

Fund Objective

The Capricorn Sanlam Collective Investments Balanced Fund is a portfolio with moderate risk qualities and the primary objective is to generate capital growth over the medium to long term at volatility levels that reflect a moderate risk profile.

Fund Strategy

The portfolio will invest in a combination of equities, bonds, money market instruments, listed property as well as international equities and fixed interest investments. The portfolio will be broadly diversified across asset classes. Active asset allocation and securities selection strategies appropriate to the needs of moderate investors will be followed. The fund is Reg. 28 compliant and is suitable for retirement savings and also be allowed to invest in listed and unlisted financial instruments (derivatives) as allowed by the Act from time to time in order to achieve its investment objective. This portfolio may also invest in participatory interests of underlying unit trust portfolios. Typically this fund will hold a maximum equity exposure of 60 % and fund may at any time hold a maximum of 25% in offshore assets.

Why choose this fund?

- The fund is managed by an award winning investment boutique firm.
- The structure of the fund allows for a maximum of 60% equities, while including other asset classes of bonds, property and currency to maximise opportunities and diversify investor's risk.
- Furthermore the fund has a 25% offshore allowance across its asset classes, to improve its risk adjusted return across geographies.
- The fund is Reg 28 compliant, therefore suitable for pension funds and retirement savings.
- The fund has a strong focus on capital preservation through its diversification in asset classes.

Fund Information

ASISA Fund Classification	SA – Multi Asset - High Equity
Risk Profile	Moderate Aggressive
Benchmark	Avg SA Multi Asset High Equity
Fee Class Launch date	01 July 2016
Portfolio Launch date	01 July 2016
Minimum investment	Lump sum: R100 000
Portfolio Size	R 296 million
Bi-annual Distributions	31/12/16: 6.2 cents per unit
Income decl. dates	30/06 31/12
Income price dates	1st working day
*Portfolio valuation time	15:00
Transaction cut off time	15:00
Daily price information	The Local newspaper and www.sanlamunitrusts.co.za
Repurchase period	2 to 3 working days

Fees (Incl. VAT)	Retail-class (%)
Advice initial fee (max.)	0.00
Manager initial fee (max.)	0.00
Advice annual fee (max.)	0.00
Manager annual fee (max.)	1.02
Total Expense Ratio (TER)	1.11

PERIOD: 01 January 2014 to 31 December 2016

Advice fee | Any advice fee is negotiable between the client and their financial advisor. An annual advice fee negotiated is paid via a repurchase of units from the investor.

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.

Total Expense Ratio (TER) | 1.11% of the value of the Financial Product 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) | 0.74% of the value of the Financial Product 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) | 1.85% of the value of the Financial Product was incurred as costs relating to the investment of the Financial Product.

The TER and Transaction Costs cannot be determined accurately because of the short life span of the Financial Product. Calculations are based on actual data where possible and best estimates where actual data is not available.

Top Ten Holdings

	% of Portfolio
Naspers	8.79
Discovery Holdings Limited	4.68
Steinhoff Int Hldgs N.v	4.49
Blue Label Telecoms	3.92
Anglo American	3.29
Sappi	3.28
Tiger Brands Limited	3.26
BHP Billiton Plc	2.78
Glencore Xstrata Plc	2.49
NMC Health	2.06

*Top 10 equity holdings as a percentage of total fund

Performance (Annualised) as at 28 Feb 2017 on a rolling monthly basis*

	Fund (%)	Benchmark (%)
1 Year	N/A	N/A
3 Year	N/A	N/A
5 Year	N/A	N/A
Since inception	N/A	N/A

An annualised rate of return is the average rate of return per year, measured over a period either longer or shorter than one year, such as a month, or two years, annualised for comparison with a one-year return.

Performance (Cumulative) as at 28 Feb 2017 on a rolling monthly basis*

	Fund (%)	Benchmark (%)
1 Year	N/A	N/A
3 Year	N/A	N/A
5 Year	N/A	N/A
Since inception	N/A	N/A

Cumulative return is the aggregate return of the portfolio for a specified period.

Risk statistics: 3 years to 28 Feb 2017

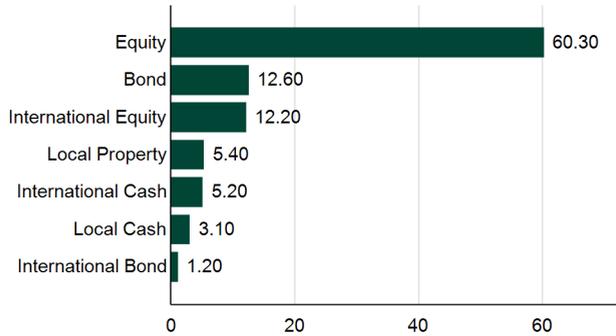
Std Deviation (Ann)	N/A
Sharpe Ratio (Ann)	N/A

Actual highest and lowest annual returns*

Highest Annual %	N/A
Lowest Annual %	N/A

*Since launch performance will only be provided once the fund reaches 12 months performance history.

