Perpetua SCI* Balanced Fund

Minimum Disclosure Document

As of 30/11/2023

Perpetua INVESTMENT MANAGERS

MDD Issue Date: **18/12/2023**

Fund Objective

The primary objective of the portfolio is to offer investors a moderate long term total return.

Fund Strategy

In order to achieve its objective, the portfolio can invest in a combination of assets in liquid form, money market instruments, interest bearing instruments, bonds, debentures, corporate debt, equity securities, property securities, preference shares, convertible equities, derivatives and non-equity securities. The manager may from time to time invest in participatory interests in portfolios of collective investment schemes registered in the Republic of South Africa which are consistent with the portfolio's investment policy. The portfolio's net equity exposure will range between 0% and 75% of the portfolio's net asset value. The portfolio will be managed in accordance with regulations governing pension funds. The portfolio will also be allowed to invest in listed and unlisted financial instruments (derivatives) as allowed by the Collective Investment Schemes Control Act from time to time. The Manager shall be permitted to invest on behalf of the portfolio in offshore investments as legislation permits.

Fund Information

Ticker	PMBCA
Portfolio Manager	Delphine Govender, Lonwabo Maqubela,
Extended Text Row	& Patrick Ntshalintshali
ASISA Fund Classification	South African - Multi Asset - High Equity
Risk Profile	Moderate
Benchmark	ASISA Category Avg: SA - Multi Asset - High Equity
Fund Size	R 200,678,268
Portfolio Launch Date*	22/09/2014
Fee Class Launch Date*	22/09/2014
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 & www.sanlamunittrusts.co.za
Repurchase Period	2-3 business days

Fees (Incl. VAT)

Fees (Incl. VAT)	A-Class (%)
Maximum Initial Advice Fee	3.45
Maximum Annual Advice Fee	—
Annual Investment Management Fee	0.75
Total Expense Ratio	1.01
Transaction Cost	0.20
Total Investment Charges	1.21
TER Measurement Period	01 October 2020 - 30 September 2023

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.

*The Perpetua Sanlam Collective Investments Balanced Fund transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 24 November 2017.

**Highest and Lowest annual returns are updated annually at year end.

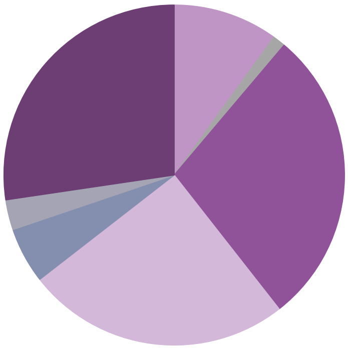
Top Ten Equity Holdings

Portfolio Date: 30/11/2023

Absa Group Ltd	2.08
British American Tobacco Plc	1.79
Standard Bank Group Ltd	1.73
Northam Platinum Holdings	1.49
Anglogold Ashanti Ltd	1.45
Anglo American Plc	1.45
Prosus (PRX)	1.29
Life Healthcare Group Holdings Ltd	1.26
Micron Technology Inc	1.26
Spar Group Ltd	1.23

Asset Allocation

Portfolio Date: 30/11/2023



	%
Non-SA Bond	9.95
Non-SA Cash	1.21
Non-SA Equity	28.27
SA Bonds	25.05
SA Cash	5.32
SA Commodity	2.86
SA Equity	27.34
Total	**100.00**

Annualised Performance (%)

Since Inception to 30/11/2023	Fund	Benchmark
1 Year	14.86	8.84
3 Years	12.39	10.64
5 Years	8.62	9.12
Since Inception	4.88	7.45

Cumulative Performance (%)

Since Inception to 30/11/2023	Fund	Benchmark
1 Year	14.86	8.84
3 Years	41.93	35.42
5 Years	51.17	54.67
Since Inception	54.93	93.58

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2022

Highest Annual %	23.43
Lowest Annual %	-4.53

3 Year Risk Statistics

Standard Deviation	8.69
Sharpe Ratio	0.79
Information Ratio	0.36
Maximum Drawdown	-10.55

Distribution History (Cents Per Unit)

