

## SPW MODERATE BALANCED PORTFOLIO

30 JUNE 2024



### PORTFOLIO DESCRIPTION AND INVESTMENT OBJECTIVE

This multi-asset class portfolio invests in equities, bonds, money market instruments and property, both locally and offshore. This portfolio will aim for long-term capital growth. However, a higher exposure to growth assets (equities and property) 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 65% 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%.

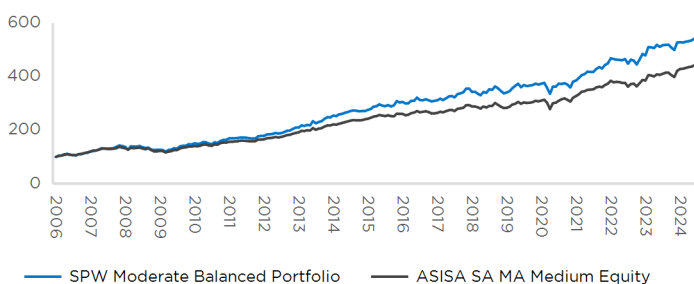
### YOUR PERSONAL BALANCED PORTFOLIO

The SPW Moderate 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 FEES<sup>1</sup>



| Percentage Returns  | Portfolio | Benchmark | Active |
|---------------------|-----------|-----------|--------|
| 10 Yrs (Annualised) | 7.32%     | 6.72%     | 0.60%  |
| 5 Yrs (Annualised)  | 8.42%     | 8.28%     | 0.14%  |
| 3 Yrs (Annualised)  | 9.69%     | 8.57%     | 1.12%  |
| Past 12 Months      | 6.82%     | 9.83%     | -3.01% |
| YTD                 | 4.57%     | 5.24%     | -0.67% |

### PORTFOLIO INFORMATION

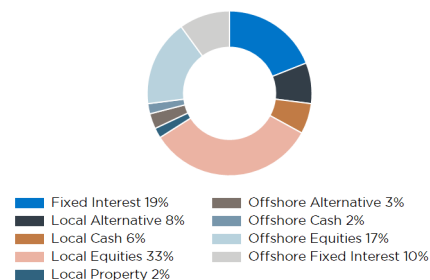
|                    |   |
|--------------------|---|
| Risk rating        | Moderate  |
| Inception date     | December 2004   |
| Minimum investment | R1 million  |
| Benchmark          | Average peer group performance of medium-equity multi-asset collective investment schemes in South Africa |
| Management 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               | 4.19% |
| Standard Bank Group Ltd | 2.40% |
| Bidvest                 | 2.04% |
| Compagnie Fin Richemont | 2.01% |
| FirstRand Ltd           | 1.92% |

### ASSET ALLOCATION 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

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

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 SPW Moderate Balanced portfolio delivered a return of 6.8% for the 12 months to the end of June, underperforming the peer group average of 9.8%. However, the portfolio remains in the top quartile of its peer group over the past three years. Relative investment performance was impacted by a challenging 12 months for local and offshore stock selection. During the quarter we added to offshore private credit, funded mostly through the reduction in a global multi-strategy fund. We also increased our holding in Pepkor and Bidvest in anticipation of a favourable election outcome, funded through the reduction in British American Tobacco and Anglo American post the latter's rally on the back of the BHP offer.

## 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](mailto:clientcare@privatewealth.sanlam.co.za)

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

## MANDATORY DISCLOSURE

Participation in the SPW Moderate Balanced 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.