Matrix SCI* SA Equity Fund

Minimum Disclosure Document and Quarterly Investor Report - 30 September 2021

administered by Sanlam

Investor Profile

This Fund is suitable for investors seeking equity exposure to provide capital growth over the long-term. Investors should expect returns to be volatile, particularly over shorter time periods. It is therefore suitable for investors with a time horizon of at least three years. This fund can be used as an equity building block in a diversified portfolio.

Investment Objective and Policy

The Fund's investment objective is to deliver capital growth over the long-term and to outperform its Benchmark

The Fund is a general equity collective investment scheme (CIS) with a broad mandate to invest primarily in shares listed on the Johannesburg Stock Exchange (JSE). The Fund aims to be fully invested in a diversified portfolio of equity securities at all times and may invest in listed equity derivatives in compliance with regulations. The Fund does not invest in foreign securities markets.

Risk-Return Profile

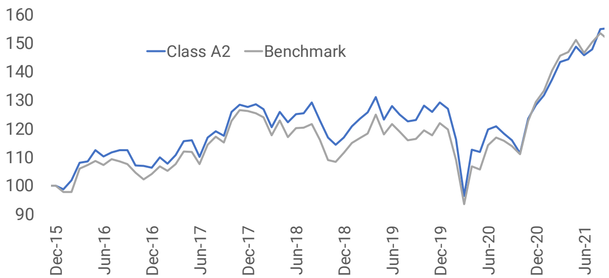
This Fund has a high risk-return profile.

Investment Process

The process is focused on bottom-up stock picking. The Investment Manager's core philosophy is that earnings ultimately drive share price performance over time. The process aims to achieve the Funds objective through taking active stock and sector risk relative to the Benchmark. The process uses unbiased screening techniques to identify fundamental stock research opportunities.

Net Fund Performance [1] – Class A2

Cumulative Returns of R100 invested since inception



Returns [1]	Fund %	Benchmark
3 Month	6.5	3.2
Calendar Year to Date	21.1	16.9
Latest 1 Year	33.9	32.9
Latest 3 Year	8.1	9.2
Latest 5 Year	6.6	7.0
Since Inception (1 Jan 2016)	7.9	7.5
Highest Annual Return	20.0	21.2
Lowest Annual Return	-8.4	-11.7

Risk Measures (since inception)	Fund	Benchmark
Sharpe Ratio [3]	0.13	0.10
Standard Deviation p.a (%)	15.8	14.9
Sortino Ratio [4]	0.17	0.15
Correlation	1.00	0.96
Positive Months (%)	60.9	55.1

Fund Information	Class A2
ASISA Fund Classification	South African Equity - General
Benchmark [2]	FTSE JSE Capped SWIX Allshare (J433T).
Fund Size	R502.7 million
Regulation 28 Compliant	No
Class Inception Date	17 August 2016
Fund Inception Date	2 December 2015
ISIN Number	ZAE000222493
Minimum Lump Sum Investment	R10 000
Minimum Debit Order investment	R500 per month
Participatory Interests (units) in Issue	1 734 916
Net Quarterly Units Subscriptions (redemptions)	14 711
NAV per Participatory Interest (cents)	1 334.39
Income Declaration Dates (paid next working day)	30 June and 31 December
Previous Distributions (cents per unit)	Jun 2021: 13.12 Dec 2020: 3.11
Daily Pricing Information	www.sanlamunittrusts.com
Annual Management Fee	0.75% per annum (excl. VAT)
Performance Fee [5]	15% sharing ratio above the Performance Hurdle
Maximum Manager Fee	Capped at 1.5% per annum (excl. VAT)

Total Investment Charge (incl. VAT) — As at 30 June 2021

Management Fees	Performance Fees	Other Fees	Total Expense Ratio (TER)	Transaction Costs	Total Investment Charge (TIC)
0.86%	0.03%	0.08%	**0.97%**	0.31%	**1.29%**