30/06/2023	1.98 cpu	30/06/2021	1.25 cpu	30/06/2019	1.37 cpu
31/12/2022	2.11 cpu	31/12/2020	0.74 cpu	31/12/2018	1.56 cpu
30/06/2022	1.53 cpu	30/06/2020	1.19 cpu	30/06/2018	1.86 cpu
31/12/2021	1.70 cpu	31/12/2019	1.71 cpu	31/12/2017	0.25 cpu

Administered by

Sanlam

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Risk Profile

Moderate
You want to protect yourself from the ups and downs of the market as much as possible and, in so doing, have as smooth a ride as possible. But you also know you need to take some risk to grow your capital. You have a medium to long-term investment horizon; you are looking for a diversified portfolio (i.e., a portfolio that invests in a number of different asset classes to spread your risk), and one that offers real returns (after inflation) but with lower volatility. This fund would appeal to anyone nearing retirement (in the capital accumulation phase) as well as after retirement (in the de-accumulation or capital preservation phase).

Glossary Terms

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

Asset Allocation
Asset allocation is the percentage holding in different asset classes (i.e. equities, bonds, property, etc.). It is used to determine the level of diversification in a portfolio.

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.

Distributions
The income that is generated from an investment and given to investors through monthly, quarterly, bi-annual or annual distribution pay-outs.

Derivatives
Derivatives are instruments generally used as an instrument to protect against risk (capital losses), but can also be used for speculative purposes. Examples are futures, options and swaps.

Feeder Fund
A feeder fund is a South African-based fund that feeds exclusively into its primary foreignbased fund. It allows investors easy access to investing in an offshore fund, eliminating complicated tax and other implications. The shares of the feeder fund represent shares in the primary fund (called a master fund).

Liquidity
The ability to easily turn assets or investments into cash.

Information Ratio
The Information Ratio measures the market risk-adjusted performance of an investment or portfolio. The greater a portfolio's Information Ratio, the better its risk-adjusted performance has been compared to the market in general.

Maximum Drawdown
The maximum drawdown measures the highest peak to trough loss experienced by the fund.

Money Market Instruments
A money market instrument is a low risk, highly liquid, short-term (one year or less) debt instrument, issued by financial institutions or governments, that tend to have lower returns than high-risk investments.

Participatory Interests
When you buy a unit trust, your money is pooled with that of many other investors. The total value of the pool of invested money in a unit trust fund is split into equal portions called participatory interests or units. When you invest your money in a unit trust, you buy a portion of the participatory interests in the total unit trust portfolio. Participatory interests are therefore the number of units that you have in a particular unit trust portfolio.

Regulation 28
Regulation 28 of the Pension Funds Act sets out prudent investment limits on certain asset classes in investment funds. It applies specifically to investments in Retirement Annuities and Preservation Funds. The allowed maximum exposures to certain asset classes is: 75% for equities; 25% for property; 45% for foreign (offshore) assets.

Sharpe Ratio
The Sharpe Ratio measures total 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 volatility expected of an investment.

Additional Information

Investment Manager Information
Perpetua Investment Managers (Pty) Ltd
(FSP) License No. 29977
Physical Address: 5th Floor, The Citadel, 15 Cavendish Street, Claremont 7708
Postal Address: PO Box 44367, Claremont 7735, South Africa
Tel: +27 (21) 674 4274
Email: Info@perpetua.co.za
Website: www.perpetua.co.za

Manager Information
Sanlam Collective Investments (RF) (Pty) Ltd
Physical Address: 2 Strand Road, Bellville, 7530
Postal Address: P.O. Box 30, Sanlamhof, Bellville, 7532
Tel: +27 (21) 916 1800
Email: service@sanlaminvestments.com
Website: www.sanlamunittrusts.co.za

Trustee Information
Standard Bank of South Africa Ltd
Tel: +27 (21) 441 4100
Email: compliance-sanlam@standardbank.co.za

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Portfolio Manager Comment

As at 30 September 2023

Market Review

Global markets lost their impetus from the first half of year in Q3 2023, as significant market declines were witnessed across the board as indicated by the MSCI World Index and FTSE Government Bond index declining by 3.4% and 2%, respectively over the quarter. Investors largely adopted a risk off sentiment over Q3 2023. This was due to a rebasing of expectations, as historically rising rates often ended with a significant decline in financial conditions. As such, earlier expectations of a soft landing are proving to be too optimistic. Inflation has remained sticky. Oil prices also rose over the quarter, exacerbating inflation concerns. Consumer data is starting to show signs of weak consumer health. Manufacturing, particularly in export dependent Europe is weak. China, which was initially expected to see a post-COVID rebound continued to surprise to the downside. The is due to structural concerns related to the all-important property sector. This environment resulted in weaker commodity prices.

