

### Fund Objective

The portfolio aims to provide investors with a high long term total return. It conforms to regulations governing retirement portfolio investments and will comply with Prudential Investment Guidelines within the limits prescribed by the Act.

### 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 - High 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	MEBA1
ISIN	ZAE000172763
Portfolio Manager	Sam Houlie, Alex Pestana & Piet Viljoen
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 289 193 313
Portfolio Launch Date*	2012/11/01
Fee Class Launch Date*	2012/11/01
Minimum Lump Sum Investment	R 10 000
Minimum Monthly Investment	R 500
Income Declaration Date	June & December
Income Payment 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	3,45
Maximum Annual Advice Fee	—
Manager Annual Fee	1,40
Total Expense Ratio	1,79
Transaction Cost	0,35
Total Investment Charges	2,14
Performance Fee	—
TER Measurement Period	01 April 2017 - 31 March 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 Balanced Plus 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.

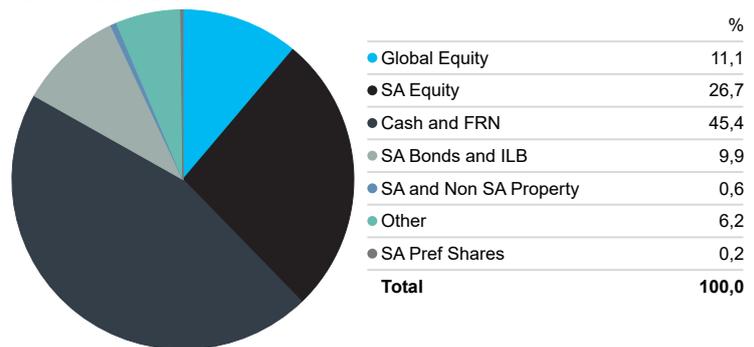
MDD Issue Date: 2020/08/24

### Top Ten Holdings

	(%)
Counterpoint Global Equity	10,1
Counterpoint Global Owner Managed Flexible Fund	10,0
Gold Fields Limited	8,0
New Gold ETF	6,6
AngloGold Ashanti	6,3
British American Tobacco	4,1
Remgro	3,2
RSA Bond 12/26 (R186)	3,0
RSA Bonds R2023	2,1
Standard Bank Group	2,0

### Asset Allocation

Portfolio Date: 2020/06/30



### Annualised Performance (%)

	Fund	Benchmark
1 Year	4,6	1,3
3 Years	6,5	3,3
5 Years	5,1	4,4
Since Inception	7,3	7,9

### Cumulative Performance (%)

	Fund	Benchmark
1 Year	4,6	1,3
3 Years	20,9	10,3
5 Years	28,5	24,2
Since Inception	72,2	79,1

### Highest and Lowest Annual Returns

Time Period: Since Inception to 2019/12/31

Highest Annual %	17,4
Lowest Annual %	-1,1

### Risk Statistics (3 Year Rolling)

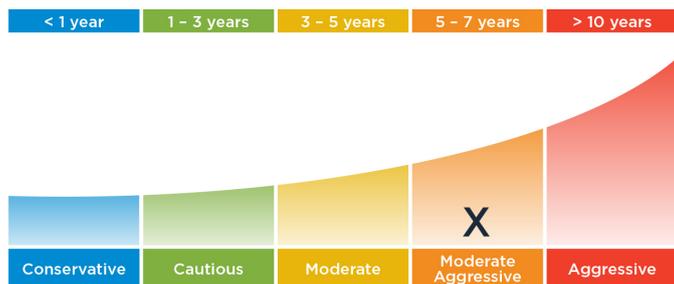
Standard Deviation	10,3
Sharpe Ratio	0,0
Information Ratio	0,4
Maximum Drawdown	-10,3

### Distribution History (Cents Per Unit)

2020/06/30	0.79 cpu	2018/06/30	2.05 cpu	2016/12/31	1.29 cpu
2019/12/31	2.12 cpu	2017/12/31	0.28 cpu	2016/06/30	0.58 cpu
2019/06/30	1.80 cpu	2017/12/01	1.27 cpu	2015/12/31	1.11 cpu
2018/12/31	1.52 cpu	2017/06/30	1.02 cpu	2015/06/30	1.32 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  
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#### Manager Information

Sanlam Collective Investments (RF) (Pty) Ltd  
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Email: [service@sanlaminvestments.com](mailto:service@sanlaminvestments.com)  
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#### Trustee Information

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**Portfolio Manager Comment**

As at 30 June 2020

**Market overview**

The second quarter of 2020 saw a dramatic Covid-19 induced economic slowdown. The US, together with Australia, New Zealand and Germany, maintained strong relative momentum with emerging markets performing in line.

