



Minimum Disclosure Document

As of 31/03/2024

Fund Objective

The objective of the Sentio Sanlam Collective Investments HIKMA Shariah General Equity Fund will be to achieve medium to long-term capital growth through investment across a number of sectors of the equity market with a reasonable level of income that complies with Shariah (Islamic Law) and the standards prescribed by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

Fund Strategy

The Manager shall seek to achieve this objective through active management of a portfolio of assets which comprise a mix of securities (including collective investment schemes in property) that reflect the investment managers view of the relative attractiveness of the different sectors of the Securities Exchange and Companies, assets in liquid form, participatory units in collective investment schemes, listed or unlisted, excluding interests in a collective investment scheme in participation bonds, and any other securities which are considered to be consistent with the portfolio's investment objectives allowed by the Act from time to time. The portfolio shall invest in shariah compliant domestic and global equities, domestic and global property companies and listed equity capital protection instruments that have been approved for investment by the Shariah Supervisory Board (SSB) or Shariah Advisory Committee (SAC) from time to time.

The portfolio will be predominantly invested in domestic assets, but may also invest internationally, within the statutory investment limitations and prudential investment requirements. The portfolio may also invest in participatory interests of underlying unit trust portfolios.

Why Choose This Fund?

You should choose that fund if you are looking for a fund that generates capital growth over the long term in a Shari'ah compliant way, benefiting from a detailed bottom-up stock picking integrated in a robust risk-management framework.

Fund Information

Ticker	SHGB1
Portfolio Manager	Imtiaz Suliman
ASISA Fund Classification	South African - Equity - General
Risk Profile	Aggressive
Benchmark	ASISA Category Avg: SA - Equity - General
Fund Size	R 382,431,476
Portfolio Launch Date*	01/06/2016
Fee Class Launch Date*	01/03/2017
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.sanlamunitrusts.co.za
Repurchase Period	2-3 business days

Fees (Incl. VAT)

A1-Class (%)

Maximum Initial Advice Fee	3.45
Maximum Annual Advice Fee	1.15
Manager Annual Fee	1.10
Total Expense Ratio	1.10
Transaction Cost	0.28
Total Investment Charges	1.38
Performance Fee	—
TER Measurement Period	01 January 2021 - 31 December 2023

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.

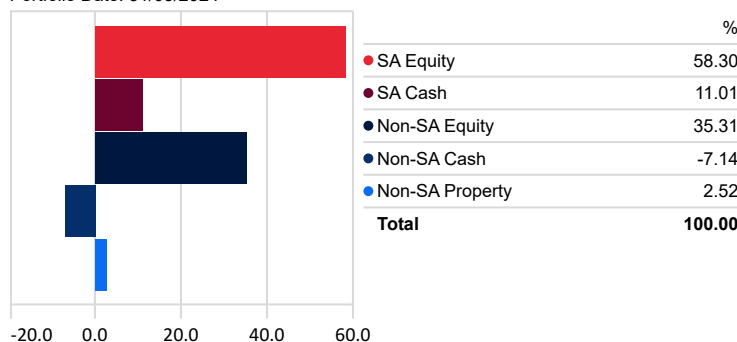
MDD Issue Date: 23/04/2024

Top Ten Holdings

	(%)
Bidvest Group Ltd	6.34
Clicks Group Ltd	4.70
Mondi Plc	4.42
Gold Fields Ltd	4.21
Dubai Islamic Bank	4.12
Google Inc	4.06
Anglogold Ashanti Ltd	3.78
Mr Price Group Ltd	3.61
Accenture Plc Class A	3.53
Aspen Pharmacare Holdings	3.50

Asset Allocation

Portfolio Date: 31/03/2024



Annualised Performance (%)

	Fund	Benchmark
1 Year	6.01	3.04
3 Years	6.52	7.06
5 Years	6.37	7.46
Since Inception	5.04	6.22

Cumulative Performance (%)

	Fund	Benchmark
1 Year	6.01	3.04
3 Years	20.88	22.71
5 Years	36.18	43.31
Since Inception	41.68	53.28

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2023

Highest Annual %	31.05
Lowest Annual %	-4.18

Risk Statistics (3 Year Rolling)

Standard Deviation	11.46
Sharpe Ratio	0.09
Information Ratio	-0.08
Maximum Drawdown	-12.22

Distribution History (Cents Per Unit)

31/12/2023	8.88cpu
30/06/2023	18.53cpu
31/12/2022	11.98cpu



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### Risk Profile

#### Aggressive

You can afford to take on a higher level of risk (ie, will have a greater exposure to equities in your portfolio) because of your investment time horizon 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 foreign-based 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 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; 45% for foreign (offshore) 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 Sentio Capital Management (Pty) Ltd, (FSP) Licence No. 33843, 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](http://www.sanlamunittrustsmdd.co.za) and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

#### Investment Manager Information

Sentio Capital Management (Pty) Ltd

(FSP) License No. 33843

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## Portfolio Manager Comment

Following two months of negative performance, SA equities rebounded to be the top performing asset class in March 2024 with the AllShare index posting a total return of +3.2%. The positive month for equities in March was not enough to save the quarter though, as Property outperformed all asset classes with a total return of +3.8%. Cash (+2.1%) was the second-best performing asset class. Bonds lost -1.8%, while Equities lost -2.2%. Within Equities, SA Industrials fared best with a small total return gain of +0.6%. SA Resources recorded a loss of -1.6%, while SA Financials recorded a loss of -6.1%.

**"Patience is a necessary ingredient of genius."**

**-Benjamin Disraeli**

The Powell pivot in November of 2023 lit the animal spirits and triggered what has been a material risk on rally in equities globally. Only a few weeks ago, markets had settled on a soft landing, with inflation seen defeated and 6-7 cuts for 2024 priced in, and the only question left to answer being if the cutting cycle was going to start in March or later.

