

**SPW FLEXIBLE PORTFOLIO**
**31 DECEMBER 2024**

**PORTFOLIO DESCRIPTION AND INVESTMENT OBJECTIVE**

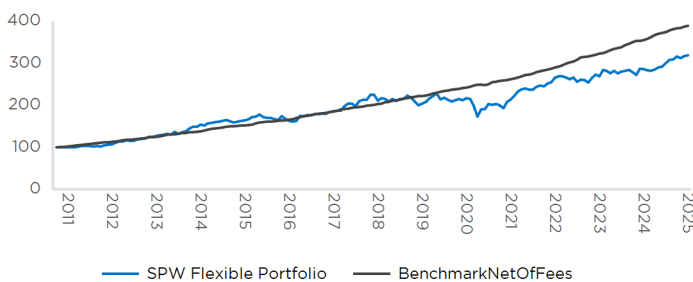
This multi-asset class portfolio invests both locally and offshore. Local assets may include equities, bonds, money market instruments and property. Offshore exposure is obtained through direct investment in listed instruments and/or investment in collective investment schemes. The mandate allows for 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<sup>1</sup>**


Percentage Returns	Portfolio	Benchmark	Active
Since inception	8.46%	10.08%	-1.62%
10 Yrs (Annualised)	6.87%	9.94%	-3.07%
5 Yrs (Annualised)	7.97%	9.85%	-1.88%
3 Yrs (Annualised)	6.16%	10.10%	-3.94%
Past 12 Months	11.47%	8.02%	3.45%
YTD	11.47%	8.02%	3.45%

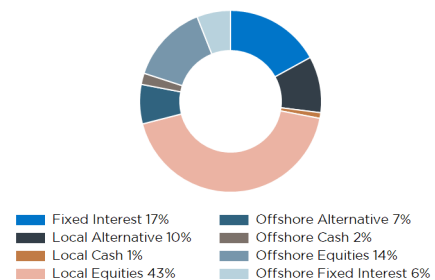
**PORTFOLIO INFORMATION**

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)

Naspers -N-	5.42%
FirstRand Ltd	5.26%
Standard Bank Group Ltd	3.95%
PEPKOR (PPH)	3.24%
Anglo American PLC	3.20%

**EQUITY SECTOR EXPOSURE**


<sup>1</sup>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 final quarter of 2024 was characterised by US exceptionalism, rising bond yields and Donald Trump's election victory. Developed market equities, as measured by the MSCI World Index, ended the quarter 0.2% lower in US dollars. In the major markets, the US (S&P 500) gained 2.4% while European (-8.9%) and emerging market equities (-8.0%) struggled. In rand terms, the MSCI World Index gained 9.6% as the rand lost material ground to the US dollar over the quarter.

The US Federal Reserve followed up its initial 50-basis-point rate cut in September with two 25-basis-point cuts in November and December as expected, but firm economic data and sticky inflation resulted in lower market expectations for future rate cuts. This put upward pressure on bond yields throughout the quarter, aggravated by the US election in which the Republicans gained control of the Presidency, the Senate and Congress - likely making it easier to implement bolder policy actions. The yield on 10-year US Treasury bonds rose 79 basis points over the quarter, the biggest quarterly gain since the third quarter of 2022. Trump's threats of implementing tariffs on trading partners, an outperforming US economy and higher interest rate expectations created the backdrop for a stronger US dollar - the Dollar Index rose 7.6% in the fourth quarter. The global backdrop took some shine off SA assets in Q4, following two strong quarters post the positive SA election outcome earlier in the year. The FTSE/JSE All Share Index declined 2.1% in the fourth quarter, dragged lower by mining shares, while domestic-focused companies such as general retailers and food producers continued to rise. Higher global bond yields put some pressure on SA bonds, resulting in a more muted 0.4% return over the quarter. Listed property declined 0.8%, while cash returned 0.7%.

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. SA 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. SA will also remain sensitive to the global cycle.

The portfolio delivered nominal performance of 11.5% for the 12-month period to the end of December. This return was comfortably ahead of the inflation-plus-5% target for the period. The inflation-beating returns from both equities and bonds were encouraging and in line with what we would expect over time. The five-year performance of 8.0% per annum remains behind the benchmark return of 9.8%. The portfolio has recorded a credible 8.5% per annum after costs since inception. Over the final quarter of 2024, the negative returns from both local and global equities, as well as global bonds, acted as a drag on performance. We made no material changes to the portfolio's composition in the fourth quarter.

### Outlook and portfolio positioning

US exceptionalism is expected to continue into 2025, but the question is whether this is already reflected in the relative valuations of US equities and the US dollar. Following the strong gains in US equities over the past two years and extended investor positioning, it would not be surprising to see some weakness in the short term, especially as the market recalibrates for higher bond yields and digests the potential impact of Trump's trade and immigration policies. However, with US economic activity remaining healthy, private sector balance sheets that are generally in good shape and a bottoming inventory and credit cycle expected to support the next leg of growth, company earnings growth is set to accelerate in 2025, providing an underpin to equity valuation. In the portfolio, we have a fairly neutral positioning at asset class level, but rising bond yields over the past quarter have improved the prospective return of longer-dated bonds and rate-sensitive equities such as listed property and infrastructure, which we will be looking to capitalise on in the near term.

## 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

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## MANDATORY DISCLOSURE

Participation in the SPW Flexible 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). Please click [here](#) to read our Privacy Statement.