

31 August 2016

Taylorred Cautious

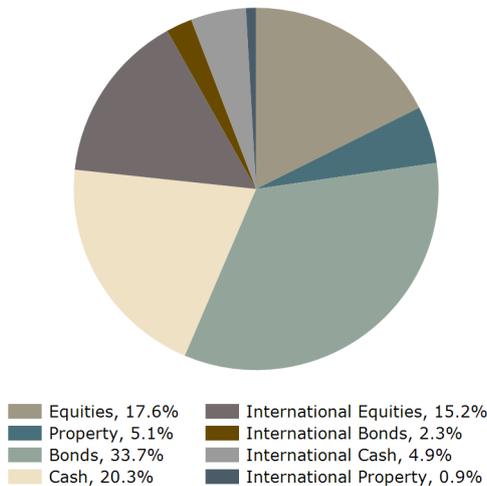
Fund Details

Fund Category	SA Multi Asset Low Equity
Benchmark	CPI+3 over a 3-year rolling period
Risk Profile	Cautious
Investment period	3 years
Launch Date	01 October 2014
Fund Size	R 534 415

Fund Objective

The wrap fund aims to provide investors with stable income and a high level of capital stability. The probability of capital loss over the medium to long term is low. The fund will consist primarily of income orientated assets with a below average exposure to equities (maximum of 40%). Investors in this fund should have a minimum investment horizon of 3 years. The fund is compliant with Regulation 28 of the Pension Funds Act, 1956.

Asset Allocation

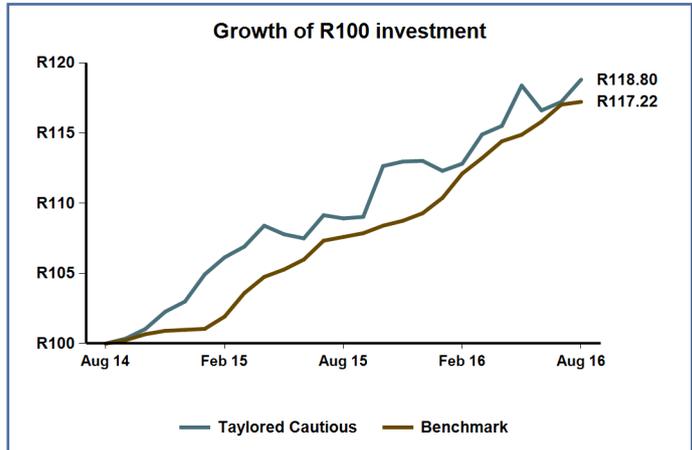


Investor Profile

This fund is suitable for investors looking for:

- Stable Income and a high level of capital stability
- Low probability of capital loss over the medium to long term
- A minimum investment horizon of 3 years

Cumulative performance - 2 years *



Performance (%)	Fund*	Benchmark
1 Month	1.35	0.17
3 Months	0.35	2.04
6 Months	5.30	4.56
1 Year	9.07	8.94
2 Years (annualised)	8.99	8.27
Since Launch	9.20	8.50

Risk statistics (2 years)	Fund*
Returns (annualised)	8.99%
Standard deviation (annualised)	3.68%
% Positive months	79.17%
Maximum drawdown	-1.50%
Sharpe ratio	0.60

Manager Selection (%)

Coronation Balanced Defensive	12.50	Sanlam Multi Managed Defensive FoF	10.00
Nedgroup Stable	10.00	Satrix Low Equity	17.50
Prudential Inflation Plus	25.00	SIM Inflation Plus	25.00

Monthly Fund Performance* (%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2016	-0.63	0.46	1.84	0.53	2.49	-1.50	0.52	1.35					5.12
Fund 2015	1.88	1.15	0.73	1.39	-0.57	-0.27	1.53	-0.21	0.10	3.32	0.28	0.04	9.72
Fund 2014									0.35	0.69	1.21	0.71	3.00

Fees (% incl. VAT)