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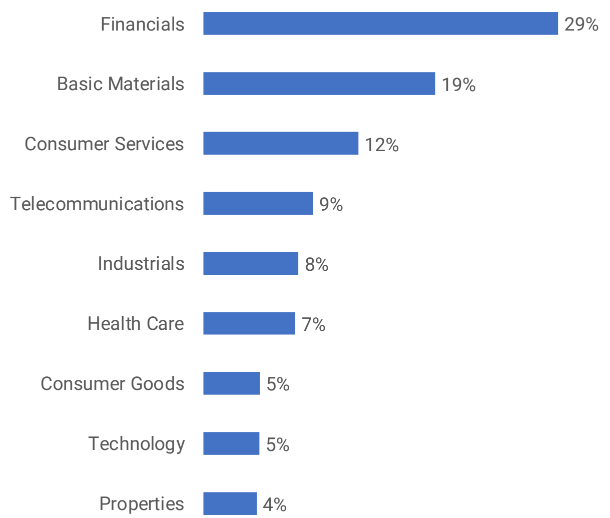
Top 10 Holdings (%)

Firstrand	8.5
MTN Group	6.6
Standard Bank Group	6.4
Aspen Pharmacare Holdings	5.0
Bidvest Group	4.7
Prosus	4.5
Sanlam	4.2
Anglo American	4.1
Naspers	3.6
Northam Platinum Holding Ltd	3.2

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.

After a relatively benign second quarter, risks escalated during the third quarter. China's regulatory tightening turned more aggressive, while last year's "three red-lines" for developers came home to roost in the threat of an Evergrande default. The US debt ceiling deadline loomed increasingly large, while the Fed moved the dot plot higher and confirmed a more rapid pace of tapering in the September FOMC meeting.

The surge in US inflation is a potential challenge for the Fed. While it is correct to look through the first round effects of a supply shock, there is a risk that a wage-price spiral could ensue, which would trigger quicker rate hikes and higher long-term yields. Yet, elevated debt levels require low rates for them to be sustainable.

The SARB shifted to risk management mode in March this year, with a temporary dovish tilt in July following the social unrest. The rhetoric following the September MPC meeting signalled that the start of policy normalisation is nearing and that there is a strong view that it is better to do a little bit (of hikes) sooner than being forced to do a lot (of hikes) later.
In more orthodox monetary policy implementation, pre-emptive normalisation would ensure that low inflation remains banked in anchored expectations, contained wage inflation, and exchange rate stability. Yet being too pre-emptive could have negative consequences via slower cyclical growth and lower confidence. The SARB seems willing to run this risk given existing binding constraints on structural growth.

The November MPC meeting will follow the local government elections, the Medium Term Budget Policy Statement, and the Fed FOMC. That is a lot of event risk to digest. The hurdle for a structural positive improvement in the fiscal outlook remains high, given renewed support, wage increases, and socio-economic pressures. The Fed is expected to confirm the timing and pace of the taper and although this is now partially priced, the flow effect may still be negative for the rand and SA rates. With a surging oil price, the SARB is set to up the ante on pre-emptive to avoid the cure of a substantially higher policy rate.

Market developments

During September, inflation-linked bonds (0.3%) were the only major asset class to meet the return on cash (0.3%). Listed property (-0.8%), fixed-rate bonds (-2.1%), and equities (-3.1%) underperformed sharply. The rand lost 4.0% against the US dollar, which would have been accretive to offshore asset. For 3Q21, listed property (5.9%) and inflation-linked bonds (2.0%) beat cash (1.0%), while fixed-rate bonds (0.4%) and equities (-0.8%) underperformed. The rand depreciated by 5.3% against the US dollar, which would have enhanced offshore asset returns for the quarter.

The dollar gained 1.7% in September, which took the DXY to a year-to-date high and a similar level to a year ago. While the greenback was range bound earlier on in Q3, Delta fears and a dovish Fed gave way to risk off and renewed hawkishness. Concerns about China's property sector and the US debt ceiling boosted safe-haven demand for the dollar. The hawkish dot plot and stronger taper talk from the September FOMC meeting, alongside inflation persistence lifted US yields quite sharply in the final week of the quarter, further benefiting the US dollar. The stronger dollar and risk aversion hit EM FX hard in September, with average depreciation of 2.5% month-on-month. The underlying performance was wide-ranging with the Turkish lira down 6.6% as the central bank surprised the market with a 100bp rate cut, while the Russian rouble gained 0.7% amid the surge in the oil price. The rand lost 4.0% against the dollar, with USD/ZAR back above 15.00 and marginally cheap versus our 14.50 – 15.00 short-term fair-value range.

