

**Fund Objective**

This is a pure equity fund diversified across all sectors of the JSE. It offers a reasonable level of current income and the potential for long term outperformance. The fund managers only invests in shares which are undervalued and are very aware of downside risks. A maximum of 25% offshore assets may be held.

**Fund Strategy**

This fund may invest in any listed share, but focuses on financially sound companies which offer exceptional value. This portfolio may invest in derivatives for efficient portfolio management. This portfolio may also invest in participatory interests of underlying unit trust portfolios.

**Why choose this fund?**

\*Our value investment philosophy has delivered superior long term performance.

\*The fund can invest up to 25% in foreign listed companies, increasing the opportunity to invest in good companies at a discount.

\*The fund is not benchmark cognisant and aims to maximise real wealth for investors over time.

\*The fund is consistently managed by motivated and passionate investment professionals.

**Fund Information**

ASISA Fund Classification	SA - Equity - General
Risk profile	Aggressive
Benchmark	FTSE/JSE All Share Index
Portfolio launch date	01 Oct 1998
Fee class launch date	01 Oct 1998
Minimum investment	Lump sum: R10 000   Monthly: R500
Portfolio size	R2 485.7 million
Last two distributions	30 Jun 2016: 26.92 cents per unit 31 Dec 2016: 7.78 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 <a href="http://www.sanlamunitrusts.co.za">www.sanlamunitrusts.co.za</a>
Repurchase period	3 working days

**Fees (Incl. VAT)**

	Retail Class (%)
Advice initial fee (max.)	3.00
Manager initial fee	N/A
Advice annual fee (max.)	1.14
Manager annual fee	1.53
Total Expense Ratio (TER)	1.79

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.sanlamunitrustsmdd.co.za](http://www.sanlamunitrustsmdd.co.za) and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

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 LIPSPs (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 own.

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

Total Expense Ratio (TER) | 1.79% 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 1.79%, a performance fee of 0.21% of the net asset value of the class of participatory interest of the portfolio was recovered.

Transaction Cost (TC) | 0.31% of the value of the Financial Product was incurred as costs relating to the buying and selling of the assets underlying the Financial Product. Transaction Costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment

manager and the TER.

Total Investment Charges (TER + TC) | 2.10% 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: FTSE/JSE All Share Index, Base Fee: 1.53%, Fee at Benchmark: 1.53%, Fee hurdle: FTSE/JSE All Share Index, Sharing ratio: 20%, Minimum fee: 1.53%, Maximum fee: 3.42%, Fee example: 1.53% p.a. if the fund performs in line with its Performance Fee benchmark being FTSE/JSE All Share Index.

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. A copy of the performance fee FAQ is available on [www.sanlamunitrusts.co.za](http://www.sanlamunitrusts.co.za).

**Top 10 Holdings**

Securities	% of Portfolio
Anglos	4.96
Steinhoff Int Hldgs N.v	4.44
Allied Electronics Corp A	4.20
Sanlam Global Best Ideas Universal Fund E	4.10
Hudaco	3.97
Old Mutual	3.86
Reinet Investments	3.80
Investec	3.19
Sasol	3.07
Stanbank	3.00

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	1.36	2.18
3 year	0.96	5.61
5 year	9.88	13.40
10 year	8.23	9.61

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	1.36	2.18
3 year	2.91	17.80
5 year	60.18	87.54
10 year	120.51	150.22

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

**Risk statistics: 3 years to 31 May 2017**

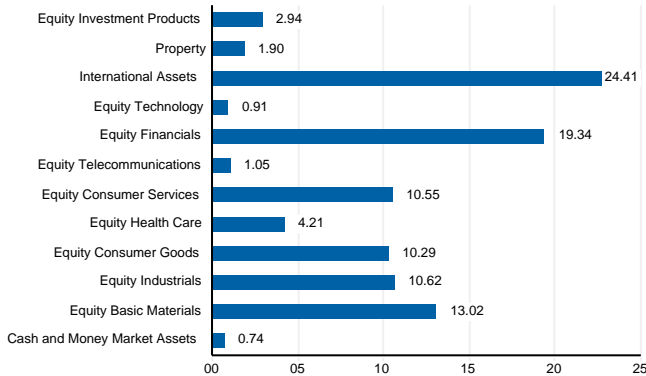
Std Deviation (Ann)	10.28
Sharpe Ratio (Ann)	(0.51)

**Actual highest and lowest annual returns\***

Highest Annual %	31.76
Lowest Annual %	(14.20)

This monthly Minimum Disclosure Document should be viewed in conjunction with the Glossary Terms Sheet.

