

Fund Objective

This is a flexible asset allocation fund which aims to deliver positive real returns by targeting CPI+5% over a rolling 3 year period whilst actively managing downside risk and minimising risk of capital loss over the medium term. The fund is managed in accordance with Reg. 28 guidelines.

Fund Strategy

The fund invests in a combination of equities, money market instruments; nominal and inflation linked bonds and listed property as well as international equities and fixed interest investments. The Fund manager employs an active asset allocation and securities selection strategy which is derived from a strong risk management framework. The Fund targets not to lose capital over any rolling 12 month period and is Regulation 28 compliant. The investment manager will also be allowed to invest in financial instruments (derivatives) as allowed by the Act from time to time in order to achieve its investment objective.

Why choose this fund?

- This fund is less volatile than a traditional balanced fund with greater focus on capital preservation.
- By investing in a single fund that diversifies across all major asset classes, investors "outsource" the difficult decision on how much and when to invest in various asset classes.
- The small Assets Under Management (AUM) of the manager means that the manager is very nimble and able to execute ideas quickly and react speedily to changes in market conditions.
- Strong risk management focus enhances capital preservation mindset.

Fund Information

ASISA Fund Classification	South African Multi Asset Flexible
Risk Profile	Moderate
Benchmark	CPI+5% over a 5-year rolling period
Fee Class Launch date*	01 September 2014
Portfolio Launch date	02 December 2013
Minimum investment	LISP minimums apply
Portfolio Size	R 878 million
Bi-annual Distributions	30/06/19: 27.90 cents per unit 31/12/18: 29.12 cents per unit
Income decl. dates	30/06 31/12
Income price dates	1st working day in January and July
Portfolio valuation time	15:00
Transaction cut off time	15:00
Daily price information	The local newspaper and www.sanlamunitrusts.co.za
Repurchase period	3 working days

Fees (Incl. VAT)	LISP-class (%)
Advice initial fee (max.)	Neg.
Manager initial fee (max.)	0.00
Advice annual fee (max.)	Neg.
Manager annual fee (max.)	1.03
Total Expense Ratio (TER)	1.32

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 and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

This fund is available via certain LISPs (Linked Investment Service Providers), which levy their own fees.

PERIOD: 01 July 2016 to 30 June 2019

Total Expense Ratio (TER) | 1.32% 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 in the TER of 1.32%, a performance fee of 0.00% of the net asset value of the class of Financial Product was recovered.

Transaction Cost (TC) | 0.66% 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) | 1.98% of the value of the Financial Product was incurred as costs relating to the investment of the Financial Product.

Top 10 Holdings

Top 10	% of Equity
Naspers	8.57
Firstrand Limited	5.63
British American Tobacco Plc	4.97
Bid Corporation Limited	4.93
MTN GROUP LTD	3.91
Remgro Limited	3.78
ANGLOGOLD ASHANTI	3.77
Vanguard Europea ETF	3.44
Sasol Limited	3.32
BIDVEST GROUP LTD	3.29

Performance (Annualised) as at 31 Oct 2019 on a rolling monthly basis*

LISP-class	Fund (%)	Benchmark (%)
1 Year	9.10	8.84
3 Year	3.47	9.59
5 Year	4.14	9.96
Since inception	4.13	9.83

An annualised rate of return is the average rate of return per year, measured over a period either longer or shorter than one year, such as a month, or two years, annualised for comparison with a one-year return.

Performance (Cumulative) as at 31 Oct 2019 on a rolling monthly basis*

LISP-class	Fund (%)	Benchmark (%)
1 Year	9.10	8.84
3 Year	10.79	31.63
5 Year	22.49	60.77
Since inception	23.27	62.36

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

*Significant changes to this fund came into effect from 01 September 2014 and all performance figures are calculated from this date and not the original fund launch date.

