

SYNOPSIS**PERFORMANCE (TOTAL RETURN)**

	<u>Portfolio</u>	<u>Benchmark</u>
Annualised (since 02/09/2002)	14.1%	13.8%
Last 12 months	22.3%	13.4%
Last 3 months	- 0.7%	- 2.1%

PORTFOLIO VALUE

R 4 238.5 million (30/09/2024: R 4 226.0 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

Rand remains 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 provides flexibility to capitalize on opportunities

EFFECTIVE ASSET ALLOCATION (previous)

	<u>Portfolio</u>	
	<u>%</u>	<u>%</u>
JSE equities	88	(89)
JSE property	2	(3)
Commodities	1	(1)
Money market	9	(7)
	<u>100</u>	

1. PORTFOLIO PERFORMANCE

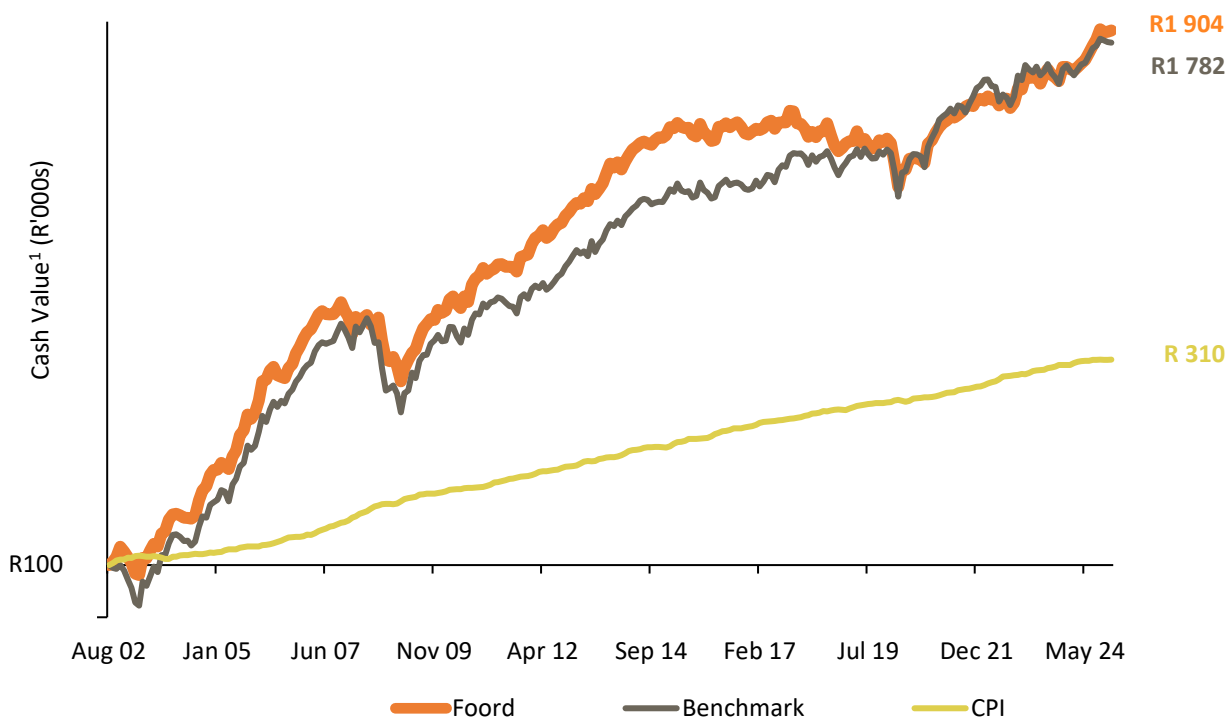
Total performance to 31 December 2024

	<u>Portfolio</u>	<u>Benchmark*</u>	<u>Variance</u>	<u>Peer Group#</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
From inception (02/09/2002)	14.1	13.8	0.3	12.4
20 years	12.9	13.5	-0.6	11.4
15 years	10.8	11.3	-0.5	9.2
10 years	6.1	9.2	-3.1	7.0
7 years	7.6	9.1	-1.5	7.2
5 years	12.7	12.5	0.2	10.9
3 years	13.6	8.7	4.9	8.6
1 year	22.3	13.4	8.9	13.5
3 months	-0.7	-2.1	1.4	-2.5

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

(ASISA) South Africa Equity – SA General 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)

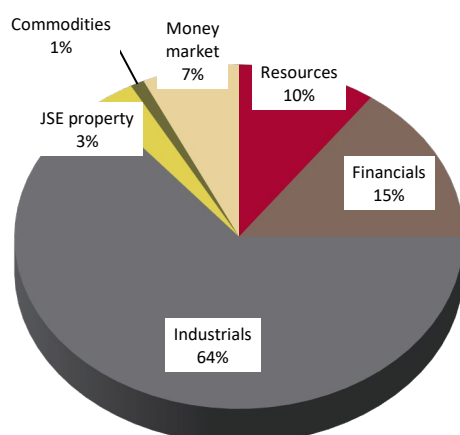
Quarterly performance comment:

