Catalyst SCI* Global Real Estate Feeder Fund B

Minimum Disclosure Document

As of 30/06/2021

CATALYST FUND MANAGERS

MDD Issue Date: **23/07/2021**

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 986,890,354
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	0.11
Total Investment Charges	1.54
Performance Fee	—
TER Measurement Period	01 April 2018 - 31 March 2021

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.

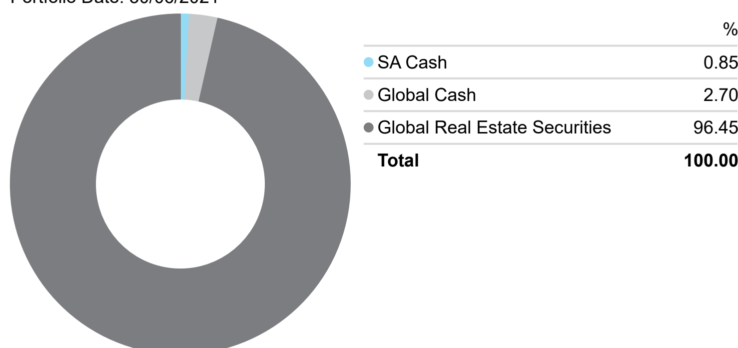
* Please note that the legal registered name of Catalyst SCI* Global Real Estate Feeder Fund is Catalyst Sanlam Collective Investments Global Real Estate Feeder Fund. SCI is an abbreviation for Sanlam Collective Investments.

Top Ten Holdings

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

Asset Allocation

Portfolio Date: 30/06/2021



	%
SA Cash	0.85
Global Cash	2.70
Global Real Estate Securities	96.45
Total	**100.00**

Annualised Performance (%)

	Fund	Benchmark
1 Year	7.76	11.99
3 Years	9.94	8.49
5 Years	5.39	4.26
Since Inception	15.30	15.38

Cumulative Performance (%)

	Fund	Benchmark
1 Year	7.76	11.99
3 Years	32.89	27.70
5 Years	29.99	23.21
Since Inception	277.48	280.06

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	17.86
Sharpe Ratio	0.29
Information Ratio	0.08
Maximum Drawdown	-11.45

Distribution History (Cents Per Unit)

Administered by

Sanlam

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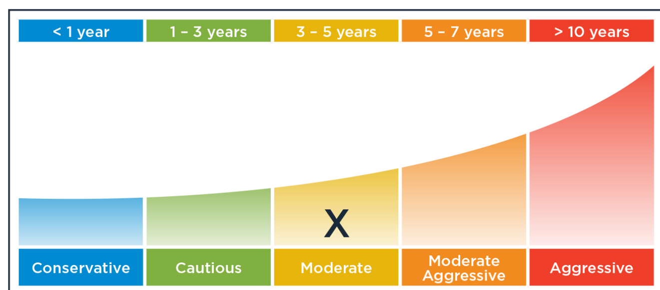
Risk Profile



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.

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Portfolio Manager Comment

Market Commentary June 2021

The fund's benchmark, the FTSE EPRA/NAREIT Developed Rental Net Total Return Index, recorded a net total USD return of 0.92% for the month of June. The best performing listed real estate market was Canada, which recorded a total USD return of 3.16% for the month. The UK recorded the lowest total USD return of -3.43%.

Year-to-date performance of the global real estate sector has been strong. The fund's benchmark recorded a net total USD return of almost 16% for the six months ending June. Given the real estate sector's weak annual performance in 2020 of close to -9%, this recent outperformance has been welcomed by investors. Vaccine rollouts worldwide and the ensuing re-opening of economies has positively impacted real estate returns across the board as demand for most real estate sectors rose.

Although it may seem necessary to review everything Coronavirus related over the past few months, we feel it appropriate to look ahead and discuss a growing concern amongst investors globally: the prospect of rising inflation coupled with a potential environment of rising interest rates.

