Minimum Disclosure Document As of 30/11/2024

Truffle Asset Management

Truffle SCI* SA Equity Fund

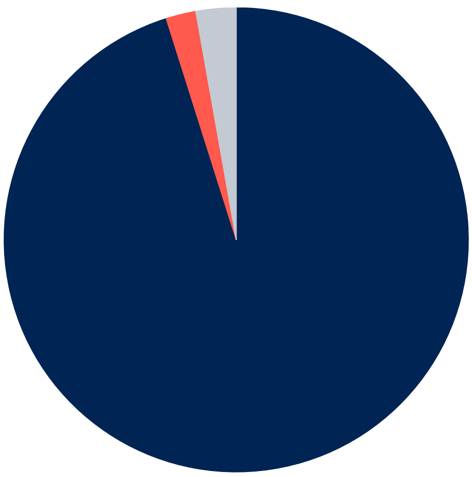
Fund Information

MDD Issue Date	17/12/2024
Ticker	TSCEFC
ISIN	ZAE000260634
Portfolio Manager	Iain Power, Saul Miller, Nicole Agar & Sophié-Marié van Garderen
ASISA Fund Classification	South African - Equity – SA General
Risk Profile	Aggressive
Benchmark	FTSE/JSE Capped SWIX Index
Fund Size	R 6,608,657,743
Portfolio Launch Date	27/07/2012
Fee Class Launch Date	01/08/2018
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
Transaction Cut Off Time	15:00
Portfolio Valuation Time	15:00
Daily Price Information	Local media & www.sanlamunittrusts.co.za
Repurchase Period	2-3 business days
Base Currency	Rand

Fees (incl. VAT)	C-Class (%)
Maximum Initial Advice Fee	3.45
Maximum Annual Advice Fee	1.15
Manager Annual Fee	0.86
Total Expense Ratio	0.88
Transaction Cost	0.58
Total Investment Charge	1.46
TER Measurement Period	01 October 2021 - 30 September 2024

Top 10 Holdings (30/09/2024)	%
Naspers Limited	10.04
Standard Bank Group Limited	6.32
Prosus NV NLD	5.28
Firstrand Limited	5.25
Anglo American plc	5.09
Gold Fields Limited	4.39
Pepkor Holdings Limited	4.10
Capitec Bank Holdings Limited	3.89
Sanlam Limited	3.78
Absa Group Limited	3.29

Asset Allocation (30/11/2024)



	%
Domestic Equity	95.12
Domestic Property	2.09
Domestic Cash	2.79
Total	**100.00**

Fund Objective

The Fund aims to maximise long term capital growth and intends to outperform the FTSE/JSE Capped Shareholder Weighted Index (SWIX) over a rolling 3-year period.

Investment Policy Summary

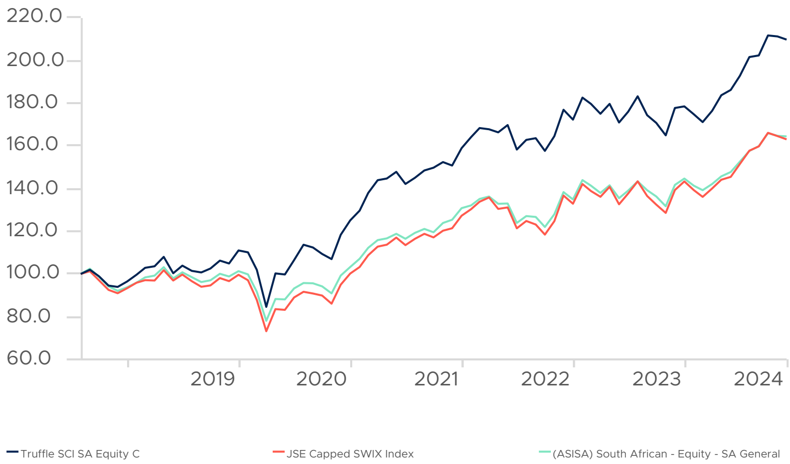
This is a South African equity fund which at any time will hold a minimum of 90% of the market value in South African equities. The manager remains cognisant of the weightings of the instruments in the FTSE/JSE Capped Shareholder Weighted Index (SWIX) and shall take active positions in the underlying securities of this index relative to their individual weightings. The fund may also invest in derivative instruments for efficient portfolio management purposes. The fund is not permitted to invest in offshore investments.

Why Choose This Fund?

1. An investment belief that generating sustainable investment returns means identifying winners, as well as avoiding value traps and unnecessary risk taking.
2. A disciplined equity process that focuses on investing in quality assets with long term valuation potential.
3. An agile team-based approach where opportunities are clearly identified and exploited.

