

# Northstar Sanlam Collective Investments Managed Fund

## Minimum Disclosure Document

As of 30/06/2023

# NORTHSTAR

### Fund Objective

The objective of the portfolio is to provide investors with a moderate to high long-term total return.

### Fund Strategy

The portfolio will invest in a combination of assets in liquid form, money market instruments, bonds, debentures, corporate debt, equity securities, property securities, preference shares, convertible equities, derivatives, non-equity securities and any other securities which are considered to be consistent with the portfolio's primary objective and the Act. The manager may also include unlisted forward currency, interest rate and exchange rate swap transactions for efficient portfolio management purposes. The portfolio will be actively managed with exposure to various asset classes being varied to reflect changing economic and market circumstances, in order to maximize returns for investors. The portfolio shall limit equity exposure to 75%. The portfolio will be managed in accordance with regulations governing pension funds.

### Fund Information

Ticker	METP
Portfolio Manager	Adrian Clayton & Mark Seymour
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 1,015,612,903
Portfolio Launch Date	01/03/1998
Fee Class Launch Date**	01/11/2011
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	1.27
Total Expense Ratio	1.62
Transaction Cost	0.23
Total Investment Charges	1.85
Performance Fee	0.21
TER Measurement Period	01 April 2020 - 31 March 2023

The manager decreased the annual management fee on 1 October 2017 to 1.25% from 1.53%.

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.

Manager Performance Fee - Performance fee benchmark: ASISA Category Average: South African - Multi Asset - High Equity; Minimum Fee 1.25%; Maximum Fee 2.42%. All fees are inclusive of VAT. Performance fees are calculated as 20% of the outperformance of the benchmark over a rolling 12 month period.

\*Highest and Lowest annual returns are updated annually at year end.

\*\*Performance in MDD is measured since the Fee Class Launch Date.

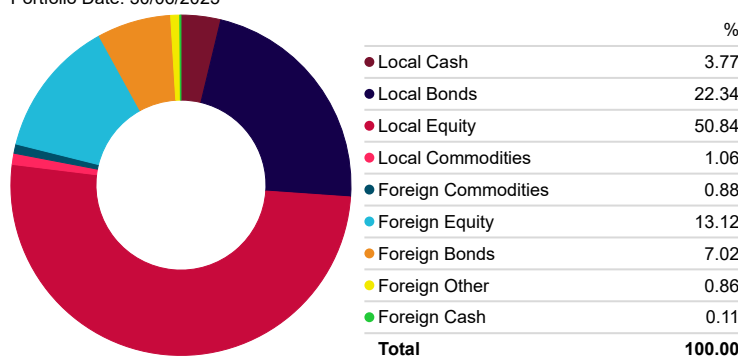
MDD Issue Date: 21/07/2023

### Top Ten Holdings

Portfolio Date	30/06/2023
Northstar Global Flexible Fund	13.62
Northstar SCI Income Fund B2	13.34
R2030 Government Bond	5.87
Northstar GB Income A USD	5.13
Naspers Ltd	4.50
Firststrand Ltd	3.20
Standard Bank Group Ltd	2.62
British American Tobacco Plc	2.48
R213 Government Bond	2.19
Absa Group Ltd	2.06

### Asset Allocation

Portfolio Date: 30/06/2023



### Annualised Performance (%)

	Fund	Benchmark
1 Year	14.24	14.66
3 Years	10.65	11.42
5 Years	7.58	7.49
Since Inception	8.05	8.51

### Cumulative Performance (%)

	Fund	Benchmark
1 Year	14.24	14.66
3 Years	35.43	38.30
5 Years	44.12	43.48
Since Inception	146.70	159.16

### Highest and Lowest Annual Returns\*

Time Period: Performance Start Date to 31/12/2022

Highest Annual %	20.90
Lowest Annual %	-0.54

### Risk Statistics (3 Year Rolling)

Standard Deviation	7.37
Sharpe Ratio (geo)	0.78
Information Ratio	-0.29
Maximum Drawdown	-6.10

### Distribution History (Cents Per Unit)

30/06/2023	3.76cpu	30/06/2021	1.09 cpu	30/06/2019	2.11 cpu
31/12/2022	2.99 cpu	31/12/2020	1.07 cpu	31/12/2018	2.39 cpu
30/09/2022	2.15 cpu	30/06/2020	1.32 cpu	30/06/2018	3.45 cpu
31/12/2021	2.18 cpu	31/12/2019	2.18 cpu	31/12/2017	1.84 cpu

Administered by



## Risk Profile

### Moderate Aggressive

In this portfolio, capital growth is of primary importance and results in a higher allocation to equities. The portfolio may display capital fluctuations over the shorter-term, however, volatility levels should be lower than a pure equity fund. While diversified across all the major asset classes, this portfolio is tilted more towards equities and other risky asset classes to ensure the best long-term returns of all the asset classes. Fixed income positions are minimized.

## 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 Volatility

Volatility is a measure of 'risk' and refers to the extent to which the price of an investment or capital value fluctuates over a certain period of time. Funds with high volatility usually offer the potential for higher returns over the longer-term than low volatility funds.

### Cumulative Returns

Cumulative return is the total growth experienced over the period measured.

### 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.

### Distributions

The income that is generated from an investment and given to investors through monthly, quarterly, biannual or annual distribution pay-outs.

### Diversification

This is a strategy designed to reduce risk within a portfolio by combining a variety of investments (or asset classes) such as equities, bonds, cash or property, which are unlikely to all move in the same direction at the same time. This is designed to reduce the risk (and protect against capital losses) within a portfolio. Diversification allows for more consistent performance under a wide range of economic conditions as it smoothes out the impact of negative market events. The positive performance of some investments or asset classes should neutralize the negative performance of others.

