

Minimum Disclosure Document (MDD)

FOR SOUTH AFRICAN UNIT TRUSTS



The Why, How and What of a Minimum Disclosure Document (MDD).

What is an MDD?

An MDD is a short summary of a unit trust, also known as a fund, which is published monthly or quarterly by the management company of the unit trust. The information on the document shows a snapshot of the fund's performance, as well as the factors which were responsible for returns, like the risk taken and the investments made by the fund. The MDD will also show information concerning how the fund operates, including any regulations it is subject to, fees and information regarding the investment manager and management company.

Below we highlight some of the important information you will find in an MDD.

XYZ Growth Portfolio

1 OBJECTIVE & STRATEGY
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PORTFOLIO MANAGEMENT & EXPERIENCE
+ Simporrum autatemquis
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+ Simporrum autatemquis

PORTFOLIO STATISTICS
+ Net assets: Simporrum autatemquis
+ Total holdings: 000

Top ten holdings	%
Fiones ad quibea	0.00
Fiones ad quibea	0.00
Fiones ad quibea	0.00
Fiones ad quibea	0.00
Fiones ad quibea	0.00
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Fiones ad quibea	0.00
Fiones ad quibea	0.00

2 CUMULATIVE PERFORMANCE

PERFORMANCE SINCE INCEPTION

Fund	YTD	1 Year	3 Years	5 Years	Since Inception
Fiones ad quibea	0.00	0.00	0.00	0.00	0.00
Fiones ad quibea	0.00	0.00	0.00	0.00	0.00
Fiones ad quibea	0.00	0.00	0.00	0.00	0.00
Fiones ad quibea	0.00	0.00	0.00	0.00	0.00

ASSET ALLOCATION

RISK

1 2 3 4 5

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4 INVESTMENT HORIZON
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5 MANAGEMENT FEE
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1 Goals and objectives

Each MDD will state the fund's investment objective, as well as the metrics used to determine whether the fund is meeting that objective. This is known as a benchmark and/or target.

2 Returns

Performance or 'returns' show how the fund has performed over a given period. The total returns seen on an MDD include the capital growth, as well as any income earned by the fund. The performance is typically displayed using a returns table, showing performance over multiple time periods: e.g. one year, three years, etc., where performance is annualized for periods longer than one year. Performance can also be displayed in a graph or table showing the historic monthly returns. With these historical returns, an investor can see how the fund has performed over time, against its selected benchmark and possibly how it compares to its peer group. Although historic returns can never be used as a guarantee for future returns, it is helpful to understand how the fund has performed during different market cycles.

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3

Risk

Typically, the lower the risk, the lower the potential return, and conversely the higher the risk, the higher the potential return. That said, there is no guarantee that returns will be higher when investing in a portfolio with a higher risk profile.

Investors can easily see the risk level of the fund they are investing in on the MDD by looking at the table of risk statistics. Note: Risk profiles are a mere guide based on the holdings/exposures of each fund and what it is designed to achieve. It is important to note that the risk profile is typically a subjective categorization. In addition, the risk profile does not take the impact of exchange rate fluctuations into account that are associated with offshore feeder funds.

4

Investment horizon

The stated investment horizon is the minimum recommended term an investor should stay invested for, given the fund's objective.

5

Fees

Fees are always shown on an MDD. The Total Investment Charge (TIC) is the expense the fund incurred over the calculation period, expressed as a percentage of the fund value and annualised. The TIC is made up of the Total Expense Ratio (TER) and the Transaction Costs (TC). A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return.

If a performance fee is applicable to the fund, it will be disclosed in the MDD.

6

Underlying Exposure

The exposures or underlying investments made by the fund are reported on an MDD. An MDD can show a number of graphs and tables that help an investor understand what the fund is invested in, as this will impact the returns of the fund and the fund risk profile. All funds must show a breakdown of the exposure in each asset class. Some MDDs show asset class specific details. For example, equity funds may show geographic or sector specific exposure. Often, managers will report on the top ten instruments the fund is invested in. Fund of funds and multi-managed funds also show the underlying unit trusts they are invested in.

All of these metrics give the investor insight into the category of the fund and how the investment manager invests on behalf of the fund and what contributes to the fund's performance.

7

Disclaimers and Restriction

Often found near the end of an MDD are the disclaimers, which disclose what regulations the fund is subject to and more specific details on how the fund operates. Regulations include the maximum and minimum allocation a fund is allowed to have exposure to in different asset classes or types of investments.

Please contact your financial advisor if you have any questions, as they are best placed to guide you through the MDD.

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