FUND FACT SHEET

31 May 2024

Sanlam Investments

Sanlam Namibia General Equity Fund

Fund Objective

This is a pure equity fund diversified across all sectors of the JSE. This fund is suitable for investors who can withstand potential capital volatility in the shorter term.

Fund Strategy

This fund aims to outperform the FTSE/JSE All Share Index through active stock selection across all sectors and market capiltalisation on the JSE. The fund may at any time hold a maximum of 25% in offshore assets.

Why choose this fund?

*The fund offers a carefully selected, well diversified basket of listed shares.
*All shares are subject to rigorous, in-depth research and must adhere to SIM's pragmatic value investment philosophy.
*This is a risky fund and is not for the short-term investor.
*The fund aims to achieve maximum capital growth over the meduim to long-term by investing in companies that are undervalued relative to realistic growth prospects.

Fund Information

Classification	Namibia Equity Domestic General Funds
Risk profile	Moderate aggressive
Benchmark	General Equity Funds Average
Portfolio launch date	1 July 1994
Minimum investment	Lump Sum: N$ 2 000 | Monthly N$ 500
Portfolio size	N$ 762.1 million
Last two distributions	31 Dec 23: 14.14 cents per unit 30 Jun 23: 43.33 cents per unit
Income decl. dates	30 Jun | 31 Dec
Income price dates	1st working day of the month
Valuation time of fund	15:00
Trading closing Time	13:00

Fees

	Retail Class (%)
Annual Wholesale Fee	0.75
Annual Service Fee	1.50

This fund is also available via certain LISPS (Linked Investment Service Providers), which levy their own fees.

Top 10 Holdings

Securities	% of Portfolio
Naspers -N-	9.14
Anglos	8.04
FirstRand / RMBH	4.89
British American Tobacco	4.66
Prosus (PRX)	3.86
Gold Fields	3.34
Compagnie Fin Richemont	3.28
NBS	3.28
Stanbank	3.11
Mobile Telecommunications Limited	2.70

Top 10 Holdings as at 31 Mar 2024

Performance (Annualised)

Retail Class	Fund (%)	Benchmark (%)
1 year	6.31	9.91
3 year	8.11	9.00
5 year	8.30	7.40
10 year	5.60	5.44

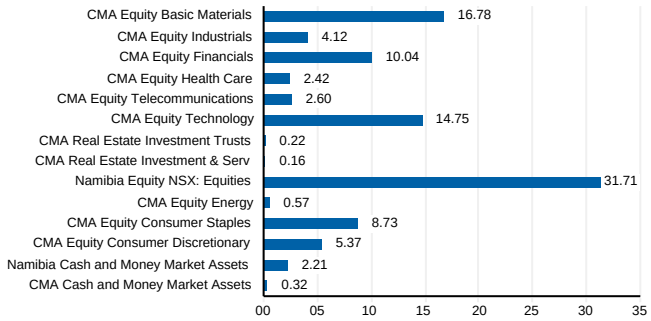
Annualized return is the weighted average compound growth rate over the period measured.

Performance (Cumulative)

Retail Class	Fund (%)	Benchmark (%)
1 year	6.31	9.91
3 year	26.35	29.50
5 year	48.99	42.90
10 year	72.49	69.85

Cumulative return is aggregate return of the portfolio for a specified period.

Asset Allocation



This monthly Fund Fact Sheet should be viewed in conjunction with the Portfolio Manager Commentary Sheet.

FUND
FACT SHEET

31 May 2024

Sanlam

Investments

Sanlam Namibia General Equity Fund

Portfolio Manager(s) Quarterly Comment - 31 Mar 2024

ECONOMIC REVIEW

Global Backdrop

Against a turbulent backdrop of 2023, the first quarter of 2024 can be described as a somewhat more 'settled context' from a macroeconomic perspective. Higher, but importantly, stable, interest rates continued to be absorbed around the globe, while inflation has continued to subside against high base effects year on year. Despite apparent declines in the overall pace of inflationary pressures across the globe, there is a lingering and uncomfortable sense that inflation risks remain poised in the system and that a return to the benign levels of inflation seen in the past 20 years, is potentially unlikely. Factors that underpin this narrative include a robust US economy that continues to defy gravity, elevated geopolitical turmoil across the world, and a fragile global supply chain that can easily be disrupted by any major geopolitical event or the ongoing trade wars simmering behind the scenes that have unravelled a synchronised global growth scenario. Nevertheless, while we've seen some emerging markets commence an interest rate cutting cycle (Brazil, Mexico, Peru, etc.), the dominant theme for the rest of this year will remain the timing of developed market interest rate cuts, which will be crucial to providing much-needed global economic relief.

