

Northstar Sanlam Collective Investments Managed Fund

Minimum Disclosure Document

As of 31/10/2017

NORTHSTAR

Fund Objective

The objective of the portfolio is to provide investors with a moderate to high long-term total return.

Fund Strategy

The portfolio will invest in a combination of assets in liquid form, money market instruments, bonds, debentures, corporate debt, equity securities, property securities, preference shares, convertible equities, derivatives, non-equity securities and any other securities which are considered to be consistent with the portfolio's primary objective and the Act. The manager may also include unlisted forward currency, interest rate and exchange rate swap transactions for efficient portfolio purposes. The portfolio will be actively managed with exposure to various asset classes being varied to reflect changing economic and market circumstances, in order to maximize returns for investors. The portfolio shall limit equity exposure to 75%. The portfolio will be managed in accordance with regulations governing pension funds.

Fund Information

Ticker	METP
Portfolio Managers	Adrian Clayton & Marco Barbieri
ASISA Fund Classification	South African - Multi Asset - High Equity
Risk Profile	Moderate Aggressive
Benchmark	ASISA Category Avg: SA - Multi Asset - High Equity
Fund Size	R 512,239,517
Portfolio Launch Date	01/03/1998
Fee Class Launch Date	01/03/1998
Minimum Lump Sum Investment	R 10,000
Minimum Monthly Investment	R 500
Income Declaration Date	June & December
Income Pricing Date	1st business day of July & January
Portfolio Valuation Time	15:00
Transaction Cut Off Time	15:00
Daily Price Information	Local media
Repurchase Period	2-3 business days

Fees (Incl. VAT)

	A1-Class (%)
Maximum Initial Advice Fee	3.42
Maximum Annual Advice Fee	1.14
Manager Annual Fee	1.25
TER	1.83
TC	0.17
TIC	2.00
Performance Fee	0.27

The manager decreased the annual management fee on 1 October 2017 to 1.25% from 1.53%.

Total Expense Ratio (TER) is the percentage value of the Financial Product that 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. The TER and Transaction Costs cannot be determined accurately because of the short life span of the Financial Product. The TER presented is for the period 1 October 2014 to 30 September 2017. The one year TER and TIC for the period 1 October 2016 to 30 September 2017 were 1.83% and 2.17%, respectively.

Transaction Cost (TC) is the percentage value of the Financial Product that 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 (TER + TC) is the total percentage value of the Financial Product that was incurred as costs relating to the investment of the Financial Product.

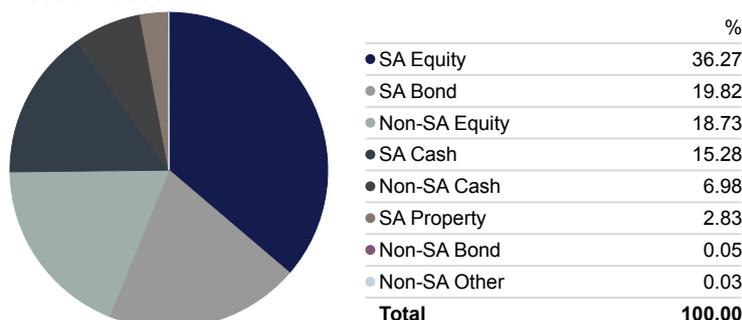
Manager Performance Fee - Performance fee benchmark: ASISA Category Average: South African - Multi Asset - High Equity; Minimum Fee 1.25%; Maximum Fee 2.39%. All fees are inclusive of VAT.

The Northstar Sanlam Collective Investments Managed Fund transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 09 September 2017.

Top Ten Holdings

	% of Portfolio
Northstar Global Flexible Fund	20.77
Northstar SCI Income Fund	14.53
British American Tobacco PLC	3.65
Naspers Ltd	3.41
Old Mutual PLC	1.87
Metrofile Holdings Limited	1.76
Reinet Investments SCA DR	1.70
FIRSTRAND BANK LTD 01/10/20 8.75%	1.58
Richemont Securities Ag ADR	1.56
Brimstone Investment Corporation Ltd	1.49

Asset Allocation



Annualised Performance (%)

	Fund	Benchmark
1 Year	9.11	12.68
3 Years	5.07	7.65
5 Years	8.54	10.13
Since Inception	9.33	10.70

Cumulative Performance (%)

	Fund	Benchmark
1 Year	9.11	12.68
3 Years	15.99	24.76
5 Years	50.64	62.00
Since Inception	70.79	83.99

