

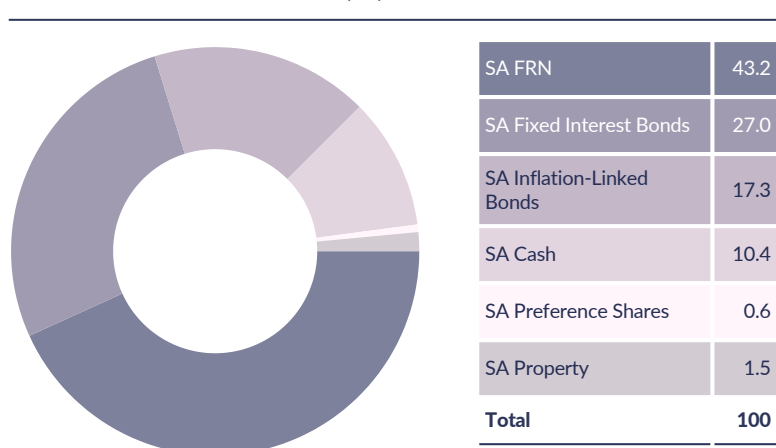
Fund Details

Benchmark	ASISA Category	Portfolio Managers	Suitable Investor
STeFI	South African Multi-Asset Income	Daniel King	The Merchant West Sanlam Collective Investments Enhanced Income Fund is suitable for a conservative investor seeking regular income payments or moderate capital growth. The recommended investment horizon is three years or more.

Top 10 Holdings

	%
RSA Govt Bond R2035 8.875% 28022035	20.1
RSA Govt Inflation-Linked Bond I2033 1.875% 022033	16.4
Merchant West SCI* Money Market Fund Class B	7.7
Nedbank F/R 9.275% 15082029	5.7
RSA Govt Bond R2037 8.5% 31012037	4.8
Standard Bank F/R 19082026	4.8
Republic of South Africa F/R 17092030	4.5
Momentum Metropolitan Life Limited F/R 10122026	3.5
BNP Paribas Personal Finance F/R 19112024	2.7
Growthpoint Properties Ltd F/R 20112024	2.3

Asset Allocation Portfolio Date: 30/09/2024



Annualised Performance

	Fund %	Benchmark %
3 months	5.9	2.1
1 year	16.4	8.5
3 years	9.3	6.9
5 years	7.8	6.1
10 years	8.1	6.6
Since Inception (December 2012)	7.5	6.4
Launch Date (December 2012)		

Highest and Lowest Annual Returns

	%
Highest annual return	11.4
Lowest annual return	4.5

Performance Review

The Fund returned 5.94% for the quarter, outperforming its benchmark, the STeFI Composite Rate, which returned 2.11%. The average local multi-asset income fund delivered a return of 4.19% during the quarter, while the average local bond fund delivered 9.37%.

The Fund's net return over 12 months is 16.43% versus the STeFI Composite return of 8.57% and a peer group return of 12.72% over the period. The average bond fund delivered 23.71% over 12 months. The Fund's overweight position in long-dated government bonds has been a boost to relative performance during the year.

Market and Economic Review

The US Federal Reserve's (the Fed) monetary policy committee cut rates by 0.5% at their September meeting, a larger cut than many investors anticipated. It was also the first rate cut from the Fed since the easing at the start of the Covid-19 pandemic in March 2020 and dropped the Fed's overnight rate to 5%, off the 20-plus year high it has been at since mid-2023. The Fed cited some early signs of weakness in the US labour market as the motivation for easing monetary conditions. US inflation slowed for a fifth consecutive month to 2.5% year-on-year in August from 2.7% in July, and slightly below market forecasts of 2.6%.

The rate cut helped to nudge the US 10-year bond yield from 4.37% at the end of June to 3.80% at the end of September. This borrowing rate has remained below the 4% level for two months after spending most of the year above 4%. At the end of September, Fed Chair Jerome Powell signalled that more interest rate cuts are in the pipeline but suggested they would occur at a measured pace intended to support a still-healthy economy.

South Africa's inflation rate declined from 5.1% in June 2024 to the latest reading of 4.4% in August. As was widely expected, the SA Reserve Bank (SARB) reduced the repo rate from 8.25% to 8.0% in September 2024, the first cut since the heightening cycle commenced in November 2021. Lower interest rates should benefit heavily indebted consumers and businesses alike.

The South African bond market cheered the commencement of the new easing interest rate environment and positive sentiment which drove the rand from a level of R18.19 at the end of the June quarter to R17.27 at the end September, representing a gain of more than 5% against the US dollar. The BEASSA All Bond Index gained 10.6% over the September quarter.

Portfolio Strategy

As the South African bond yield curve has shifted downwards, we have actively switched our long-dated bond exposures into shorter dated equivalents. We also continue to diversify our bond exposures with a sizable, low duration, floating rate note weighting in the Fund. We have maintained an overweight exposure to inflation-linked bonds over the prior year, providing greater protection against macroeconomic volatility and attractive real yields, slightly below 5%. Against this backdrop, the Fund continues to be a valuable investment proposition for clients given that South African fixed-interest assets are attractively priced both in absolute and relative terms.

Daniel King
Portfolio Manager

*Sanlam Collective Investments

Disclaimer

Sanlam Collective Investments (RF) (Pty) Ltd is a registered Manager in terms of the Collective Investment Schemes in Securities. Collective investment schemes are generally medium to long-term investments. Please note that past performance is not necessarily a guide to future performance and that the value of investments may go down as well as up. A schedule of fees, charges and maximum commissions can be obtained from the Manager. Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge. Collective investments are traded at ruling prices and can engage in borrowing and script lending. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. Charges of the most expensive fee class, maximum fund charges include (incl. VAT): Manager initial fee (max.): 3.45%; Manager annual fee (max.): 0.63%; Total Expense Ratio (TER): 0.67%. The Manager retains full legal responsibility of the third-party portfolio. The registered name of the Fund is "Merchant West Sanlam ColleSctive Investments Enhanced Income Fund." The performance of the portfolio depends on the underlying assets and variable market factors. Performance is based on NAV-to-NAV calculations with income reinvestments done on the ex-dividend date. Lump sum investment performances are quoted. Collective investments are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any deductible expenses such as audit fees, brokerage, and service fees. The actual investment performance of the portfolio and the investor will differ depending on the initial fees applicable, the actual investment date, and the date of reinvestment of income as well as dividend withholding tax. Past performance is not indicative of future performance. The Management of this portfolio is outsourced to Merchant West Investments (Pty) Ltd, (FSP) License No. 44508, an Authorised Financial Service Provider under the Financial Advisory and Intermediary Services Act, 2002.