



**ACS/S** STRATEGIC INVESTMENT SERVICE  
Collective Investment Schemes

**ABRIDGED** ANNUAL REPORT 2016



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**Manager**

SIS Management Company is registered in terms of the Collective Investment Schemes Control Act as the manager of the SIS Collective Investment Schemes.

SIS is a wholly owned subsidiary of Acsis Limited. SIS is a full member of the Association for Savings and Investment SA.

**Company information**

Registration number 1997/022003/06

**Registered address**

Mutual Park Jan Smuts Drive Pinelands 7405

**Contact details**

PO Box 44604 Claremont 7735 South Africa

Tel: +27 (21) 524 4410 Fax: +27 (21) 441 1199 Doc-ex 14 Century City

**Directors**

B Jack (Independent non-executive) (Chairman), T Tapela (Independent non-executive), T Pascoe (executive), F Sader (non-executive)

**Company secretary**

Old Mutual Life Assurance Company (South Africa) Limited

**Portfolio manager**

Acsis Limited is the portfolio manager for all of the portfolios

**Trustees**

Standard Bank of South Africa Limited

**Auditors**

KPMG Inc

Copies of the audited annual financial statements of the Manager and of the schemes managed by it are available free of charge on request. Please contact the office detailed above. No scrip lending activities were undertaken by any of the schemes.

**REPORT OF THE MANAGING DIRECTOR**

The annual report contains the pertinent financial information for the year ended 31 December 2016. There was no deviation from the investment policies and objectives of the portfolios as contained in the relevant Trust Deeds.

T Pascoe  
Acsis Limited

**REPORT OF TRUSTEE FOR THE STRATEGIC INVESTMENT SERVICE UNIT TRUST SCHEME**

We, the Standard Bank of South Africa Limited, in our capacity as Trustee of the Strategic Investment Service Unit Trust Scheme ("the Scheme") have prepared a report in terms of Section 70(1)(f) of the Collective Investment Schemes Control Act, 45 of 2002, as amended ("the Act"), for the financial year ended 31 December 2016.

In support of our report we have adopted certain processes and procedures that allow us to come to a reasonable conclusion as to whether the Manager has administered the Scheme in accordance with the Act and the Scheme Deed.

As Trustees of the Scheme we are also obliged to in terms of Section 70(3) of the Act to satisfy ourselves that every statement of comprehensive income, statement of financial position or other return prepared by the Manager of the Scheme as required by Section 90 of the Act fairly represents the assets and liabilities, as well as the income and distribution of income, of every portfolio of the Scheme.

The Manager is responsible for maintaining the accounting records and preparing the annual financial statements of the Scheme in conformity with International Financial Reporting Standards. This responsibility also includes appointing an external auditor to the Scheme to ensure that the financial statements are properly drawn up so as to fairly represent the financial position of every portfolio of its collective investment scheme are in accordance with International Financial Reporting Standards and in the manner required by the Act.

Our enquiry into the administration of the Scheme by the Manager does not cover a review of the annual financial statements and hence we do not provide an opinion thereon.

Based on our records, internal processes and procedures we report that nothing has come to our attention that causes us to believe that the accompanying financial statements do not fairly represent the assets and liabilities, as well as the income and distribution of income, of every portfolio of the Scheme administered by the Manager. We confirm that according to the records available to us, no losses were suffered in the portfolios and no investor was prejudiced as a result thereof.

We conclude our report by stating that we reasonably believe that the Manager has administered the Scheme in accordance with:

- (i) the limitations imposed on the investment and borrowing powers of the Manager by this Act;
- (ii) and the provisions of this Act and the Deed;



Melinda Mostert  
Head: Trustee Services  
**Standard Bank of South Africa Limited**



Seggie Moodley  
Head: Risk and Legal (Trustee Services)  
**Standard Bank of South Africa Limited**

**8 March 2017**

**IMPORTANT NOTICE:**

In terms of the Collective Investment Schemes Control Act, the trustees of all unit trust companies must report on their adherence to limitations imposed on investing, borrowing powers and the general provisions of the Act and Trust Deed. Our trustees, Standard Bank of South Africa Limited, have released Strategic Investment Service Collective Investment Schemes report for 2016. The report does not detail any material breaches and is available from the Manager on request and may be viewed at the registered offices of the Manager.

