Matrix SCI* Balanced Fund

Minimum Disclosure Document - 31 May 2022

administered by Sanlam

Investor Profile

The Fund is suitable for investors seeking capital growth, with limited risk of capital loss over the long term. The Fund can be utilised as a stand-alone diversified fund for retirement savings or as part of a portfolio of multi-asset funds.

Investment Objective and Policy

The Fund's investment objective is to deliver capital growth, with limited risk of capital loss, over the long-term. It aims to outperform its benchmark, SA CPI + 5% per annum over rolling 3 year periods.

The Fund is a multi-asset high equity collective investment scheme, with a broad mandate to invest across asset classes and will generally have high equity exposure, limited to 75% of the portfolio market value. The Fund may allocate up to 45% to international market exposure. The Fund complies with the asset allocation limits of Regulation 28 to the Pension Fund Act.

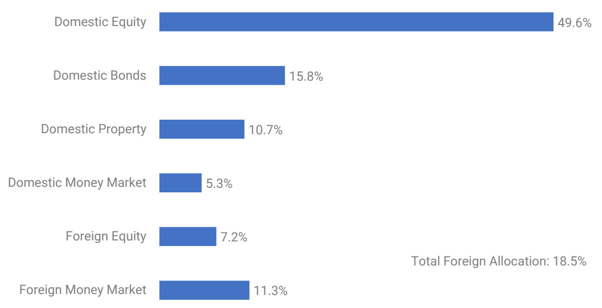
Risk-Return Profile

This Fund has a moderate to high risk-return profile.

Investment Process

To achieve the investment objective, the Fund will invest in a combination of equities, fixed income, property and cash, in both domestic and international markets. A macro orientated active asset allocation process is combined with the relevant asset class investment process, with the latter being fundamental of nature.

Asset Allocation



Returns [1]	Fund %	CPI+5 [5] %	SWIX [2] %	ALBI [2] %
3 Month	0.7	2.9	-2.1	-0.2
Calendar Year to Date	1.5	4.5	2.1	1.2
Latest 1 Year	11.8	11.2	8.0	5.6
Latest 3 year	10.3	9.7	9.4	7.7
Since Inception	7.9	9.8	5.3	7.1
Highest Annual Return	22.7	11.3	21.1	10.3
Lowest Annual Return	3.5	8.4	2.6	8.4

Risk Measures (since inception)	Fund	SWIX	ALBI
Sharpe Ratio [3]	0.3	0.0	0.2
Standard Deviation p.a (%)	10	16	8
Sortino Ratio [4]	0.3	0.0	0.3
Correlation	1.0	0.9	0.5
Positive Months (%)	69	61	69

Fund Information	Class B1
ASISA Fund Classification	South African Multi Asset – High Equity
Benchmark [5]	SA CPI + 5%
Fund Size	R64.34 million
Regulation 28 Compliant	Yes
Fund Launch Date	1 March 2018
Class Launch Date	1 March 2018
ISIN Number	ZAE000253027
Minimum Lump Sum Investment	R10 000
Minimum Debit Order investment	R500 per month
Participatory Interests (units) in Issue	5 319 397
Net Monthly Units Subscriptions/(redemptions)	(40 339)
NAV per Participatory Interest (cents)	1 209.35
Income Declaration Dates (paid next working day)	30 June and 31 December
Previous Distributions (cents per unit)	Dec 2021: 25.62 Jun 2021: 15.47
Daily Pricing Information	www.sanlamunittrusts.com
Annual Management Fee	0.8% per annum (excl. VAT)

Total Investment Charge (incl. VAT)	As at 31 March 2022	
	1 YEAR PERIOD	3 YEAR PERIOD
Management Fees	0.92%	0.92%
Other Costs	0.16%	0.15%
Total Expense Ratio (TER)	**1.08%**	**1.07%**
Transaction Costs	0.36%	0.26%
Total Investment Charge (TIC)	**1.44%**	**1.33%**

