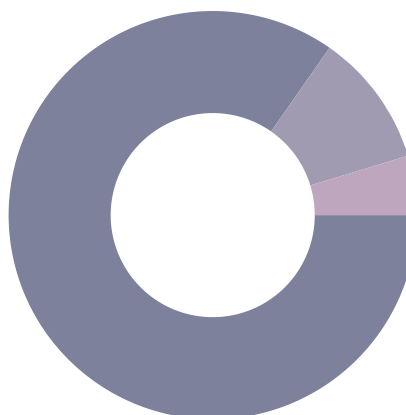


**Fund Details**

Benchmark	ASISA Category	Portfolio Managers	Suitable Investor
FTSE/JSE ALSI	SA Equity General	Piet Viljoen Rudi van Niekerk	Merchant West Sanlam Collective Investments Value Fund invests exclusively in South African equities with the aim of outperforming the local equity market over time by selecting shares based on a value philosophy. The recommended investment horizon is seven years or more.

**Top 10 Holdings**

	%
Merchant West SCI* Money Market Fund Class B	12.9
Sabvest Capital Ltd	7.6
Standard Bank Group Ltd	5.6
Hosken Consolidated Investments	4.9
Argent Industrial Ltd	4.7
Reinet Investments SCA	4.2
FirstRand Limited	4.1
Astoria Investments Litmitted	3.6
Lewis Group Limited	3.4
Clientèle Limited	3.3

**Asset Allocation** Portfolio Date: 30/09/2024


Annualised Performance	Fund %	Benchmark %
3 months	12.7	9.6
1 year	21.9	23.9
3 years	10.6	14.7
5 years	17.5	13.7
10 years	10.0	9.4
Since inception (Dec 2010)	11.8	11.6
Launch Date (Jan 2006)		

Highest and Lowest Annual Returns	%
Highest annual return	43.6
Lowest annual return	-4.9

**Market Overview**

Global developed market equities continued their strong run in the third quarter of 2024 with the MSCI World Index rising 6.4% in US dollars. The global equity benchmark has now risen 18.9% year-to-date and is up by just over 32% year-on-year, with only two negative months in the past twelve. The US Federal Reserve (Fed) was a key catalyst driving investor optimism as Fed members agreed to cut rates by 0.5% at their September meeting, a larger cut than many investors anticipated.

Emerging market stocks comfortably outperformed their developed market peers over the September quarter with the MSCI Emerging Markets Index posting a return of 8.7% in US dollars. The strong outperformance was driven by risk-on action towards the end of the quarter, with Chinese stocks as the primary source of outperformance. The Chinese government announced slightly larger than anticipated monetary easing measures in September, accompanied by a raft of other unexpected stimulus measures aimed at helping China's economy overcome a multi-year period of lacklustre growth.

In South Africa, the positive sentiment following the formation of the business-friendly Government of National Unity (GNU) has triggered a wave of investment announcements and positive sentiment not seen in years, spurring hope that the local economy may finally be finding its footing after a lost decade-and-a-half.

The local equity market continued its strong upward momentum in the third quarter, posting its best third quarter performance since 2013 as the FTSE/JSE All Share Index gained 9.6% (on top of the second quarter's 8.2%) in rand terms. Much of the positive action was focussed on the SA Inc segment of the market, with the JSE Banks Index gaining 13.4%, the JSE Retailers Index returning 23.4%, and the SA Listed Property Index advancing 18.7% over the quarter. The strong performance from SA Inc stocks was also evident in the gains shown by the Small and Mid-caps, which returned 15.6% and 10.9% respectively, while the rand hedge skewed Large Cap Index lagged with a return of 8.3%. Naspers (+17.6%) and Prosus (+16.2%) also boosted market returns during the quarter, rallying on the aforementioned China stimulus measures, seen as benefitting their major investment in Tencent. While the JSE Resources Index declined 1.1% during the quarter, it rallied strongly post the China stimulus announcements.

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.

In other positive news, following a five-point increase in the second quarter, the RMB/BER Business Confidence Index (BCI) rose by another three points to reach 38 in the third quarter of 2024. This is the first business sentiment survey in South Africa following the formation of the GNU and reflects cautious optimism about improving business conditions. Although respondents still noted constraints, especially weak demand, they were less negative about current conditions and encouragingly, were more upbeat about business conditions going forward. For the first time since early 2022, a slight net majority of respondents across the different sectors expect business conditions to improve in the next quarter.

Despite the optimism and market rally, challenges like high unemployment, poor service delivery, crime, and unsustainable government debt remain, necessitating concrete actions to sustain the positive momentum. The successful implementation of Operation Vulindlela, a joint initiative of the Presidency and National Treasury to accelerate the implementation of structural reforms and support economic recovery, will go a long way in boosting the economic growth rate.

