

GraySwan SCI* Cautious Fund of Funds

Minimum Disclosure Document

As of 2018/11/30



MDD Issue Date: 2018/12/11

Fund Objective

The Cautious Fund of Funds aims to consistently outperform the ASISA South African Multi-Asset Low Equity category (after investment fees) over any 3-year rolling period. The Fund targets real returns with a strong focus on capital preservation over the shorter term.

Fund Strategy

The portfolio will consist of a mix of collective investment scheme portfolios investing in equity, bond and property markets and money market instruments. Investments to be included in the portfolios 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 or of participatory interest in collective investment schemes or other similar schemes operated in territories with a regulatory environment which is to the satisfaction of the Manager and Trustees of a sufficient standard to provide investor protection at least equivalent to that in South Africa. The portfolio shall be permitted to invest in offshore investments as legislation permits. 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 fund will be managed in accordance with Regulation 28.

Why Choose This Fund?

The Fund is ideally suited to the investor requiring a cautiously managed, well diversified, actively managed multi asset and multi manager investment portfolio.

Fund Information

Ticker	GSCFA
Portfolio Manager	Duncan Theron
ASISA Fund Classification	South African - Multi Asset - Low Equity
Risk Profile	Conservative
Benchmark	ASISA Category Avg: SA - Multi Asset - Low Equity
Fund Size	R 40 688 097
Portfolio Launch Date*	2017/07/01
Fee Class Launch Date*	2017/07/01
Minimum Lump Sum Investment	R 100 000
Minimum Monthly Investment	R 5 000
Income Declaration Date	June & December
Income Payment 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	2-3 business days

Fees (Incl. VAT)

	A-Class (%)
Maximum Initial Advice Fee	—
Maximum Annual Advice Fee	—
Manager Annual Fee	0.68
Total Expense Ratio	1.28
Transaction Cost	0.09
Total Investment Charges	1.37
Performance Fee	—
TER Measurement Period	01 July 2017 - 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. The TER and Transaction The TER presented above is a best estimate of the fund's TER. Calculations are based on actual data where possible and best estimates where actual data is not available.

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.

*GraySwan Sanlam Collective Investments Cautious Fund of Funds.

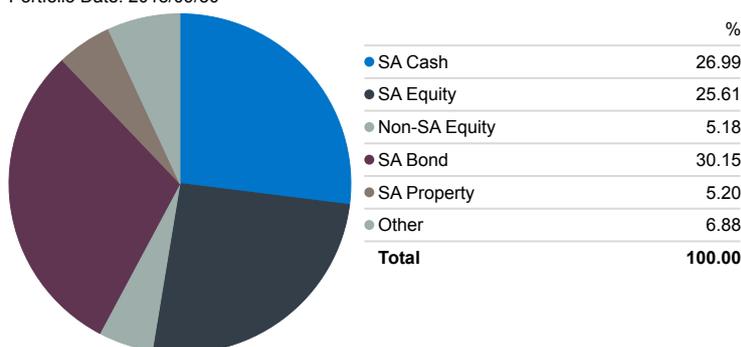
**These figures will be published once sufficient performance history has been met.

Top Ten Holdings

	(%)
Coronation Strategic Income Fund	34.36
Prescient Income Provider Fund	18.66
Nedgroup Investments Core Income Fund	9.98
Local Equity Index Tracker A	5.82
Boutique Equity Manager A	5.52
Prudential Core Value Fund	5.38
Boutique Equity Manager B	5.29
Boutique Equity Manager C	5.08
Cash	2.32
Investec Global Franchise Feeder	2.28

Asset Allocation

Portfolio Date: 2018/09/30



Annualised Performance (%)

	Fund	Benchmark
1 Year	1.55	0.21
3 Years	—	—
5 Years	—	—
Since Inception	5.64	4.13

Cumulative Performance (%)

	Fund	Benchmark
1 Year	1.55	0.21
3 Years	—	—
5 Years	—	—
Since Inception	8.04	5.87

Highest and Lowest Annual Returns**

Time Period: Since Inception to 2017/12/31

Highest Annual %	—
Lowest Annual %	—

Risk Statistics (3 Year Rolling)**

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

Distribution History (Cents Per Unit)

2018/06/30	26.92 cpu
2017/12/31	13.22 cpu

Administered by



Risk Profile

Cautious

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.

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.

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.

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. 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 GraySwan Financial Services (Pty) Ltd, (FSP) Licence No. 42290, 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.

Investment Manager Information

GraySwan Financial Services (Pty) Ltd
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Manager Information

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Portfolio Manager Comment

30 September 2018

Over the third Quarter of 2018 the U.S. has dominated capital market headlines, amid strong corporate earnings and solid economic growth. U.S. equity markets hit a series of new record highs during the quarter. During the third quarter the S&P 500 returned 7.7%, while the MSCI ACWI ex US could only manage a return of 0.7% in dollar terms.

US equities have done exceptionally well since the global financial crisis, while the recent Trump/Republican pro-growth agenda has extended this booming economy and earnings outlook, but may now also be sowing the seeds for the end of the cycle as the Fed is forced to raise rates and tighten policy in a more deliberate manner.

European stocks rose modestly amid solid corporate earnings growth and signs of higher inflation. European markets were tempered by investors worries about slowing economic growth and the negative impact of global trade tensions on Europe's trade-dependent economy. Overall, the MSCI Europe Index gained 1% in local currency terms and the Euro slipped 1% against the U.S. dollar.

Tighter US monetary policy, concerns about the impact of global trade tensions and the slowing pace of Chinese credit growth have been the main headwind for developing economies. The combination of rising U.S. interest rates and dollar strength triggered a sell-off in Turkish and Argentine assets and raised questions about the vulnerabilities of other developing countries. Several currencies fell to all-time lows against the U.S. dollar.

The recent selloff in emerging markets has restored a lot of value, which is increasing the already large discount relative to developed markets. The uncertainty around trade will most likely continue, but a lot of this uncertainty has already been priced into the market. We see opportunity in emerging markets on the back of strengthening fundamentals.

In the domestic markets we have been faced with additional headwinds from general political uncertainty leading to low levels of confidence and weak growth. During the ongoing Zondo commission investigations Finance Minister Nhlanhla Nene has reportedly asked President Cyril Ramaphosa to relieve him of his duties after he disclosed he had meetings with the Gupta family. This paved the way for Tito Mboweni, South Africa's sixth Finance Minister since December 2015. Investor can take solace in the fact that Mboweni is not new to the financial sector as he was at the helm of the Reserve Bank for 10 years.

Asset class performance in ZAR: Q3 | Year-to-date:

Local Cash	1.8%	5.4%
Local Nominal Bonds	0.8%	4.8%
Local Inflation Linked Bonds	0.6%	-0.7%
Local Equities	-3.3%	-8.0%
Local Listed Property	-1.0%	-22.2%
Foreign Bonds	2.1%	11.6%
Foreign Equity	7.5%	18.7%
USD/ZAR	3.1%	14.4%

Portfolio Manager

Duncan Theron
B Com Law;
B Com Honours (Investment Management);
Diploma in Financial Markets and Instruments;
Programme in Mathematical Modelling of Derivatives;
International Certified Hedge Fund Professional qualification;
South African Registered Persons Exams;
Financial Services Board Regulatory Exams