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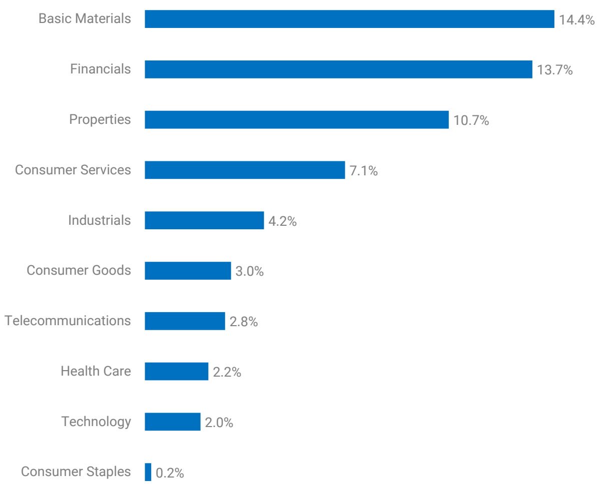
Top 10 Holdings excluding cash (%)

R2032 8.25% 310332	9.3
Vukile Property Fund	5.0
Growthpoint Properties LTD	4.8
R2035 8.875% 280235	4.7
FirstRand Limited	4.2
Vanguard FTSE Europe ETF	4.1
Anglo American	3.6
Vanguard Total World Stock ETF	3.1
Standard Bank Group	3.0
Sasol	2.7

SA Equity Sector Allocation



Investment Manager Commentary

Disclosure: Any forecasts or market commentary, whether express or implied, are not guaranteed to occur and may change without notification at any time after publication.

The one thing markets do not like is uncertainty, or to be more precise, elevated uncertainty. The future is unknowable, after all, so market pricing must always reflect a degree of uncertainty, and hence, a probability weighted average of potential outcomes.

Uncertainty is exceptionally high at present.

The much anticipated balance sheet run-off was confirmed in the May FOMC meeting, but it had only a muted impact as the 10-year US Treasury yield only briefly traded above 3.0%. The resoluteness on the part of the Fed has dampened inflation concerns, as priced by breakeven inflation. However, US consumers are becoming increasingly worried about prices based on the decline in confidence and durable goods demand. To be sure, retailers in the US are sitting with ample inventory, which usually ends up being disinflationary, as they need to clear stocks.

But we are not there yet.

With the war in Ukraine intensifying and lasting far longer than anyone expected, the peak in inflation remains a moving target. This has prompted many central banks to turn even more hawkish, with even the SARB MPC's doves donning hawkish feathers in May to deliver a near-consensus 50bp increase.

The fact that the SARB has remained prudent, even throughout the pandemic, has set it apart from most of the other central banks. Money supply growth never ran away, which anchored the currency and inflation. Granted, the MPC did allow real rates to turn negative, but the differential to the US remains well-above the longer run average.

This policy prudence, alongside a bit of luck from the commodity windfall, has halted the negative trajectory in SA's sovereign credit rating. Following Moody's decision to move the outlook from negative to stable, S&P has become outright optimistic, change its outlook from stable to positive. While the journey to get back to investment grade is usually a long one, these developments should be a short-term anchor as the liquidity tide turns.

Market developments

During May, inflation-linked bonds (2.0%) and fixed-rate bonds (1.0%) outperformed the other asset classes. Equities (0.5%) only marginally beat cash (0.4%), while listed property was flat for the month. The modest recovery in the rand (1.3%) would have been negative for offshore returns.

The DXY dollar index lost 1.2% in May due to marginally less hawkish monetary policy guidance and downside surprises in activity data. While the Fed followed through with a 50bp hike at the May FOMC meeting, it signalled that 75bp increments were unlikely at that stage. Even though this weighed on the greenback, the dollar was still up by 6.4% by the end of May.

After depreciating sharply between mid-April and mid-May, the stabilisation in the Chinese yuan and modest stimulus from China's authorities allowed the rand to recover by 1.3%. This brought USD/ZAR to 15.59 by month-end, which is broadly in line with our 15.00 – 16.00 fair-value range.

