First Avenue Sanlam Collective Investments Equity Fund

Minimum Disclosure Document

As of 30/11/2023

FIRST AVENUE INVESTMENT MANAGEMENT

Fund Objective

The fund aims to deliver long-term capital and income growth in excess of the market index while offering a higher degree of capital protection to investors by limiting its universe to listed equities of low fundamental risk.

Investment Policy

Aiming for high returns with lower fundamental risk - We invest in high quality companies as this strategy has been shown to outperform the market most consistently and with low risk over long periods of time. The idea is to reduce the probability of permanently impairing shareholder capital by desisting from taking risky bets. Our franchise value lies in differentiated research into the industry dynamics that drive company profitability. The portfolio may invest in participatory interests of underlying unit trust portfolios. The portfolio may also invest in collective investment schemes in property as well as any other securities that the Act may allow from time to time. When investing in derivatives, the manager will adhere to prevailing derivative regulations.

Fund Information

Ticker	FASB1
Portfolio Manager	Hlelo Giyose
ASISA Fund Classification	South African - Equity - General
Risk Profile	Aggressive
Benchmark	FTSE/JSE Shareholder Weighted Index (SWIX) (J403T)
Fund Size	R 30,513,628
Portfolio Launch Date*	01/07/2011
Fee Class Launch Date*	01/07/2011
Minimum Lump Sum Investment	R 100,000
Minimum Monthly Investment	R 500
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)

Fees (Incl. VAT)	B1-Class (%)
Maximum Initial Advice Fee	3.45
Maximum Annual Advice Fee	1.15
Manager Annual Fee	1.44
Total Expense Ratio	1.56
Transaction Cost	0.50
Total Investment Charges	2.06
Performance Fee	—
TER Measurement Period	01 October 2020 - 30 September 2023

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. Cost figures are not yet available.

*The First Avenue Sanlam Collective Investments Focused Quality Equity Fund transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 17 February 2018.

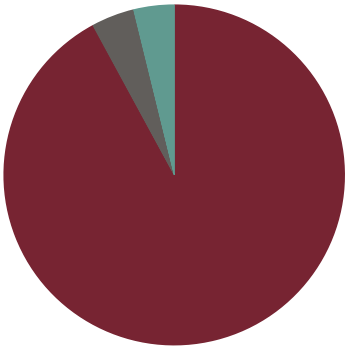
MDD Issue Date: 18/12/2023

Top Ten Holdings

Top Ten Holdings	(%)
Naspers Ltd	10.75
Firstrand Ltd	5.00
Gold Fields Ltd	4.30
Prosus (PRX)	3.85
Anglo American Plc	3.83
Standard Bank Group Ltd	3.63
British American Tobacco Plc	3.56
MTN Group Ltd	3.26
Anglogold Ashanti Ltd	3.14
Shoprite Holdings Ltd	2.87

Asset Allocation

Portfolio Date: 30/09/2023



	%
SA Equity	92.09
SA Cash	4.08
SA Property	3.83
Total	**100.00**

Annualised Performance (%)

	Fund	Benchmark
1 Year	0.71	2.37
3 Years	8.77	11.11
5 Years	4.00	8.77
10 Years	2.99	7.40
Since Inception	5.80	9.78

Cumulative Performance (%)

	Fund	Benchmark
1 Year	0.71	2.37
3 Years	28.65	37.12
5 Years	21.64	52.25
10 Years	34.20	104.20
Since Inception	101.39	218.56

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2022

Highest Annual %	26.28
Lowest Annual %	-17.92

Risk Statistics (3 Year Rolling)

Standard Deviation	12.41
Sharpe Ratio	0.30
Information Ratio	-0.40
Maximum Drawdown	-10.59

Distribution History (Cents Per Unit)

30/06/2023	23.64 cpu	30/06/2022	35.38 cpu	30/06/2021	10.29 cpu
31/12/2022	40.13 cpu	31/12/2021	11.34 cpu	31/12/2020	1.29 cpu

Administered by

Sanlam

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FIRST AVENUE INVESTMENT MANAGEMENT

Risk Profile

Aggressive
You can afford to take on a higher level of risk (i.e., have a greater exposure to equities) because of your investment time horizon and/or your appetite for risk. You know that in taking the risk, you need to be patient if you want to achieve the results. So you are willing to invest for the long-term and are prepared to tolerate some volatility in the short term, in anticipation of the higher returns you expect to receive in five years or beyond.

Glossary Terms

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.

Equities
An equity or share represents an institution/individual's ownership in a listed company and is the vehicle through which they are able to ³share´in the profits made by that company. As the company grows, and the expectation of improved profits increases, the market price of the share will increase and this translates into a capital gain for the shareholder. Similarly, negative sentiment about the company will result in the share price falling. Shares/equities are usually considered to have the potential for the highest return of all the investment classes, but with a higher level of risk i.e. share investments have the most volatile returns over the short term. An investment in this type of asset should be viewed with a 7 to 10 year horizon.

Fundamental analysis
This is a method of evaluating a share that involves attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the share's value, including macroeconomic factors (like the overall economy and industry conditions) and company-specific factors (like financial statements, cashflow and management).

