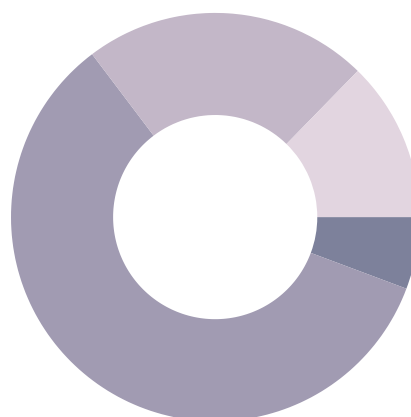


FUND DETAILS

Benchmark	ASISA Category	Portfolio Managers	Suitable Investor
STeFI Call Rate	South African Multi Asset Unclassified	Daniel King	The Merchant West SCI Flexible Income Fund is suitable for investors seeking an after-tax return in excess of that yielded by the money market or cash, mainly in the form of dividends. Investors have a conservative risk profile, but are prepared to accept a relatively low level of volatility and are prepared to invest for three years and longer.

Top 10 Holdings

	%
Standard Bank Group Preference Shares	16.9
Discovery Holdings Preference Shares	13.6
Merchant West SCI Money Market Fund Class B	11.1
Network Healthcare Preference Shares	9.4
Grindrod Preference Shares	9.0
Investec Ltd Preference Shares	8.9
Nedbank Group Ltd	8.4
Coronation Fund Managers	8.3
ABSA Group Limited	6.0
RSA Govt Bond R2040 9.0% 31012040	5.8

Asset Allocation: Portfolio Date: 31/03/2026


SA Fixed Income	5.7
SA Preference Shares	59.0
SA Equity	22.6
SA Cash	12.7
Total	100

Performance	Fund %	Benchmark %
3 months	-1.1	1.6
1 year	22.7	7.0
3 years	16.0	7.7
5 years	18.2	6.5
10 years	12.4	6.3
Since Inception (January 2008)	9.4	6.4

Annualised after one year

Highest and Lowest Annual Returns	%
Highest annual return	44.0
Lowest annual return	-10.2
<i>By calendar year</i>	

PERFORMANCE REVIEW

The Fund generated a return of -1.05% for the quarter, underperforming its benchmark, the STeFI Call Rate, which generated a return 1.60%. 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 22.69% versus the STeFI Call return of 7.03%. The average local multi-asset income fund delivered a return 9.84% over 12 months, while the average bond fund delivered 18.12% over the same period.

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

The objective of the Fund is to generate a high amount of income in the form of dividends. That income aims to exceed the returns generated from other short-term cash yields (like STeFI call deposits or money market funds). For tax sensitive investors, the high level of dividend income represents an attractive opportunity to improve income generation on an after-tax basis that similar traditional assets cannot match.

To achieve its objective, the Fund does subject itself to higher degrees of volatility as the capital price can move up and down driven by expectations about long-term interest rates and actual moves in short-term prime interest rates. However, by owning a diversified allocation of stocks and analysing the underlying fundamentals of these securities, we aim to mitigate credit default risk of specific companies and improve price volatility driven by sentiment towards any individual company.

Daniel King
Portfolio Manager

Disclaimer

Sanlam Collective Investments (RF) (Pty) Ltd is a registered and approved Manager in Collective Investment Schemes in Securities and the Manager retains full legal responsibility for the co-brand portfolio. Collective investment schemes are generally medium- to long-term investments. Past performance is not necessarily a guide to future performance, 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 from the Manager on request. Collective investments are traded at ruling prices and can engage in borrowing and scrip 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-div date. Performance is calculated for the portfolio and the individual investor performance may differ as a result of initial fees, actual investment date, date of reinvestment and dividend withholding tax. Income funds derive their income primarily from interest-bearing instruments. The yield is current and is calculated on a daily basis. The manager has the right to close the portfolio to new investors in order to manage it more efficiently in accordance with its mandate. Annualised return is the weighted average compound growth rate over the period measured. 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. Charges of the most expensive fee class, maximum fund charges include (incl. VAT): Manager initial fee (max): 3.45%; Manager annual fee (max): 0.86%; Total Expense Ratio (TER): 0.96%. The registered name of the fund is "Merchant West Sanlam Collective Investments Flexible Income Fund." The performance of the portfolio depends on the underlying assets and variable market factors. The manager has the right to close the portfolio to new investors in order to manage it more efficiently in accordance with its mandate. Annualised return is the weighted average compound growth rate over the period measured.