

**SYNOPSIS****PERFORMANCE (TOTAL RETURN)**

	<b><u>Portfolio</u></b>	<b><u>Benchmark</u></b>
Annualised (since 02/09/2002)	13.6%	13.5%
Last 12 months	5.8%	1.5%
Last 3 months	0.0%	- 2.3%

**PORTFOLIO VALUE**

R 3 580.2 million (31/12/2023: R 3 711.9 million)

**INVESTMENT OUTLOOK AND PORTFOLIO CONSTRUCTION***World:* US economy likely to soften

Inflation decreasing, but outlook uncertain

Interest rates likely to have peaked

Earnings growth decelerating

Geopolitical tensions are high

*South Africa:* Poor economic growth prospects

Energy crisis a persistent headwind

Inflation moderating but with upside risks

Interest rates likely to have peaked

Rand remains vulnerable ahead of elections

*Portfolio construction:* Equity weight increased slightly

Low exposure to resources maintained

Physical gold position hedges systemic risks

Limited exposure to financials given economic risk

Healthcare remains significant given defensive characteristics

Naspers/Prosus largest holding on attractive valuation

Listed property focused on discreet opportunities

Meaningful cash position retained

**EFFECTIVE ASSET ALLOCATION (previous)**

	<b><u>Portfolio</u></b>	
	<b><u>%</u></b>	<b><u>%</u></b>
JSE equities	83	(81)
JSE property	3	(4)
Commodities	2	(1)
Money market	12	(14)
	<u>100</u>	

## 1. PORTFOLIO PERFORMANCE

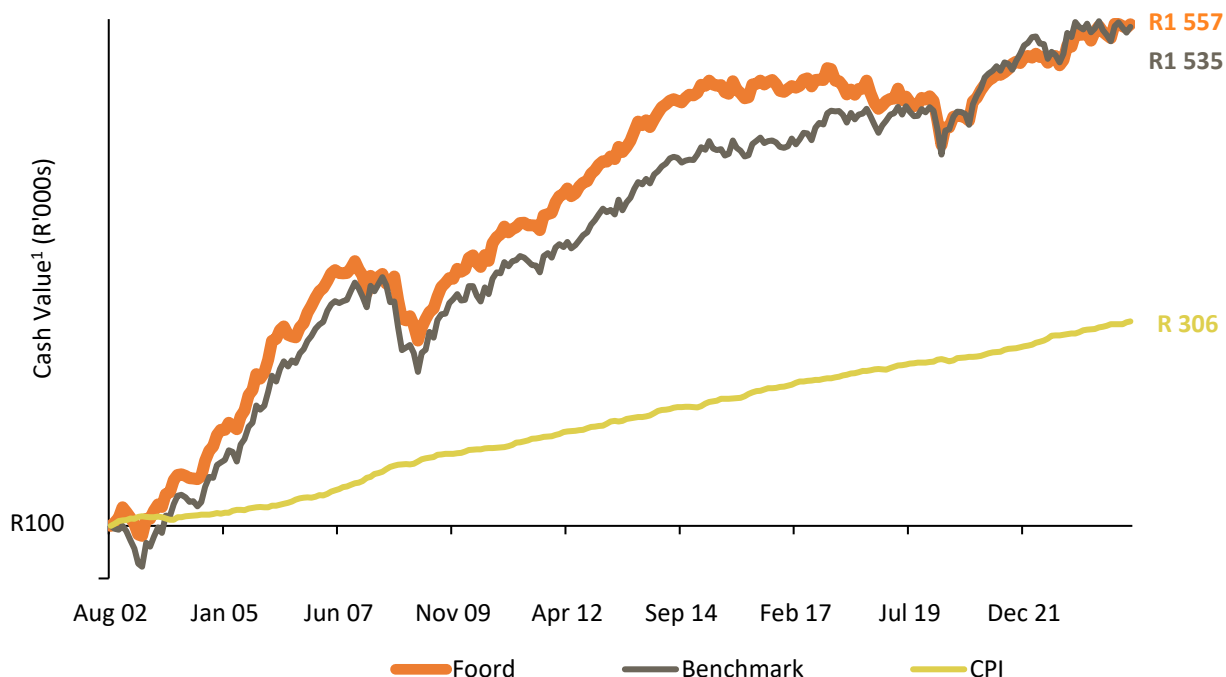
## Total performance to 31 March 2024

	<b>Portfolio</b>	<b>Benchmark*</b>	<b>Variance</b>	<b>Peer Group#</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
From inception (02/09/2002)	13.6	13.5	0.1	12.1
20 years	13.1	13.7	-0.6	11.9
15 years	11.7	12.6	-0.9	10.4
10 years	5.0	8.2	-3.2	5.9
7 years	4.9	9.2	-4.3	6.3
5 years	8.5	9.9	-1.4	7.5
3 years	10.8	8.9	1.9	6.9
1 year	5.8	1.5	4.3	1.1
3 months	0.0	-2.3	2.3	-2.7

\* Total return of the FTSE/JSE Capped All Share Index (prior to 01/07/2018 FTSE/JSE All Share Index)

# (ASISA) South Africa — Equity — General (SA only) average

Daily linked time-weighted total rates of return (capital and income) based on unit price. Returns in percent net of management fees and fund expenses. Returns for periods exceeding 12 months are annualised percentages.



