

GCI SCI* Stable Fund of Funds

Minimum Disclosure Document

As of 2019/01/31



Asset Management

MDD Issue Date: 2019/02/18

Fund Objective

The objective of the portfolio is to provide investors with a moderate to high level of income and stable capital growth.

Fund Strategy

Investments to be included in the portfolio will, apart from assets in liquid form, consist solely of participatory interests in portfolios of collective investment schemes registered in the Republic of South Africa. The portfolio will consist of a mix of collective investment scheme portfolios investing in equity, bonds, property and money market instruments. The portfolio's equity exposure will range between 0% and 40% of the portfolio's net asset value. The portfolio will be managed in accordance with regulations governing pension funds. The portfolio will also be allowed to invest in listed and unlisted financial instruments (derivatives) as allowed by the Act from time to time. The Manager shall be permitted to invest on behalf of the portfolio in offshore investments as legislation permits.

Fund Information

Ticker	CIMS
Portfolio Manager	GCI Asset Management Team
ASISA Fund Classification	South African - Multi Asset - Low Equity
Risk Profile	Moderate Conservative
Benchmark	ASISA Category Avg: SA - Multi Asset - Low Equity
Fund Size	R 163 378 537
Portfolio Launch Date*	2012/05/04
Fee Class Launch Date*	2012/05/04
Minimum Lump Sum Investment	R 10 000
Minimum Monthly Investment	R 500
Income Declaration Date	March, June, September & December
Income Payment Date	1st business day of April, July, October & January
Portfolio Valuation Time	17:00
Transaction Cut Off Time	15:00
Daily Price Information	Local media
Repurchase Period	2-3 business days

Fees (Incl. VAT)

A-Class (%)

Maximum Initial Advice Fee	3.45
Maximum Annual Advice Fee	—
Manager Annual Fee	1.15
Total Expense Ratio	1.71
Transaction Cost	0.05
Total Investment Charges	1.76
Performance Fee	—
TER Measurement Period	01 October 2015 - 30 September 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.

Manager Performance Fee - Performance fee benchmark: ASISA Category Average: South African - Multi Asset - Low Equity (excluding this portfolio); Minimum Fee 1.14%; Maximum Fee 3.42%. All fees are inclusive of VAT.

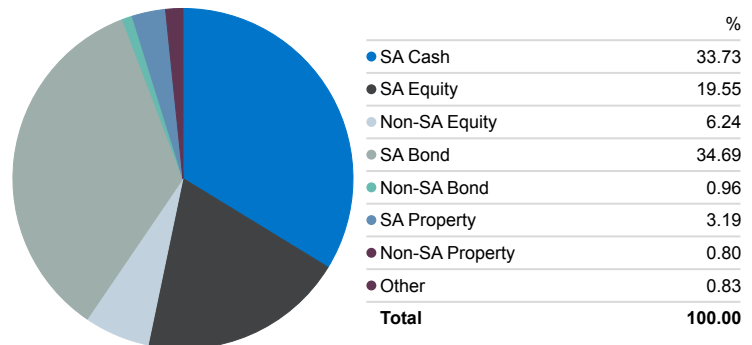
*The GCI Sanlam Collective Investments Stable Fund of Funds transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 02 December 2017.

Top Ten Holdings

	(%)
Stanlib Income Fund	29.66
Nedgroup Investments Core Income Fund	29.60
Satrix Capped Swix All Share Index Fund	11.58
Laurium Flexible Prescient Fund	4.61
Coronation Balanced Plus Fund	4.24
PSG Flexible Fund	4.24
Northstar SCI Managed Fund	4.18
Satrix Bond Index Fund	3.47
Prudential Inflation Plus Fund	3.05
Satrix World Equity Tracker Fund	2.74

Asset Allocation

Portfolio Date: 2018/12/31



Annualised Performance (%)

	Fund	Benchmark
1 Year	2.99	2.52
3 Years	4.79	5.09
5 Years	5.38	6.19
Since Inception	5.92	7.69

Cumulative Performance (%)

	Fund	Benchmark
1 Year	2.99	2.52
3 Years	15.06	16.07
5 Years	29.94	35.04
Since Inception	47.31	64.68

Highest and Lowest Annual Returns

Time Period: Since Inception to 2018/12/31

Highest Annual %	9.06
Lowest Annual %	1.52

Risk Statistics (3 Year Rolling)

Standard Deviation	3.19
Sharpe Ratio	-0.77
Information Ratio	-0.23
Maximum Drawdown	-2.21

Distribution History (Cents Per Unit)

2018/12/31	1.17 cpu	2017/12/01	1.06 cpu	2016/12/31	0.81 cpu
2018/09/30	1.81 cpu	2017/09/30	1.40 cpu	2016/09/30	0.87 cpu
2018/06/30	1.42 cpu	2017/06/30	0.38 cpu	2016/06/30	0.71 cpu
2018/03/31	1.15 cpu	2017/03/31	1.06 cpu	2016/03/31	0.96 cpu

Administered by



Risk Profile

Moderate Conservative

You are cautious about taking on risk (i.e. have a limited exposure to equities in your portfolio). You want your capital to be safe and prefer fairly stable income and/or income growth. Even knowing that equities are a riskier asset class, you are comfortable to have some exposure, albeit limited, to them because you know they will add that little extra to your portfolio.

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.

Capital Volatility

Volatility is a measure of 'risk' and refers to the extent to which the price of an investment or capital value fluctuates over a certain period of time. Funds with high volatility usually offer the potential for higher returns over the longer term than low volatility funds.

