Minimum Disclosure Document

(Fund Fact Sheet)

Sanlam Investment Management Inflation Plus Fund

May 2018

Fund Objective

This is a multi asset low equity fund which aims to deliver smooth, positive real returns (adjusted for the effects of inflation) targeting CPI +4% over a rolling 3 year period. Equity exposure is limited to 40%. The fund is managed in accordance with Reg. 28 guidelines.

Fund Strategy

This actively managed fund is a combination of investments in equity, bonds, money market instruments and listed property both locally and abroad. It can invest 30% offshore. The fund is mandated to invest in unlisted financial instruments (derivatives) for efficient portfolio management. The investment manager will also be allowed to invest in financial instruments (derivatives) as allowed by the Act from time to time in order to achieve its investment objective.

Tax Free Unit Trust

This Fund qualifies as a tax free investment according to section 12T of the Income Tax Act, with effect from 1 March 2015. South African individuals qualify for the associated tax benefits namely no tax on dividends, income or capital gains whilst still enjoying all the benefits of a unit trust. Note contributions to tax free investments are limited to R33 000 per tax year, with a lifetime limit of R500 000. Amounts invested in excess of these permissible thresholds are taxable.

Fund Information

ASISA Fund Classification	SA - Multi Asset - Low Equity
Risk profile	Cautious
Benchmark	CPI + 4% over a rolling 3 year period
Portfolio launch date	01 Apr 1999
Fee class launch date	01 Apr 1999
Minimum investment	Lump sum: R10 000 | Monthly: R500
Portfolio size	R13 419.2 million
Last two distributions	30 Jun 2017: 10.15 cents per unit 31 Dec 2017: 10.69 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.)	1.15
Manager initial fee	N/A
Advice annual fee (max.)	1.15
Manager annual fee	1.15
Total Expense Ratio (TER)	1.25

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.

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) | 1.25% 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) | 0.07% 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) | 1.32% of the value of the Financial Product was incurred as costs relating to the investment of the Financial Product.

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
Naspers -N-	4.99
Stanbank	1.29
FirstRand / RMBH	1.17
BTI Group	1.15
Sasol	1.08
Old Mutual	0.98
MTN	0.94
Anglos	0.81
Barclays Group Africa	0.68
Sanlam	0.65

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	4.78	8.48
3 year	6.36	9.36
5 year	8.03	9.45
10 year	8.55	9.55

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	4.78	8.48
3 year	20.31	30.79
5 year	47.12	57.10
10 year	127.09	148.87

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

Risk statistics: 3 years to 31 May 2018

Std Deviation (Ann)	3.87
Sharpe Ratio (Ann)	(0.23)

Actual highest and lowest annual returns*

Highest Annual %	16.05
Lowest Annual %	(1.48)

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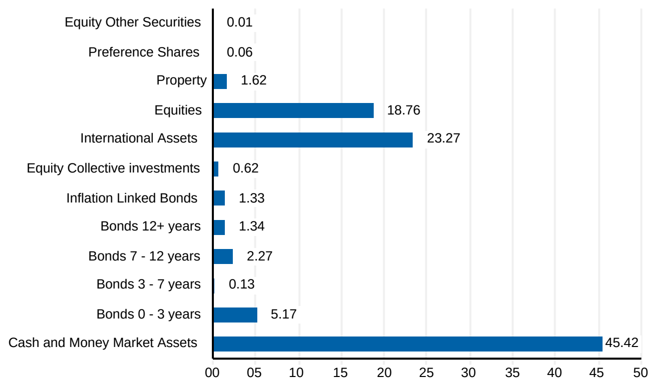
May 2018

Asset Allocation



Portfolio Manager(s) Quarterly Comment - 31 Mar 2018

Market review

The beginning of the year saw global stock markets stumble 1.3% with US equities experiencing their first quarterly decline since almost two years, suffering from a volatility-induced whiplash. This reversed the unusual combination witnessed in 2017, where we experienced rising equity markets combined with low volatility. With President Trump on the rampage, volatility spiked after a benign 2017. In addition, the punch and counterpunch of a trade war left global markets dizzy and tethering to find their feet, while the US Federal Reserve (Fed) continued to hike rates.

