Perpetua SCI* Balanced Fund

Minimum Disclosure Document

As of 2020/08/31

MDD Issue Date: **2020/09/15**

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
ASISA Fund Classification	South African - Multi Asset - High Equity
Risk Profile	Moderate
Benchmark	ASISA Category Avg: SA - Multi Asset - High Equity
Fund Size	R 59 145 213
Portfolio Launch Date*	2014/09/22
Fee Class Launch Date*	2014/09/22
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
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	1,01
Transaction Cost	0,24
Total Investment Charges	1,25
TER Measurement Period	01 July 2017 - 30 June 2020

Our Manager Annual Fee has decreased by 0.51%. Our expectation is therefore that the TER will decrease.

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.

*The Perpetua Sanlam Collective Investments Balanced Fund transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 24 November 2017.

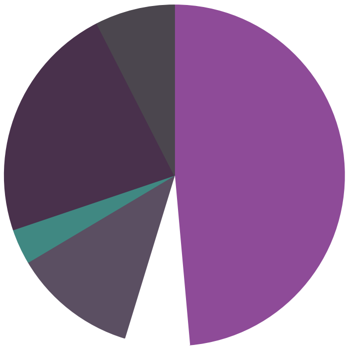
Top Ten Equity Holdings

Portfolio Date: 2020/06/30

British American Tobacco Plc	4,50
Absa Group Ltd	2,18
Standard Bank Group Ltd	2,11
Firstrand Ltd	2,09
Woolworths Holdings Ltd	2,08
Tiger Brands Ltd	2,03
Oceana Group Ltd	2,01
Anglogold Ashanti Ltd	1,78
Naspers Ltd	1,62
Peregrine Holdings Ltd	1,46

Asset Allocation

Portfolio Date: 2020/06/30



	%
SA Equity	48,58
SA Cash	6,15
SA Bonds	11,74
SA Property	3,35
Non-SA Equity	22,65
Non-SA Cash	7,53
Total	**100,00**

Annualised Performance (%)

	Fund	Benchmark
1 Year	-1,86	3,20
3 Years	-0,35	3,91
5 Years	1,35	5,65
Since Inception	0,44	5,93

Cumulative Performance (%)

	Fund	Benchmark
1 Year	-1,86	3,20
3 Years	-1,05	12,21
5 Years	6,93	31,65
Since Inception	2,64	40,85

Highest and Lowest Annual Returns

Time Period: Since Inception to 2019/12/31

Highest Annual %	9,05
Lowest Annual %	-4,53

3 Year Risk Statistics

Standard Deviation	12,28
Sharpe Ratio	-0,52
Information Ratio	-0,87
Maximum Drawdown	-19,27

Distribution History (Cents Per Unit)

2020/06/30	1.19 cpu	2018/06/30	1.86 cpu	2016/12/31	0.45 cpu
2019/12/31	1.71 cpu	2017/12/31	0.25 cpu	2016/06/30	0.65 cpu
2019/06/30	1.37 cpu	2017/06/30	1.24 cpu	2015/12/31	0.56 cpu
2018/12/31	1.56 cpu	2017/11/24	1.26 cpu	2015/06/30	0.81 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.

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.

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; 30% for foreign (offshore) and 10% African 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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Sanlam

Portfolio Manager Comment

As at 30 June 2020

Market overview

Following a particularly grim first quarter of 2020, the second quarter brought a large recovery as the All-Share Index (ALSI) delivered 23.2% for the quarter versus -21.4% last quarter. The SWIX delivered 22.1% and the Capped SWIX delivered 21.6%. All three months of the second quarter reflected positive returns for the ALSI, in contrast to all three months of the first quarter, which all reflected negative returns. April was the strongest month of the quarter whereby the ALSI delivered 14.0%. In global markets, the MSCI ACWI returned 19.4% for the quarter compared to -21.3% for the previous quarter.

The positive performance in the equity markets were sourced from positive returns across SA Resources, SA Industrials and SA Financials. SA Resources was the top performing sector in Q2, returning +41.2%, strongly supported by the performance of Chemicals (+160.5%) and Gold Mining (+68.0%). SA Industrials retuned +16.6%, supported strongly by Pharmaceuticals and Biotech (+52.3%) and Fixed Line Telecoms (+44.3%). SA Financials returned +12.9%, therefore reflecting the most conservative returns amongst the sectors. Large Cap stocks delivered the best performance in Q2, gaining 24.8% while Small Caps were up 17.2% and Mid Caps 15.4%.

