Truffle
Asset Management

Truffle SCI* Income Plus Fund

Fund Objective

The Fund aims to achieve higher yields of income than money market portfolios, while aiming to preserve capital through actively investing in a range of predominantly South African fixed income securities.

Investment Policy Summary

The fund is actively managed through varying market cycles to exploit income earning opportunities while managing the risk of capital loss. The fund invests in a range of fixed income securities including corporate and government bonds and money market instruments that pay regular interest. Other investments may include units of other South African funds and offshore investments as legislation permits. The fund will predominantly invest in short term fixed income securities, but may include a proportion of longer dated securities, within permissible parameters for a predominantly South African, short-term interest-bearing portfolio. The fund may also invest in derivative instruments for efficient portfolio management purposes.

Why Choose This Fund?

1. Invest in a broad range of meticulously selected fixed income securities.
2. Truly active portfolio management where opportunities are clearly identified and exploited.
3. A strong focus on downside risk management that aims to protect capital through all market cycles.

Fund Information

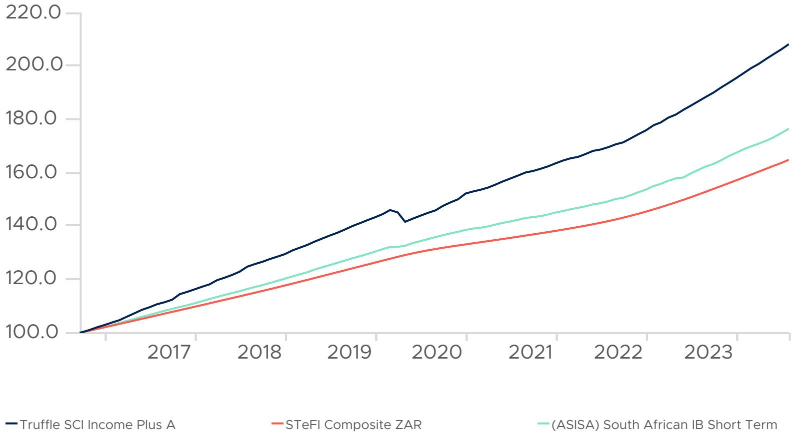
MDD Issue Date	16/08/2024
Ticker	TMICA
ISIN	ZAE000225108
Portfolio Manager	Hannes van der Westhuyzen & Raihan Allie
ASISA Sector (South Africa)	(ASISA) South African IB Short Term
Risk Profile	Conservative
Benchmark	STeFI Composite Index
Fund Size	R 1,199,076,345
Portfolio Launch Date	22/09/2016
Fee Class Launch Date	22/09/2016
Minimum Lump Sum Investment	R 10,000
Minimum Monthly Investment	R 500
Income Declaration Date	Monthly
Income Payment Date	1st business day of the following month
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	South African Rand

Fees (incl. VAT)

Fees (incl. VAT)	A-Class (%)
Maximum Initial Advice Fee	3.45
Maximum Annual Advice Fee	1.15
Manager Annual Fee	0.58
Total Expense Ratio	0.63
Transaction Cost	0.00
Total Investment Charge	0.63
TER Measurement Period	01 April 2021 - 31 March 2024

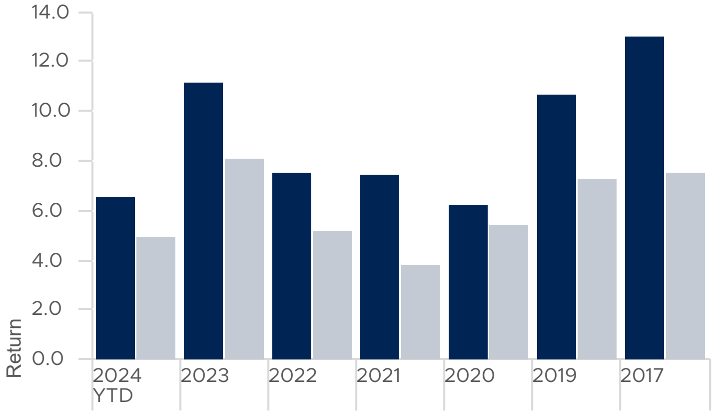
Investment Growth**

Time Period: 22/09/2016 to 31/07/2024



Returns

Calculation Benchmark: STeFI Composite ZAR



Annualised Performance (%)

	Fund	Benchmark
1 Year	11.45	8.56
3 Years	9.41	6.61
5 Years	8.64	6.07
Since Inception	9.78	6.56

Risk Statistics (3 Year Rolling)