Back home the first quarter of 2018 saw the nation let off a collective sigh of relief as a number of key political and macroeconomic events turned out more favourably than many had previously anticipated. After Cyril Ramaphosa's close win in the ANC presidential elections in December, his first objective was to convince former president Jacob Zuma to relinquish the Presidency of the country without antagonising him and the large faction in the party whose loyalties still lay with him. This Ramaphosa managed to achieve, while averting a feared political crisis. The State of the Nation Address delivered by the new president was largely well-received. The next important event was the Budget Speech, where significant fiscal measures were announced in order to address the country's budget deficit and growing debt burden. These included the first increase in VAT in 25 years (from 14% to 15%), as well as strict expenditure ceilings. Then came the much-anticipated Cabinet reshuffle, where a number of compromised or unpopular ministers were duly removed and replaced with more technocratic individuals seen as more likely to appease the markets as well as ratings agencies.

These measures, and the prevailing mood of political certainty that accompanied them, saw Moody's maintain the country's long-term local debt rating at investment grade, while improving its rating outlook to 'stable'. A long-feared exit of the country's local currency bonds from the Citi World Government Bond Index and the accompanying likely sell-off in domestic bonds were thus averted.

The country's morale received an unexpected boost when real GDP growth for the fourth quarter of 2017 printed at 3.1% (versus consensus estimates of 1.8%), with upward revisions to the figures of several previous quarters. This resulted in the final real GDP number for 2017 reaching 1.3%, higher than even the most optimistic forecasts, and well above the figure of 0.6% seen in 2016. The main contributors to this growth were agriculture (which increased by a massive 37.5% in the quarter), the trade sector (up 4.8%) and manufacturing (up 4.3%).

Further cheer was added to the markets by the decision of the South African Reserve Bank (SARB) to cut its repo rate by 25 basis points (bps) to 6.5% at its March meeting. However, with the increase in VAT being applied from 1 April, as well as higher petrol prices (from higher crude oil prices and fuel levies), the positive impact of the rate cut on consumers is somewhat muted.

While the above developments provided support to the rand and fixed-income assets in the quarter, the equity market failed to come to the party. For the quarter to March, the FTSE/JSE Shareholder Weighted Index (Swix) gave up 6.8% quarter-on-quarter with all major equity sectors off their December levels. Within equities, SA Financials declined 3.6%, SA Resources fell 3.8% and SA Industrials were 8.0% lower over the quarter. The local property sector especially saw a very severe sell-off, with the SA Listed Property Index declining by 19.6%. The rand strengthened from R12.38/$ to R11.85/$. Nominal bonds returned 8.1%, inflation-linked bonds were 4.0% higher and cash delivered 1.7%. On the international front, the MSCI Emerging Markets Index was 1.4% firmer in US dollar terms and the MSCI World Index declined 1.3%.

Asset allocation

On an effective level, additions were made to our position in conventional bonds as the asset class offers an approximate 3% real yield, which is attractive when compared to the domestic bonds of most other emerging markets. Since 1921 the mean rate of inflation in SA has been 5.25%, and since January 2009 it has been 5.5%. We consider a 3% real return to be fair for SA's 10-year conventional bonds. Cash continued to be enhanced throughout the quarter with the additions of select credit assets offering attractive yield pick-ups over money market rates.

The fund's gross and effective equity exposures were slightly lower, largely due to the equity down -move experienced over the first quarter of 2018. Given estimates of earnings growth, the local market is now fairly priced with the one-year forward price-to-earnings (P/E) ratio at 14.5x.

On the international front, our preference for equities and property over fixed-income assets remains. According to most valuation metrics the US equity market has rerated to expensive levels. This is despite the significant reduction in US corporate tax rates. Within global equities, we maintain our overweight position in European equities, which trade at a relatively low P/E ratio as well as price-to-book ratio. We believe global sovereign bonds are unattractive due to the low or negative prospective real yields on offer. As the US Fed hikes the federal funds rate, bonds become less attractive on a relative basis. We would require a premium above the long-run global inflation assumption of 2% before considering investing in developed market government bonds.

Investment strategy

Volatility has once again become the dominant factor in financial markets globally with South Africa unable to escape. Locally we have seen the sentiment pendulum swing from pessimism to optimism with the new political administration driving business and consumer confidence higher with expectations of a solid economic recovery being discounted. Either way, economic mood swings tend to be exaggerated. The trade war between the US and China is likely to stop short of reversing decades of global trade gains, while expectations that President Ramaphosa will, in one fell swoop, reverse years of maladministration and corruption are unrealistic.

