

**Fund Fact Sheet | Minimum Disclosure Document**

**ELEMENT ABIL RETENTION FUNDS**

Refer to the Element website [www.elementim.co.za](http://www.elementim.co.za) for details regarding the creation of Element ABIL Retention Funds as well as updates with respect to ABIL.

**FUND OBJECTIVE**

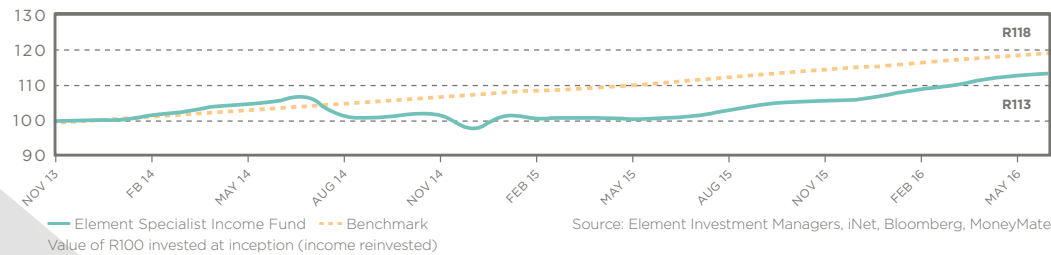
The Element Specialist Income fund aims to achieve consistent outperformance of the money market-related benchmark over rolling three year periods, whilst at the same preserving capital and keeping the volatility of fund returns acceptably low. There is no limit on the maturity of instruments in which the fund can invest and the duration of the fund will vary from time to time, depending on where the fund managers see market opportunities. This fund complies with the legislation governing retirement funds i.e. Regulation 28 of the Pension Funds Act (Act 24 of 1956). Along with the traditional income instruments, the Element Specialist Income Fund can also invest in listed property (max. 25%), ordinary and preference shares (max. 10%), and offshore instruments (max. 25%).

Element Investment Managers signed the United Nations Principles for Responsible Investment (PRI) in May 2006. In signing the PRI, we have committed to adopt and implement them where consistent with our fiduciary responsibilities. We believe that this improves our ability to meet commitments to investors as well as better align our investment activities with the broader interests of society. Element Investment Managers was the first South African investment manager to sign the PRI.

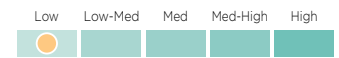
**SUITABLE FOR INVESTORS WHO<sup>1</sup>:**

- Seek actively managed exposure to income generating investments that aim to deliver enhanced money market returns.
- Wish to delegate the asset allocation function to an experienced investment management team.
- Are nearing retirement or who have already retired.
- Are risk averse.

**TRACK RECORD**



**RISK PROFILE**



**PORTFOLIO MANAGER**

Terence Craig  
Jeleze Hattingh

**ISIN**

ZAE000185690

**LAUNCH DATE**

December 2013

**CURRENT SIZE**

R119 million

**NAV PRICE**

96.41 cents

**BENCHMARK**

110% STEFI

**FUND CLASSIFICATION**

South African Multi Asset Income

**TER, TC AND TIC INFORMATION - CLASS A<sup>5</sup>**

TER 1.00% p.a.

TC 0.10% p.a.

TIC 1.10% p.a.

Calculated for the period:

31 December 2013 - 31 March 2016

**PERFORMANCE (Net of fees)<sup>2</sup>**

	Fund incl. ABIL Side Pocket	Fund excl. ABIL Side Pocket	Benchmark	High <sup>3</sup>	Low <sup>3</sup>
Since inception (un-annualised)	13.5%	15.3%	19.1%		
Since inception (annualised)	5.1%	5.8%	7.1%	12.3%	-4.9%
Last 12 months	12.3%	10.6%	7.6%		

**RISK STATISTICS<sup>4</sup>**

	Fund incl. ABIL Side Pocket	Fund excl. ABIL Side Pocket	Benchmark
Maximum drawdown (since inception)	-8.3%	-5.8%	0.0%

Annualised performance quoted is the average return per year over the period.

<sup>2</sup>Performance has been calculated using a weighted average of the Element Specialist Income Fund Class A and the Element Specialist Income ABIL Retention Fund Class A.

<sup>3</sup>Refers to the highest and lowest actual 12 month return over the related period since the inception of the fund.

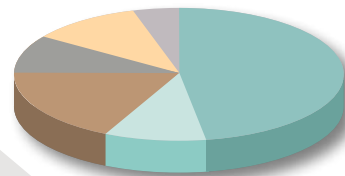
<sup>4</sup>Risk statistics for Class A.