### The Fund

The Merchant West SCI\* Value Fund is an unconstrained, diversified South African equity fund that aims to outperform the JSE All Share Index over the long term. To do so, we invest in South African listed assets, employing a value-based investment philosophy and a sensible risk management process with the backing of the Merchant West Investments research capabilities.

### Performance Review as of 30 September 2024

	3 Months	1 Year	3 Years (p.a.)	5 Years(p.a.)	10 Years (p.a.)
<b>Merchant West SCI* Value Fund</b>	12.7%	21.9%	10.7%	17.5%	10.0%
<b>FTSE/JSE All Share Index (TR)</b>	9.6%	23.9%	14.7%	13.7%	9.4%
<b>Average SA General Equity Funds</b>	8.8%	21.8%	11.6%	11.3%	6.8%

Source: Morningstar and FE Analytics

The Merchant West SCI\* Value Fund outperformed the JSE All Share Index (ALSI) Total Return (TR) and the average general equity fund over the September quarter. The Fund's outperformance against benchmark over the quarter can be ascribed to its overweight exposure to the Industrials and Consumer Discretionary sectors, and more specifically its focus on small caps within these sectors. The biggest contributors to the Fund's outperformance in the Industrials sector was Bell Equipment (+69.2%), Argent Industrial (+23.6%) and Hudaco Industries (+16.6%), while in the Consumer Discretionary sector it was Lewis Group (+35.7), Combined Motor Holdings (+24.4%) and Pepkor Holdings (+28.6%). The Fund's performance also benefitted from its stock selection within the Financials sector, with Sabvest Capital (+21.6%), Clientele (+16.9%) and Astoria (+11.3%) contributing significantly to outperformance. While Small Caps (+15.6%) outperformed both Mid- (+10.9%) and Large Caps (+8.3%) over the quarter, the biggest detractor from performance was the Fund's significantly underweight exposure to Technology, with index heavy-weights Naspers and Prosus gaining 17.6% and 16.2% respectively.

While the Merchant West SCI\* Value Fund is underperforming slightly over the three-year period ended September 2024, its competitiveness has improved over the past year and its longer-term track record remains excellent.

### Management Actions

The September quarter was a busy one as some rebalancing was done to the Fund's sectoral exposure. Resources exposure was reduced, mainly through the sale of gold mining companies. AngloGold Ashanti and Sibanye Stillwater were sold down, while Gold Fields was sold out entirely. Other holdings that were reduced include Afrimat and Hulamin. A small new position was taken in Orion Minerals. Within the Energy sector, a new holding was acquired in Montauk Renewables.

Exposure to the Consumer Staples sector was reduced by selling the entire holding in Anheuser-Busch InBev. The holding in AVI Ltd was however increased slightly. The Consumer Discretionary sector's exposure was increased with additional purchases in KAL Group, Pepkor Holdings and Zeda.

Exposure to FirstRand and Standard Bank were increased at the beginning of the quarter, but FirstRand was later sold down towards the end of the quarter after a strong increase in price. Ninety One Plc was sold out entirely. The Fund added to its holdings in Hosken Consolidated Investments and Momentum Group.

Exposure to the Industrials sector was reduced slightly due to the sale of Bell Equipment and Metrofile Holdings after strong price increases. The Fund's exposure to Argent Industrial was increased, while a small new holding was acquired in Reunert.

Exposure to the Technology sector was reduced with the total sale of Datatec, while a small new holding was acquired in Mustek.

The Fund increased its exposure to listed property over the September quarter by increasing its exposure to Calgro M3 Holdings, and acquiring new holding in Acision, Dipula Income Fund, Octodec Holdings and Spear REIT.

The Merchant west SCI\* Value Fund's edge lies in our disciplined investment process (a blend of quantitative and fundamental research) and mindful approach to portfolio construction. We continue to focus on a significant number of opportunities in the mid- and small cap space, and therefore the Fund has a high allocation to some great local businesses. While many of these have seen strong price increases over the September quarter, we believe that most of these are still undervalued and offer further upside potential, especially if the local economy improves even slightly under the new GNU.

Finally, we thank you for your continued support of the Fund and look forward to working with you to create continued positive financial outcomes.

**Piet Viljoen**  
Portfolio Manager

**Rudi van Niekerk**  
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. 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. 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. Charges of the most expensive fee class, maximum fund charges include (incl. VAT): Manager initial fee (max.): 3.45%; Manager annual fee (max.): 1.41%; Total Expense Ratio (TER): 1.47%. The Manager retains full legal responsibility of the third-party portfolio. The registered name of the fund is "Merchant West Sanlam Collective Investments Value Fund." The performance of the portfolio depends on the underlying assets and variable market factors. 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.