### Asset Allocation



### Portfolio Manager(s) Quarterly Comment - 31 Mar 2017

#### Market overview

It was another déjà vu moment. Similar to the December Nenegate scenario, our President, Jacob Zuma, finds it difficult to learn from his past mistakes.

The announcement of the cabinet reshuffle that took place close to midnight on 30 March, the most significant being the replacement of a respected (and capable) finance minister (Pravin Gordhan), with Malusi Gigaba (need I say more...), leaves a very bad taste in the mouths of all rational South Africans.

The markets' reaction is, in a case such as this, very predictable - the currency is the 'price', if you like, a country has to pay. Like a company, if it is badly managed, with poor corporate governance, you would expect the market to punish it - hence the precipitous fall, once again, in the value of the SA rand, leading to Standard and Poor's downgrading our foreign currency sovereign credit rating to junk status. Time will tell if the rating agencies downgrade our rand-denominated debt to junk. This would have more serious consequences for our economy.

We all need to act decisively to eliminate the corruption and capture of the Treasury. If the status quo continues, it will ultimately lead to a weaker currency, lower growth, higher inflation, higher interest rates and higher unemployment. This is a cocktail that we all wish to avoid. We will all be worse off, but ultimately it is the poorer South Africans that will suffer the most.

We spend a great deal of time thinking about risk and uncertainty, especially downside risk. We do not want our clients' portfolios to be adversely impacted by macro events that are difficult, if not impossible, to predict.

Unlike our president, we have learnt from our past mistakes. The last quarter of 2015, post the firing of Nene, was a very tough quarter as we had large exposure to domestic SA, in particular the banks, and very little rand hedge exposure.

We are now better positioned as the macro factors have less of an impact on our overall portfolio positioning. We would prefer our clients to benefit from our stock picking capabilities over time.

The year has started off relatively well with the FTSE/JSE Shareholder Weighted Index (SWIX) up 3.3% for the quarter (this compares to the SWIX's total return of 4% for the 2016 calendar year). From a broad sector perspective, the Industrial sector is up 6.6% for the quarter, outperforming Resources (+2.7%) and Financials (-1.1%). Equities outperformed the FTSE/JSE All Bond Index (ALBI) (+1.4%) and Listed Property (+1.4%).

The portfolio is well diversified and has a good combination of rand hedges that are trading well below intrinsic value (like Capital & Counties, Brait, Reinert and Steinhoff) and domestic cyclical and small and mid-cap stocks (like Hudaco, Italtile, Altron, Rhodes Food Group and Clover) that offer significant upside to intrinsic value. Our select resources exposure like Anglo American, BHP Billiton, Northam Platinum and Sasol also offer attractive upside with rand hedge qualities.

#### Performance

The local portfolio is up approximately 2% for the quarter. Some of the small and mid-cap stocks, a differentiator for us relative to our peers, have performed well. Hudaco surprised the market with a positive result highlighting the benefits of

improved demand in the mining and manufacturing sector with an improved outlook going forward.

The share price is up 30.8%. The Altron Group is in the process of restructuring. We have supported the activist approach that Value Capital Partners has taken in unlocking value in Altron. It has already started to bear fruit.

The share price is up over 20% this quarter (it has almost doubled over the past 12 months) and we believe our clients will continue to benefit from the value unlock. Northam Platinum, one of our largest holdings, rose by 30.7% over the quarter. What detracted from relative value, however, is the fact that we do not hold Naspers in the portfolio. It is now over 17% of the SWIX Index. Our nemesis continues to rise - the share price was up 10.4% over the quarter. We would prefer to allocate this 17% to other attractive investment opportunities (that are on the 'easier to analyse' pile). This, we believe, will be better for our clients over the long term.

