Perpetua SCI* Balanced Fund

Minimum Disclosure Document

As of 31/12/2023

MDD Issue Date: 26/01/2024

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 213,020,283
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)	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.

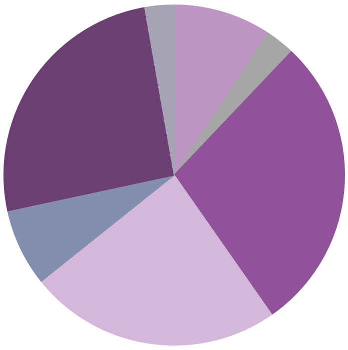
Top Ten Equity Holdings

Portfolio Date: 31/12/2023

Absa Group Ltd	1.83
Standard Bank Group Ltd	1.68
Northam Platinum Holdings	1.60
British American Tobacco Plc	1.56
Anglogold Ashanti Ltd	1.33
Anglo American Plc	1.26
Life Healthcare Group Holdings Ltd	1.21
Glencore Plc	1.20
Spar Group Ltd	1.17
Anheuser-Busch Inbev SA	1.13

Asset Allocation

Portfolio Date: 31/12/2023



	%
Non-SA Bond	9.28
Non-SA Cash	2.79
Non-SA Equity	28.22
SA Bonds	23.96
SA Cash	7.37
SA Equity	25.60
SA Other	2.77
Total	**100.00**

Annualised Performance (%)

Since Inception to 31/12/2023	Fund	Benchmark
1 Year	13.43	12.25
3 Years	12.28	10.48
5 Years	8.83	9.15
Since Inception	5.06	7.61

Cumulative Performance (%)

Since Inception to 31/12/2023	Fund	Benchmark
1 Year	13.43	12.25
3 Years	41.51	34.84
5 Years	52.65	54.89
Since Inception	58.11	97.48

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2023

Highest Annual %	23.43
Lowest Annual %	-4.53

3 Year Risk Statistics

Standard Deviation	8.67
Sharpe Ratio	0.76
Information Ratio	0.37
Maximum Drawdown	-10.55

Distribution History (Cents Per Unit)

31/12/2023	2.43 cpu	31/12/2021	1.70 cpu	31/12/2019	1.71 cpu
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

Administered by

Sanlam

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Perpetua INVESTMENT MANAGERS

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
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Perpetua INVESTMENT MANAGERS

Portfolio Manager Comment

As at 31 December 2023

Market Overview

Global markets experienced a strong recovery in the final quarter of 2023. South African markets rallied, supported by better-than-expected inflation and other economic data, reduced loadshedding and improved foreign investment in the JSE. November headline consumer inflation measured 5.5% year-on-year, within the SARB's target range of 3.0% and 6.0% while core inflation (which excludes food and fuel costs) remained low at 4.5%. In terms of other positive economic indicators, the rand strengthened by 2.6% against the dollar over the quarter and the SARB kept interest rates unchanged at 8.25%.

The South African market, as measured by the JSE Capped SWIX Index, returned 8.2% over the quarter ended 31 December 2023. All major market sectors delivered strong positive returns with Financials producing a return of 11.7%, while Industrials and Resources returned 7.1% and 5.8%, respectively. Financial gains were largely driven by Banks and Life Insurance. Resources' gains were largely driven by the recovery of gold prices while gains in Industrials were stunted by Prosus and Naspers' exposure to China. Chemicals and Tobacco were among the few industries to post negative returns over the quarter. Chemicals declined on the back of oil prices falling -16% following their $92 per barrel high in October, triggered by heightened geopolitical instability in the Middle East.

Over the 1-year period ended 31 December 2023, the JSE Capped SWIX returned 7.9%. This was driven by Financials gaining 21.4% while Industrials rose 10.1% and Resources declined with a return of -9.1%. A closer look at the subsectors reveals that Banks, Life Insurance and Personal Care Drug & Grocery Stores drove positive returns while Mining, Chemicals and Telecommunications detracted from returns.

The MSCI All Country World Index rose by 11.0% over Q4 2023 and 22.2% for the year ended 31 December 2023. Information Technology (17.6%), Real Estate (15.8%) and Industrials (13.3%) drove the strong positive returns. Energy (-2.9%) was the only sector to post negative returns over the quarter with oil prices falling -16% following their $92 per barrel high in October. The S&P500, the bellwether for US equities, returned 11.6% while Europe (ex-UK) gained 12.3% and the UK (+6.9%) similarly delivered positive returns. Despite China declining -4.2% over the quarter amidst their ongoing real estate crisis, Emerging Markets returned 7.9% over the quarter largely drive by strong gains from the LATAM region (17.6%) and South Africa (12.6%).
Property was the best performing asset class for Q4 2023 with a return of 16.4%. Bonds generated a return of 8.1% and Cash returned 2.1%.

Portfolio Performance

The Perpetua SCI Balanced portfolio ("the Fund") produced a net return of 4.2%, lagging the peer benchmark which returned 6.2% over the quarter ended 31 December 2023. Over the 1-year period to 30 December 2023, the Fund delivered a net return of 13.4% while the peer benchmark returned 12.3%.