South Africa was by no means an exception to the macroeconomic concerns. We have seen a deterioration in the fiscal situation because of weaker commodity prices. In addition to this, some of the State-owned entities (SOEs) disclosed poor financial performance and this is likely to result in financial support by the National Treasury. As a result, we saw a JSE selloff by 3.8%, as indicated by the JSE Capped SWIX, over the quarter. South African inflation began to cool down in July, although higher oil prices will be a headwind going forward. The rand remained volatile and weakened relative to major currencies. The repo rate, as set by the SARB, remained at 8.25% over the quarter, although it is too soon to tell whether interest rates have peaked.

The JSE Capped SWIX Index declined by -3.8% over the 3 months ended 30 September 2023. Financials was the only major sector in South Africa to deliver positive returns of 2.0% in Q3, while Resources and Industrials fell -5.6% and -6.5% respectively. At the industry level, Energy recovered from the substantial losses of H1 (-33.4%) Industrials (5.9%), Consumer Services (4.8%) and Financials (2.0%) also delivered healthy gains over the quarter. However, all positive performance was negated by the returns from Telecommunications (-17.2%), Technology (-11.0%), Consumer Discretionary (-9.6%) and Basic Materials (-6.0%).

The JSE Capped SWIX was up 11.9% over the 1-year period ended 30 September 2023. This was driven by Financials gaining 20.9% while Industrials rose 15.6%. Resources were the laggard with a return of -3.1%. A closer look at the subsectors reveals that Technology (32.2%), Industrials (28.0%) and Health Care (21.2%) delivered strong gains in returns while Energy (-34.6%), Telecommunications (-10.1%) and Consumer Staples (-3.1%) declined over the year.

The MSCI All Country World Index ("the benchmark") declined by -3.4% over the third quarter and gained 20.8% over the year ended 30 September 2023. Energy and Communication Services were the only sectors to deliver positive returns for the quarter, having gained 10.7% and 0.5%. Energy made a strong recovery from its H1 losses of -2.3% and this is attributable to Russia and Saudi Arabia's decision to cut global oil supply. The worst performing sectors included Real Estate (-6.6%), Information Technology (-6.2%), Consumer Staples (-6.2%) and Consumer Discretionary (-4.8%). Emerging markets declined by -2.9% over the quarter while international stocks (DM ex-US), as indicated by the MSCI EAFE index fell by -4.1%. MSCI China returned -1.9% for the 3-months ended 30 September 2023. The MSCI UK declined -1.5% over the quarter ended 30 September 2023. The U.S. benchmark S&P500 index returned -3.4% over the period.

SA cash (+2.0%) outperformed all other asset classes over Q3 2023, while the All Bond Index declined by -0.3% over the quarter.

Portfolio Performance

The Perpetua SCI Balanced portfolio ("the Fund") produced a net return of -1.5%, in line with the peer benchmark which also returned -1.5% in the third quarter of 2023. Over the 1-year period to 30 September 2023, the Fund delivered a net return of 20.5% while the peer benchmark returned 13.0%.

The domestic equity component of the fund returned 1.5% over the third quarter of 2023, outperforming the JSE Capped SWIX return of the period of -3.8%. Over the 1-year period, the domestic equity carve out returned 15.4%, outperforming the benchmark return of 11.9%. Our idiosyncratic stock-picking investment style served us well over the quarter. The largest contributors to the Fund's performance over the third quarter of the year were our underweight positioning in Richemont, Naspers and Goldfields as well as our overweight positions in MTN and WBHO. Performance detractors included our underweight positions in Capitec and Shoprite and our overweight positions in Standard Bank, Sasol, and Quilter.

The global equity component of the Fund returned -6.2% for the quarter (in ZAR), lagging the MSCI ACWI's return of -3.4% (ZAR). Over the 1-year period, the global equity carve-out delivered a return of 40.8%, outperforming the benchmark's net return of 26.9%. The top contributors to the Fund's performance over the quarter included Booking Holdings, Universal Music Group, Alphabet, Micron Technology and Alibaba Group. Detractors from performance included Farfetch, Prosus, Entain, Magnit and Prudential.

