# Sentio Sanlam Collective Investments Balanced Fund

## Minimum Disclosure Document

### As of 28/02/2025

**MDD Issue Date:** 17/03/2025

## Fund Objective

The objective of the portfolio is to provide investors with long term capital growth and to provide a limited measure of capital and income protection.

## Fund Strategy

The portfolio will be actively managed with exposure to various asset classes such as cash, bonds, equities and property, both domestically and internationally, being varied to reflect changing economic and market circumstances, in order to maximise returns for the investors. The portfolio will also be allowed to invest in listed and unlisted financial instruments (derivatives) as allowed by the 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 | SSCFB3 |
| Portfolio Manager | Mohamed Mayet, Rayhaan Joosub |
| | Imtiaz Suliman, Olwethu Notshe & Sanveer Hariparsad |
| ASISA Fund Classification | South African - Multi Asset - High Equity |
| Risk Profile | Moderate Aggressive |
| Benchmark | ASISA Category Avg: SA - Multi Asset - High Equity |
| Fund Size | R 78,490,755 |
| Portfolio Launch Date* | 02/10/2017 |
| Fee Class Launch Date* | 18/02/2022 |
| 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)

| | B3-Class (%) |
|---|---|
| Maximum Initial Advice Fee | — |
| Maximum Annual Advice Fee | — |
| Manager Annual Fee | 1.32 |
| Total Expense Ratio | 1.67 |
| Transaction Cost | 0.24 |
| Total Investment Charges | 1.91 |
| Performance Fee | — |
| TER Measurement Period | 18 February 2022 - 31 December 2024 |

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.The TER and Transaction Costs cannot be determined accurately because of the short life span of the Financial Product.

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.

Effective 1 December 2024, SCI will change a monthly administration fee of R23 (VAT Inclusive) on retail investors whose total investment value is less than R50 000. Clients with an active recurring monthly debit order will not be levied this fee.

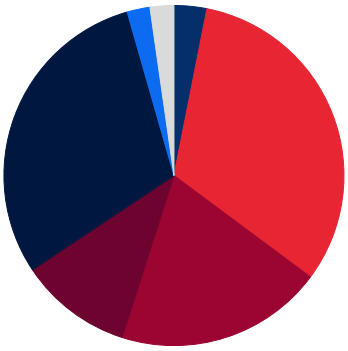
*These figures will become available once sufficient performance history has been met.

## Top Ten Holdings

| | (%) |
|---|---|
| Nedbank Group Ltd NCD 20022026 | 3.70 |
| Meta Platforms Inc | 2.82 |
| NEPI Rockcastle Plc | 2.75 |
| Google Inc | 2.63 |
| Standard Bank Group Ltd | 2.63 |
| Capitec Bank Holdings Ltd | 2.51 |
| Starbucks Corp | 2.26 |
| DCCUSD ETF | 2.23 |
| NVIDIA Corp | 1.94 |
| Apple Inc | 1.92 |

## Asset Allocation

Portfolio Date: 31/12/2024



| | % |
|---|---|
| SA Property | 3.11 |
| SA Equity | 32.06 |
| SA Cash | 19.76 |
| SA Bond | 10.71 |
| Non-SA Equity | 29.92 |
| Non-SA Cash | 2.17 |
| Non-SA Bond | 2.26 |
| **Total** | **100.00** |

## Annualised Performance (%)*

| | Fund | Benchmark |
|---|---|---|
| 1 Year | 14.12 | 13.77 |
| 3 Years | — | — |
| 5 Years | — | — |
| Since Inception | 6.19 | 8.59 |

## Cumulative Performance (%)*

| | Fund | Benchmark |
|---|---|---|
| 1 Year | 14.12 | 13.77 |
| 3 Years | — | — |
| 5 Years | — | — |
| Since Inception | 19.94 | 28.36 |

## Highest and Lowest Annual Returns*

| Time Period: Since Inception to 31/12/2024 | |
|---|---|
| Highest Annual % | 11.61 |
| Lowest Annual % | 6.75 |

## Risk Statistics (3 Year Rolling)*

| | |
|---|---|
| Standard Deviation | 8.27 |
| Sharpe Ratio | -0.08 |
| Information Ratio | -0.78 |
| Maximum Drawdown | -7.51 |

