

### Fund Details

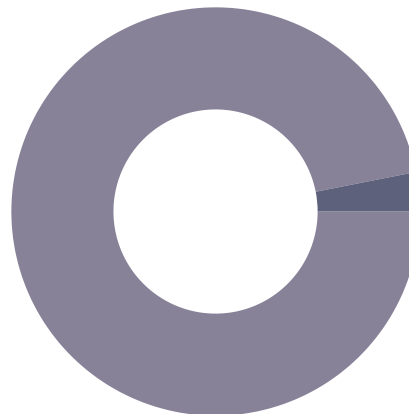
Benchmark	ASISA Category	Portfolio Managers	Suitable Investor
MSCI World Index	Global Equity General	Raymond Shapiro Andrew Dowse	The Merchant West SCI Global Equity Feeder Fund is suitable for investors seeking long-term capital growth from a diversified portfolio of global equities. It seeks to outperform world equity markets without greater risk of loss. The recommended investment horizon is seven years or more.

### Top 10 Holdings

	%
Berkshire Hathaway	7.8
Meta Platforms Inc	5.9
Visa Inc	5.8
Alphabet Inc	5.5
Microsoft Corporation	4.7
Booking Holdings Inc	3.9
UnitedHealth Group Inc	3.2
Universal Music Group	3.1
Amazon	3.0
Nestlé SA	2.8

\* Top 10 Holdings of underlying Fund, i.e., Merchant West Global Equity Fund USD.

### Asset Allocation: Portfolio Date: 31/03/2025



Annualised Performance	Fund %	Benchmark %
3 months	-0.4	-4.3
1 year	6.3	4.4
3 years	17.2	16.7
5 years	14.9	17.4
Since inception	7.6	14.0

Launch date (December 2015)

Highest and Lowest Annual Returns	%
Highest annual return	35.7
Lowest annual return	-15.1

### Performance Review

The Fund returned -0.4% in rand terms (+2.2% in US dollars) over the quarter, while its benchmark, the MSCI World Index, lost 4.3% (-1.8% in US\$) over the period. The MSCI Emerging Markets Index gained 0.3% in rand (+2.9% in US\$) over the quarter.

The Merchant West SCI Global Equity Feeder Fund invests solely in the US dollar-denominated Merchant West Global Equity Fund. As such, the commentary below relates to the underlying Merchant West Global Equity Fund USD, and all returns below are quoted in US dollars.

MSCI World Index performance was dragged down by US markets, with the MSCI USA down 4.6% over the quarter. US markets in turn were hurt by the tech centric so-called 'Magnificent 7' stocks, losing 16% as a group, rattled by the spectre of disruption by Chinese startup DeepSeek's low-cost AI models. Most other markets, developed and emerging, were in fact up over the quarter, with the MSCI Europe gaining 10.5% and the MSCI China rising 15% in US dollars over the period. On a sector level, the Technology, Communication Services and Consumer Discretionary sectors dragged index returns down, however all other sectors gained ground, led by Financials and Health Care.

The Fund's performance drivers included positive contributions from its holdings in investment companies such as Berkshire Hathaway, Investor AB and Fairfax Financial as well as being aided by exposures to Consumer Staples and Healthcare stocks. Holdings in large technology related companies dragged on performance. The Fund's tilt to more defensive stocks and sectors drove alpha generation over the period.

Notable stock specific contributors to performance over the quarter included Berkshire Hathaway, Nestlé and Visa. Detractors included Alphabet and Microsoft.

### Management Actions

Notable actions over the quarter included selling out of St James Place and trimming positions in Johnson & Johnson, SAP, AbbVie and Fairfax Financial and redeploying the proceeds into Amazon and new holding Marubeni Corporation, a Japan listed diversified trading conglomerate operating globally across numerous sectors. Marubeni holds powerful positions in several Japanese and global value chains and has shown consistently improving capital discipline and a strong focus on shareholder value creation over the last 10 years. Despite these attributes it trades at less than book value, an attractive valuation for a company of its market power and potential.

## Market Overview

While the US stock market started the new year on a positive note, initially encouraged by President Donald Trump's pro-growth agenda especially as it relates to deregulation and lower taxes, Trump has shown to be unpredictable and prone to change his mind.

The unleashing of a full-blown trade war is causing havoc on stock markets across the globe – not least of which in the US – as concerns about slower economic growth (including the dreaded “R” word) and higher inflation have resurfaced.

The MSCI World Index shed 1.8% (USD net Total Return), with losses being led by US markets as the S&P 500 (-4.4%) and the Nasdaq (-10.3%, officially “correction” territory) just ended their worst quarters since 2022. The fall in US markets was driven by weakness in US Tech stocks, as Chinese startup DeepSeek raised the prospect of being able to produce AI models at a much lower cost than previously thought possible. European stock markets managed to buck the trend, however, with the MSCI Europe Index gaining 10.5% in USD (+5.9% in euro) as investors increasingly factored in the likelihood of a ceasefire in Ukraine and an end to the war that has been raging on Europe's eastern border for the last three years. However, this is proving more difficult than what Trump originally envisaged, and the European stock market (together with most other developed markets) once again retreated in the month of March. Prospects of increased defence spending by NATO's European members and the UK also added impetus to the positive momentum in European and UK equity prices as the Trump administration withdrew military aid to Ukraine.

Emerging markets fared well over the quarter as the MSCI Emerging Markets Index gained 2.9% in US dollars due to continued positive momentum in Chinese tech stocks, resulting in a return of 15.0% for the MSCI China Index in USD.

