Perpetua Sanlam Collective Investments Equity Fund

Minimum Disclosure Document

As of 29/02/2024

MDD Issue Date: **15/03/2024**

Fund Objective

The portfolio is a general equity portfolio that seeks to sustain high long-term capital growth.

Fund Strategy

The portfolio's investment universe consists of equity securities, preference shares, debentures, debenture bonds, money market instruments, property shares and property related securities listed on exchanges, and assets in liquid form. 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 equity exposure will always exceed 80% of the portfolio's net asset value. 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	PMECA
Portfolio Managers	Delphine Govender, Lonwabo Maqubela, & Patrick Ntshalintshali
ASISA Fund Classification	South African - Equity - General
Risk Profile	Aggressive
Benchmark	FTSE/JSE Capped SWIX Index
Fund Size	R 154,979,770
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	0.86
Total Expense Ratio	1.02
Transaction Cost	0.26
Total Investment Charges	1.28
TER Measurement Period	01 January 2021 - 31 December 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 Equity Fund transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 24 November 2017.

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

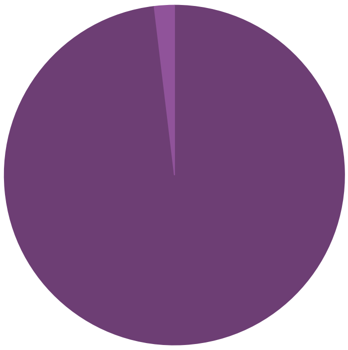
Top Ten Equity Holdings

Portfolio Date: 29/02/2024

British American Tobacco Plc	6.72
Firstrand Ltd	5.66
Standard Bank Group Ltd	5.61
Prosus (PRX)	5.38
Absa Group Ltd	5.33
Anglogold Ashanti Ltd	4.93
Naspers Ltd	4.00
Mr Price Group Ltd	3.72
Wilson Bayly Holmes-Ovcon Ltd	3.68
Anglo American Plc	3.55

Asset Allocation

Portfolio Date: 29/02/2024



	%
SA Equity	98.10
SA Cash	1.90
Total	**100.00**

Annualised Performance (%)

Since Inception to 29/02/2024	Fund	Benchmark
1 Year	-3.73	-1.97
3 Years	11.32	7.77
5 Years	6.70	7.67
Since Inception	2.93	6.05

Cumulative Performance (%)

Since Inception to 29/02/2024	Fund	Benchmark
1 Year	-3.73	-1.97
3 Years	37.95	25.16
5 Years	38.32	44.71
Since Inception	31.41	74.19

Highest and Lowest Annual Returns**

Time Period: Since Inception to 31/12/2023

Highest Annual %	33.18
Lowest Annual %	-13.61

3 Year Risk Statistics

Standard Deviation	12.02
Sharpe Ratio	0.45
Information Ratio	0.65
Maximum Drawdown	-7.41

Distribution History (Cents Per Unit)

31/12/2023	2.04 cpu	31/12/2021	1.26 cpu	31/12/2019	1.91 cpu
30/06/2023	1.38 cpu	30/06/2021	0.85 cpu	30/06/2019	1.59 cpu
31/12/2022	2.37 cpu	31/12/2020	0.55 cpu	31/12/2018	1.37 cpu
30/06/2022	1.18 cpu	30/06/2020	1.36 cpu	30/06/2018	1.84 cpu

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Perpetua Sanlam Collective Investments Equity Fund

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Risk Profile

Aggressive
You can afford to take on a higher level of risk (i.e., have a greater exposure to equities) because of your investment time horizon and/or your appetite for risk. You know that in taking the risk, you need to be patient if you want to achieve the results. So you are willing to invest for the long-term and are prepared to tolerate some volatility in the short term, in anticipation of the higher returns you expect to receive in five years or beyond.

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 portionscalled 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.

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: 55 Willie van Schoor Avenue, Bellville, South Africa, 7530
Postal Address: Private Bag X8, Tygervalley, 7536
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 31 December 2023

Market Review

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.

Portfolio Performance

The Perpetua SCI Equity portfolio ("the Fund") returned 4.4% net of fees over the fourth quarter of 2023, lagging the JSE Capped SWIX ("the benchmark") return of 8.2%. Over the 1-year period ended 31 December 2023, the Fund generated a net return of 8.1% while the benchmark returned 7.9%. The Fund outperformed the benchmark over the longer 3-year period, returning 16.1% p.a. on a net basis while the benchmark returned 12.7% p.a.

The top contributors to the Fund's relative performance for Q4 2023 were our overweight positions in Northam Platinum, Quilter, Mr Price and PPC, as well as our underweight positions in Sibanye Stillwaters and Bidvest. Detractors from relative performance included our underweight positions in Goldfields and Harmony Gold Mines, benefactors December's gold rally. Our overweight positions in British American Tobacco, Life Healthcare 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.

We continue to find stock picking opportunities. The Fund offers significant upside, with an estimated total rate of return of around 20% p.a. on a 4-year view, with 22% of holdings trading below their bear case value and more than 85% below base case, as estimated by the Perpetua investment team.

Market Outlook and 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 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.

Portfolio Manager
Delphine Govender
CA(SA), CFA

Lonwabo Maqubela
CA(SA) and CFA

Patrick Ntshalintshali
BCom Hons, EDP