

### Fund Objective

The investment objective of the portfolio is to provide investors with a high level of income. As a secondary objective the portfolio aims to achieve low to moderate levels of capital growth over the long term.

### Fund Strategy

Investments to be included in the portfolio will, apart from assets in liquid form, consist of non-equity securities, fixed interest instruments (including, but not limited to, bonds, cash deposits and money market instruments), preference shares of an income nature and listed property securities as well as any other income enhancing securities which are considered consistent with the portfolio's primary objective and that the Act or Registrar may allow from time to time. In order to achieve the portfolio objective, the portfolio's asset allocation and instrument selection will be actively managed and will continually reflect the portfolio manager's view of the relative attractiveness of the property shares, property related securities, loan stock listed on exchanges, non-equity securities, bonds, money market instruments and preference share markets. Apart from achieving the primary objective of generating high income, the portfolio will actively invest in bonds and/or property securities in order to achieve the secondary objective of long term capital growth. The portfolio's property exposure could be aligned with that of the Asisa South African Multi Asset Income portfolios category. The portfolio may also invest in listed and unlisted financial instruments in accordance with the Act as well as in offshore investments as permitted by legislation. The Manager may also include participatory interests and other forms of participation of local and global collective investment schemes, or other similar schemes operated in territories with a regulatory environment which is to the satisfaction of the Manager and Trustee of a sufficient standard to provide investor protection at least equivalent to that in South Africa and which is consistent with the portfolio's primary objective. However, the fund will purposefully only invest in South African securities to allow investors the option of a clean asset allocation between their domestic and foreign exposure.

### Fund Information

Ticker	MEIA
ISIN	ZAE000163440
Portfolio Manager	Alex Pestana & Sam Houlie
ASISA Fund Classification	South African - Multi Asset - Income
Risk Profile	Conservative
Benchmark	STeFI
Fund Size	R 515 241 645
Portfolio Launch Date*	2012/12/03
Fee Class Launch Date*	2012/12/03
Minimum Lump Sum Investment	R 10 000
Minimum Monthly Investment	R 500
Income Declaration Date	Monthly
Income Payment Date	1st business day of the following month
Portfolio Valuation Time	15:00
Transaction Cut Off Time	15:00
Daily Price Information	Local media
Repurchase Period	2-3 business days

Fees (Incl. VAT)	A1-Class (%)
Maximum Initial Advice Fee	3.45
Maximum Annual Advice Fee	—
Manager Annual Fee	0.63
Total Expense Ratio	1.54
Transaction Cost	—
Total Investment Charges	1.54
Performance Fee	—
TER Measurement Period	01 July 2015 - 30 June 2018

Total Expense Ratio (TER) is the percentage value of the Financial Product that 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) is the percentage value of the Financial Product that 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) is the total percentage value of the Financial Product that was incurred as costs relating to the investment of the Financial Product.

\*The Counterpoint Sanlam Collective Investments Enhanced Income Fund transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 2 December 2017.

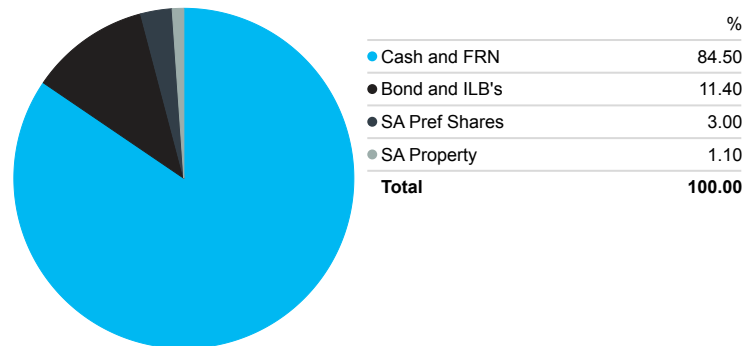
MDD Issue Date: 2018/09/13

### Top Ten Holdings

	(%)
Capitec F/R 21052021	2.84
NETCARE FRN @ 3MJB+1.8% 24/03/2022	2.31
Top Drive (BMW) Floatbond 2019	2.29
Thekwini Fund F/R 21112022	2.27
Liberty Group Limited F/R 28022023	2.22
Nedbank F/R 15032022	2.03
Barclays Africa Group Ltd F/R 3092022	1.95
OLD MUTUAL OML04 3mJ+230bps 19 Mar 2020	1.94
GRTF FRN J3+1.70% 140322	1.94
LGL07 9.638% 041022	1.93

