# Catalyst SCI* Global Real Estate Feeder Fund A

## Minimum Disclosure Document

As of 30/09/2022

**MDD Issue Date:** **20/10/2022**

## Fund Objective

The Catalyst SCI Global Real Estate Feeder Fund is a Rand denominated property equity Feeder Fund. The Fund will, apart from assets in liquid form, consist solely of participatory interest in the approved, Catalyst Global Real Estate UCITS Fund ("underlying fund") under the MLC Global Multi Strategy UCITS Fund Plc domiciled in Ireland. The fund has a medium to long term investment horizon and has a total return objective comprising both income return and capital appreciation.

## Fund Strategy

The underlying fund will seek to achieve its objective primarily through investing in global real estate securities listed on recognised exchanges around the world. These assets will consist of permitted investment in assets in liquid form and exchange rate swaps, equity securities, fixed income securities, securities in listed entities that are backed by real estate property, closed ended property companies that are involved in the developing, letting and management of properties, money market and listed and unlisted financial instruments in line with the conditions as determined by legislation from time to time. Investments in foreign markets will be subject to any Exchange Control regulations applicable in South Africa at the time.

## Fund Information

| | |
|---|---|
| Ticker | CGRF |
| ISIN | ZAE000179057 |
| Portfolio Manager | Jamie Boyes CA (SA) & Ryan Cloete CA (SA) |
| ASISA Fund Classification | Global-Real Estate-General |
| Risk Profile | Moderate |
| Benchmark | FTSE EPRA/NAREIT Developed Rental Index NTR (ZAR) |
| Fund Size | R 1,118,653,024 |
| Portfolio Launch Date | 01/07/2009 |
| Fee Class Launch Date | 01/07/2009 |
| Minimum Lump Sum Investment | R 10,000 |
| Minimum Monthly Investment | R 500 |
| Income Declaration Date | December |
| Income Payment Date | 1st business day of January |
| Portfolio Valuation Time | 15:00 |
| Transaction Cut Off Time | 15:00 |
| Daily Price Information | Local media & www.sanlamunittrusts.co.za |
| Repurchase Period | 2-3 business days |

## Fees (Incl. VAT)

| Fees (Incl. VAT) | A-Class (%) |
|---|---|
| Maximum Initial Advice Fee | — |
| Maximum Annual Advice Fee | 1.15 |
| Manager Annual Fee | 0.86 |
| Total Expense Ratio | 2.30 |
| Transaction Cost | 0.11 |
| Total Investment Charges | 2.41 |
| Performance Fee | — |
| TER Measurement Period | 01 July 2019 - 30 June 2022 |

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

Performance fees form part of the cost structure of the fund and are included in the Total Expense Ratio. Please visit www.sanlamunittrusts.co.za for a detailed list of our funds that charge performance fees together with their calculation methodologies.

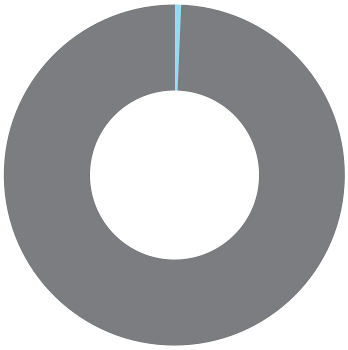
* Please note that the legal registered name of Catalyst SCI* Global Real Estate Feeder Fund is Catalyst Sanlam Collective Investments Global Real Estate Feeder Fund. SCI is an abbreviation for Sanlam Collective Investments.

## Top Ten Holdings

- Equinix Inc
- Equity Residential
- Invitation Homes
- Life Storage
- Prologis
- Realty Income Corp
- Rexford Industrial Realty
- Simon Property Group, Inc
- Sun Communities
- VICI Properties INC

## Asset Allocation

Portfolio Date: 30/09/2022



| | % |
|---|---|
| SA Cash | 0.68 |
| Global Real Estate Securities | 99.32 |
| **Total** | **100.00** |

## Annualised Performance (%)

| | Fund | Benchmark |
|---|---|---|
| 1 Year | -11.68 | -11.21 |
| 3 Years | -0.93 | -1.58 |
| 5 Years | 5.53 | 4.98 |
| Since Inception | 13.79 | 14.74 |

