

Denker SCI* Emerging Markets Feeder Fund

Minimum Disclosure Document

As of 2019/05/31

DENKER
CAPITAL

Fund Objective

The objective of the portfolio is to provide an investment vehicle for investors who want to achieve long term capital appreciation. The portfolio aims to outperform the MSCI Emerging Market Total Return Net Index over a rolling three year period.

Fund Strategy

The portfolio will apart from assets in liquid form, invest in participatory interests of the SIM Global Emerging Markets Fund established under the Sanlam Universal Funds PLC approved by the Irish Regulator. The Sanlam Investment Management Global Emerging Markets Feeder Fund will have foreign exposure of at least 85% at all times. Subject to the investment restrictions, the underlying portfolio will primarily invest in equity securities including equity linked securities such as common stock and preference shares) of companies traded in or dealt on the stock exchanges or regulated markets. The underlying portfolio may, where the Manager considers it in the best interests of the portfolio, invest up to 100% of its net assets in securities traded in or dealt on the stock exchanges or regulated markets considered by the manager to be emerging and frontier markets. The portfolio may also invest in financial instruments for the exclusive purpose of hedging against exchange rate risk.

Tax Free Savings Account

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

Ticker	SGFA1
Portfolio Manager	Neal Smith
ASISA Fund Classification	Global - Equity - General
Risk Profile	Aggressive
Benchmark	MSCI World Emerging Market Index
Fund Size	R 59 789 402
Portfolio Launch Date	2016/08/01
Fee Class Launch Date	2016/08/01
Minimum Lump Sum Investment	R 10 000
Minimum Monthly Investment	R 500
Income Declaration Date	June & December
Income Pricing Date	1st business day of July & January
Portfolio Valuation Time	15:00
Transaction Cut Off Time	15:00
Daily Price Information	Local media
Repurchase Period	3 business days

Fees (Incl. VAT)

A1-Class (%)

Maximum Initial Advice Fee	3.45
Maximum Annual Advice Fee	1.15
Manager Annual Fee	0.57
TER	2.88
TC	0.46
TIC	3.34
TER Measurement Period	01 August 2016 - 31 December 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.

*Denker Sanlam Collective Investments Emerging Market Feeder Fund.

**These figures will become available once sufficient performance history has been met.

MDD Issue Date:

2019/06/21

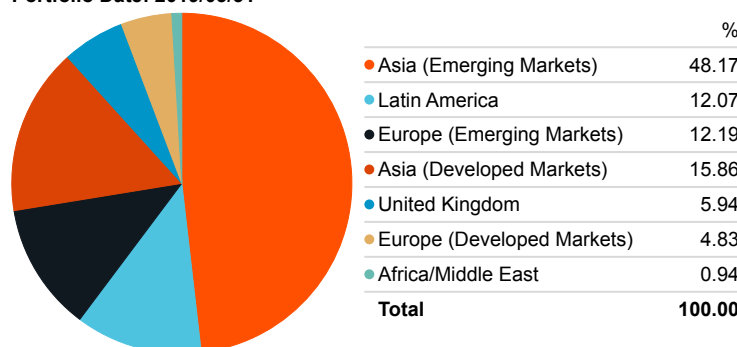
Top Ten Holdings

Portfolio Date	(%)
2019/03/31	
Tencent	6.48
Alibaba Group	5.92
Samsung Electronics	5.91
VIPShop	5.72
NetEase	5.11
TCS Group Holding	5.08
X5 Retail Group	4.61
AIA Group	4.14
Kasikorn Bank	3.26
Yes Bank	3.22

These are the top holdings of the offshore fund in which this feeder fund invests.

Asset Allocation

Portfolio Date: 2019/03/31



Annualised Performance (%)

	Fund	Benchmark
1 Year	-0.71	5.35
Since Inception	3.31	9.33

Cumulative Performance (%)

	Fund	Benchmark
1 Year	-0.71	5.35
Since Inception	9.68	28.76

Highest and Lowest Annual Returns

Time Period: Since Inception to 2018/12/31

Highest Annual %	24.87
Lowest Annual %	-19.86

Risk Statistics (3 Year Rolling)**

Standard Deviation	—
Sharpe Ratio	—
Information Ratio	—
Maximum Drawdown	—

Distribution History (Cents Per Unit)

2018/12/31	0.00 cpu
2018/06/30	0.00 cpu

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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.

Risk Considerations

- The fund is focused on investment in global listed companies; accordingly the performance of the fund is directly linked to the performance of the global equity markets.
- Investing in international companies means the currency exchange rate fluctuations will have an impact on the fund's investment performance.
- As the SA Rand can be a volatile currency, this could lead to significant fluctuations in the rand value of this fund.

Glossary Terms

Active Stock-picking Process

This is when asset managers actively and tactically vary their stock selections based on economic and market data, and fundamental valuations, etc. This should lessen an investor's exposure to declining markets and helps preserve capital.

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.

Capital Growth

Capital growth is the profit made on an investment, measured by the increase in its market value over the invested amount or cost price. It is also called capital appreciation.

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.

