

# Counterpoint SCI\* Cautious Fund

## Minimum Disclosure Document

As of 2020/09/30



MDD Issue Date: 2020/10/16

### Fund Objective

The portfolio is a cautious managed portfolio. In selecting investments for the portfolio, the Manager will seek to follow an investment policy which will reflect a spread of investments aiming at income and capital growth associated with a cautious risk profile.

### Fund Strategy

In order to achieve this objective, the investments typically included in the portfolio may comprise a combination of domestic and international assets in liquid form. The manager may invest across the full spectrum of securities, and includes equities, participatory interests in collective investment schemes in property, loan stock listed on exchanges, non-equity securities, preference shares, bonds, money market instruments and assets in liquid form. The manager may from time to time invest in participatory interests in portfolios of collective investment schemes registered in the Republic of South Africa and which are consistent with the portfolio's primary objective. The equity limits will be aligned with that of the Asisa Fund Classification: SA - Multi Asset - Low Equity. The portfolio may invest in financial instruments, in accordance with the provisions of the Act, and the Regulations thereto, as amended from time to time, as well as in offshore investments as permitted by legislation, in order to achieve the portfolio's investment objective.

### Fund Information

|                             |  |
|-----------------------------|--|
| Ticker                      | MCAA   |
| ISIN                        | ZAE000163473                                       |
| Portfolio Manager           | Sam Houlie & Piet Viljoen                          |
| ASISA Fund Classification   | South African - Multi Asset - Low Equity           |
| Risk Profile                | Cautious   |
| Benchmark                   | ASISA Category Avg: SA - Multi Asset - Low Equity  |
| Fund Size                   | R 265 402 889                                      |
| Portfolio Launch Date*      | 2012/01/03   |
| Fee Class Launch Date*      | 2012/01/03   |
| Minimum Lump Sum Investment | R 10 000   |
| Minimum Monthly Investment  | R 500  |
| Income Declaration Date     | March, June, September & December                  |
| Income Payment Date         | 1st business day of April, July, October & 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 | 3,45                        |
| Maximum Annual Advice Fee  | —                           |
| Manager Annual Fee         | 1,17                        |
| Total Expense Ratio        | 1,61                        |
| Transaction Cost           | 0,30                        |
| Total Investment Charges   | 1,91                        |
| Performance Fee            | —                           |
| TER Measurement Period     | 01 July 2017 - 30 June 2020 |

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.

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.

\*The Counterpoint Sanlam Collective Investments Cautious Fund transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 2 December 2017.

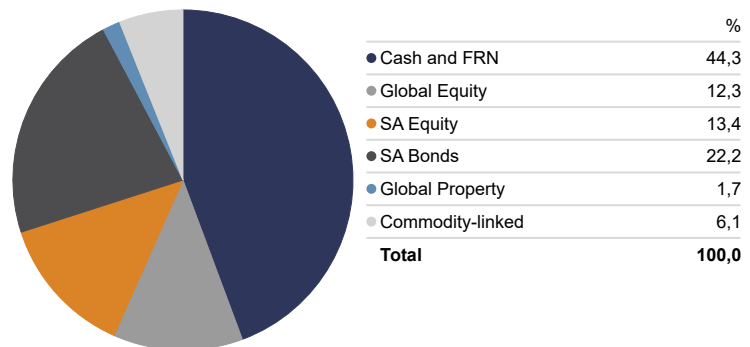
Please note that the fund's benchmark changed on 1 July 2020 to its ASISA Category Average. We consider the fund's ASISA Category average as a reasonable target and meaningful comparison that is relevant and appropriate for our investors to measure the fund's performance against. Therefore, the previous benchmarks are considered less relevant and accordingly, replacing them with the respective ASISA Category Averages, a natural extension of the change.

