Truffle SCI* Income Plus Fund

Minimum Disclosure Document

As of 2019/08/31

Truffle
Asset Management

MDD Issue Date: 2019/09/18

Fund Objective

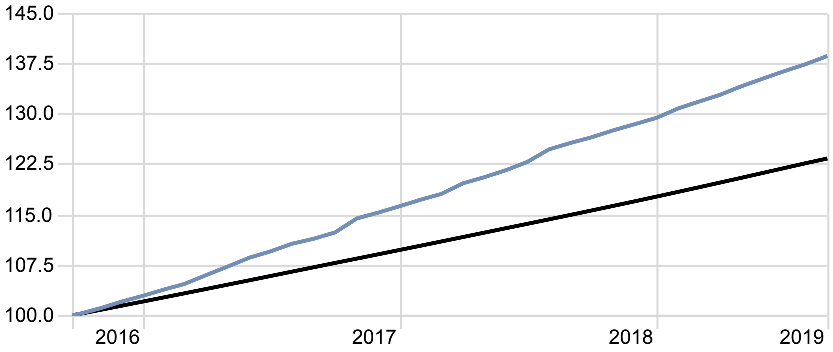
The portfolio is an actively managed income portfolio that aims to achieve higher yields of income than money market portfolios, while preserving capital.

Fund Strategy

The portfolio will achieve this objective through the inclusion of a range of interest-bearing securities, including, but not limited to, bonds debentures, debenture stock, debenture bonds, notes, non-cumulative preference shares (treated as non-equity securities), other non-equity securities, money market instruments, sub-ordinated floating rate bonds, assets in liquid form, participatory interests in portfolios of collective investment schemes, as well as listed and unlisted financial instruments and any other securities of a similar nature, in meeting the objectives of the portfolio. The portfolio will predominantly invest in short term non-equity securities, but it may include a proportion of the portfolio in longer dated securities, should the market conditions permit, within permissible parameters for a predominantly South African, short term interest bearing portfolio. The portfolio may not include equity securities, property securities, or cumulative preference shares. The manager may from time to time invest in participatory interests in portfolios of collective investment schemes registered in the Republic of South Africa. The Manager shall be permitted to invest on behalf of the portfolio in offshore investments as legislation permits.

Investment Growth

Time Period: 2016/09/22 to 2019/08/31



Truffle SCI Income Plus A
STeFI Composite ZAR

Annualised Performance (%)

	Fund	Benchmark
1 Year	10.32	7.31
Since Inception	11.77	7.41

Risk Statistics (3 Year Rolling)**

Standard Deviation

Sharpe Ratio

Information Ratio

Maximum Drawdown

Cumulative Performance (%)

	Fund	Benchmark
1 Year	10.32	7.31
Since Inception	38.70	23.40

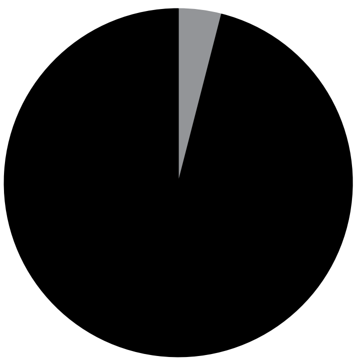
Highest and Lowest Annual Returns

Time Period: Since Inception to 2018/12/31

Highest Annual %	12.99
Lowest Annual %	11.33

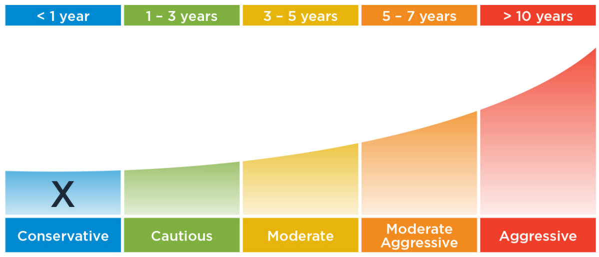
Asset Allocation

Portfolio Date: 2019/08/31



	%
Domestic Cash	4.00
Floating Rate Securities	96.00
Total	**100.00**

Risk Profile



Fund Information

Ticker	TMICA
Portfolio Managers	Hannes van der Westhuyzen & Palvi Kala
ASISA Fund Classification	South African - Interest Bearing - Short Term
Risk Profile	Conservative
Benchmark	STeFI Composite Index
Fund Size	R 211 046 911
Portfolio Launch Date*	2016/09/22
Fee Class Launch Date*	2016/09/22
Minimum Lump Sum Investment	R 10 000
Minimum Monthly Investment	R 500
Income Declaration Date	Monthly
Income Payment Date	1st business day of the following month
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	3.45
Maximum Annual Advice Fee	—
Manager Annual Fee	0.57
Total Expense Ratio	0.71
Transaction Cost	—
Total Investment Charges	0.71
Performance Fee	—
TER Measurement Period	22 September 2016 - 30 June 2019