The local bonds (0.3%) segment outperformed the ALBI (-0.3%), while local cash returns were consistent with STeFI's returns of 2.0% over Q3 2023. The global bonds carve out of the fund returned -1.1%, outperforming the Bloomberg Global Aggregate Index's returns of -3.2% for the quarter. Global cash returned 0.5%, fairly consistent with the USDZAR returns of 0.4%.

Portfolio Positioning

Our global investment outlook going into the remainder of 2023 continues to be cautious. Historically, high and increasing interest rates tend to create challenging investing environments. This is typically associated with a de-rating of equities as investors demand higher investment returns to justify the investment relative to bonds. However, the market tends to erroneously extrapolate higher rates into perpetuity. The aforementioned, coupled up with the irrationally poor sentiment towards domestic SA inc. shares has created opportunities for idiosyncratic stock picking long-term investors like ourselves.

The fund's asset allocation reflects our concerns regarding the current market environment, with equity exposure lower than our long-term strategic weight at 61%, divided between global (30%) and domestic (28%) equities, as well as commodities (3%). The remaining 39% of the fund is allocated to fixed income, with the majority allocated to domestic bonds (25%) and 6% to global bonds. Cash holdings are divided between domestic (3%) and global (5%).

We have found many good quality businesses that are trading on single digit PE multiples and attractive dividend yields in a wide range of sectors including Banks, Retailers, Precious Metals, and Consumer Staples. We also took the opportunity to buy into PGM miners such as Northam Platinum, after their collective return almost halved year-to-date. We do, however, remain cognisant of the deteriorating domestic macro-economic environment. This environment creates a conundrum for investors, offering attractive valuations but a poor investing climate; particularly domestically, but increasingly globally too.

To counter these various risks, we have implemented several strategic adjustments within our portfolio. First and foremost, we've minimized currency risk by maintaining an "equal weight" distribution among companies with rand hedge attributes. This approach allows our portfolio to capitalize on cheap domestic facing firms, while also incorporating undervalued rand hedges. This diversification ensures that the performance of the portfolio remains resilient and not solely reliant on currency movements. Furthermore, we have chosen to allocate an overweight position to more traditionally defensive sectors such as Healthcare, Tobacco, and Consumer Staples. These sectors consistently exhibit attractive valuations compared to the broader market and have a historical track record of outperforming during periods of economic uncertainty. Additionally, we've applied stricter stock selection criteria, favouring businesses with lower levels of financial and operational leverage, further enhancing the stability of our investment strategy.

On the global equity front, we continued to trim our outperforming shares which had become increasing more highly valued and re-invest the proceeds into new positions which had underperformed the market and were cheap relative to their historic valuations and our assessment of intrinsic value. The positions trimmed included Meta Platforms, Booking Holdings, Alphabet and Universal Music Group. We initiated new positions in Mondi and Michelin. The Fund's positioning has not changed much over the quarter.

As fixed income yields locally and globally provide attractive returns on an absolute and a risk adjusted basis, we have increased our fixed income allocation accordingly. Within the fixed income class, we have positioned for increased fiscal risk by concentrating on the belly of the curve. 77% of the portfolio is in government bonds, with a split of 44% in the 7-10yr space and 34% in the 3-7yr space. The rest is split between credit-linked notes, floating rate notes and cash. The modified duration and current yield of the domestic fixed income carve out is 4.5 years and 11.1% (vs the 5.6 years and 10.4% of the ALBI). On the global front, we believe that US treasuries are very attractively priced at these levels and provide a good hedge as geopolitical tensions rise. As a result, we are overweight US Treasuries with a good mix of short end and long end bonds and TIPs. The global bonds segment has a modified duration of 2.6 years and a current yield of 5.2%.

We retain a defensive stance in terms of the portfolio's asset allocation with a view to protecting capital given the current macro environment. Whilst we remain cautious about the investing climate, we are taking advantage of the weak sentiment to accumulate positions in higher quality, more defensive businesses that should prove to be resilient in the long term.

Portfolio Manager
Delphine Govender
CA(SA), CFA

Lonwabo Maqubela
CA(SA) and CFA

Patrick Ntshalintshali
BCom Hons, EDP