### Asset Allocation

Portfolio Date: 2018/06/30



### Annualised Performance (%)

	Fund	Benchmark
1 Year	8.59	7.29
3 Years	8.67	7.32
5 Years	7.46	6.78
Since Inception	6.94	6.42

### Cumulative Performance (%)

	Fund	Benchmark
1 Year	8.59	7.29
3 Years	28.34	23.60
5 Years	43.30	38.78
Since Inception	56.41	51.48

### Highest and Lowest Annual Returns

Time Period: Since Inception to 2017/12/31

Highest Annual %	9.46
Lowest Annual %	4.49

### Risk Statistics (3 Year Rolling)

Standard Deviation	0.69
Sharpe Ratio	1.91
Information Ratio	1.90
Maximum Drawdown	

### Distribution History (Cents Per Unit)

2018/08/31	0.79 cpu	2018/04/30	0.78 cpu	2017/12/31	0.02 cpu
2018/07/31	0.81 cpu	2018/03/31	0.80 cpu	2017/12/01	0.82 cpu
2018/06/30	0.75 cpu	2018/02/28	0.79 cpu	2017/11/30	0.74 cpu
2018/05/31	0.77 cpu	2018/01/31	0.76 cpu	2017/10/31	0.80 cpu

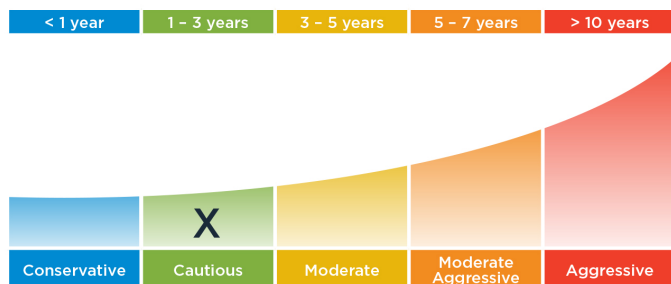
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# Counterpoint SCI\* Enhanced Income Fund

## Minimum Disclosure Document

As of 2018/08/31

### Risk Profile



### Glossary Terms

#### Annualised Returns

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

#### Asset Allocation

Asset allocation is the percentage holding in different asset classes (i.e. equities, bonds, property, etc.). It is used to determine the level of diversification in a portfolio.

#### Distributions

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

#### 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.

#### Liquidity

The ability to easily turn assets or investments into cash.

#### Information Ratio

The Information Ratio measures the market risk-adjusted performance of an investment or portfolio. The greater a portfolio's Information Ratio, the better its risk-adjusted performance has been compared to the market in general.

#### Maximum Drawdown

The maximum drawdown measures the highest peak to trough loss experienced by the fund.

#### Money Market Instruments

A money market instrument is a low risk, highly liquid, short-term (one year or less) debt instrument, issued by financial institutions or governments, that tend to have lower returns than high-risk investments.

#### Participatory Interests

When you buy a unit trust, your money is pooled with that of many other investors. The total value of the pool of invested money in a unit trust fund is split into equal portions called participatory interests or units. When you invest your money in a unit trust, you buy a portion of the participatory interests in the total unit trust portfolio. Participatory interests are therefore the number of units that you have in a particular unit trust portfolio.

#### Regulation 28

Regulation 28 of the Pension Funds Act sets out prudent investment limits on certain asset classes in investment funds. It applies specifically to investments in Retirement Annuities and Preservation Funds. The allowed maximum exposures to certain asset classes is: 75% for equities, 25% for property, 25% for foreign (offshore) assets and 5% African assets.

#### Risk-adjusted returns

Risk-adjusted return refines an investment's return by measuring how much risk is involved in producing that return, which is generally expressed as a number or rating.

#### Sharpe Ratio

The Sharpe Ratio measures total 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 volatility expected of an investment.

### 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 participatory interests of other unit trust portfolios. These underlying funds 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 Manager may borrow up to 10% the market value of the portfolio to bridge insufficient liquidity. 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. Investments in foreign instruments are also subject to fluctuations in exchange rates which may cause the value of the fund to go up or down. The fund may invest in financial instruments (derivatives) for efficient portfolio management purposes. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. Management of the portfolio is outsourced to Counterpoint Botique (Pty) Ltd, (FSP) Licence No. 44508, an Authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002. Sanlam Collective Investments (RF) (Pty) Ltd retains full legal responsibility for the co-named portfolio. 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 12-month returns are based on a calendar year 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](http://www.sanlamunittrustsmdd.co.za) and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

