Catalyst SCI* Global Real Estate Feeder Fund B

Minimum Disclosure Document

As of 31/03/2021

CATALYST FUND MANAGERS

MDD Issue Date: **23/04/2021**

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	CGRE
ISIN	ZAE000164752
Portfolio Manager	Jamie Boyes CA (SA)
ASISA Fund Classification	Global-Real Estate-General
Risk Profile	Moderate
Benchmark	FTSE EPRA/NAREIT Developed Rental Index NTR (ZAR)
Fund Size	R 968,533,208
Portfolio Launch Date	01/07/2009
Fee Class Launch Date	01/03/2012
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)	B-Class (%)
Maximum Initial Advice Fee	—
Maximum Annual Advice Fee	1.15
Manager Annual Fee	—
Total Expense Ratio	1.43
Transaction Cost	0.12
Total Investment Charges	1.55
Performance Fee	—
TER Measurement Period	01 January 2018 - 31 December 2020

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.

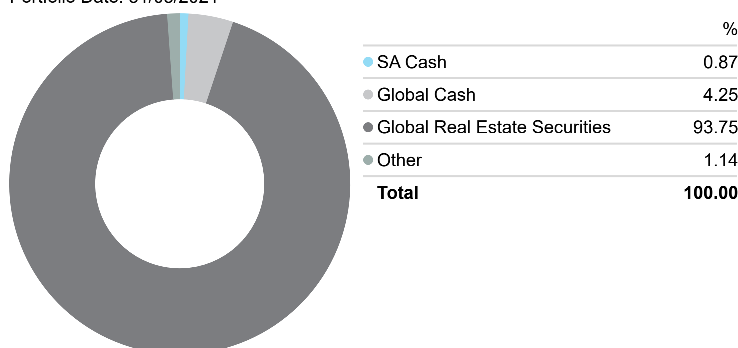
* Please note that the legal registered name of Catalyst SCI* Global Real Estate Feeder Fund is Catalyst Sanlam Collective Investments Global Real Estate Feeder Fund. SCI is an abbreviation for Sanlam Collective Investments.

Top Ten Holdings

- Prologis
- Invitation Homes
- Equity Lifestyle Properties Inc
- Equinix Inc
- Sun Communities
- Vonovia
- Avalonbay Communities Inc
- Alexandria Real Estate Equities
- American Homes 4 Rent
- Segro Plc

Asset Allocation

Portfolio Date: 31/03/2021



	%
SA Cash	0.87
Global Cash	4.25
Global Real Estate Securities	93.75
Other	1.14
Total	**100.00**

Annualised Performance (%)

	Fund	Benchmark
1 Year	6.56	12.10
3 Years	14.70	13.84
5 Years	4.19	3.78
Since Inception	14.86	15.09

Cumulative Performance (%)

	Fund	Benchmark
1 Year	6.56	12.10
3 Years	50.90	47.53
5 Years	22.79	20.38
Since Inception	251.98	258.31

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2020

Highest Annual %	38.43
Lowest Annual %	-13.63

Risk Statistics (3 Year Rolling)*

Standard Deviation	18.77
Sharpe Ratio	0.50
Information Ratio	-0.01
Maximum Drawdown	-11.45

Distribution History (Cents Per Unit)

Administered by

Sanlam

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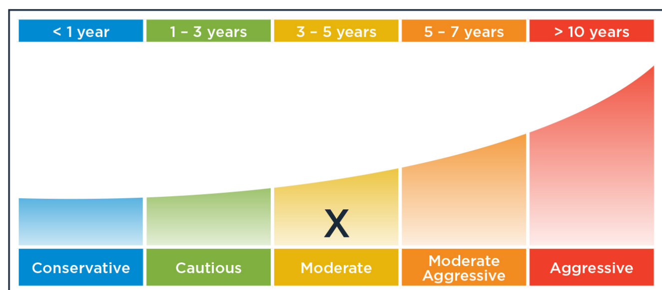
Minimum Disclosure Document

As of 31/03/2021

CATALYST FUND MANAGERS

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.

