

31 December 2016

Taylorred Cautious

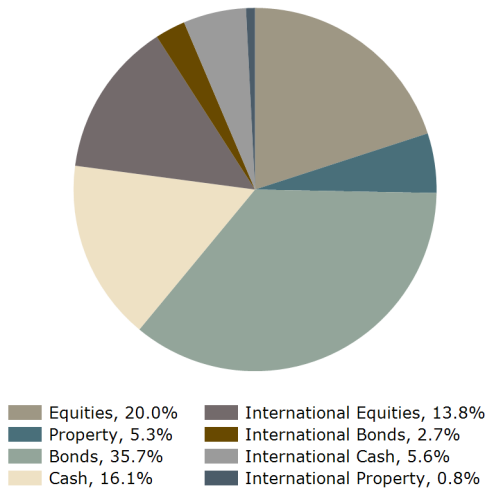
Fund Details

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 534 844

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

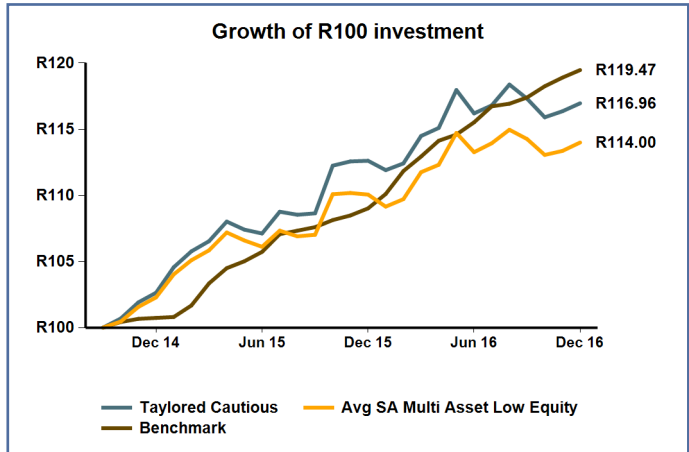


Investor Profile

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 since launch *



Performance (%)	Fund*	Fund Benchmark	Avg SA Multi Asset Low Equity
1 Month	0.52	0.48	0.56
3 Months	-0.30	1.76	-0.23
6 Months	0.66	3.42	0.64
1 Year	3.86	9.59	3.58
2 Years (annualised)	6.75	8.91	5.57
YTD	3.86	9.59	3.58
Since Launch	7.21	8.23	5.99

Risk statistics (2 years)	Fund*
Returns (annualised)	6.75%
Standard deviation (annualised)	4.05%
% Positive months	70.83%
Maximum drawdown	-2.09%
Sharpe ratio	-0.02

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	-0.90	-1.20	0.39	0.52	3.86
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										0.69	1.21	0.71	2.64

Fees (% incl. VAT)

Annual wrap fee	0.57
Underlying Manager TER's	0.97

* 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

The last quarter of 2016 was dominated by the surprise election of Donald Trump as the next president of the US. The result follows the growing anti-establishment trend such as the Brexit vote in the UK, which has added more uncertainty to global markets. Towards the latter part of the year, the US Fed raised interest rates another 25 basis points, which was largely expected by markets. Locally, South Africa managed to avoid a sovereign international credit rating downgrade from Standard & Poors, who held their rating unchanged at BBB- with a negative outlook.

Global markets were quite mixed during the quarter, as developed markets (+2.29% in USD) significantly outperformed emerging market (-4.56% in USD) equities. For the year, however, emerging markets (+8.58% in USD) outperformed developed markets (+5.32% in USD). Global bonds sold off considerably during the quarter, falling 7.07%, while global property followed a similar trend, declining 5.37%, both in USD. For the year, global bonds and global property were up 2.09% and 5% respectively in USD. Locally, equity markets performed in line with the emerging market trend, declining 2.09% over the quarter and returning a disappointing +2.63% over the year. Large cap stocks were the largest decliners over both of these periods as the Top 40 declined 3% for the quarter and 1.6% for 2016. The banking sector had a particularly good quarter on the back of the credit rating decision, while mining stocks slumped lower on weaker metals prices. Over the year, however, resources outperformed industrials and financials stocks in what generally was a year where value outperformed the so-called quality stocks, which for so long have been the key driver of returns. Nominal bonds returned a modest +0.35% for the quarter, which is certainly not a bad outcome considering the sell-off in bonds globally over the same period. For the year bonds were the leading asset class returning +15.45%. Inflation-linked bonds were down 1.07% for the quarter while over the year they returned +6.27%. Local property and cash returned +1.26% and +1.88% respectively in the quarter and +10.20% and +7.39% respectively in 2016. The rand bucked the emerging market trend ending stronger against major currencies in the quarter while over 2016 was stronger against most developed market currencies (over 13% against the US dollar).

Funds with a more defensive approach and larger cash holdings performed better during the quarter as flexible fixed income funds performed well. Funds with larger local and emerging market equity exposure typically struggled, as well as those funds which had exposure towards global bonds and property.

The year 2016 will certainly be remembered as a tough one for investors as uncertainty mounted and sentiment swayed frequently and dramatically throughout the year. It's in these difficult periods that investors need to maintain a clear focus of their investment objectives and act accordingly to make considered, unemotional investment decisions. Market risks remain and we maintain the belief, as we have throughout the year, that in these uncertain markets maintaining a diversified blend of risk appropriate strategies is the most appropriate method for creating wealth in the long term.

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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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.

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