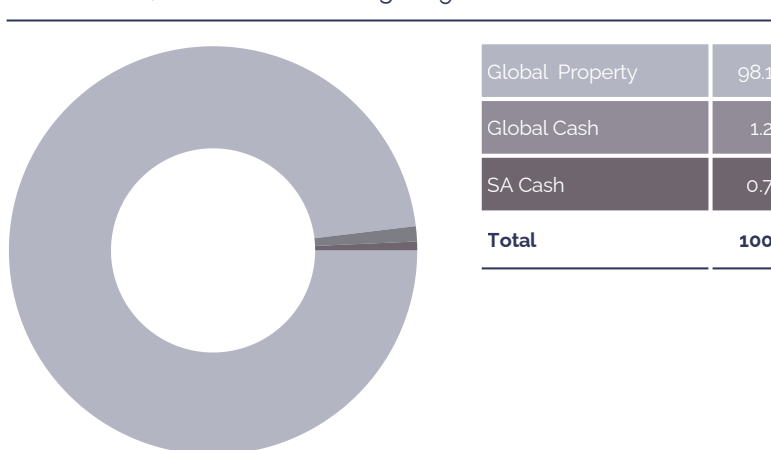


FUND DETAILS

Benchmark	ASISA Category	Portfolio Managers	Suitable Investor
GPR 250 REIT Index Total Return (TR) in rand	Global Real Estate General	Richard Henwood Ian Anderson	The Merchant West SCI Global Property Income Fund is suitable for investors seeking a diversified portfolio of global property stocks across developed markets and various property types, some of which are not available in South Africa (i.e. listed on JSE) e.g. healthcare, data centres, and mobile towers. Investors have an aggressive risk profile and are prepared to accept capital volatility in the short term. Investors are prepared to invest for a minimum period of seven years and longer.

Top 10 Holdings

	%
Prologis Incorporated	6.9
Welltower Incorporated	6.7
Simon Property Group Inc	4.1
American Tower Corporation	4.1
Vivmark Residential	4.1
Public Storage Incorporated	3.9
Digital Realty Trust	3.9
Realty Income Corporation	3.3
Goodman Group	3.2
Equinix Incorporated	2.4

Asset Allocation: Portfolio Date: 30/09/2026

Performance

	Fund %	Benchmark %
3 months	-8.0	-5.7
1 year	-4.7	-2.3
3 years	2.6	5.2
5 years	-0.4	3.5
10 years	0.7	5.1
Since inception	9.6	12.7

Annualised after one year
Highest and Lowest Annual Returns

	%
Highest annual return	50.0
Lowest annual return	-25.3
<i>By calendar year</i>	

MARKET OVERVIEW

The third quarter of 2026 brought back much of the geopolitical risk premium that markets had unwound in the second quarter. Oil had fallen in June on hopes of a memorandum of understanding between the US and Iran, but prices rallied sharply as talks lost momentum and supply fears resurfaced, with Brent crude climbing back above US\$100 per barrel in September. The resulting energy-led inflation shock, together with a surprisingly resilient global economy, pushed most developed-market central banks back into tightening mode. The US Federal Reserve (in its first hike since July 2023 and the first under new Chairman Kevin Warsh), the European Central Bank and the Bank of Japan all raised rates by 25 basis points in September, while the Bank of England held steady.

Against this backdrop, equity markets delivered modest and uneven gains: the MSCI World Index returned 1.9% in US dollars, the S&P 500 gained 2.3% and the Nasdaq Composite rose 2.6%, with both setting record highs in August and early September, while the Dow fell 2.3%. Japan gained 2.4% in yen (+5.9% in US dollars), the UK returned 1.8% in sterling (+1.9% in US dollars) and Europe lost 1.0% in euros (-1.7% in US dollars) amid concerns over the ECB's hiking cycle. Emerging markets slipped 0.4% in US dollars after their 24.1% surge in the second quarter, although Chinese equities gained 3.7%.

Beneath the headline numbers, the quarter was narrow and driven largely by interest rates. Value outperformed growth, while small caps and interest-rate-sensitive sectors lagged badly as bond yields jumped. The Russell 2000 fell 7.2%, and utilities, industrials and real estate were the weakest sectors in the S&P 500, where only energy, information technology, health care and communication services ended the quarter in positive territory. Within technology, leadership rotated from semiconductors towards hyperscalers and software following a sharp chip sell-off in July. That sell-off hit the tech-heavy Nikkei 225 (-5.3% in yen) and emerging markets particularly hard.

Government bonds endured their worst quarter in years, with the US 10-year Treasury yield rising 85 basis points to 5.29%, its highest level since just before the 2007 financial crisis. Three forces drove the sell-off. Energy-driven inflation forced central banks to hike. Term premia rose on heavy sovereign issuance and record borrowing by US hyperscalers, who have issued more than US\$200 billion of long-term bonds

in 2026 to fund the AI buildout, while fiscal and political risk resurfaced in France and the UK. The Bloomberg Global Aggregate Bond Index fell 2.5% in US dollars.

As a long-duration, interest-rate-sensitive asset class, global listed property bore the brunt of the rate shock. The GPR 250 REIT Index gave back some of its strong first-half gains, falling 5.9% in US dollars as geopolitical uncertainty and a "higher-for-longer" interest rate outlook weighed on the sector. Europe (-8.3%) and the Americas (-6.2%) led the declines, while Asia (-2.9%), Oceania (-2.7%) and Africa (-1.3%) held up relatively better.

