Perpetua Sanlam Collective Investments Balanced Fund

Minimum Disclosure Document

As of 30/06/2024

MDD Issue Date: **17/07/2024**

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 233,333,912
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	0.98
Transaction Cost	0.20
Total Investment Charges	1.18
TER Measurement Period	01 April 2021 - 31 March 2024

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.

Effective 1 October 2024, Sanlam Collective Investments will charge a monthly administration fee of R20 excluding VAT on retail investors whose total investment value is less than R50,000.

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

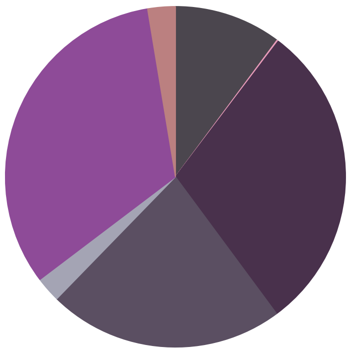
Top Ten Equity Holdings

Portfolio Date: 30/06/2024

Absa Group Ltd	3.92
Firstrand Ltd	2.37
Standard Bank Group Ltd	2.33
Anglogold Ashanti Plc	1.97
British American Tobacco Plc	1.95
Anglo American Plc	1.70
Prudential Plc	1.68
Anheuser-Busch Inbev SA	1.66
Spar Group Ltd	1.57
Netcare Ltd	1.49

Asset Allocation

Portfolio Date: 30/06/2024



	%
Non-SA Bond	10.18
Non-SA Cash	0.15
Non-SA Equity	29.53
SA Bonds	22.43
SA Cash	2.40
SA Equity	32.69
SA Other	2.62
Total	**100.00**

Annualised Performance (%)

Since Inception to 30/06/2024	Fund	Benchmark
1 Year	5.72	10.31
3 Years	9.23	9.15
5 Years	9.27	8.47
Since Inception	5.12	7.80

Cumulative Performance (%)

Since Inception to 30/06/2024	Fund	Benchmark
1 Year	5.72	10.31
3 Years	30.34	30.05
5 Years	55.80	50.20
Since Inception	62.96	108.36

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	8.35
Sharpe Ratio	0.35
Information Ratio	0.02
Maximum Drawdown	-10.55

Distribution History (Cents Per Unit)

30/06/2024	2.71 cpu	30/06/2022	1.53 cpu	30/06/2020	1.19 cpu
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

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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

All reasonable steps have been taken to ensure the information on this MDD is accurate. The information to follow does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act. Use or rely on this information at your own risk. Independent professional financial advice should always be sought before making an investment decision. The Sanlam Group is a full member of the Association for Savings and Investment SA. Collective investment schemes are generally medium- to long-term investments. Please note that past performances are not necessarily a guide to future performances, and that the value of investments / units / unit trusts may go down as well as up. A schedule of fees and charges and maximum commissions is available on request from the Manager. Sanlam Collective Investments (RF) Pty Ltd, a registered and approved Manager in Collective Investment Schemes in Securities. Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained on request from the Manager, free of charge. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. Collective investments are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any deductible expenses such as audit fees, brokerage and service fees. Actual investment performance of the portfolio and the investor will differ depending on the initial fees applicable, the actual investment date, and the date of reinvestment of income as well as dividend withholding tax. Forward pricing is used. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The performance of the portfolio depends on the underlying assets and variable market factors. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-div date. Lump sum investment performances are quoted. The portfolio may invest in participatory interests of other unit trust portfolios. These underlying funds levy their own fees, and may result in a higher fee structure for our portfolio. All the portfolio options presented are approved collective investment schemes in terms of Collective Investment Schemes Control Act, No 45 of 2002 ("CISCA"). The Manager may borrow up to 10% the market value of the portfolio to bridge insufficient liquidity. The fund may from time to time invest in foreign countries and therefore it may have risks regarding liquidity, the repatriation of funds, political and macroeconomic situations, foreign exchange, tax, settlement, and the availability of information.Investments in foreign instruments are also subject to fluctuations in exchange rates which may cause the value of the fund to go up or down. The fund may invest in financial instruments (derivatives) for efficient portfolio management purposes. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. Management of the portfolio is outsourced to Perpetua Investment Managers (Pty) Ltd, (FSP) Licence No. 29977, an Authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002. Sanlam Collective Investments (RF) (Pty) Ltd retains full legal responsibility for the co-named portfolio. Standard Bank of South Africa Ltd is the appointed trustee of the Sanlam Collective Investments scheme. Sources of Performance and Risk Data: Morningstar Direct, INET BFA and Bloomberg. The risk free asset assumed for the calculation of Sharpe ratios: STEFI Composite Index. The highest and lowest 12- month returns are based on a calendar year period over 10 years or since inception where the performance history does not exist for 10 years. Obtain a personalised cost estimate before investing by visiting www.sanlamunittrustsmdd.co.za and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

