Sentio Sanlam Collective Investments Hikma Shariah Balanced Fund

Minimum Disclosure Document

As of 31/03/2025

MDD Issue Date: 15/04/2025

Fund Objective

The objective of the Sentio Sanlam Collective Investments HIKMA Shariah Balanced Fund will be to provide long term capital growth while preserving capital with a reasonable level of income that complies with Shariah (Islamic Law) and the standards prescribed by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

Fund Strategy

The manager invests in an actively managed balanced portfolio, with an equity exposure (including international equity) between 0% and 75% at all times. The investment policy followed by the manager will focus on achieving this by investing in a wide variety of asset classes such as equity securities, non-equity securities, listed property, money market instruments and assets in liquid form, both domestically and internationally, that have been approved for investment by the Shariah Supervisory Board (SSB) or Shariah Advisory Committee (SAC) from time to time. The portfolio shall invest in Shariah compliant domestic and global equities, domestic and global property companies, listed commodity ETF's, Sukuks, Shariah compliant instruments and listed equity capital protection instruments, that have been approved for investment by the SSB from time to time.

The portfolio will be predominantly invested in domestic assets, but may also invest internationally, within the statutory investment limitations and prudential investment requirements. The portfolio may also invest in participatory interests of underlying unit trust portfolios. The portfolio is compliant with regulation 28 of the Pension Funds Act.

Why Choose This Fund?

You should choose that fund if you are looking for a fund that generates capital growth with a reasonable income in a Shari'ah compliant way, benefiting from a detailed bottomup stock picking integrated in a robust risk-management framework.

Fund Information

Ticker	SHB1
Portfolio Manager	Imtiaz Suliman & Sanveer Hariparsad
ASISA Fund Classification	South African - Multi Asset - High Equity
Risk Profile	Moderate
Benchmark	ASISA Category Avg: SA - Multi Asset - High Equity
Fund Size	R 296,803,787
Portfolio Launch Date*	01/06/2016
Fee Class Launch Date*	01/06/2016
Minimum Lump Sum Investment	R 1,000,000
Minimum Monthly Investment	R 1,000,000
Income Declaration Date	June & December
Income Payment Date	1st business day of July & 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)	B1-Class (%)
Maximum Initial Advice Fee	—
Maximum Annual Advice Fee	—
Manager Annual Fee	0.75
Total Expense Ratio	0.83
Transaction Cost	0.21
Total Investment Charges	1.04
Performance Fee	—
TER Measurement Period	01 January 2022 - 31 December 2024

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.

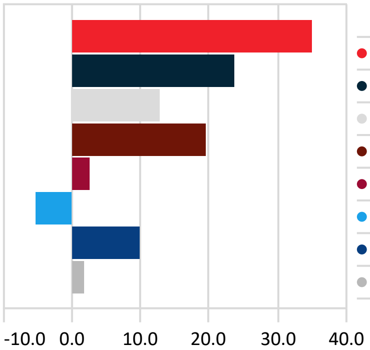
Total Investment Charges (TER + TC) is the total percentage value of the Financial Product that was incurred as costs relating to the investment of the Financial Product.

Effective 1 December 2024, SCI will change a monthly administration fee of R23 (VAT Inclusive) on retail investors whose total investment value is less than R50 000. Clients with an active recurring monthly debit order will not be levied this fee.

Top Ten Holdings	(%)
The RSA Domestic Sukuk Trustee	7.79
Dubai Islamic Bank	3.99
Clicks Group Ltd	3.78
Islamic Term Deposit	3.06
Islamic Term Deposit	3.01
Bidvest Group Ltd	2.67
Pepkor Holdings Ltd	2.66
AVI Ltd	2.62
MTN Group Ltd	2.60
DAE Sukuk (DIFC) Ltd 3.75% 15022026	2.59

Asset Allocation

Portfolio Date: 31/03/2025



	%
SA Equity	34.98
SA Cash	23.67
SA Sukuk	12.86
Non-SA Equity	19.54
Non-SA Sukuk	2.59
Non-SA Cash	-5.31
SA Money Market	9.89
Non-SA Property	1.78
Total	**100.00**

Annualised Performance (%)

	Fund	Benchmark
1 Year	11.81	12.39
3 Years	6.43	8.90
5 Years	11.67	13.38
Since Inception	5.90	7.05

Cumulative Performance (%)

	Fund	Benchmark
1 Year	11.81	12.39
3 Years	20.58	29.17
5 Years	73.61	87.36
Since Inception	65.86	82.53

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2024

Highest Annual %	21.97
Lowest Annual %	-1.00

Risk Statistics (3 Year Rolling)

