

31 May 2016

Taylorred Cautious

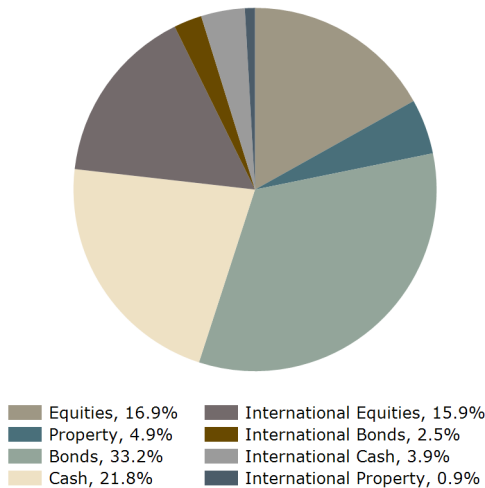
Fund Details

| | |
|--------------------------|-------------------------------------|
| 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 530 218 |

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

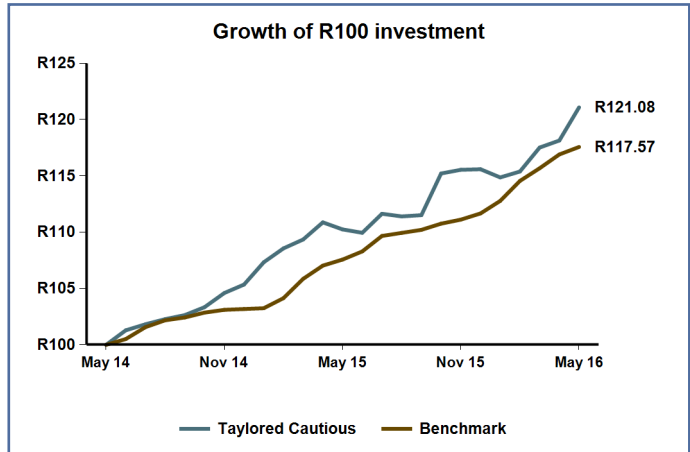


Investor Profile

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 | 2.49 | 0.57 |
| 3 Months | 4.93 | 2.63 |
| 6 Months | 4.79 | 5.81 |
| 1 Year | 9.83 | 9.29 |
| 2 Years (annualised) | 10.04 | 8.43 |
| Since Launch | 10.42 | 8.62 |

| Risk statistics (2 years) | Fund* |
|---------------------------------|--------|
| Returns (annualised) | 10.04% |
| Standard deviation (annualised) | 3.30% |
| % Positive months | 83.33% |
| Maximum drawdown | -0.83% |
| Sharpe ratio | 1.02 |

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 | | | | | | | | 4.75 |
| 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 | | | | | | 1.29 | 0.53 | 0.45 | 0.35 | 0.69 | 1.21 | 0.71 | 5.35 |

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

Politics again took centre stage locally during May as news of a pending arrest of Finance Minister Pravin Gordhan placed pressure on sentiment, significantly affecting bond yields and the rand. Internationally, sentiment continued to be swayed by the US Fed as they signalled to markets that they may raise rates in June while the Bank of England opted to hold interest rates at 0.5%. Oil prices rose above \$50 per barrel for the first time this year as Saudi Arabia appointed a new energy minister. Metal prices, however, declined during the month.

May was a mixed month for markets as global equities ended flat in dollar terms. In USD, developed market equities returned 0.2%, outperforming global bonds which fell 1.3%, while emerging market equities fell 3.9%. Local equity markets were 1.8% higher during the month, driven mostly by large-cap stocks, many of which are seen as rand-hedges. From a sector perspective, resources were down 2.7% on lower commodity prices while industrials and financials rose 5.9% and 3.2% respectively. Bonds were 1.5% lower during the month as political concerns placed pressure on bond yields. Similarly, local property declined 3.5% while global property was flat in USD. The rand plummeted 9.5% relative to the USD during May, again mostly driven by concerns surrounding the finance minister.

In light of this, managers with a larger weight towards offshore assets, local cash and rand-hedge equity performed well over the quarter. Value as a style struggled especially due to weakness in the resources sector. Exposure to longer dated bonds and local property would have detracted in May.

Market sentiment remains especially sensitive to macroeconomic factors and as a result volatility remains high. We therefore maintain our view of holding a blend of managers with complementary investment styles and processes, favouring those with a more defensive nature.

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

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