### Top Ten Holdings

|   | (%)  |
|---|------|
| RSA Bond 12/26 (R186)                           | 10,9 |
| Counterpoint Global Equity                      | 9,6  |
| Counterpoint Global Owner Managed Flexible Fund | 9,6  |
| New Gold ETF                                    | 6,1  |
| British American Tobacco                        | 5,4  |
| Liberty 041022                                  | 2,7  |
| Investec F/R 11022021                           | 2,4  |
| FRB123 5.5% 071223                              | 2,2  |
| REMGRO LIMITED                                  | 2,1  |
| FirstRand F/R 09032025                          | 2,1  |

### Asset Allocation

Portfolio Date: 2020/09/30



### Annualised Performance (%)

|                 | Fund | Benchmark |
|-----------------|------|-----------|
| 1 Year          | 2,8  | 3,1       |
| 3 Years         | 5,8  | 5,6       |
| 5 Years         | 5,6  | 6,5       |
| Since Inception | 7,1  | 8,0       |

### Cumulative Performance (%)

|                 | Fund | Benchmark |
|-----------------|------|-----------|
| 1 Year          | 2,8  | 3,1       |
| 3 Years         | 18,4 | 17,7      |
| 5 Years         | 31,6 | 37,3      |
| Since Inception | 82,9 | 95,4      |

### Highest and Lowest Annual Returns

Time Period: Since Inception to 2019/12/31

|                  |      |
|------------------|------|
| Highest Annual % | 13,2 |
| Lowest Annual %  | 1,4  |

### Risk Statistics (3 Year Rolling)

|                    |      |
|--------------------|------|
| Standard Deviation | 7,8  |
| Sharpe Ratio       | -0,1 |
| Information Ratio  | 0,0  |
| Maximum Drawdown   | -6,9 |

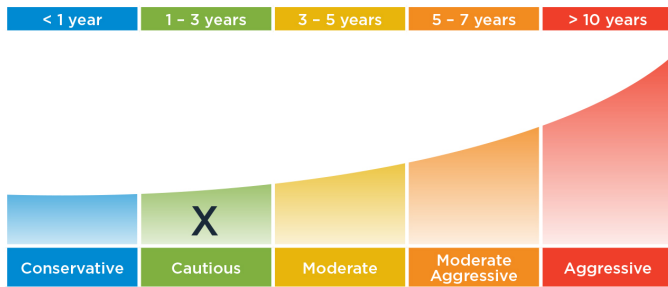
### Distribution History (Cents Per Unit)

|            |          |            |          |            |          |
|------------|----------|------------|----------|------------|----------|
| 2020/09/30 | 1.83 cpu | 2019/09/30 | 1.90 cpu | 2018/09/30 | 2.12 cpu |
| 2020/06/30 | 0.81 cpu | 2019/06/30 | 1.79 cpu | 2018/06/30 | 2.31 cpu |
| 2020/03/31 | 2.48 cpu | 2019/03/31 | 1.71 cpu | 2018/03/31 | 1.90 cpu |
| 2019/12/31 | 1.72 cpu | 2018/12/31 | 1.68 cpu | 2017/12/31 | 0.69 cpu |

Administered by



### Risk Profile



### 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.

#### Distributions

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

#### 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.

#### Liquidity

The ability to easily turn assets or investments into cash.

#### 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.

#### Maximum Drawdown

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

#### Money Market Instruments

A money market instrument is a low risk, highly liquid, short-term (one year or less) debt instrument, issued by financial institutions or governments, that tend to have lower returns than high-risk investments.

#### 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.

#### Regulation 28

Regulation 28 of the Pension Funds Act sets out prudent investment limits on certain asset classes in investment funds. It applies specifically to investments in Retirement Annuities and Preservation Funds. The allowed maximum exposures to certain asset classes is: 75% for equities, 25% for property, 25% for foreign (offshore) assets and 5% African assets.

#### Risk-adjusted returns

Risk-adjusted return refines an investment's return by measuring how much risk is involved in producing that return, which is generally expressed as a number or rating.

#### 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.

### Additional Information

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 on request 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 on request 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 countries and therefore it may have risks regarding liquidity, the repatriation of funds, political and macroeconomic situations, foreign exchange, tax, settlement, and the availability of information. 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 Counterpoint Boutique (Pty) Ltd, (FSP) Licence No. 44508, 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](http://www.sanlamunittrustsmdd.co.za) and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

#### Investment Manager Information

Counterpoint Boutique (Pty) Ltd  
(FSP) License No. 44508  
Physical Address: 6th Floor, Claremont Central, 8 Vineyard Road, Claremont, Cape Town  
Postal Address: PO Box 5291, Tygervalley, 7530  
Tel: +27 (21) 943 4480  
Email: [Nicolel@cpam.co.za](mailto:Nicolel@cpam.co.za)  
Website: [www.cpam.co.za](http://www.cpam.co.za)

