

## SPW WORLDWIDE EQUITY PORTFOLIO

31 MAY 2024



### PORTFOLIO DESCRIPTION AND INVESTMENT OBJECTIVE

This is an equity portfolio that invests both locally and offshore. The portfolio aims to achieve capital and income growth over an investment horizon of at least five years, by investing in companies that are undervalued relative to their intrinsic value. The local portion of the portfolio offers a carefully selected, well-diversified basket of shares from all sectors on the JSE. It may also provide exposure to unlisted shares. The investments in the portfolio are subject to rigorous, in-depth research and adhere to Sanlam Private Wealth's pragmatic value-investment philosophy. Offshore exposure is obtained through direct investment in listed equities and/or investment in equity funds. Both active and passively managed funds (i.e. index trackers) are provided.

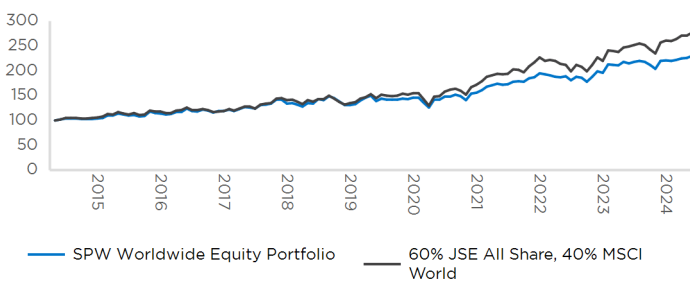
### YOUR PERSONAL EQUITY PORTFOLIO

The SPW Worldwide Equity Portfolio is constructed by the investment team based on an intensive and rigorous investment process. The model portfolio acts as a guide to your portfolio manager in customising your personal portfolio to suit your individual requirements. It is important to note that the performance on this fact sheet is based on the model portfolio and the performance of your portfolio may vary depending on the level of deviation from the model portfolio and the fees charged.

### WHY SELECT A PERSONAL PORTFOLIO

A personal portfolio is suitable to more discerning investors who might have unique factors to consider during the investment process. With a personal portfolio, your investment can be tailored to your unique requirements. You will have the benefit of more direct access to your portfolio manager and you have the benefit of enjoying direct ownership of shares. Your portfolio will not be affected by the cash investment or withdrawals of other investors.

### PERFORMANCE NET OF FEES<sup>1</sup>



Percentage Returns	Portfolio	Benchmark	Active
Since inception	8.77%	10.65%	-1.88%
10 Yrs (Annualised)	8.64%	10.54%	-1.90%
5 Yrs (Annualised)	10.90%	13.78%	-2.88%
3 Yrs (Annualised)	10.18%	12.89%	-2.71%
Past 12 Months	7.16%	11.51%	-4.35%
YTD	4.04%	6.17%	-2.13%

### PORTFOLIO INFORMATION

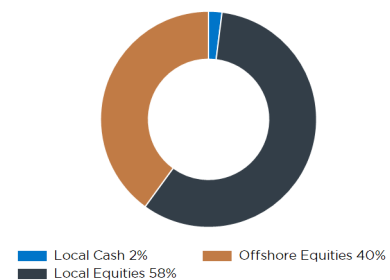
Risk rating	Aggressive
Inception date	30 April 2014
Minimum investment	R1 million
Benchmark	60% JSE All Share, 40% MSCI World
Management company	Sanlam Private Wealth
Portfolio manager	David Lerche
Initial fees	Nil
Annual management	Fee sliding scale (refer to mandate)

### TOP 5 HOLDINGS

(Please note your portfolio might vary from this)

Sanlam Global High Quality Fund	16.96%
Prosus NV	8.13%
Amplify Global Equity	7.16%
Schroder International Selection Fund - QEP Global Core	6.82%
British American Tobacco PLC	4.02%

### EQUITY SECTOR EXPOSURE



1. The net of fee calculation assumes a 1.15% annual management charge and total trading costs of 1% (both inclusive of VAT) on the value of actual portfolio turnover.



