



As of 31/08/2020

Fund objective and strategy

The fund aims to deliver long-term capital growth by investing in a range of asset classes, including equities (shares), bonds, preference shares, money market instruments and listed property. It may, within legal limits, also invest in listed and unlisted derivatives, 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.

The fund is managed according to the prudential investment guidelines for South African retirement funds, as set out in Regulation 28 of the Pension Funds Act. It invests mainly in South African markets but can have exposure of up to 30% to foreign markets. Total exposure to shares will not exceed 75%.

Fund information

Ticker	GSBFB
Portfolio managers	Paul Bosman, Bronwyn Blood & Vaneshen Naidoo
ASISA fund classification	South African - Multi Asset - High Equity
Risk profile	Moderate
Benchmark	CPI + 5%
Fund size	R 22,962,849
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
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)***	1.71
Transaction cost (TC)***	0.42
Total investment charge (TIC)***	2.13
TER measurement period	03 February 2020 - 30 June 2020

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.

***As the fund's track record is shorter than a year, the TER and TC cannot be accurately determined. Calculations are based on actual data where possible, and on best estimates where data is not available.

MDD Issue Date:

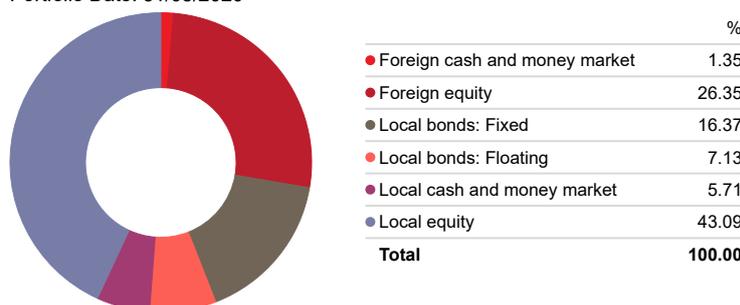
17/09/2020

Top ten equity holdings

Portfolio Date	% of portfolio
31/08/2020	
Capitec Bank Holdings Limited	5.58
Nedbank Group Limited	5.13
Afrimat Limited	4.89
Mr Price Group Limited	4.65
Sanlam Limited	4.45
Hudaco Industries Limited	4.08
Exor NV	3.83
Inditex	2.95
First Republic Bank	2.93
Italtile Limited	2.83

Asset allocation

Portfolio Date: 31/08/2020



Annualised performance (%)***

	Fund	Benchmark
1 year	—	—
3 years	—	—
5 years	—	—
Since inception	—	—

Cumulative performance (%)***

	Fund	Benchmark
1 year	—	—
3 years	—	—
5 years	—	—
Since inception	—	—

Highest and lowest calendar-year returns***

Time Period: 01/09/2019 to 31/08/2020

Highest annual %	—
Lowest annual %	—

Distribution history (cents per unit)

30/06/2020	0.64 cpu	—	—
31/03/2020	0.54 cpu	—	—
—	—	—	—



As of 31/08/2020

Risk profile: Moderate

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.sanlamunitrustsmdd.co.za and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

Investment manager information

Granate Asset Management (Pty) Ltd
FSP licence no. 46189
Physical address: 2nd Floor, Josephine Mill
13 Boundary Road, Newlands, Cape Town, 7700
Tel: +27 (21) 276 3450
Email: info@granate.co.za
Website: www.granate.co.za

Manager information

Sanlam Collective Investments (RF) (Pty) Ltd
Physical address: 2 Strand Road, Bellville, 7530
Postal address: P.O. Box 30, Sanlamhof, Bellville, 7532
Tel: +27 (21) 916 1800
Email: service@sanlaminvestments.com
Website: www.sanlamunitrusts.co.za

Trustee information

Standard Bank of South Africa Ltd
Tel: +27 (21) 441 4100
Email: compliance-sanlam@standardbank.co.za



Note: Fund commentaries are updated quarterly.

Granate SCI Balanced Fund - Commentary

Portfolio manager quarterly comment – 30/06/2020

Confidence is low but counterbalance is important

The impact of COVID-19 has pushed South African consumer confidence to its lowest level in more than three-and-a-half decades. The FNB/BER Consumer Confidence Index has fallen from an already low -9 in the first quarter to -33 in the second quarter. It is now only three points above its all-time low recorded in 1985. This was not a rosy era. It was the time of violent resistance against apartheid and P.W. Botha's infamous Rubicon speech, which was followed by a sovereign debt crisis.