Total Expense Ratio (TER)
This is the total costs associated with managing and operating an investment (excluding administration, financial planning and servicing fees). These costs consist primarily of management fees and additional expenses such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the fund is divided by the fund's total assets under management to arrive at a percentage amount, which represents the TER.

Volatility
Volatility is a measure of 'risk',and refers to the extent to which the price of an investment or fund fluctuates over a certain period of time. Funds with a high volatility usually offer the potential for higher returns over the longer term than low volatility funds.

Additional Information

Investment Manager Information
First Avenue Investment Management (Pty) Ltd (FSP)
License No. 42693
Physical Address: Regus Business Centre, 35 Fricker Road, Ground Floor, Ethos Building, Illovo, 2196
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Manager Information
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Portfolio Manager Comment

As at 30 September 2023

We ended this quarter flat with the benchmark when in fact most managers did well. The reason is that in the last six months (since April) we used the downdraft in resources to add mining positions (to the portfolio) that we think can outperform the market in the long term. Even though our timing to start long positions in resources was not optimal, the sales we made to fund the purchases were outstanding from a valuation standpoint (Figure 2). As far as the purchases were concerned, our overriding concern was valuation and not timing (which can never be perfect). That the resources counters we bought fell some more after we bought them, (despite the starting point being attractive valuations) eroded our rolling 12month alpha by September quarter end (Figure 1). Yet, we are pleased to share with you that post quarter end, those very shares have bounced materially, reinstating our alpha on a rolling 12month basis. The dip in 12-month rolling returns has not deterred us from posting lower volatility than the market. We are not about to change this. We think our fiduciary responsibility to clients is to outperform the market without taking excessive risk in owning businesses with inferior capital allocation. As we mentioned earlier, we sold out of winners that brought us positive returns in the short to medium term. The problem often with selling is that what you sell goes up while the problem with purchasing is that what you buy goes down. We got the former right immediately, while the latter only came right after quarter end. Even with the new addition of resource counters, we have not lost our sports. The beta of the portfolio remains low enough to withstand unforeseen and unpredictable systemic maladies in the global economy. A case in point is our addition of Anglo Gold and Goldfields between Q2 and Q3. The war between Hamas and Israel, really a proxy war between the United States and Iran, has not only introduced significant upheaval into the capital markets, but has pushed up energy prices (oil and coal). Post quarter end, our overweight positions in both gold equities have added alpha to the portfolio as the price of gold, seen as a haven from economic and geopolitical uncertainty, rallied hard. This diversification effect will continue to work as gold equities capture economic uncertainty and other portfolio holdings with pricing power pass on inflation reignited by the increase in energy prices.

While we were hurt by an underweight in Sasol (see figure 4), it does not bother us in the least. Sasol is a structurally deformed company that is also run badly. Any outperformance by the stock is temporary. Our overweight in AngloGold (ANG), however, is a long-term proposition. No doubt ANG is currently benefitting from the military conflict in the Middle East. In the longer term, ANG will benefit from a cost efficiency, asset productivity, and portfolio reorganization program that will count it among the lowest cost producers and high return on equity gold miners in the world. That it has also moved its domicile to the UK and primary listing to the United States means it will benefit from a rerating of the stock to levels comparable to global peers such as Freeport McMoran. We are confident that the reversal of Q3's negative contribution to returns that we are seeing so far in Q4 will continue for the foreseeable future. While our preferred holding in the gold sector is ANG, we used the downdraft in Goldfields' share price (GFI) to go overweight. GFI is already the most cost-efficient gold miner on the JSE. As well it is favorably positioned relative to global peers and possesses far greater growth potential than all its global competitors. Its large Chilean operation, Salares Norte, has the potential to generate 20% growth in production once in full swing in Q2 of 2024. Production growth assists in compensating for any fall in the gold price. As importantly, volume growth lowers unit costs and pushes further GFI down the cost curve. Extractive businesses at the bottom of the cost curve are better placed to return capital to shareholders than those higher up the cost curve. We are confident that for the first time in more than half a century, gold equities could return capital to shareholders at a rate better than producers of bulk and base metals.

While in Q2 we generated a significant amount of alpha from being underweight Basic Materials, that positioning did not work this quarter. We will never be overweight resources. Our job is to focus our selection of stocks on both valuation and capital allocation. In a normalized monetary policy environment, stock selection trumps sector thematic investments by a long shot.

Interestingly, the third largest contributor to our relative performance was cash. One could easily argue that we should have held more cash in the portfolios as the high yield earned on cash makes it more attractive than most equities (who struggle to pass on inflationary expenses to consumers). Nonetheless, we are happy to have deployed the cash into resource companies with an improving profile of capital allocation. It is precisely because of high interest rates that value has become apparent in resource companies. Once again, we do not claim to have timed the bottom in resources perfectly. We have simply taken advantage of the appealing valuation opportunities the market presented to us. The capital allocation in the companies we bought will power them to compounding shareholder and market returns simultaneously over time.

Portfolio Manager
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