Standard Deviation	6.32
Sharpe Ratio	-0.14
Information Ratio	-0.53
Maximum Drawdown	-6.89

Distribution History (Cents Per Unit)

31/12/2024	21.41 cpu
30/06/2024	29.48 cpu
31/12/2023	20.64 cpu

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Risk Profile

Moderate
This is a medium-risk portfolio that aims to deliver income and capital growth over the medium term. This portfolio is designed to minimise volatility and aims to cultivate as smooth a ride as possible. There is some exposure to risky asset classes (such as equities) necessary to grow capital over the medium to long term. This portfolio has a medium to long-term investment horizon. The portfolio is diversified across all major asset classes with an average exposure to equities, and offers real (after inflation) returns but with lower volatility.

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 Growth
Capital growth is the profit made on an investment, measured by the increase in its market value over the invested amount or cost price. It is also called capital appreciation.

Distributions
The income that is generated from an investment and given to investors through monthly, quarterly, bi-annual or annual distribution pay-outs.

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.

Feeder Fund
A feeder fund is a South African-based fund that feeds exclusively into its primary foreignbased fund. It allows investors easy access to investing in an offshore fund, eliminating complicated tax and other implications. The shares of the feeder fund represent shares in the primary fund (called a master fund).

Liquidity
The ability to easily turn assets or investments into cash.

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.

Maximum Drawdown
The maximum drawdown measures the highest peak to trough loss experienced by the fund.

Money Market Instruments
A money market instrument is a low risk, highly liquid, short-term (one year or less) debt instrument, issued by financial institutions or governments, that tend to have lower returns than high-risk investments.

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.

Regulation 28
Regulation 28 of the Pension Funds Act sets out prudent investment limits on certain asset classes in investment funds. It applies specifically to investments in Retirement Annuities and Preservation Funds. The allowed maximum exposures to certain asset classes is: 75% for equities; 25% for property; 45% for foreign (offshore) assets.

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 investment.

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 actualinvestment 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 Sentio Capital Management (Pty) Ltd, (FSP) Licence No. 33843, 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.

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Portfolio Manager Comment

Markets Open 2025 with Optimism, Then Caution
The first few months of 2025 have been marked by sharp rotations in global markets, intensifying geopolitical tension, and a macroeconomic narrative that has turned increasingly binary. What began as a celebration of U.S. exceptionalism quickly unravelled into a period defined by policy shocks, particularly under the second Trump administration, with markets and policymakers alike grappling with the implications of a volatile and deeply uncertain global order. At the start of the year, markets were buoyant. U.S. equities, especially large-cap tech names, led the way, supported by strong earnings, AI-driven productivity gains, and a strong dollar. Investors continued to buy into the theme of American exceptionalism, with capital flowing into U.S. assets at the expense of global exposure. However, by February, signs of discomfort with this concentration began to appear. The market started to reassess the risks of being overly exposed to a narrow set of themes and geographies. This coincided with a broadening out of the AI story—away from a small number of U.S. mega-cap winners to a more global and sector-diverse application of the technology.

De-Grossing and Rotation Take Hold
By March, positioning began to shift more decisively. Investors moved away from crowded U.S. trades and began to reallocate into Europe, China, and other under-owned markets. This period of "de-grossing"—reducing risk across asset classes and geographies—was driven by a combination of valuation discipline, profit-taking, and early signs of fundamental recovery elsewhere. Notably, for the first time in several years, Chinese and European equities outperformed the U.S. in a sustained and material way. Performance-chasing behaviour flipped in reverse, with investors forced to reduce exposure to previous winners and add to previously unloved regions. The sudden shift caught many investors off guard, particularly those who had bet heavily on U.S.-centric growth narratives.

'Liberation Day' Tariffs Upend Global Markets
The most significant disruption, however, came in April with a sweeping trade announcement from President Trump. In a speech branded "Liberation Day," the administration imposed across-the-board tariffs that lifted the average U.S. import tax rate from 2.5% in 2024 to over 20%—levels not seen since the 1930s. The announcement stunned markets. The immediate reaction was panic: equity markets sold off aggressively, volatility spiked, and U.S. Treasury markets swung wildly. The S&P 500 erased all of its post-election gains in a matter of days. Market participants scrambled to make sense of the policy, which appeared to target friend and foe alike, and seemed to be executed without the usual institutional checks and balances.

