

Fund Objective

The objective of the fund is to offer investors a reasonable level of current income and long-term wealth creation through active management of the portfolio.

Fund Strategy

This is an equity fund which diversifies across all sectors of the JSE and may invest a maximum of 30% in offshore assets. The fund invests in financially sound companies when they are attractively priced relative to their long-term return potential. The investment universe may include participatory interests of underlying unit trust portfolios.

Why Choose This Fund?

- Access to a broad range of opportunities. Our structure gives us the ability to focus on investments and access opportunities that build wealth for investors.
- Investors are exposed to global investment opportunities. The fund can invest up to 30% in foreign listed companies.
- We understand and manage risks. We concentrate on understanding the risks companies face so that we invest with a margin of safety and diversify the portfolio.
- Our interests are aligned with investors. The investment team invests their own money in the fund and in the Denker Capital business.

Fund Information

Ticker	SNVL
Portfolio Managers	Claude van Cuyck & Ricco Friedrich
ASISA Fund Classification	South African - Equity - General
Risk Profile	Aggressive
Benchmark	Composite: 87.5% FTSE/JSE Capped SWIX & 12.5% MSCI World Index
Fund Size	R 1 729 400 361
Portfolio Launch Date	1998/10/01
Fee Class Launch Date	1998/10/01
Minimum Lump Sum Investment	R 10 000
Minimum Monthly Investment	R 500
Income Declaration Date	June & December
Income Pricing Date	1st business day of July & January
Portfolio Valuation Time	15:00
Transaction Cut Off Time	15:00
Daily Price Information	Local media
Repurchase Period	2-3 business days

Fees (Incl. VAT)	Retail Class (%)
Maximum Initial Advice Fee	3.45
Maximum Annual Advice Fee	1.15
Manager Annual Fee	1.55
TER	1.74
TC	0.26
TIC	2.00
Performance Fee	0.18
TER Measurement Period	01 October 2015 - 30 September 2018

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 TERs. 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.

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.

Manager Performance Fee (incl. VAT) | Performance Fee Benchmark: 87.5% of the FTSE/JSE Capped Shareholder Weighted Index (J433) and of the 12.5% MSCI World Net Total Return USD Index (NDDUWI), Base Fee: 1.53%, Fee at Benchmark: 1.53%, Fee Hurdle: 87.5% of the FTSE/JSE Capped Shareholder Weighted Index (J433) and 12.5% of the MSCI World Net Total Return USD Index (NDDUWI), Sharing Ratio: 20%, Minimum Fee: 1.53%, Maximum Fee: 3.42%, Fee Example: 1.53% p.a. if the fund performs in line with its Performance Fee Benchmark.

*The Denker Sanlam Collective Investments Equity Fund was renamed from the SIM Value Fund.

MDD Issue Date:

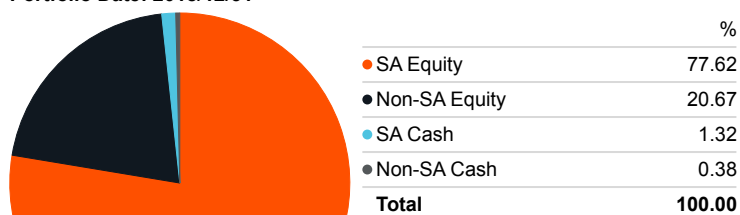
2019/02/20

Top Ten Holdings

Portfolio Date	2018/12/31	(%)
Sanlam Global Financial Fund		7.57
Naspers Ltd		6.52
Anglo American Plc		5.35
Sanlam Global Best Ideas Fund		4.42
Allied Electronics Corporation Ltd		4.33
Italtile Ltd		3.66
Sasol Ltd		3.54
Standard Bank Group Ltd		3.43
Combined Motor Holdings Ltd		3.42
Oracle Corporation		2.81

Asset Allocation

Portfolio Date: 2018/12/31



Annualised Performance (%)

	Fund	Benchmark
1 Year	-3.04	-7.58
3 Year	3.52	5.78
5 Years	1.53	6.51
10 Years	10.74	13.24
Since Inception	17.21	15.54

Cumulative Performance (%)

	Fund	Benchmark
1 Year	-3.04	-7.58
3 Years	10.94	18.38
5 Years	7.91	37.10
10 Years	177.40	246.80
Since Inception	2 426.71	1 786.68

Highest and Lowest Annual Returns

Time Period: 2010/01/01 to 2018/12/31

Highest Annual %	22.21
Lowest Annual %	-6.41

Risk Statistics (3 Year Rolling)

Standard Deviation	10.47
Sharpe Ratio	-0.30
Information Ratio	-0.32
Maximum Drawdown	-9.59

Distribution History (Cents Per Unit)

2018/12/31	29.26 cpu	2017/12/31	9.33 cpu
2018/06/30	12.91 cpu	2017/06/30	0.00 cpu

Administered by

Risk Profile

Aggressive

You can afford to take on a higher level of risk (i.e. will have a greater exposure to equities in your portfolio) because of your investment time horizon, or your appetite for risk. You know that in taking the risk, you need to be patient if you want to achieve the results. So you are willing to invest for the long-term and are prepared to tolerate some volatility in the short term, in anticipation of the higher returns you expect to receive in five years or beyond.

Glossary Terms

Active Stock-picking Process

This is when asset managers actively and tactically vary their stock selections based on economic and market data, and fundamental valuations, etc. This should lessen an investor's exposure to declining markets and helps preserve capital.

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 Growth

Capital growth is the profit made on an investment, measured by the increase in its market value over the invested amount or cost price. It is also called capital appreciation.