The most recently published inflation rate is over 5 percent in the US, while the Federal Reserve expects inflation to narrow to 3.4 percent this year, up from the 2.4 percent rate anticipated in March. In the UK and Eurozone, these rates are now around the 2 percent levels. Asian figures also continue to grow, many of which began the year in negative territory.

Policymakers imply that this phenomenon is likely temporary. The question for many is whether this is indeed short term in nature, or whether we are beginning to live in a time of **sustained** rising prices. And if the latter is so, what is the impact on the various asset classes and are there ways to hedge against prolonged and elevated inflation?

A common perception is that real estate acts as an inflation hedge (as opposed to other asset classes, particularly bonds), but what does history tell us and what are the reasons for this? Unfortunately, the data is not as immediately revealing as one would hope due to the lack of inflation globally over the last few decades. One is therefore required to look a bit further back in time for insight. For example, in the US, the last period of heightened inflation was over the decade ending in the early 80s. During this time, home prices held their value in real terms and equity REITS delivered returns exceeding inflation. Over the same period, general equities and bonds failed to do so and posted negative real returns. This evidence supports the belief that real estate acts as a hedge to inflation, producing positive real returns over time.

Real estate also screens attractively in an environment of rising prices from a theoretical perspective. To begin with, many leases globally have rents indexed to some measure of inflation or are contracted to escalate rents annually. Property values also generally increase as higher prices for labour, materials and land make construction less economically viable without a commensurate rise in rental levels. This may result in a limit to new supply, which creates a barrier to new entry and allows existing property owners to raise occupancy levels and corresponding rents.

In theory, property sub-sectors with shorter leases should outperform during inflationary periods relative to longer, fixed leases. Shorter lease durations, being more economically sensitive, enable landlords to benefit from economic expansion and realise inflationary prices and rents quicker upon lease expiration. However, longer leases still offer protection upon lease expiry as rents are rebased to higher levels during periods of increasing market rental growth. Property sub-sectors enjoying superior demand growth should also fare better versus those sectors experiencing muted demand, all things being equal and if supply is contained. Collectively, this supports the notion that REIT dividend growth should increase above inflation over the longer term, as has been the case in the US over the last two and half decades.

An environment of higher interest rates is generally perceived to be negative for listed real estate. Indeed, sharp and unexpected increases in rates may negatively impact returns over the short term. The historical evidence points to REITs performing strongly during periods of increasing rates when combined with positive economic growth. While costs of capital and the capitalisation rates used to value cash flows and property values may be negatively impacted by higher interest rates, the state of the economy to drive increased demand and elevated rent levels appears to have a larger impact on long term value. Furthermore, many real estate companies have taken advantage of lower interest rates over recent years and have extended debt maturity schedules. This should make these companies less sensitive to an increase in their cost of capital over the medium term. Conversely, it is anticipated that fixed income should underperform relatively in an environment of rising rates.

Although the real estate sector overall is anticipated to perform well within an environment of increasing inflation and interest rates (and particularly versus bonds), if coupled with economic growth, we believe that ultimately the underlying fundamentals impacting the various property sub-sectors will drive long term performance to a greater extent over time. More specifically, such sub-sectors facing demand tailwinds combined with healthy levels of supply should outperform those sub-sectors experiencing lacklustre demand and/or elevated supply levels. We have positioned our portfolios accordingly. In addition to this, recent meetings with the majority of our universe's management teams over this past quarter, particularly via virtual conferences held covering the US and Europe, have resulted in adjustments to our expectations together with an affirmation of certain house views.

We continue to favour residential real estate, our largest overweight position. Not only should the sub-sector benefit from short annual leases in an inflationary environment, but is also expected to outperform on the back of robust fundamentals.

Manufactured housing's long-term fundamentals remain appealing, despite some rebound in performance over the quarter, due to a landscape of virtually no new supply; a heightened demand for affordable housing; and low capital expenditure needs on the part of landlords. Furthermore, in the seasonal/transient business component, expectations have been exceeded as RV (Recreational Vehicle) operating fundamentals surpass that which is assumed in full year guidance numbers. Discussions with management teams also suggest continued cap rate compression from persistent investor demand for this sub-sector, which should further benefit property values and returns going forward.