Investment Manager Information
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As of 30/06/2024

Perpetua INVESTMENT MANAGERS

Portfolio Manager Comment

As at 30 June 2024

Market Overview

Global markets delivered positive returns in Q2 2024, with emerging markets outperforming developed markets, as indicated by the MSCI Emerging Market's index returning 5.0% while the MSCI World (which only tracks developed markets) returned 2.0%. The latter's performance was largely driven by the tech and communications sectors, specifically AI chipmaker Nvidia, which reported strong results alongside a 10 for 1 stock split which led to a rally. Macroeconomic indicators emerging from the world's leading economies were favourable, with the US's Federal Reserve (the Fed) kept rates unchanged over the quarter, despite easing inflation. However, Powell has indicated one rate cut this year, maintaining a cautious stance. The European Central Bank (ECB) initiated their rate cutting cycle, with a deduction of 25 basis points in early June but scope for further near-term cuts is limited given sticky inflation in the region. The Bank of England (BoE) left rates unchanged at 5.25% in June but have set the stage for a possible cut in August. the UK has taken the lead due to lower inflation expectations amidst growth concerns.

2024 has been dubbed election year with almost half of the world's population casting their votes. The first batch of these elections commenced this past quarter, and the general theme was a change of the long-standing status quo based on the results that have emerged – from India to France, the United Kingdom and here at home in South Africa.

South African markets boasted a strong recovery in the second quarter of 2024, propelled by positive investor sentiment post elections with the dawn of the Government of National Unity. Domestic-facing firms, previously subject to severe de-rating, led the quarter's returns. This optimism was bolstered by consistent and sustainable electricity provision, suggesting a near-term resolution to the country's load shedding issues. The ZAR emerged as the top performer against the USD, gaining approximately 4% intra-month and ending the month up 2.3% in June. The ALBI total return index rose by 5.24% as both local and offshore bond managers increased their holdings, with the 10-year bond rallying by 100 basis points.

The South African equity market, as measured by the JSE Capped SWIX, returned 8.2% for the quarter. All major sectors generated positive returns. Financials delivered the strongest returns of 17.7% while Industrials and Resources returned 5.2% and 3.5%, respectively. A closer look at the subsectors reveals that Banks and Life Insurance were the best performing within Financials, while Construction and Materials, Health Care and Technology within the Industrials component also contributed to positive returns. Telecommunications, Beverages and Industrial Metals were among the few sectors to decline during the quarter.

Over the 1-year period ended 30 June 2024, the JSE Capped SWIX returned 10.0%. Financials gained 23.9% over the year, while Industrials and Resources returned 4.9% and 2.2%. A closer look at the subsectors reveals that Consumer Goods, Property and Financials contributed to returns positively while Telecommunications and Energy weighed down returns.

The MSCI All Country World Index returned 2.9% over the quarter ended 30 June 2024. As mentioned above, emerging markets drove returns over the quarter with MSCI South Africa climbing 12.3% over the quarter in USD terms, propelled by positive investor sentiment post elections with the dawn of the Government of National Unity. MSCI India returned 10.2% for the quarter, driven by media and banking stocks. MSCI China rebounded by 7.1% over the quarter, supported by positive economic indicators alongside stellar corporate performance. Developed market returns were less exciting over the quarter, with the S&P500 returning 4.2% over the quarter and the MSCI UK returned 3.7%. MSCI Europe (0.5%) and EAFE (-0.4%) were relatively flat over the quarter. MSCI LATAM and Japan were amongst the laggards of the quarter, declining by -12.2% and -4.3% respectively.

On a sectoral basis, Information Technology and Communication Services delivered strong returns of 11.4% and 8.1% during Q2 2024. Materials (-3.2%), Real Estate (-2.9%), Industrials (-1.8%), Consumer Discretionary (-1.5%) and Energy (-0.8%) all declined over the quarter.

In South Africa, Equities (8.2%) were the best performing asset class for the quarter, and Bonds (7.5%), Property (5.5%) and Cash (2.1%) similarly generated strong positive returns.

Portfolio Performance

The Perpetua SCI Balanced portfolio ("the Fund") produced a net return of 3.3%, while the ASISA SA Multi Asset High Equity Category Average ("the benchmark") returned 3.8% over the second quarter of 2024. Over the 1-year period to 30 June 2024, the Fund delivered a net return of 5.7%, lagging the benchmark which returned 10.3%. The 3-year net return of the Fund was 9.2% p.a., in line with the benchmark's return of 9.2% p.a.

