Truffle SCI* Flexible Fund

Minimum Disclosure Document

As of 30/11/2019

Truffle Asset Management

MDD Issue Date: 17/12/2019

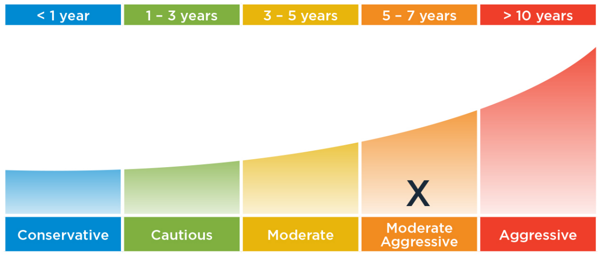
Fund Objective

The primary objective of the portfolio is to maximise returns over the longer term, at the risk of greater short term volatility of capital values. The investment manager has substantial flexibility to vary the asset allocation across the various asset classes in such a manner as deemed appropriate.

Fund Strategy

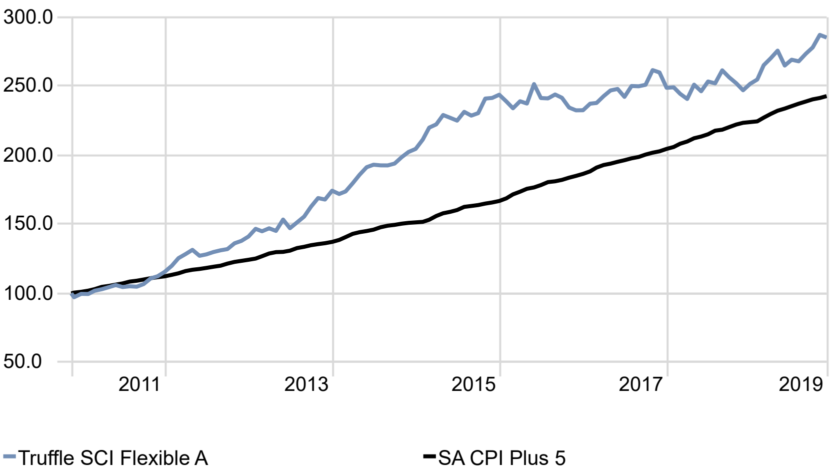
The portfolio will actively invest across the full spectrum of asset classes such as bonds, property shares, equities, financial instruments, participatory interests in trust schemes, cash and money market instruments. The manager may from time to time invest in participatory interests in portfolios of collective investment schemes registered in the Republic of South Africa. The portfolio will also be allowed to invest in listed and unlisted financial instruments (derivatives) as allowed by the Act from time to time. The manager may also include forward currency interest rate and exchange rate swap transactions, for efficient portfolio management purposes. The Manager shall be permitted to invest, at its discretion, on behalf of the portfolio in offshore investments as legislation permits.

Risk Profile



Investment Growth

Time Period: 19/11/2010 to 30/11/2019



Fund Information

Ticker	TRFCA
Portfolio Manager	Iain Power, Saul Miller, Nicole Agar & Sophié-Marié van Garderen
ASISA Fund Classification	South African - Multi Asset - Flexible
Risk Profile	Moderate Aggressive
Benchmark	CPI + 5%
Fund Size	R 4,187,630,472
Portfolio Launch Date*	18/11/2010
Fee Class Launch Date*	01/10/2015
Minimum Lump Sum Investment	R 10,000
Minimum Monthly Investment	R 500
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

Annualised Performance (%)

	Fund	Benchmark
1 Year	15.46	8.65
3 Years	7.05	9.49
5 Years	7.10	9.96
Since Inception	12.31	10.33

Risk Statistics (3 Year Rolling)

Standard Deviation	7.82
Sharpe Ratio	0.00
Information Ratio	-0.28
Maximum Drawdown	-7.98

Cumulative Performance (%)

	Fund	Benchmark
1 Year	15.46	8.65
3 Years	22.67	31.23
5 Years	40.93	60.77
Since Inception	185.37	142.94

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2018

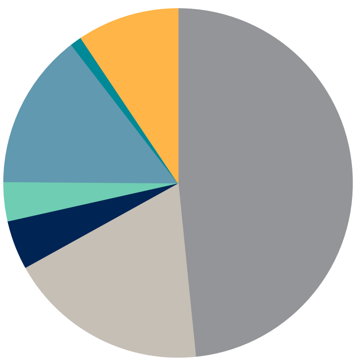
Highest Annual %	23.50
Lowest Annual %	-4.61

