

**FUND DETAILS**

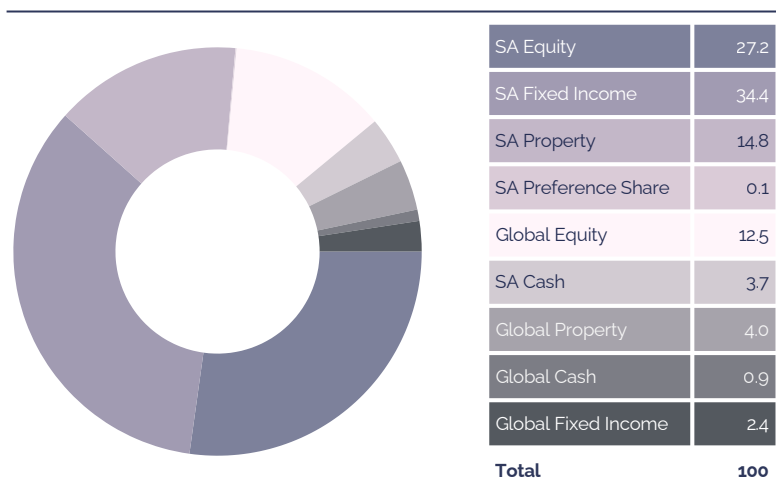
| Benchmark | ASISA Category                       | Portfolio Managers              | Suitable Investor                                                                                                                                                                                                                                                                                                                 |
|-----------|--------------------------------------|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CPI + 4%  | South African Multi-Asset Low Equity | Ian Anderson<br>Richard Henwood | The Merchant West SCI Stable Payers and Growers® Fund is suitable for investors who require a balance between growth and income at moderate to conservative risk levels. The Fund is Regulation 28 compliant and has a maximum effective equity exposure limit of 40%. The recommended investment horizon is three years or more. |

**Top 10 Holdings**

|                                                      | %    |
|------------------------------------------------------|------|
| Merchant West SCI Global Managed Growth Fund Class Z | 20.1 |
| Merchant West SCI Enhanced Income Fund Class D       | 16.9 |
| RSA Govt Bond R2035 8.875% 28022035                  | 9.8  |
| RSA Govt Bond R2030 8.0% 31012030                    | 9.5  |
| Accelerate Property Fund                             | 1.8  |
| Fairvest Limited                                     | 1.6  |
| Vukile Property Fund Ltd                             | 1.6  |
| Stor-Age Property REIT Ltd                           | 1.6  |
| Spear REIT Ltd                                       | 1.6  |
| Dipula Income Fund                                   | 1.5  |

| Performance     | Fund % | Benchmark % |
|-----------------|--------|-------------|
| 3 months        | 4.0    | 3.3         |
| 1 year          | 13.2   | 8.8         |
| 3 years         | 14.2   | 8.3         |
| 5 years         | 12.1   | 9.1         |
| 10 years        | 6.5    | 8.7         |
| Since inception | 7.9    | 9.0         |

Annualised after one year

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

**Highest and Lowest Annual Returns**

|                         | %    |
|-------------------------|------|
| Highest annual return   | 28.3 |
| Lowest annual return    | -9.6 |
| <i>By calendar year</i> |      |

**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 4.0%, outperforming its benchmark (CPI + 4%) of 3.3%. Over the past 12 months, the Fund returned 13.2%, well ahead of the benchmark return of 8.8%. The Fund also outperformed its peer group's average return of 12.0% over the one-year period.

The Fund's performance over the quarter was pleasingly broad-based. South African listed property was the largest contributor, with the property sleeve returning 9.0% and adding 1.4% to the Fund's return. 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 as the market began to price in progress on the company's disposal programme and balance sheet repair. Accelerate Property Fund (-22.1%) was the one notable detractor within the sleeve. South African government bonds also contributed meaningfully, adding 1.1% to performance as the R2035 returned 7.6% and the R2030 3.9% in a strongly rallying bond market.

The Fund's South African equity holdings added 1.3% to the quarter's return, led by Capitec (+16.7%), Momentum (+16.3%), OUTsurance (+15.4%), Mr Price (+17.2%), ADVTECH (+14.5%) and FirstRand (+12.9%), consistent with the strong performance of the domestically-focused financial and consumer sectors. Clicks (-21.4%) was the largest single detractor following a disappointing trading update, while Ninety One (-10.6%) and Reunert (-5.9%) also weighed on returns. The Fund's 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 market's rotation back towards growth shares created a headwind for that Fund's income-oriented, quality-biased holdings.

Portfolio activity during the quarter centred on disciplined profit-taking. Following the exceptional run in South African listed property, the Fund trimmed its holdings across Dipula, Emira, Fairvest, Octodec, Spear, Stor-Age and Vukile, reducing the direct SA listed property weighting from 17.0% to 14.6% of the portfolio. The Fund also modestly reduced its holding in the Merchant West SCI Global Managed Growth Fund, from just over 21% to 20%, and trimmed its allocation to the Merchant West SCI Enhanced Income Fund to approximately 17%. No changes were made to the Fund's South African equity holdings during the quarter, and the Standard Bank floating rate note held within the fixed income allocation matured in May.

The Fund paid a distribution of 22.00c for the A class and 24.30c 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 CAUTIOUS 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 Stable P&G® Fund into the Merchant West SCI Cautious Fund (both are in the ASISA SA MA Low 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**      **Richard Henwood**  
 Portfolio Manager   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. 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.): 0.86%; Total Expense Ratio (TER): 0.92%. The Manager retains full legal responsibility of the third-party portfolio. The registered name of the Fund is "Merchant West Sanlam Collective Investments Stable Payers and Growers® 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. 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.