The domestic equity component of the fund generated a return of 12.4% over the quarter, while the Capped SWIX lagged at 8.2%. Over the 1-year period, the local equity carve-out returned 12.8% and the Capped SWIX returned 10.0%. The top contributors to the Fund's relative performance for Q2 2024 were our overweight positions in Spar, Anglo American, Absa, WBHO and Coronation as well as our underweight positions in Goldfields and Bidcorp. Detractors from the fund's performance included our overweight positions in AB InBev, British American Tobacco and Tsogo Sun, and our underweights Capitec and Sanlam.

The global equity component of the fund retreated by -5.7% during Q2 2024, lagging the MSCI ACWI's ZAR return of -0.5%, mainly due to Fund's underweight position in Mega cap tech stocks which continued to benefit from the momentum rally. The top contributors to the Fund's performance over the quarter included Tencent, St James's Place and Melco.

Detractors from performance included Entain, Diageo, PayPal and Eurofins Scientific.

The local bond carve-out of the fund returned 7.1% for the quarter, while the ALBI returned 7.5%. Local cash returned 1.9%, fairly in line with the SteFI's return of 2.1%. Global bonds declined by -3.0% over the quarter, outperforming the Bloomberg Global Bond Aggregate Index's ZAR return of -4.7%. Global cash retreated -3.7% for the quarter while the USD weakened against the ZAR by -3.6%.

Portfolio Positioning

A two-speed market is anticipated for the second half of 2024. While the US market has shown strong returns, early signs of weakness are emerging with current levels of market concentration reminiscent of those seen before the 1929 Great Depression and the Tech bubble in the late 1990s. Mounting debt in the US and the potential re-election of Trump, given his previous term's high debt ($8.4 trillion, almost twice the Biden administration's $4.3 trillion) and the Republicans' low tax stance, pose significant concerns given the US's positioning in the market cycle. Conversely, the UK, China, and the Eurozone are poised for recovery from their economic downturns.

There are several factors threatening the probability of significant rate cuts from the Fed in our view. This includes that the labour market shows a mixed picture with low unemployment rates but rising underemployment; economic growth is slowing despite robust consumer spending; and credit card debt and defaults are at record levels. The housing market is of particular concern as it has experienced significant growth, making it extremely unaffordable; inflation is higher than its historical average; and US total debt is at $34 trillion, with interest expense surpassing the 1 trillion-dollar mark in 2023. These factors are of concern going into Q3 2024.

Q2 2024 demonstrated substantial growth potential for South African assets if positive sentiment continues. Following the relief rally post-election, the latter half of the year should see growth-led improvements. From a sectoral view positioning remains largely the same, with an overweight to Industrials and underweight Resources and Financials.

Our equity positioning over the quarter shifted to be slightly overweight SA Inc relative to the benchmark. We've neutralised 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, ensuring that the performance of the portfolio remains resilient and not solely reliant on currency movements. We continue to identify high quality stocks with modest valuations, low forward P/E ratios, and high dividend yields exceeding 8% in a range of industries including Banks, Retailers, Precious Metals, and Consumer Staples. These appealing valuations are supported by the improving macro-economic outlook. Given the low base, returns are expected to remain positive. 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 market 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. Whilst it is difficult to predict what will cause sentiment to change favourably, we believe that as our portfolio companies improve balance sheets, increase shareholder payouts, and deliver earnings that continue to improve, it is probable that sentiment towards them will change positively.

This positioning will enable the portfolio to protect client capital whilst being sufficiently exposed to businesses that are trading at significant discounts relative to their value.

We expect the ZAR and bonds to perform favourably for the rest of the year. This is without neglecting that the newly formed Government of National Unity (GNU) faces the challenge of stimulating economic growth while managing a high debt burden exacerbated by struggling State-Owned Enterprises (SOEs), high unemployment and poverty rates, declining GDP per capita and persistent inflation. Elevated public debt limits the government's ability to respond to economic shocks and meet growing social and development needs. The South African Reserve Bank (SARB) has emphasized its mandate to control inflation, targeting the mid-point of their band at 4.5%. As long as inflation does not show sustained, consecutive decreases towards this target, we believe the SARB is likely to keep rates higher for longer. However, the Forward Rate Agreement (FRA) market has responded to the recent relief rally by pricing in a cumulative 80bps worth of cuts, with the first cut expected in September 2024. We believe that it is essential that the Reserve Bank be allowed room to cut rates to support economic expansion while managing inflation effectively.

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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