## Cumulative Performance (%)

| | Fund | Benchmark |
|---|---|---|
| 1 Year | -11.68 | -11.21 |
| 3 Years | -2.78 | -4.65 |
| 5 Years | 30.88 | 27.52 |
| Since Inception | 453.21 | 517.92 |

## Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2021

| | |
|---|---|
| Highest Annual % | 40.34 |
| Lowest Annual % | -14.36 |

## Risk Statistics (3 Year Rolling)*

| | |
|---|---|
| Standard Deviation | 17.91 |
| Sharpe Ratio | -0.23 |
| Information Ratio | -0.14 |
| Maximum Drawdown | -24.12 |

## Distribution History (Cents Per Unit)

Administered by

Sanlam

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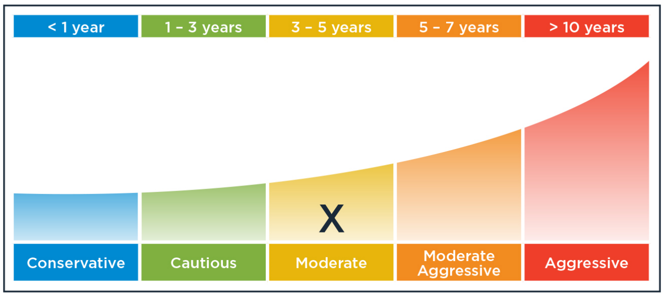
## Risk Profile




## 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.

**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 investments.

**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.

**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

## 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. 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 Catalyst Fund Managers SA (Pty) Ltd, (FSP) Licence No. 36009 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. *A Feeder fund is a portfolio that invests in a single portfolio of a collective investment scheme, which levies its own charges and could result in a higher fee structure for the feeder fund.*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.

**Manager Information**
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## Portfolio Manager Comment

**Market Commentary September 2022**

The fund benchmark, the FTSE EPRA/ NAREIT Developed Rental Net Total Return Index, recorded a net total USD return of -12.78% for the month of September. The best performing listed real estate market was Hong Kong, which recorded a total USD return of -7.67% for the month. The UK recorded the lowest total USD return of -20.93% for the month. Year-to-date (YTD), the fund benchmark has recorded a net total USD return of -31.20%. The best performing listed real estate market has been Singapore, with a YTD return of -15.17%, while Europe (ex UK) has the lowest YTD return of -49.75%.
With such uncertainty in the market, and such a wide range of potential economic and geopolitical outcomes, it is worth trying to simplify matters when assessing the market, in an attempt to make informed capital allocation decisions. If we assess stocks through the lens of a simple P/E (Price/Earnings) multiple, it would imply that any movement in share price must be as a result of a change in either one or two variables: either the earnings have changed (the E), and/or the price which people are prepared to pay for those same earnings (the P) has changed.

We have previously discussed the defensiveness of global listed real estate's earnings, most recently in 1Q 2022, when considering the impact of rising rates and inflation on the sector. Suffice to say, we believe global listed real estate's earnings provide a level of defensiveness not matched by many other sectors. To assess this objectively, we note that in 2Q 2022 earnings, of the 11 GICS sectors comprising the S&P500, real estate had the lowest proportion of negative earnings surprises. Furthermore, if we look at Bloomberg consensus rolling 12 month forward earnings estimates for the GICS sectors of the S&P500, indexed to 1 January 2022, real estate's positive earnings trajectory is second only to the energy sector. This further supports our view of the relative defensiveness of global listed real estate's earnings profile.

Turning to the ratings part of the equation, it is our view that a large part of the selloff has been due to a significant derating, on the back of higher bond yields. This derating would be impactful to all risk assets as, simplistically, cashflows are now being discounted back at higher rates. While it would be difficult to have a high conviction view on whether we see a de/re-rate in the markets in the near term, we would like to make two observations. Firstly, one could argue that any further derating (if bond yields were to move out further from here) would be impactful to all risk assets, as we have seen year-to-date. Secondly, one would think that on balance, even if we were to see bonds move out even further from here, we have (likely) endured the biggest movements already. It is difficult to fathom that in August of last year, US 10 Year Treasuries were sub 1.2%.

In summary, without having a high conviction view on the rating variable (the P in P/E), and assuming all risk assets would be similarly exposed, one would likely look to earnings to be the key differentiator in the total shareholder return equation. As discussed, we believe that the earnings defensiveness of global listed real estate relative to other sectors, may be under appreciated by the market, and should warrant some consideration at the current time.

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