## Distribution History (Cents Per Unit)*

| | |
|---|---|
| 31/12/2024 | 17.93 cpu |

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## Risk Profile

**Moderate Aggressive**
Your primary aim is to achieve the required capital growth necessary to realise your longterm goals and objectives. You are prepared to tolerate fluctuations in your returns because you know that the longer-term picture is worth the short term pain, even if that means you lose money sometimes. While diversified across all the major asset classes, your portfolio will be tilted more towards equities because you know they offer the best long-term returns of all the asset classes and thus your wealth will grow over time.

## 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 foreignbased 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.

## Tax Free Savings Account

This Fund qualifies as a tax free investment according to section 12T of the Income Tax Act, with effect from 1 March 2015. South African individuals qualify for the associated tax benefits namely no tax on dividends, income or capital gains whilst still enjoying all the benefits of a unit trust. Note contributions to tax free investments are limited to R36 000 per tax year, with a lifetime limit of R500 000. Amounts invested in excess of these permissible thresholds are taxable.

## 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 actualinvestment 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 and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

**Investment Manager Information**
Sentio Capital Management (Pty) Ltd
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## As of 28/02/2025

### Portfolio Manager Comment

**2024 – The year that was:**
2024 was characterised by a mix of ongoing US exceptionalism, powershifts as 65 countries involving 4.2bn people and representing more than 60% of the world's GDP went to the polls. The result was an expression of discontent with the incumbents, with a many government changes from the United Kingdom and the United States to South Africa, India, Japan, and South Korea, just to name a few. US rate expectations gyrated wildly during the year and after the Fed eventually started cutting rates, economic data suggest that the rate cycle might actually be a soft one. Elsewhere in macro land, the ECB started their rate cutting cycle, while Japan hiked rates for the first time in years. China continued to stutter, without a decisive stimulus and the many policy announcements failing to address the main issues around the malaise in the property market and rock-bottom consumer and business confidence. 2024 was also still rife with geo-political tension as the Russia/ Ukraine war went into its third year, the Middle East Conflict spread beyond Gaza and saber-rattling in the East involved China, Taiwan and the Philippines.

Markets responded to the above with low breadth across geographies and sectors, US exceptionalism driven by Tech (Magnificent 7), and high levels of stock volatility that only occasionally saw expression in index volatility levels.

Back home, in South Africa, the general elections in May yielded a new government in form of a Government of National Unity (GNU), that survived the first 7 months against many commentators' expectations and instilled the feeling of a "new dawn" into the economy and markets, with loadshedding eradicated, and economic reforms – if tepidly – advancing. Investors rewarded this backdrop with solid returns across asset classes, and even foreigners playing a part, albeit only in bond markets for now.

**Outlook & Strategy**

**"Never confuse a single failure with a final defeat."**
**-F Scott Fitzgerald**

**US Politics and Trumponomics 2.0**
The year 2025 is expected to be dominated by U.S. politics, with Donald Trump's return to office likely reshaping global economic and market dynamics. "Trumponomics 2.0" will emphasize trade negotiations, immigration reform, fiscal stimulus, and deregulation, positioning the U.S. for relative economic outperformance but fostering heightened policy uncertainty. Trump's zero-sum negotiation approach, often leveraging threats to secure favorable terms, is expected to create significant pressure on key trade partners like China and Europe. Tariffs may be introduced as a tactical tool, particularly against ideological competitors, but high inflation concerns could limit their implementation. Volatility is anticipated as the administration's policies evolve, and the global economy reacts to shifts in U.S. trade, fiscal, and monetary strategies.

**Global Economic Landscape**
The U.S. economy is projected to maintain robust growth, supported by recent productivity improvements and resilient consumer spending. However, higher inflation and tighter financial conditions may weigh on momentum in the second half of the year. While the policy mix is expected to favor U.S. economic strength, risks from fiscal excesses and trade tensions persist. In contrast, China continues to face structural and cyclical challenges, including weak consumer confidence, a sluggish property sector, and limited effectiveness of monetary policy under Xi Jinping's leadership. Growth in China is forecasted to fall below the official 5% target, with reforms and confidence restoration efforts failing to deliver significant results.

