



Fund Objective

The portfolio is a general equity portfolio that seeks to sustain high long-term capital growth within the constraints of a benchmark cognizant investment process.

Fund Strategy

The portfolio uses Perpetua Investment Managers benchmark cognizant investment process (also known as the relative equity process). This benchmark cognizant investment process manages the relative risk of the portfolio. The starting point for portfolio construction is the benchmark. The portfolio manager has discretion to then have a higher or lower weighting versus the benchmark depending on Perpetua Investment Managers fundamental research and comparing the intrinsic value of a share as determined by the research to the share price. 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 portfolio may also invest in participatory interests and other forms of participation in portfolios of collective investment schemes, registered in South Africa and other similar schemes operated in territories with a regulatory environment which is to the satisfaction of the manager and the trustee of a sufficient standard to provide investor protection at least equivalent to that in South Africa and which is consistent with the portfolio's primary objective. The portfolio's equity exposure will always exceed 80% of the portfolio's net asset value. The portfolio's holdings and/or position sizes will depend on Perpetua Investment Managers fundamental research on the valuation of the share and the size of the share in the benchmark in order to manage the relative risk of the portfolio. The portfolio will also be allowed to invest in listed and unlisted financial instruments (derivatives) as allowed by the 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	PSEFA1
Portfolio Managers	Delphine Govender & Patrick Ntshalintshali
ASISA Fund Classification	South African - Equity - General
Risk Profile	Aggressive
Benchmark**	FTSE/JSE Capped SWIX Index
Fund Size	R 541,370,873
Portfolio Launch Date	15/03/2018
Fee Class Launch Date	17/10/2022
Minimum Lump Sum Investment	R 100,000
Minimum Monthly Investment	R 10,000
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.sanlamunitrusts.co.za
Repurchase Period	2-3 business days

Fees (Incl. VAT)

	A1-Class (%)
Maximum Initial Advice Fee	—
Maximum Annual Advice Fee	—
Annual Investment Management Fee	0.64
Total Expense Ratio	0.66
Transaction Cost	0.09
Total Investment Charges	0.75
TER Measurement Period	17 October 2022 - 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.

* Please note that the legal registered name of Perpetua SCI* Relative Equity Fund is Perpetua Sanlam Collective Investments Relative Equity Fund. SCI is an abbreviation for Sanlam Collective Investments.

**These figures will become available once sufficient performance history has been met

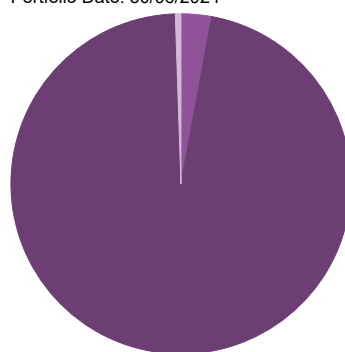
***Highest and Lowest annual returns are updated annually at year end.

Top Ten Equity Holdings

Portfolio Date: 30/06/2024	
Naspers Ltd	6.46
Firststrand Ltd	5.82
Standard Bank Group Ltd	5.59
Prosus (PRX)	4.91
British American Tobacco Plc	4.33
Anglo American Plc	4.29
Anglogold Ashanti Plc	4.22
Absa Group Ltd	3.73
Northam Platinum Holdings	2.70
Spar Group Ltd	2.70

Asset Allocation

Portfolio Date: 30/06/2024	%
SA Cash	2.90
SA Equity	96.57
SA Property	0.53
Total	100.00



Annualised Performance (%)

Since Inception to 30/06/2024	Fund	Benchmark
1 Year	8.71	10.04
Since Inception	13.12	12.91

Cumulative Performance (%)

Since Inception to 30/06/2024	Fund	Benchmark
1 Year	8.71	10.04
Since Inception	23.26	22.88

Highest and Lowest Annual Returns***

Time Period: Since Inception to 31/12/2023	
Highest Annual %	8.04
Lowest Annual %	8.04

3 Year Risk Statistics**

Standard Deviation	—
Sharpe Ratio	—
Information Ratio	—
Maximum Drawdown	—

Distribution History (Cents Per Unit)

30/06/2024	30.48 cpu	—	—	—	—
31/12/2023	22.69 cpu	—	—	—	—
30/06/2023	19.10 cpu	—	—	—	—
31/12/2022	7.11 cpu	—	—	—	—



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 foreign-based 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.

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 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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Portfolio Manager Comment

As at 30 June 2024

Market Review

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 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 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.

Portfolio Performance

The Perpetua SCI Relative Equity portfolio ("the Fund") gained a net return of 9.5% 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 Fund generated a net return of 8.7% while the benchmark returned 10.0%. The Fund returned 13.10% p.a. on a net basis and the benchmark returned 12.9% p.a.

The top contributors to the Fund's relative performance for Q2 2024 were our overweight positions in Spar, Raubex and Coronation and WBHO as well as our underweight positions in Goldfields and Bidcorp. Detractors from the fund's performance included our overweight positions in British American Tobacco, Tsogo Sun Gaming and AB InBev and our underweight Capitec, Sanlam and African Rainbow Minerals.

Among the Fund'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 Fund's other top contributors, Coronation, benefited from the recent Constitutional Court ruling in its favour in 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 Fund Managers (CGFM). The SCA court ordered the asset manager 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 convinced 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 approximately % of holdings trade below our estimated bear case value, and a further 80% 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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