

GraySwan SCI* Moderate Fund of Funds

Minimum Disclosure Document

As of 2019/03/31



MDD Issue Date: 2019/04/21

Fund Objective

The Moderate Fund of Funds aims to consistently outperform the ASISA South African Multi-Asset Medium Equity category (after investment fees) over any 3-year rolling period. The Fund is managed with an investment horizon of 3 years and targets reasonable real returns.

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 Trustee 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 that requires a well-diversified and actively managed multi asset and multi manager investment portfolio.

Fund Information

Ticker	GSMFA
Portfolio Manager	Duncan Theron
ASISA Fund Classification	South African - Multi Asset - Medium Equity
Risk Profile	Moderate
Benchmark	ASISA Category Avg: SA - Multi Asset - Medium Equi
Fund Size	R 190 829 551
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	17:00
Transaction Cut Off Time	17:00
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	1.37
Transaction Cost	0.11
Total Investment Charges	1.48
Performance Fee	—
TER Measurement Period	01 July 2017 - 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. 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 Moderate Fund of Funds.

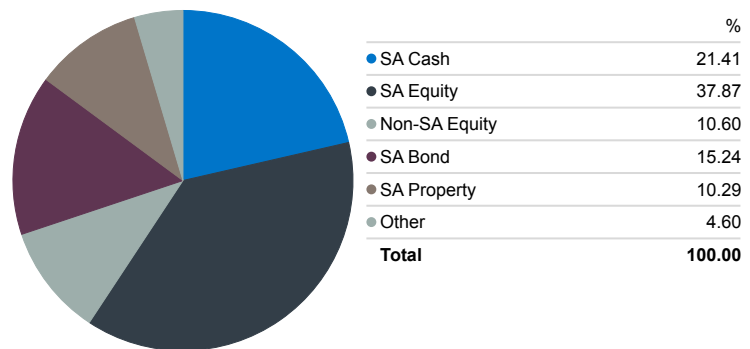
**These figures will be published once sufficient performance history has been met.

Top Ten Holdings

	(%)
Boutique Fixed Income Manager A	13.38
Local Equity Index Tracker A	9.32
Nedgroup Investments Core Income Fund	8.89
Prudential Core Value Fund	8.25
Boutique Equity Manager A	8.15
Prescient Income Provider Fund	7.43
Coronation Strategic Income Fund	7.42
Boutique Equity Manager B	7.22
Catalyst Sa Property Equity Prescient Fund	5.39
Boutique Equity Manager C	4.57

Asset Allocation

Portfolio Date: 2019/03/31



Annualised Performance (%)

	Fund	Benchmark
1 Year	5.65	6.48
3 Years	—	—
5 Years	—	—
Since Inception	6.24	5.41

Cumulative Performance (%)

	Fund	Benchmark
1 Year	5.65	6.48
3 Years	—	—
5 Years	—	—
Since Inception	11.12	9.61

Highest and Lowest Annual Returns**

Time Period: Since Inception to 2018/12/31

Highest Annual %	-1.93
Lowest Annual %	-1.93

Risk Statistics (3 Year Rolling)**

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

Distribution History (Cents Per Unit)

2018/12/31	20.10 cpu
2018/06/30	21.51 cpu

Administered by



Risk Profile

Moderate

You want to protect yourself from the ups and downs of the market as much as possible and, in so doing, have as smooth a ride as possible. But you also know you need to take some risk to grow your capital. You have a medium to long-term investment horizon; you are looking for a diversified portfolio (i.e., a portfolio that invests in a number of different asset classes to spread your risk), and one that offers real returns (after inflation) but with lower volatility. This fund would appeal to anyone nearing retirement (in the capital accumulation phase) as well as after retirement (in the de-accumulation or capital preservation phase).

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

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Manager Information

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Portfolio Manager Comment

As at 31 March 2019

Global equity markets made gains in the first quarter of 2019, rebounding from weak performance numbers in the last quarter of 2018. The rebound stemmed from a more dovish monetary policy stance, by both the Federal Reserve and the European Central Bank. Concerns over US-China trade dispute also eased. Despite ongoing Brexit-related uncertainty, United Kingdom equities also performed well over the quarter.

As a result, the MSCI World Index returned 13.6% in Rand terms for the first quarter of 2019, with the US outperforming marginally and Japan lagging significantly. The US dollar also appreciated by 2.2% against the euro and by 1.0% against the Rand.

Emerging market equities registered a strong return for the first quarter, led by China. Optimism over a trade agreement with the US and ongoing government support for the Chinese domestic economy were beneficial. China A-shares were particularly strong as MSCI announced plans to quadruple their weight in the index between May and November. Emerging markets marginally underperformed their developed market peers, with the MSCI Emerging Market Index gaining 11.0% in Rand terms.

The S&P Goldman Sachs Commodity Index posted a robust return in first quarter. Energy led the way as crude oil prices rebounded from a sell-off in the last quarter of 2018. Production cuts from OPEC and other oil producers, together with the implementation of US sanctions on Venezuela, served to tighten supply. The industrial metals component also moved higher amid positive signs emanating from US-China trade talks. By contrast, precious metals recorded a modest gain, supported by a small rise in gold prices.

Locally the effects of a weak economic backdrop showed in the recent financial results reported by the banks and insurers. The financial sector experienced a challenging quarter and ended the period down 0.5%. Within the financial sector, banks (-0.8%) and the property sector (+1.5%) outperformed the life insurance sector (-5.5%).

The industrial sector had a good quarter, returning 7.4%. Stocks exposed to the domestic economy came under significant pressure during the first quarter as the realities of operating in a 'no-growth' economic environment filtered through into corporate earnings. The quarter started off with a string of profit warnings from the domestic retailers and the likes of Mr Price, Massmart Truworths and Dischem all ended the quarter materially lower.

In contrast, the resources sector had a very strong quarter and was up 17.8% - bringing the 1-year total return up to 41.6%. These results were characterised by strong performances from the industrial metals.

The listed property sector delivered a total return of 1.5% for the quarter, following a strong performance in January but subsequent reversal in February and March. This return lagged that of the FTSE/JSE ALSI (8.0%) and the ALBI (3.8%). The SA 10-year government bond yield compressed to 9.0% from 9.2% a quarter earlier.

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