Truffle SCI* Flexible Fund

Minimum Disclosure Document

As of 31/03/2021

Truffle Asset Management

MDD Issue Date: 23/04/2021

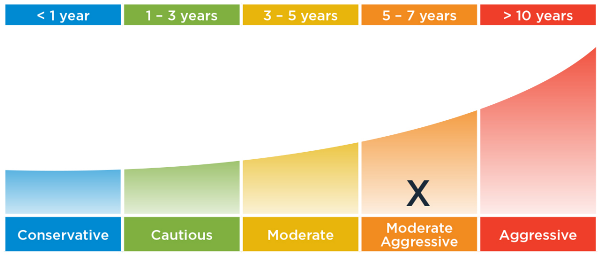
Fund Objective

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

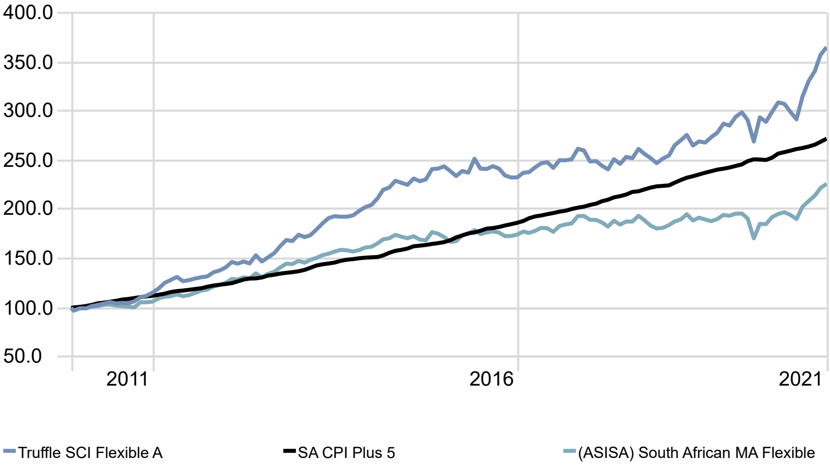
The portfolio will actively invest across the full spectrum of asset classes such as bonds, property shares, equities, financial instruments, participatory interests in trust schemes, cash and money market instruments. The manager may from time to time invest in participatory interests in portfolios 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 31/03/2021



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 5,948,672,020
Portfolio Launch Date	18/11/2010
Fee Class Launch Date	18/11/2010
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 & www.sanlamunittrusts.co.za
Repurchase Period	2-3 business days

Annualised Performance (%)

	Fund	Benchmark
1 Year	35.69	8.37
3 Years	14.87	9.01
5 Years	8.83	9.39
10 Years	13.49	10.02
Since Inception	13.31	10.14

Risk Statistics (3 Year Rolling)

Standard Deviation	11.59
Sharpe Ratio	0.72
Information Ratio	0.46
Maximum Drawdown	-9.94

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	1.13
Transaction Cost	0.76
Total Investment Charges	1.89
TER Measurement Period	01 January 2018 - 31 December 2020

Cumulative Performance (%)

	Fund	Benchmark
1 Year	35.69	8.37
3 Years	51.59	29.54
5 Years	52.63	56.65
10 Years	254.43	159.83
Since Inception	265.13	172.09

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2020

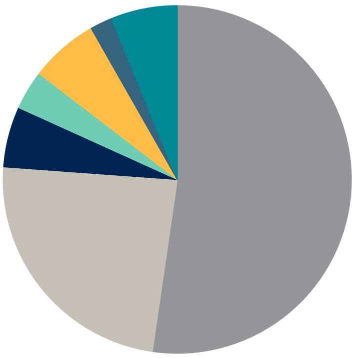
Highest Annual %	23.50
Lowest Annual %	-4.61

Top Ten Holdings as at 31/03/2021

Holding	(%)
Impala Platinum Holdings Ltd	7.53
British American Tobacco Plc	5.59
Vivendi SA	3.67
Sibanye Stillwater Ltd	3.38
Lloyds Banking Group Plc	3.24
Absa Group Ltd	3.14
R2035 Government bond	3.06
Remgro Ltd	2.45
Netcare Ltd	2.25
Naspers Ltd	1.98

Asset Allocation

Portfolio Date: 31/03/2021



	%
Domestic Equity	52.29
Foreign Equity	23.87
Domestic Property	5.62
Domestic Cash	3.64
Domestic Fixed Income	6.35
Domestic Hedged Equity	2.06
Foreign Cash	6.17
Total	**100.00**

Administered by

Sanlam

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Monthly Returns (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2021	3.08	4.80	2.21										10.42
2020	1.55	-2.57	-7.57	9.14	-1.54	3.46	3.24	-0.45	-2.65	-2.55	7.95	5.01	12.38
2019	1.23	4.06	1.92	2.02	-3.92	1.59	-0.43	2.04	1.68	3.27	-0.67	3.11	16.83
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
2013	3.94	-1.22	1.49	-1.28	5.67	-4.09	2.86	2.80	4.62	3.82	-0.65	3.82	23.50
2012	3.81	4.59	2.36	2.38	-3.27	0.82	1.32	0.96	0.66	3.18	1.29	2.29	22.14
2011	-0.11	2.36	1.08	1.41	1.50	-1.35	0.53	-0.28	1.81	3.87	1.37	2.85	15.99
2010												2.52	

Distribution History (Cents Per Unit)

