Denker SCI* Global Dividend Feeder Fund

Minimum Disclosure Document

As of 2018/10/31

DENKER CAPITAL

Fund Objective

The objective of this feeder fund is to generate a growing stream of dividend income for investors through investing in equities, while at the same time pursuing moderate growth in the capital invested. The portfolio primarily invests in participatory interests of the FSB approved Sanlam Investment Management Global Equity Income Fund, a sub-fund of the Irish domiciled Sanlam Universal Funds plc. The portfolio may also hold ancillary liquid assets including cash and/or money market instruments.

Fund Strategy

The manager strives to achieve the fund objective through investing in the shares of companies that are offering relatively high dividend yields and are well established, have healthy balance sheets, generate strong cash flows and have demonstrated a commitment to paying regular dividends. This portfolio may also invest in financial instruments for the exclusive purpose of hedging exchange rate risks.

Tax Free Savings Account

This Fund qualifies as a tax free investment according to section 12T of the Income Tax Act, with effect from 1 March 2015. South African individuals qualify for the associated tax benefits namely no tax on dividends, income or capital gains whilst still enjoying all the benefits of a unit trust. Note contributions to tax free investments are limited to R33 000 per tax year, with a lifetime limit of R500 000. Amounts invested in excess of these permissible thresholds are taxable.

Fund Information

Ticker	SGEA1
Portfolio Manager	Douw Steenekamp
ASISA Fund Classification	Global - Equity - General
Risk Profile	Aggressive
Benchmark	Composite: Annualised Yield of MSCI World High Dividend Yield Index & US CPI
Fund Size	R 66 226 878
Portfolio Launch Date	2013/06/04
Fee Class Launch Date	2013/06/03
Minimum Lump Sum Investment	R 10 000
Minimum Monthly Investment	R 500
Income Declaration Date	June & December
Income Pricing Date	2nd business day of July & January
Portfolio Valuation Time	15:00
Transaction Cut Off Time	15:00
Daily Price Information	Local media
Repurchase Period	3 business days

Fees (Incl. VAT)

	A1-Class (%)
Maximum Initial Advice Fee	3.45
Maximum Annual Advice Fee	1.15
Manager Annual Fee	0.85
TER	1.87
TC	0.25
TIC	2.12
TER Measurement Period	01 July 2015 - 30 June 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 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.

*Denker Sanlam Collective Investments Global Dividiend Feeder Fund.

MDD Issue Date: **2018/11/22**

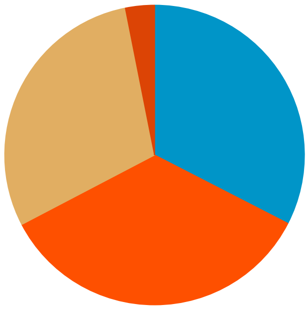
Top Ten Holdings

	(%)
Portfolio Date	**2018/09/30**
Cisco	5.22
Royal Dutch Shell	4.24
Unilever	3.96
Legal & General	3.88
AGEAS	3.60
Scor	3.56
Total SA	3.15
British American Tobacco	2.99
AXA	2.97
BP	2.95

These are the top holdings of the offshore fund in which this feeder fund invests.

Asset Allocation

Portfolio Date: 2018/09/30



	%
United Kingdom	32.55
North America	34.79
Europe (Developed Markets)	29.55
Asia (Developed Markets)	3.12
Total	**100.00**

Annualised Performance (%)

	Fund	Benchmark
1 Year	-0.68	4.00
3 Years	3.88	10.47
5 Years	11.24	22.37
Since Inception	11.93	22.36

Cumulative Performance (%)

	Fund	Benchmark
1 Year	-0.68	4.00
3 Years	12.09	34.81
5 Years	70.35	174.42
Since Inception	84.14	198.35

Highest and Lowest Annual Returns

Time Period: Since Inception to 2017/12/31

Highest Annual %	41.49
Lowest Annual %	-14.12

Risk Statistics (3 Year Rolling)

Standard Deviation	17.69
Sharpe Ratio	-0.10
Information Ratio	-0.42
Maximum Drawdown	-18.24

Distribution History (Cents Per Unit)

2018/06/30	15.98 cpu	2016/12/31	30.39 cpu
2017/12/31	26.10 cpu	2016/06/30	8.84 cpu
2017/06/30	15.10 cpu	2015/12/31	26.80 cpu

Administered by

Sanlam

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Risk Profile

Aggressive
This is an aggressively managed, high-risk portfolio that aims to deliver capital growth over the long term (greater than 5 years). It is designed to substantially outperform the markets and therefore carries a long-term investment horizon (5 years and upwards). The portfolio will be diversified across all major asset classes with significant exposure to equities, and may include offshore equities. There may be some capital volatility in the short term, although higher returns may be expected from five years or beyond.

Risk Considerations

- The fund is focused on investment in global listed companies; accordingly the performance of the fund is directly linked to the performance of the global equity markets.
- Investing in international companies means the currency exchange rate fluctuations will have an impact on the fund's investment performance.
- As the SA Rand can be a volatile currency, this could lead to significant fluctuations in the rand value of this fund.

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 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.

