Minimum Disclosure Document

(Fund Fact Sheet)

Sanlam Select Bond Plus Fund

July 2019

Fund Objective

The is a pure bond fund and aims to offer both income and capital growth through a well diversified bond portfolio. This fund has no offshore exposure and aims to outperform the BEASSA All Bond Index.

Fund Strategy

The fund will predominantly invest in a concentrated basket of Government and Government guaranteed fixed interest securities so as to reduce credit and liquidity risk, but may also invest in other fixed income securities not guaranteed by Government and hold money market exposure to the 4 major South African banks. The investment manager will also be allowed to invest in listed and unlisted 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 gives you active exposure to the South African bond market and should form part of a well-diversified portfolio. Differentiators include:
• A high conviction approach
• Investing in government and government guaranteed fixed interest securities to avoid credit and liquidity risk.
• Investing in other fixed income securities not guaranteed by Government and hold money market exposure to the 4 major South African banks.
Over time, the fund should produce returns in excess of a money market fund, but at higher risk.

Fund Information

ASISA Fund Classification	South African Interest Bearing Variable Term
Risk Profile	Cautious
Benchmark	BEASSA All Bond Total Return Index
Fee Class Launch date*	02 January 2015
Portfolio Launch date	02 January 2004
Minimum investment	LISP minimums apply
Portfolio Size	R 865 million
Yield	12.07%
Monthly distribution	
31/07/2019: 6.10 cents per unit 30/06/2019: 6.58 cents per unit 31/05/2019: 6.93 cents per unit 30/04/2019: 6.95 cents per unit 31/03/2019: 6.83 cents per unit 28/02/2019: 6.34 cents per unit	31/01/2019: 7.28 cents per unit 31/12/2018: 6.17 cents per unit 30/11/2018: 6.71 cents per unit 31/10/2018: 6.40 cents per unit 30/09/2018: 6.68 cents per unit 31/08/2018: 7.38 cents per unit
Income decl. dates	Monthly
Income price dates	1st working day
Portfolio valuation time	15:00
Transaction cut off time	15:00
Daily price information	The local newspaper and www.sanlamunittrusts.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.)	0.57
Total Expense Ratio (TER)	0.59

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.sanlamunittrustsmdd.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) | 0.59% 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 0.59%, a performance fee of 0.00% of the net asset value of the class of Financial Product was recovered.

Transaction Cost (TC) | 0.00% 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) | 0.59% of the value of the Financial Product was incurred as costs relating to the investment of the Financial Product.

Maturity Profile Detail

Sector	%
0 - 1 years	6.4%
1 - 3 years	7.8%
3 - 7 years	6.5%
7 - 12 years	11.9%
12+ years	67.5%

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

LISP-class	Fund (%)	Benchmark (%)
1 Year	7.96	8.06
3 Year	8.60	8.80
5 Year	N/A	N/A
Since inception	6.80	7.73

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 Jul 2019 on a rolling monthly basis*

LISP-class	Fund (%)	Benchmark (%)
1 Year	7.96	8.06
3 Year	28.08	28.80
5 Year	N/A	N/A
Since inception	35.17	40.66

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 Jul 2019

Std Deviation (Ann)	6.05
Sharpe Ratio (Ann)	0.19

Actual highest and lowest annual returns*

Highest Annual %	N/A
Lowest Annual %	N/A

*Performance figures sourced from Morningstar.

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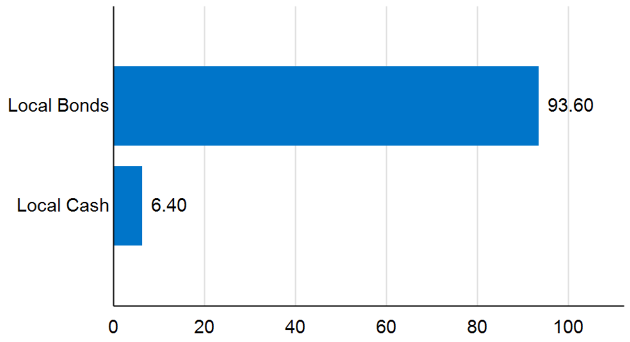
Asset Allocation



Investment Manager Quarterly Commentary

The Bloomberg headline, 'Powell Speaks, Trump Tweets, China Reacts, Markets Freak. Repeat' is an apt description for the current investment landscape. Following earlier dovish Federal Reserve (Fed) comments, the Federal Open Market Committee tempered the optimism on rate cuts. This disappointment, notwithstanding the 25 basis points (bps) cut, tightened financial conditions via a weaker equity market and a stronger Dollar. Moreover, markets fretted about the liquidity extraction from higher Treasury bill issuance, notwithstanding the earlier end to quantitative tightening. As a result, risk assets suffered.

The trade war moved up a gear with the US labelling China a currency manipulator and Trump announcing a 10% tariff on the remaining $300 billion of imports from China. Add on the potential for a hard Brexit, Italian political and fiscal fissures, 10-year Treasury Inflation-Protected Securities (TIPS) at 0%, US yield curve inversion, and the surging gold/oil ratio, it is no surprise that investors fear the worst. The federal funds futures curve is pricing in a cut at each of the remaining meetings in 2019.

