Truffle SCI* General Equity Fund

Minimum Disclosure Document

As of 2018/04/30

Truffle Asset Management

MDD Issue Date: 2018/05/21

Fund Objective

The primary objective of the portfolio is capital appreciation through investments primarily in equities across all sectors of the JSE Securities Exchange South Africa. The portfolio will invest a minimum of equities in line with the Asisa Standard on Fund Classification.

Fund Strategy

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 on behalf of the portfolio in offshore investments as legislation permits.

Fund Information

Ticker	TRGEA
Portfolio Manager	Iain Power, Jonathan du Toit & Charles Booth
ASISA Fund Classification	South African - Equity - General
Risk Profile	Aggressive
Benchmark	FTSE/JSE All Share Total Return Index (J203T)
Fund Size	R 1 432 261 349
Portfolio Launch Date*	2010/11/18
Fee Class Launch Date*	2015/10/01
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

Fees (Incl. VAT)

	A-Class (%)
Maximum Initial Advice Fee	3.45
Maximum Annual Advice Fee	—
Manager Annual Fee	1.43
Total Expense Ratio	1.45
Transaction Cost	0.52
Total Investment Charges	1.97
Performance Fee	—
TER Measurement Period	01 January 2015 - 31 December 2017

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.

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.

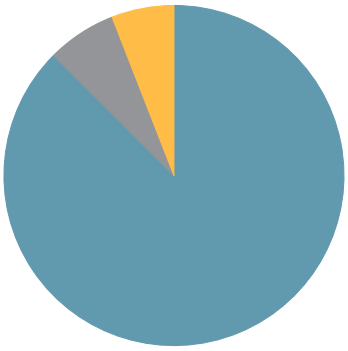
*The Truffle Sanlam Collective Investments General Equity Fund transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 11 November 2017.

Top Ten Holdings

	(%)
Naspers Limited	11.93
Old Mutual Plc	8.94
Sasol Limited	6.71
British American Tobacco Plc	4.85
Standard Bank Group Limited	4.77
Compagnie Financiere Richmont Sa	4.38
Barclays Africa Group Limited	3.73
Vodacom Group	3.06
Investec Plc	3.00
BHP Billiton Plc	2.64

Asset Allocation

Portfolio Date: 2018/03/31



	%
SA Equity	87.54
SA Cash	6.60
SA Property	5.94
Total	**100.07**

Annualised Performance (%)

	Fund	Benchmark
1 Year	3.11	11.42
3 Years	1.78	5.27
5 Years	11.56	11.74
Since Inception	11.83	11.97

Cumulative Performance (%)

	Fund	Benchmark
1 Year	3.11	11.42
3 Years	5.43	16.67
5 Years	72.78	74.22
Since Inception	129.98	132.13

Highest and Lowest Annual Returns

Time Period: Since Inception to 2017/12/31	
Highest Annual %	24.04
Lowest Annual %	-4.47

Risk Statistics (3 Year Rolling)

Standard Deviation	11.27
Sharpe Ratio	-0.41
Information Ratio	-0.65
Maximum Drawdown	-9.85

Distribution History (Cents Per Unit)

2017/12/31	0.28 cpu	2016/06/30	1.14 cpu
2017/11/10	1.73 cpu	2015/12/31	0.35 cpu
2017/06/30	0.94 cpu		
2016/12/31	1.85 cpu		

Administered by

Sanlam

Truffle SCI* General Equity Fund

Minimum Disclosure Document

As of 2018/04/30

Truffle Asset Management

Risk Profile

Aggressive
You can afford to take on a higher level of risk (i.e., have a greater exposure to equities) because of your investment time horizon and/or your appetite for risk. You know that in taking the risk, you need to be patient if you want to achieve the results. So you are willing to invest for the long-term and are prepared to tolerate some volatility in the short term, in anticipation of the higher returns you expect to receive in five years or beyond.

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, 30% for foreign (offshore) assets and 10% 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. 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* General Equity Fund

Minimum Disclosure Document

As of 2018/04/30

Truffle Asset Management

Portfolio Manager Comment

As at 31 March 2018

Market Overview

Positive momentum continued to build through the quarter

The new leadership of the governing ANC and the country that came to power late last year has continued to instil a new sense of optimism in the country that filters through into many walks of life within South Africa. The first quarter has gone far better for South Africa than 2017, and we are hopeful that further positive news will continue to emerge throughout the year. Ramaphosa's cabinet continues to enjoy the benefit of doubt from the international rating agencies as it was heartening that Moody's maintained South Africa's debt rating at investment grade, despite historic economic data suggesting otherwise. Inflation has continued to fall significantly over the last 15 months, reaching 4% by quarter end. This achievement was undoubtedly helped by the strong Rand but laid the foundation for the recent 25bp cut in interest rates, bucking global pressure for rates to rise. We do not expect inflation to fall much further but strong upward inflationary pressures currently remain absent. Further, the SARB has revised the country's growth expectations for 2018 and 2019 modestly higher to 1.4% and 1.6% respectively. This expected growth rate is far below satisfactory but at least the numbers are going in the right direction and it would not surprise us to see these numbers lifted further during the course of the year. Business confidence has also improved significantly.