The US economy has remained on its course of resilience, as employment rates remain stubbornly low, underpinning consumption and defying the elevated interest rates within their economic system. It would seem that a 'soft landing scenario' has so far been engineered by the US Federal Reserve (Fed), but there are heightened risks in the near term, as US corporates are increasingly impacted by high interest rates, banks remain in restrictive territory from a lending perspective and consumers face ongoing staggered mortgage renewals at higher interest rates. We thus remain in quite a delicate phase of anticipating an eventual fallout from the restrictive level of US monetary policy, while at the same time trying to anticipate the timing and extent of interest rate cuts expected later this year. The Fed has been consistent in its guidance of late, that they will still cut this year, but that the overall resilience of the US economy may be pushing out the timing of this, despite pleasing short-term inflation prints recently reported. As we've highlighted before, given the sheer dominance of the US economy globally, their next move always has a profound bearing on the global economic growth trajectory.

The Eurozone remains structurally challenged, but there are tentative signs of cyclical recovery in this economic region of the world and the growth narrative is shifting towards a marginally more positive stance. The European Central Bank has indicated that they are likely to commence interest rate reductions by June this year, which was reinforced at the March meeting and in subsequent commentary from the European Governing Council. This will provide relief to the Eurozone economies and against the weak base of 2023, the economic prognosis thus improves towards the second half of 2024. On a more negative note, lingering geopolitical upheaval in Eastern Europe and the Middle East continues to impact the Eurozone at the margin and remains unresolved. The UK economy has also shown early signs of emerging from a recession and GDP growth forecasts for 2024 are muted, but positive, with potential for acceleration into 2025. Real household disposable income growth, facilitated by above -inflation wage growth, has provided much-needed support to this economy. The Bank of England is positioned potentially as the first developed market central bank expected to cut interest rates and some analysts are calling for this to transpire as early as May this year.

Across the emerging economy landscape, lower interest rates should provide some stimulus and relief. The one challenged region remains China. The Chinese economy had a tough 2023, plagued by the factors now widely known by investors: structural over-investment and considerable property sector challenges, compounded by weak consumption demand and a tepid post-Covid recovery. At present, we are seeing some marginal improvements in the outlook for China, augmented by a deliberate, curated expansionary fiscal policy that will focus on the stimulation of specific industries that are seen as strategic to the long-term prosperity of the Chinese economy, such as the battery electric vehicle production industry and the renewable energy industry, as key examples. While still volatile, some early high friction data around electricity consumption, exports and retail data are looking more positive at this juncture. Any recovery from the global backdrop may also bode well to stimulate demand for further growth in Chinese exports, which remain an important lever within that economy. A significant bright spot in the emerging economy landscape that is worth a mention is the Indian economy, which continues to exceed consensus expectations and could grow by between 7-8% this year. The growth trajectory in India is being driven by an investor-friendly economic environment that is encouraging investment, resulting in a protracted gross fixed-capital investment expansion that is growing at double-digit rates.

On balance, while the evolution of the US economy remains a key call this year and broad-based geopolitical risks remain extremely elevated and pose a potential unwanted wildcard, we continue to see evidence of the global economy slowly turning a corner to a more positive economic growth trajectory. With interest rate cuts expected across the developed market landscape later this year, the necessary building blocks of a tentative recovery will continue to slowly fall into place.

Domestic Backdrop

The first quarter of 2024 has brought limited respite to the South African economy. Perhaps the only potential 'green shoot' underway in the domestic landscape is the lower levels of loadshedding that have clearly improved from the levels seen this time last year. Beyond this, the short-term trajectory for 'SA Inc' remains extremely challenged, as the economy struggles to digest and navigate a highly restrictive interest rate level that is not expected to fall much this year, given the global pressures of more benign cuts in resilient economic

regions like the US. This backdrop, in conjunction with the weak rand, rising risks of another round of food inflation due to poor crop production weather conditions and generally higher than expected and sticky domestic inflationary pressures across the board, has left the South African Reserve Bank (SARB) with little room to manoeuvre.

