

31 August 2017

Enhance Cautious

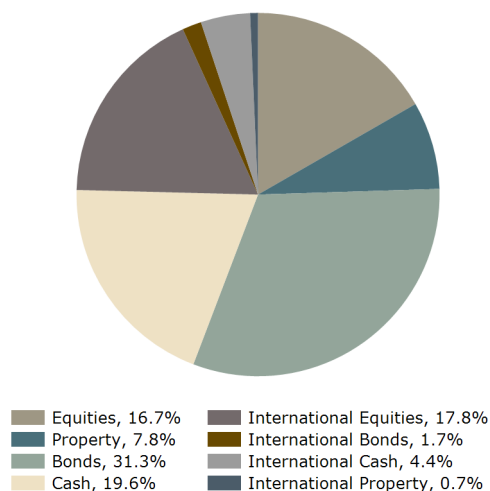
**Fund Details**

|                          |                               |
|--------------------------|-------------------------------|
| <b>Fund Category</b>     | SA Multi Asset Low Equity     |
| <b>Benchmark</b>         | Avg SA Multi Asset Low Equity |
| <b>Risk Profile</b>      | Cautious                      |
| <b>Investment period</b> | 3 years                       |
| <b>Launch Date</b>       | 01 August 2012                |
| <b>Fund Size</b>         | R 136 million                 |

**Fund Objective**

The wrap fund aims to provide investors with stable income and a high level of capital stability. The probability of capital loss over the medium to long term is low. The fund will consist primarily of income orientated assets with a below average exposure to equities (maximum of 40%). Investors in this fund should have a minimum investment horizon of 3 years. The fund is compliant with Regulation 28 of the Pension Funds Act, 1956.

**Asset Allocation**

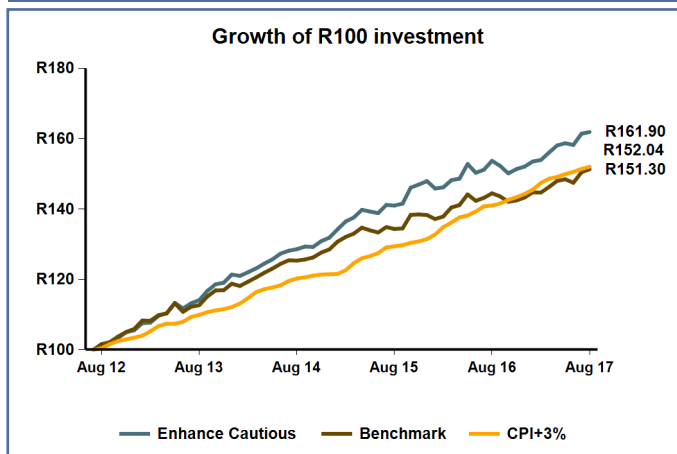


**Investor Profile**

This fund is suitable for investors looking for:

- Stable income and a high level of capital stability
- Low probability of capital loss over the medium to long term
- A minimum investment horizon of 3 years

**Cumulative performance since launch \***



| Performance (%)      | Fund* | Fund Benchmark | CPI+3% |
|----------------------|-------|----------------|--------|
| 1 Month              | 0.31  | 0.56           | 0.44   |
| 3 Months             | 2.01  | 1.91           | 1.41   |
| 6 Months             | 5.18  | 4.58           | 3.14   |
| 1 Year               | 5.33  | 4.73           | 7.83   |
| 2 Years (annualised) | 7.16  | 6.12           | 8.38   |
| 3 Years (annualised) | 7.98  | 6.47           | 8.12   |
| 5 Years (annualised) | 9.75  | 8.29           | 8.64   |
| YTD                  | 6.47  | 5.60           | 5.37   |
| Since Launch         | 9.94  | 8.49           | 8.59   |

| Risk statistics (2 years)       | Fund*  |
|---------------------------------|--------|
| Returns (annualised)            | 7.16%  |
| Standard deviation (annualised) | 4.19%  |
| % Positive months               | 79.17% |
| Maximum drawdown                | -2.32% |
| Sharpe ratio                    | -0.04  |

**Manager Selection (%)**

|                               |       |                                   |       |
|-------------------------------|-------|-----------------------------------|-------|
| Coronation Balanced Defensive | 10.00 | Sanlam Multi Managed Balanced FoF | 8.00  |
| Coronation Strategic Income   | 7.50  | Satrix Property Tracker           | 4.00  |
| Nedgroup Global Equity Feeder | 9.00  | SIM Active Income                 | 10.00 |
| Prescient Income Provider     | 15.00 | SIM Inflation Plus                | 18.50 |
| Rezco Value Trend             | 10.00 | Truffle Flexible                  | 8.00  |

| Monthly Fund Performance* (%) | Jan   | Feb  | Mar  | Apr  | May   | Jun   | Jul  | Aug   | Sep   | Oct   | Nov  | Dec  | YTD   |
|-------------------------------|-------|------|------|------|-------|-------|------|-------|-------|-------|------|------|-------|
| Fund 2017                     | 0.95  | 0.27 | 1.37 | 1.30 | 0.40  | -0.30 | 2.01 | 0.31  |       |       |      |      | 6.47  |
| Fund 2016                     | -1.43 | 0.23 | 1.40 | 0.29 | 2.81  | -1.64 | 0.58 | 1.67  | -0.94 | -1.40 | 0.81 | 0.48 | 2.79  |
| Fund 2015                     | 1.78  | 1.67 | 0.83 | 1.59 | -0.36 | -0.33 | 1.69 | -0.12 | 0.38  | 3.22  | 0.60 | 0.66 | 12.18 |