Debt instrument
A debt instrument (e.g. a bond) is an electronic promise to repay a debt. It is issued by a corporation or government and sold to investors. A bond is an interest-bearing debt instrument, traditionally issued by government as part of their budget funding sources, and now also issued by local authorities (municipalities), parastatals (Eskom) and companies. Bond issuers pay interest to the bondholder every 6 months. The price/ value of a bond has an inverse relationship to the prevailing interest rate, so if the interest rate goes up, the value goes down, and vice versa. Bonds generally have a lower risk than shares because the holder has the security of knowing that it will be repaid in full by government at a specific time in the future.

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

Dividend income
The investor's share of a company's profits, given to him or her as a part-owner of the company.

Equities
Equities are shares that represent an institution's or individual's ownership in a listed company. These shares are also the "vehicle" through which they are able to "share" in the profits made by that company. As the company grows, and the expectation of improved profits increases, the market price of the share will increase which translates into a capital gain for the shareholder. Similarly, negative sentiment about the company will result in the share price falling. Shares / equities are usually considered to have the potential for the highest return of all the investment classes but also have the highest level of risk i.e. share investments have the most volatile returns over the short term. An investment in equities should be viewed with a 7 to 10 year horizon.

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).

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.

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.

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 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. A feeder fund is a portfolio that invests in a single portfolio of a collective investment scheme, which levies its own charges and which could result in a higher fee structure for the feeder fund.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 September 2018

The headline 5% return produced by the MSCI World Index, which represents global developed markets, hides a mixed bag of returns from its constituent regions during the quarter. As has been the case for most of the past year almost all of this return was attributable to its largest constituent, the US, where the equity market rose just more than 7% - driven by continued robust economic and corporate earnings growth. European markets produced a wide spread of returns, ranging from Switzerland which advanced +7% to Germany which declined by 0.6%. Growing concern about the prospect of a disorderly exit from the European Union weighed on the UK market, contributing to a decline of 2% during the period. The fund, which due to its search for high dividend yields has a sizeable exposure to Europe and the UK, lagged the broader market.

A further increase in US interest rates by the Federal Reserve was accompanied by a pronounced shift in sentiment regarding the expected trajectory of rates next year. The implied probability of a further 2-3 rate hikes before the end of next year has increased markedly, while the implied probability of 0-1 hikes has decreased proportionally. This shift appears to be founded on concern about the potential for higher than anticipated inflation, fuelled by the combination of a vigorously growing economy and an exceptionally low unemployment rate which has already prompted a rise in hourly wages. The magnitude of the growth in reported corporate earnings resulting from this extremely favourable environment has allowed the equity market to post a positive return, despite a stealthy decline in its valuation.

The largest positive contributions to the fund's performance during the period were provided by Scor (+25%), Cisco Systems (+14%), Lockheed Martin (+18%) and HP Inc. (+14%). The largest detractors from performance were IG Group Holdings (-24%), TUI (-12%) and British American Tobacco (-8%).

The price of Scor, a mid-sized French reinsurance company, rose sharply in response to an unsolicited offer from Covea. Covea is already its largest shareholder with roughly a 8% holding. Management have rebuffed the offer stating that it significantly undervalues the business, but this is unlikely to be the end of the story. A revised offer is widely expected.

TUI is a European leisure company, offering cruise and resort holiday packages. It is unique in the sense that it owns and operates most of the infrastructure required to offer these packages. The bulk of its business is sourced from the German and UK markets. Its share price declined sharply in sympathy with its European industry peers who reported weaker than expected results as a result of the unusually hot summer which prompted many holidaymakers to stay at home rather than to travel in search of sun. Management sought to dispel these fears by issuing a trading statement a few days before the end of the quarter which confirmed their previous guidance of roughly 10% growth in EBITDA. A subsequent meeting with the CEO reassured us that the company's prospects remain positive and underappreciated.

After recovering all of the devastating decline suffered in December 2016 as a result of the surprise announcement by the Financial Conduct Authority (FCA) of much stricter regulation of the online trading industry, the price of IG Group Holdings suffered another significant setback during the period. This time it resulted from the confluence of three events. First was the actual introduction of the new FCA regulations that weighed on the prices of all of the industry participants. These regulations are not expected to have a major impact on IG Group, because they relate to only a small proportion of its client accounts. Next was a disappointing trading update from the company which warned that the non-reoccurrence of the frenzied Bitcoin trading seen during the fourth quarter of last year is expected to result in lower growth during the rest of this year. To top all of this off the company also announced the unexpected departure of the CEO who has been a part of the senior management team of the business for the past 24 years. His replacement is still to be named. In assessing the impact of all of these developments on the prospects and valuation of the company we considered various scenarios and concluded that the current valuation appears to be discounting an extremely unlikely and dire set of assumptions. Now is not the time to panic.

The fund declared a distribution of 29.02 US cents per unit (Class A) for the six-month period to the end of September 2018. This reflects a 9% increase compared to the corresponding period of the previous year. Combined with the 17.56 US cents per unit distribution paid during March 2018, it denotes a dividend yield of 3.8% (net of withholding taxes paid by the fund) on capital invested 12 months ago. This is marginally lower than the 3.9% gross yield of the benchmark MSCI World High Dividend Yield Index.

Portfolio Manager
Douw Steenekamp
B. Compt (Hons), CA (SA)