

SPW BALANCED MODEL PORTFOLIO
31 DECEMBER 2021

PORTFOLIO DESCRIPTION AND INVESTMENT OBJECTIVE

This multi-asset class portfolio invests in equities, bonds, money market instruments and property, both locally and offshore. This portfolio will aim for long-term capital growth. However, a higher exposure to growth assets (equities and property) is likely to lead to higher volatility over the short term. Investment performance will be driven by active stock picking and asset allocation. This portfolio may have a maximum effective equity exposure (including international equity) of up to 75% and a maximum effective property exposure (including international property) of up to 25% of the market value of the portfolio. Total allowable offshore exposure is 30%.

PORTFOLIO

Risk Rating	Moderate Aggressive
Inception Date	December 2004
Minimum Investment	R1 Million
Benchmark	Average peer group performance of high equity multi-asset collective investment schemes in South Africa
Management Company	Sanlam Private Wealth
Portfolio Manager	Alwyn van der Merwe
Initial Fees	Nil
Annual Management	Fee Sliding Scale (refer to mandate)

YOUR PERSONAL BALANCED PORTFOLIO

SPW Balanced Model Portfolio is constructed by the Investment Team based on an intensive and rigorous investment process. The model portfolio acts as a guide to your portfolio manager in customising your personal portfolio to suite your individual requirements. It is important to note that the performance on this fact sheet is based on the model portfolio and the performance of your portfolio may vary depending on the level of deviation from the model portfolio and the fees charged.

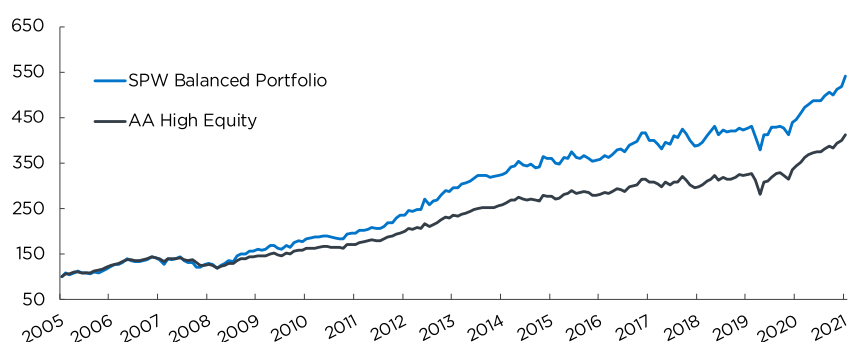
WHY SELECT A PERSONAL PORTFOLIO

A personal portfolio is suitable to more discerning investors who might have unique factors to consider during the investment process. With a personal portfolio, your investment can be tailored to your unique requirements. You will have the benefit of more direct access to your portfolio manager. Your portfolio will not be affected by the cash investment and withdrawals of other investors.

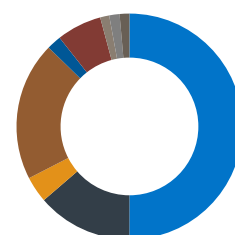
TOP 5 SHARE HOLDING

(Please note your portfolio might vary from this)

Prosus NV	5.50%
Anglo American Plc	4.70%
BHP Group Plc	4.50%
Compagnie Financiere	3.73%
Standard Bank	3.03%

PERFORMANCE NET OF FEES¹


Percentage Returns	Portfolio	Benchmark	Active
10 Yrs (Annualised)	10.71%	9.19%	1.53%
5 Yrs (Annualised)	8.56%	8.00%	0.56%
3 Yrs (Annualised)	11.50%	11.49%	0.00%
Past 12 Month	21.17%	20.31%	0.86%
YTD	21.17%	20.31%	0.86%

ASSET ALLOCATION EXPOSURE


- Local Equities 50%
- Fixed Income 14%
- Local Property 4%
- Offshore Equities 20%
- Offshore Property 2%
- Offshore Fixed Income 6%
- Local Cash 1%
- Commodities 2%
- Offshore Cash 1%

1. The net of fee calculation assumes a 1.15% Annual Management Charge and Total Trading Costs of 1% (both inclusive of vat) on the value of actual portfolio turnover.



