Minimum Disclosure Document

(Fund Fact Sheet)

Sanlam Investment Management Top Choice Equity Fund

January 2018

Fund Objective

This is a pure equity fund which aims to deliver above average growth of capital over the medium to long-term by taking high conviction bets in a concentrated portfolio of SIM`s best equity investment ideas. The equity exposure is limited to a minimum of 75% at all times. This fund may display higher volatility in the short to medium-term and is suitable for the sophisticated investor with an aggressive risk profile.

Fund Strategy

This actively managed equity portfolio typically holds 20 or more stocks listed on the JSE; reflecting the best ideas and most active positions held throughout SIM`s equity unit trust range. This portfolio may also invest in participatory interests of underlying unit trust portfolios. The fund may also invest up to 25% offshore and may invest in derivative instruments, however neither of these components have been utilized in the past or are currently in the portfolio.

Why choose this fund?

*This is an actively managed, high conviction portfolio of SIM's best equity investment ideas.
*The fund is focused holding only a maximum of 20 stocks.
*The strong performance-generation objective is driven by a quality research process and substantial investment management skills.
*The fund is positioned for superior performance with the associated higher risk and volatility.

Fund Information

ASISA Fund Classification	SA - Equity - General
Risk profile	Aggressive
Benchmark	Composite benchmark: FTSE/JSE SWIX: 97% | STeFI: 3%
Portfolio launch date	18 Aug 2006
Fee class launch date	18 Aug 2006
Minimum investment	Lump sum: R10 000 | Monthly: R500
Portfolio size	R1 543.3 million
Last two distributions	30 Jun 2017: 26.99 cents per unit 31 Dec 2017: 28.73 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	The Local newspaper and www.sanlamunittrusts.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	1.02
Total Expense Ratio (TER)	1.11

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.

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 January 2015 to 31 December 2017
Total Expense Ratio (TER) | 1.11% of the value of the Financial Product was incurred as expenses relating to the administration of the Financial Product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return.

The current TER may not necessarily be an accurate indication of future TER's. Inclusive of the TER of 1.11%, a performance fee of 0.06% of the net asset value of the class of participatory interest of the portfolio was recovered.

Transaction Cost (TC) | 0.44% 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) | 1.55% of the value of the Financial Product was incurred as costs relating to the investment of the Financial Product.

Manager Performance Fee (incl. VAT) | Performance Fee Benchmark: Composite benchmark: FTSE/JSE SWIX: 97% |STeFI: 3%, Base Fee: 1.02%, Fee at Benchmark: 1.02%, Fee hurdle: Composite benchmark: FTSE/JSE SWIX: 97% |STeFI: 3%, Sharing ratio: 15%, Minimum fee: 1.02%, Maximum fee: 2.28%, Fee example: 1.02% p.a. if the fund performs in line with its Performance Fee benchmark being Composite benchmark: FTSE/JSE SWIX: 97% |STeFI: 3%.

The performance fee is accrued daily, based on performance over a rolling one year period with payment to the manager being made monthly. Performance fees will only be charged once the performance fee benchmark is outperformed and only if the fund performance is positive.

Top 10 Holdings

Securities	% of Portfolio
Naspers -N-	23.62
Old Mutual	9.57
BTI Group	7.98
Anglos	6.89
Barclays Group Africa	4.95
Sasol	4.92
Stanbank	4.50
Mondi	3.32
MTN	3.29
Sappi	3.26

Top 10 Holdings as at 31 Dec 2017

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

Retail Class	Fund (%)	Benchmark (%)
1 year	9.30	17.09
3 year	6.28	7.70
5 year	11.67	12.10
10 year	11.83	12.28

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

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

Retail Class	Fund (%)	Benchmark (%)
1 year	9.30	17.09
3 year	20.05	24.91
5 year	73.64	77.03
10 year	205.86	218.39

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

Risk statistics: 3 years to 31 Jan 2018

Std Deviation (Ann)	11.79
Sharpe Ratio (Ann)	(0.07)

Actual highest and lowest annual returns*

Highest Annual %	30.44
Lowest Annual %	(16.07)

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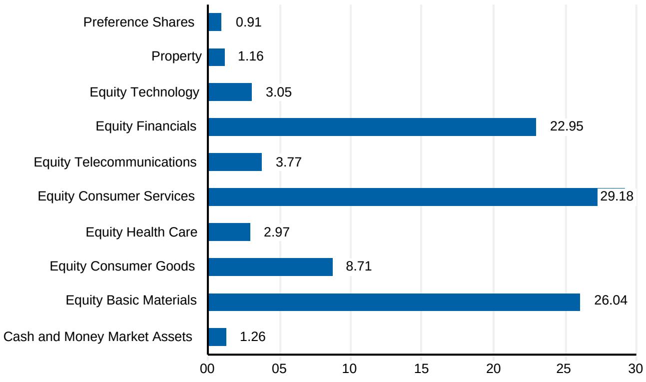
Asset Allocation