**TOP 10 SHARE HOLDINGS (excl. pref shares)**

SHARE	% OF FUND
IINL 8.9% 020218	5.0
RMH 8.4% 020217	4.4
ABS 8.1% 051216	4.4
NED 8% 031116	4.4
FIFC28 8.125% 100816	4.4
CPV01 11.00% 300629	4.4
HILC28 8.150% 050816	3.5
BAW11 9.8% 011018	3.5
RMH 8.575% 030517	3.4
TN23 10.80% 061123	3.4
<b>TOTAL</b>	<b>40.8</b>

**ASSET ALLOCATION**

Short dated Money Market including Cash	48%	Preference Shares	9%
Floating Rate Notes	9%	Listed Property	13%
Fixed Interest Bonds	16%	Foreign Bonds	5%



**FUND INFORMATION**

**Minimum investment**  
R5 000 lump sum  
R500 debit order

**Maximum initial advisor fee**  
3.42% (incl. VAT)

**Annual management fee**  
0.855% (incl. VAT)

**INCOME DISTRIBUTION (Last 12 months)**

Date	Distribution (cpu)	Local Dividend (cpu)	Foreign Dividend (cpu)	Local interest (cpu)	Foreign interest (cpu)	REIT Income (cpu)
June 15	1.66	0.24	0.00	1.32	0.04	0.06
September 15	1.57	0.22	0.00	1.03	0.22	0.10
December 15	1.83	0.20	0.00	1.42	0.09	0.12
March 16	1.96	0.29	0.00	1.44	0.01	0.22

The Element Specialist Income Fund declares a distribution quarterly.

**CONTACT DETAILS**

TEL +27 21 426 1313 FAX +27 21 426 1000 [info@elementim.co.za](mailto:info@elementim.co.za) [www.elementim.co.za](http://www.elementim.co.za)

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ELEMENT UNIT TRUSTS LIMITED IS AN AUTHORISED FINANCIAL SERVICES PROVIDER, A FULL MEMBER OF THE ASSOCIATION FOR SAVINGS & INVESTMENT SA (ASISA) AND IS REGISTERED UNDER THE CIS CONTROL ACT

Published date: 12 July 2016

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### DEFINITIONS

**5-Year Volatility:** A measure of how much the performance of the Fund has fluctuated over the past 5-year period.  
**5-Year Sortino:** A measure of the excess return per unit of downside risk (or volatility) of the Fund over the past 5-year period.  
**Maximum drawdown:** The largest peak to trough decline in the value of the Fund since inception.

### STATUTORY INFORMATION

Figures quoted are from Element Investment Managers (Pty) Limited, for the period ended June 2016, for a lump sum investment, using NAV-NAV figures net of fees with income distributions reinvested on the ex-dividend date.

Collective Investment Schemes in Securities (CIS) prices are calculated on a Net Asset Value (NAV) basis, which is the total value of all assets in the Fund, including any income accrual and less all permissible deductions in terms of the Act, divided by the number of units in issue. Permissible deductions include brokerage, MST, auditor's fees, bank charges, trustee fees and service charges of the manager. Different classes of participatory interests apply to this Fund and are subject to different fees and charges. Performance is shown for the most expensive class of the Fund and individual investor performance may differ as a result of initial fees, actual investment date, date of any subsequent reinvestment and any dividend withholding tax. A schedule of fees, charges and maximum commissions is available on request from the manager. The annual management fee is levied monthly on the daily value of the Fund, and no performance fees are charged. Commission and incentives may be paid and if so, would be included in the overall costs.

CIS are traded at ruling prices and can engage in scrip lending and borrowing (except for the Element Islamic Funds). Transaction cut-off time is at 14h30 daily, and the Fund is valued daily at 15h00 using forward pricing. Fund prices are published each business day at [www.elementim.co.za](http://www.elementim.co.za) and in select media publications.

CIS are generally medium- to long-term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. The manager does not provide any guarantee with respect to the capital or the return of the Fund. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down.

The Fund may be closed to new investments at any time in order to be managed in accordance with its mandate.

Element Unit Trusts Limited's trustee is Nedbank Limited, PO Box 1144, Johannesburg, 2000, Tel: (011) 534 6557.

### TER, TC AND TIC INFORMATION – ELEMENT SPECIALIST INCOME FUND CLASS A

The Fund has a Total Expense Ratio (TER) of 1.00% pa. This means 1.00% of the average Net Asset Value of the Fund was incurred as expenses relating to the administration of the Fund.

