

Element Specialist Income Sanlam Collective Investments Fund

Minimum Disclosure Document

As of 2020/09/30



MDD Issue Date: 2020/10/21

Fund Objective

The objective of this portfolio is to provide investors with actively managed exposure to income generating investments that aim to deliver enhanced money market returns over the long term whilst minimising downside risk.

Fund Strategy

Along with the traditional income instruments, the Element Specialist Income Sanlam Collective Investments Fund can also invest in listed property (max. 25%), ordinary and preference shares (max. 10%), and offshore instruments (max. 25%). The Fund will utilise defensive asset allocation guidelines. This will be achieved by investing in interest bearing securities, listed property, money market, bonds, preference shares and assets in liquid form both domestically and internally. The manager will be allowed to invest in listed and unlisted instruments (derivatives) as allowed by the Act. 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. The Manager shall be permitted to invest on behalf of the portfolio in offshore investments as legislation permits. The portfolio will be managed in accordance with regulations governing pension funds.

Fund Information

| | |
|-----------------------------|--|
| Ticker | ESIA |
| Portfolio Manager | Terence Craig & Andrew Bishop |
| ASISA Fund Classification | South African - Multi Asset - Income |
| Risk Profile | Cautious |
| Benchmark | 110% STeFI Composite |
| Fund Size | R 22 896 677 |
| Portfolio Launch Date* | 2013/12/01 |
| Fee Class Launch Date* | 2013/12/01 |
| Minimum Lump Sum Investment | R 10 000 |
| Minimum Monthly Investment | R 500 |
| Income Declaration Date | March, June, September & December |
| Income Payment Date | 1st business day of April, July, October & 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 | 0,86 |
| Total Expense Ratio | 0,95 |
| Transaction Cost | 0,09 |
| Total Investment Charges | 1,04 |
| Performance Fee | — |
| TER Measurement Period | 01 July 2017 - 30 June 2020 |

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.

Performance fees are incentive fees earned by the manager for performance in excess of the benchmark. Performance fees form part of the cost structure of the fund and are included in the Total Expense Ratio. Please visit www.sanlamunitrusts.co.za for a detailed list of our funds that charge performance fees together with their calculation methodologies.

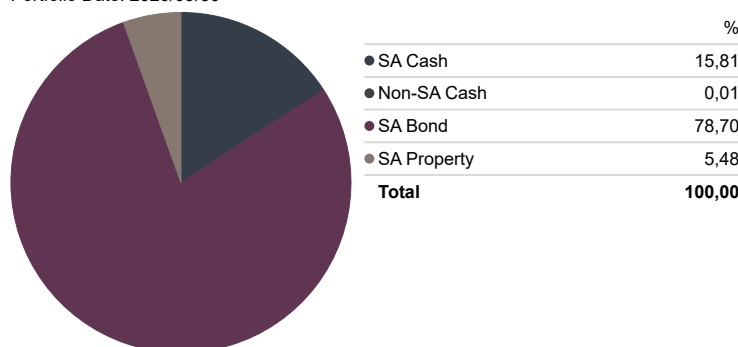
*The Element Specialist Income Sanlam Collective Investments Fund transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 08 July 2017.

Top Ten Holdings

| | (%) |
|-------------------------------------|-------|
| I2025 Government ILB | 31,69 |
| R2030 Government Bond | 26,30 |
| Hyprop Investments Ltd F/R 29032023 | 14,97 |
| FirstRand NCD 7.53% 16102020 | 9,38 |
| R212 Government Bond | 5,90 |
| Growthpoint Properties Ltd | 3,28 |
| Hospitality Property Fund Ltd B | 2,22 |

Asset Allocation

Portfolio Date: 2020/09/30



Annualised Performance (%)

| | Fund | Benchmark |
|-----------------|-------|-----------|
| 1 Year | -1,96 | 6,84 |
| 3 Years | 2,20 | 7,65 |
| 5 Years | 5,72 | 7,84 |
| Since Inception | 5,25 | 7,60 |

Cumulative Performance (%)

| | Fund | Benchmark |
|-----------------|-------|-----------|
| 1 Year | -1,96 | 6,84 |
| 3 Years | 6,75 | 24,75 |
| 5 Years | 32,05 | 45,87 |
| Since Inception | 41,48 | 64,33 |

Highest and Lowest Annual Returns

Time Period: Since Inception to 2019/12/31

| | |
|------------------|-------|
| Highest Annual % | 12,33 |
| Lowest Annual % | 0,92 |

