

Fund Objective

The objective of this portfolio is to provide investors with steady compounding of capital overtime through a concentration of holdings in companies of the highest quality. Growth of income is more important than level of income.

Fund Strategy

The portfolio will invest in assets in liquid form and in shares across all economic groups and industry sectors of the JSE Securities Exchange South Africa as well as across the range of large, mid and smaller cap shares and such other financial instruments as may be permitted by the prevailing regulations. This will be a highly focused quality equity portfolio concentrating on a maximum of 20 securities of the highest quality. The portfolio may also invest in collective investment schemes in property as well as any other securities that the Act may allow from time to time. When investing in derivatives, the manager will adhere to the prevailing regulations.

Fund Information

Ticker	MTLE
Portfolio Manager	Hlelo Giyose
ASISA Fund Classification	South African - Equity - General
Risk Profile	Aggressive
Benchmark	FTSE/JSE Shareholder Weighted Index (SWIX) (J403T)
Fund Size	R 270 864 141
Portfolio Launch Date*	1991/08/19
Fee Class Launch Date*	1991/08/19
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)

A-Class (%)

Maximum Initial Advice Fee	3,45
Maximum Annual Advice Fee	1,15
Manager Annual Fee	1,45
Total Expense Ratio	1,59
Transaction Cost	0,18
Total Investment Charges	1,77
Performance Fee	0,13
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. Cost figures are not yet available.

*The First Avenue Sanlam Collective Investments Focused Quality Equity Fund transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 17 February 2018.

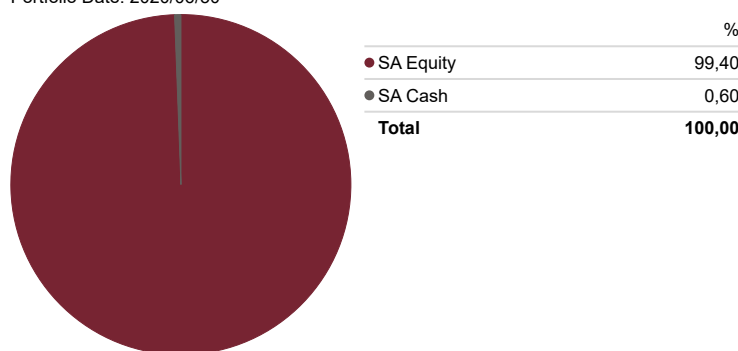
**Since Inception performance is measured from the inception date of the FTSE/JSE Shareholder Weighted Index (J403T), 02 January 2002.

Top Ten Holdings

	(%)
Naspers Ltd	29,09
Anheuser-Busch Inbev SA	5,56
Mondi Plc	5,35
Firststrand Ltd	4,90
Standard Bank Group Ltd	4,84
Bidvest Group Ltd	4,75
Anglo American Platinum Ltd	4,55
Discovery Holdings Ltd	4,25
British American Tobacco Plc	4,24
AVI Ltd	4,20

Asset Allocation

Portfolio Date: 2020/06/30



Annualised Performance (%)

	Fund	Benchmark
1 Year	-10,75	-1,69
3 Years	-8,36	0,72
5 Years	-4,46	2,59
10 Years	5,47	9,98
Since Inception	8,91	13,30

Cumulative Performance (%)

	Fund	Benchmark
1 Year	-10,75	-1,69
3 Years	-23,04	2,17
5 Years	-20,40	13,63
10 Years	70,41	159,04
Since Inception	388,28	917,53

Highest and Lowest Annual Returns

Time Period: Since Inception to 2019/12/31

Highest Annual %	40,43
Lowest Annual %	-23,72

Risk Statistics (3 Year Rolling)

Standard Deviation	15,70
Sharpe Ratio	-0,91
Information Ratio	-1,91
Maximum Drawdown	-37,98

Distribution History (Cents Per Unit)

2020/06/30	6.57 cpu	2019/06/30	10.34 cpu	2018/06/30	14.74 cpu
2019/12/31	15.55 cpu	2018/12/31	11.79 cpu	2017/12/31	9.63 cpu

Risk Profile

Aggressive

You can afford to take on a higher level of risk (i.e., have a greater exposure to equities) because of your investment time horizon and/or your appetite for risk. You know that in taking the risk, you need to be patient if you want to achieve the results. So you are willing to invest for the long-term and are prepared to tolerate some volatility in the short term, in anticipation of the higher returns you expect to receive in five years or beyond.

