Sanlam

PRIVATE Wealth

SPW FLEXIBLE PORTFOLIO

30 NOVEMBER 2024

Conservative | Cautious | Moderate | Moderate Aggressive | Aggressive

PORTFOLIO DESCRIPTION AND INVESTMENT OBJECTIVE

This multi-asset class portfolio invests both locally and offshore. Local assets may include equities, bonds, money market instruments and property. Offshore exposure is obtained through direct investment in listed instruments and/or investment in collective investment schemes. The mandate allows for an unconstrained view, both from an asset allocation and a stock-picking perspective. Portfolio management is likely to reflect high-conviction calls and high levels of trading activity, both of which will at times reflect tactical investment calls. The asset classes will be selected on the potential to generate nominal performance and not on a relative valuation perspective.

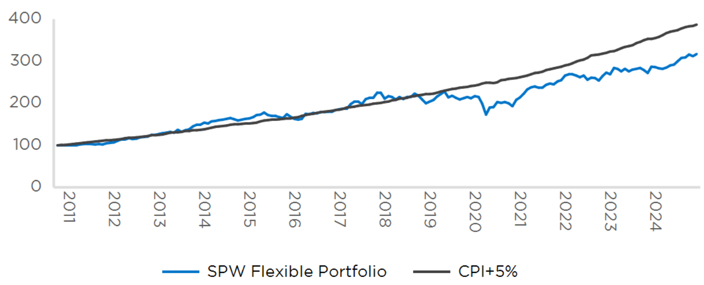
YOUR PERSONAL EQUITY PORTFOLIO

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

WHY SELECT A PERSONAL PORTFOLIO

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

PERFORMANCE NET OF FEES[1]



Percentage Returns	Portfolio	Benchmark	Active
Since inception	8.48%	10.14%	-1.66%
10 Yrs (Annualised)	6.88%	9.96%	-3.08%
5 Yrs (Annualised)	8.35%	9.98%	-1.63%
3 Yrs (Annualised)	7.48%	10.42%	-2.94%
Past 12 Months	10.36%	8.37%	1.99%
YTD	11.01%	7.94%	3.07%

PORTFOLIO INFORMATION

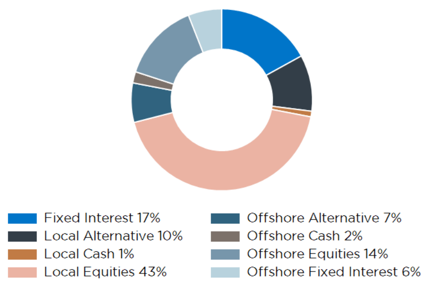
Risk rating	Aggressive
Inception date	October 2010
Minimum investment	R1.5 million
Benchmark	CPI + 5% <over rolling 36 months>
Management company	Sanlam Private Wealth
Portfolio manager	David Lerche
Initial fees	Nil
Annual management	Fee sliding scale (refer to mandate)

TOP 5 HOLDINGS

(Please note your portfolio might vary from this)

FirstRand Ltd	5.35%
Naspers -N-	5.31%
Standard Bank Group Ltd	4.23%
Anglo American PLC	3.31%
PEPKOR (PPH)	3.01%

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 to move higher in the third quarter with the MSCI World index gaining 6.4% in US dollars. However, in contrast to the very narrow US tech-driven rally of previous quarters, there was a noticeable rotation into more interest-rate-sensitive sectors such as consumer staples, utilities and listed property in the last quarter. This came as economic data provided enough comfort for the US Federal Reserve to finally commence with an interest-rate-cutting cycle.

The stars seem to have aligned for South African assets over the past two quarters. First, the positive election outcome supported local sentiment. Second, the prospects of a US soft landing and lower interest rates are beneficial for emerging market assets. Finally, the stimulus measures that were announced by Chinese policymakers had a positive impact on many large-cap JSE-listed shares such as the miners, Naspers and Richemont. In this context, South African equities, as measured by the FTSE/JSE All Share Index, had a strong quarter, gaining 9.6% in rand terms and an even stronger US dollar return of 16%, given a weaker dollar. South African bonds and listed property also rose sharply, gaining 11% and 19% respectively. The rand continued to strengthen, gaining about 5% versus the US dollar.

Globally, the balance of inflation versus growth risk has shifted. We are now in a globally synchronised rate-cutting cycle (with the exception of Japan). Historically, market performance in easing cycles has depended on whether economies avoided recessions (recessions occurred around two-thirds of the time). While the labour market is cooling, US economic activity remains healthy. Inventory and credit cycles are bottoming and could support the next leg of growth. Private sector balance sheets are also generally in good shape which, in our view, increases the probability of a soft landing. It is, however, important not to become complacent about inflation and growth risks given the levels at which assets are priced. These factors, coupled with elevated geopolitical tensions, call for a diversified approach to portfolio construction.

Over the longer term, there is still material risk around the sustainability of global government finances given elevated debt levels and higher debt servicing cost. This likely points to rising inflation risk and portfolios should focus on real assets to hedge against the devaluation of fiat currencies. While the risk-versus-reward outlook for global equities currently doesn't appear attractive at the index level, there are pockets of attractively valued companies for active managers to pick from. Despite the recent rally, South African equities and bonds continue to screen cheaply after more than five years of domestic and foreign investor outflows. However, to maintain momentum, the positive post-election sentiment and structural reforms need to convert into actual improved economic growth. South Africa will also remain sensitive to the global cycle.

The portfolio delivered nominal performance of 13.5% for the 12-month period to the end of September. This return comfortably exceeded the inflation-plus-5% target for the period of 8.9%. The strong performance of both the South African equity and bond markets in the period has lifted returns to above benchmark currently for all periods up to two years. The portfolio has recorded a credible 8.6% per annum after costs since inception. Over the past two quarters, the strong performance of South African assets, coupled with the strength of the rand, was positive for the portfolio given our overweight exposure to these asset classes. Early in the third quarter we increased our holding of South African government bonds to take advantage of the relatively high yields that were on offer at the time. We also bought shares in Remgro early in the quarter, while we shifted the portfolio's gold miner exposure from AngloGold to Goldfields. In September, we trimmed the British American Tobacco stake to fund the purchase of Bidcorp, which we view as having one of the best long-term secular growth stories on the JSE.

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 R1.5 million.

CONTACT US

T 021 950 2770 E clientcare@privatewealth.sanlam.co.za A 55 Willie van Schoor Avenue, Bellville, Cape Town, 7530

MANDATORY DISCLOSURE