ABOUT THE PORTFOLIO MANAGER

Alwyn Van Der Merwe, B.Com (Hons), MBA

Alwyn was appointed as Director of Investments for Sanlam Private Wealth in 2007. He has over 24 years' investment industry experience and managed institutional and unit trust portfolios successfully for 14 years. Alwyn leads and chairs Sanlam Private Wealth's formal investment committee

PORTFOLIO MANAGER'S COMMENTS

December saw a continuation of the general equity market strength shown throughout most of 2021 both in SA and internationally, quickly shrugging off worries around the Omicron variant of Covid-19. SA equity prices – as measured by the FTSE/JSE All Share Index – increased by 4.8% for the month on a total return basis. Globally, the picture was similar, with developed market share prices – as measured by the MSCI World Index – rising 4.3% in US dollar terms, while emerging markets – as measured by the MSCI Emerging Markets Index – gained 1.9% in the month.

2021 was another remarkable year for markets, as ultra-accommodative monetary policy lifted both economic activity and market sentiment. The SA market delivered an exceptional total return of 29.2% over the year. Developed markets rose 22.3% in US dollar terms, but emerging markets declined 2.2%. The US was the key driver of global markets, with the S&P500 up 29% for the year and an annualised 26% per year over the past three years.

The SA financials sector gained 8.3% in December, followed by resources (+5.4%), while industrials were up 2.9% in the month. Banks were up 10%. Losing sectors were pharmaceuticals (-5.1%) and food producers (-2.9%). For the full year, resources returned 31.9%, financials 29% and industrials 25%.

The All Bond Index (ALBI) returned 2.7% in December and 8.4% for the year. Cash returned 0.3% for the month and 3.8% for the year. SA listed property had a strong December, up 7.9% and recovered from 2020's disaster by posting a total return of 36.9% for the year.

The portfolio delivered a return of 21.17% for the 12 months to the end of December, outperforming the peer group average by 86 basis points. The offshore stock selection detracted from performance. The offshore equity style of 'quality at a reasonable price' resulted in the portfolio lagging given its underweight to the US market and its zero weight in cyclical counters, a sector that performed well following the collapse in global equity prices during the second quarter of 2020. Local stock selection contributed positively to the relative performance over this period.

When compared to competing high-equity, multi-asset unit trusts over longer-term periods, the portfolio's performance puts it in the top half over five and seven years, and in the top quartile against peers over 10 years.

We trimmed the exposure to Investec, but added to Standard Bank since the latter lagged the rest of the sector. We also added Bidvest on value considerations. The portfolio now has an equity exposure of 70% and property exposure of 6%. It carries a very low cash balance of 1.3% and an exposure to local fixed interest assets of 13.8%. We have elected to hold no offshore bonds in the portfolio, but hold exposure to alternative assets aiming to produce cash-beating returns over time and generate returns uncorrelated to equities.

MANDATORY DISCLOSURE

Participation in the Sanlam Private Wealth's Balanced Model Portfolio is a medium to long-term investment. The value of this portfolio is subject to fluctuation and past performance is not necessarily a guide to its future performance. Calculations are based on a lump sum investment with gross income reinvested on the ex-dividend date. All performance figures are net of fees and costs. Actual investment performance will differ based on the fees applicable, the actual investment date and the date of reinvestment of income. A schedule of fees and maximum commissions is available from the manager. Sanlam Private Wealth (Pty) Ltd, registration number 2000/023234/07, is a member of the Johannesburg Stock Exchange, a licensed Financial Services Provider (FSP 37473) and a Registered Credit Provider (NCRCP1867). Please [click here](#) to read our Privacy Statement.

ABOUT SPW

Sanlam Private Wealth is a holistic, integrated wealth management business that provides advice and manages assets for high net worth private individuals, cultural organizations, charitable institutions and similar entities with investable assets of more than R1million.

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