- The fund significantly outperformed its benchmark during the fourth quarter of 2024 — The JSE tracked global bourses lower, more so in US dollars on sharp rand depreciation in the last quarter
- Positions in mid-cap SA Inc. companies added to returns — Premier Group's share price continued its rally, driven by strong earnings growth, operational efficiencies, and improved sentiment surrounding the outlook for SA consumers
- An allocation to global beverage company Anheuser-Busch InBev detracted from returns — the share price came under pressure after the company reported a decrease in beer volumes attributed to soft consumer demand in markets like China and Argentina
- 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
- 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
- A meaningful allocation to cash contributed in relative terms — attractive cash yields and a pullback in local equities saw cash outperform other local asset classes

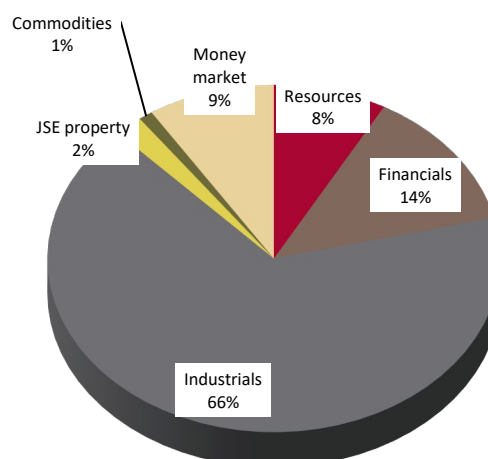
2. PORTFOLIO STRUCTURE

	Portfolio Effective exposure		FTSE/JSE Capped ALSI Weightings
	30/09/2024	31/12/2024	
	%	%	%
JSE equities: resources	10	8	17
JSE equities: financials (ex property)	15	14	28
JSE equities: industrials	64	66	40
JSE property	3	2	5
JSE equities*	92	90	90
Commodities	1	1	
Money market	7	9	
	100	100	
Total portfolio	R 4 226.0m	R 4 238.5m	
	%	%	%
*Size distribution of JSE equities			
Large capitalisation	61	56	86
Mid capitalisation	12	14	8
Small capitalisation	27	30	6
	100	100	100

Effective exposure 30/09/2024



Effective exposure 31/12/2024



3. PORTFOLIO CONSTRUCTION

- Exposure to SA equities was decreased slightly to 88% of total — prospects for SA Inc companies have improved given political developments, but future outperformance relies on long term structural economic growth
- Cash position was increased slightly — cash yields remain attractive and cash provides flexibility to take advantage of opportunities as they present themselves
- Portfolio investments in global media giant Naspers / Prosus was trimmed — although 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— holdings remain focused in quality defensive companies such as Premier Group, RFG 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, and exposure to gold miners was reduced — resource companies face increasing risks to global economic activity levels, and the gold price has had a strong run, benefiting gold producers with high operational leverage
- Continue to avoid 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:

	<u>Capped ALSI</u>	Portfolio at	
	Current	30/09/2024	31/12/2024
	%	%	%
Precious metals	11	4	3
Commodity cyclicals	9	6	5
Capital goods/construction	1	4	5
Industrials/transport	6	5	4
Overseas companies	7	8	8
Health	2	10	10
Consumer/services	12	18	22
Telecommunications	4	0	0
Media	12	19	18
Financials	31	15	13
Property	0	3	2
Commodities	0	1	1
Money market	5	7	9
	<u>100</u>	<u>100</u>	<u>100</u>

N BALKIN/N HOSSACK/W MURRAY
DECEMBER 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	3,724,018		3,724,018	87.9%
JSE property	67,471		67,471	1.6%
Commodities	61,530		61,530	1.4%
Money market	385,497		385,497	9.1%
Total	4,238,516		4,238,516	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 *	-744,804	-372,402	-186,201	0	186,201	372,402	744,804
Resultant portfolio value *	3,493,712	3,866,114	4,052,315	4,238,516	4,424,717	4,610,918	4,983,320
Resultant portfolio change (%)	-17.6%	-8.8%	-4.4%	0.0%	4.4%	8.8%	17.6%

JSE PROPERTY

Change in portfolio property

	-20.0%	-10.0%	-5.0%	0.0%	5.0%	10.0%	20.0%
Resultant property change *	-13,494	-6,747	-3,374	0	3,374	6,747	13,494
Resultant portfolio value *	4,225,022	4,231,769	4,235,142	4,238,516	4,241,890	4,245,263	4,252,010
Resultant portfolio change (%)	-0.3%	-0.2%	-0.1%	0.0%	0.1%	0.2%	0.3%

*[R'000]

5. RESPONSIBLE INVESTMENT SUMMARY

Voting resolutions for Q4 2024	Total count	For	Against	Abstain
Adopt Financials	3	67%	33%	0%
Auditor/Risk/Social/Ethics related	68	99%	1%	0%
Buy Back Shares	11	100%	0%	0%
Director Remuneration	58	100%	0%	0%
Dividend Related	1	100%	0%	0%
Issue Shares	7	0%	100%	0%
Loan / Financial Assistance	13	23%	77%	0%
Other	16	100%	0%	0%
Re/Elect Director	53	98%	2%	0%
Remuneration Policy	28	57%	43%	0%
Shares under Director Control	6	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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