Perpetua SCI* Balanced Fund

Minimum Disclosure Document

As of 31/03/2021

MDD Issue Date: 20/04/2021

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 83,959,776
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	0.75
Total Expense Ratio	1.09
Transaction Cost	0.21
Total Investment Charges	1.30
TER Measurement Period	01 January 2018 - 31 December 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.

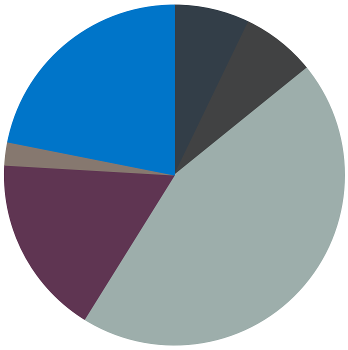
Top Ten Equity Holdings

Portfolio Date: 31/03/2021

British American Tobacco Plc	3.49
Naspers Ltd	2.54
Woolworths Holdings Ltd	1.92
Standard Bank Group Ltd	1.83
Absa Group Ltd	1.81
Firstrand Ltd	1.66
Glencore Plc	1.65
Reinet Investments SCA	1.50
Oceana Group Ltd	1.49
Tiger Brands Ltd	1.42

Asset Allocation

Portfolio Date: 31/03/2021



	%
SA Cash	7.16
Non-SA Cash	7.01
SA Equity	44.70
SA Bond	17.05
SA Property	2.19
Non-SA Unit Trust (Undisclosed Holdings)	21.88
Total	**100.00**

Annualised Performance (%)

	Fund	Benchmark
1 Year	36.32	30.65
3 Years	4.73	7.01
5 Years	4.24	6.72
Since Inception	3.11	7.19

Cumulative Performance (%)

	Fund	Benchmark
1 Year	36.32	30.65
3 Years	14.87	22.56
5 Years	23.07	38.45
Since Inception	22.12	57.32

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2020

Highest Annual %	9.05
Lowest Annual %	-4.53

3 Year Risk Statistics

Standard Deviation	13.83
Sharpe Ratio	-0.04
Information Ratio	-0.40
Maximum Drawdown	-19.27

Distribution History (Cents Per Unit)

31/12/2020	0.74 cpu	31/12/2018	1.56 cpu	24/11/2017	1.26 cpu
30/06/2020	1.19 cpu	30/06/2018	1.86 cpu	31/12/2016	0.45 cpu
31/12/2019	1.71 cpu	31/12/2017	0.25 cpu	30/06/2016	0.65 cpu
30/06/2019	1.37 cpu	30/06/2017	1.24 cpu	31/12/2015	0.56 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

Investment Manager Information
Perpetua Investment Managers (Pty) Ltd
(FSP) License No. 29977
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As of 31/03/2021

Perpetua INVESTMENT MANAGERS

Portfolio Manager Comment

As at 31 March 2021

Market overview

SA Equities posted another quarter of positive total returns in the first quarter of 2021 with the All-Share Index (ALSI) recording a return of +13.1%. This return was reflective of broad-based strength – SA Resources (+18.7%), SA Industrials (+13.0%) and SA Financials (+3.8%) all posted positive growth over the period. The SWIX delivered +13.3% and the Capped SWIX delivered +12.6%. On a monthly basis, January (ALSI +5.2%) and February (ALSI +5.9%) were both particularly strong months, while the total return for March (+1.6% ALSI) was more muted. The returns for global equities were weaker than domestic equities, although still positive, with the MSCI ACWI gaining +5.3% Rand return over the quarter. SA bonds suffered over the quarter as the ALBI lost -1.7%, while SA cash eked out a return of +0.9%.

Small Cap counters, Steinhoff (+125.0%), Motus (+56.6%) and City Lodge (+53.2%) delivered large returns over the quarter and were among other strong Small Cap performers that resulted in Small Caps (+21.2%) outperforming both Mid Caps (+9.4%) and Large Caps (+13.6%). Small Cap stocks have rebounded strongly in many markets since the start of the COVID-19 crash – the MSCI ACWI Small Cap Index has posted a USD a return of +79.6% over 12 months to 31 March 2021. Since 31 October 2020 to 31 March 2021, JSE Small Caps have gained +45.1%, while Mid Caps and Small Caps have gained +26.9% and +28.2%, respectively.

Within the Large and Mid Cap universe, the top performing shares over the period were Royal Bafokeng Platinum (+77.0%), Montauk Renewables (+60.3%) and Sasol (+58.1%). Montauk Renewables is a US-based renewable energy company that only listed on the JSE in January of this year. The performance of these shares is reflective of the strong performance of Basic Materials (+18.6%), Energy (+72.7%) and Chemicals (+48.8%). Energy was notably the top performing sector in the third and fourth quarter of 2020 too. Within Basic Materials also lies some of the worst performing shares over the quarter, namely DRD Gold (-22.5%), Harmony (-12.6%) and Anglogold (-4.0%). The worst performing sectors were Closed End Investments (-11.0%), Beverages (-4.3%) and Non-Life Insurance (-4.3%).