Single family housing fundamentals continue to profit from strong demographic tailwinds combined with a decade of undersupply. An aging millennial population, now the largest generational cohort exceeding that of the boomers, will positively drive this space over time as certain life events transpire, such as coupling; starting families; and moving to the suburbs. Strong demand and occupancy levels near all-time highs has resulted in accelerated rental growth throughout the pandemic and management teams are anticipated to further raise year-end guidance levels this year.

We largely break down apartment counters in the US based on their portfolio exposures to predominantly coastal markets or to the Sun Belt and have overweight positions in both. Coastal markets, such as New York and San Francisco, suffered last year as vacancies rose and high rental levels tumbled from a population exodus as these cities shut down, offices remained closed, and work-from-home/anywhere became mainstream. Coastal markets remain a recovery play as economies re-open, people return to work and rental growth returns. Sun Belt markets, such as Phoenix; Raleigh; and Houston, continue to screen as attractive despite strong performance on the back of structural tailwinds. A mounting increase in the attractiveness of these markets based on their relative affordability, lower taxes and even better weather is resulting in migration, corporate relocations, and job growth that are fuelling rental growth and cap rate compression. We also continue to favour apartment landlords elsewhere in the globe exhibiting good long-term fundamentals, largely in Canada, Ireland, and certain parts of Germany.

We remain cautious of the office and retail sub-sectors due to structural headwinds, particularly since the current global pandemic has accelerated certain concerns for these sectors. For offices, we anticipate a bifurcation in rents and cap rates within the sector. The right markets and type of office product should fare better relatively, however it will take some time to fully understand the longer-term role of the office in a new reality of increased working from home and hybrid working models. We forecast reduced demand for the sub-sector as a whole when compared to pre-pandemic levels. We remain underweight offices overall with our exposure largely limited to landlords with high quality portfolios, the right tenant mix, and the ability to add value through development.

The retail sub-sector has enjoyed an incredible run on the back of vaccine news last November. We probably underestimated the strong bounce back in returns over the last few months, particularly in malls, although most retail stocks still trade below pre-COVID levels. As long-term investors we focus on sustainable trends. In the retail sphere, we continue to prefer well-located and essential, necessity-based retail over discretionary, and often enclosed, retail properties. This is largely due to the former type of retail real estate being less exposed to the impacts of e-commerce and the growth in online spending that has accelerated globally out of necessity during the pandemic.

The world remains uncertain over the short to medium term on the back of Delta variant spread and varying degrees of lockdown measures being experienced globally. We remain focused on long term fundamentals that have driven our process for over 20 years. Based on global real estate's solid rebound in performance this year, we currently consider the market to be fairly priced on an expected total return basis. However, we stress the view that within the sector exists a large divergence in potential returns. This bifurcation of opportunities should allow for the ability to pick stocks that will deliver superior performance versus the market. We also consider the low correlation of real estate to other asset classes over the longer term and the diversification within the property sector, both from a geographic and sub-sector basis, as appealing for investors.

Relative to bonds, real estate screens attractive with Catalyst currently pricing the global listed property market at a 265bps spread relative to BAA bonds, versus the historic spread that is just shy of 200bps. This implies that some buffer exists to absorb interest rate move-outs or alternatively, that room for continued cap rate compression exists (assuming interest rates remain as they are) to boost property values. High return premiums versus BAA bonds have historically resulted in real estate relative outperformance. It should be noted that if we priced the real estate market off the historic spread to BAA bonds, we would see significantly more value in the overall market. We remain conservative in our assumptions.

The estimated forward FAD (Funds Available for Distribution) yield for the sector is 3.98%. Based on our earnings estimates and market break-even inflation expectations, we expect the listed real estate sector to deliver at 4.54% real return for buy and hold investors over the medium term. As mentioned, within the listed real estate universe, more attractively priced opportunities exist in specific sectors and stocks, providing opportunities for astute active managers.

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