

Truffle SCI* Income Plus Fund

Minimum Disclosure Document

As of 30/09/2019

Truffle

Asset Management

MDD Issue Date: 23/10/2019

Fund Objective

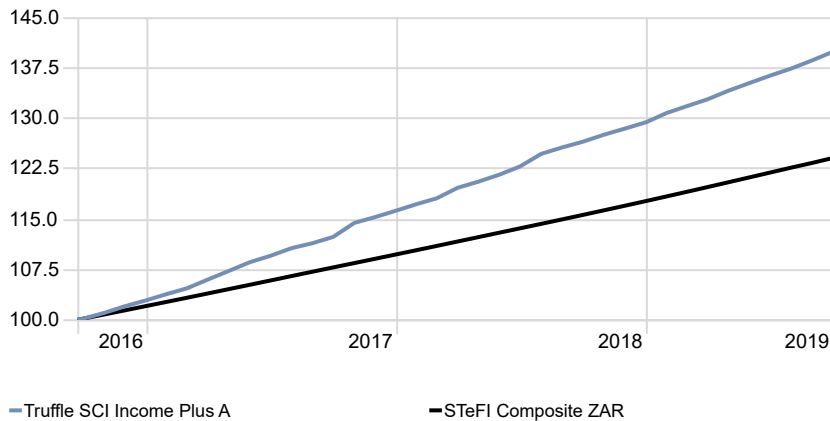
The portfolio is an actively managed income portfolio that aims to achieve higher yields of income than money market portfolios, while preserving capital.

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: 22/09/2016 to 30/09/2019



Annualised Performance (%)

	Fund	Benchmark
1 Year	10.59	7.34
Since Inception	11.77	7.41

Risk Statistics (3 Year Rolling)**

Standard Deviation	0.87
Sharpe Ratio	4.74
Information Ratio	4.79
Maximum Drawdown	

Cumulative Performance (%)

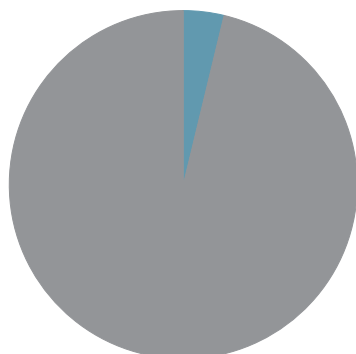
	Fund	Benchmark
1 Year	10.59	7.34
Since Inception	39.97	24.13

Highest and Lowest Annual Returns

	Time Period: Since Inception to 31/12/2018
Highest Annual %	12.99
Lowest Annual %	11.33

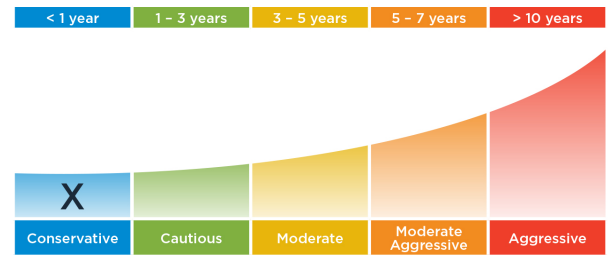
Asset Allocation

Portfolio Date: 30/09/2019



	%
Domestic Cash	3.77
Floating Rate Securities	96.23
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 252,255,992
Portfolio Launch Date*	22/09/2016
Fee Class Launch Date*	22/09/2016
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	1.15
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	11.02
Nedbank Ltd Bond 20032023	8.27
Absa Group Ltd Bond 11042024	7.63
Standard Bank Group Ltd Bond 03122023	6.05
Firststrand Bank Ltd Bond 03062024	5.99
Investec Ltd F/R 29092021	5.01
Nedbank Ltd Bond 15012025	4.92
Nedbank Ltd F/R 22092021	4.71
Standard Bank Group Ltd Bond 03122023	4.45
Capitec Bank Holding Bond 30042024	3.70

Administered by



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	0.92				8.11
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)

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

Portfolio Manager Comment

As at 30 September 2019

Market overview

World economic growth continues to be revised lower

The International Monetary Fund continues to revise projections for the world economic growth rate lower. The latest revision forecasts global growth in 2019 to slow to 3.2%, compared with the previous estimate of 3.3% made in April 2019. This compares with a global growth rate of 3.7% in 2018. In a synchronised slowdown, the IMF expects economic performance in 2019 from the United States, Europe and China to be below 2018 levels, with Europe expected to record the weakest growth. Chinese industrial production growth continues to fall and is currently at all-time lows in China's modern era. Although the IMF expects a recovery in 2020, the news flow continues to be negative and it is likely that next year's forecasts could, in the future, be revised still lower.

