



ACS/S STRATEGIC INVESTMENT SERVICE
Unit Trust Scheme

ABRIDGED ANNUAL REPORT 2017



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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 Unit Trust Scheme.

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), E Botha (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 2017. There was no deviation from the investment policies and objectives of the portfolios as contained in the relevant Trust Deeds.

E Botha

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 2017.

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

08 March 2018

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 Unit Trust Scheme report for 2017. 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
STATEMENT OF COMPREHENSIVE INCOME				
FOR THE YEAR ENDED 31 DECEMBER 2017				
Net (loss)/income from operations before finance costs	1 504 611	1 856	4 341	96 788
Total finance costs	246 151	192	2 033	79 721
Distributions	236 618	190	2 033	79 721
Withholding tax on foreign dividends	9 533	2	-	-
Change in net assets attributable to unitholders	1 258 460	1 664	2 308	17 067
STATEMENT OF FINANCIAL POSITION				
AT 31 DECEMBER 2017				
Total assets	12 003 658	104 415	84 680	2 584 053
Total liabilities, excluding net assets attributable to unitholders	161 865	154	1 225	205 476
Net assets attributable to unitholders	11 841 793	104 261	83 455	2 378 577
STATEMENT OF COMPREHENSIVE INCOME				
FOR THE YEAR ENDED 31 DECEMBER 2017				
Net (loss)/income from operations before finance costs	7 952	575 860	1 951 984	1 324 230
Total finance costs	6 573	181 802	287 382	169 319
Distributions	6 573	181 199	284 421	167 138
Withholding tax on foreign dividends	-	603	2 961	2 181
Change in net assets attributable to unitholders	1 379	394 058	1 664 602	1 154 911
STATEMENT OF FINANCIAL POSITION				
AT 31 DECEMBER 2017				
Total assets	104 470	5 496 603	14 882 985	9 897 343
Total liabilities, excluding net assets attributable to unitholders	3 709	86 553	106 080	55 460
Net assets attributable to unitholders	100 761	5 410 050	14 776 905	9 841 883
STATEMENT OF COMPREHENSIVE INCOME				
FOR THE YEAR ENDED 31 DECEMBER 2017				
Net (loss)/income from operations before finance costs	199 900	(1 934)	24 325	2 439 324
Total finance costs	9 988	-	30 345	13 590
Distributions	9 658	-	30 345	13 590
Withholding tax on foreign dividends	330	-	-	-
Change in net assets attributable to unitholders	189 912	(1 934)	(6 020)	2 425 734
STATEMENT OF FINANCIAL POSITION				
AT 31 DECEMBER 2017				
Total assets	1 450 900	14 184	3 994 468	13 938 056
Total liabilities, excluding net assets attributable to unitholders	1 258	126	16 666	108 748
Net assets attributable to unitholders	1 449 642	14 058	3 977 802	13 829 308

R'000	SIS Money Market Fund*	SIS Property Equity Fund	SIS Property Fund of Funds
STATEMENT OF COMPREHENSIVE INCOME			
FOR THE YEAR ENDED 31 DECEMBER 2017			
Net (loss)/income from operations before finance costs	61 581	356 218	2 550
Total finance costs	61 589	115 887	675
Distributions	61 589	115 737	674
Withholding tax on foreign dividends	-	150	1
Change in net assets attributable to unitholders	(8)	240 331	1 875
STATEMENT OF FINANCIAL POSITION			
AT 31 DECEMBER 2017			
Total assets	729 860	2 208 543	36 745
Total liabilities, excluding net assets attributable to unitholders	7 082	57 045	634
Net assets attributable to unitholders	722 778	2 151 498	36 111

Portfolio composition	Cash and cash equivalents*	Money market instruments	Derivatives at fair value#	Bonds	Unit trusts		Equity	
					Local	Foreign	Local	Foreign
SIS Equity Fund	3.32	-	-	-	-	-	96.68	-
SIS Equity Fund of Funds	3.70	-	-	-	96.30	-	-	-
SIS Flexible Income Fund of Funds	5.28	-	-	-	94.72	-	-	-
SIS Inflation Linked Bond Fund	14.56	-	-	85.44	-	-	-	-
SIS Inflation Matching Fund of Funds	3.99	-	-	-	96.01	-	-	-
SIS Inflation Plus 1-3 Fund of Funds	1.77	-	-	-	73.28	24.95	-	-
SIS Inflation Plus 3-5 Fund of Funds	0.84	-	-	-	73.90	25.26	-	-
SIS Inflation Plus 5-7 Fund of Funds	0.74	-	-	-	73.93	25.33	-	-
SIS Inflation Plus 7-9 Fund of Funds	0.55	-	-	-	46.43	53.02	-	-
SIS International Fixed Interest Fund of Funds	7.36	-	-	-	-	92.64	-	-
SIS International Flexible Fund of Funds	1.30	-	-	-	-	98.70	-	-
SIS International Growth Fund of Funds	1.19	-	-	-	-	98.81	-	-
SIS Money Market Fund*	100.00	-	-	-	-	-	-	-
SIS Property Equity Fund	2.08	-	-	-	-	-	97.92	-
SIS Property Fund of Funds	5.82	-	-	-	94.18	-	-	-