Bonds have now rallied to a point where the 10-year conventional bond trades at a real yield of around 3%, assuming a long-run inflation target of 5.25%. (Since 1921 the mean inflation in SA has been 5.25%, and since January 2009 it has been 5.5%.) We consider a 3% real return to be fair for SA's 10-year conventional bonds and prefer nominal bonds over inflation-linkers on relative valuation measures over the medium term.

We believe the SA equity market to be selectively attractive, offering fair upside from current levels. Our approach is to focus on company fundamentals and seize opportunities where quality companies are being sold off on pessimistic sentiment and to sell stocks which are attracting all-time high ratings in order that we stay the course of continuing to add value in the long term. In the shorter term, with the focus in our Absolute Return funds being deliberately skewed towards the capital protection bias of our offering, we believe that our consistent strategy of explicitly protecting a portion of our local equity exposure through derivative overlays, is well placed. This view is further entrenched given the signs of increasing volatility observed in our markets of late. Internationally, we believe US markets to be erring on the expensive side. US companies on average have become riskier during the last few years as they issued debt to buy back stock. European equities in our opinion remain relatively cheap on several valuation metrics. We therefore continue to maintain a constructive view and fund position in Europe within our global equity and property allocation.

Equities

The Swix started the year off in reverse gear, with a decline of 6.8% for the three months ending March 2018. Within equities, SA Industrials fell 8.0%, SA Resources lost 3.8% and SA Financials declined 3.6% for the period under review.

The first quarter saw the equity market battling two opposing forces. On the one hand, the 'Ramaphosa effect' drove some SA Inc. stocks to new highs, while the 'Viceroy effect' led to a slew of rumours impacting a number of companies. The recall of President Zuma and ascension of Cyril Ramaphosa to the highest office in the land attracted elusive foreign flows to the JSE, which flowed mainly into local retailers and banks, a very narrow part of the market viewed as representative of the SA economy.

The JSE was also rocked by a human tragedy as a listeriosis crisis originating from a meat factory owned by Tiger Brands led to some 189 deaths. Tiger Brands (neutral) was down 17.6% in the past quarter. While there have been repeated calls for the quality of care in the public sector to be improved, there are now question marks about quality control in the private sector after the World Health Organisation labelled the outbreak the largest ever recorded globally. Such a tragedy caused by a disease which two years ago was not even considered to be notifiable by the Ministry of Health shows the potential reputational damage that can be inflicted on a business if world class standards are not upheld. We are therefore strengthening our research process to look beyond governance issues to also consider environmental and social impact of business strategies. Staying with industrial stocks, this past quarter saw heavyweight Naspers come under pressure with a decline of 16.2% after delivering solid returns in 2017. Naspers decided to reduce its holding in Chinese Internet giant Tencent by 2% for some US$10.6 billion. There have been various innuendoes in the market that the 34% holding in Tencent held via a variable interest entity did not entitle Naspers to dispose of its stake. To be able to do so, at a 10% discount and incurring a tax liability, shows that the 40% discount to the value of its Tencent investment at which Naspers trades is unwarranted. In addition, there were concerns that Naspers would over time have to issue more shares to settle liabilities linked to the exercise of share options; this liability can now be cash-settled. However, the market was disappointed that none of the cash raised would be returned to shareholders but would rather be reinvested in the business and that the rest of the Tencent stake is now subject to a three-year lock-up. In our view, the quickest way to close the discount would be to list the underlying assets that the market currently values at zero, such as the pay-TV and classified business offshore.

In the financial space, banking stocks performed well with Standard Bank doing particularly well this quarter (up 11.8%) on the back of strong full-year numbers. Barclays Africa Group was up a more muted 4.2% in line with subdued year-end numbers. Within the insurers, Old Mutual plc delivered a respectable 6.4% total return and we anticipate that the managed separation of the UK and South African businesses will unlock value by eliminating hefty head office costs and allowing each asset to be more accurately priced.

