Perpetua Sanlam Collective Investments Balanced Fund

Minimum Disclosure Document

As of 31/12/2024

Perpetua INVESTMENT MANAGERS

MDD Issue Date: **22/01/2025**

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, & 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 188,767,220
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	0.96
Transaction Cost	0.19
Total Investment Charges	1.15
TER Measurement Period	01 October 2021 - 30 September 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 December 2024, SCI will change a monthly administration fee of R23 (VAT Inclusive) on retail investors whose total investment value is less than R50 000. Clients with an active recurring monthly debit order will not be levied this fee.

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

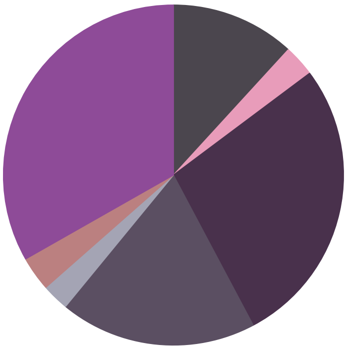
Top Ten Equity Holdings

Portfolio Date: 31/12/2024

Absa Group Ltd	5.09
Firstrand Ltd	2.47
Standard Bank Group Ltd	2.30
British American Tobacco Plc	2.12
Anglo American Plc	1.94
Prosus (PRX)	1.76
Anheuser-Busch Inbev SA	1.68
Prudential Plc	1.47
Spar Group Ltd	1.35
Kumba Iron Ore Ltd	1.26

Asset Allocation

Portfolio Date: 31/12/2024



	%
Non-SA Bond	11.80
Non-SA Cash	2.98
Non-SA Equity	27.45
SA Bonds	18.71
SA Cash	2.57
SA Commodities	3.27
SA Equity	33.22
Total	**100.00**

Annualised Performance (%)

Since Inception to 31/12/2024	Fund	Benchmark
1 Year	10.27	13.45
3 Years	8.13	8.34
5 Years	9.70	9.70
Since Inception	5.56	8.17

Cumulative Performance (%)

Since Inception to 31/12/2024	Fund	Benchmark
1 Year	10.27	13.45
3 Years	26.42	27.15
5 Years	58.88	58.88
Since Inception	74.35	124.06

Highest and Lowest Annual Returns**

Time Period: Since Inception to 31/12/2024

Highest Annual %	23.43
Lowest Annual %	-4.53

3 Year Risk Statistics

Standard Deviation	8.42
Sharpe Ratio	0.11
Information Ratio	-0.04
Maximum Drawdown	-10.55

Distribution History (Cents Per Unit)

31/12/2024	2.19 cpu	31/12/2022	2.11 cpu	31/12/2020	0.74 cpu
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

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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.

Tax Free Savings Account

This Fund qualifies as a tax free investment according to section 12T of the Income Tax Act, with effect from 1 March 2015. South African individuals qualify for the associated tax benefits namely no tax on dividends, income or capital gains whilst still enjoying all the benefits of a unit trust. Note contributions to tax free investments are limited to R36 000 per tax year, with a lifetime limit of R500 000. Amounts invested in excess of these permissible thresholds are taxable.

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
Perpetua Investment Managers (Pty) Ltd
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Perpetua INVESTMENT MANAGERS

Portfolio Manager Comment

As at 31 December 2024

Market Overview

In the final quarter of 2024, global markets were heavily influenced by Donald Trump's re-election as President of the United States. US shares were amongst the few markets to generate positive returns, with the S&P500 returning 2.3% in USD terms in the quarter, buoyed by prospects of higher economic growth, lower taxes and relaxed corporate regulation under his administration. On the other hand, the rest of the world's markets came under pressure amid fears over trade tariffs. The Eurozone had a particularly challenging quarter as Germany and France, its two largest countries, were marred by political instability and recurring recession fears. The MSCI Europe ex UK fell by -10.6% in USD. UK equities (FTSE 100) also declined by -6.8% in USD, reflecting growing macroeconomic concerns and the impact of the new UK government's fiscal policies in the Autumn Budget. Emerging market (EM) equities faced headwinds, particularly in China where the MSCI China Index declined by -7.7%, as geopolitical risks over trade and technology escalated.

South African markets mirrored these challenges, with the JSE Capped SWIX contracting by -2.1% during the quarter. The Rand weakened against the dollar by 9.5% over the quarter, ending the year at R18.89/$1, despite having reached a low of R17.21/$1 in the calendar year. Nevertheless, the South African economy showed signs of improvement in Q4 2024. Inflation remained below the mid-point of the SARB's 3%-6% target range since August 2024, marking its lowest levels since pre-COVID. In response, the SARB cut interest rates by 25bps in both September and November.

Global asset classes performed best in Q4 2024, buoyed by the rand's depreciation against the dollar, with the MSCI ACWI returning 8.8% in ZAR and the Bloomberg Global Bond Aggregate Index returning 3.5%. SA Bonds were flat at 0.4% while SA Property (-0.8%) and SA Equities (-2.1%) receded during the quarter. SA Bonds' weaker performance in Q4, compared to a 10.6% return in Q3, was driven by heightened risk in emerging markets.

For the 1-year period, total return performance was strong across all asset classes. SA Property delivered the best returns delivering 29.0%, SA Bonds returned 17.2%, SA Equities rose 14.3% and Cash returned 8.5% for the calendar year. Property's recovery was bolstered by a range of factors, notably slowing inflation and stabilising energy generation. South African bonds re-rated positively following a favourable election outcome, while Equities benefited from a re-rating of SA Inc companies. However, the Resources sector weighed on overall Equity performance, declining by -9.5% for the year. Global equities similarly had a strong year with the MSCI ACWI returning 22.1%. The Bloomberg Global Bond Aggregate Index was relatively flat, ending the calendar year with a return of 0.9%.

