

OUR FUNDAMENTAL QUALITY PILLARS - IDENTIFYING BEST OF BREED BUSINESSES



| FUND OBJECTIVE | | HOW WE INVEST | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|--|-------------------|--|----------------|--|---------|---|---------------------------|----------------------------------|-----------------------|-------------|-----------------------|-------------|----------------|----------------|-----------|--|--------------|--|--------------------------|-------------------------|------------------------|--|----------------------|-------------------------------------|--------------------------|-----|---------------------|-----|-------------------|----------------|---|--|--------------------|--|---------|---|--------------------|---|
| <p>The objective of this portfolio is to provide above average growth in capital over the medium to long term. Income will be of secondary importance. The risk associated with this portfolio shall be the same as the risk associated with SA equities as an asset class. Volatility of capital can occur over the short-term.</p> | | <ul style="list-style-type: none">• Fundamental, bottom-up research process• Seek to identify exceptional businesses with a durable competitive advantage and sustainable long-term growth prospects• Focus on quality of management, return on invested capital, free cash flow generation and balance sheet strength• Predominantly larger capitalisation businesses with a global orientation, also consider exceptional medium-sized businesses• Low touch, high conviction concentrated portfolio• Buy to hold and disciplined selling• No benchmark orientation, no active trading, no leverage, no hedging | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FUND STRATEGY | | FUND INFORMATION | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>The portfolio shall invest in assets in liquid form and in securities across all sectors of the JSE Securities Exchange of South Africa as well as international exchanges and other permissible assets allowed by the Act. The portfolio shall 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, and shall be permitted to invest in offshore investments as legislation permits. This portfolio will invest predominantly in equities. Apart from the above, the portfolio may also invest in participatory interests of portfolios of collective investment schemes registered in the Republic of South Africa or of participatory interests in collective investment schemes.</p> <p>The fund will be managed with a high conviction approach, typically holding no more than 20 positions at any time. In line with the investment manager’s investment philosophy and process, the holdings will be concentrated in selected JSE Top 50 companies with the buy-to-hold management approach encouraging minimal portfolio turnover.</p> | | <table><tr><td>Portfolio manager</td><td>Jean-Pierre du Plessis, B.Bus.Sci.(Hons) UCT</td></tr><tr><td>Senior analyst</td><td>Jeremy Gorven, CFA, B.Bus.Sci.(Hons) UCT</td></tr><tr><td>Analyst</td><td>Ryan de Kock, CFA, M.Comm.(Econ) Stellenbosch</td></tr><tr><td>ASISA fund classification</td><td>South African – Equity – General</td></tr><tr><td>Portfolio launch date</td><td>1 June 2016</td></tr><tr><td>Fee class launch date</td><td>1 June 2016</td></tr><tr><td>Portfolio size</td><td>R219.6 million</td></tr><tr><td>Benchmark</td><td>JSE All Share Index (Total Return) (J203T)</td></tr><tr><td>Risk profile</td><td>Aggressive, the fund is not suitable for investors with a time horizon under 5 years or looking to preserve capital.</td></tr><tr><td>Income declaration dates</td><td>30 June and 31 December</td></tr><tr><td>Last two distributions</td><td>30 Jun 2019: A1: 7.40 cpu, A2: 9.14 cpu 31 Dec 2018: A1: 4.61 cpu, A2: 6.26 cpu</td></tr><tr><td>Income payment dates</td><td>1st working day in January and July</td></tr><tr><td>Portfolio valuation time</td><td>3pm</td></tr><tr><td>Transaction cut-off</td><td>3pm</td></tr><tr><td>Repurchase period</td><td>3 working days</td></tr><tr><td>Availability of daily pricing information</td><td>Local newspapers www.sanlamunitrusts.co.za</td></tr><tr><td>Investment manager</td><td>Stonehage Fleming Investment Management (South Africa) (Pty) Ltd</td></tr><tr><td>Trustee</td><td>Standard Bank of South Africa Ltd Tel: +27 21 441 4100 compliance-sanlam@standardbank.co.za</td></tr><tr><td>Management company</td><td>Sanlam Collective Investments (RF)(Pty)Ltd 2 Strand Road, Bellville 7530 PO Box 30, Sanlamhof 7532 Tel: +27 21 916 1800, service@sanlaminvestments.com www.sanlamunitrusts.co.za</td></tr></table> | | Portfolio manager | Jean-Pierre du Plessis, B.Bus.Sci.(Hons) UCT | Senior analyst | Jeremy Gorven, CFA, B.Bus.Sci.(Hons) UCT | Analyst | Ryan de Kock, CFA, M.Comm.(Econ) Stellenbosch | ASISA fund classification | South African – Equity – General | Portfolio launch date | 1 June 2016 | Fee class launch date | 1 June 2016 | Portfolio size | R219.6 million | Benchmark | JSE All Share Index (Total Return) (J203T) | Risk profile | Aggressive, the fund is not suitable for investors with a time horizon under 5 years or looking to preserve capital. | Income declaration dates | 30 June and 31 December | Last two distributions | 30 Jun 2019: A1: 7.40 cpu, A2: 9.14 cpu 31 Dec 2018: A1: 4.61 cpu, A2: 6.26 cpu | Income payment dates | 1st working day in January and July | Portfolio valuation time | 3pm | Transaction cut-off | 3pm | Repurchase period | 3 working days | Availability of daily pricing information | Local newspapers www.sanlamunitrusts.co.za | Investment manager | Stonehage Fleming Investment Management (South Africa) (Pty) Ltd | Trustee | Standard Bank of South Africa Ltd Tel: +27 21 441 4100 compliance-sanlam@standardbank.co.za | Management company | Sanlam Collective Investments (RF)(Pty)Ltd 2 Strand Road, Bellville 7530 PO Box 30, Sanlamhof 7532 Tel: +27 21 916 1800, service@sanlaminvestments.com www.sanlamunitrusts.co.za |
| Portfolio manager | Jean-Pierre du Plessis, B.Bus.Sci.(Hons) UCT | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Transaction cut-off | 3pm | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Repurchase period | 3 working days | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Availability of daily pricing information | Local newspapers www.sanlamunitrusts.co.za | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Investment manager | Stonehage Fleming Investment Management (South Africa) (Pty) Ltd | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trustee | Standard Bank of South Africa Ltd Tel: +27 21 441 4100 compliance-sanlam@standardbank.co.za | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Management company | Sanlam Collective Investments (RF)(Pty)Ltd 2 Strand Road, Bellville 7530 PO Box 30, Sanlamhof 7532 Tel: +27 21 916 1800, service@sanlaminvestments.com www.sanlamunitrusts.co.za | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| INVESTMENT MANAGER INFORMATION | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Manager | Stonehage Fleming Investment Management (South Africa) (Pty) Ltd | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| FSP Number | 42847 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Address | First Floor North Block, Waterway House 3 Dock Road, Victoria & Alfred Waterfront Cape Town, South Africa | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Website | www.stonehagefleminginvestments.com | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Contact number | +27 21 446 2100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Email address | jp.duplessis@stonehagefleming.com | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Stonehage Fleming Investment Management is the specialist investment division of the Stonehage Fleming Group. Stonehage Fleming is one of the world’s leading independently owned family offices with 11 offices situated in 8 global jurisdictions. The fund is managed by Jean-Pierre du Plessis, a director of Stonehage Fleming Investment Management (South Africa). Jean-Pierre has over 15 years experience in equity markets and joined the Group in 2011 to help establish the Group’s onshore direct equity offering.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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FUND COMMENTARY

