Minimum Disclosure Document

(Fund Fact Sheet)

Sanlam Investment Management Inflation Plus Fund

November 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	R14 290.3 million
Last two distributions	30 Jun 2017: 10.15 cents per unit 31 Dec 2016: 4.52 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.)	1.14
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.

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

Total Expense Ratio (TER) | PERIOD: 1 October 2014 to 30 September 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) | 0.07% 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-	4.75
BTI Group	1.21
MTN	0.91
Sasol	0.90
FirstRand / RMBH	0.87
Stanbank	0.85
Old Mutual	0.80
Steinhoff Int Hldgs N.v	0.80
Anglos	0.63
Mondi	0.61

Top 10 Holdings as at 30 Sep 2017

Performance (Annualised) as at 30 Nov 2017 on a rolling monthly basis

Retail-Class	Fund (%)	Benchmark (%)
1 year	10.55	8.82
3 year	8.70	9.40
5 year	9.98	9.47
10 year	8.81	9.97

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

Performance (Cumulative) as at 30 Nov 2017 on a rolling monthly basis

Retail-Class	Fund (%)	Benchmark (%)
1 year	10.55	8.82
3 year	28.44	30.92
5 year	60.92	57.19
10 year	132.68	158.76

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

Risk statistics: 3 years to 30 Nov 2017

Std Deviation (Ann)	3.34
Sharpe Ratio (Ann)	N/A

Actual highest and lowest annual returns*

Highest Annual %	14.19
Lowest Annual %	(2.05)

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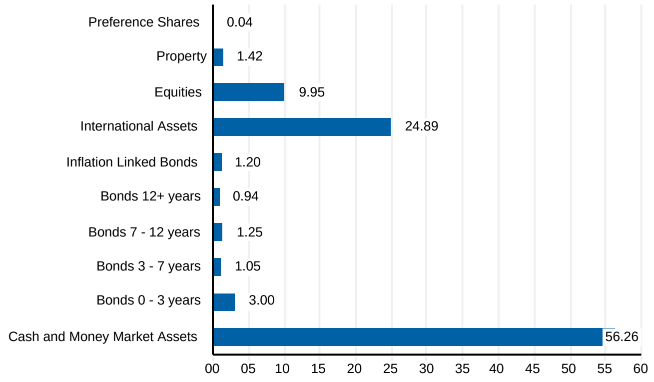
Asset Allocation



Portfolio Manager(s) Quarterly Comment - 30 Sep 2017

Market review
Global growth is strong at 3.5% and is accompanied by low unemployment and improved consumer and business confidence. A notable feature of the improvement in global real economic activity in 2017 is the increase in fixed investment spending, amidst an upturn in business profits. The US economy remains resilient and on track to exceed 2% growth this year. This is in large part being driven by manufacturing production, which is at a thirteen-year high and is being assisted by strong export orders. The unwinding of the US reflation trade has put pressure on the US dollar and has helped emerging market currencies, including the rand. Emerging market bonds have seen the best inflows in six years. The rebalancing of the Chinese economy continues with strong double digit growth in retail spending while investment spending growth is slowing down into the single digits. The Chinese services economy is growing faster, attracting three quarters of fixed investment into the economy.

Global markets have remained buoyed by the $1.7 billion central bank injection this year and 13% increase in earnings growth. We have seen the fourth strongest bull market in the history of the US market with the S&P up over 250% since 2009. If the S&P posts a positive month in October then the Trump-fueled US rally will equal a 90-year record! The concern remains that, with the VIX or fear index at a record low, global investors are much too complacent at the moment. Hurricane Harry caused some damage at the end of August to the oil producing areas close to the Gulf of Mexico, lending some support to the oil price. But the greater threat must be the escalating tensions and the ‘war of words’ between the US and North Korean leaders with South Korea, Japan, China, Russia and other European nations all intricately involved. The risks associated with this stand-off between the US and North Korea are unlikely to dissipate soon.

