

Denker Sanlam Collective Investments Balanced Fund

Minimum Disclosure Document

As of 31/08/2024

DENKER

CAPITAL

MDD Issue Date: 16/09/2024

Fund Objective

The objective of the portfolio is to provide attractive risk adjusted returns to the investors, by investing across a wide range of assets, both locally and internationally. The portfolio will avoid unnecessary, or diversifiable, macroeconomic risk and aims to earn the available risk premiums expected from the various asset classes over the long-term.

Fund Strategy

This is an actively managed fund which invests in local and international asset classes. The fund may include participatory interests of collective investment schemes, listed and unlisted financial instruments (derivatives), unlisted forward currency, interest rate and exchange rate swap transactions for efficient portfolio purposes. The Manager shall be permitted to invest on behalf of the portfolio in offshore investments as legislation permits. To maximise returns for investors, exposure to asset classes varies while the fund can invest up to 75% in equities. This fund is managed in accordance with Regulation 28.

Why Choose This Fund?

- The portfolio is managed to avoid unnecessary macro-economic risk, so should have less volatility than other multi asset high equity funds.
- We try to limit erratic returns by aiming to earn the available risk premiums expected per asset class over the long term.
- Regulation 28 compliant.

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.

Fund Information

Ticker	DSIBF
Portfolio Managers	Madalet Sessions & Jan Meintjes
ASISA Fund Classification	South African - Multi Asset - High Equity
Risk Profile	Moderate
Benchmark*	ASISA Category Avg: SA - Multi Asset - High Equity
Fund Size	R 676,024,121
Portfolio Launch Date	02/05/2017
Fee Class Launch Date	02/05/2017
Minimum Lump Sum Investment	R 10,000
Minimum Monthly Investment	R 500
Income Declaration Date	June & December
Income Pricing Date	1st business day of July & January
Portfolio Valuation Time	15:00
Transaction Cut Off Time	15:00
Month End Price	15.61
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	0.86
TER	0.99
TC	0.17
TIC	1.16
TER Measurement Period	01 July 2021 - 30 June 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. Calculations are based on actual data where possible and best estimates where actual data is not available.

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 October 2024, Sanlam Collective Investments will charge a monthly administration fee of R20 excluding VAT on retail investors whose total investment value is less than R50,000.

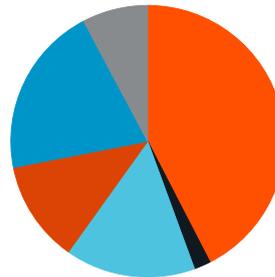
*The benchmark has changed on 1 November 2023 from Composite: 60% ALSI CAPI; 15% STeFi; 15% MSCI World & 10% US 10 Yr Treasury to ASISA Multi Asset High Equity Category average. Although these benchmark changes were implemented on 1 November 2023, we are quoting performances of the ASISA category average and not the composite benchmarks since inception.

Top Ten Holdings

Portfolio Date	30/06/2024
Denker Global Equity Fund USD	16.4
USD Cash	7.7
Denker Global Financial Fund USD	4.0
R210 2.6% ILB	3.3
Naspers Ltd	2.8
FirstRand Ltd	2.8
HSBC call account	2.6
R2035 8.875% bond	2.3
R2040 9.0% bond	2.3
Prosus N.V.	2.2

Asset Allocation

Portfolio Date: 30/06/2024



Asset Class	%
Domestic Equity	42.46
Offshore Bonds	1.98
Domestic Bonds	15.40
Domestic Cash and Money Market	12.06
Offshore Equity	20.36
Offshore Cash	7.74
Total	100.00

Domestic Equity, Offshore Equity and Offshore Cash may include hedged positions from time to time.

Annualised Performance (%)

	Fund	Benchmark
1 Year	14.69	13.21
3 Years	13.19	9.28
5 Years	12.77	9.89
Since Inception	9.85	7.69

Cumulative Performance (%)

	Fund	Benchmark
1 Year	14.69	13.21
3 Years	45.03	30.52
5 Years	82.42	60.31
Since Inception	99.18	72.12

Highest and Lowest Annual Returns

Time Period: 01/01/2018 to 31/12/2023

Highest Annual %	25.57
Lowest Annual %	1.58

Risk Statistics (3 Year Rolling)

Standard Deviation	7.42
Sharpe Ratio	0.83
Information Ratio	1.40
Maximum Drawdown	-4.05

Distribution History (Cents Per Unit)

30/06/2024	34.41 cpu
31/12/2023	34.42 cpu

Administered by



Risk Profile

Moderate

This is a medium-risk portfolio that aims to deliver income and capital growth over the medium term. This portfolio is designed to minimise volatility and aims to cultivate as smooth a ride as possible. There is some exposure to risky asset classes (such as equities) necessary to grow capital over the medium to long term. This portfolio has a medium to long-term investment horizon. The portfolio is diversified across all major asset classes with an average exposure to equities and offers real (after inflation) returns but with lower volatility.