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CATALYST FUND MANAGERS

Portfolio Manager Comment

Market Commentary March 2021

The fund's benchmark, the FTSE EPRA/NAREIT Developed Rental Net Total Return Index, recorded a net total USD return of 2.92% for the month of March. The best performing listed real estate market was Canada which recorded a total USD return of 5.77% for the month. Hong Kong recorded the lowest total USD return of -3.40%.

Irrational. Unstable. Volatile. Unpredictable. Words likely used by a scorned lover to describe their ex. However, 14 months after the global onset of the COVID-19 pandemic, these feel like appropriate adjectives to describe the stock market over this period. Intra-day, we have seen markets rotate from value into growth and back again; from risk on, to risk off; sometimes disregarding major economic releases, yet other times over-reacting to these events. And that is not to mention the enormous impact that the retail-led Reddit army have had on markets.

With just over a year past since the world went into various forms of COVID-19 induced lockdowns, it really has been an unprecedented year, if for no other reason than the unprecedented use of the word "unprecedented" in every news article, report, or company presentation. Unprecedented pandemic, unprecedented impact on businesses and individuals, unprecedented vaccine response, unprecedented government intervention. The list goes on.

As humans, we often seek comfort in familiarity, by referencing a playbook or set of rules, invariably shaped by past events. In the marketplace, we look to prior crises to see how stocks behaved, what worked, what did not work, and then try to extrapolate those findings to our current situation. However, this unprecedented pandemic has raised the question of whether playbooks of yesteryear are even still relevant, and has kept investors on their toes, the world over. A lot can be gleaned from prior crises, however *this* crisis has arguably led to more broad-based structural change than those which preceded it. As such, active managers have had the enormous task of discerning what truly is different this time around, which may cause past playbooks of post-crisis recoveries to be null and void.

We have penned in this space previously that, in many instances, COVID-19 accelerated structural changes that were already occurring prior to the pandemic, while in other cases the pandemic itself has brought about structural changes that will be felt for years to come. Just like 9/11 changed the way we fly, COVID-19 will leave a lasting impact on the way we work, live and play for years to come. For those investors who can discern what is different this time around – which changes are either temporary or permanent, which economic recovery playbooks have relevance this time around – a world of opportunity (and alpha) exists. While crises are tough to navigate, these times of volatility and dislocation in the market also present great opportunity for astute investors. Not only in the stock market but in the greater economy too. People are forced to adapt and innovate; new industries are borne in a display of resilience that we do not always see during "normal" times. The adage, "more millionaires were made during The Great Depression than in any other era in US history," illustrates this point.

Having just passed the one-year mark since the global onset of the pandemic, it seems an appropriate time to reflect on how the last c. 14 months have impacted global listed real estate stocks. Without sounding too cliched, it has been a tale of two parts. Initially, in late February 2020 there was a prodigious selloff almost across the board, as the market grappled with the reality of never-before-seen economic closures. By 31 March 2020, the global listed real estate sector was down almost 30% from its 1 February 2020 levels. Certain sub-sectors were hit even harder: US Malls were down c. 56%, while US Hotels were down c. 47%. At the time, investors appeared focused almost solely on downside risk: how bad can things get? They grappled with how long companies could survive without operating; what this meant for their ability to pay rent and to service their debt? What would rising unemployment mean for individuals' ability to pay residential rent, and how would this impact retail spending power? However, roll forward to November, and we had another major inflection point: the vaccine announcements. Stocks rebounded almost as quickly as they had fallen, and the market started assessing upside risk to estimates: how quickly would economies reopen; how quickly could the various sectors get rentals back to pre-COVID levels; how would the enormous stimulus packages that governments were passing translate into consumer spending? As we have witnessed, this resulted in global listed real estate recouping much of the losses suffered in the first three quarters of the year. As of 31 March 2021, the global listed real estate sector* is priced c. 5% below where it was on 1 February 2020 prior to the pandemic.

