

## Fund Objective

The objective of the fund is to offer investors a reasonable level of current income and long-term wealth creation through active management of the portfolio.

## Fund Strategy

This is an equity fund which diversifies across all sectors of the JSE and may invest a maximum of 45% in offshore assets. The fund invests in listed shares of financially sound companies that we think are mispriced by the market and offer exceptional value. These companies:

- have favourable long-term economic characteristics,
- are run by a competent management team and
- trade at a price which is attractive when measured against the long term return potential and intrinsic value of a business.

The fund may also include participatory interests of collective investment schemes and listed and unlisted financial instruments (derivatives) for efficient portfolio management.

## Why Choose This Fund?

- To grow real wealth over time, through opportunities identified in SA and global listed companies.
- To invest alongside a highly experienced team with a disciplined investment process and proven track record.
- For diversified equity exposure across small, mid and large cap listed companies.
- To invest with a team that understands the risks companies face and invests in them with a sufficient margin of safety\*\*.

## Fund Information

Ticker	SNVL
Portfolio Manager	Claude van Cuyck
ASISA Fund Classification	South African - Equity - General
Risk Profile	Aggressive
Benchmark	Composite: 87.5% FTSE/JSE Capped SWIX & 12.5% MSCI World Index
Fund Size	R 1,632,912,334
Portfolio Launch Date	01/10/1998
Fee Class Launch Date	01/10/1998
Minimum Lump Sum Investment	R 10,000
Minimum Monthly Investment	R 500
Income Declaration Date	June & December
Income Pricing Date	1st business day of July & January
Portfolio Valuation Time	15:00
Transaction Cut Off Time	15:00
Daily Price Information	Local media & www.sanlamunitrusts.co.za
Repurchase Period	2-3 business days

## Fees (Incl. VAT)

	Retail Class (%)
Maximum Initial Advice Fee	3.45
Maximum Annual Advice Fee	1.15
Manager Annual Fee	1.55
TER	1.98
TC	0.13
TIC	2.11
Performance Fee	0.37
TER Measurement Period	01 January 2021 - 31 December 2023

Total Expense Ratio (TER) is the percentage value of the Financial Product that was incurred as expenses relating to the administration of the Financial Product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. The TER and Transaction Costs cannot be determined accurately because of the short life span of the Financial Product. Calculations are based on actual data where possible and best estimates where actual data is not available.

Transaction Cost (TC) is the percentage value of the Financial Product that was incurred as costs relating to the buying and selling of the assets underlying the Financial Product. Transaction Costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER.

Total Investment Charges (TER + TC) is the total percentage value of the Financial Product that was incurred as costs relating to the investment of the Financial Product.

Manager Performance Fee (incl. VAT) | Performance Fee Benchmark: 87.5% of the FTSE/JSE Capped Shareholder Weighted Index (J433) and of the 12.5% MSCI World Net Total Return USD Index (NDDUWI), Base Fee: 1.53%, Fee at Benchmark: 1.53%, Fee Hurdle: 87.5% of the FTSE/JSE Capped Shareholder Weighted Index (J433) and 12.5% of the MSCI World Net Total Return USD Index (NDDUWI), Sharing Ratio: 20%, Minimum Fee: 1.53%, Maximum Fee: 3.42%, Fee Example: 1.53% p.a. if the fund performs in line with its Performance Fee Benchmark.

\*The Denker Sanlam Collective Investments Equity Fund was renamed from the SIM Value Fund.

\*\*The difference between our assessment of the company's value and its market price.

MDD Issue Date:

