SYNOPSIS

PERFORMANCE (TOTAL RETURN)

	Portfolio	Benchmark
Annualised (since 02/09/2002)	14.3%	14.0%
Last 12 months	30.5%	24.0%
Last 3 months	14.0%	9.6%

PORTFOLIO VALUE

R 4 226.0 million (30/06/2024: R 3 758.9 million)

INVESTMENT OUTLOOK AND PORTFOLIO CONSTRUCTION

World: US economy likely to soften
Inflation decreasing, but outlook uncertain
Interest rates being lowered
Earnings growth decelerating
Geopolitical tensions are high

South Africa: Improved growth from very low base
Energy supply improving but risk of disruption remains
Inflation moderating but with upside risks
Interest rates now being lowered
After relief rally, rand vulnerable to negative surprises

Portfolio construction: Low exposure to resources maintained
Physical gold position hedges systemic risks
Limited exposure to financials, given economic risk
Healthcare remains significant weight, given defensive characteristics
Naspers/Prosus largest holding on attractive valuations
Selective exposure to listed property
Cash deployed into undervalued SA Inc. opportunities

EFFECTIVE ASSET ALLOCATION (previous)

	Portfolio %	%
JSE equities	89	(87)
JSE property	3	(4)
Commodities	1	(2)
Money market	7	(7)
	100	

