendering to competitor pressures regarding unlimited data bundles, and Imperial Brands which fell 7% on weaker growth concerns and an unconvincing strategy in the potentially disruptive heat-not-burn tobacco category.

Based on current consensus expectations the Fund has a forward P/E of 14.9x versus 17.2 for the MSCI World index and a dividend yield of 2.6% versus 2.4%. The Fund's ROE is 20% compared to 16% for the above benchmark and has superior profitability (operating margin: 23% versus 19%). The Fund has an active share of 87%.

Portfolio Manager(s)

Douw Steenekamp

B. Compt (Hons), CA (SA)

Risk Consideration:

*The fund is focused on investment in global listed companies; accordingly the performance of the fund is directly linked to the performance of the global equity markets.

*Investing in international companies means the currency exchange rate fluctuations will have an impact on the fund's investment performance.

*As the SA Rand can be a volatile currency, this could lead to significant fluctuations in the rand value of this fund.

Management of Investments

This fund is managed by Denker Capital (Pty) Ltd an appointed investment advisor to 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. 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. 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 them more efficiently in accordance with their mandates. The portfolio management of all the portfolios are outsourced to financial services providers authorized in terms of the Financial Advisory and Intermediary Services Act, 2002. A feeder fund is a portfolio that invests in a single portfolio of collective investment schemes, which levies its own charges and which could result in a higher fee structure for the feeder fund. 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 12-month rolling period over 10 years or since inception where the performance history does not exist for 10 years.

Trustee Information

Standard Bank of South Africa LTD

Tel no.: 021 441 4100, E-mail: Compliance-SANLAM@standardbank.co.za

Glossary Terms

Active stock-picking investment process

This is when asset managers actively and tactically vary their stock selections based on economic and market data, and fundamental valuations, etc. This should lessen an investor's exposure to declining markets and helps preserve capital.

Annualised total returns

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

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.

Collective investment scheme

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.

Equities

Equities are shares that represent an institution's or individual's ownership in a listed company. These shares are also 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 which 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 also have the highest level of risk i.e. share investments have the most volatile returns over the short term. An investment in equities should be viewed with a 7 to 10 year horizon.

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.

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.

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.

Total Expense Ratio (TER)

This is the total costs associated with managing and operating an investment 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.

Undervalued equity stocks / Investing in neglected global equities

This is a strategy of selecting shares that trade for less than their intrinsic values. Value investors actively seek stocks that they believe the market has undervalued. They believe the market overreacts to good and bad news, resulting in stock price movements that do not correspond with the company's actual long-term fundamentals. The result is an opportunity for value investors to profit by buying when the price is deflated.