Annual wrap fee	0.57
Underlying Manager TER's	1.02

* The simulated analysis before launch date was created using Morningstar and is for illustrative purposes only. It provides an indication of hypothetical past performance given historic asset and manager allocation, and cannot be construed as providing an indication of expected future performance. The investor is liable for CGT on any transactions in the units of the underlying unit trusts within the wrap funds. Compulsory investments are not subject to CGT. Performance is calculated using net returns (after fees) of the underlying unit trusts, and quoted excluding wrap fund fees. Performance quoted is pre-tax. Fund performance numbers shown are for a notional portfolio and does not reflect the actual performance of the client invested in the wrap fund due to timing differences of investments or disinvestments of the client. Benchmark returns for CPI are based on actual published returns and an estimated one month return for the month of the report date.

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Manager Comment

Market sentiment remained volatile in August driven by various releases of economic data points, as well as statements from central banks. In the US, the Fed statement released at their Jackson Hole meeting painted a fairly upbeat picture of the US economy, noting the strong recent employment figures. The statement provides an indication that the Fed seems more likely to raise interest rates before the end of the year. The Bank of England, in line with market expectations, cut interest rates by 25bps to 0.25%. This is the lowest level the UK has ever experienced. The BOE also announced additional stimulus measures to aid economic growth, which is expected to come under pressure in the short to medium term due to the impact of the Brexit vote. Locally, Pravin Gordhan's future as finance minister was again placed in doubt as news broke that the Hawks instructed him and former SARS colleagues to report to their offices for warning statements. This placed pressure on local sentiment, driving local bonds and the rand weaker.

Global equities were mixed in August as developed markets were marginally lower (-0.13% in USD) while emerging markets gained (2.31% in USD). Global bonds followed a similar trend as developed market bonds declined (-0.87% in USD) while emerging market bonds increased (1.76% in USD). Global property came under pressure as the asset class fell 2.55% in USD. Locally, the All Share Index edged higher (0.27%), as rand hedge industrial stocks led the gainers on the back of significant rand weakness. The rand weakened against the USD (5.56%), euro (5.28%) and the British pound (4.43%). Bank stocks lagged as bond yields spiked higher following the news of the Hawks investigation into the finance minister. Resources stocks mostly declined as commodity prices edged lower. Nominal bonds ended the month lower (-1.77%), underperforming inflation-linkers, which also declined (-0.46%). Local property was the worst performing asset class in August, falling 4.89%.

Funds with significant offshore holdings or rand hedge stocks therefore did well this month while funds with large long duration bonds, property and resources exposures came under pressure.

The flare-up of local political risk and uncertainties in global markets (monetary policy, economy, politics, etc.) continue to drive markets with no clear trend appearing. We therefore maintain our view that diversification across assets class, asset manager and investment styles is necessary to protect client capital through these volatile times.

Portfolio Manager



Pawan Singh, MBA

BCom, Accounting
MBA, Finance &
Investments
CFA L3 candidate

About the Portfolio Manager

Pawan has been a Portfolio Manager with Sanlam Investments since August 2014. Pawan has 7 years' international experience in the financial markets and banking industry. He started his career in Mumbai working for an accounting firm before moving to New York, USA where he finished his MBA studies and also completed an internship with UBS Financial in their wealth management group. Post MBA he went to work for Deloitte at their global headquarters in New York where he worked as a cash flow modeller structuring Credit Derivatives, Asset Backed and Mortgage Backed Securities. In South Africa he has worked for Capitec Bank as a Financial Analyst and also consulted independently for W.K. Kellogg Foundation regarding listed equities in South Africa.

Manager Information

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Investment Committee

The investment committee forms an integral part of the investment management process. The investment committee members are involved in the process of multi management by participating in the Investment Committee Framework (the "Framework"). This Framework provides intermediaries with a platform to share their research and views with qualified investment professionals who will, based on certain constraints, construct a portfolio taking the intermediary's research into account.

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