Back on the home turf, we are seeing some recovery in real economy data, with the increase in electricity demand and positive vehicle sales growth being signs of marginally positive GDP growth after two consecutive quarters of negative growth. We are importing deflation with prices dropping 10% year-on-year and a much improved terms of trade assisted by a recovery from last year’s drought. This has driven the trade balance into positive territory. Concern remains that hefty hikes in electricity rates and taxes next year could stall a consumer recovery. In addition, politics continue to dominate the headlines for all the wrong reasons with the motion of no confidence on the President held by secret ballot in August further fueling speculation of a fiercely contested policy conference by the ruling party in December. Political uncertainty and recurring evidence of corruption, with the latest episode casting serious doubts over the integrity of audit firm KPMG, continue to weigh down on consumer and business confidence. All of this is likely to translate into low economic growth of below 1% this year. It is clear that a potential sovereign risk downgrade is weighing on real rates, which are at 1.5%, when the weak economic data would suggest that lower real rates would be applicable. Against this backdrop, the fact that rates were not cut at the end of September was a missed opportunity.

The rand weakened over the quarter from R13.10/$ to R13.50/$ at the end of September. The benchmark SA 10-year bond yield declined from 8.77% to 8.55% over the quarter. This move was supported by SA’s high real yields, expectations of a lower inflation trajectory into year-end and the global backdrop. The SA Reserve Bank (SARB) surprised the markets by delivering a repo rate cut of 0.25% to 6.75% at its July meeting. The decision was supported by inflation reducing from 5.4% to 5.1% in June with further moderation expected. The SARB was also surprised at the very weak growth outcome of the first quarter of -0.6%. In an unexpected move again, the SARB’s Monetary Policy Committee (MPC) left the repo rate unchanged at 6.75% at its September meeting with three of its members voting for a cut, and three members voting for unchanged rates. The MPC’s tonality was hawkish and, although unanticipated by the market, does confirm and complement its basis of data-dependence. Given the possibility of further credit rating downgrades, growth disappointments, further political uncertainty and a potential impact on the currency and foreign capital flows, the SARB would be loathe to cut too aggressively to prevent compressing real rates. The combination of low growth and low inflation breeds an environment conducive to interest rate cuts. However, we believe that the current loosening cycle will remain shallow and this, together with a lack of confidence on the part of consumers and businesses, is unlikely to boost growth meaningfully. The front-end of the yield curve re-priced aggressively higher, leaving the curve flatter after many months of steepening. For the quarter to September, nominal bonds returned 3.7%, cash returned 1.8% and inflation-linked bonds added 1.2%. On the international front, the MSCI Emerging Market Index was 8.0% firmer in US dollar terms while the MSCI World Index returned 4.8%. Locally, the FTSE/JSE All Share Index rallied strongly to deliver a return of 8.9% on a total return basis with SA Resources 17.8% higher, SA Industrials up 7.4% and SA Financials 5.1% higher over the quarter.

Asset allocation
We retained our position in conventional bonds as the asset class offers an approximate 3% real yield, which is attractive when compared to domestic bonds of similarly rated countries. Inflation is under control and well within the target inflation band. Cash continued to be enhanced over the quarter via the addition of good quality select credit assets at attractive yield pick-ups over money market rates.

Gross equities exposure was higher over the quarter with effective equities exposure little changed. Given estimates of earnings growth, the SA equity market currently trades at a 15 times one-year forward price earnings (PE) multiple. Naspers now makes up 21.2% of the FTSE/JSE Shareholder Weighted All Share Index (SWIX). If we exclude Naspers, then the forward PE of the market is about 13. Based on this, the SA equity market is fairly priced. This is further supported by the bottom-up valuation of the SWIX, where we aggregate the fair values of its constituents as calculated by our SIM analysts. The higher expected prospective returns are due to the improved earnings prospects of the resources companies given higher commodity prices; the derating of companies with domestic earnings; and an increase in the valuation of Naspers, given earnings surprises from Tencent, its largest holding.