#### Outlook

We continue to believe that the recovery in the value cycle will be enduring and that our clients will continue to benefit from this. We prefer the stock-picking skills to play a more significant role in our ability to generate returns for our clients. It is difficult, in fact impossible, to consistently predict the impact of macro events. The portfolio performance was largely unaffected by the events of Brexit as well as the US general elections last year. We would prefer that political events and sovereign credit downgrades do not dictate our ability to generate returns for our clients. For this reason, the portfolio is well diversified in terms of attractively valued domestic SA stocks and certain rand hedges that provide significant upside to our assessment of intrinsic value.

The portfolio metrics, whether looking at factors such as price to earnings, price to book multiples or upside to intrinsic value, remain attractive relative to the market. We cannot predict short-term returns, but what is within our control is to ensure that we stick to our philosophy of generating the best possible returns for our clients with a keen eye on ensuring that we manage the downside risks in the portfolio. The upside will take care of itself.

#### Portfolio Manager(s)

Claude van Cuyck

BCom (Hons), CFA

Ricco Friedrich

B Bus Sc (Finance), CA, CFA

#### Management of Investments

The appointed investment manager is Denker Capital, a division of Sanlam Investment Management (Pty) Ltd, FSP 579, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002.

### Risk Profile (Aggressive)

This is an aggressively managed, high-risk portfolio that aims to deliver capital growth over the long term (greater than 5 years). It is designed to substantially outperform the markets and therefore carries a long-term investment horizon (5 years and upwards). The portfolio will be diversified across all major asset classes with significant exposure to equities, and may include offshore equities. There may be some capital volatility in the short term, although higher returns may be expected from five years or beyond.

### Additional Information

All reasonable steps have been taken to ensure the information on this MDD is accurate. The information to follow does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act. Use or rely on this information at your own risk. Independent professional financial advice should always be sought before making an investment decision.

The Sanlam Group is a full member of the Association for Savings and Investment SA. Collective investment schemes are generally medium- to long-term investments. Please note that past performances are not necessarily a guide to future performances, and that the value of investments / units / unit trusts may go down as well as up. A schedule of fees and charges and maximum commissions is available from the Manager, Sanlam Collective Investments (RF) Pty Ltd, a registered and approved Manager in Collective Investment Schemes in Securities. Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. Collective investments are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any deductible expenses such as audit fees, brokerage and service fees. Actual investment performance of the portfolio and the investor will differ depending on the initial fees applicable, the actual investment date, and the date of reinvestment of income as well as dividend withholding tax. Forward pricing is used. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The performance of the portfolio depends on the underlying assets and variable market factors. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-div date. Lump sum investment performances are quoted. The portfolio may invest in other unit trust portfolios which levy their own fees, and may result in 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. A copy of the performance fee frequently asked questions can be obtained from our website: [www.sanlaminvestments.com](http://www.sanlaminvestments.com). 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](mailto:Compliance-SANLAM@standardbank.co.za)

### Glossary Terms

#### Annualised total returns

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

#### Benchmark cognisant

This is an investment manager who follows a strategy where in the process of evaluating the performance of any investment, compares its performance against an appropriate benchmark. In the financial field, there are dozens of indexes that analysts use to gauge the performance of any given investment including the S&P 500, the Dow Jones, etc.

#### Downside risk

The likelihood of a fund's potential to decline in value if market conditions change.

#### Linked Investment Service Provider (LISP)

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.

#### Net asset value (NAV)

Net asset value (NAV) is the value of a fund's asset less the value of its liabilities per unit.

#### Price to earnings ratio

Price to earnings ratio or PE ratio is calculated by dividing the price per share by the earnings per share. This ratio provides a better indication of the value of a share, than the market price alone.

#### Pure equity fund

This is a fund that invests primarily in higher-risk asset classes such as equities (stocks or shares).

#### 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.

#### Value investment philosophy

This is a philosophy which enables our fund managers to make rational - not emotional - decisions based on in-depth research. This gives them insight into what an asset is truly worth, not what investors are willing to pay based on greed or fear. We invest in stocks that are, in our opinion, trading below their intrinsic value.