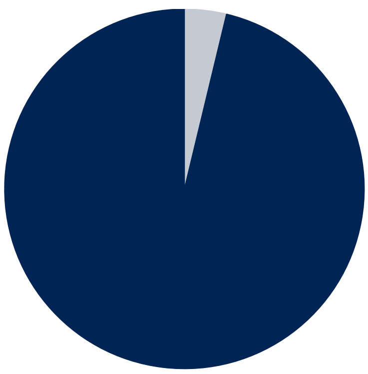
Standard Deviation	0.75
Sharpe Ratio	5.43
Max Drawdown	

Highest & Lowest Annual Return

Time Period: Since Inception to 31/12/2023

Highest Annual %	12.99
Lowest Annual %	6.19

Asset Allocation (31/07/2023)



	%
Domestic Cash	3.76
Domestic Bonds	96.24
Total	**100.00**

Monthly Returns (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2024	0.98	0.91	0.81	0.92	0.90	0.85	0.96						6.51
2023	1.09	0.56	1.02	0.62	0.99	0.85	0.90	0.89	0.84	1.01	0.89	0.94	11.12
2022	0.65	0.46	0.33	0.63	0.72	0.29	0.52	0.64	0.43	0.90	0.87	0.83	7.54
2021	0.52	0.39	0.53	0.72	0.80	0.68	0.70	0.73	0.35	0.52	0.56	0.72	7.46
2020	0.83	1.04	-0.60	-2.43	0.84	0.76	0.75	0.65	1.15	0.90	0.76	1.45	6.19
2019	1.09	0.74	0.80	0.95	0.87	0.81	0.78	0.90	0.92	0.79	0.79	0.76	10.67
2018	0.86	0.70	1.35	0.76	0.87	1.00	1.53	0.78	0.67	0.83	0.70	0.74	11.33
2017	0.93	0.78	1.27	1.18	1.24	0.87	1.05	0.68	0.84	1.86	0.75	0.84	12.99
2016										0.87	0.97	0.87	

**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 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.

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)

31/07/2024	1.00cpu	31/03/2024	0.80cpu	30/11/2023	0.91cpu
30/06/2024	0.85cpu	29/02/2024	0.86cpu	31/10/2023	0.97cpu
31/05/2024	0.94cpu	31/01/2024	0.99cpu	30/09/2023	0.88cpu
30/04/2024	1.00cpu	31/12/2023	0.87cpu	31/08/2023	0.94cpu

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

Truffle Asset Management (Pty) Ltd
(FSP) License No. 36584
Physical Address: 0B Hyde Ln, Hyde Park, Sandton, 2196
Postal Address: 0B Hyde Ln, Hyde Park, Sandton, 2196
Tel: +27 (11) 325 0030
Email: info@truffle.co.za
Website: www.truffle.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@sanlaminvestments.com
Website: www.sanlamunittrusts.com

Trustee Information

Standard Bank of South Africa Ltd
Tel: +27 (21) 441 4100
Email: compliance-sanlam@standardbank.co.za

administered by Sanlam

Minimum Disclosure Document

Truffle Asset Management

Portfolio Manager Comment

As at 30 June 2024

Economic Overview

Signs of slowing in US

The US economy was buoyant through the second quarter; however negative economic surprises are revealing cracks. Historic payroll numbers are being revised down and the unemployment rate has risen to 4.1%. Consumers appear to have spent excess savings, built up over the pandemic period and the savings rate at 3.6% is now below pre-Covid levels. Higher rates on floating debt and tighter lending standards are creating a more challenging environment for borrowers, evident in rising credit card and auto loan delinquencies. Fixed long term mortgages remain shielded from the impact of tight monetary policy but higher rates on new mortgages remain a headwind for new property owners. Similarly, many corporates that are rolling debt will experience much higher rates.

Subdued private capex intentions, a high base of government spending (related to the Inflation Reduction Act) and lower emigration will also likely weigh on GDP growth next year. Although Inflation has been sticky, on balance it appears to be declining which should give the Fed room to start its cutting cycle. Hence, bond rates are more likely to drift lower from here. Earnings revisions continue to drift up, although this is due to large capitalisation shares. These two factors could support what is a relatively expensive market in the short term.

The higher likelihood of a Trump presidency increases global geopolitical and economic risk. The worrying long-term trajectory of US debt may well result in Republicans restricting his ability to engage in meaningful stimulus measures that were done during his prior term.

China remains in the doldrums

Chinese equity markets rebounded in the second quarter, boosted by investor sentiment and government initiatives to support the real estate sector. However, a People's Bank of China survey in Q1 2024 showed that the percentage of people expecting home prices to fall further reached a record high (22%). Property rental yields remain low relative to the rest of the world. Although household completions are at reasonable levels, new starts continue to fall which will weigh on future GDP growth.