This dynamic is squeezing the South African economy, which is desperate for growth stimulus, given the structurally challenged growth outlook that plagues us domestically. With a crucial national election approaching in May, political parties are preoccupied with election campaigning and thus we remain in a state of limbo until some direction is evident here. International investor interest in the South African investment case remains on hold until this is finalised. Many questions are circulating around the potential outcome of these upcoming elections. While it is a widely held view that the ruling ANC party is likely to lose considerable ground at the polls, their final level of voter support is very difficult to predict. Should they fall materially below their current dominant level, the need for a coalition partner will become prominent and there are issues with all of the likely suitors; while, ideologically, the ANC and EFF are very far apart, their potential tie-up poses an ominous risk to the SA economy. At the same time, an ANC-DA coalition could be seen as more market friendly, but ultimately there are very plausible questions about the willingness of the polarised ANC and DA to work productively together. Another permutation is a potential ANC-IFP collaboration, but that doesn't hold much promise for overall economic prospects for service delivery and a failing municipal infrastructure in South Africa. Any threats to the sustainability of the reform agenda within South Africa are problematic. The introduction of the left field MK Party, led by ex-president Jacob Zuma, has added additional confusion and volatility to an already highly charged election environment, and some concerns linger around the potential for politically motivated civil unrest and violence, which we hope is a scenario that is ultimately avoided.

The next few months will be pivotal to the outlook for the South African investment case, so we need to get through this time before the outlook potentially improves towards the end of the year, as interest rates start to fall and provide some measure of desperately needed stimulus to the domestic economy.

MARKET REVIEW

Global Market Performance

The rally seen in global markets in the final quarter of last year continued into the first quarter of 2024. The MSCI World Index generated a total return of 9% in Q1-2024 (in US dollar terms). January, February and March were all positive in terms of returns generated, as markets continued to pre-empt a softer landing scenario in the US and a commencement of interest rate reductions during the course of this year across developed markets globally.

When analysing the MSCI World Index regional constituents, the US market continued its ascent, rallying by a further 10.4% in the first quarter of 2024. This drove the North American region's total return of 10.1% for the past quarter. This was followed by the Pacific region within the MSCI categorisation, which generated a total return of 6.8% year-to-date as of 31 March 2024. This sub-regional performance was buoyed by a strong rally in the Japanese constituent equity market, which was up 11.2% in US dollars for the quarter. Within the Pacific region, Hong Kong and New Zealand both retraced and were down 11.7% and 3.7% respectively year-to-date. The European sub-region was also positive, generating a total return in US dollars of 5.4% in Q1-2024. On balance, the sentiment was positive and broad-based across the developed market complex, with most markets positive for the first quarter of 2024.

From an emerging market perspective, performance was more mixed, lagging developed market returns. The MSCI Emerging Markets Index generated a total return of 2.4% in Q1-2024 in US dollar terms. This was broken down into the following regional constituent performance: Asia: +3.4%; EMEA (Eastern Europe, Middle East, Africa): +1.1% and Latin America: -3.9%. As a sub-region within the MSCI Emerging Markets Index, the South African market experienced a dismal quarter, generating a negative total return in US dollars of 6.7%, reflecting the ongoing negative sentiment towards South Africa as an equity investment choice for global investors.

Domestic Market Performance

The first quarter of 2024 was disappointing for South African investors. The FTSE/JSE Shareholder Weighted All Share Index (SWIX) generated a negative total return (with dividends reinvested) of 2.2% for the quarter. The FTSE/JSE Capped SWIX Index generated a negative total return of 2.3% over the same period.

With respect to the sectoral breakdown of this performance, the strongest performance came from the Industrial Index, which added 0.6% in Q1-2024. In contrast, both resources and financials were negative. The Resources Index fell by 1.6% for the quarter but experienced a sharp rally in March of 12.8%, after two months of declining returns in January and February this year. The Financial Index suffered a difficult first quarter, generating a total negative return of 6.1% for the three months ended 31 March 2024. Listed property shares continued to perform well this past quarter and we saw the FTSE/JSE SA Listed Property Index (SAPY) generating a positive total return of 3.8% for Q1-2024.