US yields faced a tug of war between elevated CPI inflation and slowing growth momentum. Nominal yields fell as the curve steepened marginally, while TIPS yields rose to flatten the real yield curve. The net effect was a sharp decline in breakeven inflation. Hawkish Fed rhetoric and the pending start of the balance sheet run-off likely contained the market's inflation concerns. SA's market recovered modestly, with a 10bp rally in the benchmark yield. At 10.25%, SA's yields are trading modestly cheap on a long-term fair value, but tactically neutral given global inflation risks and uncertainty around the impact of quantitative tightening. The spread of 740bp over USTs is wider to the previous period of QT and suggests that there is ample risk premium embedded in the SA curve.

Equity markets remained under pressure in May, with a modest but temporary rebound towards the end of the month. Hawkish central bank rhetoric and high food and transport inflation are weighing on consumer sentiment, driving recession risks higher. The S&P500 was flat in May, while the Eurostoxx declined by a modest 0.7%. The MSCI All World Index ticked 0.1% higher, but marginally underperformed the 0.4% gain in the MSCI Emerging Market Index. Elevated commodity prices and stabilising risk appetite boosted commodity exporters, with Chile (18.4%), Colombia (13.4%), and Brazil (8.4%) outperforming. Receding political risks may have contributed to stronger markets in this region. Hungary (-13.7%), Turkey (-6.6%), and India (-5.8%) underperformed on the back of worsening terms of trade amid the ongoing war in Ukraine.

The MSCI South Africa Index rose by 1.1%, which largely reflects the appreciation in the rand. The ALSI fell by 0.4%, while the SWIX rose by 0.6%.

The underlying sector performance was skewed to the downside, as only technology (5.5%) and financials (3.0%) printed in the black, benefiting from China's reopening and support in the former and local earnings resilience and rate hikes in the latter. Consumer discretionary (-6.7%) and health care (-4.6%) were the clear laggards amid the trade-off between ongoing reopening and a muted Covid wave and growing consumer strain amid high fuel and food prices. Consumer staples (-1.2%), industrials (-0.6%), and telco's (-0.3%) also printed in the red in May.

Portfolio performance and positioning

The fund's return (0.8%) in May was driven by domestic bonds (0.7%), domestic equity (0.2%), and domestic property (0.2%). While domestic cash and offshore equity were neutral, offshore cash (-0.3%) detracted from performance due to the recovery in the rand.

Our overarching asset class views were unchanged, but the sell-off in equities provided opportunity to increase our allocation, which was funded out of cash. SA equities cheapened further, with the MSCI SA Index trading at a near 30% discount to EM and its own historical rating. Sectors with high quality earnings – such as banks – are trading on sub-10 multiples, while basic materials are not discounting sustained higher commodity prices. The renewed impetus to the recovery from elevated commodity prices, alongside the rebound in tourism and upside to infrastructure spend, should underpin earnings growth. While we think the market is attractively valued, we are marginally underweight local equities given elevated uncertainty attributed to the Fed's tightening and potential downside risks to global growth and commodity prices. Some of this downside risk should be mitigated by our overweight allocation to offshore cash, largely via optionality.

With the economy almost fully normalised, outside of the tourism sector, the downside risk to listed property has continues to dissipate. As such, we have maintained an overweight allocation to the sector.

Developed market equities de-rated further amid growing recession rhetoric, but it may be too early to call the bottom given ongoing policy tightening. The Russia/Ukraine war has underpinned agricultural and energy prices, which will further erode consumption power. It is not obvious that developed market earnings expectations are negative enough to justify substantial upside. We remain underweight offshore equities.

The fund remains neutral duration given elevated real yields and curtailed return distribution. The money market curve continued to steepen amid elevated global inflation, hawkish central bank action, and domestic policy expectations. The 3-m/12-m spread reached a record high of 236bp before the May MPC meeting, where the SARB delivered the much-anticipated 50bp rate hike. The 1-year NCD yield adjusted for inflation is now in positive territory on both a spot basis and on a forward basis, even when accounting for upside risks relative to the consensus inflation forecast. Even so, real returns fall short versus other asset classes and the fund's objective, leaving us neutral, at best, on the asset class.

