

As of 31/10/2019

Fund Objective and Strategy

This is a domestic income portfolio which seeks to provide investors with consistent positive returns and minimal volatility. The objective of the portfolio is to deliver real returns in excess of money market and traditional income portfolios over the medium to longer term.

Investors are mainly exposed to the fixed income and credit markets. The portfolio aims to optimize risk-adjusted returns by strategically allocating within the various sources of the fixed interest and credit universe according to current valuations. The portfolio will optimize the yield of the portfolio whilst compensating as far as possible for the underlying risk. This is done by focusing mainly on credit and yield enhancing strategies, whilst very moderate duration strategies are employed.

Given that the portfolio aims to deliver consistent positive returns, it is designed to be less volatile than traditional bond funds with significantly fewer negative monthly returns. The Manager shall seek to achieve this objective by investing in a portfolio of assets which will consist of a combination of interest-bearing securities including money market, bonds, unlisted loans, inflation linkers, listed property and preference shares as well as any other securities which are considered to be consistent with the portfolios objectives or any other securities the Act may allow from time to time.

The portfolio will be managed in accordance with regulations governing pension funds and CISCA.

Fund Information

| | |
|-----------------------------|--|
| Ticker | RSMIB |
| Yield | 8.41 |
| Portfolio Manager | Bronwyn Blood |
| ASISA Fund Classification | South African - Multi Asset - Income |
| Risk Profile | Conservative |
| Benchmark | STeFI Composite Index + 1% |
| Fund Size | R 278,922,235 |
| Portfolio Launch Date* | 01/04/2016 |
| Fee Class Launch Date* | 01/04/2016 |
| Minimum Lump Sum Investment | R 10,000 |
| Minimum Monthly Investment | R 500 |
| Income Declaration Date | March, June, September & December |
| Income Pricing 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 are including 15% (VAT)

| | B-Class (%) |
|----------------------------|-----------------------------|
| Maximum Initial Advice Fee | 3.45 |
| Maximum Annual Advice Fee | 1.15 |
| Manager Annual Fee | 0.57 |
| Total Expense Ratio | 0.62 |
| Transaction Cost | — |
| Total Investment Charges | 0.62 |
| TER Measurement Period | 30 June 2016 - 30 June 2019 |

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 Granate Sanlam Collective Investments Multi Income Fund transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 28 October 2017.

**Granate does not provide financial advice, advice fees if applicable are thus contracted directly between client and appointed advisor.

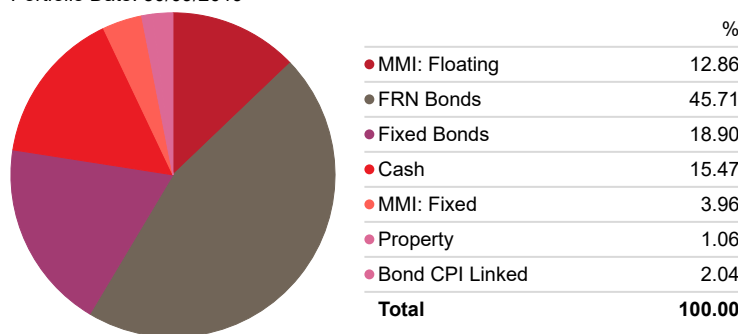
MDD Issue Date: 27/11/2019

Top Ten Holdings

| Portfolio Date | % of Portfolio |
|------------------------------|----------------|
| China Construction Bank Call | 12.99 |
| FirstRand FRN 011026 | 6.84 |
| Absa Fixed 220620 | 5.26 |
| RMB FRN 220620 | 5.26 |
| JIBAR linked swap | 4.17 |
| Standard Bank 121222 | 3.96 |
| Nedbank FRN 220921 | 2.90 |
| Santam FRN 270622 | 2.87 |
| Standard Bank FRN 121120 | 2.67 |
| Old Mutual FRN 301124 | 2.65 |

Asset Allocation

Portfolio Date: 30/09/2019



Annualised Performance (%)

| | Fund | Benchmark |
|-----------------|------|-----------|
| 1 Year | 9.85 | 8.39 |
| 3 Years | 9.27 | 8.46 |
| Since Inception | 9.34 | 8.48 |

Cumulative Performance (%)

| | Fund | Benchmark |
|-----------------|-------|-----------|
| 1 Year | 9.85 | 8.39 |
| 3 Years | 30.47 | 27.59 |
| Since Inception | 37.72 | 33.88 |

Highest and Lowest Calendar Year Returns

| Time Period: Since Inception to 31/12/2018 | |
|--|------|
| Highest Annual % | 9.90 |
| Lowest Annual % | 8.35 |

Risk Statistics (3 Year Rolling)

| | |
|--------------------|------|
| Standard Deviation | 0.67 |
| Sharpe Ratio | 2.63 |
| Information Ratio | 1.15 |
| Maximum Drawdown | — |