Resources stocks also weakened some 3.8% during the quarter as a result of rising global uncertainty. Commodity prices had a rip-roaring start to the year with oil prices at $70/barrel in January touching 2015 highs, zinc at ten-year highs and copper on a tear. Our position in Anglo American plc did us well with the share price up 10.6%, underpinned by strong cash flow generation and capital discipline. A less hostile approach by the new Minister of Minerals and Energy and agreement on the Mining Charter may well be the catalysts required for foreign investment in our local resources stocks, which have been trading at discounts to their international peers. Sasol was down a disappointing 4.7% on the back of weak interims but with its Lake Charles Project largely complete, the company's $13 billion US project is coming close to completion this year. Platinum stocks disappointed, down 21.4% this quarter, as the strong rand continued to put pressure on the revenue line and the industry struggles to improve productivity at their deep-level mines.

The SIM house view portfolio outperformed the Swix, which was down 6.8% in the first quarter.

Hardest hit were industrial stocks, down 8.0% as the strong local currency and choppy global markets weighed on stocks with global footprints. British American Tobacco and Naspers were down by 15.1% and 16.2% respectively. The Ramaphosa effect was noticeable with banks (up 4.2%) and apparel retailers (up 9.2%). Resources were down 3.8% with Anglo American (overweight) up 10.6%, while Impala Platinum (overweight) fell out of the FTSE/JSE Top 40 Index after retreating 27.4% on the back of poor results.

SIM equity strategy

This past quarter is a reminder of Mr. Market's mood swings. While SA Inc. has benefited from the Ramaphosa effect, many blue-chip global stocks have been heavily sold off and provided us with opportunities to add to some of our positions. The fund takes a number of moderate positions with our focus on stocks offering valuation upside. The local macro environment is poised to improve gradually as growth picks up and foreign investors are reassured by the fact that credit ratings agencies will give the new political administration the benefit of the doubt, but the obvious beneficiaries of a more buoyant local environment have already been bid up. On the other hand, the strong rand and global uncertainty have led to sharp sell-offs for a number of quality global stocks. As long-term value investors, our focus is to invest in companies with clear moats and diversified franchises trading at attractive valuations.

Equity outlook

The local market is fairly priced with the one-year forward P/E ratio at 14.5x. Aggregating the individual company valuations of SIM's analysts, the market is attractively priced, but this is mainly due to Naspers, which we believe is circa 45% undervalued from current levels. We have seen companies in the financial and industrial sectors with a South African earnings base continue to rerate, given the political changes this quarter. Companies in the resources sector are still attractively priced, assuming that the recovery in commodity prices is sustained.

International

Most economic data confirmed that the global upswing remains intact. News out of the US was positive. Retail sales picked up pace in February, growing at a rate of 4.0% year-on-year and consumer confidence and job gains remained strong with a greater number of jobs having been created versus consensus expectations. The unemployment rate remained at a 17-year low of 4.1% while wages rose at close to 5.0% year-on-year. Most forward-looking manufacturing indices suggest that underlying trading conditions and business confidence strengthened even further in March. The Fed raised its target range for the benchmark interest rates by 0.25% to 1.5 - 1.75% in its first meeting under new Chair, Jerome Powell. This marks the sixth increase since the US began their policy of monetary tightening in December 2015. In the Euro area, the European Central Bank left interest rates unchanged and admitted that its bond buying programme will need to end soon. Growth remains upbeat and this has seen significant slack in the economy being taken up. China's economy remained robust with both industrial production and retail sales growing at a faster pace in the first two months of 2018 than was the case towards the end of 2017.

Global markets were volatile in the first quarter of 2018, amid growing fears of a possible trade war between the US and the rest of the world, in particular China. These concerns were triggered by President Trump's signing of a presidential memorandum outlining plans to impose a 25% import tariff on steel, 10% on aluminium and 25% on targeted Chinese technology and communications goods. China countered with plans to impose tariffs of up to 25% on US imports and threatened to lodge a complaint at the World Trade Organisation.

For the quarter in dollar terms, the MSCI Emerging Markets Index recorded a return of 1.4% while the MSCI World Index declined 1.3%, suffering its first quarterly loss in two years. Global bonds, as measured by the Bloomberg Barclays Capital Aggregate Bond Index, rose 1.4% over the quarter. The local currency gained over 4% for the year to date from R12.38/$ at the end of 2017 to R11.85/$ at the end of March 2018.

Looking to our portfolios, within global equities we retain our preference for European equities, which trade at a relatively low P/E ratio as well as price-to-book ratio over most other developed market peers. In our opinion, the US equity market remains on the expensive side, despite the significant reduction in corporate tax rates. Our select global property basket currently has an average dividend yield of just over 6.5%. This is attractive both in absolute terms, if a real return of about 4% is required, and relative to the sub-optimal real returns from global sovereign bonds.