Rapidly increasing risk appetite fuelled a sustained advance across most asset classes, as market participants ignored narratives of escalating virus infections and a prolonged economic slowdown.

In the previous quarter, the US Fed stepped in aggressively with a series of unprecedented interventions. The Fed's intervention buoyed a rally in risk assets, which was sustained throughout the second quarter. Market participants embraced the increased positive sentiment. The speed and magnitude of the recovery matched the sell-off that preceded it.

The CBOE Volatility Index (VIX) spiked in February and has declined steadily since then, despite remaining elevated. Central bank support has now become the overriding narrative and time will tell whether policy intervention can mute the impact of deteriorating Fundamentals and the risk of a second wave of Covid-19.

An additional feature of the quarter was the surprising resilience in developed market bonds.

Global bonds advanced by 2.7% as market participants sought safe havens in anticipation of continued policymaker intervention. Emerging market bonds rallied strongly, due to a combination of currency strength and the revived global search for yield. The signal from EM bond markets is one of increased risk appetite. For the moment, yield considerations have taken a front seat relative to perceived safety.

For the quarter, most major asset classes advanced, with relatively few losers. Gold surged by 12.9% in line with declining nominal yields and despite US dollar weakness. Gold appears to be responding to an environment of rising uncertainty. The volatility and trend in the \$ gold price during 2020 and the recent quarter has been surprising. It is unusual for gold to be positively correlated with risk assets and time will tell which asset class is providing the correct signal.

The MSCI World Index rallied by 19.5%. The MSCI Emerging Market recovered in line with this as the Index advanced by 18.2% over the quarter, accompanied by sustained strength in EM currencies relative to the US dollar.

Global property, as measured by the iShares Developed Market Property Yield ETF which tracks the FTSE EPRA/NAREIT Developed Index rallied by 9.7% over the quarter. Global property was decimated during the coronavirus sell-off and is slowly recovering off a low base.

On the domestic front, the global recovery had a knock-on effect on SA risk assets, including bonds and the rand. SA rallied in line with emerging markets and looked through the negative impact of the Covid-19 induced economic slowdown and the Moody's downgrade in the previous quarter. The country faces severe economic headwinds but market participants have looked through the dip and discounted the distant recovery.

Domestic fixed income securities had an exceptional quarter. The All Bond Index advanced by 9.9%, with the longer end of the curve appreciating well over 13%. April and May were exceptionally strong months for the bond market. June saw a pull-back in the longer end of the curve, while the short end remained well-bid. Inflation-linked bonds, as measured by the JSE CIL Index, recovered most of the first quarter losses, with a 4.7% return. Domestic inflation continues to trend lower and appears to have bottomed in Q2. Cash, as measured by the STeFI Index, returned a steady 1.5%, trending lower as the SARB intervened with an opportune cut in rates. The JSE Preference Share Index had a solid quarter with a positive return of 17.6%. SA-listed Property staged a strong comeback, rising by 20.4%. The listed property sector has been hit by a series of cascading headwinds going back to early 2018 and appears to have bottomed.

The JSE All Share Index advanced by 23.2%, which reversed most of the losses in the first quarter of 2020.

A global market resurgence had a knock-on effect on SA risk assets, including bonds and the rand. In line with the rest of the world, South Africa is struggling with a Covid-19 induced economic slowdown. The Moody's downgrade in the previous quarter is now fully discounted. The country nevertheless faces severe economic headwinds and the downgrade is likely raise the future cost of capital at a time when bond issuance is likely to increase.

The advance in the JSE All Share Index was broad based and in terms of sectors, Resources was the best performer, returning +41.2%, followed by Industrials with a total return of +16.6% and Financials returned +12.4%. Mid-Caps bounced, with a 15.4% return, while Small-Caps staged a resurgence with a 17.2% return. The Small-Caps sector has declined every year for the last 6 years and remains a long-term laggard in relative returns.