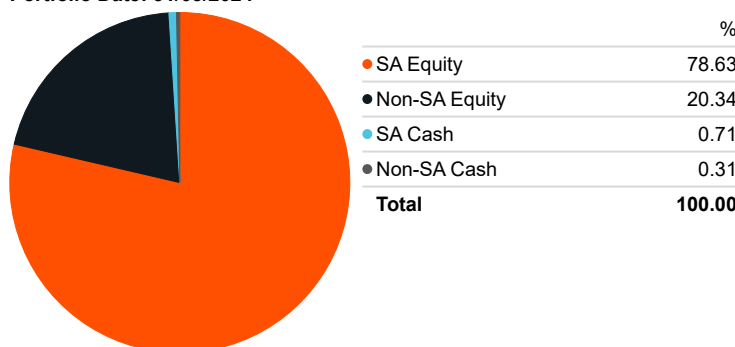
18/04/2024

## Top Ten Holdings

Portfolio Date	31/03/2024
Denker SCI SA Equity B3	18.60
Denker Global Financial Fund	8.61
Naspers Ltd	5.53
Denker Global Equity Fund	5.24
Oracle Corporation	4.26
Firstrand Ltd	3.16
Prosus (PRX)	3.09
Anglo American Plc	2.94
British American Tobacco Plc	2.67
Northam Platinum Holdings	2.27

## Asset Allocation

Portfolio Date: 31/03/2024



## Annualised Performance (%)

	Fund	Benchmark
1 Year	4.95	6.54
3 Year	9.42	8.94
5 Years	8.74	9.13
10 Years	4.94	7.38
Since Inception	15.56	14.26

## Cumulative Performance (%)

	Fund	Benchmark
1 Year	4.95	6.54
3 Years	31.01	29.29
5 Years	52.04	54.78
10 Years	61.99	103.77
Since Inception	3,894.06	2,895.03

## Highest and Lowest Annual Returns

Time Period: 01/01/2014 to 31/12/2023

Highest Annual %	30.75
Lowest Annual %	-6.41

## Risk Statistics (3 Year Rolling)

Standard Deviation	11.63
Sharpe Ratio	0.32
Information Ratio	0.10
Maximum Drawdown	-8.18

## Distribution History (Cents Per Unit)

31/12/2023	60.33 cpu	31/12/2022	—
30/06/2023	46.35 cpu	30/06/2022	—

Administered by

### Risk Profile

#### Aggressive

You can afford to take on a higher level of risk (i.e. will have a greater exposure to equities in your portfolio) because of your investment time horizon, or your appetite for risk. You know that in taking the risk, you need to be patient if you want to achieve the results. So you are willing to invest for the long-term and are prepared to tolerate some volatility in the short term, in anticipation of the higher returns you expect to receive in five years or beyond.

### Glossary Terms

#### Active Stock-picking Process

This is when asset managers actively and tactically vary their stock selections based on economic and market data, and fundamental valuations, etc. This should lessen an investor's exposure to declining markets and helps preserve capital.

#### Annualised Returns

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

#### Asset Allocation

Asset allocation is the percentage holding in different asset classes (i.e. equities, bonds, property, etc.). It is used to determine the level of diversification in a portfolio.

#### Capital Growth

Capital growth is the profit made on an investment, measured by the increase in its market value over the invested amount or cost price. It is also called capital appreciation.

#### Distributions

The income that is generated from an investment and given to investors through monthly, quarterly, bi-annual or annual distribution pay-outs.

#### Derivatives

Derivatives are instruments generally used as an instrument to protect against risk (capital losses), but can also be used for speculative purposes. Examples are futures, options and swaps.

#### Feeder Fund

A feeder fund is a South African-based fund that feeds exclusively into its primary foreign-based fund. It allows investors easy access to investing in an offshore fund, eliminating complicated tax and other implications. The shares of the feeder fund represent shares in the primary fund (called a master fund).

#### Liquidity

The ability to easily turn assets or investments into cash.

#### Information Ratio

The Information Ratio measures the market risk-adjusted performance of an investment or portfolio. The greater a portfolio's Information Ratio, the better its risk-adjusted performance has been compared to the market in general.

#### LISP (Linked Investment Service Provider)

A Linked Investment Service Provider is a financial institution which packages, distributes and administers a broad range of unit trust based investments. Any investment made through these products gives an investor a single point of entry into a selection of different investments.

#### Maximum Drawdown

The maximum drawdown measures the highest peak to trough loss experienced by the fund.

#### Money Market Instruments

A money market instrument is a low risk, highly liquid, short-term (one year or less) debt instrument, issued by financial institutions or governments, that tend to have lower returns than high-risk investments.