Portfolio Performance

The Perpetua SCI Balanced portfolio ("the Fund") produced a net return of -0.4%, lagging the ASISA SA Multi Asset High Equity Category Average ("the benchmark") return of 1.5%, over the fourth quarter of 2024. Over the 1-year period to 31 December 2024, the Fund delivered a net return of 10.3%, underperforming the benchmark return of 13.5%. The 3-year net return of the Fund was 8.1% p.a., compared to the 8.3% p.a. of the benchmark.

The domestic equity component of the fund declined by -4.1% over Q4 2024, compared to the Capped SWIX returning -2.1%. The top contributors to the equity carveout's relative performance for the quarter were our overweight positions in Absa, Spar, Datatec and British American Tabacco, as well as our underweight position in Aspen. Detractors from the fund's performance included our overweight positions in Sasol, AB InBev and Tsogo Sun Gaming and our underweights in Naspers, Discovery, Pepkor and Outsurance.

The global equity component of the fund gained 1.7% during Q4 2024, lagging the MSCI ACWI's ZAR return of 8.8%. The top contributors to the Fund's returns over the quarter included our overweight positions in Brookfield Corporation, St. James's Place and PayPal. Detractors from performance included our underweight position in Tesla and our overweight positions in Alibaba and Melco.

The domestic bond segment of the fund returned -1.4%, while the ALBI returned 0.4% in Q4 2024. The global bond carve-out returned 8.2%, outperforming the Bloomberg Global Bond Aggregate Index's return of 3.5% in ZAR.

Market Outlook and Portfolio Positioning

Q4 2024 marked a reversal of much of the year's improvements in global macroeconomic conditions and market performance, setting the stage for an uncertain 2025. A key focus is Trump's second presidential term with his policy programme for the world's largest economy expected to ripple across global markets, particularly in emerging economies. At the Federal Reserve's most recent meeting, Chair Jerome Powell signalled fewer rate cuts in 2025 than initially anticipated. He attributed this to persistent inflationary pressures and a stronger-than-expected labour market. Despite three consecutive rate cuts, US bond yields have increased, reflecting market concerns about Trump's proposed policies including rate pauses, reduced fiscal restraints, and tax cuts. These measures are likely to widen fiscal deficits, further weakening the US and global economic outlook.

Geopolitical tensions are also expected to escalate in 2025 with China, the world's second-largest economy, being particularly vulnerable. China continues to grapple with deflationary pressures, driven by a slowdown in its real estate and manufacturing sectors, which weigh heavily on its overall economy and pose risks to global growth. While the Eurozone has successfully curbed inflation, the region remains burdened by political instability, stagnant growth forecasts, and weakening domestic demand. Meanwhile, the UK is likely to face persistent inflationary pressures and challenges in its labour market, adding to the overall fragility of the global economy.

On the local front, economists forecast that South Africa's Gross Domestic Product (GDP) growth will be close to 1.6% in 2025, supported by the foundation laid in 2024 through lower inflation and two interest rate cuts. Rating agency S&P has also issued a positive outlook for South Africa in 2025. However, concerns surrounding slowing global growth and geopolitics are potential headwinds to the South African economy in the year to come. We firmly believe the rand is undervalued against the dollar and we expect this trend to reverse in the coming months as U.S. policies become more evident. This undervaluation is largely a function of dollar strength rather than ZAR weakness, as the rand is still somewhat resilient within its emerging market peers and on a trade weighted basis.

Notwithstanding the strong SA Inc rally over the last year there continues to be attractive investment opportunities, with some shares trading at price-to-earnings ratios below 9x while offering attractive dividend yields of around 5%. We are, however, reducing our active exposure to stocks that are tending towards their bull case valuations such as Mr Price and WBHO. Banks continue to trade at compelling valuations, while the underperformance in the resources sector has revealed opportunities. We are selectively increasing exposure within the sector, focusing on stocks that offer strong value with relatively lower operational and financial leverage, providing a more balanced risk profile.

We continue to identify good quality stocks with modest valuations in a range of industries including Banks, Asset Managers, Retailers, Diversified Miners, Precious Metals, and Consumer Staples. We believe that the Fund is well-positioned to deliver resilient performance across a range of global macro-economic conditions. Additionally, we favour businesses with lower levels of financial and operational leverage, further enhancing the stability of the portfolio. Whilst it is difficult to predict what will cause sentiment to change, 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 be positive.

From a fixed income perspective, We maintain our long position in SAGBs, focusing on the belly of the curve, while retaining our cash position in offshore fixed income (3-month T-bills) and remaining underweight U.S. Treasuries due to anticipated heightened volatility in the U.S. Additionally, we expect the ZAR to strengthen in the coming months and plan to capitalise on its current weakness by instituting fresh currency hedges to mitigate exposure. Under our base case scenario, SAGBs have room to rally further; however, in a bear case, the curve appears closer to fair value or slightly expensive. Nonetheless, with a positive domestic growth outlook, contained inflation, and lower interest rates, South Africa's fixed income landscape remains more favourable compared to the global environment.

The fund's asset allocation remains largely unchanged, with Equities at 63% - with 36% allocated to SA equities and 27% allocated to global equities. This is alongside allocations of 1% to Property and 3% to Commodities. Fixed Income instruments account for 33% of the portfolio, comprising pf 18% in SA Bonds, 2% in SA Cash, 11% in Global Bonds and 2% in Global Cash.

Portfolio Manager

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CA(SA), CFA

Lonwabo Maqubela
CA(SA) and CFA

Patrick Ntshalintshali
BCom Hons, EDP

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