Perpetua Sanlam Collective Investments Relative Equity Fund

Minimum Disclosure Document

As of 31/12/2024

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

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 401,617,211
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.sanlamunittrusts.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 - 31 December 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.

* 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 me.

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

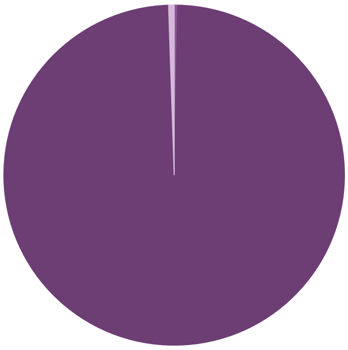
Top Ten Equity Holdings

Portfolio Date: 31/12/2024

Naspers Ltd	7.16
Prosus (PRX)	6.13
Standard Bank Group Ltd	5.58
Firstrand Ltd	5.52
British American Tobacco Plc	5.39
Absa Group Ltd	4.55
Anglo American Plc	3.94
Anglogold Ashanti Plc	3.65
Spar Group Ltd	2.81
Gold Fields Ltd	2.21

Asset Allocation

Portfolio Date: 31/12/2024



	%
SA Cash	0.33
SA Equity	99.14
SA Property	0.53
Total	**100.00**

Annualised Performance (%)

Since Inception to 31/12/2024	Fund	Benchmark
1 Year	13.53	13.41
Since Inception	13.80	13.36

Cumulative Performance (%)

Since Inception to 31/12/2024	Fund	Benchmark
1 Year	13.53	13.41
Since Inception	32.94	31.81

Highest and Lowest Annual Returns***

Time Period: Since Inception to 31/12/2024

Highest Annual %	13.53
Lowest Annual %	8.04

3 Year Risk Statistics**

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

Distribution History (Cents Per Unit)

31/12/2024	21.71 cpu	31/12/2022	7.11 cpu	—	—
30/06/2024	30.48 cpu	—	—	—	—
31/12/2023	22.69 cpu	—	—	—	—
30/06/2023	19.10 cpu	—	—	—	—

Administered by

Perpetua Sanlam Collective Investments Relative Equity Fund

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As of 31/12/2024

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.

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

Investment Manager Information
Perpetua Investment Managers (Pty) Ltd
(FSP) License No. 29977
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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.

Within the components of the JSE Capped SWIX's decline of -2.1% during the quarter, Industrials returned 0.3% for the quarter while Property, Financials and Resources declined by -1.1%, -1.2% and -9.1%, respectively. Consumer-facing sectors, including food producers, retailers and service providers performed well, but this was outweighed by weakness in the Resources sector driven by China's slowdown, and challenges in the UK which similarly weighed down dual-listed stocks.

Despite a weaker Q4, South African markets ended the year on a strong note, with the JSE Capped SWIX delivering a 13.4% return for 2024. Sector-wise, Property led gains with a 28.0% return, followed by Financials (+22.2%) and Industrials (+18.8%). Resources were the notable laggard, declining -9.5% for the year. At the subsector level, Non-life Insurance, Construction and Materials, Food Producers, and Retailers were standout performers, while Alternative Energy, Chemicals, Automobiles & Parts, and Beverages underperformed.

Portfolio Performance

The Perpetua SCI Relative Equity portfolio ("the Fund") delivered a net return of -2.5% over the fourth quarter of 2024, while the JSE Capped SWIX ("the benchmark") returned -2.1%. Over the 1-year period ended 31 December 2024 the Fund generated a net return of 13.5%, outperforming the benchmark's return of 13.4%. Since inception the Fund outperformed the benchmark returning 13.8% p.a., exceeding the benchmark's return of 13.4% p.a. on a net basis.

The top contributors to the Fund's relative performance for Q4 2024 were our overweight positions in British American Tobacco, PPC, Datatec, Super Group and Absa. Detractors from the Fund's performance included our overweight positions in Tsogo Sun Gaming, AB InBev, Sasol, and AngloGold Ashanti, as well as our underweight in Capitec.

Notwithstanding the fund's strong performance, the fund remains attractively priced and offers significant upside.

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.

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.

Portfolio Performance

The Perpetua SCI Relative Equity portfolio ("the Fund") gained a net return of 10.6% over the third quarter of the year, outperforming the JSE Capped SWIX's ("the benchmark") return of 9.6%. Over the 1-year period ended 30 September 2024, the Fund generated a net return of 21.9% while the benchmark returned 25.4%. Since inception, the Fund returned 17.2% p.a. on a net basis and the benchmark returned 16.5% p.a.

The top contributors to the Fund's relative performance for Q3 2024 were our overweight positions in WBHO, Mr Price, Netcare and Spar as well as our underweight position in Aspen. Netcare, along with other health care providers, rebounded in the quarter as near-term risk in the sector was significantly reduced as it came to light the NHI bill is likely to only take effect in the late 2030s. Detractors from the fund's performance included our overweight positions in Northam Platinum and AngloGold, and our underweights in Naspers, Pepkor and Capitec.

Notwithstanding the fund's strong performance, the fund remains attractively priced and offers significant upside.

Portfolio Positioning
Looking ahead to the final quarter of the year, global markets face several potential headwinds. The outcome of the US election remains uncertain as do recession risks, with questions lingering about whether the US can engineer a soft landing. Rising tensions in the Middle East may also complicate global efforts to bring inflation under control, posing a challenge for global markets just as major central banks have begun cutting rates. The correction of Japanese markets in Q3 2024 was instructive in that it demonstrated the extent to which sentiment drives the market and how quickly that can evolve.

In China, while the government's stimulus program announcement has driven a recovery in stock prices, the broader economic outlook remains unclear. Prior to the late-Q3 rally, Chinese stocks were significantly undervalued. While the market is now more fairly priced, the jury is still out on whether the new stimulus is enough to drive real economic growth on the mainland. How this resolves will have significant impact on whether emerging markets will continue to outperform developed markets in the rest of 2024.

On the local front, South Africa's economy appears to be at an inflection point with the rand having strengthened by 6.3% year to date. Signs of fiscal stability have emerged given that our budget deficit came in below economists' expectations and yields on SA 10-year government bonds have dropped below 10% for the first time since April 2022. Notwithstanding the strong SA Inc rally over the past six months there are still attractive investment opportunities, with some shares trading at price-to-earnings ratios below 9x and offering dividend yields of around 5%. We are, however, trimming our active exposure to stocks that are tending towards their bull case valuations such as Mr Price and WBHO. Meanwhile, banks continue to trade at attractive valuations.The resources sector has trailed the recovery observed in the SA Inc basket. We are selectively increasing our exposure within the sector, targeting specific opportunities that present strong value. These opportunities also carry comparatively lower operational and financial leverage, offering 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 perform 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 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 be positive.

Portfolio Manager
Delphine Govender
CA(SA) and CFA

Patrick Ntshalintshali
BCom Hons, EDP