Portfolio Manager(s) Quarterly Comment - 31 Dec 2017

Market review

The end of the quarter brought a number of unknowns to the fore, leading to some sharp share price dislocations. We knew about the precarious financial position of state-owned enterprises, but did not know that it would be Steinhoff International that would make the ignominious headline as possibly one of the largest collapses in the history of corporate South Africa. We also knew that South Africa's credit rating was on a knife edge but did not know that Moody's would decide on a stay of execution. And finally, we have become accustomed to expect the unexpected when it comes to global political events. And yet, it still came as a surprise that one of the longest serving African presidents, Robert Mugabe, was deposed in a bloodless coup and Cyril Ramaphosa was chosen to lead the ANC, 17 years after standing next to Nelson Mandela on the balcony of the Cape Town City Hall.

As long-term investors, we always position our portfolios for the long term but markets will always be prone to over- and under-shooting and in the commentary we discuss the shockwaves that impacted our markets at the end of this year.

The FTSE/JSE Shareholder Weighted Index (SWIX) had a strong close to the year and was up by some 9.6% in the final quarter to end the year up 21%, delivering exceptionally strong returns against a politically and economically challenging backdrop. This is also a reflection of very positive risk-on sentiment toward emerging markets globally. The latter is also up a whopping 34% in dollars in 2017, which propelled global equities up by over 20%, the best returns we have experienced since 2009. Globally, politics played a key role with Trump's tax reform plan driving the S&P up almost 20%, while Emmanuel Macron's unexpected victory at the French presidential elections helped inspire European equities (+22%) and Abe's landslide victory fuelled the Japanese market (+22%) in anticipation of more reflationary policies.

December saw the Steinhoff International share price collapse as auditors held back on signing off its financial statements and its CEO abruptly departed. This could well be one of the worst cases of value destruction that corporate South Africa has witnessed as the market value of Steinhoff International, a global company ranking second in Europe in the household goods sector to IKEA, with over 130 000 employees, dwindled from R242 billion to R20 billion in a matter of days. Industrials had a challenging final quarter, up only 5%, as the Steinhoff International debacle weighed on sentiment but nonetheless were up by over 23% for the year.

Financial stocks experienced a Santa Claus rally, helped by the positive developments discussed above, up some 16% in the final quarter to end the year up over 20%. This was partly driven by a strengthening of the rand by some 14% against most major currencies this year and net inflows into domestic stocks of some R63bn for the year (while the overall market recorded net outflows of some R35bn). On a relative basis, Resources stocks lagged after a bumper 2016, up just under 18% and under 5% in the final quarter. In the case of commodity stocks, the bellwether copper price was up by over 30%, an indicator of strong global demand and supply discipline, while Brent Crude was up 16% (back to its 2015 levels) as Opec supply cuts kicked in.

What did we do last quarter?

As a concentrated fund, the Steinhoff debacle was a huge blow and detracted substantially from what had been a solid performance in 2017 until the end of November. The fund performance, which was among the top quartile, dropped towards the third quartile of the category - a huge disappointment due principally to the Steinhoff share price collapse. The return for the year aggregated to 11.9% - below the category average return. Steinhoff was a high conviction holding across our range of funds and as a result we had a large holding in this concentrated portfolio. We will be working tirelessly in pursuing every legal route to recover value for our investors and make sure that severe action is taken against members of the management team found negligent.

What added to, and detracted from, performance

The turn of events at Steinhoff International is extremely concerning from a governance perspective, given the scale of value destruction. As long-term value investors, before the announcement of accounting irregularities we saw upside in the stock, which was under-priced relative to its peers, and we thought that the upside to valuation compensated for some of the potential financial risks that could impact the investment case. Our investment process allows for a bear case scenario, which would incorporate our worst case forecast assumptions, and even then we saw upside to the stock. In reality, even our bear case was not bearish enough. We are extremely disturbed by the current unfolding situation, which would suggest misstatement of financial statements since 2015, which means that our financial analysis and forecasts would have been based on incorrect data. In this context, the assurances that we received from management over the years about a number of issues could well have been imposturous. That said, our valuation process, however, does not rely on management views, which we are fully aware tend to be over-optimistic but is based on historical fact and data, which at this point in time appear to be undependable.

Our largest holding, Naspers, performed well (up 71%) this year 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, up 18% in the final quarter. The company holds a number of leading positions across various emerging markets, which allows it to dominate the e-commerce space. The key issue remains the large discount to its underlying listed investments, which by itself provides a margin of safety. This discount is only likely to close when the investment programme into e-commerce slows down and the underlying investment starts delivering substantial free cash flow - something management is well aware of. The company strategy can be summarised as '3x 100' - 100 year old business with $100bn market cap aiming to reach 100% revenue from online!