US long-bond yields fell over the quarter amidst fears of slower growth, resulting in a positive return of 2.6% for the Bloomberg Barclays Global Aggregate Treasury Index in US dollar terms. Global listed property also benefitted from lower bond yields as the GPR 250 REIT Index yielded a net total return of 4.1% in US dollars over the quarter.

The US Dollar Index declined by 3.9% over the quarter. Gold, however, has lived up to its status as a safe-haven, and soared by just over 19% in US dollar terms in the first three months of the year. The yellow metal is up by almost 40% over the past year.

US inflation decreased to 2.8% year-on-year (YoY) in February from 3.0% in January. However, core Personal Consumption Expenditure (PCE) – a key economic indicator measuring the value of goods and services purchased by US residents and the Federal Reserve's favoured inflation gauge – rose 0.4% in February, an acceleration from January. Core PCE rose 2.8% year-on-year, well above the Federal Reserve's 2% target. Inflation is therefore proving to be stickier than the Fed would like, and the follow through from a global trade war has not yet filtered through to consumer prices. The US Fed kept the Federal Funds rate unchanged at 4.25%-4.5% during its March 2025 meeting, extending the pause in its rate-cut cycle that began in January. Policymakers noted that uncertainty around the economic outlook has increased but still anticipate reducing interest rates by around 50 basis points this year, the same as in the December projection. Meanwhile, GDP growth forecasts were revised lower for this year to 1.7% from 2.1% seen in December.

Persistently high geopolitical and policy uncertainty is expected to weigh on eurozone and UK economic growth, slowing down the anticipated recoveries. The Bank of England (BoE) halved its growth forecast for this year as it cut interest rates to the lowest level for more than 18 months. The economy is now expected to grow by 0.75% in 2025, down from its previous estimate of 1.5%. The European Central Bank (ECB) has also reduced its forecasts for economic growth to 0.9% in 2025, and to strengthen to 1.2% in 2026 and to 1.3% in 2027. Trump's trade tariffs have also resulted in inflation expectations having risen in both the eurozone and the UK recently. Despite this, both central banks lowered their interest rates by 0.25% during the quarter.

## Portfolio Strategy

It is clear that uncertainty surrounding US trade and other policies as well as Trump's unpredictable “Tariff Tactics” is causing significant anxiety to markets and businesses globally. Uncertainty and anxiety, if prolonged, can result in indecision and the delay of business investment decisions, leading to weaker growth. The risk of global recession has increased.

The longer-term effects of Trump's trade war are unknown, and while caution is warranted, taking large political/policy-driven directional ‘bets’ is rarely a reliable investment strategy. Trump has shown to be unpredictable and prone to change his mind. The longer-term effects of his administration's enacted policies need to be carefully considered. Geopolitics, ongoing wars in Ukraine and the Middle East, and boiling US-China tensions complicate the global growth outlook. As such we remain diversified across sectors with a defensive tilt.

Diversified stock picking we believe is the path to sustainable alpha generation, with a focus on owning high-quality businesses with robust and enduring growth profiles. We believe owning durable businesses possessing either structural and/or predictable growth prospects will serve investors well through geopolitical instability and economic uncertainty.

Markets tend to overreact to unexpected developments, especially of a policy or political nature. These over-reactions often provide us with opportunities to acquire high-quality businesses at attractive prices. Importantly, we are careful to maintain valuation discipline as competitive and structural dynamics can change quickly. We remain alert to any opportunities and are prepared to invest counter-cyclically, at appropriate valuations, should it be in the interests of generating attractive risk-adjusted long-term returns.

We are also looking for opportunities that we believe underestimate the 1<sup>st</sup> and 2<sup>nd</sup> order effects of enduring changes. For instance, due to US policy actions, trade could be redirected from China to the benefit of other countries and companies. In fact, this process has already been in progress for a few years and is likely to accelerate.

Trump's threat of tariffs raises inflation risks and could hurt growth globally. We prudently aim to have 'insurance' against various negative policy consequences, such as owning companies with pricing power to protect against unexpected tariff-triggered inflation. We also prefer to invest in conservatively levered companies as leverage increases fragility at a time of elevated risks. We note that a push to deregulate several sectors in the US bodes well for various companies and we are monitoring developments there closely.

We must stress that we are active global managers employing a diversified, bottom-up stock picking approach. We look to own the highest quality businesses at the most attractive prices available, regardless of country, market cap or industry. We focus on structuring the portfolio to be sensibly diversified, considering industry and country level economic factors. Our approach allows the Fund to both take advantage of specific structural and company growth drivers, while strengthening its ability to navigate various economic and geopolitical conditions.

**Raymond Shapiro**  
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. The 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.): 0.12%; Total Expense Ratio (TER): 1.58%. The Manager retains full legal responsibility of the third-party portfolio. The registered name of the fund is "Merchant West Sanlam Collective Investments Global Equity Feeder 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. International investments or investments in foreign securities could be accompanied by additional risks such as potential constraints on liquidity and repatriation of funds, macroeconomic risk, political risk, foreign exchange risk, tax risk, settlement risk, inflation risk, interest rate risk, currency risk, liquidity risk and geographical risk as well as potential limitations on the availability of market information. The manager has the right to close the portfolio to new investors in orders to manage it more efficiently in accordance with its mandate. Annualised return is the weighted average compound growth rate over the period measured. A feeder fund is a portfolio that invests in a single portfolio of a collective investment scheme, which levies its own charges and which could result in a higher fee structure for the feeder fund.