Over the last 5 years, the SA equity market has returned +9.6% compound annual return. This has just beaten the returns of SA bonds, with the ALBI returning +9.2% per annum over the same period. Cash returns, which spent a prolonged period outperforming SA equity over 5 years, has now reverted to being the asset class with the lowest returns over the period, still returning a reasonable +6.9% per annum.

Portfolio overview

The portfolio returned +9.6% for the first quarter of 2021 versus +7.4 for the composite benchmark over the same period.

Both domestic and global equities outperformed their respective benchmarks, domestic equity by +2.2%, and global equities by +13.6%. Local bond exposure outperformed the benchmark by 0.5%.

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, our overweight positions in Royal Bafokeng Platinum, Massmart and Woolworths contributed positively to relative performance. Detractors from relative performance include our underweight positions in Impala and MTN, as well as our overweight position in Oceana. At a sector level, our overweight exposure in General Retailers contributed to outperformance of the Fund, which includes Broadline Retailers such as Woolworths, Massmart and Truworths, and Specialized Consumer Services like Advtech. Underweighting Life Insurance contributed positively to relative returns, such as our zero weighting in Discovery, which was the second worst performing share. Additionally, our underweight in General Industrials also contributed positively to relative returns, partly due to our zero weighting in Barloworld, which was part of the bottom performing companies.

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 of the domestic equity portion of the portfolio, Food Producers remain our largest overweight, with General Retailers and Health Care Equipment & Services as the second and third largest overweights, respectively. Mining, Software & Computer Services, and Mobile Telecommunications remain our most prevalent underweights. Our largest company overweight positions relative to the benchmark include British American Tobacco, Woolworths and Oceana. We believe these shares are good quality businesses trading at meaningful discounts to their fundamental value.

The global equity portion is overweight the following sectors - Financials, Consumer Discretionary, Consumer Staples, and Energy. This is funded by underweights in Information Technology, Communication Services, Health Care, Industrials, Utilities and Real Estate. Financials makes up approximately 30% of the global equity component – Banks, Insurers, Asset Managers and Consumer Credit Lenders - the largest of which include Bank of Ireland, Wells Fargo and TCS Group Holding. A new addition to Banks includes Itaú Unibanco, which is the largest diversified bank in Brazil. This has increased our exposure to the emerging markets, which now makes up 16.4% of the global component of the Fund. The parts of the market most affected by lockdown restrictions including Banks, Energy, Travel & Leisure, and Discretionary Retailers, should continue to recover as mobility returns. We believe that the global equity component is well-positioned to benefit from this.

The current pricing of SA long bonds is reflecting a material risk premium and close to what could be perceived as the "worst case scenario". Accordingly the attractive aspect is the level of nominal return available from SA government bonds. There is notable protection in yields vs cash.

Developed market bonds look underwhelming in terms of the level of returns and rates are expected to continue to persist at historically low levels in a post COVID-19 recovery, which is supportive of risk assets and emerging markets. The Fed itself has signalled it plans to keep rates close to 0% until 2022.

Turning to the domestic equity market, we believe that bottom-up fundamental analysis points to clear pockets of opportunity for outsize returns from companies which derive the majority of their revenue and profits from South Africa ("SA Inc") shares given current prices.

There is a distinct group of domestic companies who have used the period since the COVID-19 crash to establish financial stability; flex internal levers of cost control; develop rapid turnaround of divisions; pivot their business models to benefit from structural shifts by agile and aligned management teams seeking to take advantage of the opportunities that can be presented in times of crisis. Most importantly many market participants have been more focused on the disastrous macro than the micro and have failed to yet acknowledge these internal improvements. This has been compounded by the lack of clarity over the vaccine deployment programme. These factors have resulted in compelling valuations in average to above average quality domestic businesses whom we believe will endure post pandemic.

Given research conducted, Perpetua has been selectively building positions in the more neglected, undervalued SA Inc over the past 9 months given high probability for upside vs downside risk to returns. We have already seen some of this return delivered in recent re-rating of SA Inc shares in 2021-to-date.

Due to the unprecedented nature of the current downturn, forecast risk will remain high as consumers and businesses grapple with the COVID-19's impact on demand. This was not simply a normal recession as a result of an economic downcycle but a specific one as a result of the pandemic response, albeit exacerbated an already precarious macro-economic situation in SA. Consequently, we expect market volatility to remain elevated.

Portfolio Manager

Delphine Govender CA(SA), CFA

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