Fund Objective
The portfolio is a general equity portfolio that seeks to sustain high long-term capital growth.

Fund Strategy
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 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 equity exposure will always exceed 80% of the portfolio’s net asset value. 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

Asset Allocation

Top Ten Equity Holdings

Annualised Performance (%)
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

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.

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.

Liquidity
The ability to easily turn assets or investments into cash.

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 results).

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.

Asset Allocation

Annualised Returns
Annualised return is the weighted average compound growth rate over the period measured.

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.

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.

Maximunm Drawdown
The maximum drawdown measures the highest peak to trough loss experienced by the 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.

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 results).

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.

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.

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.

Maximunm Drawdown
The maximum drawdown measures the highest peak to trough loss experienced by the 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.

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 results).

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. Sanlam Investment Trusts (RF) (Pty) 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.sanlamunittrustsmdm.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 (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@sanliminvestments.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
Portfolio Manager Comment

As at 30 September 2020

The broad equity market just managed to hold onto a positive return during the third quarter of 2020 as the All-Share Index (ALSI) delivered +0.7% for the quarter versus +23.2% last quarter. The SWIX delivered -0.3% and the Capped SWIX delivered +1.0%. July was the strongest month of the quarter during which the ALSI delivered +2.6%, while August and September reflected negative returns of -0.3% and -1.6% respectively.

Equity market returns were sourced from positive returns from SA Resources but returns for SA Industrials and SA Financials were negative. The top performing sector in both Q2 and Q3 of 2020, SA Resources, returned +41.2% and +6.0% respectively, strongly supported by the performance of Platinum +21.6%, Forestry & Paper +11.6% and Industrial Metals +10.9%. SA Industrials was the worst performing sector, returning -2.3% for the quarter, dragged down by mainly by Pharmaceuticals & Biotech -17.0%, Electronic & Electrical -14.5% and Travel & Leisure -11.8%. SA Financials returned -1.6% over the same period. In terms of market capitalization performance, Small Cap stocks delivered the best returns in Q3, gaining +3.5% while Mid Caps were up +1.3% and Large Caps +0.5%.

Over the last 5 years, returns for the SA equity market have been very disappointing with the ALSI delivering +4.8% compound annual return, failing to beat cash returns at +7.1% or the ALBI at +7.6%.

The portfolio returned +2.3% for the third quarter versus +1.0% for the benchmark over the same period. Our overweight positions in Royal Bafokeng Platinum and Shoprite, as well as our underweight position in Naspers contributed positively to relative performance. Detractors from relative performance include our underweight positions in Impala and Sibanye, as well as our overweight position in Oceana. At a sector level, our overweight exposure in software & computer services, food & drug retailers and our overweight in general retailers through the quarter contributed positively to relative returns.

In terms of portfolio positioning, we remain overweight in Industrials and Financials, and underweight Resources. Since last quarter, our overweight in Industrials and underweight in Resources have notably increased, by 4.2 and 2.4 percentage points respectively.

In terms of industry exposure, food producers remain our largest overweight, with general retailers and tobacco as the second and third largest overweights respectively. Software & computer services, mining and mobile telecommunications remain our most prevalent underweights. Our largest company overweight positions relative to the benchmark include British American Tobacco, Oceana and Woolworths. We believe these shares are good quality businesses trading at meaningful discounts to their fundamental value.

As we try to formulate our future views of life, the economy, and our investments in a post COVID-19 world, there is no doubt that certain sectors in the market will not see a normalization of activity levels for a prolonged period, such as tourism, travel, property, selected retail and gaming - for reasons such as extended forced shutdowns, the impact of social distancing or permanent closures.

In addition to the knock taken by companies and the wider sector performance, consumers remain under pressure. Not only have the level of retrenchments been high, but level of consumer confidence is at an all-time low. This gives us the indication that consumption will not be resuming to pre-COVID levels any time soon.

As professional investment managers, however, it is our job to look beneath the surface of what is well known and the consensus view, particularly when it comes to company-specific determinations. It is essential that companies under consideration for investment are deemed to be resilient and financially sound enough to withstand the challenging environment ahead of them. We continuously stress-test our portfolio positions to gauge the resilience of the companies we hold in order to gain comfort that they have sustainable operations, and believe investors can take comfort from these risk management actions.

Portfolio Managers
Delphine Govender
CA(SA) and CFA
Lonwabo Maqubela
CA(SA) and CFA
Patrick Ntshalintshali
BCom Hons, EDP
Glen Heinrich
PhD (Chemical Engineering), CFA

Administered by