Distributions

The income that is generated from an investment and given to investors through monthly, quarterly, bi-annual or annual distribution pay-outs.

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.

Feeder Fund

A feeder fund is a South African-based fund that feeds exclusively into its primary foreign-based fund. It allows investors easy access to investing in an offshore fund, eliminating complicated tax and other implications. The shares of the feeder fund represent shares in the primary fund (called a master fund).

Liquidity

The ability to easily turn assets or investments into cash.

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.

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.

Maximum Drawdown

The maximum drawdown measures the highest peak to trough loss experienced by the fund.

Money Market Instruments

A money market instrument is a low risk, highly liquid, short-term (one year or less) debt instrument, issued by financial institutions or governments, that tend to have lower returns than high-risk 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.

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.

Undervalued Equity Stocks/ Investing in Neglected Global Equities

This is a strategy of selecting shares that trade for less than their intrinsic values. Value investors actively seek stocks that they believe the market has undervalued. They believe the market overreacts to good and bad news, resulting in stock price movements that do not correspond with the company's actual long-term fundamentals. The result is an opportunity for value investors to profit by buying when the price is deflated.

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 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. Management of the portfolio is outsourced to Denker Capital (Pty) Ltd, (FSP) Licence No. 47075, 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.

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Portfolio Manager Quarterly Comment**Quarter to December 2018****South African market overview**

The market volatility continued in December with the MSCI World markets falling by 7.6% in US dollar terms. The MSCI Emerging Markets index fell by 2.6%. Fears of the US - China trade wars continued to fuel the negative sentiment, while the "shutdown" in the US economy over December together with fears of a slowdown in the US economy into 2019 played havoc with global markets. The negative returns were broad based with all sectors within the MSCI World Index posting negative returns.

I'm sure that most will agree that 2018 was a year to forget. In 2018, the MSCI EM index lost 14.2% in dollar terms, while the MSCI World Index lost 8.2%, the worst annual performance since 2008. Asia was down 15.2%.

The rand depreciated by 1.6% against the dollar in Q4. In 2018, it depreciated by 13.9% making it the fifth worst performing currency within the Emerging Market universe.

Turning to South African equities, December proved to be more positive with the FTSE/JSE Capped Swix Index rising by 2.6% (in ZAR). However, for 2018, the Index was down 10.9%. This was the worst annual loss since 2008. Large caps lost 8.2%, mid-caps were down 9.7%, while the small cap sector declined by 14.6%. From a sector perspective, SA Resources outperformed with a total return of 15.5%, while Financials declined by 8.8% and Industrials fell by 17.5%.

Performance

Notwithstanding the tough performance in 2018, the portfolio was able to outperform its benchmark by a wide margin. The alpha generated this year has also been broad based with the stock picking being positive within Resources, Financials and Industrials. In addition, our stock picking within the small cap sector has been good in 2018, contributing to the positive alpha. Some of the small cap shares that performed well in the portfolio in 2018 were: Stefanutti Stocks (up 59%), Altron (up 52%), Grand Parade Investments (up 36%) and Adcorp (up 9%). This remains a differentiating factor for our strategy relative to our Peers.

We have increased the pace of shareholder activism this year. This is in our clients' best interests and is demonstrated by the positive returns across the shares where we have taken an active stance to improve shareholder value. We have played an active role, together with other like-minded shareholders, in improving returns within Altron, Grand Parade Investments and Adcorp.

Outlook

The recent correction in local and global markets is, in our opinion, healthy. Valuations have now come back to levels that we regard as more reasonable from a long term value creation perspective. We have also seen good quality companies that we previously regarded as too expensive now looking very attractive. This improves the breadth of the market opportunities and allows us to improve the overall quality of the portfolio at attractive long term valuations.

Last year (2018) was the worst year for equities since the Global Financial Crisis in 2008. In times of increasing pessimism, our experience has proven that opportunities arise to buy great businesses at bargain basement prices.

As we have mentioned in the past, with global interest rates moving firmly upwards, it will be the most expensive stocks (highest PE) that are hit the hardest and as managers who seek out mispriced opportunities, this should play to our strengths.

The Price to Earnings ratio (PE) of the FTSE/JSE All Share Index has contracted by 23% from a PE of 21.2 times (in 2017) to its current level of 16.4 times. Although market consensus earnings forecasts of 15% in 2019 may be a bit too optimistic (although the base is low), the forward PE ratio of 12.3 times is more reflective of fair value. The one year forward Dividend Yield is a more respectable 4.2%. A few additional statistics are interesting to note: of the 123 stocks on the JSE that we actively research (this makes up more than 95% of the market capitalisation of the JSE), the median one year forward PE ratio is 10.4 times. A total of 45% of the number of companies are trading on one year forward PE ratios less than 10 times. The probability of generating real long term returns from South African Equities has increased dramatically.

For the first time in a number of years we are identifying good quality businesses trading at attractive long term intrinsic valuations. This excites us as active managers. The valuation metrics are, undoubtedly, more attractive. The only caveat is an uncertain economic and political environment in the short term as we build up to the elections in South Africa. A more stable political environment with market friendly economic policies would certainly ignite a period of attractive returns for South African investors. In light of a slightly stronger Rand, lower oil prices and stable inflation it is likely that the SARB could pause on interest rate hikes. These factors should underpin an improved level of consumer confidence. Although global growth is likely to slow in 2019 (in particular the US and China), we have seen 8 interest rate hikes in the US since December 2015. It is likely that we're coming to the end of the interest rate hiking cycle in the US with possibly one more hike in 2019.

Portfolio Managers

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