

30 June 2016

Taylorred Cautious

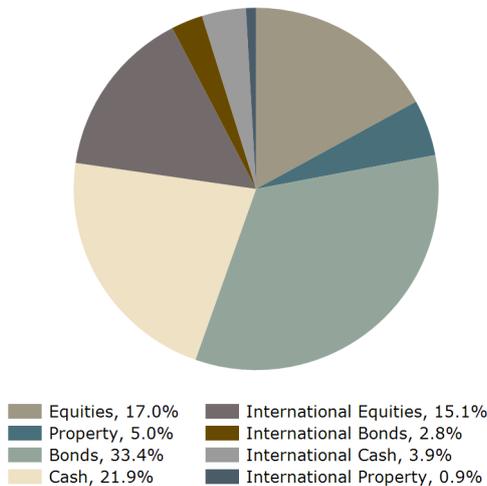
Fund Details

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 521 700

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

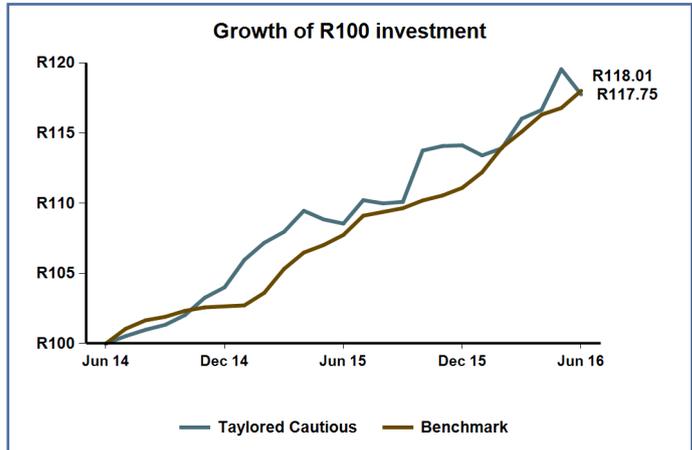


Investor Profile

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	-1.50	1.05
3 Months	1.49	2.54
6 Months	3.18	6.22
1 Year	8.48	9.53
2 Years (annualised)	8.51	8.63
Since Launch	8.96	8.74

Risk statistics (2 years)	Fund*
Returns (annualised)	8.51%
Standard deviation (annualised)	3.66%
% Positive months	79.17%
Maximum drawdown	-1.50%
Sharpe ratio	0.52

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							3.18
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							0.53	0.45	0.35	0.69	1.21	0.71	4.01

Fees (% incl. VAT)

Annual wrap fee	0.57
Underlying Manager TER's	0.99

* 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

Global market sentiment was dominated in the second quarter of 2016 by the lead up to the so called "Brexit" vote in the UK and the fall-out following the outcome. As we approached voting day, positive market sentiment suggested that the UK would vote to remain a member of the European Union. Markets thus reacted quite negatively to the narrow victory to the exit camp. Days after the sell-off, markets recovered with many markets trading close to pre-Brexit levels at the beginning of July. Locally, sentiment was affected in May by concerns around the future of the finance minister while the Brexit vote in June had mixed effects on local asset classes.

While June was a negative month for equities, the first two months largely offset this as global markets generally provided small positive returns or were flat for the quarter. Developed market equities returned 0.3% while emerging markets were down 0.3%. Global bonds performed well on the back of a risk-off trade in June, returning 2.9% in USD driven mostly by government bonds. Global property performed in line with bonds, delivering 3.7% in USD. Locally, the All Share index rose 0.4% driven mostly by resources, which rose 6.4%. Financials came under pressure during the quarter, declining 1.2%, especially stocks with large UK exposures such as Old Mutual and Investec, while industrials were up marginally (0.4%). Bonds were the leading local class returning 4.4% as long-dated bonds performed well. Property declined 0.4% driven lower particularly by rand hedge property stocks such as Capital & Counties and Intu, which came under pressure following the Brexit vote. The rand was especially volatile over the quarter on the back of global and local factors. The currency ended mixed, strengthening against the British pound (8%) and euro (2.7%) and weakening marginally against the US dollar (0.5%).

Funds with a larger exposure to local bonds and resources stocks outperformed during the quarter, while those which held significant exposures to financials and rand hedge stocks tended to struggle. Offshore funds also struggled during the quarter following mixed movements of the rand against developed market currencies, as well as muted offshore returns. Flexible income funds therefore led the gainers due to their large exposure to bonds.

The outcome of the Brexit vote adds additional uncertainty to an already volatile market. The full consequences remain unclear and markets will adjust accordingly as it becomes more certain. Following a diversified approach in this market remains the most appropriate way to manage risk. We therefore continue to hold a blend of managers with diversified styles with a preference for managers with a capital preservation mindset.

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.

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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