Bonds

Bond yields in developed markets (DM) rose sharply in January and February before receding in March. The yield on the US 10-year bond rose 30 bps and 16 bps in January and February, respectively, and fell 12 bps in March to end the quarter at 2.74%. In January, the markets were concerned that inflation was accelerating after average hourly earnings rose by their fastest pace since 2009. The market also started to price in a higher probability of four rate hikes in 2018, one more than the Fed 'dot plot' had previously indicated. These inflation fears subsided somewhat in February with the release of a softer jobs report. In March, when equity markets sold off on increasing signs of trade protectionism as the US and China sparred on trade tariffs, investors sought the relative safety of bonds.

Emerging market (EM) local currency bonds largely ignored the increase in DM yields because the dollar was weakening and global growth projections were being revised higher. Stronger EM currencies also led to lower inflation in EM economies. South African bonds outperformed their EM counterparts as political risks waned and the rand strengthened more than other EM currencies. The FTSE/JSE All Bond Index (ALBI) returned 8.0% in the first quarter and the benchmark R186 yield fell to 7.99% from 8.64%. The SARB cut the repo rate to 6.5% at its Monetary Policy Committee meeting on 28 March. The move was widely expected as the stronger rand and Moody's decision to keep the rating unchanged had reduced risks to the inflation outlook, despite the VAT increase.

Credit spreads continued to compress as demand outstripped supply. However, credit underperformed the ALBI owing to its lower duration. Issuance remained strong in the quarter, headlined by large issues by the banks (with Nedbank issuing senior paper, while Standard Bank and Nedbank issued subordinated bonds). Property borrowers were also prominent in the quarter, with issuances seen from Redefine, Growthpoint, Investec Property Fund and Hospitality. State-owned enterprises also made a tentative comeback into the market with the Land Bank issuing over R2 billion in a very well-received bond auction, and even Eskom borrowed as much as R11 billion in a series of private placements, despite being downgraded by all three major ratings agencies in the quarter. TCTA, however, cancelled a planned auction in February owing to insufficient market interest. Other notable issuers included Netcare and Mercedes-Benz. In February, Steinhoff redeemed all its JSE-listed bonds early after selling most of its equity stakes in PSG and KAP.

The outlook for (DM) bonds remains poor given a combination of lower liquidity (as central banks reduce their bond purchases), increasing inflation and larger deficits in the US. We think yields in the US will end 2018 closer to 3%, perhaps even a little higher. For EMs, firmer commodity prices are a positive and - coupled with stronger global growth - lead us to expect continued capital inflows and firmer currencies.

For our funds, cash continued to be enhanced throughout the quarter with the additions of select credit assets offering attractive yield enhancements over money market rates. On an effective level, our position in nominal bonds increased as the asset class offers an approximate 3% real yield, which remains attractive when compared to the domestic bonds of most other emerging markets. Since 1921 the mean inflation rate in SA has been 5.25%, and since January 2009 it has been 5.5%. We consider a 3% real return to be fair for SA's 10-year conventional bonds.

The risks to our view are that an increase in protectionism by the US could result in a global trade war, which could have a profound impact on global GDP growth, inflation and, ultimately, the capital markets.

Portfolio Manager(s)

Natasha Narsingh

BSc(Chem), MBA

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.

Minimum Disclosure Document

(Fund Fact Sheet)

Sanlam Investment Management Inflation Plus Fund

May 2018

Risk Profile (Cautious)

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 limited or no exposure to equities. It is designed for maximum capital protection and aims to ensure a stable income and/or income growth.

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.

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
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, bonds and cash depending on market conditions.

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

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.

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

Diversification
This is a strategy designed to reduce risk within a portfolio by combining a variety of investments (or asset classes) such as equities, bonds, cash or property, which are unlikely to all move in the same direction. This is designed to reduce the risk (and protect against capital losses) within a portfolio. Diversification allows for more consistent performance under a wide range of economic conditions as it smoothes out the impact of negative market events. The positive performance of some investments or asset classes should neutralize the negative performance of others.

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 provides a client a single entry into a selection of investment elements.

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) is a measure of how much 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, 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.

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