Granate SCI* Flexible Fund Class B

Collective Investment Scheme Minimum Disclosure Document (MDD)

As of 31/08/2021

MDD Issue Date: **15/09/2021**

Fund objective and strategy

The fund aims to deliver long-term capital growth of at least CPI + 6%, measured over rolling seven-year periods. While it seeks to limit downside risk over the medium to long term, investors should be able to withstand short-term volatility. The fund invests in a range of markets and asset classes, including a flexible combination of investments in local and foreign equities (shares), listed property, fixed income and cash. It may at any given time hold between 0% and 100% exposure to any of these asset classes.

Within legal limits, it may also invest in listed and unlisted derivatives (but may only invest in forward currency agreements and interest rate and exchange rate swaps for efficient portfolio management) as well as in other collective investment schemes (unit trusts). If these collective investment schemes are outside of South Africa, the regulatory environment must offer investors at least equal protection to that in South Africa.

Fund information

Ticker	GSFFB
Portfolio managers	Henno Vermaak & Paul Bosman
ASISA fund classification	South African - Multi Asset - Flexible
Risk profile	High
Benchmark	CPI + 6%
Fund size	R 113,824,680
Portfolio launch date	03/02/2020
Fee class launch date	03/02/2020
Minimum lump sum investment	R 10,000
Minimum monthly investment	R 500
Income declaration dates	June & December
Income pricing date	1st business day of the following month
Portfolio valuation time	15:00
Transaction cut-off time	15:00
Daily price information	Local media & www.sanlamunittrusts.co.za
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	0.98
Total expense ratio (TER)	1.32
Transaction cost (TC)	0.63
Total investment charge (TIC)	1.95
TER measurement period	03 February 2020 - 30 June 2021

The TER shows the percentage of the fund incurred as administration expenses. A higher TER does not necessarily imply a poor return, and a low TER does not necessarily imply a good return. The current TER is also not necessarily an accurate indication of future TERs.

The TC shows the percentage of the fund incurred as expenses related to buying and selling the assets it holds. These expenses are necessary costs in administering the fund. The TC impacts fund returns but should not be considered in isolation, as there are many other factors that impact returns. These include the type of fund invested in, the investment decisions of the investment manager and the TER.

The TIC (TER + TC) measures the total cost to the investor of investing in this fund. It shows the total percentage of the fund incurred as costs.

***SCI is an abbreviation for Sanlam Collective Investments.**

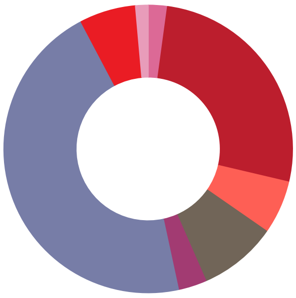
****Granate does not provide financial advice. Advice fees are agreed between the investor and financial adviser.**

Top ten equity holdings

Top ten equity holdings	**% of portfolio**
Portfolio Date	**31/08/2021**
Capitec Bank Holdings Limited	4.85
Nedbank Group Limited	4.72
Afrimat Limited	4.68
Kaap Agri Ltd	4.43
Hudaco Industries Limited	4.13
British American Tobacco Plc	4.05
Mr Price Group Limited	3.94
Raubex Group	3.53
Exor NV	3.51
Santam Limited	3.45

Asset allocation

Portfolio Date: 31/08/2021



	%
Foreign Cash and Money Market	2.14
Foreign equity	26.55
Local bonds: CPI	5.99
Local bonds: Fixed	8.77
Local cash and money market	3.18
Local equity	45.66
Local property	6.30
Local: Fixed income unit trust	1.41
Total	**100.00**

Annualised performance (%)

	Fund	Benchmark
1 Year	40.82	10.77
3 years	—	—
5 years	—	—
Since Inception	22.17	10.48

Cumulative performance (%)

	Fund	Benchmark
1 Year	40.82	10.77
3 years	—	—
5 years	—	—
Since Inception	37.06	16.99

Highest and lowest calendar-year returns

Time Period: Since Inception to 31/12/2020

Highest annual %	—
Lowest annual %	—

Distribution history (cents per unit)

30/06/2021	27.96 cpu	31/03/2020	4.73 cpu
31/12/2020	5.48 cpu	—	—
30/06/2020	6.85 cpu	—	—

Administered by

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GRANATE
ASSET MANAGEMENT

Risk profile: High

This fund is suitable for individuals who are investing for the long term and are seeking capital growth. It could be significantly invested in shares, which can result in volatility. Investors in this fund should therefore be able to take on a higher level of risk and potential short-term volatility, in exchange for higher potential returns over periods of seven years and longer.

Glossary terms

Annualised returns
Annualised returns show the compound annual growth rate on a total return basis. Total return assumes that distributions are reinvested in the fund.

Asset allocation
Asset allocation is the percentage the fund holds in different asset classes. It is used to determine the level of diversification in the fund.

Capital fluctuations (Volatility)
Volatility refers to the extent to which the price of an investment or capital value fluctuates over a certain time period. High-volatility funds usually offer the potential for higher long-term returns than low-volatility funds.