Equity markets had a tough end to Q3 with intensifying risk aversion from China's property sector concerns, the US debt ceiling, inflation fears, and tighter monetary policy conditions weighing on risk assets in September. While the S&P500 reached a record high in early September, the index lost 4.8% for the month. The MSCI World Index lost 4.2%, marginally underperforming the 4.0% drop in the MSCI Emerging Markets Index. Notable gains were limited to Russia (6.3%) and Norway (4.1%), where the rising oil price provided a buffer. Brazil (-13.0%) and Turkey (-12.4%) fared the worst in the risk off, while South Africa lost a middling 4.8%. The ALSI declined by 3.1%, while the SWIX lost 1.4%. At a sector level, healthcare (16.4%), telco's (4.7%), and financials (1.7%) ended in the black, while consumer staples (-1.0%), technology (-2.2%), consumer discretionary (-2.6%), and industrials (-2.8%) ended in the red. Basic materials (-9.8%) was a notable laggard amid falling commodity prices, except for chemicals (25.4%) where the surging oil price (in dollar and rand terms) boosted returns.

Portfolio performance and positioning

The fund gained 0.3% in September, outperforming the 1.4% decline in the FTSE/JSE Capped SWIX All Share Index. For Q3 of 2021, the fund's return of 6.7% beat the 3.2% gain on the benchmark.

Fears of the Delta variant early in 3Q21 quickly gave way to optimism on reopening, while the dovish Fed at the July FOMC and a soft tone at Jackson Hole boosted risk assets. However, the record high in the S&P 500 in early September belied a more challenging backdrop for global equities. The strong signal on the timing and pace of taper in the September FOMC meeting, as well as moderating global growth momentum, most notably in China, put renewed pressure on global equities. Ongoing regulatory tightening in China and softening commodity prices had a more pronounced impact towards the end of Q3.

Domestic equity continues to trade at a substantial discount compared to historical valuations as well as the emerging market average. The rating has cheapened further, to being in line with the Covid lows, despite the negative earnings revisions over the past month. The bulk of the pressure comes from the resources sector where valuations have and earnings expectations have been pared following the recent decline in commodity prices. Softening global growth, US interest rate normalisation, and regulatory uncertainty are headwinds to returns in the coming months. Domestically, upside risk stems from the move to alert level 1 lockdown, which should support the services sectors, while international tourism has also started to open up. However, the Reserve Bank has turned more cautious on the inflation outlook, with a non-trivial probability that the hiking cycle could commence in November. This could dampen consumer sentiment at the margin, even if the SARB is unlikely to move to an outright tight monetary policy stance in the short to medium term.

The major sources of positive alpha relative to the benchmark at a sector level were the overweight allocation to healthcare and underweight allocation to mining. There were modest detractors from our overweight positions in non-mining resources and insurance. At a stock level, positive alpha was generated by our overweight position in Aspen and our underweight allocation to Sibanye Stillwater. Our overweight positions in Northam Platinum and Sappi detracted from the relative performance.

During September, we increased our exposure to Old Mutual and Mondi, but reduced our allocation to Naspers.

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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. All returns for periods greater than 12 months are annualised. With regards to the funds historical performance for the period 31 December 2015 up until 31 July 2016 the returns for the original most expensive class have been used in the calculations. Class A2 returns have been used from 31 August 2016 to current as a result of previous most expensive fee class being closed.
2. FTSE JSE Shareholder Weighted (SWIX) All Share Total Return Index (J403T) up to 31 October 2020. FTSE JSE Capped Shareholder Weighted (Capped SWIX) Allshare Total Return Index (J433T) thereafter. (Source: JSE)
3. The Sharpe ratio is the average return earned in excess of the cash 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. Performance based fees will only be charged on performance in excess of the Benchmark plus 1% (Performance Hurdle), measured over trailing 365 days.