The SA market is discounting only one rate cut within the next 12 months as the fiscal position and weaker exchange rate lowered the conviction that the SA Reserve Bank (SARB) will follow the Fed cut for cut. While the Monetary Policy Committee (MPC) unanimously voted for a 25-bps reduction at the 18 July meeting – which coincided with the lows on the Rand and bond yields – the statement was not dovish.

Event risk after the September meeting and negative rating dynamics – Fitch changed the outlook to negative, while S&P and Moody's will opine in November – raise the bar for a sequential cut. The SARB may not fully compensate for the structural tightening in credit conditions, but the MPC must be sensitive to external vulnerabilities – SA is a carry not a growth investment destination. In the end, SA needs political will and there will be many opportunities in the coming months for the 'new' administration to show if it has the stomach for reform.

Market developments

The major asset class performances all fell short of cash (0.6%) in July. Floating rate credit (0.4%), fixed-rate credit (0.1%), and inflation-linked bonds (0.1%) eked out marginal gains, while bonds (-0.7%), property (-1.2%) and equities (-2.4%) posted losses.

Widening US/developed market yield differentials and a hawkish Fed cut left the Dollar index 2.5% stronger. Despite trade jitters, emerging market FX lost only 0.4% but the underlying metrics were diverse: from 4.4% for the Turkish Lira to a negative 3.2% for the Argentine Peso. The Rand was in the middle of the pack, down 0.6%. The Rand at 15.20 against the US Dollar reflects increasing ratings risk and investor hedging activity.

Developed market bond yields moved sideways as monetary policy easing became less certain. While the European Central Bank committed to stimulus down the line, the Fed tempered expectations for aggressive easing. Since then the sell-off in the equity market and negative German yield curve pulled the US 10-year yield down to 1.7%. After a 20-bps rally to a year-to-date low of 8.48%, SA yields sold off alongside the weaker currency, leaving the 10-year yield 720 bps wider versus the US. At 8.90%, the bond market is starting to look attractive based on our 8.60-9.10% fair value range.

Portfolio performance and positioning

We reduced our duration exposure mid-July on account of the strong rally in local bond yields and given the risks associated with Eskom and that the Fed may disappoint markets by not cutting rates. Supply concerns in the market were vindicated as Treasury significantly increased the weekly auction sizes for fixed-rate and inflation-linked bonds.

The rally in global bonds spilled over into high-yield markets, driving the SA 10-year yield to a year-to-date low of 8.48%. This was marginally overvalued compared to our 8.60-9.10% fair-value range. The gains reversed amid a less dovish SARB MPC (despite the cut), renewed Rand weakness, and SA-specific risk aversion amid a second Eskom bailout and negative FY19 financial results.

The outlook for the SA bond market is now a trade-off between record-low global bond yields and worsening domestic fundamentals. While we remain constructive on inflation, there is a risk that food price inflation is turning upwards faster than expected. Yet the more important factor is the substantial pressures on the fiscus, the series of Eskom cash injections, significant increase in bonds issuance, and the threat of negative outlooks from Moody's and S&P (which would follow the move by Fitch in July). Given the improvement in valuations, we increased our duration stance to neutral, but note that the risks remain substantial even if these are partially priced based on wide SA/US and SA/EM peer yield differentials. We remain overweight cash, the 1-3 year area, and the 12+ year area of the curve. We are underweight the 7-12 year area, but neutral the 3-7 year area of the curve.

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.

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Risk Profile (Cautious)

This portfolio aims to protect capital in real (after inflation) terms, while providing a reasonable level of income. The portfolio displays low volatility levels, designed to reduce the probability of capital losses. This portfolio has limited or no exposure to equities. It is designed for maximum capital protection and aims to ensure a stable income and/or income growth.

Trustee Information

Standard Bank of South Africa Ltd

Tel no.: 021 441 4100
E-mail: Compliance-SANLAM@standardbank.co.za

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 is 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

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.

Fixed-interest investments
Fixed interest funds invest in bonds, fixed-interest and money market instruments. Interest income is a feature of these funds and, in general, capital should remain stable.A fixed-interest investment aims to offer investors a regular income at a set interest rate, which can be fixed over a specified term. If interest rates fall, the fixed-interest investment typically becomes more valuable. Conversely if interest rates rise, the value of the investment will fall.

Fixed-interest securities
A fixed interest security is basically a loan to the government or a company. With most, you get interest payments for as long as you hold the security. The amount of interest you will get (called the coupon) is expressed as a percentage of the nominal value. Since the nominal value is typically R100, if a security has a coupon of 6%, you will get R6 a year interest for each nominal unit (R100) of stock that you have.

The interest provides you with a fixed amount at regular intervals. So this is usually a very predictable way of getting an income from your investment.

Fixed deposits
A fixed deposit or term deposit is an amount of money held at a financial institution for a fixed amount of time. It pays higher interest than a savings account but imposes conditions on the amount, frequency, and/or period of withdrawals.

LISP (Linked Investment Service Providers)
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.

Maturity date
This refers to the actual date a bond is "cashed out" by the issuer and an investor receives the face value of that bond. Or, this could be the length of time until a fixed income investment returns its original investment at the date mentioned above. For example, someone might say that a bond has "a 5-year maturity."

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.