Collective Investment Schemes
Collective Investment Schemes (also called unit trusts) are portfolios of assets such as equities, bonds, cash and listed property in which investors can buy units. This allows private investors to pool their money into a single fund, which spreads their risk across a range of investments, gives them the benefit of professional fund management and reduces their costs.

Cumulative returns
Cumulative return is the total return an investor would have achieved if they reinvested all distributions.

Derivatives
Derivatives are instruments generally used to protect against risk (capital losses). However, they can also be used for speculative purposes. Examples include futures, options and swaps.

Distributions
Distributions show the income that is generated from an investment and paid out to investors. These pay-outs can be monthly, quarterly, bi-annually or annually.

Diversification
Diversification is a strategy designed to reduce risk and protect against capital losses in a portfolio. It works by combining a variety of asset classes or investments that are unlikely to all move in the same direction at the same time. This allows for more consistent performance under a wide range of economic conditions, as it smooths out the impact of negative market events. The positive performance of some investments or asset classes should neutralise the negative performance of others.

Fund strategy
The fund strategy is how it is managed to achieve its objective.

Participatory interests
When you buy a unit trust, your money is pooled with that of many other investors. The total value of this pool is split into equal portions called participatory interests or units. You therefore buy participatory interests in that unit trust equal to the value of your monetary contribution.

Additional information

All reasonable steps have been taken to ensure the information on this MDD is accurate. The information 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 (NAV) 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 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. 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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Note: Fund commentaries are updated quarterly.

GRANATE
ASSET MANAGEMENT

Granate SCI Flexible Fund - Commentary

Portfolio manager quarterly comment – 30/06/2021

What to expect from Granate

"My mama said, 'you can't hurry love
No, you'll just have to wait'
She said, 'love don't come easy
Well it's a game of give and take'
You can't hurry love
No, you'll just have to wait
Just trust in the good time
No matter how long it takes"
You can't hurry love, The Supremes (1966)

If your investment managed by Granate in any given year is your best-performing investment, it is coincidental. Just plain luck. The best-performing funds are normally heavily invested in specific themes or run very concentrated portfolios – which we don't do. We don't judge this approach. Our stomachs simply aren't strong enough for such all-or-nothing bets. We *do* build portfolios that are high in conviction, but they will still be diversified across different industries, companies and themes. We sometimes even invest extensively in plain old government bonds (which currently offer good yields).

We are focused on batting averages rather than big swings. But, over the long term, we target high batting averages. We have big ambitions for your savings.

Why do we think our long-term batting average will be good?
We have several reasons for this conviction. One of them is the order in which we arrange price and people. Many people follow share prices. But we believe share prices follow people. What does this mean? When people follow share prices, they look for upward-trending prices to catch on to, or falling prices to buy on the cheap. This shorter-term focus can result in tremendous returns. However, we believe *our* competitive advantage is being on the opposite side of the transaction. Patience in markets is abnormal. Consistently buying from or selling to impatient people could therefore result in abnormal returns.

How do we decide which investments are worth the wait?
Very smart people operate in healthy working cultures and run good business models, empowering them to make the right decisions. We believe that the share prices of businesses under this type of leadership will follow. Importantly, prices do not follow people like an obedient Labrador, but rather like a rescue Jack Russell. The little dog darts around all over the place but ultimately ends up alongside its owner. Therefore, we focus on the long term.

There is a rare exception where good companies don't deliver good long-term returns. This happens when the share price has run to the point where it is completely detached from any realistic future. This risk can be managed by a few inversion calculations. If the current share price can only be justified by extremely optimistic assumptions, it is best to stay clear. An example would be when you need to assume that the supply of a commodity will not increase to bring industry returns down to a reasonable cost of capital. Free lunches are rare.

The importance of people is just as true in fixed income markets
When you are buying a bond, you are lending money to someone. Any experienced banker will tell you that the person you lend the money to is far more important than the rate you lend at. You need to get the money back. If we lend money to the right people at attractive rates (for us), the odds are good that we will get the money back – or even sell the bond to someone else at a higher price. If we repeat this process many times over, our clients will achieve above-average batting averages over time.

Our funds are currently performing well. But the day will come that we ask you to remember about the random run of the Jack Russell, and to give the Supremes another listen.

Portfolio managers
Henno Vermaak
Henno joined Granate in July 2019 as an Executive Director and Investment Professional. He founded Capensis Capital (now a subsidiary of Granate) in 2016. Prior to this, he was a portfolio manager at PSG Asset Management, where he was responsible for the PSG Global Flexible and PSG Global Equity funds. Henno is a qualified actuary and CFA Charterholder, and holds a BCom Honours degree from the University of Stellenbosch.

Paul Bosman
Paul joined Granate Asset Management in July 2019 as an Executive Director and Investment Professional. Prior to this he was a portfolio manager at PSG Asset Management, where he was responsible for the PSG Stable and PSG Balanced Funds. Before being appointed portfolio manager, he served as an equity analyst in various subsidiaries of the PSG Group. Paul is a CFA Charterholder and holds a BCom Honours degree from the University of Stellenbosch.