Perpetua SCI* Balanced Fund

Minimum Disclosure Document

As of 31/10/2021

MDD Issue Date: **17/11/2021**

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 131,635,807
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	1.11
Transaction Cost	0.21
Total Investment Charges	1.32
TER Measurement Period	01 October 2018 - 30 September 2021

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.

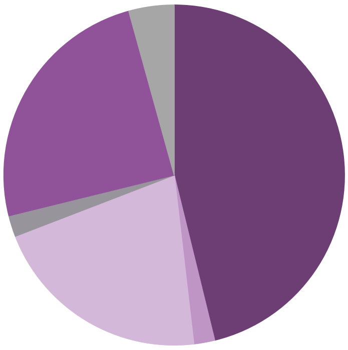
Top Ten Equity Holdings

Portfolio Date: 30/09/2021

British American Tobacco Plc	3.40
Standard Bank Group Ltd	2.78
Prosus (PRX)	2.44
Firstrand Ltd	2.06
Massmart Holdings Ltd	2.06
Glencore Plc	1.77
Life Healthcare Group Holdings Ltd	1.77
Woolworths Holdings Ltd	1.57
Royal Bafokeng Platinum Ltd	1.56
Anheuser-Busch Inbev SA	1.52

Asset Allocation

Portfolio Date: 30/09/2021



	%
SA Equity	46.18
SA Cash	1.98
SA Bonds	20.98
SA Property	2.01
Non-SA Equity	24.55
Non-SA Cash	4.30
Total	**100.00**

Annualised Performance (%)

	Fund	Benchmark
1 Year	34.78	25.13
3 Years	8.19	10.30
5 Years	6.25	8.12
Since Inception	4.18	7.61

Cumulative Performance (%)

	Fund	Benchmark
1 Year	34.78	25.13
3 Years	26.65	34.19
5 Years	35.38	47.73
Since Inception	33.87	68.56

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	13.56
Sharpe Ratio	0.18
Information Ratio	-0.40
Maximum Drawdown	-18.36

Distribution History (Cents Per Unit)

30/06/2021	1.25 cpu	30/06/2019	1.37 cpu	30/06/2017	1.24 cpu
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

Administered by

Perpetua SCI* Balanced Fund

Minimum Disclosure Document

As of 31/10/2021

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
Physical Address: 5th Floor, The Citadel, 15 Cavendish Street, Claremont 7708
Postal Address: PO Box 44367, Claremont 7735, South Africa
Tel: +27 (21) 674 4274
Email: Info@perpetua.co.za
Website: www.perpetua.co.za

Manager Information
Sanlam Collective Investments (RF) (Pty) Ltd
Physical Address: 2 Strand Road, Bellville, 7530
Postal Address: P.O. Box 30, Sanlamhof, Bellville, 7532
Tel: +27 (21) 916 1800
Email: service@sanlaminvestments.com
Website: www.sanlamunittrusts.co.za

Trustee Information
Standard Bank of South Africa Ltd
Tel: +27 (21) 441 4100
Email: compliance-sanlam@standardbank.co.za

Administered by

Perpetua
INVESTMENT MANAGERS

Portfolio Manager Comment

As at 30 September 2021

Market overview

Following the flat second quarter return of the JSE All-Share Index (ALSI), the market was slightly negative in Q3 with a return of -0.8%. This was despite a fairly robust start to the quarter with the ALSI gaining 4.2% in July (despite the social unrest experienced during that month), initially driven by bullish global sentiment and an uptick in resource counters, but this reversed in August (ALSI -1.7%) and September (ALSI -3.1%) as the outlook for global growth became less positive and commodity prices receded. The JSE Capped SWIX produced a return of 3.2% while the JSE SWIX yielded 0.5% over the 3 month period.

In global markets, the MSCI World Index produced a return of 5.5% in Rand terms over the quarter and 16.8% over the past year.

The JSE All Bond Index produced a return of 0.4% over the past quarter taking its YTD return to 5.4% and 1 year performance to 12.5%. The benchmark for local cash, the SteFi composite yield 1.0% over the quarter and 3.8% over the past year, while listed property continued its recovery from a challenging 2020 with a 3-month return of 5.9%, taking it to 54.4% over the year ended 30th September 2021.

At a sectoral level SA Financials gained a healthy 12.0% over the quarter ended September 2021, taking gains for the YTD to 25.5%. SA Industrials returned -4.3% for the quarter (8.9% YTD) and SA Resources delivered -3.6% (8.8% YTD).

Small Cap stocks have continued to rebound strongly in many markets since the COVID-19 crash and this was especially the case in South Africa. Following its success in Q2, over the third quarter Small Caps (+11.7%) once again delivered the largest returns relative to Mid-Caps (+7.2%) and especially Large Caps (-3.4%) which produced a negative return for the second successive quarter. Over the year to 30 September 2021, JSE Small Caps have gained +78.3%, while Mid-Caps and Large Caps have gained +41.1% and +17.1%, respectively.

The top performing super-sectors for the three months to 30 September 2021 were Healthcare (+33.9%) with most of that coming from Aspen (+69.0%), followed by Telecomms (+24.1%) and Financials (+13.2%), driven quite broadly with gains from the Banks (+15.0%), Life Insurers (+11.8%), and Investment Banking Brokerage Services (+10.0%). The worst performing super-sectors once again included Technology (-19.2%), driven by Naspers (-16.9%) and Prosus (-4.5%), and Basic Materials (-4.2%) while Consumer Discretionary stocks declined 6.6%.

