

SPW BALANCED PORTFOLIO

31 AUGUST 2023



PORTFOLIO DESCRIPTION AND INVESTMENT OBJECTIVE

This multi-asset class portfolio invests in equities, bonds, money market instruments and property, both locally and offshore. The portfolio will aim for long-term capital growth. However, a higher exposure to growth assets (equities and properties) is likely to lead to higher volatility over the short term. Investment performance will be driven by active stock picking and asset allocation. This portfolio may have a maximum effective equity exposure (including international equity) of up to 75% and a maximum effective property exposure (including international property) of up to 25% of the market value of the portfolio. Total allowable offshore exposure is 30%.

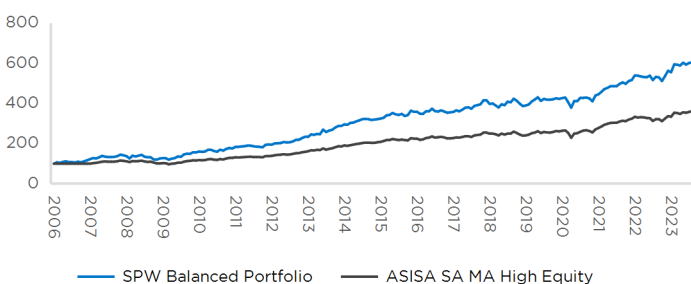
YOUR PERSONAL BALANCED PORTFOLIO

The SPW Balanced 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. Your portfolio will not be affected by the cash investment and withdrawals of other investors.

PERFORMANCE NET OF FEES¹



PORTFOLIO INFORMATION

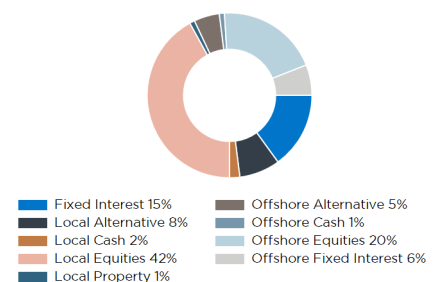
Risk rating	Moderate Aggressive
Inception date	December 2004
Minimum investment	R1 million
Benchmark	Average peer group performance of high equity multi-asset collective investment schemes in South Africa
Management company	Sanlam Private Wealth
Portfolio manager	Renier De Bruyn
Initial fees	Nil
Annual management	Fee sliding scale (refer to mandate)

TOP 5 HOLDINGS

(Please note your portfolio might vary from this)

Prosus NV	4.91%
British American Tobacco PLC	3.36%
Anglo American PLC	3.26%
Bidvest	2.73%
Standard Bank Group Ltd	2.65%

ASSET ALLOCATION EXPOSURE



Percentage Returns	Portfolio	Benchmark	Active
10 Yrs (Annualised)	8.47%	7.42%	1.05%
5 Yrs (Annualised)	7.41%	6.86%	0.55%
3 Yrs (Annualised)	12.07%	10.60%	1.47%
Past 12 Months	14.56%	12.26%	2.30%
YTD	9.17%	8.32%	0.85%

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

Renier de Bruyn, BCom (Hons), CFA

Renier joined Sanlam Private Wealth in 2010 as an investment analyst. He was appointed as Head of Asset Allocation in 2023 after co-managing the multi-asset portfolios with the Chief Investment Officer since 2021. Renier holds a BCom Honours in Financial Analysis from the University of Stellenbosch, and an Advanced Postgraduate Diploma in Financial Planning. He is a CFA charterholder.

QUARTERLY PORTFOLIO MANAGER'S COMMENTS

After the banking turmoil in March, the second quarter of 2023 started with much market uncertainty over whether more banking failures and widespread financial contagion would follow. However, the fallout from the collapse of three US banks and the negotiated takeover of Credit Suisse was successfully isolated through the intervention of central banks. As a result, calm returned to the market and by June the VIX Index, that measures equity volatility, fell to its lowest level since the start of the pandemic.

The provision of central bank liquidity to support the banking system and excitement around the AI theme provided the backdrop for strong outperformance by large-cap technology stocks - the Nasdaq rose 13.1% and the FANG+ Index rallied 25.2% during the quarter. The MSCI World Index rose by 6.8%, almost entirely driven by the tech sector in a very narrow market. However, the equity market's performance did broaden in June as data pointed towards a resilient economy and labour market in the US, despite the impact of multiple interest rate hikes over the past year. The successful political negotiations to lift the US debt ceiling also alleviated threats of a potential government default.

Meanwhile, persistent core inflation and a tight labour market across the developed world resulted in interest rate expectations being revised higher during the quarter. As a result, bonds underperformed, the Bloomberg Global Bond Aggregate Index falling by 1.5% in US dollar terms.

In China, the reopening of the economy appeared to have lost some momentum, increasing calls for fresh government stimulus. The MSCI China declined by 9.7% in US dollars during the quarter, materially underperforming global equities. Commodity prices traded lower in the second quarter, with weakness across the board. Brent crude oil fell by 6% despite production cuts announced by OPEC, while copper and gold declined by 8.6% and 2.5% respectively.

South African equities, as measured by the FTSE/JSE All Share Index, were up 0.7% in rand terms, but lost 5.1% in US dollars over the quarter. The platinum sector was a key detractor, while Richemont continued its strong performance. Bonds had a negative quarter, the FTSE/JSE All bond Index losing 1.5%. Cash returned 1.9% while local listed property rose 0.7%. The rand weakened against most major currencies due to persistent loadshedding, weaker commodity prices and accusations that South Africa has supplied arms to Russia.

The SPW Balanced portfolio delivered a return of 16.2% for the 12 months to the end of June, outperforming the peer group average by 139 basis points. Outperformance was driven by an underweight to South African bonds and strong alpha from local equity selection.

The one-year performance has put the portfolio on the 75th percentile against competitors. The portfolio achieved a 79th percentile position versus peers over 10 years. Since the start of the year, we moved the portfolio more defensively by taking profits on specific South African-listed shares and reinvesting the proceeds into US Treasuries. More recently, we added to local bonds after the sharp rise in yields, as well as Pepkor, while reducing Richemont.

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.

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MANDATORY DISCLOSURE

Participation in the SPW Balanced Portfolio is a medium- to long-term investment. The value of the portfolio is subject to fluctuations 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/O23234/O7, is a member of the Johannesburg Stock Exchange, a licensed Financial Service Provider (FSP 37473) and a Registered Credit Provider (NCRCP1867).

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