Portfolio Detail



Portfolio Manager(s) Comment

The market reacted rather unexpectedly to another Black Swan event for 2016 in Donald Trump being elected president. The financial market pessimism that built up in the final weeks to the polls, quickly abated in the first few hours post the announcement. SA Banks performed better in a run into the 3 ratings agencies reviews in late November and early December, to which the market correctly priced South Africa maintaining its sovereign credit rating. Local politics also remained at volatile levels, with the NEC electing to keep Jacob Zuma in power till the end of his term, despite his future seeming in doubt with a less than convincing vote and significant rebellion emerging within the ANC. Internationally the US predictably raised interest rates by 0.25 as the outlook for growth remains on track according to the US Federal Reserve. Accordingly, local banks outperformed while precious metals and Rand hedges underperformed in the fourth quarter of 2016. Additionally, our exposure to a Mexican Airport Operator underperformed due to the Trump win, and similarly our local SA Governments Bonds underperformed as the US bond yields rallied post the elections results.

During the quarter Sappi rallied as the resumption of its dividend policy added a further leg to Sappi's investment thesis. Banks rallied ahead of the sovereign credit rating review, and continued into December when South Africa avoided junk status. The largest beneficiaries in our portfolio being Firstrand and Capitec. Against conventional wisdom precious metals fell significantly post US election results, which was ironically our hedge against a Trump win. Blue Label gave up some ground in the quarter, although the stock ended the year up 50%. Naspers and Steinhoff traded backwards as the market factored in the impact on earnings of the stronger Rand compared to the start of 2016. Our local bond exposure underperformed due to the attractive rally in the US bond market post Trumps election win. Due to the factors above, the Capricorn Sanlam Collective Investments Balanced Fund returned -3.2% in the quarter, while the ASISA benchmark returned -1.4%.

Looking ahead, a number of Presidential elections are around the corner (Germany, France & India) which the market eagerly anticipates. Since the election of Donald Trump, we have seen a rotation from bonds into equities, a trend we believe is likely to continue and offer value in the asset class. Additionally we believe the South African economy may benefit further from improving yields in 2017, post a drought ridden 2016 which could boost SA's growth prospects.

Portfolio Management

The management of investments are outsourced to Capricorn Fund Managers (Pty) Ltd FSP 863, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002.

Matthew Auerbach - M.Comm, CA (SA), CFA

Seten Naidoo (Analyst) - B.Bus SCI (Fin. Hons)

Risk Profile (Moderate Aggressive)

This is a medium-risk portfolio that aims to deliver income and capital growth over the medium term. This portfolio is designed to minimise volatility and aims to cultivate as smooth a ride as possible. There is some exposure to risky asset classes (such as equities) necessary to grow capital over the medium to long term. This portfolio has a medium to long-term investment horizon. The portfolio is diversified across all major asset classes with an average exposure to equities, and offers real (after inflation) returns but with lower volatility.

Trustee Information

Standard Bank of South Africa Ltd

Tel no.: 021 441 4100
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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 an accurate determination of 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 portfolio may invest in other unit trust portfolios which 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 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. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. The portfolio management of all the portfolios is outsourced to financial services providers authorized in terms of the Financial Advisory and Intermediary Services Act, 2002. Standard Bank of South Africa Ltd is the appointed trustee of the Sanlam Collective Investments Scheme.

Sanlam Collective Investments is responsible for the administration of investments in the portfolio and retains full legal responsibility for this portfolio. Capricorn Fund Managers (Pty) Ltd is responsible for the management of the investments held in the Fund. The management of investments are outsourced to Capricorn Fund Managers (Pty) Ltd, FSP 863, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002.

Glossary Terms

Active Asset Allocation

This is when asset managers actively vary their allocation to certain asset classes based on economic and market data, asset class valuations, etc. This should lessen an investor's exposure to declining markets and help preserve capital.

Capital preservation

This is an investment strategy where the primary goal is to preserve (protect) capital and prevent losses in a portfolio. Preserving capital is a priority for retirees and those approaching retirement, since they may be relying on their investments to generate income to cover their living expenses, and have limited time to recoup losses if markets experience a downturn.

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.

LISP (Linked Investment Service Provider)

A Linked Investment Service Provider is a financial institution which packages, distributes and administers a broad range of unit trust based investments. Any investment made through these products gives an investor a single point of entry into a selection of different investments.

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.

Regulation 28

Regulation 28 of the Pension Funds Act sets out prudent investment limits on certain asset classes in investment funds. It applies specifically to investments in Retirement Annuities and Preservation Funds. The allowed maximum exposures to certain asset classes is: 75% for equities; 25% for property; 25% for foreign (offshore) and 5% African assets.

Total Expense Ratio (TER)

This is the total costs associated with managing and operating an investment (excluding administration, financial planning and servicing fees). These costs consist primarily of management fees and additional expenses such as trading fees, legal fees, auditors' fees and other operational expenses. The total cost of the fund is divided by the fund's total assets under management to arrive at a percentage amount, which represents the TER.

Manager information:

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