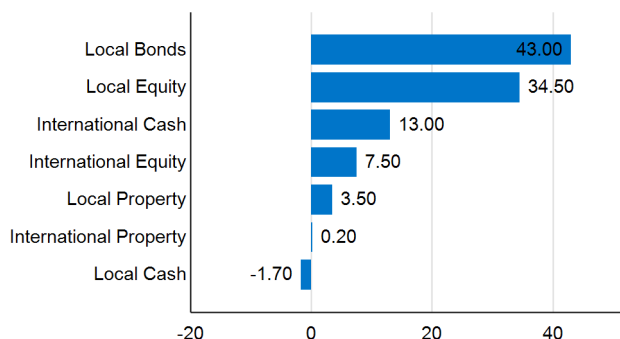
Risk statistics: 3 years to 31 Oct 2019

Std Deviation (Ann)	5.72
Sharpe Ratio (Ann)	-0.69

Actual highest and lowest annual returns*

Highest Annual %	9.75
Lowest Annual %	-5.56

*Performance figures sourced from Morningstar.

Asset Allocation

Investment Manager Monthly Commentary

After a turbulent third quarter, global markets donned a Goldilocks costume for Halloween month. Uncertainties receded and risk appetite recovered, boosting asset prices. The S&P 500 Index made a record high as recession fears dissipated amid ongoing steepening in the US yield curve.

It is difficult to believe that politicians contributed to the not-too-hot-not-too-cold backdrop. The UK avoided a hard Brexit as Boris Johnson sent an unsigned request for extension to the European Union, which was duly accepted. Trump turned down the dial on the trade war as the US and China moved closer to a 'Phase 1' deal with encouraging headlines on the potential to roll back existing tariffs. However, one should be cautious of complacency - geopolitical risks continue to simmer based on developments in South America, Hong Kong and the Middle East.

The US Federal Reserve (Fed) pulled off a neutral cut without hurting risky assets. Based on the solid third-quarter US GDP print and strong October non-farm payrolls report, the US is hardly in need of substantial stimulus. Hence, the market is expecting the Fed to pause through the first half of 2020.

On the local front, the month started with little drama, as local asset prices benefited from the rosier global outlook and hopes of domestic reform. While Cabinet approved the Integrated Resource Plan and inflation surprised to the downside, the thrill of watching South African financial markets and politics quickly turned into a horror show. The make-or-break Medium Term Budget Policy Statement (MTBPS) showed a debt ratio of 80% of GDP in 10 years' time, the Eskom policy paper was vague on solutions to the utility that remains without a full-time CEO, and patchy rain led to talk of 'water-shedding' in some areas of the country.

With Moody's changing the sovereign rating outlook from stable to negative and S&P sounding more negative, investors and tax payers are hoping that Finance Minister Mbweni's call for decisive action does not fall on deaf ears. Recent events will surely make for an interesting discussion when the South African Reserve Bank's Monetary Policy Committee meets in November.

Market developments

During October, equities (3.1%) and property (1.9%) were the only asset classes to beat cash (0.6%). Floating rate credit (0.4%) and fixed-rate credit (0.3%) were in positive territory, but bonds (-0.4%) and inflation-linked bonds (-0.5%) posted losses on the back of the negative surprise in the MTBPS.

Softening US data, receding uncertainty, and improving risk appetite put the Dollar on the back foot, with the US Dollar Index losing 2.1% in October. Emerging market currencies benefited from the friendlier backdrop with gains of 2-5% across low and high yielders. The Rand appreciated by only 0.6% due to elevated SA-specific risks and confirmation of a dire fiscal position in the mini-budget. The negative impact on the local unit was short-lived, as the USD/ZAR fell back within our 14.50 – 15.00 fair value range.

Emerging market bonds benefited from the risk-on backdrop - the JPMorgan Government Bond Index-Emerging Markets yield fell by 20 basis points (bps) with high-yielders being notable outperformers. South Africa was an exception; the local 10-year yield rose by 20 bps due to the back-loaded weakness in the wake of the fiscal news. Even so, foreigners purchased a net R12 billion nominal of SA bonds during the month. At 90% on the 10-year yield, bonds are at the cheaper end of our 88.60-9.10% fair value range.