Highest and Lowest Annual Returns

Time Period: Performance Start Date to 31/12/2016	
Highest Annual %	20.90
Lowest Annual %	3.20

Risk Statistics (3 Year Rolling)

Standard Deviation	6.77
Sharpe Ratio	-0.25
Information Ratio	-0.73
Maximum Drawdown	-4.61

Distribution History (Cents Per Unit)

08/09/2017: 1.05 cpu	30/04/2016: 2.47 cpu	30/06/2014: 0.09 cpu
30/06/2017: 2.17 cpu	31/12/2015: 2.15 cpu	31/12/2013: 0.67 cpu
31/12/2016: 2.86 cpu	30/06/2015: 1.76 cpu	30/06/2013: 1.65 cpu
30/06/2016: 0.37 cpu	31/12/2014: 0.20 cpu	31/12/2012: 1.75 cpu

Administered by



Risk Profile: Moderate Aggressive

In this portfolio, capital growth is of primary importance and results in a higher allocation to equities. The portfolio may display capital fluctuations over the shorter term, however, volatility levels should be lower than a pure equity fund. While diversified across all the major asset classes, this portfolio is tilted more towards equities and other risky asset classes to ensure the best long-term returns of all the asset classes. Fixed income positions are minimized.

Glossary Terms

Annualised Returns

Annualised return is the weighted average compound growth rate over the period measured.

Asset Allocation

Asset allocation is the percentage holding in different asset classes (i.e. equities, bonds, property, etc.). It is used to determine the level of diversification in a portfolio.

Capital Volatility

Volatility is a measure of 'risk' and refers to the extent to which the price of an investment or capital value fluctuates over a certain period of time. Funds with high volatility usually offer the potential for higher returns over the longer term than low volatility funds.

Cumulative Returns

Cumulative return is the total growth experienced over the period measured.

Derivatives

Derivatives are instruments generally used as an instrument to protect against risk (capital losses), but can also be used for speculative purposes. Examples are futures, options and swaps.

Distributions

The income that is generated from an investment and given to investors through monthly, quarterly, bi-annual or annual distribution pay-outs.

Diversification

This is a strategy designed to reduce risk within a portfolio by combining a variety of investments (or asset classes) such as equities, bonds, cash or property, which are unlikely to all move in the same direction at the same time. This is designed to reduce the risk (and protect against capital losses) within a portfolio. Diversification allows for more consistent performance under a wide range of economic conditions as it smoothes out the impact of negative market events. The positive performance of some investments or asset classes should neutralize the negative performance of others.

Financial Instruments

Derivatives also known as financial instruments (such as a future, option, or warrants) whose value derives from and is dependent on the change in value of an underlying asset (such as a commodity, currency, or security) to protect against risk (capital losses).

Fund Objective

The fund objective is the portfolio's core goal.

Fund Strategy

The fund strategy is the way that the fund is managed to achieve the fund objective.

Information Ratio

The Information Ratio measures the market risk-adjusted performance of an investment or portfolio. The greater a portfolio's Information Ratio, the better its risk-adjusted performance has been compared to the market in general.

Collective Investment Schemes

Collective Investment Schemes (CIS) (also called unit trusts) are portfolios of assets such as equities, bonds, cash and listed property, in which investors can buy units. They allow private investors to pool their money together into a single fund, thus spreading their risk across a range of investments, getting the benefit of professional fund management, and reducing their costs.

Market Capitalization

Market capitalization is the total value of the issued shares of a publicly traded company; it is calculated by multiplying the share price by the number of shares in issue.

Maximum Drawdown

The maximum drawdown measures the highest peak to trough loss experienced by the fund.

Participatory Interests

When you buy a unit trust, your money is pooled with that of many other investors. The total value of the pool of invested money in a unit trust fund is split into equal portions called participatory interests or units. When you invest your money in a unit trust, you buy a portion of the participatory interests in the total unit trust portfolio. Participatory interests are therefore the number of units that you have in a particular unit trust portfolio.

Performance Fee

Performance fees are incentive fees earned by the manager for performance in excess of the benchmark.

Sharpe Ratio

The Sharpe Ratio measures total risk-adjusted performance of an investment or portfolio. It measures the amount of risk associated with the returns generated by the portfolio and indicates whether a portfolio's returns are due to excessive risk or not. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been (i.e. a higher return with a contained risk profile, where the portfolio manager is not taking excessive risk to achieve those returns).