Comparing 1985 and 2020 is infinitely complicated, especially if you try to infer possible similarities to a path of recovery. However, no matter the nature of the crisis, when the public is this negative it is reflected in the prices of even the highest-quality assets. Asset prices are a function of spending power and emotions, and both are pretty worn down at the moment.

For us, a 'low price' is one that reflects a far higher probability of a bad outcome than we believe to be realistic. If you only spend time looking at bad possible outcomes there is no way you will make rational decisions. In South Africa, this means working hard to counterbalance the streams of depressing news flow. Below are some of the positives we are including in our decision making.

1. The South African fiscal situation is dire, but we have both room and reason to improve

The emergency supplementary budget speech delivered by Finance Minister Tito Mboweni last month indicated that there will be an under-recovery of tax collection of over R300 billion this year, resulting in some woeful metrics. We know that our public sector is bloated and littered with unproductive expenditure. Plenty of these allocations are legacy spend that has not been addressed, partially because closing funding taps is politically very challenging. The crisis has offered an opportunity for the minister to announce that National Treasury is 'suspending allocations to programmes with a history of poor performance and slow spending'. It is therefore unlikely that money will be reallocated to these areas in coming years. Another important consideration is that the president's hand is forced: any further funding will come with significant conditions. The domestic savings pool will not be able to fully fund deficits and growth initiatives, while foreign funding tends to come with far more strings attached.

2. The economy stands to benefit from lower interest rates

Prior to the COVID outbreak, near-term, cash-like instruments were offering very attractive real yields. This incentivised capital to remain in cash, especially against a backdrop where domestic security prices were flatlining. Interest rate cuts now mean that cash no longer offers risk-free, inflation-beating returns. Money should therefore start to flow into assets that do offer such protection. These include listed securities (bonds and shares) and productive assets like manufacturing and infrastructure.

A further benefit of interest rate cuts is the stimulation of consumption. Large rate cuts, like the 2.75% repo rate reduction we have experienced, free up disposable cash. This money finds its way into the tellers of retailers and eventually, if low rates are sustained and we start to see some economic recovery, into the property market. Most of the increased spending is facilitated by banks in the form of greater credit extension and transaction fee income. While we are mindful that the economic impact of COVID-19 may be felt by many households for some time yet, lower interest rates provide an underpin to spur recovery as this pressure eases.

3. Intended infrastructure spend could provide a welcome boost

Our president has made a very clear public commitment to infrastructure investment. Such spend, as well as new capacity that results, will have both direct and indirect benefits for economic growth. The cynic's view is that we have heard this intention before, with little follow-through. However, we believe that the president has been so vocal on this that his reputation now hinges on execution. He has a record of carefully timed but bold movements. This applies not only to his re-entry into politics and his time in the presidency, but over his full career, which spanned involvement in resistance movements, trade unions, transition negotiations and business. He needs to step up now, and we believe he will.

4. Our institutions remain strong

Through this crisis our National Treasury, Reserve Bank and commercial banks have again proven that they are indeed world-class operations. They managed to stabilise a significant shock to our economy, which should prevent a deep recessionary spiral.

5. Less competition

The strongest detractor from company profits is competition. This crisis is resulting in the closure of less robust businesses, which creates opportunity for consolidation and pricing power for the survivors. We are only investing in strong businesses.

6. Quality securities are available at bargain prices

We pick our investments carefully, looking for companies that have strong balance sheets, exceptionally capable management teams and favourable growth prospects. Normally, you need to pay up for such businesses. But several are currently available at bargain prices on the JSE. You will find some of these names among our top 10 holdings listed in the MDD.

Counterbalance goes both ways

We do not make predictions and do not build portfolios that bet wholly on specific outcomes. We are therefore not betting your entire portfolio on a South African recovery. What we are doing is ensuring that a portion of your portfolio is invested in the strongest domestic companies, so that you don't miss out on what could be a multi-year compounding growth story.

Portfolio managers

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.

Bronwyn Blood

Prior to joining Granate in December 2015, Bronwyn was the Portfolio Manager of the Flexible Fixed Interest funds and the flagship Absolute Yield Fund at Cadiz Asset Management. She took over the management of the Flexible Fixed Interest funds when Cadiz bought African Harvest in 2006 and managed the Absolute Yield Fund from 2007. Bronwyn holds a BCom Honours degree from the University of Natal.

Vaneshen Naidoo

Vaneshen joined Granate in December 2015 and manages our money market and cash portfolios. Prior to Granate, he worked at Cadiz Asset Management, which he joined as a graduate in 2006. He was later responsible for analysing the credit and property sectors for the fixed interest and multi-asset teams. Vaneshen holds a M.Sc. in Engineering from the University of Cape Town and is a CFA Charterholder.