31/12/2020	1.55 cpu	31/12/2018	3.88 cpu	30/06/2017	2.59 cpu
30/06/2020	3.71 cpu	30/06/2018	3.03 cpu	31/12/2016	2.50 cpu
31/12/2019	4.21 cpu	31/12/2017	0.71 cpu	30/06/2016	2.56 cpu
30/06/2019	3.90 cpu	10/11/2017	2.24 cpu	31/12/2015	0.92 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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As of 31/03/2021

Truffle

Asset Management

Portfolio Manager Comment

As at 31 March 2021

Economic Overview

The IMF has continued to revise its global economic growth projections upwards. The global economy is now forecast to grow at 6% this year, versus a contraction of 3.3% last year. However, they warned about widening inequality and divergence between developed and developing nations. Unsurprisingly, given the sheer size of the fiscal stimulus packages, they expect the US to surpass the level of output it would have reached in 2021 in the absence of a pandemic. Many other developed markets will only reach pre-pandemic levels of output in 2022 with some emerging markets taking until 2023.

The MSCI World Index increased by 3.4% in March as the global economy continued to recover. Countries such as the US and UK, which are ahead in their vaccine roll outs, have been outperforming those that are lagging. Those European stock markets which have lagged should see a recovery going forward as their roll-out eventually gathers momentum. European economies will also benefit from their greater sensitivity to global growth. European markets have a higher exposure to economically sensitive value sectors compared to the US, which has a higher weighting in expensive tech related sectors.

The ALSI posted a significant return of 13.1% led by resources (18.7%), with Industrials up 13% and Financials lagging with a 3.8% return. The property sector posted a return of 6.4%. The All-Bond Index was down 1.7% with the impact of higher global yields outweighing the positive impact of a better-than-expected budget which helped the rand strengthen against the dollar by 2.6%.

The US 10 Year treasury yield has risen from 0.91% to 1.74%. A continued rise in this yield remains a risk to equity markets going forward, especially for growth shares. The two constituents of the treasury yield have both risen over the quarter: the real yield has risen from -1.09% to -0.63% and the inflation breakeven rate[1] has risen from 1.99% to 2.37%. The bond market is pricing in inflation breakeven rates of close to 2.6% over the next 5 years, which then drops to 2.2% over the subsequent 5 years. This is close to the Fed's target rate. However, the risks of inflation surprising above these levels is a concern. Short term pressures are already evident from pent-up demand and supply disruptions resulting in the Manufacturing PMI pricing index rising over 3%. This index tends to lead CPI by 18 months. The pricing impact of certain "opening-up" sectors (such as travel), which are currently depressed, are yet to be seen. According to the OECD, the Biden stimulus packages, including the $1.9trn pandemic relief program and the $2.4trn infrastructure program, will boost GDP by 3.8% and close the output gap by 2022. This should add structural pressure to inflation as opposed to the expected cyclical impacts from the economy reopening. The stimulus packages should maintain the continuation of employment growth which impacts inflation via wages and higher shelter costs. Employment levels are highly correlated with shelter inflation (which is based on rental). As shelter costs are the largest component of the CPI basket at 34%, this could also place upward pressure on inflation. Biden's *America Rescue Plan Act* will raise the incomes of the poor much more than the rich. As lower earners spend more of each dollar than higher earners, demand should increase meaningfully, adding to inflationary pressures.

If the coming growth in the US economy does not result in inflation exceeding bond market expectations, the question should be why investors are prepared to receive such a poor return of negative 0.63% from inflation linked bonds (10-year bonds). Inflation linked bond yields should ultimately deliver a positive real yield as they have done historically. A normalisation of economic growth should ultimately drive-up bond yields either via higher expected inflation or real yields.

Commodities continued their buoyant performance over the quarter and are perhaps starting to factor in too much good news, especially when we consider miners' profit margins and increases in supply in iron ore and copper. Furthermore, the credit impulse in China is likely to roll over from current levels, which suggests that demand from the world's largest metal consumer will slow. This is evidenced in The Peoples Bank of China's March meeting request that local banks curtail loan growth in 2021. However, prices may remain elevated as the global economy opens up, especially if speculative activity remains high. We have been gradually reducing our exposure to diversified miners.

We continue to bang the drum on structural concerns facing the domestic economy, namely political and economic issues. However, there are some short-term positives. February saw a better- than-expected budget, and budget forecast assumptions appear overly conservative which should result in a lower funding requirement. This should help the domestic bond market and offset some of the pressure from rising global rates. The ANC's NEC resolved to suspend members who have been charged with corruption should they not voluntarily step aside in 30 days. This could potentially result in the removal of the Secretary General, Ace Magashule. The roll-out of vaccines appears to be gaining traction and we remain hopeful. Trading updates from domestically exposed companies suggest that the SA economy is improving, and that things were not quite as bad as initially feared. Despite a recovery in SA valuations from the second half of last year, there remains a reasonable number of opportunities in domestic financial and industrial shares where valuations are below historic levels and prospects are not expected to be significantly out of line with their historical performance.

Portfolio Positioning

Contributors and detractors

Buoyant commodity prices over the quarter resulted in a net contribution from mining and resource shares. Naspers, iShares EM Value ETF and Heidelberg Cement added to performance.

Alibaba and offshore financials detracted from performance.

Portfolio Movements

We increased our exposure to British America Tobacco, Remgro, Alibaba, and Heidelberg Cement.

We reduced our exposure to the resource sector, Naspers, and the iShares EM Value ETF.

Portfolio Managers

Iain Power
B Comm (Hons)

Saul Miller
M Bus Sci, FFA

Nicole Agar
CA (SA)

Sophié-Marié van Garderen
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