

SPW EQUITY PORTFOLIO

30 JUNE 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.

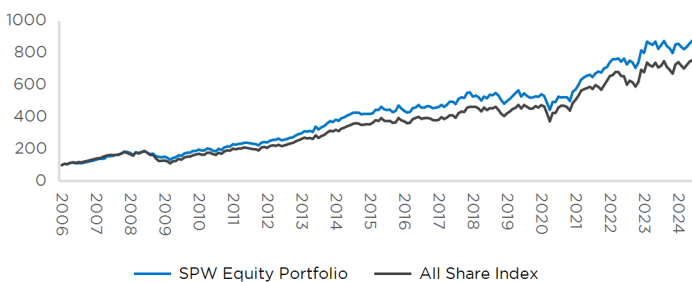
YOUR PERSONAL EQUITY PORTFOLIO

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)	7.80%	8.18%	-0.38%
5 Yrs (Annualised)	10.52%	10.57%	-0.05%
3 Yrs (Annualised)	11.57%	10.96%	0.61%
Past 12 Months	6.60%	9.14%	-2.54%
YTD	5.46%	5.75%	-0.29%

PORTFOLIO INFORMATION

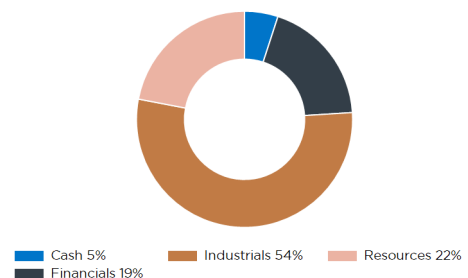
Risk rating	Aggressive
Inception date	April 2001
Minimum investment	R1 million
Benchmark	FTSE/JSE All Share TR Index
Management company	Sanlam Private Wealth
Portfolio manager	David Lerche
Initial fees	Nil
Annual management	Fee sliding scale (refer to mandate)

TOP 5 HOLDINGS

(Please note your portfolio might vary from this)

Prosus NV	12.38%
Bidvest	7.12%
British American Tobacco PLC	6.41%
Standard Bank Group Ltd	6.17%
Anglo American PLC	5.83%

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 second quarter, with further outperformance from the US over other developed markets. The S&P 500 Index reached a new all-time high, but the gains remained narrow as the equal-weighted S&P 500 Index actually declined while the so-called 'Magnificent 7' US large-cap technology stocks were responsible for most of the returns, rising another 17%. The Eurostoxx 50 and Japanese Topix indices both ended lower in US dollar terms. Developed market equities, as measured by the MSCI World Index, rose 2.6% in US dollar terms in the second quarter while global bonds declined 1.1%. The technology sector rose 11.4% but other sectors struggled to keep momentum, ending the quarter little changed.

After remaining sticky in the first quarter, US inflation numbers continued their downward trajectory in the second quarter. However, the US Federal Reserve remained cautious about the risk of reigniting inflation if it lowers interest rates too early given the strength of the labour market and financial conditions that remain loose. Towards the end of the quarter, global economic data showed signs of cooling with the economic surprise indices of major economies moving into negative territory.

South African equities, as measured by the FTSE/JSE All Share Index, had a strong quarter, gaining 8.2% in rand terms. Given a stronger rand, the return in US dollars was even stronger at 12.3%. This was on the back of improved investor sentiment following the election outcome – the Government of National Unity is expected to continue progress with regard to structural reforms aimed at lifting the country's potential growth rate.

In this context, South African domestic sectors such as banks (+20%) and general retailers (+12%) performed strongly. Unrelated to the political developments, Anglo American rose sharply (+24%) following a takeover bid from BHP. South African bonds also reacted positively to the election outcome, as the governing parties are seen to be committed to fiscal discipline – the FTSE/JSE All Bond Index gained 7.5% in the quarter. Cash returned 2.1% while local listed property gained 5.5%. The rand strengthened against most currencies, gaining 3.2% against the US dollar.

Considering the sharp rise in interest rates over the past year and the reduction in global money supply, the US economy has remained remarkably resilient. However, we know that monetary policy works with variable lags. Recent economic data has turned softer, but not enough to persuade the Fed to start cutting, as it remains wary of the strong labour market and the risk of reigniting inflation.

The risk-versus-reward outlook for global equities currently doesn't appear very attractive, but the increase in real yields over the past two years has improved the prospective return profile of fixed interest investments. South African equities and bonds screen cheaply after more than five years of domestic and foreign investor outflows. It remains to be seen whether the election outcome has provided the catalyst for the reversal of these investor flows to unlock the value.

The portfolio recorded a return of 6.6% – net of fees – for the 12 months to the end of June, behind the benchmark return of 9.1% and the median peer return of 8.7%. The underperformance relative to the benchmark over the past year was driven by the portfolio not owning Capitec, coupled with the overweight position in Sasol, partially countered by the overweights to Anglo American and AngloGold. 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 ten years. In the first six months of 2024, the portfolio was marginally behind its benchmark, delivering a 5.5% return compared to the benchmark's 5.8%. After an active May, we made no material changes to the portfolio in June.

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

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

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 2000/023234/07, 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.