Top Ten Holdings

	(%)
FirstRand Ltd Bond 08112023	9.86
Absa Group Ltd Bond 11042024	8.18
Standard Bank Group Ltd Bond 03122023	8.08
Firstrand Bank Ltd Bond 03062024	8.07
Investec Ltd F/R 29092021	6.96
Nedbank Ltd F/R 22092021	6.36
Standard Bank Group Ltd Bond 03122023	6.13
Nedbank Ltd Bond 20032023	6.11
Capitec Bank Holding Bond 30042024	4.99
Investec Ltd F/R 21062022	3.82

Administered by

Sanlam

Truffle SCI* Income Plus Fund

Minimum Disclosure Document

As of 2019/08/31

Truffle Asset Management

Monthly Returns (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	1.09	0.74	0.80	0.95	0.87	0.81	0.78	0.90					7.13
2018	0.86	0.70	1.35	0.76	0.87	1.00	1.53	0.78	0.67	0.83	0.70	0.74	11.33
2017	0.93	0.78	1.27	1.18	1.24	0.87	1.05	0.68	0.84	1.86	0.75	0.84	12.99

Distribution History (Cents Per Unit)

2019/08/31	0.88 cpu	2019/04/30	0.81 cpu	2018/12/31	0.77 cpu
2019/07/31	0.76 cpu	2019/03/31	0.76 cpu	2018/11/30	0.92 cpu
2019/06/30	0.84 cpu	2019/02/28	0.84 cpu	2018/10/31	0.79 cpu
2019/05/31	0.87 cpu	2019/01/31	0.82 cpu	2018/09/30	0.82 cpu

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.

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.

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

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.

Total Expense Ratio
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.

Total Investment Charges
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.

Transaction Cost
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.

Additional Information

*The Truffle Sanlam Collective Investments Income Plus Fund transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 11 November 2017.
**These figures will become available once sufficient performance history has been met.

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.

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 Truffle Asset Management (Pty) Ltd, (FSP) Licence No. 36584, 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
Truffle Asset Management (Pty) Ltd
(FSP) License No. 36584
Physical Address: 0B Hyde Ln, Hyde Park, Sandton, 2196
Postal Address: 0B Hyde Ln, Hyde Park, Sandton, 2196
Tel: +27 (11) 325 0030
Email: info@truffle.co.za
Website: www.truffle.co.za

Manager Information
Sanlam Collective Investments (RF) (Pty) Ltd
Physical Address: 2 Strand Road, Bellville, 7530
Postal Address: P.O. Box 30, Sanlamhof, Bellville, 7532
Tel: +27 (21) 916 1800
Email: service@sanlaminvestments.com
Website: www.sanlamunittrusts.com

Trustee Information
Standard Bank of South Africa Ltd
Tel: +27 (21) 441 4100
Email: compliance-sanlam@standardbank.co.za

Administered by

Sanlam

Truffle SCI* Income Plus Fund

Minimum Disclosure Document

As of 2019/08/31

Truffle Asset Management

Portfolio Manager Comment

As at 30 June 2019

Market overview

Financial markets bounced back from May's retreat

Global markets bounced back strongly from May's contraction despite many of the market's pressing issues remaining unresolved. Firstly, while the trade negotiations between the US and China are back on track it will take compromise from both sides to reach an agreement. Brexit is firmly on hold as the UK Government's Tory party is still struggling to find a new leader to replace Theresa May even before a revised strategy can be contemplated.

The global economy is currently going through a synchronised slowdown that has seen developed central banks pivot towards more accommodative monetary policy. This more dovish stance by developed central banks has opened up room for emerging markets to also cut rates. Given the limited room for the conventional monetary policy, we may yet see central banks turn more aggressively toward fiscal policy, in an attempt to avoid a recession in the years ahead.

