

SPW EQUITY PORTFOLIO

31 DECEMBER 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.

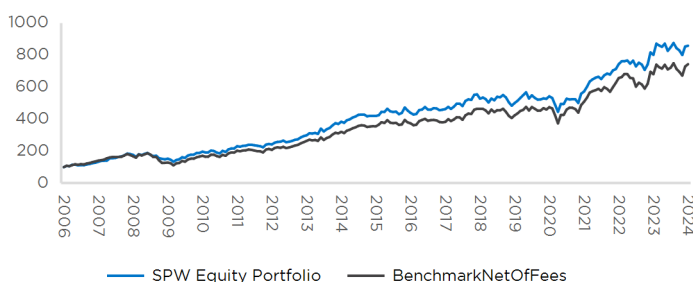
The portfolio offers a carefully selected, well diversified basket of shares from all sectors on the JSE. However, it may also provide exposure to unlisted shares. The investments in the portfolio are subject to rigorous, in-depth research and adhere to our pragmatic value investment philosophy.

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)	8.36%	8.78%	-0.42%
5 Yrs (Annualised)	11.37%	11.88%	-0.51%
3 Yrs (Annualised)	14.42%	13.51%	0.91%
Past 12 Months	7.02%	9.25%	-2.23%
YTD	7.02%	9.25%	-2.23%

PORTFOLIO INFORMATION

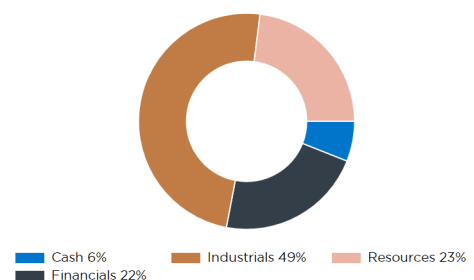
Risk rating	Aggressive
Inception date	April 2001
Minimum investment	R1 million
Benchmark	FTSE/JSE All Share TR Index
Management company	Sanlam Private Wealth
Portfolio manager	David Lerche
Initial fees	Nil
Annual management	Fee sliding scale (refer to mandate)

TOP 5 HOLDINGS

(Please note your portfolio might vary from this)

Prosus NV	11.26%
British American Tobacco PLC	6.53%
Standard Bank Group Ltd	6.43%
Absa Group Ltd	5.41%
Compagnie Fin Richemont	5.17%

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

In general, major markets had a remarkable rally towards the end of 2023 as investors grew confident that inflation has been brought under control, paving the way for an expected interest rate cutting cycle in 2024. This time the US Federal Reserve did not push back against this view, pivoting from its earlier guidance towards a 'higher-for-longer' interest rate regime. Meanwhile, as some economic stagnation has been evident in the Eurozone, data from the US continued to show a resilient economy and labour market despite the sharp increase in rates over the past 18 months. On the face of it, it seems more and more like policymakers have managed to steer the US economy towards a so-called soft landing – an outcome that very few expected a year ago.

Against this backdrop, most asset classes rose sharply from late October, resulting in decent investment returns for multi-asset portfolios for the 2023 calendar year. Developed market equities, as measured by the MSCI World Index, rose 11.4% in US dollar terms in the fourth quarter, while global bonds rose 5.7%. The technology (+17.6%), listed property (+16.3%) and financial (+13.4%) sectors led the gains, while energy (-3.9%) lagged, reversing some of its strong outperformance in the third quarter.

As real interest rates declined, the US Dollar Index fell 4.6% during the quarter while the gold price jumped 11.6%. South African equities, as measured by the FTSE/JSE All Share Index, rose 6.9% in rand terms over the quarter. Gold and platinum mining shares jumped while Sasol fell sharply on the back of a 19% drop in the price of oil. Bonds had a strong quarter as yields fell from their recent highs – the FTSE/JSE All Bond Index gaining 8.1%. Cash returned 2.1% while local listed property jumped 16.4%. The rand reversed some of its losses, gaining about 3% versus the US dollar during the quarter.

The portfolio recorded a return of 7.0% – net of fees – for the 12 months to the end of December, behind the benchmark return of 9.3%, but ahead of the average peer return of 6.9%. 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 middle of its peer group over the past 12 months and remains in the top quartile over two, three, five and 10 years. The strong rally in the final quarter of 2023 was positive for returns on an absolute basis, but our tilt towards non-SA businesses meant that the strengthening rand hurt relative performance. We made no material changes to the portfolio in December.

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 asset class diversification becomes even more important.

While the risk-versus-reward outlook for global equities currently doesn't appear very attractive, the increase in real yields over the past 18 months has improved the prospective return profile of fixed interest investments. Our security selection reflects a defensive tilt.

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.

CONTACT US

T 021 950 2770

E clientcare@privatewealth.sanlam.co.za

A 55 Willie van Schoor Avenue, Bellville, Cape Town, 7530