

SPW EQUITY PORTFOLIO

30 SEPTEMBER 2024



PORTFOLIO DESCRIPTION AND INVESTMENT OBJECTIVE

This is a diversified local equity portfolio. The portfolio aims to outperform the JSE All Share Index on a total return basis, over an investment horizon of three years or more, by investing in high-quality companies that we feel are undervalued. This portfolio is suitable for investors who can withstand potential capital volatility in the short term.

The portfolio offers a carefully selected, well diversified basket of shares from all sectors on the JSE. However, it may also provide exposure to unlisted shares. The investments in the portfolio are subject to rigorous, in-depth research and adhere to our pragmatic value investment philosophy.

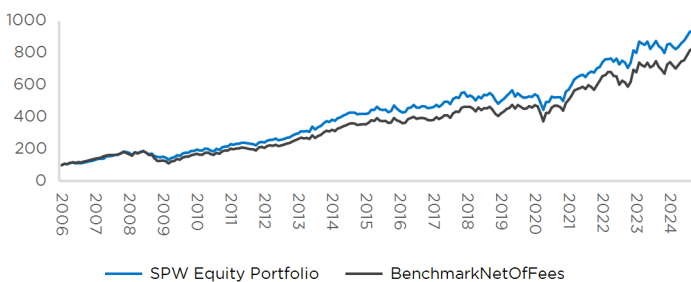
YOUR PERSONAL EQUITY PORTFOLIO

The SPW 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 and withdrawals of other investors.

PERFORMANCE NET OF FEES¹



Percentage Returns	Portfolio	Benchmark	Active
10 Yrs (Annualised)	8.88%	9.41%	-0.53%
5 Yrs (Annualised)	13.34%	13.67%	-0.33%
3 Yrs (Annualised)	12.93%	14.73%	-1.80%
Past 12 Months	17.82%	23.93%	-6.11%
YTD	13.96%	15.91%	-1.95%

PORTFOLIO INFORMATION

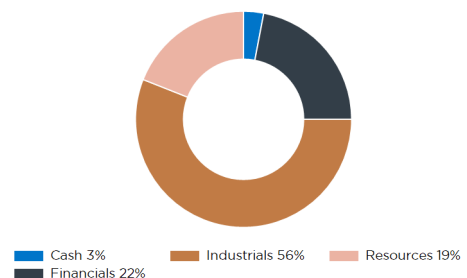
Risk rating	Aggressive
Inception date	April 2001
Minimum investment	R1 million
Benchmark	FTSE/JSE All Share TR Index
Management company	Sanlam Private Wealth
Portfolio manager	David Lerche
Initial fees	Nil
Annual management	Fee sliding scale (refer to mandate)

TOP 5 HOLDINGS

(Please note your portfolio might vary from this)

Naspers -N-	13.08%
Bidvest	6.79%
Standard Bank Group Ltd	6.57%
PEPKOR (PPH)	6.11%
Prosus NV	6.03%

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 recorded a return of 17.8% - net of fees - for the 12 months to the end of September, behind the benchmark return of 23.9% and the median peer return of 21.9%. The underperformance relative to the benchmark over the past year was driven by the portfolio's Sasol holding and not owning Capitec, partially countered by the overweights to AngloGold and Pepkor and not owning MTN.

When compared to competing general equity unit trusts, the portfolio was in the bottom quartile of its peer group over the past 12 months, but remains in the top quartile over three, five and 10 years. In the first nine months of 2024, the portfolio was behind its benchmark, delivering a 14.0% return compared to the benchmark's 15.9%. In September, we took advantage of global markets' short-lived enthusiasm for more defensive stocks and trimmed our holding in British American Tobacco, recycling the cash into Bidcorp, which we believe has 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 million.

CONTACT US

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MANDATORY DISCLOSURE

Participation in the SPW 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/O23234/O7, 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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