**Fees (% incl. VAT)**

|                          |      |
|--------------------------|------|
| Annual wrap fee          | 0.57 |
| Underlying Manager TER's | 0.88 |

\* The investor is liable for CGT on any transactions in the units of the underlying unit trusts within the wrap funds. Compulsory investments are not subject to CGT. Performance is calculated using net returns (after fees) of the underlying unit trusts, and quoted excluding wrap fund fees. Performance quoted is pre-tax. Fund performance numbers shown are for a notional portfolio and do not reflect the actual performance of the client invested in the wrap fund due to timing differences of investments or disinvestments of the client. Benchmark returns for CPI are based on actual published returns and an estimated one month return for the month of the report date. ASISA Benchmark returns are the ASISA returns available as at the time of reporting.

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**Manager Comment**

Global markets were mixed in August amid growing geopolitical tensions between the US and North Korea. Gold appreciated amidst the uncertainty, as a missile was launched from Pyongyang over Japan. Commodity counters were driven by strong economic data from the US and China as GDP and PMI rose in the respective regions.

Global developed market equities contracted by 0.69% while emerging markets rose 2.04% in US dollar. Global bonds returned 1.06% while global property returned 0.2%, both in US dollar. The local equity market (FTSE/JSE All Share Index, ALSI) rose once again in August (+2.65%) after a strong July (+7%). Within subsectors Resources surged 5.1%, SA Industrials gained 1.96%, and Financials were up 2.05% in broad risk-on trading. From a market capitalisation perspective Mid-Caps (+4.5%) outperformed Small Caps (+2.2%) and Large Caps (+2.6%). The total return ALSI at end August was up 13.57% year-to-date. During the month the ALSI reached an all-time high of 56,655 index points on 25 August after a volatile three years on the bourse.

Although Naspers had another good month (+1.1%), resource companies drove market gains. The rally within resource counters in August was primarily driven by Assore (+30.1%), Sibanye Gold (+23.6%), and Exxaro (+20.2%). Local interest rate sensitive stocks also fared well as headline inflation fell for the sixth consecutive month to 4.6% y/y in July from 5.1% y/y in June, and SA's trade surplus for July was reported at R9bn. Within style factors, Value rose 3.47% and Growth increased 2.24%. Bonds had another steady month (+1.03%), outperforming cash (+0.62%) and SA Property (+0.76%) in August. The rand strengthened 1.7% relative to the US dollar in August.

As a result, funds with a larger bias towards local equities such as the SMM Balanced Fund of Funds (FOF) and SIM Active Income Fund with no offshore exposure tended to outperform more defensive strategies such as the Coronation Balanced Defensive and Nedgroup Global Equity Feeder Funds.

Our current view is neutral on local bonds and local equities bearing in mind the risk of a binary outcome we still face with the possibility of ratings downgrade on local denominated debt. In terms of the global asset classes, however, we still prefer global equities over bonds. We remain cautiously positioned and are constantly monitoring market conditions and conducting manager research to ensure that risk is managed effectively.

**Portfolio Manager**



**Rafiq Taylor**

BCom (Hons) Financial Analysis and Portfolio Management, BCom (Politics, Philosophy & Economics)

**About the Portfolio Manager**

Rafiq heads up the retail consulting function within the investment team. This follows his roles at Sanlam Investments' multi manager business, Sanlam Multi Manager International, which he joined in 2006. He was initially appointed as an Investment Analyst and was responsible for carrying out manager research analysis. He was later promoted to Portfolio Manager, managing investment portfolios for institutional and retail investors. In 2012, Rafiq helped establish the retail investment consulting offering that he now heads up.

He started his career in the financial services industry in 2004 as a Client Service Consultant at Glacier Financial Solutions (previously Innofin), where he serviced financial advisers.

Rafiq holds B.Com in Politics, Philosophy and Economics and B.Com (Honours) in Financial Analysis and Portfolio Management from the University of Cape Town.

**Manager Information**

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**Investment Committee**

The investment committee forms an integral part of the investment management process. The investment committee members are involved in the process of multi management by participating in the Investment Committee Framework (the "Framework"). This Framework provides intermediaries with a platform to share their research and views with qualified investment professionals who will, based on certain constraints, construct a portfolio taking the intermediary's research into account.

Peter Strydom  
Garth Strydom  
Kevin Fowle  
Rafiq Taylor  
Barbara Erni

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