Europe faces its own set of challenges, grappling with structural inefficiencies, a leadership vacuum, and low investor confidence. Japan struggles to revive consumption, with its economy weighed down by demographic pressures and weak domestic demand. In this context, global growth in 2025 is expected to remain stable but regionally uneven, with emerging markets (EMs) bearing the brunt of U.S. dollar strength, elevated rates, and geopolitical risks.

**Inflation and Monetary Policy**
Global inflation is gradually converging toward central bank targets, though the final leg of this journey is likely to be uneven and region-specific. In the U.S., potential tariffs and fiscal easing could introduce upside risks to inflation, complicating the Federal Reserve's efforts to guide the economy toward stable growth. We expect the Fed to cut rates toward a terminal level of 4%, while the European Central Bank (ECB) is likely to aim for 1.5%. The divergence in policy rates reflects varying inflation and growth challenges across regions. Bond markets, particularly in the U.S., could see continued volatility, with investors demanding higher risk premiums in response to fiscal profligacy and increased government debt issuance. Rising yields may also exert downward pressure on equity markets.

**Market Dynamics**
Equities are expected to deliver positive returns in 2025, led by U.S. markets, where earnings growth is likely to remain a key driver. However, higher bond yields and potential disappointments in economic data could lead to corrections. Emerging markets present a mixed outlook. While they have benefited from global economic resilience and rate cuts in 2024, uncertainties around U.S. policy, China's growth trajectory, and geopolitical dynamics pose significant risks. A strong dollar, uneven global growth, and lingering inflation concerns further cloud the outlook for EM assets.

In commodities, a robust U.S. dollar and subdued demand from anemic global growth are likely to keep oil prices under pressure. Bulk and industrial metals may struggle, while gold could gain support from central bank purchases and increased safe-haven demand amid global uncertainties.

**South Africa: Opportunities and Challenges**
South Africa stands out as a potential outperformer in 2025, benefiting from economic reforms, attractive valuations, and a recovery from a low base. Positive domestic trends, including capex growth, retail recovery, and reforms in state-owned enterprises, offer opportunities for investors. Recent developments, such as pension reform, rate cuts by the South African Reserve Bank (SARB), and growth in the tourism sector, underscore the improving domestic landscape. Visa reforms to facilitate tourist inflows from India and China could further boost economic momentum.

However, external risks persist. The possibility of fresh U.S. tariffs on Chinese imports could weaken the Chinese yuan, triggering broader depreciation in emerging market currencies, including the South African rand (ZAR). For South African investors, the key question will be whether earnings growth can outpace potential currency weakness. Given the low base for earnings and the ongoing reform momentum, there is optimism that domestic markets could deliver healthy returns.

**Investment Strategy and Risks**
Volatility will likely remain a defining feature of 2025, driven by uncertainties around U.S. policy under Trump, China's economic challenges, and broader geopolitical risks. For emerging market investors, the outlook is particularly convoluted, with fiscal, political, and geopolitical issues intersecting to create a challenging environment. While EM assets have shown resilience in 2024, they remain vulnerable to shifts in U.S. rates, a stronger dollar, and potential trade conflicts.

Globally, equity markets are expected to benefit from growth muddling through and lingering inflation concerns vs bonds, with sectors resilient to policy shocks likely to outperform. Commodities, while under pressure, may see selective gains in precious metals and PGMs. As always, diversification and a cautious approach to risk management will be critical in achieving targeted outcomes in 2025.

The strategy for navigating these risks involves balanced portfolio construction and a focus on economies demonstrating prudent fiscal and monetary policies. For South Africa, attractive valuations, improving fundamentals, and reform momentum make it a compelling investment case. The ALSI forward P/E of 10.5x and the recovery in key sectors signal potential for strong returns.

In summary, while challenges remain, 2025 should offer significant opportunities active investors, particularly in regions like South Africa that combine attractive valuations with positive structural momentum. By balancing geographic, factor, sector and asset class exposures, the fund will aim to navigate the complexities of a volatile year while targeting healthy returns.

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