#### Investment Manager Information

Counterpoint Botique (Pty) Ltd  
(FSP) License No. 44508  
Physical Address: Ground Floor, Slade House, Boundary Terraces, 1 Mariendahl Lane, Newlands, Cape Town  
Postal Address: PO Box 5291, Tygervalley, 7530  
Tel: +27 (21) 943 4480  
Email: [meganj@cpam.co.za](mailto:meganj@cpam.co.za)  
Website: [www.cpam.co.za](http://www.cpam.co.za)

#### Manager Information

Sanlam Collective Investments (RF) (Pty) Ltd  
Physical Address: 2 Strand Road, Bellville, 7530  
Postal Address: P.O. Box 30, Sanlamhof, Bellville, 7532  
Tel: +27 (21) 916 1800  
Email: [service@sanlaminvestments.com](mailto:service@sanlaminvestments.com)  
Website: [www.sanlamunittrusts.co.za](http://www.sanlamunittrusts.co.za)

#### Trustee Information

Standard Bank of South Africa Ltd  
Tel: +27 (21) 441 4100  
Email: [compliance-sanlam@standardbank.co.za](mailto:compliance-sanlam@standardbank.co.za)

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### Portfolio Manager Comment

As at 30 June 2018

#### Market overview

In Q2 2018, the strong synchronised global growth of Q1 showed some signs of dispersing. Economic indicators softened relative to expectations, especially in Europe, where the Italian elections provided a surprise result with populist elements gaining a strong foothold. Whilst the geo-political threat from North Korea seems to have abated, politics are still worrying markets, with the US-induced trade war now fully underway, and European leaders not finding common ground on the divisive immigration question.

In response to these and other developments, the US 10y treasury, after peaking at well over 3% in mid-May owing to higher growth and inflation expectations as well as in response to a more hawkish Fed, retreated to around the 2.85% level at quarter-end. German government bonds likewise benefitted from their safe-haven status, the yield on the 10y bund falling from 0.5% to around 0.3% at quarter-end. On the other side of the coin were the bond markets affected by the fall out. Italian 10y treasuries sold off strongly on the back of their election results, to trade at over 3.0% during the quarter after trading at a steady 1.8% at the end of March.

The big rout was reserved for emerging currencies though. Investors pulled out from emerging markets on trade-wars concerns, affecting especially countries with large trade ties to China. This saw policy rate increases in a number of countries (e.g. Turkey), a resumption of US dollar strength and a concomitant emerging market currency weakness. South Africa was not spared, with the ZAR, after trading at a low of close to 11.50/USD in February, selling off strongly to end the quarter at around 13.80/USD. South African bonds were likewise afflicted, with the bellwether R186 breaching the 9% level in June after starting the quarter at 8%. Even though inflation expectations remain muted, the FRA market has done an about-turn on short-term interest rate expectations, and now expects almost two 25 b.p. interest rate increases twelve months out after expecting cuts in the first quarter. Unsurprisingly, the SA fixed interest indices did not make for pleasant reading, with both the ALBI (-3.8%) and the CILI (-4.5%) underperforming the Stefi (1.78%) over the quarter.

With a deepening of the trade wars being threatened by the United States, and interest rates still set to rise in that country, the focus of the market will remain on potential capital flows and currency movements. Given the poor state of the SA economy, the SARB is unlikely to react to any ZAR weakness unless second round inflation effects manifest themselves.

#### Portfolio Review

The fund managed the continued volatility of the bond markets to its mandate, delivering 1.9% at low risk after costs for the first quarter of 2018. The figure translates into a return of 15b.p. above the STeFI Index after costs. This was achieved thanks to not being heavily exposed to the long end of the bond market. The scarcity of corporate paper remains an issue, with the frequency of auctions being well below average. Corporate spreads are tightening against this lack of supply, as well as to the market's aversion to SOE paper, a traditional destination for funds.

#### Portfolio Positioning

The portfolio will continue to be prudentially managed in this period of expected volatility, given that global trade tensions seem to be escalating instead of abating. Further news is that the SA budget is running behind projections, and given the bad GDP growth figures of the first quarter, this should weaken the country's credit position from a ratings perspective. On the other hand, SA 10y yields of around the 9% level are starting to look attractive. The fund has started to slowly dip into exposure at these higher yield levels, but will remain underweight duration until the bond markets fully digests the unfolding global trade and growth scenarios.

#### Portfolio Managers

Alex Pestana  
BSc.(Hons), B Soc.Sci., M Phil. & Ph.D.

Sam Houlie  
CA(SA) & CFA