Fees (Incl. VAT)

Fees (Incl. VAT)	A-Class (%)
Maximum Initial Advice Fee	3.45
Maximum Annual Advice Fee	1.15
Manager Annual Fee	1.03
Total Expense Ratio	1.28
Transaction Cost	0.48
Total Investment Charges	1.76
Performance Fee	—
TER Measurement Period	30 June 2016 - 30 June 2019

Asset Allocation

Portfolio Date: 30/11/2019



	%
Domestic Equity	48.40
Foreign Equity	18.56
Property	4.54
Domestic Cash	3.62
Floating Rate Securities	14.43
Foreign Cash	1.06
Foreign Bonds	9.39
Total	**100.00**

Top Ten Holdings as at 30/09/2019

Holding	(%)
Firstrand Bank Ltd Bond 23042023	5.32
Sibanye Gold Ltd	3.83
Philip Morris International Inc	3.11
Firstrand Ltd	3.04
Impala Platinum Holdings Ltd	3.04
British American Tobacco Plc	3.04
Standard Bank Group Ltd Bond 31052024	2.86
Prosus (PRX)	2.81
Naspers Ltd	2.46
Reinet Investments SCA	2.43

Administered by

Sanlam

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Monthly Returns (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	1.23	4.06	1.92	2.02	-3.92	1.59	-0.43	2.04	1.68	3.27	-0.67		13.31
2018	0.15	-1.88	-1.54	4.30	-1.90	2.87	-0.53	3.75	-1.93	-1.68	-2.02	1.89	1.17
2017	2.05	0.21	2.08	1.70	0.44	-2.32	3.25	-0.08	0.43	4.24	-0.65	-4.28	6.98
2016	-2.00	-2.07	2.18	-0.70	5.94	-4.02	-0.11	1.17	-0.97	-2.92	-0.86	0.03	-4.61
2015	3.30	4.10	1.07	3.06	-0.89	-0.90	2.83	-1.18	0.78	4.59	0.18	0.97	19.19
2014	-1.37	1.07	3.41	3.41	2.96	0.93	-0.24	-0.02	0.70	2.39	1.90	1.08	17.35

Distribution History (Cents Per Unit)

30/06/2019	3.90 cpu	10/11/2017	2.24 cpu	31/12/2015	0.92 cpu
31/12/2018	3.88 cpu	30/06/2017	2.59 cpu	30/09/2015	0.42 cpu
30/06/2018	3.03 cpu	31/12/2016	2.50 cpu	31/08/2015	2.34 cpu
31/12/2017	0.71 cpu	30/06/2016	2.56 cpu	28/02/2015	2.07 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

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 on request 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 on request 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 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.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.

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Truffle
Asset Management

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 precious metal miners were the major contributors to performance, primarily as a result of higher precious metal prices which were underpinned by low valuations. Our positions in Impala Platinum, Sibanye Gold, AngloGold Ashanti and Northam Platinum all contributed meaningfully to performance.

Global defensives were also up strongly and our exposure to Anheuser-Busch, British American Tobacco and Reinet all provided strong outperformance. In addition to the weaker rand, Reinet's discount to its underlying investments closed meaningfully, helped by share buy-backs. Anheuser-Busch's corporate actions to reduce gearing were well received by the market.

Sasol detracted from performance as it delayed its annual financial results for a second time to allow for a more in-depth investigation into what went wrong during construction of its $13 billion Louisiana chemical project. Our holding in Anglo American detracted from performance as commodity prices came under pressure over the period.

We increased our position in banks post the sell off, and were well positioned into the rally in September. We increased our exposure to Anheuser-Busch, Reinet, and Quilter. We took profits in Impala Platinum and AngloGold Ashanti and switched into Sibanye Gold.

We reduced our weighting in Sasol due to higher risks associated with the counter. We reduced our exposure to the diversified miners, MTN and Woolworths all on valuation grounds.

Our holding in the New Gold Platinum ETF benefited from the higher platinum price and our holding in dollar denominated First Rand debt benefited from the weaker rand.

We purchased Phillip Morris as valuations were attractive post the collapse of the Altria deal. We increased our exposure to the MSCI Japan ETF and reduced exposure to the Euro Stoxx 50 ETF and Vanguard Value ETF. We took profits on the New Gold Platinum ETF.

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