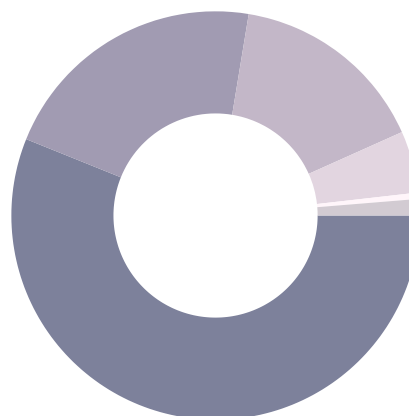


FUND DETAILS

Benchmark	ASISA Category	Portfolio Managers	Suitable Investor
STeFI	South African Multi-Asset Income	Daniel King	The Merchant West SCI Enhanced Income Fund is suitable for investors seeking a high level of income in excess of that yielded by the money market or cash, which is payable on a monthly basis. Investors have a conservative risk profile, but are prepared to accept a low level of volatility and are prepared to invest for three years and longer.

Top 10 Holdings

	%
RSA Government Inflation-Linked Bond	15.2
RSA Government Bond	13.2
RSA Government Floating Rate Note 1	11.1
RSA Government Floating Rate Note 2	10.5
Nedbank NCD	6.5
Standard Bank Floating Rate Note 1	4.6
ABSA Floating Rate Note 1	4.5
Standard Bank Floating Rate Note 2	4.5
ABSA Floating Rate Note 2	4.5
Merchant West SCI Money Market Fund Class B	4.4

Asset Allocation: Portfolio Date: 31/03/2026


SA Floating Rate Notes	56.1
SA Fixed Interest Bonds	21.5
SA Inflation-Linked Bonds	15.7
SA Cash	4.9
SA Preference Shares	0.5
SA Property	1.3
Total	100

Performance	Fund %	Benchmark %
3 months	1.1	1.7
1 year	12.8	7.3
3 years	11.3	8.0
5 years	9.6	6.8
10 years	8.7	6.8
Since Inception (December 2012)	7.8	6.5

Annualised after one year

Highest and Lowest Annual Returns	%
Highest annual return	13.5
Lowest annual return	4.5
<i>By calendar year</i>	

PERFORMANCE REVIEW

The Fund generated a return of 1.14% for the quarter, underperforming its benchmark, the STeFI Composite Rate, which generated a return 1.66%. The average local multi-asset income fund delivered a return of 0.47% during the quarter, while the average local bond fund delivered -3.17%.

The Fund's net return over 12 months is 12.81% versus the STeFI Composite return of 7.28% and a peer group return of 9.84% over the period. The average bond fund delivered 18.12% over 12 months. The Fund's overweight position in government bonds has been a boost to relative performance during the year.

MARKET AND ECONOMIC REVIEW

US inflation, which had been grinding steadily towards the Fed's 2% target, saw renewed upside risk. CPI ran at 2.4% year-on-year in both January and February, with core CPI holding at 2.5%. However, the oil shock threatened to push these readings higher in the coming months. Against this backdrop, the Federal Reserve held rates steady at 3.50–3.75% at both its January and March meetings, adopting a "wait and see" posture after delivering three consecutive 25 basis point cuts in late 2025. Market expectations for further rate cuts were significantly scaled back, with 10-year US Treasury yields climbing towards 4.4% as the quarter progressed.

Global bond markets faced a tug of war between rising inflation expectations (pushing yields higher) and slowing growth concerns (pulling yields lower). The inflation impulse from surging oil prices won out in the short term, with yields rising across most markets. The Bloomberg Global Aggregate Bond Index returned -1.1% in USD for the quarter. The US dollar continued to regain some ground against the major currencies over the quarter (US Dollar Index +1.7%), benefitting from safe haven flows and the repricing of rate cut expectations following the oil shock.

The SARB held the repo rate at 6.75% at both its January and March meetings. The January hold was not unanimous (four members voted to hold, two preferred a cut), reflecting the benign inflation backdrop and scope for further easing. However, the Iran conflict fundamentally altered the monetary policy calculus. At the March meeting, the decision was unanimous to hold, with the SARB raising its 2026 inflation forecast to 3.7% (from 3.3%) and projecting fuel inflation exceeding 18% in Q2. The central bank now projects only one rate cut in 2026, down from two previously, and presented adverse scenarios where inflation rises above 5% under a prolonged conflict. Governor Kganyago noted that before the war, conditions had been favourable for inflation to settle around the 3% target quickly, but the negative shock would delay that process. The Eskom tariff hike of 8.76% for direct customers, effective 1 April, added a further domestic inflation headwind.

The FTSE/JSE All Bond Index declined -3.4% for the quarter, with March representing the second-worst month in the Index's 25-year history at -7.0%. South Africa's 10-year government bond yield spiked 120 basis points to 9.3% during March. The bond sell-off was exacerbated by the largest foreign outflow from SA's bond market in at least six years, as global investors unwound what had been one of the most popular emerging markets carry trades. Inflation-linked bonds proved slightly more resilient at -1.1% for the quarter, reflecting their implicit inflation protection in a rising price environment.

PORTFOLIO STRATEGY

As the South African bond yield curve has shifted, we have been disciplined about managing the duration profile of the Fund. We also continue to diversify our bond exposures with a sizable, low duration, floating rate note weighting in the Fund. We have maintained an overweight exposure to inflation-linked bonds over the prior year, providing greater protection against macroeconomic volatility and attractive real yields. Against this backdrop, the Fund continues to be a valuable investment proposition for clients.

Daniel King

Portfolio Manager

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. Charges of the most expensive fee class, maximum fund charges include (incl. VAT): Manager initial fee (max.): 3.45%; Manager annual fee (max.): 0.63%; Total Expense Ratio (TER): 0.67%. The Manager retains full legal responsibility of the third-party portfolio. The registered name of the Fund is "Merchant West Sanlam Collective Investments Enhanced Income Fund." 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-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. Past performance is not indicative of future performance. 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. 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.