Promises of a trade deal and confirmation of the Brexit extension dampened risk aversion. Moreover, ex-US growth indicators stabilised or improved, contributing to demand for risky assets. The MSCI Emerging Markets Index gained 4.1% in October, outperforming the 2.5% rise in the MSCI Developed Markets Index. Despite idiosyncratic concerns, the MSCI SA Index rose by 3%. The FTSE/JSE All Share Index total return printed at 3.1%, while the FTSE/JSE Shareholder Weighted All Share Index gained 2.6%. Health care (10.1%), basic materials (7.3%), and consumer services (6.2%) led the rise. Industrials (3.7%), financials (3.6%), and consumer goods (3.2%) performed in line with the headline gain, while telecommunications (0.7%) and technology (-6.1%) were stragglers.

Portfolio performance and positioning

The fund's performance (1.4%) during October was largely driven by domestic equity (1.2% contribution), followed by domestic cash (0.1%) and property (0.1%), as well as foreign equity (0.1%). Rand appreciation resulted in foreign cash (-0.1%) detracting from performance, while domestic bonds (-0.1%) dampened the fund's return following the disappointing MTBPS. Given elevated valuations and the strong sequential performance from global equities, we have rotated some of our offshore equity exposure into offshore cash. We maintained our overweight duration stance in fixed income and a very modest allocation to domestic property.

The growth outlook remains lacklustre based on weak business confidence and the renewed fall in consumer confidence. Real activity data point to a near-stagnant economy in the third quarter of 2019, but progress on a US-China trade deal could result in better offshore activity momentum filtering through to SA exports. That said, supply-side constraints - electricity in particular - will limit any upswing. As such, we remain cautious on domestic equity prospects and still prefer resources and global diversified, as well as greater exposure to domestic financials than to the retail sector. The negative surprise in the MTBPS has increased the risk premium associated with the fiscus. This, combined with persistently low inflation, yields over 4.5% on offer from government bonds in real terms, which is still competitively priced versus local and peer group asset classes.

Appointed Investment Manager

Matrix Fund Managers (Pty) Ltd

Investment Manager Disclaimer

The management of investments are outsourced to Matrix Fund Managers (Pty) Ltd, FSP 44663, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002.

Risk Profile (Moderate)

This is a medium-risk portfolio that aims to deliver income and capital growth over the medium term. This portfolio is designed to minimise volatility and aims to cultivate as smooth a ride as possible. There is some exposure to risky asset classes (such as equities) necessary to grow capital over the medium to long term. This portfolio has a medium to long-term investment horizon. The portfolio is diversified across all major asset classes with an average exposure to equities, and offers real (after inflation) returns but with lower volatility.

Trustee Information**Standard Bank of South Africa Ltd**

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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 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, 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 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. 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.

Glossary Terms**Active stock selection**

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.

Asset allocation funds

Also known as balanced or managed funds. A fund manager invests in a spread of assets such as equities, bonds and cash depending on market conditions.

Capital preservation

This is an investment strategy where the primary goal is to preserve (protect) capital and prevent losses in a portfolio. Preserving capital is a priority for retirees and those approaching retirement, since they may be relying on their investments to generate income to cover their living expenses, and have limited time to recoup losses if markets experience a downturn.

Collective Investment Schemes (CIS)

Collective Investment Schemes (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.

Distributions

The income that is generated from an investment and given to investors through monthly or quarterly distribution payouts.

Equities

Equities are shares that represent an institution's or individual's ownership in a listed company. These shares are also the "vehicle" through which they are able to "share" in the profits made by that company. As the company grows, and the expectation of improved profits increases, the market price of the share will increase which translates into a capital gain for the shareholder. Similarly, negative sentiment about the company will result in the share price falling.

Shares / equities are usually considered to have the potential for the highest return of all the investment classes but also have the highest level of risk i.e. share investments have the most volatile returns over the short term. An investment in equities should be viewed with a 7 to 10 year horizon.

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.

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 +5% to African assets.

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.

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