During October Clicks, a recent inclusion in the Stonehage Fleming SCI Equity Fund, reported results for the financial year ended August 2019. Pleasingly, the results served to confirm a number of the Sustainable Growth and Business Strength drivers we had identified prior to investing in the business - namely strong sector growth, the continued consolidation of independent pharmacies and sustained market share gains across front shop categories.

These trends translated into impressive financial results, the standout feature in our view being exceptional cash flow generation. As investors may recall, we had previously recognised Clicks as having one of the best operating cash flow margins of drug store chains anywhere in the world. In 2019 Clicks' operating cash flow (before dividends) increased +25.6% to R2.87 billion, equating to an 8.6% operating cash flow margin and a cash conversion rate of 168% of earnings. Walgreens Boots achieves a cash flow margin of 6.3%.

Net cash increased by R1.09 billion after all investing and financing cash flow effects during the period. So the free cash flow is strong, and the cash on the balance sheet is growing. Whilst cash flow was supported to a degree by the timing of creditor payments and the settlement of hedges, this remains an exceptional cash flow result.

Revenue growth of 7.7% was broadly in line with our expectations, with the business reporting very strong volume growth and market share gains across all categories. Dividends per share grew an impressive +17.1%, which was slightly ahead of diluted headline earnings per share growth of +16.8%.