#### Manager Information

Sanlam Collective Investments (RF) (Pty) Ltd  
Physical Address: 2 Strand Road, Bellville, 7530  
Postal Address: P.O. Box 30, Sanlamhof, Bellville, 7532  
Tel: +27 (21) 916 1800  
Email: [service@sanlaminvestments.com](mailto:service@sanlaminvestments.com)  
Website: [www.sanlamunittrusts.co.za](http://www.sanlamunittrusts.co.za)

#### Trustee Information

Standard Bank of South Africa Ltd  
Tel: +27 (21) 441 4100  
Email: [compliance-sanlam@standardbank.co.za](mailto:compliance-sanlam@standardbank.co.za)

### Portfolio Manager Comment

As at 30 September 2020

#### Portfolio overview

The Fund advanced by 1.0%, marginally behind the average fund. Performance was mixed, during a quarter where the ZAR strengthened and most asset classes advanced – while our positioning remained inherently conservative.

During the quarter, our higher offshore exposure and relative underweight to SA bonds detracted from relative returns. Domestic stock selection was mixed, with a few significant winners. Overweight positions in both Gold and Platinum added to returns, while Tobacco detracted.

The Fund's conservative positioning, in a market environment that favoured risk-taking, was the main reason for the Fund lagging its peers. We believe this positioning to be appropriate given the current economic and market backdrop, but the net result was a lacklustre quarter from a relative returns perspective. Importantly, we understand the importance of discipline and perspective during such erratic markets over the short term and are pleased to note that the Fund's excellent long-term performance remains intact, with the Fund remaining in the top quartile of returns relative to peers over 3 years and more.

On the domestic front, our disciplined stock selection enabled us to continue to avoid the worst-performing securities and sectors. Within equities, our very low exposure to Pharmaceuticals, Travel & Leisure, Insurance, Real Estate and Fixed Line Telecoms stood the Fund in good stead and added to relative returns. Exposure to individual stocks such as Goldfields, Implats, Standard Bank and Discovery all contributed significantly. This favourable stock selection helped to offset the impact of our lower allocation to domestic equities at the asset allocation level.

Detractors to returns were few, but included our position in British American Tobacco and, to a lesser extent, a smaller position in Remgro. Rand strength and muted global share price performance resulted in the global portion of the Fund underperforming domestic equities. In addition to this, an above-average cash position in the Fund also acted as a drag on the Fund's overall returns, as most asset classes advanced during the quarter.

#### Portfolio positioning

The Fund's strategy remains the same and intact. Fund positioning changed over the quarter however, in response to significant volatility and the mixed recovery in both equities and bonds.

We started the quarter with a lower equity weighting, while continuing to favour equities with strong balance sheets and attractive valuations. Our equity positioning remained at similar levels overall, despite the underlying composition having changed somewhat. In May, we reduced foreign exposure in anticipation of less foreign currency tailwinds. Thereafter, in the recent quarter, we re-instated our foreign exposure to previous levels, in response to extraordinary currency volatility. We also reduced our weighting in banks, as well as to strong domestic performers such as Discovery and Tiger Brands. We took advantage of share price weakness to increase exposure to existing holdings in BAT Plc, gold equities and Remgro.

The Fund's fixed income exposure is inherently conservative, of lower duration while being adequately diversified. Our SA bond positioning varied considerably during the quarter however. The bond market has rallied strongly but is still characterised by significant event risk and tight liquidity in peripheral securities. Despite having increased our exposure to bonds from low levels at the start of the quarter, we remain underweight bonds relative to the average fund in this sector, based on fiscal considerations. Our view is to avoid term risk and to favour the front end of the yield curve. We have no parastatal or SOE debt exposure.

Cash is a residual outcome of our investment process. End of the quarter cash balances remained stable, despite significant changes during the quarter, as we rebalanced exposures in response to prevailing market conditions.

#### Portfolio Managers

Sam Houlie  
CA(SA) & CFA

Piet Viljoen  
B Com (Hons), CFA