

Portfolio Manager Quarterly Comment

The Glacier Global Stock Feeder Fund had a total return of +7.72% (+4.08% in ZAR) for the fourth quarter of 2023, compared to +11.42% (+8.15% in ZAR) for the MSCI World Index. For the trailing year ending 31 December 2023, the Fund had a total return of +20.06% (+27.25% in ZAR), compared to +23.79% (+33.04% in ZAR) for the MSCI World.

Investment commentary – in USD

Global equity markets increased in the fourth quarter of 2023, as markets anticipated lower interest rates on the back of decelerating inflation. As a result, both US and international markets posted strong returns for the full year, with the S&P 500 Index up 26.3% and the MSCI ACWI ex USA Index up 15.6%.

The return for the MSCI ACWI was bolstered by the dramatic rise of the “Magnificent Seven” stocks and their respective sectors: Information Technology (Microsoft, Apple, and NVIDIA), Communication Services (Alphabet and Meta), and Consumer Discretionary (Amazon and Tesla). These seven stocks accounted for 16.9% of the MSCI ACWI’s market capitalization at year end, but contributed 41.8% of the MSCI ACWI’s 2023 return, after appreciating 75.8%.

As a result, global growth stocks outperformed value stocks in the fourth quarter and year. The valuation disparity between value and growth stocks remains wide, with the MSCI ACWI Value Index ending the year at 12.6 times forward earnings, a significant discount to the MSCI ACWI Growth Index at 24.0 times.

The Fund delivered strong absolute returns of 20.3% for the year, despite being underweight the Magnificent Seven, as our positioning in other parts of the market also delivered strong results.

At Dodge & Cox, we focus on researching individual companies with strong business fundamentals and attractive valuations. Our experienced investment team’s long-term orientation and deep institutional knowledge enable us to look past near-term pessimism, or optimism, to unearth opportunities that may not be already well appreciated by the market. We believe this combination provides a compelling foundation for long-term returns.

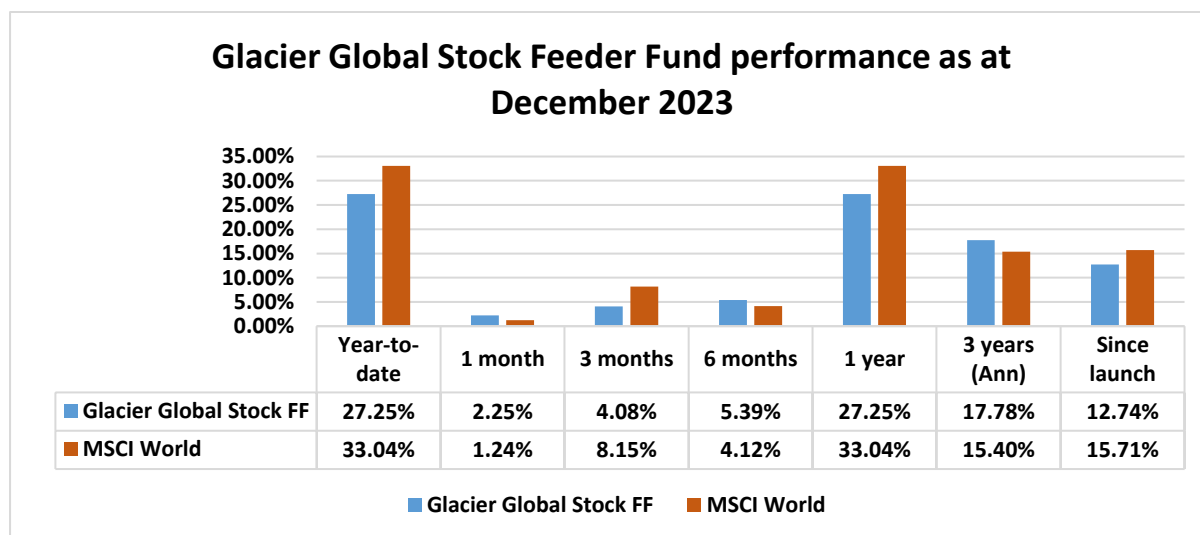
For example, during the US regional banking crisis and concerns about global financial contagion in the first half of 2023, we added to the Fund’s Financials holdings. Financials then became the Fund’s top-contributing sector for the full year (up 23.8% versus up 16.3% for the MSCI ACWI sector). Significant holdings and contributors included UBS Group and Banco Santander (up 70.3% and 44.3%, respectively), while Brazilian holdings XP and Itau Unibanco also performed strongly (up 79.6% and 53.6%, respectively). Earlier in the year, the Fund also started a position in Truist Financial, a regional