Distribution History (Cents Per Unit)

| | | | |
|------------|----------|------------|----------|
| 30/09/2019 | 2.10 cpu | 30/09/2018 | 2.14 cpu |
| 30/06/2019 | 2.23 cpu | 30/06/2018 | 2.11 cpu |
| 31/03/2019 | 2.07 cpu | 31/03/2018 | 2.03 cpu |
| 31/12/2018 | 2.22 cpu | 31/12/2017 | 1.37 cpu |

Administered by

As of 31/10/2019

Risk Profile: Conservative

This portfolio suits the investor who is seeking stable income flows and aims to keep capital intact. This means that the portfolio is highly unlikely to experience negative returns, but equally will not experience excessive returns on the upside. The main sources of risk are credit risk, interest rate risk and liquidity risk. The portfolio is largely exposed to high quality corporates and banks with low interest rate risk. The portfolio is less volatile than traditional bond funds and is diversified across the income oriented asset classes such as cash, nominal bonds, inflation linked bonds and property.

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.

Capital Fluctuations (Volatility)

Volatility is a measure of 'risk' and refers to the extent to which the price of an investment or capital value fluctuates over a certain period of time. Funds with high volatility usually offer the potential for higher returns over the longer term than low volatility funds.

Cumulative Returns

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

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.

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.

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 yield is calculated as the latest distribution divided by the average 3-month unit price, annualised. 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. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressures and in such circumstances a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed. Management of the portfolio is outsourced to Granate Asset Management (Pty) Ltd, (FSP) Licence No. 46189, 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

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Granate SCI Multi Inc - Fund Commentary

Quarterly Commentary (30/09/2019)

Fund profile

The Granate SCI Multi Income Fund is a domestic income portfolio which seeks to provide investors with consistent positive returns and minimal volatility. The objective of the portfolio is to deliver real returns in excess of money market and traditional income portfolios over the medium to longer term. Investors are primarily exposed to the fixed income and credit markets.

The portfolio aims to optimize risk-adjusted returns by strategically allocating within the various sources of the fixed interest and credit universe according to current valuations. The portfolio will optimize the yield of the portfolio whilst compensating as far as possible for the underlying risk. This is done by focusing mainly on credit and yield enhancing strategies, whilst very moderate duration strategies are employed. The portfolio is managed in accordance with regulations governing pension funds and CISCA.

Market Comment

Globally Central Banks eased policy rates in response to slowing economic growth over the quarter: both the Fed and ECB cut rates along with 20 other banks. The Fed also eased a liquidity shortage, while the ECB will restart asset purchases. Ongoing US-China trade tensions, an oil-price spike and more Brexit drama kept volatility on the high side for the quarter.

On the local front, the SARB kept rates unchanged which didn't have much of a market impact as it was a widely expected decision. Given the weak state of the local economy, low domestic inflation and the fact that globally the tone is extremely dovish meant it was quite surprising that the decision to keep rates unchanged was unanimous amongst MPC members. There is still a considerable risk around the Moody's review in November and fiscal issues which will be highlighted in the MTBPS, which is why the SARB is focused on keeping real policy rates high for now.

Money market was the best performing asset class for the quarter returning 1.8%, whilst equities and listed property had another very poor quarter at -4.4% and -4.6%. Nominal Bonds and ILBs although performed poorly, were at least were positive for the quarter at 0.7% and 0.3%.

Portfolio Activity and positioning

We saw some opportunities in the bond market over the quarter to go longer as our fair value model was showing significant positive risk compensation mainly due to extremely low levels on US treasuries. The fund increased its duration to around 1. Although we are mindful of the fiscal risks which could impact the long end of the curve, we cannot ignore the fact that longer dated bonds are offering very attractive real yields, and in an environment where there could be further rate cuts, we would like to have more exposure to fixed rate bonds.

We have been consistently improving the quality of credit, as well as reducing credit duration as credit spreads are at all-time lows and do not offer relative value against nominal bonds or ILBs. However, we have increased exposure to Eskom bonds as the relative credit spreads for government guaranteed credit versus local bank credit has widened significantly.

The fund achieved a return of 2.13% for the quarter which outperformed all asset classes as well as the benchmark of Stefi + 1%. The multi income fund continues to focus on achieving consistent positive returns by focusing on our credit process and diversifying appropriately, not taking binary duration bets, and avoiding repricing risk by not overpaying.

Portfolio Manager

Bronwyn Blood
B.Comm (Honours)

Prior to joining Granate Asset Management in December 2015, she was the Portfolio Manager of the Flexible Fixed Interest Funds and the flagship Absolute Yield Fund at Cadiz Asset Management. When Cadiz bought African Harvest in 2006 Bronwyn took over the management of the Flexible Fixed Interest funds. Bronwyn holds a B.Comm (Honours) degree from the University of Natal.