#### Participatory Interests

When you buy a unit trust, your money is pooled with that of many other investors. The total value of the pool of invested money in a unit trust fund is split into equal portions called participatory interests or units. When you invest your money in a unit trust, you buy a portion of the participatory interests in the total unit trust portfolio. Participatory interests are therefore the number of units that you have in a particular unit trust portfolio.

#### Regulation 28

Regulation 28 of the Pension Funds Act sets out prudent investment limits on certain asset classes in investment funds. It applies specifically to investments in Retirement Annuities and Preservation Funds. The allowed maximum exposures to certain asset classes is: 75% for equities; 25% for property; 45% for foreign (offshore) assets.

#### Sharpe Ratio

The Sharpe Ratio measures total risk-adjusted performance of an investment or portfolio. It measures the amount of risk associated with the returns generated by the portfolio and indicates whether a portfolio's returns are due to excessive risk or not. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been (i.e. a higher return with a contained risk profile, where the portfolio manager is not taking excessive risk to achieve those returns).

#### Standard Deviation

Standard deviation (also called monthly volatility) is a measure of how much returns on an investment change from month to month. It is typically used by investors to gauge the volatility expected of an investment.

#### Undervalued Equity Stocks/ Investing in Neglected Global Equities

This is a strategy of selecting shares that trade for less than their intrinsic values. Value investors actively seek stocks that they believe the market has undervalued. They believe the market overreacts to good and bad news, resulting in stock price movements that do not correspond with the company's actual long-term fundamentals. The result is an opportunity for value investors to profit by buying when the price is deflated.

### Additional Information

All reasonable steps have been taken to ensure the information on this MDD is accurate. The information to follow does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act. Use or rely on this information at your own risk. Independent professional financial advice should always be sought before making an investment decision. The Sanlam Group is a full member of the Association for Savings and Investment SA. Collective investment schemes are generally medium- to long-term investments. Please note that past performances are not necessarily a guide to future performances, and that the value of investments / units / unit trusts may go down as well as up. A schedule of fees and charges and maximum commissions is available on request from the Manager. Sanlam Collective Investments (RF) Pty Ltd, a registered and approved Manager in Collective Investment Schemes in Securities. Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained on request from the Manager, free of charge. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. 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. Forward pricing is used. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. 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-div date. Lump sum investment performances are quoted. The portfolio may invest in participatory interests of other unit trust portfolios. These underlying funds levy their own fees, and may result in a higher fee structure for our portfolio. All the portfolio options presented are approved collective investment schemes in terms of Collective Investment Schemes Control Act, No 45 of 2002 ("CISCA"). The Manager may borrow up to 10% the market value of the portfolio to bridge insufficient liquidity. The fund may from time to time invest in foreign countries and therefore it may have risks regarding liquidity, the repatriation of funds, political and macroeconomic situations, foreign exchange, tax, settlement, and the availability of information. The fund may invest in financial instruments (derivatives) for efficient portfolio management purposes. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. Management of the portfolio is outsourced to Denker Capital (Pty) Ltd, (FSP) Licence No. 47075, an Authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002. Sanlam Collective Investments (RF) (Pty) Ltd retains full legal responsibility for the co-named portfolio. Standard Bank of South Africa Ltd is the appointed trustee of the Sanlam Collective Investments scheme. Sources of Performance and Risk Data: Morningstar Direct, INET BFA and Bloomberg. The risk free asset assumed for the calculation of Sharpe ratios: STEFI Composite Index. The highest and lowest 12-month returns are based on a calendar year period over 10 years or since inception where the performance history does not exist for 10 years. Obtain a personalised cost estimate before investing by visiting [www.sanlamunittrustsmdd.co.za](http://www.sanlamunittrustsmdd.co.za) and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

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## Portfolio Manager Quarterly Comment

Quarter to March 2024

### Market review

#### Global markets

Global equity markets continued to deliver attractive returns to investors in Q1. The S&P 500 and MSCI World gained 10.6% and 8.9%, respectively, in US dollar terms. A combination of economic and employment resilience, moderating inflation and excitement about advances in AI supported the market. Although inflation eased, both the eurozone and the US reported higher than expected inflation data which moderated the market's expectations for the pace of rate cuts for the year. The yields on US government bonds with 10 years to maturity rose from 3.9% to 4.2%, resulting in losses for fixed income investors.