It is at this point that we pause and ask ourselves the question of whether we believe this recovery has been appropriately priced? In order to do this, we need to delve into a bit more detail, by looking at the various sub-sectors within the global listed real estate universe. For purposes of this exercise, we unpack the US listed real estate sector**. Not only is the US the largest and most liquid geography in our benchmark, but it has the most defined sub-sector breakdown, which makes comparison clearer. Below, we graph the US sub-sector returns as at 31 March 2021, based to 100 on 1 February 2020 (i.e., pre any COVID impact). *For the sake of clarity, if a sector is priced at 100 today, it would imply it is at the same price as it was pre-COVID.*

From this, we draw a few observations:
The US listed real estate index is only c. 5% below its pre COVID levels – much like the global listed real estate index. Within that, there is a large divergence between the sub-sectors that are worse off versus those which are better off, as one would expect. However, there are a few sectors, whose returns since the onset of the pandemic, leave us with a few questions. While the market has shown its willingness and ability to reprice information rather rapidly, could there be instances where the baby has potentially been thrown out with the bathwater? Or could there be instances, where the market has potentially not appreciated the long-term structural changes that have occurred as a result of COVID, and be attempting to apply old playbooks and strategies, that may no longer be applicable?

At Catalyst, our team has deep roots in physical real estate (developing, leasing and operating etc.), which has had a significant influence on our investment process and philosophy. We are long term investors in the asset class, and thus our investment process and philosophy are largely shaped by long term growth and risk factors. This process has stood us well over the past 20 years in both the SA and Global listed real estate markets. Being long term investors, we have spent a significant amount of time opining over the long-term impact that COVID-19 will have on our various real estate sub-sectors. And it is when applying this long-term investment approach, when considering the long-term impact that COVID-19 is likely to have on our lives, that we note some interesting observations in the sub-sector returns mentioned above.

Hotels: We believe that in a post-COVID world, there will be a structural reduction in corporate travel versus pre-COVID years. With the broad-based adoption of virtual meeting platforms, like Teams and Zoom, we believe many meetings in the future will remain on these virtual platforms, instead of occurring in person. Where someone may have previously met with their clients in person say four times a year, perhaps in the future they will only meet twice a year in person, and twice a year via a virtual meeting platform. This is significant for the Hotel industry, as roughly two thirds of REIT owned hotels cater to business and corporate travel. If our view is correct, it would imply that there will be a significant reduction in demand for these hotels' rooms. The quantum of the reduction is hard to nail down, but we are confident in the direction of travel of said demand. As a reference, Morgan Stanley recently conducted a survey of corporate travel managers, who believe business travel will reduce by 27% vs pre-COVID levels. Deloitte recently performed a CFO survey, asking CFO's how much they believe corporate travel expenses will reduce by in a post COVID world. The answer: a 35% reduction. We have been more generous in our underwriting assumptions, assuming a business travel reduction in the teens. Whichever number is correct, it does lead one to ask the question whether it seems appropriate that US Hotel stocks are currently priced just c. 3% below their pre-COVID levels? Is this potentially a sector where the market has invested in Hotels, which are usually a good recovery play, but where this time there may be structural changes ahead that have not been appropriately underwritten?

Storage: The US Storage sector has had an incredibly strong run since the onset of the pandemic. It is the top performing US sector over the last 14 months, now c. 19% ahead of its pre-COVID levels. Storage has traditionally been a defensive sector, well liked during crises, due to demand being less correlated to economic activity than most other sectors. The sector has seen strong rate growth over the past year, in no small part due to increased demand. Demand from people relocating – moving from gateway cities to the sunbelt, moving from urban to suburban locations, or moving back home with their parents. It has also resulted in people needing more storage, as they try to make space in their homes to setup a home office. In addition to the increased demand, the sector saw a delay of new supply deliveries, creating a supply-demand mismatch in the short term. However, are these temporary tailwinds, which will normalize and reduce in a post COVID world? In the medium to longer term, will investors once again focus on the high levels of storage penetration in the US, and the fact that there are relatively low barriers to entry, allowing new storage space to be brought online quite easily? And do these long-term fundamentals justify the best performing sub-sector in the US over the past 14 months?