The Fund has Transaction Costs (TC) of 0.10% pa. This means 0.10% of the average Net Asset Value of the Fund was incurred as costs relating to the buying and selling of the assets underlying the Fund.

The Fund has Total Investment Charges (TIC), which is the sum of the Total Expense Ratio and Transaction Costs, of 1.10% pa. This means 1.10% of the average Net Asset Value of the Fund was incurred as costs relating to the investment of the Fund. A higher investment cost does not necessarily imply a poor return, nor does a low investment cost imply a good return. The current investment cost cannot be regarded as an indication of future investment costs.

The TER, TC and TIC are calculated for the most expensive Retail class, and for the period 31 December 2013 – 31 March 2016.

### GENERAL RISKS

The Risk Profile depicts the relative level of risk based how much the value of the Fund has fluctuated since its inception (or an estimate if the Fund has a track record shorter than ten years), combined with the Fund's maximum allocation to equities which is deemed to be the most risky asset class. The "LOW" end of the risk scale is generally associated with potentially lower rewards whilst a "HIGH" rating reflects higher risk but potentially higher rewards.

### SPECIFIC RISKS ASSOCIATED WITH THE FUND INCLUDE:

**Macro-economic risk:** Investments are sensitive to the developments in the economy, such as changes in interest rates, the value of the currency, the inflation rate, government policies, tax rates, and the Reserve Bank's policies, amongst others.

**Liquidity risk:** The liquidity of a security (albeit a share or income instrument) is a function of its trading volume. A compression in the volume of securities available for trade could affect the manager's ability to transact, which in turn, could lead to substantial losses for the fund.

**Third party operational risk:** The Fund's operations depend on third parties. The operational failure of a third-party may have an adverse effect on investors.

### RISKS ASSOCIATED WITH INVESTING IN EQUITIES

**Non-diversification risk:** The Fund aims at minimising company-specific risks through diversification. However, at times, a particular sector may comprise a sizeable proportion of the Fund's total assets and expose it to the risk of non-diversification.

**Corporate performance risk:** When determining the intrinsic value of a company, we attribute a certain level of future operational performance for this company. However, the company might not perform as per our expectations and this could negatively impact the share price and thus our fund. In the event of a company default, the owners of the company's shares rank last in terms of any financial payment from that company and may receive nothing upon liquidation.

### RISKS ASSOCIATED WITH INVESTING IN INCOME INSTRUMENTS

**Market / interest rate risk:** Fluctuations in the market value of the securities in which this Fund invests may have a negative impact on the fund. The income instruments are likely to be especially sensitive to changes in interest rates or changes in market participants' expectations of how interest rates will change in future.

**Credit risk:** There is a risk that certain corporate and other counterparties with whom the manager invests or through whom the manager transacts run into financial difficulty, and are unable to honour their commitments in full, which will lead to a potential loss of capital.

**Loss of purchasing power of capital:** There is a risk that in a high inflation environment, the securities in the Fund may appreciate at a rate lower than the inflation rate, and as such, the purchasing power of an investor's capital may decline.

### RISKS ASSOCIATED WITH INVESTING IN INTERNATIONAL MARKETS

**Foreign currency risk:** This Fund invests a proportion of its capital in stocks, which are priced in foreign currencies, and is thus exposed to the risk of currency movement. Therefore, the value of the fund is affected by any changes in the value of foreign currencies relative to the South African Rand.

**Country and political risk:** This Fund invests in stocks listed both in developed and emerging markets, across multiple jurisdictions. This gives rise to potential macroeconomic risks, political risks, different tax regime implications, settlement risks and the potential limitation on the availability of market information. There are risks associated with the potential deteriorating relationships between countries, which may lead to the potential of freezing of overseas financial assets and the introduction of extraordinary exchange controls. The risk also exists that a country defaults on its financial obligations to its funders. All of the above could adversely affect the value of the fund.

**Derivatives risk:** The use of derivatives may increase the overall risk in the Fund by multiplying the effect of both gains and losses.

### RELATIVE PERFORMANCE RISK

Since the fund is managed with a relatively high tracking error, there is a risk that the fund from time to time performs significantly differently to the benchmark.

**'Note that the provided information does not constitute advice. In terms of the Financial Advisory and Intermediary Services Act, Financial Service Providers' (FSPs) should not provide advice to investors without appropriate risk analysis and after a thorough examination of a particular client's financial situation. All information provided is product related, and is not intended to address the specific circumstances of any potential investor.**

**Additional information such as fund prices, brochures, application forms and a schedule of fund fees and charges is available on our website, [www.elementim.co.za](http://www.elementim.co.za) or alternatively please contact us directly using the details on the bottom of the page.**

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