<sup>1</sup> Current value of R100 000 notional lump sum invested at inception, distributions reinvested (graphically represented in R'000s above)

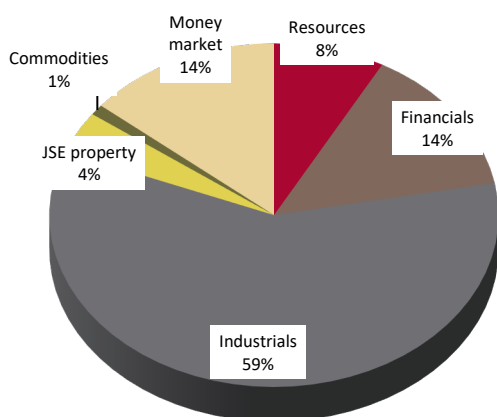
Quarterly performance comment:

- The fund outperformed its benchmark on a combination of sector allocation and security selection — South African equities tracked lower, weighed down by financial counters and by resources shares, which fell heavily before experiencing a reprieve in March
- The underweight to financials contributed positively — negative economic sentiment and an expectation that the rate cycle is likely to turn weighed on the financial sector
- Sizeable positions in global media giants Naspers / Prosus contributed to performance — a combination of rand depreciation and a sharp swing in momentum for Chinese equities saw the shares rise for the quarter
- The overweight position in pharmaceutical group Aspen contributed positively — the company has secured several sterile manufacturing agreements with multinational pharmaceutical companies to use up idle capacity left after the COVID-19 vaccine roll-out in Africa was stalled
- An underweight position in gold miners was negative while exposure to physical gold contributed — gold bullion surged to new all-time highs on geopolitical tension and Chinese central bank buying
- A sizeable allocation to cash contributed in relative terms — attractive cash yields and a pullback in local equities saw cash outperform other local asset classes

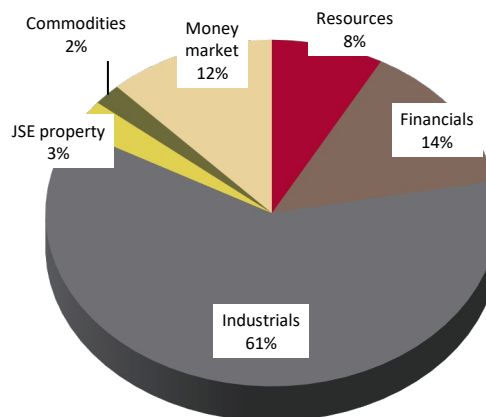
2. PORTFOLIO STRUCTURE

	Portfolio Effective exposure		FTSE/JSE Capped ALSI Weightings
	31/12/2023	31/03/2024	
	%	%	%
JSE equities: resources	8	8	20
JSE equities: financials (ex property)	14	14	23
JSE equities: industrials	59	61	39
JSE property	4	3	4
JSE equities*	85	86	86
Commodities	1	2	
Money market	14	12	
	<b>100</b>	<b>100</b>	
<b>Total portfolio</b>	<b>R 3 711.9m</b>	<b>R 3 580.2m</b>	
*Size distribution of JSE equities	%	%	%
Large capitalisation	66	66	87
Mid capitalisation	12	12	8
Small capitalisation	22	22	5
	<b>100</b>	<b>100</b>	<b>100</b>

Effective exposure 31/12/2023



Effective exposure 31/03/2024



### 3. PORTFOLIO CONSTRUCTION

- Equity weight was kept at conservative levels at 82% of total, given ongoing concerns around the macro environment — despite attractive valuations, ratings for SA Inc. stocks are likely to remain under pressure, given low economic growth prospects coupled with higher cost of capital
- Cash position was maintained at 12% — we continue to keep some powder dry to buy when opportunities arise in market selloffs
- Portfolio investments in global media giant Naspers / Prosus was increased slightly — they remain the top positions in the fund due to balance sheet strength, attractive valuations and good long-term earnings prospects
- Relative underweight to financial sector was maintained — we are concerned about economic headwinds and prefer quality banks over life insurance companies, given their strong capital levels and positive gearing to a moderately rising interest rate cycle
- Exposure to commodity companies was kept at low levels, but exposure to precious metals was increased — resource companies face increasing risks to global economic activity levels, however gold bullion provides a hedge against economic uncertainty and protection against inflation
- Continue to be selective with regards to exposure to consumer discretionary businesses, given the likelihood of higher interest rates, inflation and low economic growth weighing on SA consumers — holdings remain focused in quality defensive companies such as Premier Group, Spur and Pepkor which are likely to demonstrate resilience in an increasingly difficult economic environment
- Continue to avoid the large, diversified property counters given poor fundamentals for the asset class including high debt levels, excess capacity and continuing uncertainty regarding demand for office and retail space — took advantage of higher prices to trim position in Eastern European property company NEPI Rockcastle
- Our effective asset allocation is:

