Merchant West
Finance Invest Insure

Merchant West SCI Managed Payers & Growers® Fund
Quarterly Report
Quarter ending 30 June 2026

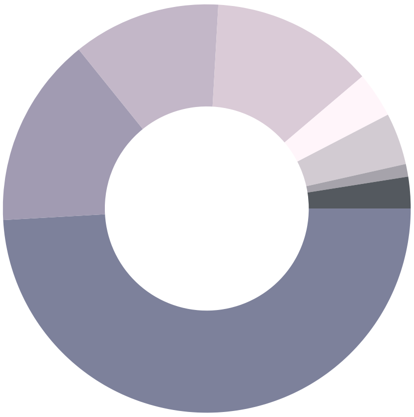
FUND DETAILS

Benchmark	ASISA Category	Portfolio Managers	Suitable Investor
CPI + 6%	South African Multi-Asset High Equity	Ian Anderson Richard Henwood	The Merchant West SCI Managed Payers and Growers® Fund is suitable for an investor seeking to achieve long-term income and capital growth at moderate risk levels. The Fund is Regulation 28 compliant and has a maximum effective equity exposure limit of 65%. The recommended investment horizon is five years or more.

Top 10 Holdings

Top 10 Holdings	%
Merchant West SCI Global Managed Growth Fund Class Z	20.8
Merchant West SCI Enhanced Income Fund Class D	4.9
RSA Govt Bond R2035 8.875% 28022035	4.0
RSA Govt Bond R2030 8.0% 31012030	3.9
Spear REIT Limited	2.5
Fairvest Limited	2.4
ADvTECH	2.4
Boxer Retail Group Limited	2.3
Capitec Bank Holdings Ltd	2.2
Netcare Limited	2.2

Asset Allocation: *Portfolio Date: 30/06/2026*



Asset Allocation	%
SA Equity	49.1
SA Property	15.1
SA Fixed Income	11.7
Global Equity	12.9
SA Cash	3.6
Global Property	4.1
Global Cash	1.0
Global Fixed Income	2.5
Total	**100**

Performance

Performance	Fund %	Benchmark %
3 months	4.3	3.7
1 year	12.6	10.8
3 years	14.7	10.3
5 years	12.3	11.1
10 years	5.8	10.7
Since inception	8.1	11.0

Annualised after one year

Highest and Lowest Annual Returns

Highest and Lowest Annual Returns	%
Highest annual return	33.5
Lowest annual return	-13.4

By calendar year

MARKET OVERVIEW

The second quarter of 2026 was, in many respects, the mirror image of the first. Having been dominated by the outbreak of war involving Iran and the associated surge in energy prices, markets spent the second quarter unwinding much of that geopolitical risk premium. Brent crude oil fell 38.4% in US dollars over the quarter, reversing the bulk of the 94.5% spike recorded in the first three months of the year, while gold declined 14.1% and platinum 20.5% as demand for safe-haven assets faded. With the energy shock dissipating, risk appetite returned forcefully: the MSCI All Country World Index gained 14.9% in US dollars over the quarter, the MSCI World Index rose 13.8%, the S&P 500 returned 15.2% and the Nasdaq Composite surged 21.5%. Emerging markets led the recovery, with the MSCI Emerging Markets Index up 24.1% and the Emerging Markets ex China Index gaining a remarkable 34.5%, although China remained the notable laggard, declining 6.6%.

Market leadership also reversed. Having favoured value, defensive and dividend-paying shares during the first quarter's risk-off environment, investors rotated firmly back into growth: the MSCI World Growth Index returned 18.9% in US dollars over the second quarter against 9.2% for the MSCI World Value Index, while the S&P Global Dividend Aristocrats Index gained a comparatively modest 6.1%. For rand-based investors, the strong global equity returns were partially diluted by currency strength, with the rand appreciating 3.4% against the US dollar over the quarter as the oil price collapsed and risk appetite towards emerging markets improved.