Globally we maintain our preference for equities and property over fixed income assets, with a favourable bias to European assets from a relative valuation perspective.

Investment strategy
In August we changed our view on the potential returns from bonds over the next six and 12 months. We increased the real returns required from bonds from 2% to 3%. The higher risk premium is driven by high political risk in the short term and a deteriorating fiscal position in the medium term. In October the Finance Minister will deliver his first medium-term budget policy statement. The market will be looking for confirmation that the bailouts of SAA will be deficit-neutral and where the savings have come from. In the first five months of the fiscal year revenue has tracked 15% below expectations. The market will be looking to the minister to adjust spending to take account of the new realities. There will be little tolerance for much wider deficits than those tabled in February. Deficits approaching 4% will hasten rating downgrades.

Against this backdrop, South African conventional bonds offering a real yield of close to 3% seem fairly priced and continue to offer a favourable yield when compared to domestic bonds of similarly rated countries. We remain of the opinion that local fixed-income assets are still an attractive investment to consider within the global context of a low-yielding environment. Locally, we see real yields of between 2% and 3% on offer against a backdrop of a declining inflationary environment. That said, although local bonds are attractively valued, we believe that they could offer better value into year-end given the risk events at play. Nominal bonds are preferred to inflation-linked bonds on a relative value basis.

We believe that the SA equity market is selectively attractive and offers decent upside from current levels. However, given our goal of protecting client’s capital over a rolling 12-month period and the increased sensitivity of our funds to capital drawdowns, we continue with our strategy of protecting a fair portion of our local equities via derivative overlays. Internationally, US markets are overpriced on most valuation metrics while European equities remain cheap on several key valuation measures relative to developed market peers. We therefore continue to be favourably positioned with respect to Europe within our global equity and property allocation.

Equities
The FTSE/JSE All Share Index (ALSI) bounced back strongly in the third quarter of 2017 with a return of 8.9% quarter-on-quarter after a mildly negative showing of 0.4% in the prior quarter. Within equities, SA Resources rose 17.8%, SA Industrials increased 7.4% and SA Financials were 5.1% higher over the quarter.

The General Miners were up 28.8% during the quarter, driven by positive data from China and a rebound in commodity prices. This helped drive Anglo American up 42.2% after delivering strong half-year numbers. Kumba Iron Ore was 39.8% higher on the back of strong interims and a rebound in the iron ore price. With billionaire Anil Agarwal boosting his stake in Anglo American by $2 billion and BHP Billiton the subject of corporate activists, there is increasing pressure on mining houses to deliver value to shareholders. There were, however, contrasting fortunes for the precious metal producers. Good numbers from Gold Fields, driven by its Australian mines, saw the share price soar by 32.2%. On the downside, there were disappointing results from Implats, which saw its share price drop by 15.9%. The spectre of electric vehicles continues to weigh on sentiment around platinum stocks, despite a complete phasing out of diesel cars and the combustion engine being some years away.

The SIM houseview portfolio delivered returns of just over 7% this quarter, marginally beating its SWIX benchmark in difficult conditions. Year to date this outperformance aggregates to 1.5% relative to the SWIX. A notable positive contributor to fund performance over the quarter was Naspers, our largest holding, having posted a return of 15% after delivering solid numbers. Globally there is positive sentiment towards IT stocks and Naspers’ investment in Tencent, the Chinese internet company, continues to drive the share price higher. Naspers continues to reshuffle the rest of its portfolio, which is being priced at a negative implied value by the market, unbundled its stake in the local printing business Novus and increased its stake in the European company Delivery Hero. Old Mutual, one of our largest positions in the financial sector, was up a pleasing 9.1% with the managed separation of the group early next year taking shape. The group is focusing on a separate listing of its UK wealth business, which would help re-rate the counter. A detractor from performance was MMI holdings, which was down 9.8% after reporting disappointing results with weak performance in group risk and poor persistency in the retail business, resulting in very weak sales. This has led to question marks around the sustainability of the group’s high dividend yield. Steinhoff International disappointed with the share price coming off 10.5%, once again afflicted by unsubstantiated accusations of malpractice in Europe. The market shrugged off the successful listing of its African retail businesses, STAR, at the end of September, which added R16 billion to its coffers and should have resulted in a re-rating of the rest of the group, which is now trading on a single earnings multiple and operates mainly in developed markets.