The domestic equity component of the fund returned 3.9% over the quarter, lagging the JSE Capped SWIX return of 8.2%. Over the 1-year period, the local equity carve out returned 9.1%, outperforming JSE Capped Swix's return of 7.9%. The top contributors to the Fund's relative performance for Q4 2023 were our overweight positions in Northam Platinum and Quilter, as well as our underweight positions in Naspers, Sibanye Stillwaters and Bidvest. Detractors from relative performance included our underweight positions in Goldfields and Harmony Gold Mines, benefactors December's gold rally, and FirstRand. Our overweight positions in Life Healthcare, Absa, British American Tobacco, and Sasol also detracted from the quarter's performance. British American Tobacco's decline over the quarter was a consequence of the announcement of a £25billion impairment charge relating to its US operations, its largest market segment. Whilst we acknowledge that the conditions in the US market have deteriorated, it is our view that the share price has for some time already reflected this negative outlook and resultant impairment. Life Healthcare's financial results disappointed investors as the group struggled to manage their costs in a high inflationary environment. In addition to this, volume growth was not accompanied by improving profitability. Highlighting the need for the group to improve its pricing strategy in relation to medical scheme network deals. In the near term, we expect that the sale of Alliance Medical Group will improve shareholder returns. Sasol was negatively impacted by the earlier mentioned downward moderation of oil prices in the quarter. We remain optimistic that these counters are trading at meaningful discounts to intrinsic value and are well poised to deliver future returns, buoyed by high dividend yields and the prospect of returns from share buybacks. Importantly, we remain convicted that the underperformers are performing operationally and are well poised to deliver shareholder returns.

The global equity component of the Fund returned 3.8% (in ZAR) over the fourth quarter of 2023, lagging the MSCI ACWI's return of 7.4%. Over the 1-year period ended 31 December 2023, the segment delivered a return of 22.8% and the benchmark had a net return of 31.6%. The top contributors to the Fund's performance over the quarter included Entain, Brookfield Corporation, Booking, Mohawk and Pag Seguro. Detractors from performance were Tencent, British American Tobacco, Bank of Ireland Group and Farfetch.

The local bond segment of the fund returned 8.0%, in line with the ALBI's returns for the period of 8.1% while local cash returned 2.7% while the SteFI returned of 2.1% for Q4 2023. The global bonds carve out of the fund returned 1.1%, while the Bloomberg Global Aggregate Index's returned 4.9% for the quarter. Global cash retreated by -3.2%, while the USDZAR declined by -3.0%.

Portfolio Positioning

Global markets appear optimistic as we enter the new year. However, we question the sustainability of this optimism. Global valuations in bell weather markets such as the US appear stretched. The outlook regarding interest rates and the global economic environment remains uncertain. The base effects that supported the decline in inflation in 2023 are likely to wane. In fact, a case can be made that that in some key markets, inflation in re-accelerating. The geopolitical environment continues to be characterized by escalating and divisive tensions. Countries with a cumulative total of more than half the world's population will send their citizens to the polls this year. All these factors paint a picture of high uncertainty. As such, we believe that the investing environment is likely to continue to be a difficult one.

The fund's asset allocation reflects our concerns regarding the current market environment, with equity exposure lower than our long-term strategic weight at 56%, divided between global (29%) and domestic (27%) equities, as well as commodities (3%). The remaining 41% of the fund is allocated to fixed income, with the majority allocated to domestic bonds (23%) and 10% to global bonds. Cash holdings are divided between domestic (5%) and global (3%).

The severe de-rating on South African counters has unveiled a range of opportunities for future returns to the portfolio. 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 do, however, remain cautious of the deteriorating domestic macro-economic environment. This environment creates a conundrum for investors characterised by attractive valuations but a poor investing climate. 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, not solely reliant on currency movements. Furthermore, we have chosen to allocate an overweight position to more traditionally defensive sectors such as Healthcare and Tobacco. These sectors exhibit attractive valuations compared to the broader market and have a historical track record of outperforming during periods of economic uncertainty. Additionally, we have applied stricter stock selection criteria, favouring businesses with lower levels of financial and operational leverage, further enhancing the stability of our investment strategy. We believe these defensive actions will enable the portfolio to protect client capital whilst being sufficiently exposed to businesses that are trading at significant discounts relative to their value.

On the global equity front, we continue to be underweight US stocks, particularly tech stocks. Although markets rebounded strongly in the final two months of 2023 on the expectations of substantial Fed rate cuts and a strong earnings recovery, S&P 500 earnings fell 1.4% y-o-y in Q4 2023, with returns driven by P/E expansion and dividends. We see downside risk to P/E multiples and earnings in 2024. Non-US stocks offer better value with 10-12x forward P/E and 5-7% earnings growth. We're exposed to undervalued HK/China stocks with 9-10x forward P/E and 9-11% earnings growth. We continue to prefer international stocks in 2024.

As fixed income yields locally and globally provide attractive returns on an absolute and a risk adjusted basis, we continue to stay overweight in the asset class. While we believe yields are attractive, we are cognisant of the increased fiscal risk that SA poses and have positioned accordingly by concentrating on the belly of the curve. 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
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