The very deep-rooted problems within the SOE's are finally being addressed by the Ramaphosa government with new leadership having been appointed to many of them, but most notably Eskom and SAA. For many years the government has spoken out against corruption but finally it appears as if they are now serious. This is very good news for the country provided it is carried through.

The global economic backdrop, though positive, has plateaued with the prospects of a trade war looming

Through 2017 it appeared that the global economy was slowly recovering. US growth was strong, European growth continued to improve and Asian growth, although slowing, remained at a high level. However, we are now seeing a number of country PMIs falling. A potential slowdown is most notable in the Euro region where numerous countries are delivering economic metrics below expectations. Recent tariffs introduced by President Donald Trump against many countries but most noticeably China, and their inevitable retaliation, has increased the probability of a global trade war.

Unfortunately, in this scenario there are no short-term winners and we can only assume that the United States is intent on resetting it long term trade relationships with many of its key trading partners. Some form of resolution will be needed to avert a negative outcome for the global economy.

Corporate scandals remain unresolved

Unfortunately, the positive developments within the political sphere were not duplicated in the corporate sector. The Steinhoff accounting irregularities scandal remains unresolved. At this time we are waiting for the revised, and hopefully reliable, financial statements but there is no clarity as to when they might be available.

Accusations of share price manipulation within the Resilient Property Group had a devastating impact on share prices through the quarter that also affected the property index badly. This matter is also unresolved.

Equities had a bad quarter

The MSCI All World index fell by 2.4% over the quarter. This was against the global back drop of a potential trade war and falling PMIs in many countries. The FTSE All Share equity index contracted by 6% over the quarter. The severity of the quarterly fall was mostly affected by weakness in the Resilient stable of property companies and the 16.2% fall in the Naspers share price which together accounted for 75% of the decline. Given the expected improvement in local economic fundamentals, it was not surprising that General Retailers (+9.2%) and Banks (+4.2%) bucked the negative trend and had a good quarter.

The property index contracted by 19.6% over the quarter but this was almost solely due to the implosion of the companies within the Resilient stable of property companies, where we had no exposure.

Portfolio positioning

Post the Ramaphosa victory, and consequent outperformance of domestically focused companies over foreign and rand hedge counters, we have started to switch out of domestically focused companies into more reasonably valued rand hedge counters. Furthermore, the strength in the rand has also meant that the currency risk associated with owning rand hedge shares has significantly diminished.

We increased our exposure to Sasol, where negligible value is being placed on their ethane cracker project. Once the ethane cracker is commissioned at the end of this year we think the market will start to price in the additional $1.4bn of EBITDA expected from the project.

Within the domestically focused space we still see significant value in Old Mutual which is trading on a PE multiple of less than 11X in an expensive domestic universe. We expect to see an unbundling of its UK Wealth business in the next few months. This should create interest from a new class of investors who will only invest in a cleaner structure with exposure solely to emerging markets. We have been steadily reducing our exposure to banks and retailers as prices have rallied, we took profits in Firstrand, Remgro, Nedgroup and The Foschini Group. We did however switch some of the proceeds into Woolworths as it is one of the few retailers still reflecting value.

We increased our exposure to the local property sector through Growthpoint and Redefine given their higher prospective returns versus other domestic equity and offshore property opportunities.

Investment performance was positively influenced by the outperformance of domestically focused companies over offshore and rand-hedge counters. Financials including Old Mutual, Barclays and Investec Plc contributed positively to performance, as did retailers, including Shoprite and The Foschini Group. Our investment in local property companies Growthpoint and Redefine also benefited from a more optimistic domestic outlook and lower interest rates.

We held no exposure to the Resilient Group companies, MTN and Tiger Brands all of which also contributed positively toward performance given their underperformance.

British American Tobacco's underperformance, aside from the stronger rand and higher US long bond rates, was also impacted by a disappointing update on their progress in the new generation heat-not-burn sector. We think the share price has overreacted, especially given the continued momentum in BAT's constant currency profit growth.

Hulamin, despite producing record operational results, underperformed due to the negative impact of the strong rand on their operating profits. We continue to maintain our exposure to this counter which trades at a 60% discount to its net asset value.

The new ANC leadership has injected a much-needed sense of optimism into consumer and business confidence and is already making significant changes which will help turn the fortunes of SA for the better. There is unfortunately no shortage of global risks one could list, from overvalued global financial markets, trade wars etc which we need to consider in building up our portfolios. However, despite these concerns, we have still manged to find shares and that we think will deliver inflation beating returns over the medium term irrespective of the global economic environment.

Portfolio Managers
Iain Power
B Comm (Hons)

Jonathan du Toit
CA (SA), CFA

Charles Booth
BEng (Chem), *University of Cape Town*
MBA, *University of Cape Town*
CFA, *CFA Institute*