Glossary Terms

Active Stock-picking Process

This is when asset managers actively and tactically vary their stock selections based on economic and market data, and fundamental valuations, etc. This should lessen an investor's exposure to declining markets and helps preserve capital.

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.

LISP (Linked Investment Service Provider)

A Linked Investment Service Provider is a financial institution which packages, distributes and administers a broad range of unit trust based investments. Any investment made through these products gives an investor a single point of entry into a selection of different investments.

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.

Undervalued Equity Stocks/ Investing in Neglected Global Equities

This is a strategy of selecting shares that trade for less than their intrinsic values. Value investors actively seek stocks that they believe the market has undervalued. They believe the market overreacts to good and bad news, resulting in stock price movements that do not correspond with the company's actual long-term fundamentals. The result is an opportunity for value investors to profit by buying when the price is deflated.

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. 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 Denker Capital (Pty) Ltd, (FSP) Licence No. 47075, 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.sanlamunittrusts.co.za and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

Investment Manager Information

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Portfolio Manager Quarterly Comment

Quarter to June 2024

Market review

Global markets

Global equity markets delivered more modest returns in Q2. The S&P 500 and MSCI World indices gained 4.3% and 2.6%, respectively, in US dollar terms. AI was again a major driver of returns. According to the Wall Street Journal, "within the S&P500, companies related to the theme gained 14.7% in market value this past quarter, whereas the rest lost 1.2%". Inflation showed further signs of easing, but markets have not regained confidence that interest rates will be cut aggressively between now and year end. Yields on US government bonds were modestly higher over the quarter. Geopolitical tensions and political developments in the European Core economy created bouts of market volatility.

At a global equity sector level, technology (+11.4%), communication services (+8.1%), and utilities (+3.2%) were the strongest performers. On the other hand, materials (-3.4%), real estate (-3.3%), and consumer discretionary (-2.3%) were the weakest performers.

South African markets

The second quarter saw no loadshedding in South Africa. The suspension of loadshedding has been attributed to a reduction in unplanned outages and an improvement in the energy availability factor. Strategic utilisation of the Open Cycle Gas Turbines remains lower than in the past two years. Eskom continued to anticipate loadshedding limited to Stage 2 over the winter months.

The result of the national elections held on 29 May came as a surprise to markets. On the day after the election the rand weakened to R18.74 to the US dollar. Three weeks later the rand traded briefly below R18.00 to the dollar. The Government of National Unity (GNU) will need to navigate a range of political and economic challenges to accelerate reform and get the economy growing.

The FTSE/JSE All Share Index gained 8.2%, the FTSE/JSE Property Index gained 5.5%, the domestic bond market (represented by the FTSE/JSE All Bond Index) gained 7.5%. The rand strengthened modestly against the US dollar from R18.92 at the beginning of the quarter to R18.19.

Performance

South African assets delivered attractive returns as election results proved popular with investors. Rand strength, associated with the positive election results, was a drag on returns from offshore assets. The US bond market closed marginally lower in dollars in a directionless market.

Portfolio review

We made minor changes to asset allocation during the quarter. We acquired exposure to long dated US bond securities, with the intention of seeking alternative sources of returns for investors.

We intend to grow the fund's offshore exposure to align with the 45% regulatory allowance, but the risk/return profile continues to favour domestic assets. Over the quarter the fund's foreign exposure declined marginally as the rand strengthened and domestic assets outperformed offshore assets.

We have investments in both vanilla fixed interest and inflation linked bonds. Both offer attractive yields, but capital values in the inflation linked market can be very volatile. As such, we maintain slightly longer vanilla exposure and shorter maturity inflation linked instruments. This diversification strategy – to have exposure to different risks – contributed to returns over the quarter. The risk/return profile on domestic vanilla bonds has moderated, following the strong performance in June.

We continue to manage the macro risk exposure so that investors are not dependent on specific macro-outcomes to generate returns from their investments in the fund.

We expect superior stock picking to be the dominant source of investment performance for investors in the fund over the long run. We would like to caution investors that macroeconomic uncertainty (now combined with geopolitical risks) will likely be a source of ongoing volatility and will probably dominate outcomes for investors in the short run.

Portfolio Managers

Madalet Sessions
M.Comm. Economics

Jan Meintjes
B.Comm. (Hons), CA(SA), CFA®