bank that trades at an attractive valuation for a highly profitable bank with strong franchises in fast growing US geographies. On strength in the sector, we subsequently trimmed several Financials holdings, including UBS Group, Banco Santander, and Jackson Financial, and redeployed the proceeds into other areas of the portfolio. The Fund continues to have an overweight in Financials (30.6% versus 15.9% in the MSCI ACWI), where we believe risk/reward profiles look attractive, supported by resilient balance sheets, improved profitability, attractive capital return, and inexpensive valuations.

We also found opportunities in more defensive parts of the market. The Health Care sector received the biggest adds in both the fourth quarter and year, including new positions in Avantor, Baxter, Zimmer Biomet, and Neurocrine Biosciences. Outside of Health Care, we initiated a position in International Flavors & Fragrances (IFF), a global leader in selling flavours, scents, and other key ingredients to food, beverage, and consumer products companies. In contrast, the Fund reduced exposure to companies such as Broadcom, VMware, Microsoft, Alphabet, and Meta during the year, based on our assessment of relative prospects.

We remain enthusiastic about the Fund's portfolio, which trades at 11.0 times forward earnings and is diversified by sector, geography, and investment thesis. We encourage shareholders to remain focused on the long term. Thank you for your continued confidence in Dodge & Cox.

Figure 1: Glacier Global Stock Feeder Fund performance (in ZAR) as at December 2023



Source: Morningstar Direct & Glacier Research

Table 1: MSCI World style indices performances (in ZAR) as at December 2023

	Year-to-date	1 month	3 months	6 months	1 year
MSCI World Growth	47.24%	0.8%	10.03%	4.35%	47.24%
MSCI World Quality	42.29%	1.25%	9.16%	5.69%	42.29%
MSCI World Value	19.85%	1.7%	6.1%	3.82%	19.85%
MSCI World Momentum	20.11%	0.78%	8.82%	5.22%	20.11%

Source: Morningstar Direct & Glacier Research

Fourth Quarter Performance review – in USD

The USD Accumulating Class underperformed the MSCI World by 3.7 percentage points during the quarter.

Key contributors to relative performance:

- Financials holdings, including Charles Schwab, Itau Unibanco, Jackson Financial, and Capital One.
- Consumer Staples holdings and underweight position in the sector.
- Position in VMware.

Key detractors from relative performance;

- Communication Services holdings, including Charter Communications.
- Health Care holdings, particularly Sanofi, and overweight position in the sector.
- Positions in Occidental Petroleum, Suncor Energy, and Standard Chartered.

2023 Performance review – in USD

The USD Accumulating Class underperformed the MSCI World by 3.72 percentage points during the year.

Key contributors to relative performance:

- Financials holdings, including UBS Group and XP.
- Holdings and underweight position in Consumer Staples.
- Positions in VMware, General Electric, and FedEx.

Key detractors from relative performance;

- Underweight position in Information Technology, the best-performing sector of the market, and selected holdings, such as Microsoft.
- Consumer Discretionary holdings, including JD.com.
- Positions in Occidental Petroleum, Charles Schwab, Ovintiv, and Sanofi.