Minimum Disclosure Document

(Fund Fact Sheet)

Sanlam Investment Management Inflation Plus Fund

May 2017

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 25% 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 460.1 million
Last two distributions	30 Jun 2016: 11.48 cents per unit 30 Sept 2016: 4.79 cents per unit (special income) 31 Dec 2016: 4.52 cents per unit
Income decl. dates	30 Jun | 31 Dec
Income price dates	1st working day in July and January
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.)	1.14
Manager initial fee	N/A
Advice annual fee (max.)	1.14
Manager annual fee	1.14
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.

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.

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

Total Expense Ratio (TER) | PERIOD: 1 April 2014 to 31 March 2017
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) | 0.09% 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) | 1.34% 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.

Please note that African Bank (ABL) has had a name change to African Phoenix Investments Ltd (AXL), with the effective date being 01/02/17. The suspension of the bank has been lifted.

Top 10 Holdings

Securities	% of Portfolio
Naspers -N-	3.92
BTI Group	1.40
Steinhoff Int Hldgs N.v	1.00
Sasol	0.97
MTN	0.93
FirstRand / RMBH	0.82
Stanbank	0.81
Old Mutual	0.78
Mondi	0.67
Sanlam	0.57

Top 10 Holdings as at 31 Mar 2017

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

Retail-Class	Fund (%)	Benchmark (%)
1 year	4.83	9.49
3 year	8.13	9.39
5 year	10.26	9.66
10 year	8.45	10.40

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

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

Retail-Class	Fund (%)	Benchmark (%)
1 year	4.83	9.49
3 year	26.41	30.90
5 year	62.94	58.60
10 year	125.05	168.97

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

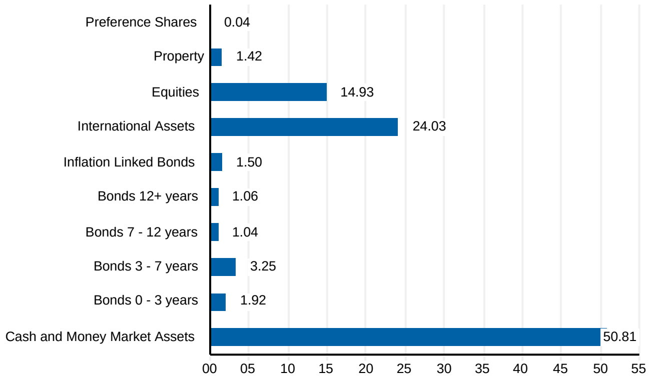
Risk statistics: 3 years to 31 May 2017

Std Deviation (Ann)	3.05
Sharpe Ratio (Ann)	N/A

Actual highest and lowest annual returns*

Highest Annual %	16.05
Lowest Annual %	(1.48)

Asset Allocation



Portfolio Manager(s) Quarterly Comment - 31 Mar 2017

Market review

The first quarter of 2017 was a good (or bad?) mix of Trumponomics, populism and another bout of local political instability which occurred towards the end of the quarter. A significant cabinet reshuffle occurred on the evening of 30 March, including the removal of finance minister Pravin Gordhan. Global equity markets had a healthy quarter with tailwinds still prevailing from the promises of the Trump presidency, while an uptick in developed market inflation was quite welcoming. After a pronounced sell-off in global fixed-income last quarter, most markets stabilised during the quarter. The Federal Open Market Committee raised US rates in March, as expected, but disappointed with a fairly balanced outlook on rates for the remainder of the year.

We can write a few pages on domestic issues, but we'll stick to a few highlights (or lowlights). Minister Gordhan's budget hit consumers fairly hard and the fiscal space left in future has diminished significantly. During the quarter SA bond yields reached levels last seen prior to 'Nenegate' while the rand reached lows of about R12.30/$, again wiping out much of the idiosyncratic risk premium. Some of these gains were, however, reversed towards the end of the quarter with the news that Gordhan was replaced.