In the financial space, Barclays Africa group was up 31% in the final quarter as the positive sentiment towards banking stocks as proxies for SA Inc. helped lift the whole banking index some 28% in the final quarter of the year. However, we do not have a holding in Discovery, which was up 32% this quarter and now trades at a 100% premium to embedded value and will be committing further capital to develop a bank.

The General Miners lagged, up only 6% in the final quarter, which belies a more solid 26% for the year, driven by positive growth data from China and a rebound in commodity prices, with Brent notably up 16% as OPEC supply cuts kicked in and the palladium price, the star performer in the metals, was up 58% for the year. The palladium price overtook the platinum price for the first time since 2001. This boosted Anglo American, up 31% this year after delivering strong half year numbers and billionaire Anil Agarwal upping his stake in Anglo American by $2 billion. There were, however, contrasting fortunes for the precious metal producers. Gold shares were down 3% with the new buzzword among our clients being the role of Bitcoin as a currency - in other words as an alternative for gold! In addition, there were disappointing results from Implats, which saw its share price drop once again by 24% this year. 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.

Our strategy

Last year, the risks linked to Fed tapering and a China hard landing informed a lot of the cautious views on global equities. Cheap money found its way into alternative assets with crypto currencies being all the rage. This year the risk of a China hard landing appears to have abated but there are continued concerns about the path of the US economy and future Federal Reserve actions. Last year emerging markets benefitted from a buoyant global growth environment but valuations have now normalised.

A year ago, there was general apathy towards SA equities and the focus on political and economic downside risks in South Africa meant that many investors sat on the side-lines, which teed up the strong relief rally we witnessed at the end of the year (the JSE is up 33% in dollars in 2017!) As contrarian investors, we become the most cautious when market participants become overly bullish and discount potential risks. In South Africa, the danger is that too much , too soon may be expected from the new ANC leadership and also global risks from Fed tapering may now be underestimated. We also don't know yet what will emerge from the Steinhoff wreckage but remain cautious of its potential ripple effects.

The fund reflects the best views of SIM's equity unit trust portfolio managers and holds approximately 20 stocks. It is not benchmark-cognisant and owns no offshore stocks. We believe that this portfolio provides the best of both worlds in terms of representing our investment ideas aggressively, while providing adequate diversification. The fund's largest holdings are companies whose valuations are below our estimate of fair value.

Portfolio Manager(s)

Patrice Rassou

BSc (Econ) First Class Honours, MSc (Econ) LSE, MBA, CA (UK)

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.

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. Independent professional financial advice should always be sought before making an investment decision.

The Sanlam Group is a full member of the Association for Savings and Investment SA. Sanlam Collective Investments (RF) (Pty) Ltd is a registered and approved Manager in Collective Investment Schemes in Securities. Collective investment schemes are generally medium- to long-term investments. Past performance is not necessarily a guide to future performance, and that the value of investments / units / unit trusts may go down as well as up. A schedule of fees and charges and maximum commissions is available from the Manager on request. Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. Collective investments are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any deductible expenses such as audit fees, brokerage and service fees. Forward pricing is used. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-div date. Performance is calculated for the portfolio and the individual investor performance may differ as a result of initial fees, actual investment date, date of reinvestment and dividend withholding tax. The manager has the right to close the portfolio to new investors in order to manager it more efficiently in accordance with its mandate. The performance of the portfolio depends on the underlying assets and variable market factors. Lump sum investment performances are quoted. The portfolio may invest in other unit trust portfolios which levy their own fees, and may result is a higher fee structure for our portfolio. All the portfolio options presented are approved collective investment schemes in terms of Collective Investment Schemes Control Act, No 45 of 2002 ("CISCA"). The fund may from time to time invest in foreign countries and therefore it may have risks regarding liquidity, the repatriation of funds, political and macroeconomic situations, foreign exchange, tax, settlement, and the availability of information. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. A copy of the Performance fee Frequently Asked Questions can be obtained from our website: www.sanlaminvestments.com.

Sources of Performance and Risk Data: Morningstar Direct, INET BFA and Bloomberg.

The risk free asset assumed for the calculation of Sharpe ratios: STEFI Composite Index.

The highest and lowest 12-month returns are based on a 12-month rolling period over 10 years or since inception where the performance history does not exist for 10 years.

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

Trustee Information

Standard Bank of South Africa LTD

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

Glossary of Terms

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

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.

Pure equity fund
This is a fund that invests primarily in higher-risk asset classes such as equities (stocks or shares) and aims to achieve aggressive capital growth over the long term. This type of fund will experience volatility in the short term.

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.

Well diversified equity portfolio
A wide variety of equity investments chosen specifically to smooth out risk within the portfolio, as the positive performance of some of the investments neutralises the negative performance of others.

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