Investment Growth**

Time Period: 02/08/2018 to 30/11/2024



Annualised Performance (%)

	Fund	Benchmark
1 Year	18.03	17.06
3 Years	11.64	10.34
5 Years	14.87	11.04
Since Inception	12.42	8.03

Risk Statistics (3 Year Rolling)

Standard Deviation	12.58
Sharpe Ratio	0.39
Max Drawdown	-10.00
Information Ratio	0.31

Highest & Lowest Annual Returns

Time Period: Since Inception to 31/12/2023

Highest Annual %	27.07
Lowest Annual %	3.61

Monthly Returns (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2024	-2.08	-2.09	3.09	4.13	1.36	3.56	4.56	0.37	4.63	-0.22	-0.71		17.53
2023	6.00	-1.62	-2.57	2.65	-4.86	2.97	4.10	-4.84	-2.08	-3.41	7.78	0.42	3.61
2022	3.25	2.60	-0.34	-0.86	2.05	-6.77	2.87	0.48	-3.64	4.38	7.53	-2.63	8.41
2021	3.67	6.38	4.34	0.54	2.17	-3.85	2.03	2.37	0.88	1.76	-1.07	5.40	27.07
2020	-0.80	-7.47	-17.04	18.58	-0.51	6.74	6.79	-1.15	-2.69	-2.20	10.68	5.68	12.69
2019	3.30	3.24	0.70	4.27	-7.12	3.56	-2.36	-0.72	1.82	3.62	-1.27	5.84	15.09
2018									-3.04	-4.39	-0.66	2.71	

**The investment performance is for illustrative purposes only. The investment performance is calculated taking the actual initial fees and all ongoing fees into account for the amount shown and income is reinvested on the reinvestment date.

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.

administered by Sanlam

Truffle Asset Management

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.

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.

Risk-adjusted Returns
Risk-adjusted return refines an investment's return by measuring how much risk is involved in producing that return, which is generally expressed as a number or rating.

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.

Distribution History (Cents per Unit)

30/06/2024	3.81 cpu	30/06/2022	3.58 cpu	30/06/2020	1.90 cpu
31/12/2023	4.87 cpu	31/12/2021	3.30 cpu	31/12/2019	2.80 cpu
30/06/2023	3.52 cpu	30/06/2021	3.10 cpu	30/06/2019	2.34 cpu
31/12/2022	6.67 cpu	31/12/2020	0.80 cpu	31/12/2018	2.67 cpu

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 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 Truffle Asset Management (Pty) Ltd, (FSP) Licence No. 36584, 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. *SCI is the abbreviation for Sanlam Collective Investments.

Investment Manager Information

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Truffle Asset Management

As at 30 September 2024

Economic Overview

The rate cutting cycle began in earnest

The US commenced their interest-rate cutting cycle with a larger than expected 0.5% cut in September. US bond yields declined, cheered on by an improved inflation outlook and more aggressive rate cut expectations. This led to a weaker dollar, which in turn benefited emerging markets, including a strengthening of the Rand. Global equity markets ended the third quarter around all-time highs, while bonds, credit and commodities managed to deliver positive returns.

The US economy, while slowing, still remains remarkably resilient as reflected in the GDPNow forecast of 2.5% growth for Q3, and continued health of the labour market. US bond yields are currently discounting a further 175bps of rate cuts over the next year and yields are therefore unlikely to compress meaningfully from here in the near term. Unlike the US, European economic growth remains depressed with PMIs in contractionary territory. This, coupled with falling inflation, has raised expectations of more aggressive European rate cuts driving European bond yields lower.

Whilst the onset of a US recession remains uncertain, the lack of structural systemic issues suggests that any potential recession will most likely be shallow. This, along with significant rate cuts and expected double-digit earnings growth, for the short term, is maintaining the high S&P 500 valuation on a PE ratio in excess of 20x. That said, medium-term concerns that could weigh on the US economy remain. Consumer savings rates are historically low and below pre-pandemic levels while government deficits are significantly higher than historic levels, and the debt-to-GDP ratio has surpassed the post-WW2 peak. Against the backdrop of a high fiscal deficit, the next governing party will have their hands tied with respect to tax cuts and spending.

China stimulates again … but is it enough?

Chinese policymakers announced a package of co-ordinated stimulus measures in late September. These were monetary, fiscal and equity market related and included the easing of monetary policy, the lowering of mortgage rates and the provision of funding to local governments to purchase property. There were also measures to support the stock market.

The Chinese equity market's positive response to the stimulus saw MSCI China's return for the quarter at 24%, bringing its PE ratio in line with its 10-year average of 11X. Commodity prices such as Iron Ore rose almost 20% post the announcement. While September's stimulus measures were more significant than those seen in the last few years, at approximately 1.5% of GDP, these are a fraction of the (successful) measures taken in previous downturns like the one in 2015. Market response therefore appears overdone.

China's depressed consumer confidence continues to weigh on spending. Encouraging banks to lend more does not solve for this. Whilst some of the policies do aim to stimulate consumer confidence, the quantum is insufficient. To date, lax monetary policy and lowering interest rates has had negligible impact. Equity market support will also be temporary unless accompanied by a change to the economic outlook.

In addition to what we would consider an overreaction to Chinese stimulus measures, lacklustre global industrial production remains a headwind for commodities. The JPM Global manufacturing PMI deteriorated further to 48.8 in September. However, given the collapse in refining margins which will reduce refined product supply and disappointing mine production, copper should be supported over the next year. Gold will benefit less from falling real rates and the weaker dollar (which supported gold over the last quarter) and is becoming more reliant on EM central bank purchases.