The rand strengthened somewhat over the quarter from R13.68/$ to R13.42/$ at the end of March. The 10-year RSA bond yield closed the quarter at 8.84% from 8.92% at the end of December. Generally, emerging market currencies did quite well over the quarter, supported by upbeat commodity prices. Nominal bonds returned 2.5% for the quarter, inflation-linked bonds lost 0.6% and cash returned 1.8%. For the quarter as a whole, the MSCI World Index added 6.4% in US dollar terms while the MSCI Emerging Markets Index returned 11.5%. At home, the FTSE/JSE All Share Index (ALSI) advanced 3.8% on a total return basis during the first quarter. On the local front, SA Industrials posted a return of 6.6%, SA Resource shares added 2.7% while the SA Financial Index lost 1.1%.

Asset allocation

During the quarter bond yields reached levels last seen before the firing of former finance minister Nhlanhla Nene. A more favourable inflation outlook, stronger emerging market currencies and some initial stability on the local political front provided us with an opportunity to reduce nominal bonds during the quarter. We continued investing in selected corporate debt, although spreads have narrowed recently.

Over the quarter we reduced the amount of downside protection slightly on the fund's domestic equity component. The SA equity market (SWIX) trades on a current (rolled) price-to-earnings (P/E) ratio of about 15. Given earnings forecasts, based on current improved commodity prices, the P/E ratio could drop to about 13 in a year's time. We believe our market is fairly priced at a 12 to 13 P/E. European equities remain cheap relative to other markets on all valuation measures and we therefore continue to hold an overweight position in Europe within our global equity allocation.

Investment strategy

We remain of the opinion that SA fixed-income assets are still an attractive investment destination. Real yields of between 2% and 3% are on offer against the backdrop of declining inflation. Breakeven inflation levels have come down from previous highs, but we still prefer nominal bonds over inflation-linked bonds over the medium term.

We believe that the SA market has become less overvalued relative to developed equity markets and would look to add to domestic equity exposure at lower levels. US equities are starting to look expensive on a number of valuation measures. The Graham & Dodd P/E multiple (current price divided by the average 10-year real earnings) for the US is at about 28 and was only higher during the internet bubble of the 1990s and in the run-up to the US stock market crash in 1929. European equities remain cheap relative to other markets on all valuation measures and we therefore continue to hold an overweight position in Europe, within our global equity allocation.

Equities

This quarter saw the ALSI post a return of 3.8%. SA Industrials rebounded strongly (up 6.6%), helped by some of the non-resource sector rand hedge heavyweights. SA Resources also did well (up 2.7%) with good performances coming through from Forestry and Paper (+12.1%) and Platinum (+7.9%). SA Financials took some body blows, down 1.1%, with the Competition Commission's investigation into the conduct of banks in the foreign exchange market and the removal of the finance minister weighing on sentiment.

The SIM houseview portfolio outperformed the SWIX All Share benchmark, which was up 3.3% this quarter. Some of the positions that worked in the fund's favour were the overweight positions in British American Tobacco, which was up 15.7% this quarter on the back of the acquisition of Reynolds America, the strong rebound in Northam (up 26.9%) and Mondi (up 15.5%). The largest position in the portfolio remains Naspers, up 14.9% this quarter. Our underweight position in Financials helped, given that financial stocks were down 1%. On the other hand, our overweight in Steinhoff detracted from performance with the stock down 9.4% during the quarter with the newsflow being dominated by its acquisition of Mattress Firm, the largest bedding retailer in the US. Our overweight in Barclays Africa Group was also hurt by expectations that Barclays plc would sell 35% of its investment in the market with the share down 17.3% this quarter.

SIM equity strategy

The cocktail of volatility which afflicted us in 2016 has gone up a notch. In such an environment, a disciplined investment approach is key. Our equity portfolio retains overweight positions in rand hedges, which are likely to withstand shocks to the domestic economy. A number of dual-listed counters sold off in 2016 with the strong recovery in the local currency weighing on their performance. These stocks are now trading at attractive valuations and feature strongly in our top 10, such as Naspers, British American Tobacco and Steinhoff International.

During the quarter, we invested in MAS Real Estate in a bookbuild as it gave us access to an offshore, high-growth real estate stock expanding rapidly in Eastern Europe. We also added to British American Tobacco after the share price pulled back due to its acquisition of Reynolds America. We took some profits on BHP Billiton and Sappi, post their good run.