SIM equity strategy
The fund has positions in companies with geographically diversified footprints, with a strong rand hedge component and that dominate their respective industries, such as Naspers, British American Tobacco and Steinhoff international.

Many positions are in businesses with self-help stories at play and where the value unlock is within management's control. An example of this is the managed separation strategy at Old Mutual Plc.

As value investors, our focus remains on accumulating stocks where valuations are well below their intrinsic value as a result of other investors getting overly bearish.

Equity outlook

Given estimates of earnings growth, the SA equity market currently trades at a 15 times one-year forward earnings (PE) multiple. Naspers now makes up 21.2% of the SWIX Index. If we exclude Naspers, then the forward PE of the market is about 13. Based on this the SA equity market is fairly priced.

According to a bottom-up valuation of the SWIX, where we aggregate the fair values of its constituents as calculated by the SIM analysts, SA equities are undervalued. This is as a result of:

1. improved earnings prospects of the resources companies given higher commodity prices;
2. the derating of companies with domestic earnings; and
3. an increase in the valuation of Naspers, given earnings surprises from Tencent; which is its largest holding.

From a pragmatic perspective we acknowledge that there is a clear element of myopia ruling our markets at this point in time. Short-term news and lack of investor confidence have an amplified impact on the markets and there is a clear aversion to bad news. Counters which have delivered results below expectation are being marked down heavily and a number of former market darlings have suddenly been marked down by investors. For instance, Brait, which was seen as a proxy to investing alongside billionaire Christo Wiese abroad, is down 38.1%, while Wiese's other investment, Steinhoff, is also down 15% year-to-date. If we contrast the fortunes of overseas markets to our market, it is clear that investor confidence is an important behavioural factor driving investment markets. As value investors, our investment process is geared to protect our clients' capital and exploit such opportunities by focusing on the long-term fundamentals.

International

Available data shows that the global economic expansion continued in the third quarter with real GDP growth around a trend-like 3%. In the US, the Fed kept interest rates steady but announced its decision to begin the process of balance sheet normalisation from October. Economic activity remained robust with healthy retail sales growth and consumers supported by the continued job creation and increasingly significant wealth effects on the back of the equity market rally and steady growth in average house prices. President Trump's proposals for significant tax cuts created excitement in the last week of September. Although scant on detail, the proposals promised to simplify the tax code, drop the corporate tax rate, primarily benefit lower and middle income households and businesses among a host of other promises. The market reacted very positively to the news! The Eurozone gained further momentum, led by a resurgent industrial sector, with some support from consumer spending. The European Central Bank kept interest rates unchanged in September but President Draghi countered this dovish move by stating the Governing Council will be deciding on the future of the quantitative easing program in October. In Germany, Angela Merkel was re-elected as Chancellor, but the CDU/CSU and SPD parties experienced material loss of support as the euro-sceptic/right-wing AfD Party gained ground amongst voters, implying a coalition government will need to be formed. Amongst emerging market economies, available data suggests China's growth momentum slowed in the third quarter, illustrated by a material decrease in the country's net trade balance, amidst relatively less supportive domestic fiscal and monetary policies.

For the quarter in dollar terms, the MSCI Emerging Markets Index (MSCI EM) recorded a return of 8.0% while the MSCI World Index returned 4.8%. This brings total MSCI EM outperformance over the World Index for the 12 months to September to 4.3%. Global bonds as measured by the Bloomberg Barclays Capital Aggregate Bond Index rose 1.8% over the quarter. The local currency closed the quarter at R13.50 to the US dollar from R13.10 at the end of June. After savouring a period of relative stability the rand weakened over the latter part of the quarter mostly driven by shifts in investors' perceptions of the major currencies, given the rising expectations that most major central banks will be starting to normalise their monetary policies after more than a decade of having extraordinarily stimulatory measures.