The S&P 500 Index advanced 6.9% in June, representing one of the strongest moves seen in recent times, driven, in the main, by the pivot on interest rate policy from the US Fed.

Much has been said about the demise of the current global equity bull market that, by many measures, is very mature. Having been in place for over a decade, it will rank as one of the longest in history. However, the excesses that normally signal the end of the cycle are not that apparent. But earnings have already enjoyed a very strong advance over the last half-decade and are looking like they are in top-of-cycle range. It is unlikely that earnings growth on its own can sustain further equity gains.

The key risk to the current equity bull market would be earnings disappointments into 2020, or an unexpected rise in interest rates resulting in an upward spike in equity yields. As this does not appear to be on the very short-term horizon the global equity backdrop is likely to remain a benign influence with regard to domestic financial markets.

South African markets followed suit

In June the JSE All Share Index produced a total return of 4.8%, having fallen by 4.8% in May. This brings the year-to-date return of the ALSI to 12.2%. All sectors contributed to the performance in June, although the Financial sector and the Resource sector outperformed the Industrial sector by 3% and 2% respectively. The more broadly-based SWIX experienced a more modest advance but was still up 3.1% in the month and by 9.0% year-to-date.

Bonds too enjoyed a good month with yields at the long end softening by about 20bp. Real yields remain high by historical standards.

However, the Property index continues to lag, being barely in positive territory year-to-date. As the sector generally lags the economy, distribution growth is likely to disappoint for several years to come.

Precious metals also enjoyed a strong advance

Both gold and PGM's had a strong June and no doubt was a significant factor behind the good performance from the Resource sector. Equity returns could have been even better being it not for the currency strengthening by 3.5% against the US$. The gold price breached the 1400 $/oz mark for the first time in six years and the prices of the entire PGM basket rose, possibly indicating a change in sentiment with regard to precious metals that could signal a more sustained move.

SA's economic performance is cause for concern

The SA economy is currently trapped in a cycle of low economic growth and high unemployment that if not arrested soon, could result in a major crisis. The current trajectory is leading to greater levels of poverty and inequality that increase the probability of economic instability.

Recent statistics on credit growth and retail sales suggest that the currently employed SA consumers are at their limits and are unable to meaningfully take on more debt. Spending on badly needed infrastructure is also declining as seen in the demise of the local construction industry. Barring an export-led windfall the only sustainable path to higher economic prosperity is to increase employment bringing in more people into the consumer economy. Despite President Ramaphosa's positive message at the State of the Nation Address, we have yet to see decisive action taken on critical structural reforms that are necessary to move us out of the low growth environment.

The currency has been surprisingly strong

Given the country's disappointing growth outlook it might have been expected that the Rand would remain weak; however, this has not been the case. A consequence of our low growth environment has seen imports decline and with rising commodity exports the country has experienced an improvement in the external trade balance over the recent months. Inflation has also been stable, surprising most economists on the downside.

These metrics have underpinned the strong Rand and are likely to lend stability to the currency in the short term, in spite of the weak fundamentals.

Financial markets should produce modest positive returns

Low economic growth prospects for the year mean that SA focussed corporates will struggle to grow earnings and dividends in real terms over the next twelve months. Despite this, a large proportion of the SA market is dominated by resource and rand hedge stocks which are still enjoying the benefits of a growing global economy and should still produce modestly positive returns.

Over the shorter term, the outlook for fixed income assets is encouraging. The weak economy and the stable currency are taking the pressure off the inflation rate and are providing the SARB with the data to cut short term interest rates. Given that yields across the yield curve are positive, real returns can be expected from fixed-income investments over the next few months.

Portfolio Positioning

Unchanged from the previous quarter our fixed income assets remain predominantly invested in floating rate subordinated debt of SA's top five banks, where we are earning approximately 120bps above government bonds with no equivalent duration risk. Investment opportunities in the corporate debt market outside of the banks are few and far between with huge over subscription because of the lack of issuance driving the yields down to unattractive levels. While superficially real yields on longer duration bonds look attractive, the deteriorating fiscal position of the country means probability of a ratings downgrade into 2020 remains high, as a result we continue to prefer shorter duration assets.

Portfolio Manager
Hannes van der Westhuyzen
CA(SA)

Palvi Kala

BCom Investment Management

BCom (Hons) Financial Management

Administered by

Sanlam