The best performing JSE-classified economic sub-sectors this past quarter were Industrial and Materials (+21.1%), Electronic and Electrical (+14.8%), Personal Goods (+12.5%), Finance and Credit Services (+9.5%) and then Tobacco (+9.2%). The weakest sub-sectors included the Alternative Energy sub-sector (-53.7%), Oil, Gas and Coal (-18.6%), Chemicals (-18.6%), Telecommunication Service Providers (-11%) and Investment Banking and Brokerage (-10.5%).

The top three best performing shares year-to-date as of 31 March 2024 were MultiChoice (+40.2%), Harmony (+32%) and AngloGold Ashanti (+20.6%). The three worst performing shares for the first

quarter of 2024 were Montauk Renewables (-53.7%), Spar (-25%) and Remgro (-24.8%).

PORTFOLIO REVIEW

For the first quarter of 2024, Morningstar data indicate that the SIM General Equity Unit Trust generated a negative return of 1.5% (net of fees), outperforming its benchmark, the FTSE/JSE Capped Shareholder Weighted All Share Index (Capped SWIX), which was down 2.3% over the same period. For the rolling 12-month period ending 31 March 2024, the net total return of the SIM General Equity Unit Trust is a positive 0.64%, below its benchmark's return of a positive 2.87% over the same period. Over three years, the SIM General Equity Fund is slightly behind its fixed benchmark, generating an annualised positive return of 5.7% per annum (net of fees) for the three years ending 31 March 2024, versus the Capped SWIX Index return of 7.5% over the same period. Most importantly, over five years, the SIM General Equity Fund has generated a return that is comfortably more than its benchmark: 8.6% per annum (net of fees), versus the Capped SWIX Index return of 7.7% per annum for the five years ending 31 March 2024.

The following attribution analysis analyses the South African equity component of the portfolio and excludes the international exposure.

For the past quarter (Q1-2024), the top three contributors to performance were the following positions held:

- Our underweight exposure to Remgro
- Our overweight exposure to AngloGold Ashanti
- Our overweight exposure to British American Tobacco

For the past full year (to 31 March 2024), the top three contributors to performance were the following positions held:

- Our underweight exposure to Sibanye-Stillwater
- Our overweight exposure to Curro Holdings
- Our overweight exposure to Reinet

In the last quarter the fund has had no exposure to Remgro, which weakened considerably due to a poor set of interim results to end-December. Remgro is predominantly a net asset value (NAV) investment and as a result of several of their major investments experiencing a decline in valuation for the interim period, the NAV of the group reduced by 4.6%. The major declines in valuation in the period were derived from the write-down of the Heineken Beverages and Mediclinic investments, offset slightly by a higher valuation from their OUTsurance investment. Despite these changes, the discount that Remgro traded at to its NAV as at the end of December 2023, declined to 31% from 41%, reflecting the lower NAV and a more realistic valuation for the group's investments. We prefer investing in different components of the Remgro portfolio rather than into Remgro directly and have had no exposure to the group, which contributed to performance in the quarter, as the share was particularly weak, especially post results.

From a gold perspective, our preference has been to be invested in AngloGold Ashanti. The share underperformed other gold shares last year, notwithstanding a solid operational result and improving fundamentals and so some patience has been required with this investment. There have also been some technical aspects to AngloGold's prior underperformance due to index changes, etc. In this past quarter, the share performed well as the gold price moved higher and the group continued to execute well. Our large overweight position in the share added to performance in the quarter.

Another share that has required considerable patience has been British American Tobacco. The share performed poorly in 2023, as growth shares dominated and the new CEO recalibrated earnings expectations for the group. That said, there has been relatively modest earnings downgrades and recent announcements around the group's partial sale in their associate ITC (formerly India Tobacco Company Limited) has freed up some capital to initiate a buyback. The group reported steady results in February 2024, although the market seems to have lost patience with their transformation strategy, as they pivot towards next-generation products. In any event, the share is underpinned by a divided yield that is close to 10% in GBP terms and growing. The share performed better in Q1-2024 and as we have a large overweight position, this contributed to performance in the quarter.