Looking to our international universe, we retain our preference for international equities, in particular European equities, from a relative value perspective, as well as select international property stocks. The US market looks expensive on most valuation measures such as Tobin's Q ratio (EV/replacement value), stock market capitalisation to GDP ratio and the Shiller PE ratio, which are all at about 1.5 times their standard deviation above their long-run average values. Even though European equity markets have performed well relative to the MSCI World Index, using valuation measures such as forward PE, Shiller PE and price-to-book ratios, Europe is still a fair degree cheaper. We therefore retain our overweight Europe position in our global equity portfolio. Our select global property exposure currently has an average dividend yield of 5.5%, which remains attractive, especially relative to global bonds and cash.

Bonds

The rand weakened over the quarter from R13.10/$ to R13.50/$ at the end of September. The benchmark SA 10-year bond yield declined from 8.77% to 8.55% over the quarter. This move was supported by SA's high real yields, expectations of a lower inflation trajectory into year-end and the global backdrop. The SA Reserve Bank (SARB) surprised the markets by delivering a repo rate cut of 0.25% to 6.75% at its July meeting. The decision was supported by inflation reducing from 5.4% to 5.1% in June with further moderation expected. The SARB was also surprised at the very weak growth outcome of the first quarter of -0.6%. In an unexpected move again, the SARB's Monetary Policy Committee (MPC) left the repo rate unchanged at 6.75% (prime at 10.25%) at its September meeting with three members voting for a cut, and three members voting for unchanged rates. The MPC's tonality was hawkish and, although unanticipated by the market, does confirm and complement its basis of data-dependence. Given the possibility of further credit rating downgrades, growth disappointments, further political uncertainty and a potential impact on the currency and foreign capital flows, the SARB would be loathe to cut too aggressively to prevent compressing real rates. The combination of low growth and low inflation breeds an environment conducive to interest rate cuts. However, we believe that the current loosening cycle will remain shallow and this, together with a lack of confidence on the part of consumers and businesses, is unlikely to boost growth meaningfully. The front-end of the yield curve re-priced aggressively higher, leaving the curve flatter after many months of steepening. For the quarter to September, nominal bonds returned 3.8%, cash returned 1.8% and inflation-linked bonds added 1.2%.

For our funds, cash continued to be enhanced through investments in select corporate debt as specific opportunities presented themselves and at yield pick-ups well above money market rates. Nominal bonds were slightly lower from a corporate maturity perspective during the quarter.

During the third quarter, primary market credit auctions received strong support with auctions clearing well below price guidance on the back of significant investor demand. Looking at the volume of bids submitted and range of bid levels, there is a substantial amount of capital available and looking for relatively fewer available opportunities. Issuance was dominated by the banks and financials, which made up more than half of the total. Some of the issuance was driven by regulatory capital considerations as a substantial amount of subordinated paper was placed, both Tier 2 debt and Additional Tier 1 debt. Subordinated issuances were well supported and cleared at significantly lower levels compared to where the paper was placed previously. Securitisations and corporates made up for most of the balance of the issuance, with state-owned enterprises (SOEs) lagging behind compared to previous years. Spreads on SOEs continue to trend higher and trade at elevated levels, as investor sentiment and governance issues have continued to weigh on the sector.

We believe credit to be fairly priced in general, with some corporate credit counterparties on the expensive side, but there are some specific opportunities that are attractive from both a valuation and quality measure. We believe that South African fixed-income assets remain an attractive investment to consider if compared to the domestic bonds of similarly rated countries. Locally, we see real yields of between 2% and 3% on offer against a backdrop of a declining inflation environment. That said, although local bonds are attractively valued, we believe that they could offer better value into year-end given the risk events at play. We prefer nominal bonds to inflation-linked bonds on a relative value basis.

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

November 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. 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

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.