1. PORTFOLIO PERFORMANCE

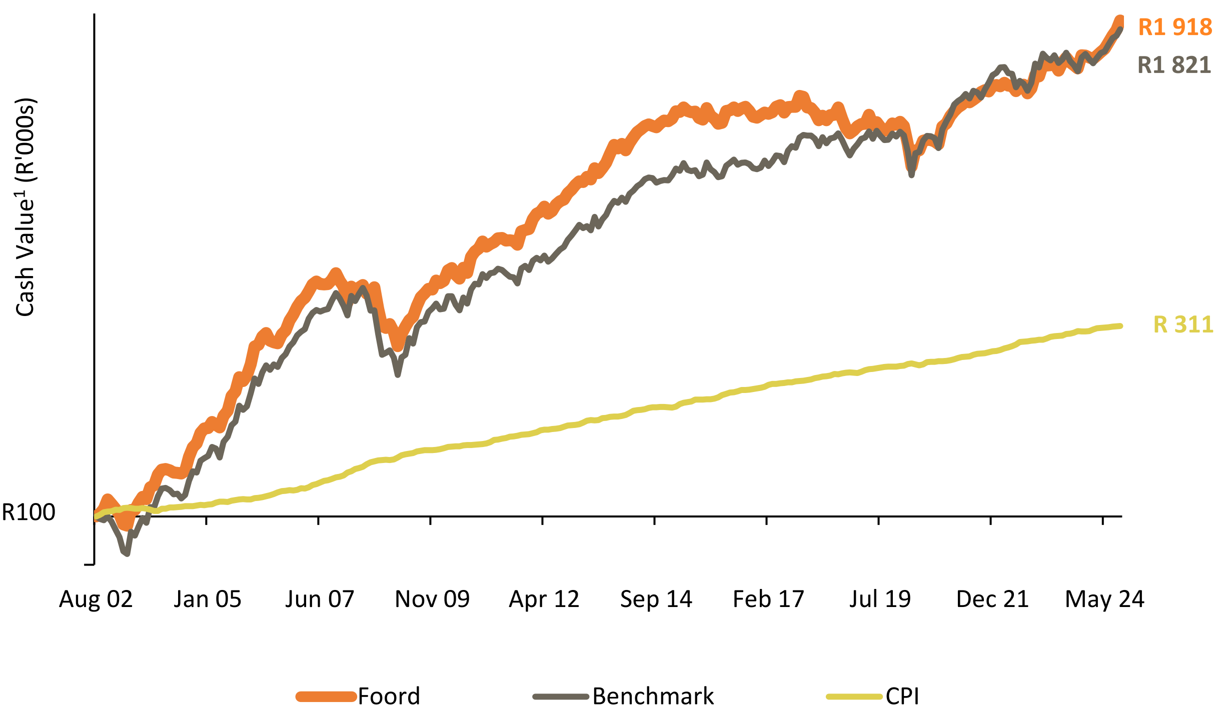
Total performance to 30 September 2024

	Portfolio %	Benchmark* %	Variance %	Peer Group# %
From inception (02/09/2002)	14.3	14.0	0.3	12.5
20 years	13.5	14.1	- 0.6	12.0
15 years	11.4	12.3	- 0.9	9.6
10 years	6.6	9.6	- 3.0	7.2
7 years	7.6	10.6	- 3.0	8.2
5 years	13.8	14.1	- 0.3	11.7
3 years	15.2	14.5	0.7	11.8
1 year	30.5	24.0	6.5	22.3
9 months	23.2	15.8	7.4	15.4
3 months	14.0	9.6	4.4	9.4

* 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.



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

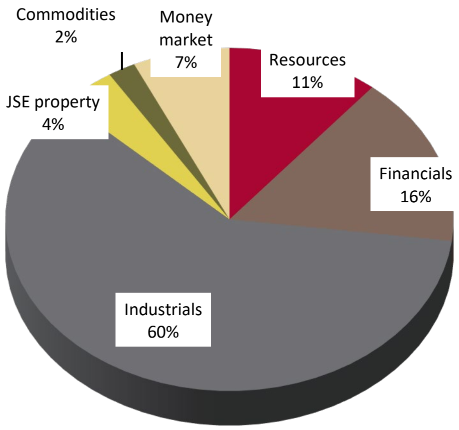
Quarterly performance comment:

- The fund continued to significantly outperform its benchmark through a combination of effective sector and security selection — South African equities performed strongly in Q3, driven by policy easing in the US and South Africa, progress on market-friendly reforms in South Africa, and China's economic stimulus measures boosting global risk assets
- A meaningful allocation to media stocks Naspers and Prosus added to returns — their share prices rose as Chinese stimulus measures boosted the Chinese stock market and the performance of Tencent, in which they hold a significant stake
- An underweight position in resources benefitted the portfolio — resource shares underperformed due to weaker commodity prices, and global economic uncertainty despite China's stimulus efforts
- The underweight to financials detracted from returns — banks and insurance companies were again standout performers during the quarter, benefiting from continued optimism as the rate-cutting cycle commenced and the first 100 days of the GNU concluded with reasonable success
- A sizeable position in local construction company WBHO contributed meaningfully — companies that are highly geared to the local economic cycle were buoyed by the prospect of structural reform driving long term structural growth
- Positions in mid-cap SA Inc. companies added to returns as expectations of further rate cuts boosted consumer stocks — Premier Group's share price surged, driven by strong earnings growth, operational efficiencies, and improved sentiment surrounding the outlook for SA consumers
- The fund's returns continued to benefit from its allocation to gold — gold again set record highs as the global rate-cutting cycle became assured amid conflict in the Middle East
- An allocation to cash, detracted in relative terms — despite attractive cash yields, the magnitude of the rally in local equities meant cash underperformed other local asset classes

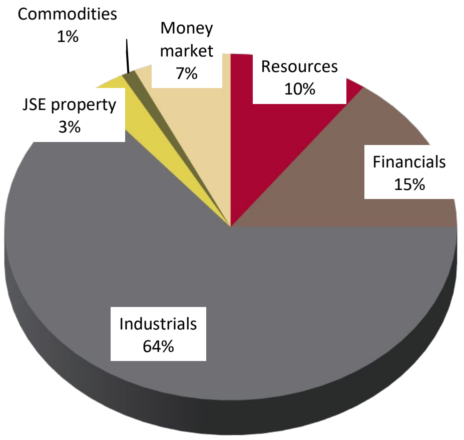
2. PORTFOLIO STRUCTURE

	Portfolio Effective exposure 30/06/2024	Portfolio Effective exposure 30/09/2024	FTSE/JSE Capped ALSI Weightings
	%	%	%
JSE equities: resources	11	10	19
JSE equities: financials (ex property)	16	15	27
JSE equities: industrials	60	64	41
JSE property	4	3	5
JSE equities*	91	92	92
Commodities	2	1	
Money market	7	7	
	100	**100**	
Total portfolio	**R 3 758.9m**	**R 4 226.0m**	
*Size distribution of JSE equities	%	%	%
Large capitalisation	65	61	87
Mid capitalisation	12	12	8
Small capitalisation	23	27	5
	100	**100**	**100**