We continue to view Clicks as a first class asset capable of generating substantial shareholder value over the long term.

| ANNUALISED PERFORMANCE (%)* | CLASS A1 | CLASS A2 | BENCHMARK |
|-----------------------------|----------|----------|-----------|
| 1 Year | 7.95 | 8.38 | 11.49 |
| 3 Years | 1.71 | 2.12 | 7.06 |
| 5 Years | - | - | - |
| Since Inception | -2.13 | -1.73 | 4.59 |

*5 year figures will become available once sufficient performance history has been met.

| ACTUAL HIGHEST AND LOWEST ANNUAL FIGURES FOR ROLLING 10 YEARS (%)* | CLASS A1 | CLASS A2 |
|--|----------|----------|
| Highest Annual (2018/2019) | -0.43 | -0.03 |
| Lowest Annual (2016/2017) | -6.06 | -5.68 |

*The lowest and highest annualised performance numbers are based on 10 non-overlapping one year periods or the number of non-overlapping one year periods from inception where performance history does not exist for 10 years.

| TOP 10 HOLDINGS | % OF FUND |
|-------------------------------------|-----------|
| Stonehage Fleming Global Best Ideas | 23.3 |
| Naspers Limited | 12.6 |
| Remgro Limited | 6.5 |
| Prosus NV | 6.2 |
| FirstRand Limited | 6.0 |
| Bid Corporation Ltd | 5.8 |
| Compagnie Financiere Richemont | 5.7 |
| Anheuser-Busch InBev SA/NV | 5.2 |
| Discovery Limited | 4.4 |
| Mondi plc | 4.3 |

| ASSET ALLOCATION | % OF FUND |
|----------------------|-----------|
| SA Equity | 75.9 |
| International Assets | 23.3 |
| SA Cash | 0.9 |

Values may not add up to 100% due to rounding.

| SECTOR EXPOSURE | % OF FUND |
|----------------------|-----------|
| International Assets | 23.3 |
| Technology | 18.8 |
| Consumer Services | 15.1 |
| Financials | 14.3 |
| Consumer Goods | 14.2 |
| Basic Materials | 7.0 |
| Industrials | 6.5 |
| Cash | 0.9 |

Values may not add up to 100% due to rounding.

| FEES (INCL. VAT) | CLASS A1 | CLASS A2 |
|--------------------------------|----------|-------------|
| Minimum Investment | R10,000 | R30,000,000 |
| Advice Initial Fee (max.) | N/A | N/A |
| Advice Annual Fee (max.) | N/A | N/A |
| Investment Manager Initial Fee | N/A | N/A |
| Investment Manager Annual Fee | 1.15% | 0.74% |
| Performance Fee | None | None |
| Total Expense Ratio (TER) | 1.24% | 0.84% |
| Transaction Costs (TC) | 0.25% | 0.25% |
| Total Investment Charges (TIC) | 1.49% | 1.09% |

Advice fees are negotiable between the client and their advisor. Annual advice fees are paid through a repurchase of units from the investor.

The fund is available through certain LISPs which levy their own fees. Total Expense Ratio (TER) | PERIOD: 1 June 2016 to 30 June 2019.

Total Expense Ratio (TER) | 1.24% (A1 class) and 0.84% (A2 class) 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) | 0.25% 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 (TIC = TER + TC) | 1.49% (A1 class) and 1.09% (A2 class) of the value of the Financial Product was incurred as costs relating to the investment of the Financial Product.

Disclosed performance information is calculated after all fees and costs deducted.

GLOSSARY

DERIVATIVES

An arrangement or product (such as a future, option, or warrant) whose value derives from and is dependent on the value of an underlying asset, such as a commodity, currency, or security.

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, 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. The fund manager may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-div date. Lump sum investment performances are quoted. Source: Money Mate. 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 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.

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 are outsourced to financial services providers authorized in terms of the Financial Advisory and Intermediary Services Act, 2002. Manager Information:

Sanlam Collective Investments (RF) (Pty) Ltd (Sanlam Collective Investments)

| | |
|-----------|--------------------|
| PO Box 30 | Sanlam Head Office |
| Sanlam | 2 Strand Rd |
| 7532 | Bellville |
| | 7530 |

The Manager retains full legal responsibility for the co-named portfolio. Stonehage Fleming Investment Management (South Africa) (Pty) Ltd is responsible for the management of the investments held in the Fund.

The management of investments are outsourced to Stonehage Fleming Investment Management (South Africa) (Pty) Ltd, FSP 42847 an authorized Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002.

Standard Bank of South Africa Ltd is the appointed trustee of the Sanlam Collective Investments Scheme.