Equity outlook

We believe that the SA market has become less overvalued relative to developed equity markets. The SA equity market (SWIX) trades on a current (rolled) P/E ratio of about 15. Given earnings forecasts, based on current improved commodity prices, the P/E ratio could fall to about 13 in a year's time. We believe our market is fairly priced when it is on a 12 to 13 P/E. On a price-to-book basis our market has fallen from a high of 2.8 in 2015, when we thought it was expensive, to a current level of 2.3.

This, however, needs to be considered against a backdrop of increased uncertainty driven by political risk and the after-effects of the sovereign credit downgrade, meaning that our market is potentially vulnerable to yet another period of heightened volatility.

It is often during periods when markets are gripped by fear that the opportunity to buy quality stocks at attractive prices arise. As value-driven fundamental investors, we remain on the lookout for such opportunities while maintaining our focus on preserving the capital invested in our funds.

International

The global landscape is currently dotted with pockets of geopolitical tensions, event risks and monetary policy uncertainty. In the US, after raising expectations of a Federal Reserve Bank (Fed) rate hike, the Fed followed through with a 0.25% hike in the target range to 0.75-1.0%. The committee cited that inflation has increased to 1.9%, moving closer to the 2% long-run target. Currently, monetary policy seems to be asynchronous as the Fed tightens policy at a time when the European Central Bank (ECB) continues to actively ease through asset purchases. The ECB kept its main refinancing lending and deposit facility rate unchanged. In the UK, the invocation of Brexit Article 50 by Theresa May has now officially started the UK's exit from the European Union. This seemed to be a non-event for the sterling with markets acknowledging that the negotiations are likely to be a long and drawn-out process over the next few years. In China, recent data have shown decent investment numbers, driven by infrastructure accelerating industrial production.

For the quarter in dollar terms, the MSCI Emerging Markets Index returned 11.5%, outperforming the MSCI World Index by just over 5%. Global bonds rose 1.8%, as measured by the Barclays Capital Aggregate Bond Index. The rand, having had a strong start to the year, took a wobble post 24 March after the political uncertainty leading to the removal of finance minister Gordhan and his deputy, Mcebisi Jonas, to close at R13.42 to the US dollar from R13.68 at the beginning of the year.

Looking to the international universe, we are of the view that international assets, specifically global bonds and the US equity market, are not pricing in the changes in the global political environment. Instead they have become more expensive. European equities, however, remain cheap relative to other markets on all valuation measures and hence we continue to maintain an overweight position in Europe, within the global equity component of our funds. Our select international property holdings at an average dividend yield of about 5.7% continue to be attractively priced relative to bonds and cash.

Bonds

The rand strengthened somewhat over the quarter from R13.68/$ to R13.42/$ at the end of March. The 10-year RSA bond yield closed the quarter at 8.84% from 8.92% at the end of December. Generally, emerging market currencies did quite well over the quarter, supported by upbeat commodity prices. Nominal bonds returned 2.5% for the quarter, inflation-linked bonds lost 0.6% and cash returned 1.8%. A more favourable inflation outlook, stronger emerging market currencies and some initial stability on the local political front provided us with an opportunity to reduce nominal bonds during the quarter. We continued to invest in selected corporate debt.

Credit spreads have, for the first time in a couple of quarters, started to narrow on robust demand from investors. But we still believe spreads are generally fairly priced, although some corporates appear to be on the expensive side. We remain of the opinion that SA fixed-income assets are still an attractive investment destination. Real yields of between 2% and 3% are on offer against the backdrop of declining inflation. Breakeven inflation levels have come down from previous highs, but we still prefer nominal bonds over inflation-linked bonds over the medium term.

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.

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(Fund Fact Sheet)

Sanlam Investment Management Inflation Plus Fund

May 2017

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. 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 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 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 is outsourced to financial services providers authorized in terms of the Financial Advisory and Intermediary Services Act, 2002. 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 annualised performance numbers are based on 10 non-overlapping one year periods or the number of non-overlapping one year periods from inception where performance history does not yet 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

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.

Manager Information: Sanlam Collective Investments (RF) (Pty) Ltd Physical address: 2 Strand Road, Bellville 7530, Postal address: PO Box 30, Sanlamhof 7532.
Tel: +27 (21) 916 1800, Fax: +27 (21) 947 8224, Email: service@sanlaminvestments.com, Website: www.sanlamunittrusts.co.za.