## ABOUT THE PORTFOLIO MANAGER

David Lerche, CFA, CA (SA)

David has 14 years` experience in the asset management industry. He is a CFA charterholder and a qualified CA (SA), and has degrees in finance and accounting. David joined the Sanlam Private Wealth team five years ago as an investment analyst, and has been Head of Equities since the start of 2021. Before this, he spent nine years in institutional stockbroking as an equity analyst servicing major South African and global asset managers.

## PORTFOLIO MANAGERS COMMENT

The global equity market continued the rally that started in October 2023 into the first quarter of 2024, once again led by US tech. However, this time, the equity market did not require lower rates to perform, as traders pushed back their expectation for central bank rate cuts amid stickier-than-hoped-for inflation prints. Rather, equities were bolstered by economic data that suggested a still-resilient economy, while financial conditions loosened as the confidence of market participants grew. In March, the equity market started to broaden out, as some of the cyclical sectors such as energy, mining and financials outperformed.

Developed market equities, as measured by the MSCI World Index, rose 8.9% in US dollar terms in the first quarter. The technology (+12.4%), financial (+10.7%) and energy (+10.1%) sectors led the gains, while the more rates-sensitive and defensive sectors such as consumer staples (+3.5%) and real estate (-1.3%) lagged. As real interest rates increased, the US Dollar Index strengthened 3.1% over the first quarter, while the gold price jumped 8.1%, disengaging from its historic inverse relationship to interest rates as strong demand from the East supported its price.

SA equities, as measured by the FTSE/JSE All Share Index, continued to struggle versus global equities over the first quarter, losing 2.2% in rand terms (or 5.7% in US dollars). Platinum shares were particularly weak, while higher bond yields put pressure on financial shares. Sasol also continued to underperform. Gold mining shares rose on the back of a higher gold price, while rand-hedge shares British American Tobacco, Bidcorp, Richemont and Naspers/Prosus also outperformed. The rand was on the back foot, weakening by 2.8% against the US dollar in the first quarter.

The portfolio recorded a return of 7.2% in rand terms – net of fees – for the 12 months to the end of May, underperforming the benchmark return of 11.5%, with the absolute performance aided by strong global markets. The portfolio's underperformance relative to its benchmark was driven by the Global High Quality building block's material underperformance due to the narrow global market for most of the period. The outperformance of the SA component was insufficient to compensate for this.

In the first five months of 2024, the portfolio returned 4.0% compared to the benchmark's 6.2%. Within the SA component, we exited our position in Investec in May near its all-time high and recycled that capital, together with some available cash, to increase our positions in Bidvest and Pepkor, both of which we viewed as pricing in excess negativity towards SA Inc stocks.

### Outlook and portfolio positioning

Considering the sharp rise in interest rates over 2022 and 2023 and the reduction in global money supply, the US economy has remained remarkably resilient. However, we know that monetary policy works with variable lags. Inflation and the labour market have not yet returned to equilibrium, while loose fiscal policy, excess savings and fixed rate debt have slowed the impact of tighter monetary policy. This has created uncertainty over the appropriateness of current monetary policy and the future interest rate path, with significant repercussions for expected asset class performance. In this environment, appropriate diversification becomes even more important.

## ABOUT SANLAM PRIVATE WEALTH

Sanlam Private Wealth is a holistic, integrated wealth management business that provides advice and manages assets for high net worth private individuals, cultural organisations, charitable institutions and similar entities with investable assets of more than R1 million.

## CONTACT US

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## MANDATORY DISCLOSURE

Participation in the SPW Worldwide Equity Portfolio is a medium- to long-term investment. The value of this portfolio is subject to fluctuation and past performance is not necessarily a guide to its future performance. Calculations are based on a lump sum investment with gross income reinvested on the ex-dividend date. All performance figures are net of fees and costs. Actual investment performance will differ based on the fees applicable, the actual investment date and the date of reinvestment of income. A schedule of fees and maximum commissions is available from the manager. Sanlam Private Wealth (Pty) Ltd, registration number 2000/023234/07, is a member of the Johannesburg Stock Exchange, a licensed Financial Services Provider (FSP 37473) and a Registered Credit Provider (NCRCP1867).

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