Standard Deviation

Standard deviation (also called monthly volatility) is a measure of how much returns on an investment change from month to month. It is typically used by investors to gauge the volatility expected of an investment.

Portfolio Manager Comment

South African equities performed strongly in October with the All Share Index returning 6.3% during the month. The large cap index led the way gaining 6.6%, while mid-caps and small caps managed returns of 4.1% and 2.6% respectively. Naspers continued to be the market's best performing share gaining 18% during the month and contributing 3.5% of the All share's 6.3% return.

SA bonds delivered a return of -2.3% in October, with the long-end being particularly beaten – down 2.73%. It is interesting that the domestic property index did not fall in sympathy, rallying 2% for the month. Much of this can be ascribed to Growthpoint and Hyprop gaining and the fact that about 1/3rd of the SA property index has offshore exposure these days – the rand weakened 4% over the month!

The Northstar SCI Managed fund returned 3.6% in October, performing much in-line with the ASISA SA MA High Equity sector average (3.7%). We consider this a credible performance from our fund considering our high exposure to mid and small cap companies which as mentioned above, lagged the market – returning 4.1% and 2.6% respectively as against the large caps that did 6.7%. It is our strong contention that SA small and mid-caps are undervalued relative to large caps in SA.

With regards to some stock specific positions which are working and not working in the portfolio, the grossed-up weighting of 9.3% in Naspers is approximately half the weight of its ALSI exposure and with Naspers returning 18% in October, the fund clearly felt this. Other areas that detracted from performance include Woolworths (Oct 2017: -5.9%), Sun International (-1.7%) and Super Group (-7.2%).

It is heartening to report how well various domestic the companies performed in the portfolio which are not commonly found in other mainstream managers. Our top performing stocks for the month were Stadio (41%), Curro (21.6%), Metrofile (18.2%) and Grindrod (12.8). The largest domestic contributors to performance were Metrofile, British American Tobacco and Anheuser-Busch.

The fund benefitted from its offshore exposure, which delivered a sound performance and contributed 1.61% of the month's 3.82% gross return. Stand-out contributors included Marriott International, LVMH, Danaher and J&J. The main detractors included Roche, WPP and Reckitt Benckiser. We continue to add a great deal of value offshore and it remains a sweet spot for Northstar. Our process which aims to seek and own high quality companies trading at a discount to fair value, works well in markets with greater depth than SA.

Portfolio Managers

Adrian Clayton

B.Soc.Sc (UCT)
PMD (UCT)
MBL (UNISA)

Marco Barbieri

B.Com (Hons) Financial Analysis & Portfolio Management (UCT)
B.Sc (Hons) Chemistry (UCT)
CFA, FRM

Investment Manager Information

Northstar Asset Management (Pty) Ltd

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Manager Information

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Additional Information

The Northstar Sanlam Collective Investments Managed Fund performance measurement start date is 1 November 2011. 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, and 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. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-div date. Lump sum investment performances are quoted. The portfolio may invest in participatory interests of other unit trust portfolios. These underlying funds levy their own fees, and may result in a higher fee structure for our portfolio. All the portfolio options presented are approved collective investment schemes in terms of Collective Investment Schemes Control Act, No 45 of 2002 ("CISCA"). The Manager may borrow up to 10% the market value of the portfolio to bridge insufficient liquidity. The fund may from time to time invest in foreign instruments which could be accompanied by additional risks as well as potential limitations on the availability of market information. Investments in foreign instruments are also subject to fluctuations in exchange rates which may cause the value of the fund to go up or down. The fund may invest in financial instruments (derivatives) for efficient portfolio management purposes. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. Management of the portfolio is outsourced to Northstar Asset Management (Pty) Ltd, (FSP) Licence No. 601, an Authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002. Sanlam Collective Investments (RF) (Pty) Ltd retains full legal responsibility for the co-named portfolio. Standard Bank of South Africa Ltd is the appointed trustee of the Sanlam Collective Investments scheme. Sources of Performance and Risk Data: Morningstar Direct, INET BFA and Bloomberg. The risk free asset assumed for the calculation of Sharpe ratios: STEFI Composite Index. The highest and lowest 12-month returns are based on a calendar year period over 10 years or since inception where the performance history does not exist for 10 years. Obtain a personalised cost estimate before investing by visiting www.sanlamunittrustsmdd.co.za and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.