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Important information

Management Company

Sanlam Collective Investments (RF) Proprietary Limited (the 'management company') Contact details: 2 Strand Road, Bellville, 7530. Postal Address: P.O Box 30, Sanlamhof, Bellville, 7532. Telephone 021 916 1800. Email: service@sanlaminvestments.com and website: www.sanlamunittrusts.co.za

Investment Manager

Matrix Fund Managers Proprietary Limited (the 'investment manager') (Registration No: 2007/028504/07) is an authorised financial services provider under the Financial Advisory and Intermediary Services Act - FSP No: 44663. Contact details: The Terraces, 25 Protea Road, Claremont, 7708. Postal Address: Postnet Suite 80, Private Bag X1005, Claremont, 7735, Telephone: 021 673 7800, Email: info@matrixfm.co.za and Website: www.matrixfundmanagers.co.za. The investment manager is supervised by the FSCA and is a member of the Association for Savings and Investment South Africa (ASISA).

Complaints and Conflicts of Interest

The complaints policy and procedure, as well as the conflicts of interest management policy, are available on the management company's website. Associates of the management company may be invested within certain portfolios, and the details thereof are available from the management company.

Trustee/Custodian/Depository

Standard Bank of South Africa Limited. Telephone 021 442 4200,
Email: compliance-sanlam@standardbank.co.za

Fund Administrator

Maitland Group South Africa Limited. Registration number: 1981/009543/06.

Fund Auditor

Ernst & Young Incorporated.

Co-Naming Agreement

The management company and the investment manager have entered into a co-naming agreement regarding the administration of the co-named Fund.

Unit Prices

Forward pricing is used and fund valuations take place at approximately 15:00 each business day. Purchase and redemption requests must be received by the Management Company by 14:00 each business day to receive that day's price. Unit trust prices are available daily on www.sanlamunittrusts.com

Total Expense Ratio (TER) and Total Investment Charge (TIC)

The TER is the annualised percentage of the Fund's average assets under management that has been used to pay the Fund's actual expenses over the past 3 years (or shorter periods, where applicable). The TER includes the annual management fees that have been charged (both the base fee and any performance related fee), VAT and other expenses. The TER does not include transaction costs. As expenses vary, the current TER cannot be used as an indication of future TER's. A high TER ratio does not necessarily imply a poor return nor does a low TER imply a good return. Instead, when investing, the investment objective of the Fund should be consistent with the investor's objective and compared against the performance of the Fund. The TER should then be used to compare whether the Fund's performance offers value for money. Transaction Costs (including brokerage, STT, STRATE and FSCA Investor Protection Levies and VAT thereon) are shown separately. Transaction Costs are a necessary cost in administering the Fund and impact Fund returns. They 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. The sum of the TER and Transaction Costs is shown as the Total Investment Charge.

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 on request obtained 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 Matrix Fund Managers Proprietary Limited (the 'investment manager') (FSP License No. 44663), 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.

Footnotes

1. Based on the completed monthly data, all returns for periods greater than 12 months are annualised. Annualised returns are the weighted average compound growth rate over the performance period measured.
2. JSE Composite All Bond Index (ALBI) & FTSE/JSE SWIX All Share (J403T) Index (Source: JSE).
3. The Sharpe ratio is the average return earned in excess of the risk free rate per unit of volatility or total risk.
4. The Sortino ratio is a variation of the Sharpe ratio that differentiates harmful volatility from total overall volatility by using the assets standard deviation of negative asset returns, called downside deviation.
5. The Consumer Price Index (CPI) is a measure of monthly prices for a range of consumer products and services. The year-on-year (%) change in the CPI is recorded as the rate of inflation. The Headline CPI, as calculated by Stats SA, is used for the benchmark calculation and it is released with a one-month lag. CPI return calculations include a best estimate of unpublished data.