The Chinese economy remains sluggish as evidenced by lacklustre credit and monetary aggregate growth. Weak internal demand, low consumer confidence and depressed consumer spending are at least being offset by double-digit export growth. However, risks continue to build as we see further tariffs being placed on Chinese exports and continued weakness in the property market weighing on consumer sentiment. Like the US, China's hands are somewhat tied. To make a meaningful impact on their economy, they would need to deploy a level of fiscal stimulus however, this would once again place them on a concerning Debt to GDP trajectory. Unless they can find genuine return accretive projects, this could potentially create financial instability and merely result in a once-off gain. Whilst we think there will be further stimulus measures, the likelihood of these being significant, and real economy-changing, is low.

South Africa's growth outlook improves

The outlook for SA GDP growth over the next year is finally improving. While the consumer remains under pressure, several short-term growth drivers include:

- Interest rate cuts, real wage growth and the introduction of the two-pot retirement reform (Two-pot) which will benefit near term consumer spending and savings. Two-pot, implemented in September, is expected to lift consumption given embattled consumers are opting to immediately withdraw the relevant allowance. An added benefit to tax receipts, this should also help buffer any revenue line shortfall for this fiscal year
- A decline in the oil price and import volumes will benefit GDP and the current account. The fuel price dropped to 2022 lows and will continue to ease inflation. Encouragingly, the recent CPI print came in at 4.4%, well within the target band.
- Home Affairs successfully clearing 50% of the visa backlog with a focus on critical skills and tourist visas.
- A promising increase in tourism numbers. 10% more tourists in a year could add 0.6% to GDP and needs little additional capital.
- The tailwind of reduced loadshedding.

Medium term growth should be supported by additional benefits to energy supply from the renewable pipeline, political stability from the GNU (despite some fightback at some metros in Gauteng) and SOE and structural reform. Transnet Freight Rail recently announced its official split into an infrastructure manager and an operations company, paving the way for third party participation, while the new freight tariffs for the private sector should be finalised by year end. Still to come is the separation of Eskom's transmission network.

Two years of above 2% GDP growth appears to be a reasonable outcome and could well attract foreign investors into SA equity. Furthermore, company earnings expectations do not currently reflect this level of GDP growth.

A lower cost of capital has led to higher valuations of domestically exposed shares, which have meaningfully outperformed since the elections. Domestic equities, including banks and retailers, are now trading in line with their 10-year averages. Absent a significant commodity cycle, further increases in valuations will depend on the necessary economic reform to drive economic activity and growth as noted above. Nonetheless, even at current valuations, the combination of dividends and double-digit earnings growth should deliver strong returns from the domestic equity market over the short term.

Portfolio Commentary

Performance

South African equities continued to benefit from positive post-election sentiment in the third quarter of 2024 (Capped ALSI: 9.6%). Property was the best performing asset class (SAPY: 18.7%) while Financials (14.3%) and Industrials (11.6%) were top sector performers as SA Inc stocks continued to re-rate. SA Resources posted a marginal 1.5% decline for the quarter as late September stimulus announcements in China supported a rebound, with many mining stocks recovering previous month losses.

The fund benefitted from an overweight position in Pepkor. We continue to hold the local retailer given compelling valuation metrics and further earnings recovery. Our underweight exposure to luxury goods company, Richemont, contributed to performance. Chinese consumer weakness is driving sustained lower global demand for luxury goods and thus downward earnings revisions. Our overweight in certain mid-cap industrial and construction stocks (Motus and Wilson Bayley) contributed positively as these counters outperformed on positive local sentiment after the election.

Mining stocks continued to underperform over the quarter given lower metal prices and a stronger Rand. An overweight position in diversified miner Glencore detracted from quarterly performance. We have held the share given a constructive medium-term view on copper. While Chinese stimulus announcements led to a re-rating in September, the commodities outlook remains uncertain given a weak global manufacturing cycle. An overweight position in Aspen detracted from performance as the market was frustrated by the lack of profit visibility on their newly announced contracts.

Portfolio movements

We had entered the election period with a well-balanced portfolio of local shares, having increased exposure to SA banking counters, and added to the SA retailers. During the third quarter we maintained an overweight position in the larger SA banks given strong free cash flow and compelling dividend yields as well as a supportive macro-economic environment with the softening interest rate cycle. We also added to positions in insurance companies where earnings outlooks have improved; most notably Discovery, where central costs are reducing, and Discovery Bank earnings are improving.

Our increased exposure to SA-centric shares was financed by reductions in our positions in BTI and Bidcorp. South Africa's economic growth outlook continues to improve given political stability following the election and continued evidence of reform to infrastructure, specifically Eskom and Transnet. While many SA Inc stocks have re-rated and are closer to fair value, we maintain an overweight position in domestically focused companies with strong free cash flow and compelling dividend yields.

Portfolio Managers

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