There is no sign that the trade relations between the US and China are warming. On the contrary the latest utterings suggest that the Trump administration is considering quantitative restrictions on US private sector investment in China. This would represent an escalation of the differences between the two countries that is likely to have a negative impact on investor sentiment. On both sides since late last year, as a result of the trade standoff, export tariffs have been steadily increasing and this has had a negative impact on global trade. As expected, the decline in US exports was the largest contributor to the deceleration of the economy in the 2nd quarter.

Brexit still dominates European politics. The UK government continues to adopt a very hard-line approach to any opposition to its objective of delivering a break from the European Union on October 31. Parliament and the Executive are currently firmly gridlocked, and it is apparent at this stage that all options from a hard no-deal Brexit to no Brexit and everything in-between are still possible with neither side in a consolatory mood.

Central Banks around the world have responded to the faltering economic prospects with a further round of monetary easing, but interest rates are currently so low that its effectiveness is questionable. Currently, according to the World Bank about a third of global debt is offering a negative yield.

Global currencies continued to reflect the mid-year realignment with the US \$ strong relative to Sterling and the Euro, driven largely by the move to quality and higher interest rates. The Rand remains weak but has been supported by the high interest rates on offer.

The PGM basket continues to outperform most commodities

Both the Palladium and Rhodium prices increased over the month of September, largely driven by potential supply constraints. As expected, Middle East tension drove the oil price higher but fortunately the price closed below intra-month highs, but a more serious conflict could have a very negative impact on the future oil price. With the exception of nickel, base metal prices were generally weaker over the month.

South Africa's growth prospects continue to disappoint

South Africa's economic performance continues to disappoint amidst calls on the government to adopt a more growth focused economic policy increasing by the day. Confidence remains fragile as the very necessary restructuring of the parastatals and municipalities holds the prospect of job cuts and further tax increases, both impediments to a meaningful recovery in the short term. There is some evidence of an embryonic pick-up in the construction sector, coming after many years of steep declines. This was reflected in a good share price performance from the sector in the month.

Global equity markets in a trading range

Global equities have been trapped in a trading range for the last two years. Although the historic bull market is very mature, and valuations are modestly stretched, the current low interest rate environment is, in our opinion, not creating a sufficiently attractive alternative to encourage withdrawal of capital from equity markets. However, the risks are skewed to the downside given the limited scope for further monetary policy easing and the increased likelihood of negative earnings revisions. Global bond markets are not offering reasonable value either. Only in the US are 10 year yields roughly in line with the inflation rate but still not offering yields in-line with long term averages. Elsewhere developed market yields are either negative or only barely positive, as in the case of UK bonds

South African financial markets require an injection of confidence

South African equity markets eked out modest gains in September. Resources lost ground in the month but still remain the top performing economic group this year. Despite overall declines from mining shares, platinum shares were up in the month. Industrial shares also contracted in September but financials recovered strongly from the prior months' losses.

Indices have been driven by the divergence of strong performances of global and export orientated companies and poor performances from companies reliant on SA Inc.

Given the likelihood of the SA economy remaining weak for a protracted period and consequently earnings growth remaining lacklustre, valuations for domestically focused counters are not compelling. Some of the large offshore exposed companies including British American Tobacco and Prosus appear to be offering reasonable value at these

levels.

SA bonds are offering very high real yields but are hostage to SA's sovereign credit rating and economic woes. A downgrade by Moody's, the only ratings agency to still maintain SA debt as investment grade, would be bad news, most likely preventing real yields from contracting much.

Portfolio Positioning

The portfolio remains predominantly invested in floating rate subordinated debt of SA's top five banks, where we are earning better returns than on government bonds with no equivalent duration risk. Investment opportunities in the corporate debt market outside of the banks are few and far between with an over subscription because of the lack of issuance driving the credit spreads 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