



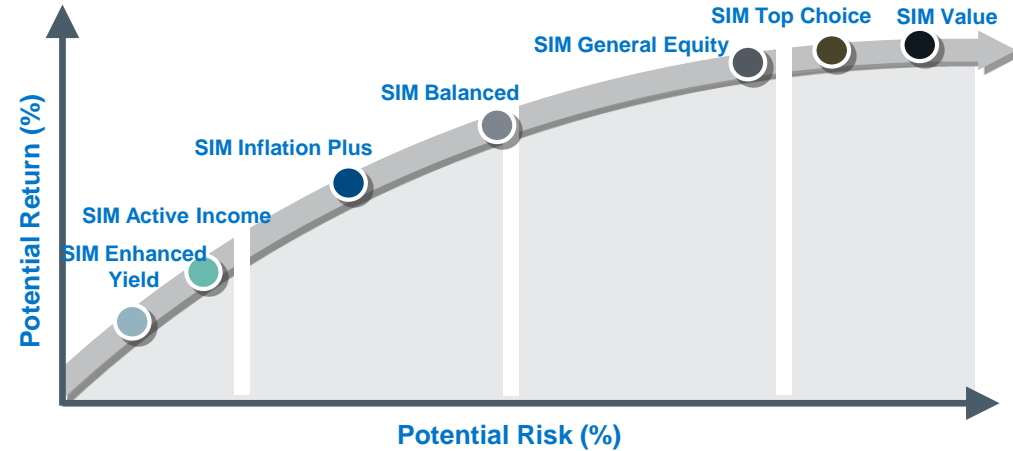
Economic Overview for October

Equity markets fared well during October, with the FTSE/JSE All Share closing at 6.3%. This was mainly driven by a solid performance in both resources and industrial stocks. The FTSE/JSE Industrials gained 8.1% for the month, with the FTSE/JSE Resources closing at 6.4% on a softer rand and a 2.1% gain in commodities. Financials had a relatively quieter month, coming in at 2.6%. After posting a negative return in the previous month, the FTSE/JSE Mid-cap index recovered in October, closing at 4.1%, while the FTSE/JSE Small-cap index closed at 2.6%.

Bond markets did not react well to unfavourable Mid Term Budget Policy Statement. The 10-year bond yield (which is a benchmark indicator of how risky a government is viewed as being, and what interest rate the market would demand when lending to it) shot up to over 9.0% post Minister of Finance Gigaba's speech. The All Bond Index ended the month at -2.3%, with cash coming in at a steady 0.6% and property at 2.0%.

The Rand experienced some volatility during the month due to the surprise decision to reshuffle Cabinet. The rand depreciated against all major currencies down 4.5% against the US dollar, 3.1% relative to the Euro and 3.5% against the Sterling. Even though global risks (such as ongoing BREXIT negotiations and a new US Federal Reserve Chair) were evident during October, on the whole markets were positive, looking even better in Rand terms for the month due to Rand depreciation. The MSCI World Index rose 1.9% in USD terms and 6.7% in Rands. The MSCI Emerging Markets Index posted gains of 3.5% in USD and 8.4% in Rand terms.

Risk/Return profile for the Sanlam Investment Management range:



Period to End October 2017	Market Indices					
	Cash	Bonds	Property	Equities	Global Equities	*^CPI
1 Month	0.62%	1.03%	0.76%	2.65%	-1.35%	0.19%
3 Months	1.86%	1.58%	4.79%	6.04%	1.55%	0.68%
6 Months	3.77%	4.49%	5.55%	12.37%	7.06%	1.67%
1 Year	7.63%	10.20%	9.40%	10.15%	2.68%	4.83%
3 Years	7.01%	6.65%	13.02%	6.56%	13.19%	5.12%
5 Years	6.36%	6.31%	11.65%	13.10%	21.15%	5.64%

*Estimated CPI used for the one month figure

^Consumer Price Index tracks the rate of change in the prices of goods and services purchased by consumers

Source: Sanlam Investments | MorningStar Direct | As at 31 October 2017

sanlam investment management | funds in focus



Strategy	Interest Bearing Funds		Multi Asset Funds		Equity Funds		
Fund	**SIM Enhanced Yield A1	SIM Active Income A1	SIM Inflation Plus	SIM Balanced A	SIM General Equity A	SIM Top Choice Equity A1	SIM Value R
Objective	Aims to beat cash + 0.5%. Invests in money market & credit instruments	Aims to beat cash + 1%. May invest in cash, bonds, ^{^^} ILBS, & property	Absolute return fund aiming to return 4% above CPI. May invest a maximum of 40% equity & 25% foreign assets	A moderately aggressive fund seeking long term growth. May invest max 75% equity & 25% foreign assets	Fully invested equity fund diversified across all sectors of the JSE	Fully invested equity fund of 20 or more stocks, diversified across all sectors of the JSE	Fully invested equity fund seeking undervalued companies with long term growth. Offshore assets allowed
Cash	82%	85%	45%	9%	1%	3%	2%
Bonds	18%	12%	7%	10%	0%	1%	0%
Property	0%	2%	2%	10%	4%	1%	2%
Equity	0%	0%	22%	45%	89%	96%	70%
Foreign Cash	0%	0%	5%	2%	1%	0%	1%
Foreign Bonds	0%	0%	0%	0%	0%	0%	0%
Foreign Property	0%	0%	3%	2%	0%	0%	0%
Foreign Equity	0%	0%	17%	21%	6%	0%	25%

**The SIM Enhanced Yield Fund derives its income primarily from interest bearing instruments. The yield is a current yield. Yield is the income return on an investment. This refers to interest or dividends received from a security and is usually expressed annually as a percentage based on the investment's cost, its current market value or its face value.

^{^^}Inflation-linked bonds are common bonds issued in the bond market. These bonds are issued with a fixed coupon rate, where the face value is readjusted in step with the rate of inflation.

Source: Sanlam Investments | As at 30 September 2017

thank you

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