

SPW EQUITY PORTFOLIO

30 NOVEMBER 2023

Conservative Cautious Moderate Moderate Aggressive
Aggressive

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.

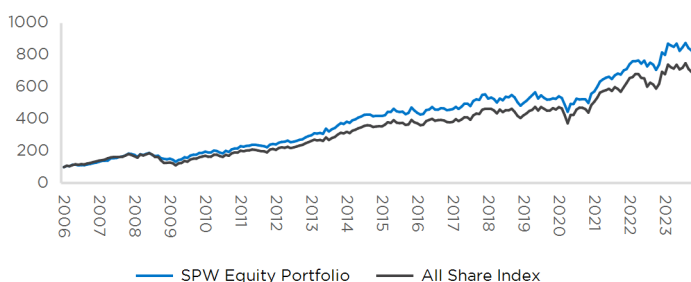
YOUR PERSONAL EQUITY PORTFOLIO

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)	8.71%	8.89%	-0.18%
5 Yrs (Annualised)	12.00%	12.37%	-0.37%
3 Yrs (Annualised)	15.15%	14.33%	0.82%
Past 12 Months	4.55%	4.69%	-0.14%
YTD	6.43%	7.11%	-0.68%

PORTFOLIO INFORMATION

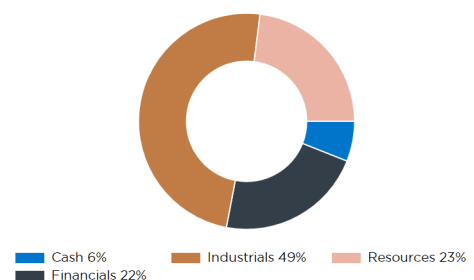
Risk rating	Aggressive
Inception date	April 2001
Minimum investment	R1 million
Benchmark	FTSE/JSE All Share TR Index
Management company	Sanlam Private Wealth
Portfolio manager	David Lerche
Initial fees	Nil
Annual management	Fee sliding scale (refer to mandate)

TOP 5 HOLDINGS

(Please note your portfolio might vary from this)

Prosus NV	12.67%
British American Tobacco PLC	7.29%
Standard Bank Group Ltd	6.22%
Absa Group Ltd	5.77%
Anglo American PLC	5.50%

EQUITY SECTOR EXPOSURE



¹The 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 MANAGER'S COMMENTS

The third quarter of 2023 was a weak period for most markets. This was driven mainly by the realisation by market participants that central bank interest rates would likely have to remain higher for longer than previously expected. A sharp rise in oil prices as Saudia Arabia and Russia extended their production cuts caused the inflation outlook to deteriorate, while a growing focus on persistent budget deficits, including a US credit rating downgrade by Fitch, put further upward pressure on real interest rates.

This provided the backdrop for weaker equity as well as bond prices – not a great environment for multi-asset portfolios. Developed market equities, as measured by the MSCI World Index, declined 3.5% in US dollar terms, while global bonds fell 3.6%. Rate-sensitive sectors such as consumer staples (-6.3%), global listed property (-6.1%) and technology (-6.0%) underperformed. The energy sector was the standout performer benefitting from the higher oil price, rising 11.5% over the quarter.

The US dollar strengthened against most major currencies – the US Dollar Index gained 3.2% during the quarter. This was supported by the rise in real yields, putting pressure on the gold price, which fell 4.9%. South African equities, as measured by the FTSE/JSE All Share Index, declined 3.5% in rand terms over the quarter. Gold and platinum mining shares were particularly weak while Sasol gained on the higher oil price. Bonds had another negative quarter as yields continued their relentless march higher – the FTSE/JSE All Bond Index lost 0.3%. Cash returned 2.1% while local listed property lost 1.0%. The rand ended the quarter broadly unchanged from the previous one versus the US dollar.

The portfolio recorded a return of 4.6% – net of fees – for the 12 months to the end of November, behind the benchmark return of 4.7%, but ahead of the median peer return of 2.8%. The underperformance relative to the benchmark over the past year was driven by the portfolio's overweight positions in Sasol and British American Tobacco, partially countered by the underweights to Anglo American and the platinum miners, and the effective trading of AngloGold.

When compared to competing general equity unit trusts, the portfolio was in the top third of its peer group over the past 12 months and remains in the top quartile over two, three, five and 10 years. Until the end of November 2023, the portfolio delivered a 6.4% return, behind the benchmark's 7.1% but ahead of the median peer's 5.0%. We made no material changes to the portfolio in November.

Outlook and portfolio positioning

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. Inflation and the labour market have not yet returned to equilibrium, while loose fiscal policy, excess savings and fixed rate debt have slowed the impact of tighter monetary policy. This has created uncertainty over the appropriateness of current monetary policy and the future interest rate path, with significant repercussions for expected asset class performance. In this environment, appropriate diversification becomes even more important.

We maintain an underweight position to the mining sector in the portfolio, but are overweight in defensive sectors such as tobacco, as well as in rand-hedge stocks. We also hold more cash than usual given that positive real yields make it an attractive place to wait for better opportunities.

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 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).

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