R'000	SIS Equity Fund	SIS Equity Fund of Funds	SIS Flexible Income Fund of Funds	SIS Inflation Linked Bond Fund
<b>STATEMENT OF COMPREHENSIVE INCOME</b>				
FOR THE YEAR ENDED 31 DECEMBER 2016				
Net (loss)/income from operations before finance costs	616 711	(23)	147	47 401
Total finance costs	209 841	-	84	30 988
Distributions	203 922	-	84	30 988
Withholding tax on foreign dividends	5 919	-	-	-
<b>Change in net assets attributable to unitholders</b>	<b>406 870</b>	<b>(23)</b>	<b>63</b>	<b>16 413</b>
<b>STATEMENT OF FINANCIAL POSITION</b>				
AT 31 DECEMBER 2016				
Total assets	10 059 208	2 917	5 856	1 551 903
Total liabilities, excluding net assets attributable to unitholders	97 453	3	71	20 266
<b>Net assets attributable to unitholders</b>	<b>9 961 755</b>	<b>2 914</b>	<b>5 785</b>	<b>1 531 637</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>				
FOR THE YEAR ENDED 31 DECEMBER 2016				
Net (loss)/income from operations before finance costs	5 174	267 670	444 577	231 676
Total finance costs	4 070	182 224	342 456	180 224
Distributions	4 069	181 689	340 017	178 194
Withholding tax on foreign dividends	1	535	2 439	2 030
<b>Change in net assets attributable to unitholders</b>	<b>1 104</b>	<b>85 446</b>	<b>102 121</b>	<b>51 452</b>
<b>STATEMENT OF FINANCIAL POSITION</b>				
AT 31 DECEMBER 2016				
Total assets	66 880	5 569 734	14 207 770	9 337 000
Total liabilities, excluding net assets attributable to unitholders	2 233	87 172	130 098	56 890
<b>Net assets attributable to unitholders</b>	<b>64 647</b>	<b>5 482 562</b>	<b>14 077 672</b>	<b>9 280 110</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>				
FOR THE YEAR ENDED 31 DECEMBER 2016				
Net (loss)/income from operations before finance costs	(7 839)	(3 051)	(517 298)	(231 449)
Total finance costs	11 234	-	10 574	-
Distributions	10 914	-	10 574	-
Withholding tax on foreign dividends	320	-	-	-
<b>Change in net assets attributable to unitholders</b>	<b>(19 073)</b>	<b>(3 051)</b>	<b>(527 872)</b>	<b>(231 449)</b>
<b>STATEMENT OF FINANCIAL POSITION</b>				
AT 31 DECEMBER 2016				
Total assets	1 477 678	50 384	4 001 224	13 783 716
Total liabilities, excluding net assets attributable to unitholders	749	71	10 151	3 710
<b>Net assets attributable to unitholders</b>	<b>1 476 929</b>	<b>50 313</b>	<b>3 991 073</b>	<b>13 780 006</b>

R'000	SIS Money Market Fund*	SIS Property Equity Fund	SIS Property Fund of Funds
<b>STATEMENT OF COMPREHENSIVE INCOME</b>			
FOR THE YEAR ENDED 31 DECEMBER 2016			
Net (loss)/income from operations before finance costs	64 534	173 986	70
Total finance costs	64 522	107 921	16
Distributions	64 522	107 921	16
Withholding tax on foreign dividends	-	-	-
<b>Change in net assets attributable to unitholders</b>	<b>12</b>	<b>66 065</b>	<b>54</b>
<b>STATEMENT OF FINANCIAL POSITION</b>			
AT 31 DECEMBER 2016			
Total assets	833 842	2 206 227	1 639
Total liabilities, excluding net assets attributable to unitholders	5 503	64 134	18
<b>Net assets attributable to unitholders</b>	<b>828 339</b>	<b>2 142 093</b>	<b>1 621</b>

Portfolio composition	Cash and cash equivalents*	Money market instruments	Derivatives at fair value#	Bonds	Unit trusts		Equity	
					Local	Foreign	Local	Foreign
SIS Equity Fund	2.06	-	-	-	-	-	97.94	-
SIS Equity Fund of Funds	0.19	-	-	-	99.81	-	-	-
SIS Flexible Income Fund of Funds	1.27	-	-	-	98.73	-	-	-
SIS Inflation Linked Bond Fund	1.98	-	-	98.02	-	-	-	-
SIS Inflation Matching Fund of Funds	4.24	-	-	-	95.76	-	-	-
SIS Inflation Plus 1-3 Fund of Funds	1.82	-	-	-	73.51	24.67	-	-
SIS Inflation Plus 3-5 Fund of Funds	0.99	-	-	-	71.64	27.37	-	-
SIS Inflation Plus 5-7 Fund of Funds	0.73	-	-	-	72.26	27.01	-	-
SIS Inflation Plus 7-9 Fund of Funds	0.47	-	-	-	51.74	47.79	-	-
SIS International Fixed Interest Fund of Funds	2.45	-	-	-	-	97.55	-	-
SIS International Flexible Fund of Funds	0.78	-	-	-	-	99.22	-	-
SIS International Growth Fund of Funds	0.27	-	-	-	-	99.73	-	-
SIS Money Market Fund*	100.00	-	-	-	-	-	-	-
SIS Property Equity Fund	3.87	-	-	-	-	-	96.13	-
SIS Property Fund of Funds	1.39	-	-	-	98.61	-	-	-

\* Only capital, current and call deposits are included.