Effective exposure 30/06/2024



Effective exposure 30/09/2024



3. PORTFOLIO CONSTRUCTION

- Exposure to SA equities increased to 89% of total — prospects for SA Inc companies have improved given political developments, but future outperformance relies on long term structural economic growth
- Cash position maintained — although cash yields have declined the portfolio has sufficient flexibility to take advantage of opportunities as they present
- Portfolio investments in global media giant Naspers / Prosus were reduced slightly in favour or SA Inc counters — regardless, they remain the top positions in the fund due to balance sheet strength, attractive valuations and good long-term earnings prospects
- Increased exposure to consumer discretionary businesses given improved prospects for the economy given rate cuts and a 'two-pot' spending boost — holdings remain focused in quality defensive companies such as Premier Group, Spur and Pepkor which are likely to demonstrate resilience if the economic environment remains tough
- Relative underweight to financial sector was maintained — we 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 gold miners was maintained— resource companies face increasing risks to global economic activity levels, however gold prices are likely to remain elevated given geopolitical uncertainty, benefiting gold producers with high operational leverage
- 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
- Our effective asset allocation is:

	Capped ALSI	Portfolio at	
	Current	30/06/2024	30/09/2024
	%	%	%
Precious metals	11	5	4
Commodity cyclicals	9	6	6
Capital goods/construction	1	4	4
Industrials/transport	6	6	5
Overseas companies	7	8	8
Health	2	10	10
Consumer/services	11	15	18
Telecommunications	4	0	0
Media	14	18	19
Financials	30	16	15
Property	5	4	3
Commodities	0	1	1
Money market	0	7	7
	100	**100**	**100**

N BALKIN/N HOSSACK/W MURRAY
OCTOBER 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	3,745,821		3,745,821	88.6%
JSE property	140,781		140,781	3.3%
Commodities	56,966		56,966	1.4%
Money market	282,434		282,434	6.7%
Total	**4,226,002**		**4,226,002**	**100.0%**

4.2 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 *	-749,164	-374,582	-187,291	0	187,291	374,582	749,164
Resultant portfolio value *	3,476,838	3,851,420	4,038,711	4,226,002	4,413,293	4,600,584	4,975,166
Resultant portfolio change (%)	-17.7%	-8.9%	-4.4%	0.0%	4.4%	8.9%	17.7%

JSE PROPERTY

Change in portfolio property	**-20.0%**	**-10.0%**	**-5.0%**	**0.0%**	**5.0%**	**10.0%**	**20.0%**
Resultant property change *	-28,156	-14,078	-7,039	0	7,039	14,078	28,156
Resultant portfolio value *	4,197,846	4,211,924	4,218,963	4,226,002	4,233,041	4,240,080	4,254,158
Resultant portfolio change (%)	-0.7%	-0.3%	-0.2%	0.0%	0.2%	0.3%	0.7%

*[R'000]

5. RESPONSIBLE INVESTMENT SUMMARY

Voting resolutions for Q3 2024	Total count	For	Against	Abstain
Adopt Financials	6	100%	0%	0%
Auditor/Risk/Social/Ethics related	53	98%	2%	0%
Buy Back Shares	11	100%	0%	0%
Director Remuneration	48	100%	0%	0%
Dividend Related	2	100%	0%	0%
Issue Shares	9	0%	100%	0%
Loan / Financial Assistance	15	47%	53%	0%
Other	8	62%	38%	0%
Re/Elect Director	42	95%	5%	0%
Remuneration Policy	21	57%	43%	0%
Shares under Director Control	3	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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