PORTFOLIO AND PERFORMANCE COMMENTARY

During the third quarter, the Fund produced a negative return of 8.0% (in ZAR), underperforming its benchmark (GPR250 REIT Index -5.7% in ZAR) and its peer group average (-6.8 in ZAR).

The sell-off in global listed property was broad-based, with every property sector in the portfolio delivering negative returns over the quarter. Cold storage was the clear laggard (-17.1%), as softer food-inventory demand and downward earnings revisions weighed on sentiment. Residential (-10.4%) and retail (-9.4%) also declined sharply, reflecting concerns over consumer spending. Self-storage (-8.1%) and office (-7.2%) rounded out the weakest performers. Healthcare was the standout on a relative basis, falling just 1.3%. The sector's defensive characteristics, underpinned by demographic tailwinds from an ageing population and needs-based demand, helped it hold up better than other property sectors. The Fund's best individual performers (in ZAR) during the quarter were Segro Plc (+7.4%), Sabra Healthcare (+2.6%), Welltower (+1.8%) and American Tower (+1.2%). The worst performers were Hudson Pacific (-24.0%), Vonovia SE (-21.8%), Lineage (-19.9%) and UDR Inc (-15.0%).

After staging a notable recovery in the second quarter, Hudson Pacific Properties (HPP) underperformed in the third quarter, falling roughly 24%. The share price decline came despite solid Q2 results released in August, with in-service office occupancy rising 470 bps to 82.5%, Core FFO per share growing 30% to \$0.35, and management raising full-year Core FFO guidance to \$1.12 – \$1.20. The weakness appears to reflect profit-taking after a roughly threefold rally from April lows and management's warning that Q3 lease expirations would temporarily weigh on occupancy and earnings.

SEGRO's (SGRO) share price increased in the third quarter as Prologis' (PLD) pursuit of the company ended in an agreed deal. After SEGRO's board rejected two further proposals in which Prologis progressively raised the exchange ratio and introduced, then increased, a partial cash alternative, Prologis tabled a fourth, best and final proposal on 22 July 2026. The final offer valued SEGRO at 1 031.7 pence per share, or around £14.0bn, a 39% premium to the undisturbed share price of 742 pence and 14.4% above their last reported NAV. SEGRO shareholders approved the scheme of arrangement at the Court and General Meetings on 28 September. The deal still needs Court sanction and other remaining conditions, including antitrust and regulatory approvals, with completion expected in H1 2027.

CURRENT POSITIONING AND OUTLOOK

The Fund continues to maintain full exposure to global listed property. The Fund is well diversified across geographical regions but does have significant exposure to North America (76%) and less exposure to the UK (9%), Europe (6%), and Australia (6%). Compared to its benchmark, the Fund is overweight developed markets (US, UK, and EU) and underweight Asia. The Fund is well diversified across various property types but holds significant exposure to the retail (17%), residential (16%) and logistics warehouse (14%) property sectors. The Fund also has exposure to alternative property types, such as self-storage (9%), healthcare (14%), cold storage (2%), and technology (12%) – being data centres and mobile towers – which provides diversification away from the traditional commercial property types e.g. office (7%).

Global REITs delivered a positive return in 2025, rising 10.5% (GPR 250 REIT Index, net return in USD). While the Americas region meaningfully outperformed other regions over the past five and ten years, 2025 highlighted the benefits of global diversification as leadership rotated away from the region. Asia (+32%), Africa (+30%), Oceania (+24%) and Europe (+8%) all outperformed the Americas (+6%) region in 2025, helped by currency moves and shifting policy expectations. In the US, restrictive monetary policy and a "higher-for-longer" rate backdrop remained a key headwind for US REITs, with near-term performance still tightly linked to moves in long-dated Treasury yields.

After a positive first half of 2026, the outlook for global listed REITs has become more finely balanced, with near-term returns likely to remain sensitive to the path of interest rates and long-bond yields, particularly in rate-sensitive markets such as the US and UK. Government bonds sold off globally through the third quarter on sticky inflation, higher energy prices and heavy debt issuance. In the US, the Federal Reserve raised rates by 25bps to 3.75% – 4.00% in September, its first hike since 2023, and the 10-year Treasury yield ended the quarter at 5.29%, having reached its highest level since 2007. In the UK, the Bank of England held the Bank Rate at 3.75%, but the 10-year gilt yield still rose to 5.43% by the end of September.

At the sector level, data centres, logistics and residential remain underpinned by durable secular demand from AI-led digital infrastructure buildout, continued e-commerce penetration, and longer-term urbanisation trends. That said, the path is unlikely to be smooth: geopolitical tensions, policy uncertainty (including shifts in US economic policy), and the risk of slower growth or recession in parts of the world could weigh on sentiment and capital flows at times. Overall, selectivity by region, balance sheet strength and asset quality should be key differentiators in 2026.

The Fund continues to favour investments in high quality REITs that are expected to withstand the impact of technological disruptions. The Fund is well diversified both geographically and by property-type. The Fund continues to offer investors a level of initial income higher than global bonds, as well as inflation-beating income and capital growth over the medium and long term. The current one-year forward yield on the portfolio is 4.4% (before fees and dividend withholding taxes) and the portfolio's income is expected to grow by 3.3% per annum over the next three years. The Fund distributes on a semi-annual basis (June and December).

Ian Anderson
Portfolio Manager

Richard Henwood
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.): 0.95%; Total Expense Ratio (TER): 1.00%. The Manager retains full legal responsibility of the third-party portfolio. The registered name of the Fund is "Merchant West Sanlam Collective Investments Dividend Equity 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.