# Where portfolios hold SAFEX instruments the fair value of derivative assets and liabilities is zero.

Investment performance	1 YEAR	3 YEARS	5 YEARS	7 YEARS
	(Class A)	(Class A)	(Class A)	(Class A)
SIS Equity Fund	4.1	6.3	14.6	14.1
SIS Equity Fund of Funds*	-	-	-	-
SIS Flexible Income Fund of Funds*	-	-	-	-
SIS Inflation Linked Bond Fund	6.7	6.5	-	-
SIS Inflation Matching Fund of Funds	8.2	6.6	6.3	5.9
SIS Inflation Plus 1-3 Fund of Funds	4.8	7.1	11.5	10.8
SIS Inflation Plus 3-5 Fund of Funds	3.0	7.0	12.9	12.0
SIS Inflation Plus 5-7 Fund of Funds	2.4	7.1	13.7	12.8
SIS Inflation Plus 7-9 Fund of Funds	-0.6	7.2	15.5	14.2
SIS International Fixed Interest Fund Of Funds	-12.1	5.6	9.3	-
SIS International Flexible Fund of Funds	-11.4	12.2	18.4	-
SIS International Growth Fund of Funds	-0.3	9.3	20.5	-
SIS Money Market Fund	7.6	6.7	6.1	6.2
SIS Property Equity Fund	9.9	17.6	19.1	18.6
SIS Property Fund of Funds*	-	-	-	-

\* No performance figures are available as these funds have traded for less than one year.

Income distribution per unit (cents)	JUNE 2016	SEPTEMBER 2016	DECEMBER 2016
	(Class A)	(Class A)	(Class A)
SIS Equity Fund	10.88	-	7.71
SIS Equity Fund of Funds	-	-	-
SIS Flexible Income Fund of Funds	1.23	2.23	2.40
SIS Inflation Linked Bond Fund	1.40	-	1.43
SIS Inflation Matching Fund of Funds	3.76	-	4.03
SIS Inflation Plus 1-3 Fund of Funds	6.89	-	5.98
SIS Inflation Plus 3-5 Fund of Funds	6.13	-	3.35
SIS Inflation Plus 5-7 Fund of Funds	8.13	-	3.28
SIS Inflation Plus 7-9 Fund of Funds	4.73	-	-
SIS International Fixed Interest Fund Of Funds	-	-	-
SIS International Flexible Fund of Funds	-	-	0.50
SIS International Growth Fund of Funds	-	-	-
SIS Money Market Fund*	-	-	-
SIS Property Equity Fund	13.18	-	15.45
SIS Property Fund of Funds	-	-	2.06

\* The SIS Money Market Fund distributes daily.

Price and total expense ratio	LAST PUBLISHED PRICE	TOTAL EXPENSE RATIO (TER)
	(31/12/2016)	Percentage per Class (%)
	(Class A)	(Class A)
SIS Equity Fund	1 016.20	0.96
SIS Equity Fund of Funds	200.13	3.39
SIS Flexible Income Fund of Funds	209.94	2.89
SIS Inflation Linked Bond Fund	121.53	0.52
SIS Inflation Matching Fund of Funds	125.59	1.25
SIS Inflation Plus 1-3 Fund of Funds	398.38	1.35
SIS Inflation Plus 3-5 Fund of Funds	402.89	1.46
SIS Inflation Plus 5-7 Fund of Funds	602.11	1.56
SIS Inflation Plus 7-9 Fund of Funds	663.24	1.69
SIS International Fixed Interest Fund Of Funds	168.79	0.65
SIS International Flexible Fund of Funds	266.73	1.02
SIS International Growth Fund of Funds	365.76	1.50
SIS Money Market Fund	100.00	0.38
SIS Property Equity Fund	554.57	0.54
SIS Property Fund of Funds	209.87	3.27



#### STATUTORY INFORMATION:

Only the A Class fund portfolios have been included in this Abridged Annual Report. Performance figures are only disclosed for funds that have been in existence for more than one year. A fund portfolio is identical for all the respective classes of that fund. Different classes purely reflect different fee structures, not different portfolio compositions. The A Classes have been selected for this Annual Report as this is the only class of units which a retail investor can purchase directly from the SIS Collective Investment Schemes. Note that full details of all the funds and classes are available in the full Annual Report. All performance figures are based on lump sum investments to December 2016. Unit trusts are generally medium- to long-term investments. Past performance is no indication of future growth. Shorter term fluctuations can occur as your investment moves in line with the markets. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Unit trusts can engage in borrowing and scrip lending. The fund's Total Expense Ratio (TER) reflects the percentage of the average Net Asset Value of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs. A schedule of fees, charges and maximum commissions is available from the company. You may sell your investment at the ruling price of the day (calculated at 15h00 on a forward pricing basis and 17h00 at month-end. A Fund of Fund unit trust invest only in other Collective Investment Schemes, which may levy their own charges.

The performance is calculated on a NAV-NAV basis and does not take any initial fees into account. Income is reinvested on the ex-dividend date. Actual investment performance will differ based on the initial fees applicable, the actual investment date and the date of reinvestment of income.