* Only capital, current and call deposits are included.

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

	1 YEAR	3 YEARS	5 YEARS	7 YEARS
Investment performance	(Class A)	(Class A)	(Class A)	(Class A)
SIS Equity Fund	16.7	7.7	12.6	13.5
SIS Equity Fund of Funds	14.8	-	-	-
SIS Flexible Income Fund of Funds	7.4	-	-	-
SIS Inflation Linked Bond Fund	3.9	4.2	4.9	-
SIS Inflation Matching Fund of Funds	8.0	7.1	6.4	6.1
SIS Inflation Plus 1-3 Fund of Funds	11.0	7.4	10.0	10.6
SIS Inflation Plus 3-5 Fund of Funds	14.3	8.1	11.6	12.1
SIS Inflation Plus 5-7 Fund of Funds	14.8	8.1	12.0	12.7
SIS Inflation Plus 7-9 Fund of Funds	14.4	8.3	13.4	13.9
SIS International Fixed Interest Fund of Funds	(7.0)	1.5	6.6	8.3
SIS International Flexible Fund of Funds	1.7	5.6	13.7	16.1
SIS International Growth Fund of Funds	17.2	12.0	19.4	18.7
SIS Money Market Fund	8.3	7.5	6.7	6.4
SIS Property Equity Fund	18.2	14.4	16.1	17.3
SIS Property Fund of Funds	17.0	-	-	-

	MARCH 2017	JUNE 2017	SEPTEMBER 2017	DECEMBER 2017
Income distribution per unit (cents)	(Class A)	(Class A)	(Class A)	(Class A)
SIS Equity Fund	-	9.69	-	9.53
SIS Equity Fund of Funds	-	2.30	-	0.25
SIS Flexible Income Fund of Funds	3.09	2.68	3.58	3.06
SIS Inflation Linked Bond Fund	-	2.13	-	2.61
SIS Inflation Matching Fund of Funds	-	4.17	-	4.32
SIS Inflation Plus 1-3 Fund of Funds	-	7.29	-	6.55
SIS Inflation Plus 3-5 Fund of Funds	-	5.48	-	3.02
SIS Inflation Plus 5-7 Fund of Funds	-	7.83	-	3.47
SIS Inflation Plus 7-9 Fund of Funds	-	4.54	-	0.18
SIS International Fixed Interest Fund of Funds	-	-	-	-
SIS International Flexible Fund of Funds	-	0.85	-	0.92
SIS International Growth Fund of Funds	-	-	-	-
SIS Money Market Fund*	-	-	-	-
SIS Property Equity Fund	-	14.23	-	15.14
SIS Property Fund of Funds	-	3.73	-	4.03

* The SIS Money Market Fund distributes daily.

Price and total expense ratio	LAST PUBLISHED PRICE	TOTAL EXPENSE RATIO (TER)
	(31/12/2017)	Percentage per Class (%)
	(Class A)	(Class A)
SIS Equity Fund	1 140.73	0.97
SIS Equity Fund of Funds	227.24	2.51
SIS Flexible Income Fund of Funds	213.14	1.89
SIS Inflation Linked Bond Fund	122.76	0.55
SIS Inflation Matching Fund of Funds	127.33	1.33
SIS Inflation Plus 1-3 Fund of Funds	428.30	1.36
SIS Inflation Plus 3-5 Fund of Funds	451.38	1.43
SIS Inflation Plus 5-7 Fund of Funds	679.08	1.47
SIS Inflation Plus 7-9 Fund of Funds	754.00	1.61
SIS International Fixed Interest Fund of Funds	157.04	0.95
SIS International Flexible Fund of Funds	269.89	0.89
SIS International Growth Fund of Funds	428.73	1.36
SIS Money Market Fund	100.00	0.38
SIS Property Equity Fund	618.55	0.52
SIS Property Fund of Funds	238.94	2.55



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 Unit Trust Scheme. 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 2017. 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.