Feeder Fund

A feeder fund is a South African-based fund that feeds exclusively into its primary foreign-based fund. It allows investors easy access to investing in an offshore fund, eliminating complicated tax and other implications. The shares of the feeder fund represent shares in the primary fund (called a master fund).

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.

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. A feeder fund is a portfolio that invests in a single portfolio of a collective investment scheme, which levies its own charges and which could result in a higher fee structure for the feeder fund. 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 Denker Capital (Pty) Ltd, (FSP) Licence No. 47075, 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 and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

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Portfolio Manager Quarterly Comment

Quarter to March 2019

Review

The quarter ended March 2019 saw global markets recover strongly from the December selloff, with emerging and developed markets up 9.6% and 11.9% respectively.

Emerging markets were buoyed by the news that a resolution to the US-China trade negotiations may be around the corner as the US delayed the implementation of additional tariffs on \$200 billion of Chinese goods, scheduled for March 1. The US Federal Reserve also turned more dovish during the quarter, due to slowing economic growth and the effects of the extended US government shutdown on the economy.

Changes to the portfolio

During the quarter we increased our positions in Swatch, the world's largest watchmaker, and NetEase, the Chinese gaming company. We also initiated a new position in Regional, the fifth biggest Mexican bank which specialises in the SME segment.

We trimmed our positions in Bank Rakyat, a leading bank in Indonesia, and in Cia Hering, a Brazilian retailer, as their prices approached our estimate of intrinsic value. We also reduced our exposure to Matahari Department Stores, an Indonesian retailer.

Performance

Detractors

Matahari Department Stores: The company was the largest detractor to the performance of the portfolio. Our investment case centers around Matahari leveraging its strong brand equity, geographic presence across Indonesia and strategic locations in key malls to successfully transform into Indonesia's first omni-channel retailer. The Q4 2018 results highlighted that aggressive competition from ecommerce players and increased subsidies from the fintech players are slowing the company's revenue growth more than anticipated. We have therefore reduced our position to mitigate the increased risk profile.

BIM Birlesik Magazalaar: BIM is the leader in the modern food retail space in Turkey, with a 16% market share. The company has been a strong performer since the start of the Turkish macro volatility in May 2018, however during this quarter the Turkish government effected a number of initiatives that have resulted in the company underperforming – 1) Proposed new retail legislation, which seeks to impose limits on the sale of private label products by organized food retailers in an effort to entice smaller producers; and 2) increasing minimum wage by 26% in January. While this has a short-term effect on the share price, we are confident that the long-term prospects of the company remain intact.

Arcos Dorados: The company is the largest McDonald's franchisee worldwide, and Latin America's leading quick service restaurant operator. The company reported Q4 2018 results that were weaker than expected by the market. The results did highlight that the Brazilian quick service restaurant market continues to be sluggish due to new competition and the growing availability of subsidized delivery for on-demand food. Arcos has implemented a number of promotional initiatives to drive traffic and are seeing positive sales growth in response.

Contributors

VipShop: The company reported a solid Q4 2018 set of results, with net profit significantly ahead of consensus but Revenue marginally below. The share price has not only benefited from the easing of trade war rhetoric between the US and China, but also from the company reaffirming its focus on the deep discount business model and achieving business efficiency, through 1) shifting low margin categories from 1P to 3P to ensure product variety and healthy margins; and 2) improving operating leverage by using more 3rd party express delivery couriers.

Yes Bank: The share price has rebounded strongly since the lows in November 2018. The company was affected by the system-wide liquidity crisis created by the default of India's leading infrastructure finance company, IL&FS. The company was furthermore negatively affected by several company specific issues – non-approval of the bank's founder as CEO by the Reserve Bank of India (RBI); the fear of the RBI issuing large divergence report on recognition of non-performing loans by the bank; and loan exposure to the IL&FS default. During the quarter the bank has appointed a new CEO and received a clean divergence report from the RBI. India is benefiting strongly from an expanding middle class population, which is urbanising and has low home ownership. India's financial services industry, particularly the private banks, are well placed to benefit from the low rates of financial services penetration and the fact that the state-run banks currently have weak capital positions.

AIA Group: The funds position in AIA contributed strongly to performance during the quarter. The company currently has five Chinese operating regions (Beijing, Shanghai, Guangdong, Shenzhen and Jiangsu), representing 16% of the group's operating profits. During the quarter the company received regulatory approval to expand its Beijing licence

area to include Tianjin and Hebei. This would enlarge AIA's potential life insurance market from the existing 30% to 36%, in terms of gross premiums.

Outlook

We believe the only way to deliver sustainable outperformance over the long term is to invest in areas which reflect value and are often shunned by the market, and we do this using a bottom-up approach. This approach leads us to invest in companies that can continue to grow despite the prevailing macro climate, which can also entail the returns of the portfolio significantly deviating from the benchmark.

Investors should expect the volatility of 2018 to continue in the context of ongoing US-China trade negotiations, slowing US growth and global political volatility.

The turmoil creates investment opportunities in EM equities for patient investors. Valuations are very attractive and we are seeing substantial upside in our portfolio of companies.

Predicting the catalyst that will turn the tide is an impossible thing to do, but history has shown that sentiment can turn very quickly.

Portfolio Manager

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