Risk Statistics (3 Year Rolling)

| | |
|--------------------|-------|
| Standard Deviation | 4,74 |
| Sharpe Ratio | -0,93 |
| Information Ratio | -1,07 |
| Maximum Drawdown | -7,36 |

Distribution History (Cents Per Unit)

| | | | | | |
|------------|----------|------------|----------|------------|----------|
| 2020/09/30 | 0.84 cpu | 2019/09/30 | 1.67 cpu | 2018/09/30 | 1.60 cpu |
| 2020/06/30 | 1.21 cpu | 2019/06/30 | 2.02 cpu | 2018/06/30 | 2.19 cpu |
| 2020/03/31 | 1.25 cpu | 2019/03/31 | 1.53 cpu | 2018/03/31 | 1.58 cpu |
| 2019/12/31 | 1.81 cpu | 2018/12/31 | 2.15 cpu | 2017/12/31 | 1.88 cpu |

Administered by



Risk Profile

Cautious

You are cautious about taking on risk (i.e. have a limited exposure to equities in your portfolio). You want your capital to be safe and prefer fairly stable income and/or income growth. Even knowing that equities are a riskier asset class, you are comfortable to have some exposure, albeit limited, to them because you know they will add that little extra to your portfolio.

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.

Cumulative Returns

Cumulative return is the total growth experienced over the period measured.

Distributions

The income that is generated from an investment and given to investors through monthly, quarterly, bi-annual or annual distribution pay-outs.

Diversification

This is a strategy designed to reduce risk within a portfolio by combining a variety of investments (or asset classes) such as equities, bonds, cash or property, which are unlikely to all move in the same direction at the same time. This is designed to reduce the risk (and protect against capital losses) within a portfolio. Diversification allows for more consistent performance under a wide range of economic conditions as it smoothes out the impact of negative market events. The positive performance of some investments or asset classes should neutralize the negative performance of others.

Financial Instruments

Derivatives also known as financial instruments (such as a future, option, or warrants) whose value derives from and is dependent on the change in value of an underlying asset (such as a commodity, currency, or security) to protect against risk (capital losses).

Fund Objective

The fund objective is the portfolio's core goal.

Fund Strategy

The fund strategy is the way that the fund is managed to achieve the fund objective.

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.

Collective Investment Schemes

Collective Investment Schemes (CIS) (also called unit trusts) are portfolios of assets such as equities, bonds, cash and listed property, in which investors can buy units. They allow private investors to pool their money together into a single fund, thus spreading their risk across a range of investments, getting the benefit of professional fund management, and reducing their costs.

Market Capitalization

Market capitalization is the total value of the issued shares of a publicly traded company; it is calculated by multiplying the share price by the number of shares in issue.

Maximum Drawdown

The maximum drawdown measures the highest peak to trough loss experienced by the fund.

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.

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.

Portfolio Manager Comment

As at 30 September 2020

Quarterly Commentary

The Element Specialist Income SCI Fund ("Fund") realised a total return of +1.1% for the quarter to the end September 2020, marginally below its benchmark (110% STEFI) return of +1.3% over the quarter. The September 2020 quarterly performance brings the rolling one-year total performance of the Fund to -2.0%, below the peer group's (ASISA SA Multi Asset Income funds) performance of +4.8%. The annualized total return over the last rolling three years was +2.2% p.a. (note that all returns are net of/after fees).

Cash (STeFI) outperformed all major sectors over the past 12 months except for Global Equities (MSCI World in ZAR) with performances of +6.2% and +22.7% respectively. Cash outperformed both South African Equities (ALSI) and Bonds (All Bond Index) over the period, which returned +2.0% and +3.6% respectively. Financial markets have been severely impacted by the COVID-19 pandemic.

The worst performing asset classes over the past 12 months were SA Listed Properties (-46.1%) and Preference Shares (-19.8%). SA Listed Property underperformed due to weakening economic conditions, which were exasperated due to COVID-19 as well as over geared balance sheets. SA Listed Property has been impacted by trends towards online shopping, work from home as well as social distancing. This has impacted the retail and office property owners to a larger extent.

The Fund underperformed over the year due to exposure to asset classes other than Cash. Most asset classes have underperformed Cash over the past 12 months. The Fund was impacted by its large exposure to property and preference shares over the period, which underperformed to a greater extent.

Portfolio Managers

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Andrew Bishop
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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.

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 Element Investment Managers (Pty) Ltd, (FSP) Licence No. 663, 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 conamed 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.