	<u>Capped ALSI</u>	<u>Portfolio at</u>	
	<u>Current</u>	<u>31/12/2023</u>	<u>31/03/2024</u>
	%	%	%
Precious metals	12	2	2
Commodity cyclicals	11	6	6
Capital goods/construction	1	3	3
Industrials/transport	6	6	5
Overseas companies	9	9	9
Health	2	12	12
Consumer/services	10	11	13
Telecommunications	4	0	0
Media	14	18	19
Financials	26	14	14
Property	5	4	3
Commodities	0	1	2
Money market	0	14	12
	<u>100</u>	<u>100</u>	<u>100</u>

N BALKIN/N HOSSACK/W MURRAY  
APRIL 2024

## 4. EFFECTIVE EXPOSURE AND PORTFOLIO SENSITIVITY

### 4.1 Effective exposure

Asset class	Market Value R'000	Option exposure R'000	Effective exposure R'000	Effective exposure %
JSE equities	2,953,513		2,953,513	82.5%
JSE property	108,952		108,952	3.0%
Commodities	73,704		73,704	2.1%
Money market	444,037		444,037	12.4%
<b>Total</b>	<b>3,580,206</b>		<b>3,580,206</b>	<b>100.0%</b>

### 7.2 Sensitivity report

#### JSE EQUITIES

Change in portfolio equities	-20.0%	-10.0%	-5.0%	0.0%	5.0%	10.0%	20.0%
Resultant equity change *	-590,703	-295,351	-147,676	0	147,676	295,351	590,703
Resultant portfolio value *	2,989,503	3,284,855	3,432,530	3,580,206	3,727,882	3,875,557	4,170,909
Resultant portfolio change (%)	-16.5%	-8.2%	-4.1%	0.0%	4.1%	8.2%	16.5%

#### JSE PROPERTY

Change in portfolio property	-20.0%	-10.0%	-5.0%	0.0%	5.0%	10.0%	20.0%
Resultant property change *	-21,790	-10,895	-5,448	0	5,448	10,895	21,790
Resultant portfolio value *	3,558,416	3,569,311	3,574,758	3,580,206	3,585,654	3,591,101	3,601,996
Resultant portfolio change (%)	-0.6%	-0.3%	-0.2%	0.0%	0.2%	0.3%	0.6%

\*[R'000]

## 5. RESPONSIBLE INVESTMENT SUMMARY

Voting resolutions for Q1 2024	Total count	For	Against	Abstain
Adopt Financials	1	100%	0%	0%
Auditor/Risk/Social/Ethics related	25	100%	0%	0%
Buy Back Shares	8	88%	13%	0%
Director Remuneration	28	100%	0%	0%
Issue Shares	2	0%	100%	0%
Loan / Financial Assistance	6	67%	33%	0%
Other	1	100%	0%	0%
Re Organisation	6	0%	100%	0%
Re/Elect Director	33	97%	3%	0%
Remuneration Policy	12	58%	42%	0%
Shares under Director Control	1	0%	100%	0%
Signature of Documents	4	100%	0%	0%

## General comments:

- There are few abstentions. We apply our minds to every single resolution put to shareholders. When there is an abstention it would typically be intentional or for strategic reasons
- We typically vote against any resolution that could dilute the interests of existing shareholders. Examples include placing shares under the blanket control of directors, providing loans and financial assistance to associate companies or subsidiaries and blanket authority to issue shares. On the rare occasion, we have voted in favour of such resolutions, we were able to gain the required conviction in the specifics of the strategic rationale for such activities and could gain comfort that such activities are indeed to be used to the reasons stated
- The firm also has a strong philosophy regarding management remuneration models. We believe in rewarding good managers with appropriate cash remuneration on achievement of relevant performance metrics that enhance long-term shareholder value. We are generally not in favour of share option schemes given the inherent asymmetry between risk and reward typical of such schemes. In addition, we do not believe that existing shareholders should be diluted by the issuing of new shares to management as is the case with most option schemes. We are in favour of the alignment created between management and shareholders when management has acquired its stake in the company through open market share trading and paid for out of management's own cash earnings

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