### Financial Instruments

Derivatives also known as financial instruments (such as a future, option, or warrants) whose value derives from and is dependent on the change in value of an underlying asset (such as a commodity, currency, or security) to protect against risk (capital losses).

### Fund Objective

The fund objective is the portfolio's core goal.

### Fund Strategy

The fund strategy is the way that the fund is managed to achieve the fund objective.

### 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.

### Collective Investment Schemes

Collective Investment Schemes (CIS) (also called unit trusts) are portfolios of assets such as equities, bonds, cash and listed property, in which investors can buy units. They allow private investors to pool their money together into a single fund, thus spreading their risk across a range of investments, getting the benefit of professional fund management, and reducing their costs.

### Market Capitalization

Market capitalization is the total value of the issued shares of a publicly traded company; it is calculated by multiplying the share price by the number of shares in issue.

### Maximum Drawdown

The maximum drawdown measures the highest peak to trough loss experienced by the fund.

### 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.

### Performance Fee

Performance fees are incentive fees earned by the manager for performance in excess of the benchmark.

### 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.

## Portfolio Manager Comment

### As at 30 June 2023

### Performance review

The Northstar Managed fund has outperformed peers over the last five years (8.13% annualised return vs. 7.80%) at significantly lower risk (7.5% standard deviation vs. peers 8.9%). Over the last quarter, the Northstar Managed fund delivered a return of 2.25% vs. peers 3.02%, with most contributions from offshore holdings.

Financials delivered the most substantial gains of the local exposure, with FirstRand, Remgro, Standard Bank, Reinert, Sanlam, and Old Mutual contributing the most. Conversely, Resources provided negative returns, with Northam Platinum, Anglo American, and Impala Platinum detracting from performance. The portfolio did well to be overweight financials and underweight resources. Industrials delivered a marginally positive return, with Naspers, MTN, Richmond, Life Healthcare, and Shoprite making the most contributions and Anheuser-Busch and Pick n Pay detracting from returns. Overall, the local equity holdings outperformed the Capped SWIX index.

Global holdings delivered positive gains through the 14.5% weighting in the Northstar Global Flexible Fund, 3% in direct global equities, and the newly introduced 5% weighting to the Northstar Global Income Fund, with respective contributions of 1.29%, 0.41% and 0.45% respectively. The 1.9% exposure to SA Property detracted 10bps, with the balance of exposure to cash, fixed bonds, inflation-linked bonds, and gold contributing 10bps.

### Market outlook and portfolio positioning

Inflation continues to moderate, with one-year headline projections at 5% for South Africa and 2.75% for the US. As a result, the market consensus is for interest rates to top out this year, with the only question marks as to whether there will be another one or two 25bps hikes by the Fed. The US yield curve remains steeply inverted, with the bond market anticipating much looser monetary policy from the Fed within the next two years. The factors driving this view are; 1) the Fed has inflation under control, and 2) the economy will experience a rapid slowdown. We believe the bond market is being over-optimistic (US10y trading as low as 3.38% during the quarter) and the yield curve remaining inverted for a year (US10y minus US2y at -1%), and yet there is no indication from the Fed that interest rates have peaked or when rates are likely to start moderating. Any upwards revisions to inflation or the economic outlook will likely see US bond yields rise. Conversely, local fixed bonds have yet to price in lower interest rates and inflation and continue to reflect slowing economic growth and heightened fiscal risk. Despite softer commodity prices, the Rand and fixed bonds reflect unrealistically pessimistic outcomes, given the SARB's discipline and success in controlling inflation. The differential between the US10y and SA10y is near historic highs of 8%, despite the anticipated inflation differential at historic lows of 2%. Relative to historic averages, our local and global equity buy-lists are trading at lower intrinsic value discounts. The diminished expected return prompts us to exercise greater caution through lower-than-average equity weightings.

Given an undervalued Rand, overvalued US 10y treasuries, and overvalued global equities, the portfolio has an underweight position in global assets (21.7% in total, of which 13.8% is equities). Most of our global assets are concentrated in short-dated treasuries, on yields above 5.2%, and exposure to more defensive stocks trading at more significant discounts to intrinsic value, such as Mastercard, Visa, and Phillip Morris. Locally, the portfolio holds 49% in equities, with the most significant holdings in Naspers, FirstRand, Standard Bank, British American Tobacco, and MTN. Although underweight to the index, the resource holdings include Gold Fields, Anglo American, and Sasol. We remain very constructive on local fixed bonds and short-dated inflation-linked bonds. The Northstar Managed Fund remains well-positioned to outperform inflation, well-diversified to withstand financial shocks, and sufficiently liquid to exploit undue market mispricing. In addition, the local equity holding has a zero-cost derivative overlay which caps the downside and allows for appropriate gains in keeping with our buy-list intrinsic value discounts and expected returns.

### Portfolio Managers

Adrian Clayton

B.Soc.Sc (UCT)

PMD (UCT)

MBL (UNISA)

Mark Seymour

B.Sc Engineering (UCT)

### Investment Manager Information

Northstar Asset Management (Pty) Ltd

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### Manager Information

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### Trustee Information

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### Additional Information

The Northstar Sanlam Collective Investments Managed Fund performance measurement start date is 1 November 2011. 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 Northstar Asset Management (Pty) Ltd, (FSP) Licence No. 601, 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 conamed 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.