Since then, March got pushed out to July and suddenly even later is not out of the question. This, as inflation data came in hot for a couple of months, and several Fed members indicating that a first rate cut earlier than spring/ summer was unlikely, with now data dependency the order of the day. Post that we had continued hawkish tilts from several Fed members, all raising the probability of higher for longer and causing some to ask: what if we're all wrong and that the risks of re-acceleration and hotter inflation are greater than we're currently pricing? Bottom line is that the 6 cut bull case has withered and died. The market is now looking to maximum 3 cuts with a July kick off date still the base case. but a keen focus on data, which is unlikely to be linear, causing ongoing market uncertainty and volatility.

In today's dynamic market environment, the path to being proven right or wrong for fundamental investors has become more volatile than ever before. Structural shifts, such as the rise of non-fundamental market participants like passive investors and retail traders, combined with uneven liquidity, have led to increased alpha volatility. Traditionally, generating alpha was gradual and rational, with investment processes identifying valuation or sentiment dislocations and exploiting them for profit. However, markets now often lag in confirming investment theses, leading to prolonged periods of uncertainty and delayed returns.

#### Challenging markets

Therefore, the question arises: are public markets broken? The answer is nuanced. Generally, liquidity has fallen and shifted with much of it now coming through "private" darkpools and away from the public eye – even here in SA, players like Investec and RMB actively market their own pools of liquidity. With this, the "headline liquidity" that many investors model their activity off is simply wrong.

Further, the focus has shifted from single stocks to themes, baskets, ETFs, and factors, diminishing the influence of fundamentals on stock direction. The result is that public markets are increasingly driven by indexation and correlation and an effective momentum increase as a proxy of weighting and the need to own the winners. Investors must adapt to this evolving landscape, balancing traditional approaches with an understanding of changing market dynamics.

And even for South Africa, the global significance and lead of markets like the US impacts local dynamics. Worse, South Africa's weight in global equity indices having shrunk from its peak of c13% in 2001 to the current 2.84% in the MSCI All World Country index renders our market virtually irrelevant for global investors, leaving little or no incentive to commit money. And a low-to-zero growth economy, really only leaves room for opportunistic, speculative investments by Hedgefunds, etc. Add to this the recent Reg 28 offshore limit changes which further drained support from large parts of the domestic investor base exacerbating the already dire liquidity situation even further, and SA domestic small or mid-caps seem doomed relative to a vastly diversified global universe.

To reverse this trend, South Africa's economic outlook and corporate success will matter greatly.

#### Budget and SARB battling

From an economic standpoint, the recent 2024 Budget in South Africa focused on fiscal consolidation, aiming to reduce borrowing costs and debt burdens. Measures included accessing reserves to pay down debt, reducing borrowing requirements, and improving fiscal metrics. However, structural challenges remain, and the success of economic growth initiatives will be crucial.

At the same time, the South African Reserve Bank (SARB) faces challenges in managing inflation and interest rates amid fiscal constraints and global economic trends. The bank's ability to cut rates is constrained by the need to maintain attractive real rates to prevent capital flight. The upcoming elections and global economic conditions will influence the SARB's decisions in that regard and it is uncertain if cuts can be implemented before the Fed cutting cycle starts.

#### Corporates more optimistic, Valuations cheap

On the other hand, a recent investor conference by Bank of America suggested cautious optimism in sentiment in Corporate South Africa, with companies focusing on efficiency, diversification, and market share growth. However, challenges such as load shedding and consumer pressures persist, requiring flexible strategies to navigate.

Fundamentally, South African equities remain cheap compared to emerging and developed markets, presenting opportunities for value seeking investors. However, challenges such as earnings revisions and liquidity issues must be considered when evaluating investment prospects.

A further positive could be, signs of broadening investor interest are emerging globally,

with fundamentals and dispersion starting to make more sense. While challenges remain, there are indications of improvement in market dynamics.

#### Fund strategy

Globally, a steady stream of M&A activity in 2024 (+70% ytd), seems to indicate a more positive investment environment for now, as CEO's shift from defense to offense in their strategies and start to refocus on growth and the future rather than rates/ inflation uncertainty. All the while central bank policies, particularly the Fed, will play a pivotal role to shape this environment going forward. For SA, at this stage we believe that 1% growth in SA GDP for the current 2025 fiscal year is achievable, while upside and downside risks from that base scenario exist. The SARB is likely to only start cutting rates following the first Fed easing, with 50bps cuts penciled in for the SA repo rate by 4Q24.

On a fundamental basis our expectation for market returns at this stage have reduced somewhat to mid-teens, however, our fundamental bottom-up analysis still highlights attractive alpha opportunities across a variety of sectors, some of them indicating upside in excess of 30%. And while large parts of the SA market seem undervalued, to unlock the value, in our view, will require a Regime shift from the current Quality/ Growth environment to Value. And this will likely only be catalysed by a weaker Dollar, which needs the Fed to start the cutting cycle in the US.

Overall, we are extremely confident that the portfolio is appropriately positioned to take advantage of the current price distortions in the market as in our view, fundamental valuations remain the most important factor for stocks over time and will *ultimately* drive share prices (the market will want to take advantage of "cheap" over "expensive" assets).

However, given the dynamics described above, there might be delays in some of the price discovery and thus distortions in the short- and even medium-term crystallisation of those returns, caused by the changing drivers of liquidity. The result could be one of alpha generation becoming increasingly "lumpy", requiring more patience from investment managers and clients alike.

#### Portfolio Managers

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