China consumer confidence remains low albeit stable. Chinese economic growth is supported by exports and manufacturing capex. Exports remain at risk from escalating trade tensions. As economic growth is still in an acceptable range, it seems unlikely that any significant stimulus would be forthcoming at the upcoming third Plenum.

China's manufacturing activity remains resilient and Emerging market manufacturing PMIs are in expansionary territory. This should provide support for commodities.

Momentum stalling in Europe

The ECB met market expectations with a June rate cut, however, core inflation appears to be coming down slower than expected, held up by services inflation. Consumption is low relative to pre-Covid levels and capital expenditure remains depressed. Although this could present an opportunity, the PMI is now only marginally in expansionary territory and looking weaker than in the first quarter. Given Trump's isolationist stance, the equity risk premium in Europe could increase.

South Africa's new political dawn

The recent elections were a watershed moment for South Africa and its democracy. The collapse in ANC support left the ruling party in unchartered territory with the task of not only finding a new leadership solution but also including far larger opposition parties than initially thought.

Following two weeks of uncertainty and volatility as markets grappled with potential leadership outcomes, the formation of a Government of National Unity (GNU) was formally announced. The GNU, comprising the ANC, DA, IFP, GOOD, PA, PAC, and recently the FF parties, will hold 70% of the National Assembly seats under the presidency of Cyril Ramaphosa. Markets have welcomed the outcome given the centrist anchor, policy stability, and the potential for greater commitment to economic reform and growth. The ALSI gained over 5% in two days of trading following the public announcement while the Rand strengthened to just below R18 to the USD.

Outlook: in summary

Globally, inflationary pressures remain evident, but inflation does appear to be slowly gliding down. European policymakers have signaled divergence from the US with rate cuts at the start of June, but any significant shift in rates is unlikely to materialise until further signs of inflation being well under control are evident. Growth data for the US remains buoyant with reported GDP growth of 1.6% in Q1 2024 (annualized), however numerous factors are signaling a slowdown for the US economy.

Geopolitical risks across a number of regions remain elevated and continue to drive global economic uncertainty.

While the election fears have settled in South Africa, the new leadership structure and GNU dynamics still need to be bedded down following the recent formation of a new Cabinet. The GNU parties are committed to a workable approach and frankly need each other. While challenges will occur it remains important to distinguish between market noise driving volatility vs fundamental changes that could impact the longer-term outlook. From a macroeconomic perspective, continued improvement to energy security, reform of rail logistics, water and infrastructure remain critical to longer-term economic growth in SA.

Performance & Positioning

Fixed Income Economic Commentary

Policy changes in the US and South Africa remained on pause during the quarter with market expectations of rate cuts oscillating between one and two by year end. These tempered expectations are vastly different to the optimistic seven US rate cuts priced in at the beginning of the year and provided a lower risk entry point for adding duration.

US core inflation continued to stabilise over the past quarter, easing to 2.6% at the last print. However, inflation in the US remains somewhat sticky due to the shelter component of the CPI basket. The last mile to achieving a target of 2% is becoming increasingly challenging. Recent employment data suggests a weakening of the labour market, which could be a catalyst, for the US Fed to start cutting rates. A lowering of policy rates in the US, should open the opportunity for emerging markets such as South Africa to follow without the risk of devaluing their currency in the process.

Locally, core inflation has come under control with the most recent data print at 4.6% and a low probability relating to the risks of this increasing again. Significant market uncertainty and a heightened perception of risk at the beginning of the quarter dissipated as South Africa's unexpected election outcome at the end of May was positively received by the market. The SA Bond Index (ALBI) added 7.5% during the quarter, rewarding investors who had assumed sovereign interest rate risk.

Portfolio Performance Commentary

Market expectations have become more optimistic over the quarter for interest rate paths to track lower again, however we have maintained low duration within this mandate. The fund has taken opportunities to invest in attractive floating yield instruments, which perform well over the cycle and while a low duration strategy detracted from peer relative performance over the quarter, a positioning in floating instruments has been beneficial to the fund, year to date.

We maintain our view that the rate hiking cycle has peaked, however, the timing and quantum of potential rate reductions remains uncertain. We are mindful of market and valuation changes and aim to adjust our duration exposure when we perceive adequate compensation for risk taken.

Portfolio Managers
Hannes van der Westhuyzen
CA(SA)

Raihan Allie
B.Bus.Sci., CFA