In terms of equity sectors, the top performers were Chemicals (+160.5%), Gold Mining (+68.0%), Industrial Metals (+65.4%) and Platinum (+62.0%). The worst performers were Health Care Equipment (-6.0%), Food Retailers (-2.0%) and Food Producers (-1.6%).

In Q2, SA Equities outperformed most other emerging markets. The quarter was highly volatile and dominated by rapidly increasing appetite for risk assets in general and EM equities more specifically. Domestically-oriented equities, most notably Small-Caps, recovered the least and valuations are very cheap relative to history. The valuation of domestic equities now discounts very low expectations and represents a multi-decade opportunity for investors to participate in the recovery on a more rational basis. Current valuations are reminiscent of the early 2000s, when negative sentiment towards domestic small and mid-caps provided a platform for high prospective returns in the ensuing years.

The President and domestic policymakers have demonstrated strong leadership during the Covid-19 crisis and there remains a resolve to address the structural impediments in the fiscus and critical institutions. The response to the crisis has added to fiscal strain in the shorter-term but investors appear willing to look beyond the next 2 years.

Domestic equity valuations remain attractive relative to long-term growth prospects. The rand is likely to remain range-bound and could even stage a comeback, as the US dollar weakens. SA Inc equities are undoubtedly cheap and discounting very weak prospects. We continue to believe that we are

entering a prolonged period that will suit stock-pickers and active managers.

The probability is high that equities, as an asset class, will generate inflation-beating returns from current levels. Risk assets are set to continue the recovery that started at the end of the previous quarter.

The magnitude and speed of the recent rally has surprised us. For that reason, we have maintained a level of conservatism and slowed down our deployment of cash into the myriad of opportunities that continue to become available.

**Portfolio overview**

The Fund advanced by 9.6%, well behind the average fund. Performance was mixed, in a quarter when most asset classes advanced, with our positioning remaining inherently conservative.

In the second quarter, positive returns were pervasive and defensive positioning was less appropriate. Asset allocation was the biggest detractor, particularly our significant underweight in SA bonds. Domestic equity selection was mixed. Our significant overweight in gold contributed strongly. Lack of exposure to risk was the overriding reason for the Fund's lagging relative return.

The net result was below-average performance and our most challenging quarter in the last 3 years. More importantly, the excellent long-term performance of the Fund remains intact. In particular, the Fund has generated first quartile performance over 3 and 5 years.

On the domestic front, our stock selection discipline and asset allocation experience enabled us to maintain our trend of avoiding or averting the worst-performing securities and sectors. In equities, our very low exposure to Drug Retailers, Food Retailers and Healthcare added significant value. Individual stocks contributed significantly, led by our high exposure to Goldfields, AngloGold, Implants and Discovery. Excellent stock selection was not enough to mitigate the impact of an overall lower allocation to domestic equities, which detracted at the asset allocation level.

Detractors were few, with a minor impact on relative returns. Our small position in Tiger Brands and other domestic consumer stocks, were the only detractors.

Our high allocation to global equities provided additional drag, as currency strength and lagging stock selection resulted in significant underperformance relative to domestic equities.

In addition, our long-held commitment to having above-average cash in the Fund, was a significant detractor over the quarter, as virtually every asset class advanced.

**Portfolio positioning**

Fund strategy remains the same. In contrast, the Fund's positioning changed over the quarter, in response to significant volatility and the dramatic recovery in both equities and bonds.

We started the quarter with a higher equity weighting and within equities, we continued to favour strong balance sheets and cheaper valuations. In May, we steadily reduced foreign exposure in anticipation of less foreign currency tailwinds and increased our exposure to domestically-oriented stocks. In addition, we increased exposure to both gold and platinum stocks. In response to the broad-based rally in equities, we reduced our exposure to overall equities towards the end of the quarter.

Our fixed income exposure is inherently conservative, of lower duration and is adequately diversified. Our SA bond positioning varied considerably during the quarter. The bond market rallied strongly but is still characterised by significant event risk and tight liquidity in peripheral securities. Our increased activity is symptomatic of underlying conditions and not our normal approach to fixed income. We started the quarter with higher bond exposure, as yields increased on EM contagion and the anticipated impact of the Moody's downgrade. Despite our increased exposure, we remained underweight bonds relative to the average fund, based on fiscal considerations. In late May, we reduced our bond exposure again, particularly on the longer end of the curve. We remain vigilant and are inclined to buy into any renewed weakness in bonds. 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**

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CA(SA) & CFA

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