The combination of sharply lower oil prices and a firmer rand materially improved South Africa's imported-inflation outlook, and domestic yield assets responded strongly. The FTSE/JSE All Bond Index returned 7.9% over the quarter, inflation-linked bonds gained 6.5% and SA listed property delivered 10.0%, taking the sector's 12-month return to an exceptional 29.7%. Despite the improved inflation backdrop, the SARB raised the repo rate by 25 basis points to 7.00% at its May meeting, underscoring its determination to anchor inflation expectations at the lower 3% objective, a stance that the bond market has clearly rewarded. The equity market was the outlier: the FTSE/JSE All Share Index declined 2.4% over the quarter, dragged lower by Resources, which fell 18.7% as precious metals prices retreated sharply (the Precious Metals and Mining Index declined 23.2%). Beneath the headline weakness, however, the domestically-focused parts of the market performed well, with Financials returning 8.0%, Banks 9.9%, Industrials 4.8% and small caps 6.2%.

The whipsaw in energy prices, equity leadership and risk appetite across the first two quarters of the year is a powerful reminder of how quickly geopolitical developments can move markets in both directions, and of the difficulty of timing such moves. Portfolios anchored in reliable, growing income streams, diversified across asset classes and geographies, remain, in our view, the most robust way to navigate this environment. Notably, the domestic income-producing assets that anchor these portfolios, namely South African bonds and listed property, were amongst the best performing asset classes over the quarter and the past twelve months.

PORTFOLIO & PERFORMANCE COMMENTARY

During the quarter, the Fund returned 4.3%, outperforming its benchmark (CPI + 6%) of 3.7%. Over the past 12 months, the Fund returned 12.6%, ahead of the benchmark return of 10.8%. The Fund also outperformed its peer group's average return of 12.3% over the one-year period.

The Fund's South African equity holdings were the largest driver of performance, returning 5.2% and adding 2.6% to the quarter's return. Capitec (+16.7%), Momentum (+16.3%), OUTsurance (+15.4%), Mr Price (+17.2%), ADvTECH (+14.5%), Boxer (+13.8%) and FirstRand (+12.9%) led the way, consistent with the strength of the domestically-focused financial and consumer sectors during the quarter. Clicks (-21.4%) was the largest single detractor following a disappointing trading update, with Ninety One (-10.6%) and Reunert (-5.9%) also weighing on returns. Importantly, the Fund's deliberate avoidance of the resources sector shielded it from the 18.7% decline in the FTSE/JSE Resources Index as precious metals prices retreated.

South African listed property was the second major contributor, with the property sleeve returning 9.8% and adding 1.5% to performance. Fairvest (+20.9%), Octodec (+16.9%), Spear (+12.7%), Vukile (+12.7%) and Dipula (+12.3%) all delivered strong double-digit total returns, while Delta Property Fund rose 58.1% off a low base. Accelerate Property Fund (-22.1%) was the notable detractor within the sleeve. The Fund's South African government bond holdings added a further 0.4% as the R2035 returned 7.6% and the R2030 3.9%. The holding in the Merchant West SCI Global Managed Growth Fund detracted modestly, returning -0.8% in rand terms as rand strength diluted offshore returns and the global rotation back towards growth shares created a headwind for that Fund's income-oriented, quality-biased holdings.

Portfolio activity during the quarter was again disciplined and valuation-driven. Following the exceptional performance of South African listed property, the Fund took profits in Dipula and Octodec, with the proceeds temporarily held in money market instruments pending redeployment. No changes were made to the Fund's South African equity holdings, and the Standard Bank fixed coupon note held within the fixed income allocation matured in May. The Fund maintained its allocations to the Merchant West SCI Global Managed Growth Fund (approximately 21%) and the Merchant West SCI Enhanced Income Fund (approximately 5%).

The Fund paid a distribution of 1.53c for the A class and 1.64c for the A1 class. Second quarter distributions benefit from the large number of South African companies that declare and pay dividends following the December and March reporting periods.

AMALGAMATION WITH MERCHANT WEST SCI BALANCED PLUS FUND

As investors in the Merchant West SCI balanced Payers & Growers® funds were informed, we are in the process of amalgamating the Merchant West SCI Managed P&G® Fund into the Merchant West SCI Balanced Plus Fund (both are in the ASISA SA MA High Equity category). The unified investment strategy going forward will combine the strengths of our two previous approaches – our Payers & Growers® philosophy and a market-relative framework – with the aim of improving risk-adjusted total returns by reducing the volatility historically associated with a pure Payers & Growers® approach, while still preserving a meaningful income component. The new investment strategy will also employ a Quality investment strategy with a long-term orientation, investing in businesses of enduring quality, with sound prospects, at attractive prices in relation to intrinsic values.

Ian Anderson
Portfolio Manager

Richard Henwood
Portfolio Manager