



As of 2020/02/29

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	7.82
Portfolio Manager	Bronwyn Blood
ASISA Fund Classification	South African - Multi Asset - Income
Risk Profile	Conservative
Benchmark	STeFI Composite Index + 1%
Fund Size	R 316 879 969
Portfolio Launch Date*	2016/04/01
Fee Class Launch Date*	2016/04/01
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	01 January 2017 - 31 December 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.

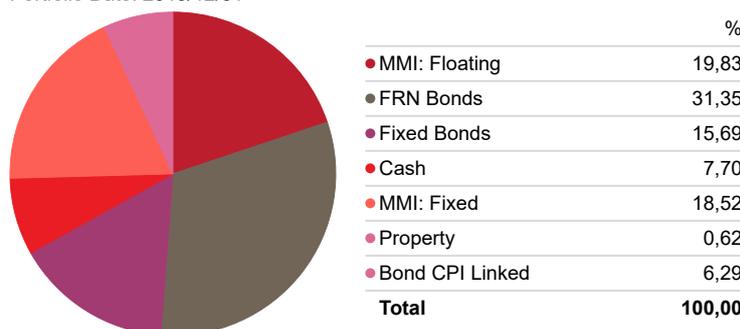
**Granate does not provide financial advice, advice fees if applicable are thus contracted directly between client and appointed advisor.

Top Ten Holdings

Portfolio Date	2019/12/31
R2030 Asset Swap	6,47
RMB FRN 181126	6,46
Eskom ES26	5,75
FRB FRN 011026	4,10
NED FRN 261020	3,89
China Construction Bank Call	3,85
FRB FRN 310328	3,48
NED FRN 141024	3,25
Investec FRN 141024	3,25
RMB FRN 261020	3,24

Asset Allocation

Portfolio Date: 2019/12/31



Annualised Performance (%)

	Fund	Benchmark
1 Year	8,98	8,32
3 Years	9,14	8,40
Since Inception	9,26	8,45

Cumulative Performance (%)

	Fund	Benchmark
1 Year	8,98	8,32
3 Years	30,00	27,37
Since Inception	41,48	37,39

Highest and Lowest Calendar Year Returns

Time Period: Since Inception to 2019/12/31

Highest Annual %	9,90
Lowest Annual %	8,35

Risk Statistics (3 Year Rolling)

Standard Deviation	0,67
Sharpe Ratio	2,49
Information Ratio	1,04
Maximum Drawdown	—

Distribution History (Cents Per Unit)

2019/12/31	1.95 cpu	2018/12/31	2.22 cpu
2019/09/30	2.10 cpu	2018/09/30	2.14 cpu
2019/06/30	2.23 cpu	2018/06/30	2.11 cpu
2019/03/31	2.07 cpu	2018/03/31	2.03 cpu

Administered by



As of 2020/02/29

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 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 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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Granate SCI Multi Inc - Fund Commentary

Quarterly Commentary (31/12/2019)

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

Global Markets ended the year on a positive note as trade agreements were reached between US and China, while the UK elections delivered political stability which cleared the way for Brexit. Generally central banks continued their accommodative monetary policy stance and the overall positive sentiment spread to emerging markets including South Africa.

Unfortunately, local SA data released in December showed the economy shrinking by -0.6% displaying broad based weakness in the economy with only 4 sectors recording growth and most sectors in technical recession. The situation at Eskom will continue to contribute largely to these negative GDP numbers going forward, as South Africa was once again plunged into darkness over the quarter due to Eskom's electricity generation fleet experiencing an unprecedented level of breakdowns. This low level of GDP enhances SA's fiscal predicament as it forms the base of Government's revenue. The Mid Term Budget published in October already highlighted a revenue shortfall of R48bn over the next 3 years and based on the latest GDP numbers and nominal economic growth falling to 3.8%, the future revenue shortfall could be significantly worse.

Due to positive emerging market sentiment, the Rand strengthened by 8.12% against the USD. Equity markets also recovered and were the best performing asset class for the quarter, returning 4.64%. Bonds and money market were on a par returning 1.73% and 1.74% respectively, whilst ILBs and Listed Property continue to be laggards largely due to benign inflation conditions and very negative growth fundamentals.

Portfolio Activity and Positioning

Our fair value model is showing that bonds are still cheap as the sovereign spread is pricing in a significant risk of a downgrade whilst global rates are at all time low levels risk. 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 are unlikely to be further rate hikes, and taking into consideration the relative value of government bonds versus credit bonds, it would be prudent to include some exposure. The multi income fund did not increase duration over the quarter, however we did find opportunities to invest in the longer end of the curve by asset swapping the R2030 bond. This enabled us to get exposure to the attractive government bond rates in the 10 year area of the curve without taking duration risk, effectively taking advantage of the very wide asset swap spreads. In the shorter area of the curve we favour Inflation Linked Bonds (ILBs) over nominal bonds and found some attractive opportunities in the secondary market.

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. Over the quarter we further increased exposure to Government Guaranteed Eskom bonds as the relative credit spreads for government guaranteed credit versus local bank credit has widened significantly.

The fund achieved a return of 1.96% for the quarter which outperformed money market and bonds. 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.