Glossary Terms

Annualised total returns

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

Capital growth

Capital growth is the profit made on an investment, measured by the increase in its market value over the invested amount or cost price. It is also called capital appreciation.

Equities

An equity or share represents an institution/individual's ownership in a listed company and is the vehicle through which they are able to 'share' in the profits made by that company. As the company grows, and the expectation of improved profits increases, the market price of the share will increase and this translates into a capital gain for the shareholder. Similarly, negative sentiment about the company will result in the share price falling. Shares/equities are usually considered to have the potential for the highest return of all the investment classes, but with a higher level of risk i.e. share investments have the most volatile returns over the short term. An investment in this type of asset should be viewed with a 7 to 10 year horizon.

Fundamental analysis

This is a method of evaluating a share that involves attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the share's value, including macroeconomic factors (like the overall economy and industry conditions) and company-specific factors (like financial statements, cashflow and management).

Sharpe ratio

The Sharpe ratio measures 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 amount of expected volatility in an investment.

Total Expense Ratio (TER)

This is the total costs associated with managing and operating an investment (excluding administration, financial planning and servicing fees). These costs consist primarily of management fees and additional expenses such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the fund is divided by the fund's total assets under management to arrive at a percentage amount, which represents the TER.

Volatility

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

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 performance is not necessarily a guide to future performance, 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 other unit trust portfolios which 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 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 Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. The portfolio management of all the portfolios is outsourced to financial services providers authorized in terms of the Financial Advisory and Intermediary Services Act, 2002. Standard Bank of South Africa Ltd is the appointed trustee of the Sanlam Collective Investments Scheme.

The Manager retains full legal responsibility for the co-named portfolio. First Avenue Investment Management (Pty) Ltd is responsible for the management of the investments held in the Fund. The management of investments are outsourced to First Avenue Investment Management (Pty) Ltd, FSP 42693, an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002.

Investment Manager Information

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Portfolio Manager Comment

As at 30 June 2020

The second quarter of 2020 can only be described as one of extreme volatility on the JSE due to the uncertainty associated with the coronavirus pandemic and associated lockdowns, a Moody's downgrade of SA's credit rating below investment grade and the launch of unprecedented levels of fiscal and monetary stimulus programmes across most major nations. To illustrate the volatility, the average stock within the FTSE JSE SWIX index would have delivered a maximum gain of 55% and maximum drawdown of 23% during the quarter which is the highest that we have observed since 2009. The former refers to the return an investor could have achieved should he or she have had perfect hindsight and bought at the lowest price and sold at the highest price during the quarter. The latter is the greatest loss achieved should the investor have bought at the highest price and sold at the lowest price during the quarter. This extended to both large and mid/small cap stocks. For example, an investor with perfect timing could have achieved a 410% return investing in Sasol but could have also experienced a 26% drawdown should his/her timing have been incorrect.

The FTSE JSE SWIX index delivered a 23.6% return for the quarter amidst the volatility largely due to the stimulatory measures by the US, Europe, Japan and China which are at a level not seen since World War 2. The majority of these returns were derived from Naspers, Prosus, Sasol and diversified, gold and platinum mining companies. Such companies are either geared to stimulatory actions or, as is the case with Naspers/Prosus, have 'stay-at-home' business models which are largely unaffected by the coronavirus pandemic. We are pleased that the fund used both Q1 and Q2 2020 to increase our weights in these sectors through new positions in Kumba Iron Ore and Amplats as well as increased weight allocated to Naspers, Sasol and Prosus. The fund underperformed during the quarter largely due to its lack of exposure to gold miners. We are comfortable with this positioning going forward as: 1) gold has reached its previous peak of USD 1800/ounce which it is unlikely to maintain as uncertainty levels dissipate (as was the case during the 2009 financial crisis) and 2) we believe that the quality domestic companies within our portfolio have reached decade lows in terms of valuation and have a high probability of rebounding strongly over the next year. We are, however, concerned about the impact of an extremely strict lockdown on the SA economy and employment levels and therefore focus the domestic equity component of our portfolio only on those business who have balance sheets that can weather the storm and business models that enable market share gains as weaker players exit their respective industries.

Portfolio Manager

Hlelo (Lo) Giyose
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