The second quarter of 2020 showed a significant improvement for the local bond market as the ALBI returned +9.9%, a large uptick from the first quarter, which returned of -8.7% for the period. May was the strongest month for the ALBI at +7.0% (April +3.9%; June -1.1%).

The Rand return for global equities improved since last quarter by delivering a return of +16.3% versus +1.0% previously. The best month of the quarter was April at a Rand return of +14.1%. The Rand return for global bonds also improved since last quarter by posting a return of +17.7% compared to a return of -16.8% in the previous quarter.

Over the last 5 years, returns for the SA equity market have been very disappointing with the ALSI delivering +4.2% compound annual return and failing to beat cash returns at +7.2% or the ALBI at +7.5%.

Portfolio overview

The portfolio returned +14.2% for the second quarter of 2020 versus +13.5% for the composite benchmark over the same period.

Domestic equities underperformed the benchmark by 2.0% and global equities within the fund outperformed by 2.1% over the quarter. Local bond exposure underperformed the benchmark by 5.8%.

The strengthening of the Rand versus the US dollar negatively impacted the Rand reported returns of the global component of the fund. Within domestic equities for the quarter the underweight position in Clicks and our overweight positions in Anglogold and Sasol were the most significant positive contributors to relative performance. Detractors from performance over the quarter included our overweight positions in Tiger Brands, Netcare and British American Tobacco.

Portfolio Positioning

The equity exposure of the fund remains at a high level versus the fund's history as we are finding an above average number of undervalued equities domestically and globally. However, we are still below our maximum permissible equity exposure as we maintain an element of caution with regards to the near term outlook.

In terms of industry exposure, the domestic equity portion of the portfolio remains overweight the food producers and general retailers and is underweight software & computer services and mining. Our largest overweight positions relative to the equity benchmark include British American Tobacco, Oceana and Woolworths. We believe these shares are good quality businesses trading at meaningful discounts to their fundamental value.

The global equity portion of the fund is overweight the following sectors - financials, consumer discretionary, consumer staples and energy. The global financial shares can be characterized as well-capitalised, well-managed, well-positioned companies that create value through good capital allocation and prudent risk taking, allowing them to compound book value per share for many years to come.

Locally, the fiscal picture is poor, with a persistent SOE overhang. Current 10-year bond yields are slightly below our long-term fair value for SA bond yields due to the fiscal and associated risk overhang, despite providing meaningful returns in excess of inflation and attractive returns relative to cash. Given these risks, we are maintaining an underweight duration relative to the benchmark. Should quicker progress on structural reforms take place, we would start moving to a more neutral duration. However, break even protection relative to cash is meaningful so we have increased our duration on a relative basis.

Globally, fixed income markets price for very low term premiums. Concerns around the coronavirus has resulted to a flight to safe haven assets. Credit spreads and issuance of credit are also at stretched levels while we have seen the quality of issuance decline. We have reduced exposure to offshore bonds and are largely holding shorter instruments as we believe that the recent move to safe haven assets has created selling opportunities.

As COVID-19 spread around the globe in Q1, and its potential materially negative immediate and medium-term impact was being digested, we experienced the fastest decline in equity prices from peak to trough. For domestic equity markets, the extent of the moves was even more painful given that the broad base of South African domestic equities were reasonably priced and in some cases fundamentally undervalued even prior to the decline in the first quarter.

The way in which we sought to exploit the opportunities presented by the market was to deploy a sound strategy in how we added, reduced or adapted the positions in the portfolio. For example, we concentrated our shorter-term focus on adjusting financial forecasts for the next year and then assessed whether were still able to uncover companies which would deliver positive net income, generate positive cash, and be able to self-fund their operations from existing cash reserves or facilities.

We evaluated the shares and sectors which we believed had been unjustifiably sold down and where certain risks were being overstated. For example, we believe that the conservatively managed banking sector will emerge in the medium to long-term but in the short term we do see real liquidity pressures. We have therefore been cautious in adding to our position too quickly but have gone overweight this sector by increasing our positions in banks we had already owned.

Portfolio Manager
Delphine Govender CA(SA), CFA