Malls: US Mall stocks have recovered to only be c. 6% off their pre-COVID levels. After having more than halved in the depths of the pandemic, the sector had a particularly strong recovery post the vaccine announcements. The pent-up demand for individuals to go shopping, or the "revenge spend" as it has now been termed, benefits the mall sector significantly. During lockdown, retail spend was predominantly directed to necessity spend, as well as through online channels. People's desire to get out, walk through a mall, and purchase something a little more stimulating than bread, milk and groceries is very real. However, we cannot ignore the ever-present threat that ecommerce poses to these physical malls. The rise in ecommerce's share of total retail sales had been a multi-year phenomenon, even prior to COVID. In the UK, online sales accounted for just under 20% of total retail sales at the start of 2020. However, by December 2020, that proportion had increased to 36% of all retail sales - quite an astounding increase. While we acknowledge this is an elevated figure due to the UK being in lockdown, we do believe that ecommerce as a percentage of total retail sales will normalize at a higher level than what preceded the pandemic. Many individuals have been forced into purchasing online, overcoming the hurdles of initial adoption, and are likely to continue to use this online channel going forward. Furthermore, malls are predominantly exposed to discretionary retail – particularly apparel – which we believe will go online at an even faster rate than essential, non-discretionary retail. Considering this multi-year headwind that physical malls are likely to encounter, a trend which was accelerated by COVID, we ask ourselves the question of whether we believe malls should be pricing only c. 6% off their pre-COVID levels?

Manufactured Housing: A sector currently c. 7% off its pre-COVID levels, and equally interesting, but for different reasons. This is a sub-sector that has very favorable long-term fundamentals: no new supply, robust demand for affordable accommodation, and low capex requirements due to landlords owning the land but not the manufactured homes thereon. This is a sub-sector which held up better than the average during the initial COVID-induced selloff. However, there were concerns in the market about these portfolios' exposure to seasonal and transient bookings, which weighed on the stocks, preventing them from being even more resilient than they would have likely otherwise been. The seasonal/transient bookings comprised c. 10-15% of these stocks' portfolios, and it later transpired that after being couped up at home for a few months, there was strong demand from individuals wanting to get away. Furthermore, people were more comfortable to go away in their RVs, or to a log cabin, for a weekend away rather than checking in to a hotel in a major city, which benefitted Manufactured Housing's transient portfolios. As such, operating performance for the 2020 calendar year was still very robust. Fast forward to the vaccine inflection, and this sector lagged the recovery significantly. Initially, it made sense, as the sector had not been as adversely affected in the earlier selloff, but as the weeks and then months passed, the market's pricing of this sector made less and less sense. Here is a sector whose fundamentals are still intact as discussed above, with very little/no long-term impact from COVID-19. It is a sector which has successfully weathered another crisis, shown its resilience, and has the additional benefit of external growth from the marina sector which the companies have shown they are willing and able to execute on. Despite the above, the market is pricing the sector at c. 7% below its pre-COVID levels. Could this potentially be a great opportunity?

As mentioned earlier, dislocation in the market provides active managers with great opportunity. We are excited about the opportunity set that presents itself in the global listed real estate space. Firstly, as discussed in this report, we believe the market may be mispricing certain sub-sectors. Secondly, the diversity of the global listed real estate universe provides us with a broad opportunity set across different geographies and subsectors, which allows us to construct portfolios for our investors. We continue to apply the same robust and long-term investment approach which has stood us well over the past 20 years.

We currently see the listed real estate sector as attractively priced on expected total return spreads. The estimated forward FAD (Funds Available for Distribution) yield for the sector is 4.27%. Based on our earnings estimates and market break-even inflation expectations, we expect the listed real estate sector to deliver at least 5% real return for buy and hold investors over the medium term. Within the listed real estate universe, more attractively priced opportunities exist in specific sectors and stocks, providing opportunities for astute active managers.