Cumulative Returns

Cumulative return is the total growth experienced over the period measured.

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, quarterly, biannual or annual 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 at the same time. 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.

Financial Instruments

Derivatives also known as financial instruments (such as a future, option, or warrants) whose value derives from and is dependent on the change in value of an underlying asset (such as a commodity, currency, or security) to protect against risk (capital losses).

Fund Objective

The fund objective is the portfolio's core goal.

Fund Strategy

The fund strategy is the way that the fund is managed to achieve the fund objective.

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.

Collective Investment Schemes

Collective Investment Schemes (CIS) (also called unit trusts) are portfolios of assets such as equities, bonds, cash and listed property, in which investors can buy units. They allow private investors to pool their money together into a single fund, thus spreading their risk across a range of investments, getting the benefit of professional fund management, and reducing their costs.

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 investments.

Market Capitalization

Market capitalization is the total value of the issued shares of a publicly traded company; it is calculated by multiplying the share price by the number of shares in issue.

Maximum Drawdown

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

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.

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. A *fund of funds portfolio is a portfolio that invests in portfolios of* collective investment schemes that levy their own charges, which could result in a higher fee structure for the fund of funds. 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 GCI Asset Management (Pty) Ltd, (FSP) Licence No. 821, 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 Comment

As at 31 December 2018

Market Update

United States of America

US GDP trended marginally lower in the third quarter at a rate of 3.40% versus a rate of 4.20% in the previous quarter; spending on goods rose less than expected. Exports fell ~5% and was driven by the decrease in Soybean exports to China following on from retaliatory tariffs. The unemployment rate has continued to remain at 3.70% for the past three months, being similar to the unemployment rates in 2001. However, as compared to 2001, the Labour Force Participation Rate has dropped from ~67% to ~63%, indicating that this lower unemployment rate is not as robust as 2001. Amidst the US FED's tight monetary policy, the yield curve has flattened as expected, and the curve is perilously close to inverting. The current US inflation rate is 2.20% while the FED Funds Rate is 2.50%, indicating a real return from cash being brought into the economy. This brings a distinct perspective to holding cash.

UK

The UK GDP growth for the third quarter of 2018 was the strongest since the last quarter of 2016, coming in at 0.60%. This followed a 0.40% growth rate in the previous quarter. Manufacturing PMI saw a marked increase from the previous value of 51.1 to 53.1; however, capacity utilisation increased, services PMI decreased, factory orders decreased and there was a significant increase in inventories. This sends mixed signals. The Bank Rate still remains at 0.75% with Brexit uncertainty still being cited as one factor – a weaker currency acts as an inflation import into the UK. Private debt-to-GDP has marginally increased, consumer confidence has decreased while retail has risen both on a YoY and MoM basis. Politically, the uncertainty still remains. Theresa May survived the vote of no confidence motion tabled by Conservative MP's. The Brexit withdrawal agreement still remains to be finalised, and until such time, economic and investment participants will continue to price in a risk-premium into the UK economy and assets.

Europe

The end of 2018 marks the end of Quantitative Easing by the ECB, and brings forward some uncertainty given recent history, in spite of the forward guidance provided. The ECB interest rate still remains accommodative at 0%. The Euro Area growth rate has continued to slow, decreasing from 0.40% to 0.20%. This is one of the softest growth rates in the past five years for the region. Consumer confidence has continued to turn markedly negative, while business confidence has had some reprieve at the margin. The Euro Area manufacturing PMI also tells the same story, with reported values continuing their downward trend, and the current reported values fall being somewhat similar to the large decrease seen in 2012. Fiscal policy has adopted a more common stance with the political leaders taking on a quasi-version of the common budget suggested by French president Emmanuel Macron. The intention of the budget is to "spur investment and reduce economic disparity among economies". This may give the Euro Area a kick-start once further details regarding size, and additional details, are finalised.

China

GDP growth in China has decreased at the margin from the last reported month, at a current value of 1.6%, versus a previous value of 1.7%. This is still slightly higher than the two prior months of 1.5% respectively. Services in the Chinese economy are slowly increasing, but still requires a substantial increase to shift away from an investment lead economy. Capacity utilisation has increased from the 2016 base of ~71% but is however decreasing at the margin from the 2018 mid-point high of 78%, indicating that GDP being driven further by investment may be into non-productive assets. Following on from the G20 summit in early December, the leaders of China and US has declared a 90-day truce before the US imposes tariffs in order to allow negotiations sufficient time to occur.

South Africa

The quarterly growth rate of the SA GDP markedly increased to 2.2% and thereby bringing an end to the technical recession that was being experienced. Consumer spending increased marginally on the month in nominal terms, in addition to personal disposable income. In a more positive light, the South African consumer may be experiencing some reprieve with the Savings Ratio being positive for the second month in a row, with the last time a positive number was reported was in the mid 2000's. Household debt-to-GDP has also continued to decline, from a value of 44% in 2008 to the current value of 33; this is in addition household debt to disposable income decreasing from the 2008 value of 86.4% to the current value of 71.9%. South Africa still has binary catalysts that could act in either direction. Elections in 2019, Credit Ratings and Fiscal concerns all will weigh on the economy or provide a benefit.

Fund Update

GCI SCI Stable FoF

There were no changes to the portfolio during the quarter. The portfolio outperformed the benchmark of the average of peers in the (ASISA) South African MA Low Equity category over all periods 3 months to 2 years.

Sources: Focus Economics, Trading Economics, Cinnabar Investment Management, Statista.

Portfolio Manager

GCI Asset Management Team