For the year to end-March, the platinum counters have been very weak, due to a combination of weak platinum metal pricing, as demand remains subdued, while at the same time, global users of the metal destocked through 2023, as the cost of holding inventory increased and the outlook remained uncertain. We remain constructive on the outlook for the platinum counters, although we do acknowledge that we have had to be patient here. Our exposure was mainly in Anglo American Platinum and Northam Platinum, and we carried a significant underweight position in Sibanye-Stillwater. Sibanye is one of the more marginal platinum producers and faces various funding challenges, should platinum metal pricing remain around current levels. The share price in the quarter correctly reflected these risks, materially underperforming in recent months. As we have a large underweight position, this contributed to performance over the past year.

Other shares which contributed to performance over the past year include an overweight position in Curro Holdings and Reinet. Curro is performing well due to a more cautious approach to capital allocation, while focusing on improving occupancies in the various schools which have been opened over the past few years. Incremental learners can be added with relatively little new capital, while also improving operating profit margins as revenue typically grows slightly

ahead of costs while capacity is filled. The group still has significant existing facilities where capacity can be improved and so we expect this to be a multi-year opportunity. Recent results have been strong, aiding the investment case and assisting the share to perform well in the quarter. Reinet is an investment holding company whose major underlying investment, Pension Insurance Corporation Group (PICG), is benefiting from a buoyant market where pension providers are looking to outsource their requirements to PICG and other competitors. Higher interest rates in the UK have improved the outlook for growth prospects, in which PICG is actively participating. Reinet also benefited in the quarter by a slight narrowing of the discount to its sum-of-the-parts NAV, aiding performance in the quarter.

For the past quarter (Q1-2024), the top three detractors from performance were the following positions held:

- Our overweight exposure to Anglo American Platinum
- Our overweight exposure to Northam Platinum
- Our overweight exposure to Impala Platinum

For the past full year (to 31 March 2024), the top three detractors from performance were the following positions held:

- Our overweight exposure to Pick n Pay
- Our underweight exposure to Gold Fields
- Our overweight exposure to Anglo American Platinum

As referenced above, we remain constructive on the medium-term outlook for the platinum counters, although in the quarter there was continued underperformance from the sector, extending the weakness we experienced in 2023. The fund has held various overweight positions in platinum counters in the quarter and over the past 12 months, which have detracted from performance. As long-term investors we can absorb periods of underperformance, on the expectation that this should deliver good future returns. While these are never guaranteed, the current platinum metal pricing, if it remains at current depressed levels, is likely to result in a shrinking of the industry until demand returns. Pricing has been impacted by destocking and weak demand on the back of a shift to electric vehicles, as well as lacklustre jewellery demand. With various platinum metal supply challenges looming in the future, a moderating in growth expectations in electric vehicles, as well as improving Chinese demand, we expect it is only a matter of time before pricing recovers. Our overweight positions in Anglo American Platinum, Impala Platinum and Northam Platinum all detracted from performance in the quarter, while over 12 months our exposure has been more concentrated in Anglo American Platinum, which detracted from performance.

Over the past 12 months, our overweight position in Pick n Pay has detracted significantly from performance. The share has faced a confluence of challenges, the most significant of which are poor management of the business. The energy challenges in the economy have also had an outsized impact on the group. Decisive action is necessary to turn the business around and this has resulted in the appointment of a new CEO, who was previously the CEO of the group historically. Plans are being formulated to raise capital through a rights issue and then to separately list the successful low-end format business, Boxer, which is expected to unlock value for shareholders. After many years of disappointments from the group there is no doubt the new management team faces a considerable task. We are of the view that post the recapitalisation, the group has a better opportunity to make decisive changes and improve, particularly the Pick n Pay corporate business. There is substantial upside to the share price should the new management team even partially improve the business, as a significant component of the value of the group is underpinned by the valuation of Boxer. As long-term investors, we remain constructive that value will be unlocked over the medium term in the Pick n Pay investment case.

