Perpetua Sanlam Collective Investments Equity Fund

Minimum Disclosure Document

As of 30/06/2024

MDD Issue Date: 17/07/2024

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 175,713,641
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	0.86
Total Expense Ratio	1.00
Transaction Cost	0.24
Total Investment Charges	1.24
TER Measurement Period	01 July 2021 - 30 June 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.

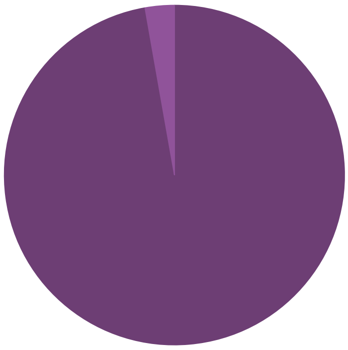
**Highest and Lowest annual returns are updated annually at year end.

Top Ten Equity Holdings

Portfolio Date: 30/06/2024	
Anglogold Ashanti Plc	6.45
Prosus (PRX)	6.35
Standard Bank Group Ltd	6.26
British American Tobacco Plc	5.98
Firstrand Ltd	5.89
Absa Group Ltd	4.87
Anglo American Plc	4.32
Spar Group Ltd	3.46
Northam Platinum Holdings	3.35
Naspers Ltd	3.12

Asset Allocation

Portfolio Date: 30/06/2024



	%
SA Equity	97.23
SA Cash	2.77
Total	**100.00**

Annualised Performance (%)

Since Inception to 30/06/2024	Fund	Benchmark
1 Year	9.50	10.04
3 Years	12.84	10.12
5 Years	9.83	9.12
Since Inception	3.97	7.01

Cumulative Performance (%)

Since Inception to 30/06/2024	Fund	Benchmark
1 Year	9.50	10.04
3 Years	43.69	33.53
5 Years	59.81	54.71
Since Inception	46.33	93.95

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	11.56
Sharpe Ratio	0.55
Information Ratio	0.50
Maximum Drawdown	-7.41

Distribution History (Cents Per Unit)

30/06/2024	2.83 cpu	30/06/2022	1.18 cpu	30/06/2020	1.36 cpu
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

Administered by

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Perpetua INVESTMENT MANAGERS

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
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As of 30/06/2024

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 inflation readings falling into target ranges, while its labour market remained strong. The European Central Bank 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.

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 rance, 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 South African equity market, as measured by the JSE Capped SWIX, returned 8.2% for the quarter. All major sectors generated positive returns. inancials 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 inancials, 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%. inancials 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 inancials contributed to returns positively while Telecommunications and Energy weighed down returns.

Portfolio Performance

The Perpetua SCI Equity portfolio ("the und") a net return of 10.1% over the second quarter of the year, outperforming the JSE Capped SWIX's ("the benchmark") return of 8.2%. Over the 1-year period ended 30 June 2024, the und generated a net return 9.5% while the benchmark returned 10.0%. The und returned 12.8% p.a. on a net basis and the benchmark returned 10.1% p.a.

The top contributors to the und's relative performance for Q2 2024 were our overweight positions in Spar, WBHO, Coronation, and Standard Bank as well as our underweight positions in Goldfields, Bidcorp, Richemont and BHP. Detractors from the fund's performance included our overweight positions in British American Tobacco, Tsogo Sun, Datatec, and our underweight Capitec, Sanlam and Nedbank.

Among the und's top contributors is a notable recovery story that was further driven by the SA Inc rebound during this period. Spar, after a prolonged phase of underperformance, experienced a re-rating following the announcement that the group has received a binding offer for its loss-making Polish business. One of the und's other top contributors, Coronation, benefited from the recent Constitutional Court ruling in its favour int the firm's dispute with SARS. Coronation had de-rated in early 2023 when the Supreme Court of Appeal ("SCA") ruled in favour of SARS regarding a tax liability dispute involving profits earned by Coronation Group's global business segment based in Ireland — Coronation Global und Managers (CG M). The SCA court ordered the asset managers to pay R761 million in taxes owed between the 2012 and 2022 tax years. However, Coronation appealed the decision at the Constitutional Court, which ultimately ruled in its favour, leading to a re-rating of its stock.

Notwithstanding the fund's performance of the fund, we are convicted that the fund remains attractively priced and offers significant upside, with an estimated total rate of return of around 16% p.a. on a 4-year view, and 80% of holdings trading below base case fair value.

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.

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 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.

Portfolio Manager
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