Over the last 5 years, the SA Equities has returned 7.8% compound annual return as measured by the JSE ALSI while it was 5.0% for the JSE Capped SWIX. This has underperformed the returns of SA Bonds, with the ALBI returning 8.5% per annum over the same period. Cash has returned a reasonable 6.4% per annum. The returns of SA Equity, SA Bonds and cash are significantly stronger than the performance of SA Property over the past 5 years, as SA Property posted a return of -5.6% over the period.

Global equities were slightly negative in the third quarter of 2021 with the MSCI ACWI returning - 0.2% in ZAR over the 3-month period (-1.0% in USD) after a 3.8% decline in September. In USD terms sector returns over the quarter were mixed with positive contributions from Energy (+1.6%), Health Care (+1.1%), Financials (+2.2%) and Information Technology (+1.5%), while Materials declined by 4.9% and Industrials (-1.8%), Consumer Discretionary (-1.7%) and Consumer Staples (-1.7%) also ended the quarter weaker.

Portfolio overview

The Perpetua SCI Balanced portfolio returned a healthy 3.7% for the third quarter versus 2.5% of its peer benchmark. This took the year-to-date return of the portfolio to 16.6% vs the benchmark's 12.1% and the portfolio's performance for the 1-year period to 30 September was +27.7% compared to the 18.7% of the benchmark, outperforming the peer average by 10.0% over the year.

The domestic equity portion of the Fund outperforming the JSE Capped SWIX by 3.2% (6.4% vs 3.2%), however, the global equity portion underperformed its MSCI ACWI benchmark by 3.1% (1.5% vs 4.6%). Over the past year the global equity component of the portfolio has still managed a very impressive 28.5% outperformance of the MSCI ACWI (44.4% vs 15.9%), while the domestic equity portfolio has been also delivered a healthy 7.9% excess return (38.2% vs 30.3%). Local bond exposure was in line with the ALBI benchmark over the quarter with both delivering 0.4%.

Within the domestic equity component of the portfolio, our underweight positions in Naspers and mining companies, Impala and Sibanye Stillwater, as well as our overweight positions in Omnia, Glencore and Tsogo Sun made the largest contributions to relative performance over the past quarter. Detractors from relative performance include our underweight positions in Aspen, MTN and Sasol, and overweight positions in Royal Bafokeng Platinum and Tiger Brands. At an industry level, the two industries that contributed significantly to relative performance of the Fund was Technology and Basic Materials. We are underweight both of these industries. Technology includes companies such as Naspers and Prosus (both underweight positions) and Datatec (an overweight position, but which contributed positively to relative returns). Within Basic Materials, Precious Metals and Mining contributed the strongest to relative performance, due to the portfolio underweighting companies such as Impala, Northam Platinum and Sibanye.

In the global equity component of the Fund, the top five contributors over the quarter were Bank of Ireland, Magnit, TCS, Tesco, and Hugo Boss. The top five detractors over the quarter were Alibaba, Distribuidora, Melco, Micron, and AB Inbev.

Portfolio Positioning

The equity exposure of the fund is at a high level relative to 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 domestic equity industry exposure, Consumer Staples is now our largest overweight coming from our exposure to Oceana, Tiger Brands and Libstar. This is followed by Consumer Discretionary, (through Advtech and Massmart) and Healthcare (through hospital groups Life Healthcare and Netcare) Telecommunications, Financials, Technology, and Basic Materials are our most significant underweights. While we had an overweight position in Banks earlier in the year, we've capitalized on some of the gains made and have become more selective in what we hold in this sector.

While the South African macro environment has improved slightly over the past few months, the trajectory for the economy is likely to remain one of low growth in the absence of or delayed action required to deal with the structural issues which we face. Nonetheless we are still able to find significant opportunities in the listed equity market, predominantly in companies that took management action during the last few years of anemic demand and are now well positioned to enjoy improved profitability. We believe that that specific stocks rather than entire sectors will be the drivers of future returns and in our assessment. We have therefore constructed a portfolio which can be described as exhibiting a combination of defensiveness, while including opportunities which carry low earnings and valuation risk, and therefore high return potential. Many of the companies we hold are self-help and growth recovery stories with little reliance on the macro environment to see them materialise, and we expect this to continue to benefit client portfolios in the period ahead.

There are several topical macro talking points in global markets and perhaps the one most on investors' minds is the uncertain growth outlook along with the spectre of rising inflation. Some are even contemplating a stagflation scenario. We're less concern about stagflation but are mindful of the tact that in developed markets like the USA, the risk of the need to raise interest rates is increasing. When we look at the global inflation surprise index by Citi, this indicator reached an all-time high in September 2021 pointing to rising rates in other markets as well. The Fund remains well positioned to benefit from the expansion of the global economy and rising interest rates on the back of higher inflation. Our staples positions are attractive priced in an expensive sector with above-average dividend yields.

The global equity exposure within the Fund is overweight the following sectors - Financials, Consumer Staples, and Consumer Discretionary. This is funded by underweights in Information Technology, Health Care, Industrials and Utilities. Financials makes up 29% of the global equity component – Banks, Insurers, Asset Managers and Consumer Credit Lenders - the largest of which include TCS Group Holding, Bank of Ireland, and Wells Fargo. The addition of more emerging market shares (such as Alibaba, Tencent and Melco) to the Fund has resulted in the emerging market exposure of the global equity portion of the Fund increasing to just over 30% as we find significant opportunities outside of developed markets. While value counters have made a substantial recovery since the middle of 2020 we believe there is room for further gains and the global equity component of the Fund 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". SA Nominal bonds continue to offer value and remain the preferred asset class across fixed income. There is considerable protection in yields vs cash.

Developed market bonds continue to look underwhelming in terms of the level of returns. While yields have begun to rise they are still at levels which are too low to offer adequate compensation and the likelihood of further rises in interest rates makes this asset class unappealing at this stage.

Portfolio Manager
Delphine Govender CA(SA), CFA