Policy Volatility Becomes the New Normal
This revealed a broader truth: the current U.S. administration is increasingly unconstrained by the traditional levers of governance. Congress, the Fed, and capital markets, which historically served as guardrails, are being circumvented or ignored. The result is an environment where fiscal and trade policy are driven by political impulse rather than coordinated strategy. The tariffs were followed by a short-term 90-day reprieve for most countries, except China, but the damage to confidence was already done. Investors are now pricing in a persistent regime of policy volatility that goes beyond the tariffs themselves.

Global Allies and Rivals React with Caution and Retaliation
Global reactions to the tariffs have been mixed. China responded immediately with a large retaliatory tariff, while the EU signalled it would hold back for four weeks before launching a formal response. Other allies, including Canada, Japan, the UK, and even Israel, found themselves targeted despite having made recent trade concessions or maintained historically close ties with Washington. Some countries opted for negotiation over confrontation, but the randomness of Trump's targeting—where friend and adversary were treated similarly—has left many confused and distrustful. The unpredictability of trade policy has made it nearly impossible for global companies and governments to plan ahead. It has also driven some nations to reconsider their dependency on U.S. capital and technology, potentially accelerating trends toward multipolarity and regional self-reliance.

The Fed's Dilemma: Growth vs. Inflation
The implications for central banks, particularly the U.S. Federal Reserve, are profound. As recently as January, the Fed was expected to cut rates gradually as inflation continued to normalize and recession risks remained low. But in just a few weeks, markets moved from pricing near-zero recession risk to over 50%. Inflation expectations, as measured by surveys like the University of Michigan's, rose to 6.7%—the highest since 1981. With immigration policy tightening and trade policy in flux, the Fed's ability to separate transitory from structural inflation pressures is diminishing. The central bank faces a growing dilemma: act to support growth amid a looming slowdown, or remain hawkish in the face of potentially sticky inflation.

Risk-Off Sentiment Spreads Across Asset Classes
The volatility in markets has not been confined to equities. The shock was felt across asset classes, from bonds and currencies to commodities and credit. The "Liberation Day" tariff announcement produced one of the largest single-day net selling episodes in global equity markets since 2010, with North America accounting for the vast majority of the flow. The pressure to reduce risk was driven not only by macro uncertainty but also by performance pain, as many active managers found themselves caught long U.S. equities and short the rest of the world. The result has been a forced rotation out of U.S.-centric portfolios into more global and diversified exposures.

South Africa: GNU Faces First Real Stress Test
In South Africa, meanwhile, a fragile coalition government—the Government of National Unity (GNU)—is facing its own stress test. The ANC and DA remain the dominant players, but recent disagreements over budget issues have tested the GNU's cohesion. Although the budget passed with support from smaller parties, it exposed fault lines in the coalition. Many investors worry that this may mirror the dysfunction seen in municipal governance, where similar coalitions have struggled to deliver on reform. However, the presidency has reaffirmed its commitment to structural reforms such as Operation Vulindlela, regardless of the GNU's long-term sustainability. The political environment remains fluid, but so far, South Africa has avoided becoming a negative outlier among emerging markets.

Two Scenarios Define the Path Forward
Looking ahead, the global macro landscape presents two dominant scenarios: The first is a continuation of the rotation trade, in which U.S. economy weakens but largely holds, inflation pressures ease, and a de-escalation of trade tensions allows markets to stabilize. Under this scenario, investors are rewarded for diversifying away from U.S. assets, particularly given stretched U.S. valuations and crowded positioning. European and Chinese equities, which are trading at historically low relative valuations, could benefit significantly.
The second scenario is a more bearish one: prolonged trade conflict pushes the U.S. and potentially the global economy into recession. Business confidence is already deteriorating, with some surveys now at worse levels than during the COVID-era lockdowns. Investment plans are being shelved, and policy uncertainty is acting as a significant drag on growth. Central banks may respond with aggressive easing, but monetary policy has its limits in counteracting geopolitical and fiscal instability.

Navigating the New Normal: Discipline, Diversification, and Agility
For now, investors are likely to do well by staying nimble. The path forward looks to be defined by volatility and policy surprises. While there is still a possibility that political pressure, both domestic and international, forces a rollback of the most extreme trade measures, the credibility damage may be lasting.
In our view, the current environment demands a disciplined and diversified approach: the fund will therefore aim to avoid binary bets, focus on quality assets, use volatility to enter high-conviction positions, and consider "hedging" U.S. risk while exploring upside in under-owned asset classes and regions. In Sukuks, for now, we prefer shorter dated SA instruments, given offshore volatility in FI markets and widening spreads
The days of betting solely on American exceptionalism are over. In 2025, survival and success will likely depend on adaptability and breadth.

Portfolio Managers
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