At a global equity sector level, the strong performance in the quarter was led by communication services (+12.3%), technology (+12.3%) and financials (+10.49%). The sector laggards for the quarter were real estate (0.5%), utilities (+1.25%) and materials (+3.3%).

#### South African markets

The Medium Term Expenditure Framework (MTEF), published in February, explained that government would protect critical services, support economic growth through reforms and public investment, and stabilise public debt. Critically, it also highlighted that, according to Treasury's estimates, higher government spending has not been contributing to higher economic growth. As such, Treasury is consulting widely on moving towards a legislated fiscal anchor to reduce deficits, which will stabilise debt as debt service costs are constraining spending.

The rand gave back all the previous quarter's gain and rose back to R18.92 against the US dollar at the start of the quarter, from R18.28 at year end. Higher global interest rates, in the absence of improving domestic growth prospects, weighed on the riskier South African market. The FTSE/JSE Capped Swix Top 40 Index fell 2.3% and the best asset class total return performance was recorded by the FTSE/JSE SA Listed Property Index, which gained 3.8%. Government bond yields rose (10-year maturity instruments saw yields rise to 10.6% from 9.8% over the quarter). The FTSE/JSE All Bond Index closed 1.8% lower. Cash markets paid investors 2.0%.

### Portfolio review

Although the South African equity market rebounded in the month of March (FTSE/JSE Capped Swix Alsi rose by 2.9%), the same index is down 2.3% for the quarter. Within equities, industrials returned a positive 0.6% for the quarter, resources returned a negative 1.6% and financials a negative 6.1%.

The slow start to the year is likely due to the uncertainty around the outcomes of the general elections to be held on 29 May 2024. There is fear of the ANC losing its majority and being forced into potential coalitions with the EFF, which could have diabolical consequences. Although this is a possible outcome, we think its probability is low.

It is the fear factor in the market that generally creates the long-term investment opportunities. These behavioural factors are often powerful mechanisms for mis-pricings in capital markets. The current environment offers us opportunities to buy above average companies at attractive valuations.

Part of our process of managing risk (the unknown) is to ensure that we run diversified portfolios. This means that, although it is difficult to hedge out the risk of surprising events, we can invest in assets that will still perform well, regardless of a potential bad election outcome (for example). This risk is partly managed by investing in rand hedge stocks (e.g. AB InBev, British American Tobacco, Prosus, Richemont, Bidvest and others), rand levered stocks (mostly resources with rand costs and US dollar revenues) and offshore stocks (global holdings) in our portfolios.

March proved to be a difficult month for us (in the context of performance relative to the FTSE/JSE Capped Swix). Although we generated a positive return, relative performance was affected by our lack of exposure to gold. The gold price has been strong and, consequently, the gold shares (Harmony, Gold Fields and AngloGold Ashanti) have performed well. Domestic SA stocks have generally been under pressure.

We have, in previous quarterly reports, articulated our views on why we're reluctant to invest in gold miners. The gold companies that form part of our investible universe simply do not satisfy the criteria that we look for in a good investment, for various reasons. We retain this position and believe that our portfolio of above average companies that are trading below intrinsic value will generate above average returns for our clients over time. The valuation metrics for the portfolio remain compelling. The forward Price to Earnings multiple of 9.2 times and current dividend yield of approximately 4.8% is attractively valued by historical standards. The weighted average normalised Return on Equity (ROE) of the portfolio is approximately 23%, well above the weighted average cost of capital (WACC) of the companies we are invested in. We expect the portfolio to be able to compound its net asset value at an attractive rate over time.

We indicated in our last quarterly report that we are likely to move into a more moderate local and global inflation environment with interest rate hikes likely behind us. This should provide some relief to consumers in 2024. In addition to this, we see a lot of value within our universe of 100 stocks that we actively cover, with the median stock trading on a one year forward price to earnings multiple of 9x and a dividend yield of 4.9%. Historically, these have proven to be attractive entry levels for long-term investors, but the market is likely to be volatile in the short term until we get the general elections out of the way.

### Portfolio Manager

Claude van Cuyck  
 B.Comm. (Honours), CFA®