Our underweight position in Gold Fields also detracted from performance over the past 12 months. Our preference has been to be overweight AngloGold within the gold sector, but underweight Gold Fields. Gold Fields has performed well notwithstanding some operational disappointments, buoyed by the rising gold price. While AngloGold has performed reasonably, it has underperformed Gold Fields. We would expect some of this relative underperformance to reverse in 2024, as some of the index challenges for AngloGold dissipate and strong operational execution continues, combined with a more attractive valuation.

OUTLOOK – Risks and opportunities

The start of 2024 continues with as much uncertainty as we experienced in 2023. That said, growth expectations continued to improve through the course of 2023, particularly for the US, as it now looks likely to experience a soft landing, underpinned by pervasive low unemployment and robust consumption demand. In our view, this disguises various imbalances that endure. The US has been pulling away from Europe from an economic growth perspective, as energy and war challenges broaden in that region. Europe was already challenged economically prior to the arrival of these new challenges, and with these enduring for much longer than expected, there appears to be some permanency to the dislocation. This is made worse by the US's role as the global protector no longer guaranteed, and likely to worsen, should Trump be re-elected as president in the US later in the year. The structural challenges in China have yet to be resolved, although the country has pivoted towards new areas of focus, without the traditional economic stimulation measures – i.e. large-scale government funding towards infrastructure, etc. This is perhaps a recognition that historic stimulation has not always achieved the desired results, and excess capacity already exists in infrastructure, with elevated debt levels also remaining problematic. China looks set to export deflation to the world, as interest rates there look low and they've been stimulating/cutting rates and allowing the

Chinese currency to devalue slightly relative to the dollar.

The challenges in Europe look likely to perpetuate for longer and it is perhaps surprising that the European Central Bank has not yet cut rates in the face of declining inflation and weak economic growth. German manufacturing looks challenged in the long term due to an over-reliance on cheap and easily accessible energy. The US has been gradually removing support for Europe, necessitating defence budgets increasing and diverting income that could be more productively spent elsewhere. War in the Middle East and Ukraine perpetuates, creating issues down the line, and combined with transport challenges in the Red Sea, are likely to slow economic growth in the region. Markets have taken comfort from declining inflation and low unemployment, combined with expectations for interest rate cuts later this year; and yet there is some uncertainty as to where inflation and interest rates will ultimately settle. It may be plausible to expect that both variables are expected to be above-trend and remain higher than was predicted a year ago. There is a risk that with elevated government debt levels and increased challenges to economic growth globally, we enter a period of structurally lower real growth for longer. From a stock market perspective there has been some concentration of winners around the AI tech theme, particularly in the US. Expectations are high and valuations are elevated. That makes us inherently cautious when considering the global equity market backdrop.

In South Africa, the structural challenges also perpetuate. The broader global backdrop is challenging our growth, while we still require a resolution to various internal challenges. The looming national election is also likely to bring some caution to our market, as political disruptions are likely. There remains some uncertainty as to whether the ANC can maintain its majority voting support and should they fall below the 50% threshold, what that means for managing the economy going forward. Coalition politics has not been very effective at a provincial level and inevitably there will probably need to be some compromise across various political parties, potentially slowing policy changes and challenging economic growth. Making much-needed policy changes economically has been difficult with a majority ANC leadership but may well become more problematic in a compromised political outcome. There is also little room to move fiscally, as interest rates have remained elevated and debt levels high. Recent movements in the bond market, combined with comments from the SARB, have led to interest rate expectations moving higher, notwithstanding expectations that there will still be some cuts in 2024. Foreign investment remains on the sideline, as liquidity challenges generally within emerging markets look likely to perpetuate in an environment of capital constraints globally and tightening liquidity.

Overall, we expect the market to remain susceptible to further shocks. That said, significant value remains in our market and timing the market has always proven difficult. We value our companies through the cycle based on a normalised operating environment. What a ‘normalised environment’ now is, is being called into question.

We face the risk locally (and possibly globally), of lower real returns in the future, and yet there will always be opportunities for patient long-term investors. Value, as a style, has been out of favour and we expect it to be back in vogue in a generally challenged global environment. As always, we will endeavour to look for the best opportunities using our pragmatic value, bottom-up research capabilities, while also considering the many and varied risks out there.

Portfolio Manager(s)

Basson van Rooyen

CFA, CA (SA), CA (NAM)

Nigel Suliaman

CFA