

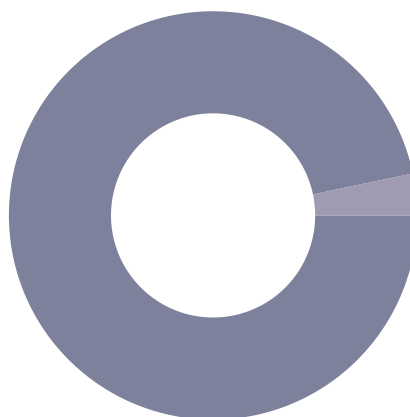
FUND DETAILS

Benchmark	ASISA Category	Portfolio Managers	Suitable Investor
FTSE/JSE All Share Index	SA Equity General	Rudi van Niekerk Piet Viljoen	The Merchant West SCI Value Fund is suitable for investors seeking to maximise capital growth over the long term. Investors have an aggressive risk profile and are prepared to accept a high level of volatility. The Fund is suitable for investors looking for a high-conviction, actively managed equity fund, and prefer a value-based investment approach grounded in fundamental analysis. Investors are prepared to invest for a minimum period of seven years or longer.

Top 10 Holdings

	%
Sasol Limited	7.7
Sabvest Capital Ltd	6.0
Naspers Limited	5.8
FirstRand Limited	5.3
Standard Bank Group Ltd	5.1
Argent Industrial Limited	5.0
Hosken Consolidated Investments	4.9
Valterra Platinum Ltd	4.0
Momentum Group Limited	3.4
Oceana Group Limited	3.3

Asset Allocation: Portfolio Date: 30/09/2026



Performance	Fund %	Benchmark %
3 months	-1.2	-0.3
1 year	20.2	4.6
3 years	14.4	18.7
5 years	10.7	15.3
10 years	11.5	11.5
Since inception (Dec 2010)	11.7	12.2

Annualised after one year

Highest and Lowest Annual Returns	%
Highest annual return	43.6
Lowest annual return	-4.9
By calendar year	

MARKET OVERVIEW

In South Africa, the equity market ended the quarter on a relatively flat note, with the FTSE/JSE All Share Index (total return) declining by 0.3%. This figure however masked a significant amount of intra-quarter volatility as precious metals went from hero (+32%) in August to zero (-12%) in September as real yields surged. However, the FTSE/JSE Precious Metals and Mining Index still ended the quarter with a stellar return of 16.7%, while the Resources Index was up 15.2%. The strong performance from the resources sector was however negated by weakness in the prices of SA Inc equities, as well as index-heavyweights Naspers (-16%) and Prosus (-6%). This left the FTSE/JSE All Share Industrials Index down by 10% over the quarter, while the Financials Index lost 3.7%. The worst performing industry groups over the quarter were Technology (-12.0%), Consumer Discretionary (-10.6%) and Consumer Staples (-5.5%). Basic Materials (+15.6%) and Health Care (+2.4%) were the industry groups that managed to end the quarter on a positive note.

THE FUND

The Merchant West SCI Value Fund is an unconstrained, diversified South African equity fund that aims to outperform the JSE All Share Index over the long term. To do so, we invest in South African listed assets, employing a value-based investment philosophy and a sensible risk management process with the backing of the Merchant West Investments research capabilities.

The Merchant West SCI Value Fund underperformed the JSE All Share Index (ALSI) Total Return (TR) and the average ASISA SA Equity General fund over the September quarter. The Fund delivered a total return of -1.2% while the ALSI delivered a total return of -0.3%. Despite the quarter of underperformance, we remain encouraged with the one-year performance of the Fund which has delivered 20.2% compared to the ASISA category average of 5.8% and the JSE All Share Index of 4.6%. Over the past year the Fund's performance ranks 2nd out of 101 funds in the ASISA South African Equity General category.

At a sector level, the largest contributor to the underperformance relative to the JSE All Share Index can be ascribed to stock selection and asset allocation within the Consumer Staples sector. The Fund's overweight position in food producers Astral Foods, AVI and Oceana saw drawdowns in the quarter as heightened oil prices negatively impacted input costs for these businesses. Astral was down 21.0% for the quarter while AVI and Oceana were down 19.2% and 6.7% respectively.

The second largest detractor from relative performance at a sector level was the Materials sector. The Fund's underweight exposure to gold miners, which had a strong quarter with AngloGold Ashanti and Gold Fields up 16.6% and 10.7% respectively, was a significant detractor from relative performance.

The largest contributors to positive relative performance for the period included the overweight position in Sasol which returned 41.8% for the quarter, the Fund's underweight exposure to MTN which declined 22.0% and the overweight exposure to Karoo which returned 27.3%.

MANAGEMENT ACTIONS

During the quarter a new position was entered in Discovery. Existing holdings in Kumba Iron Ore, AVI, Naspers and Telkom were increased on opportune price weakness.

Positions in Absa Group, Wilson Bayly Holmes and PPC were exited fully, while positions in ADvTECH and Momentum Group were trimmed slightly.

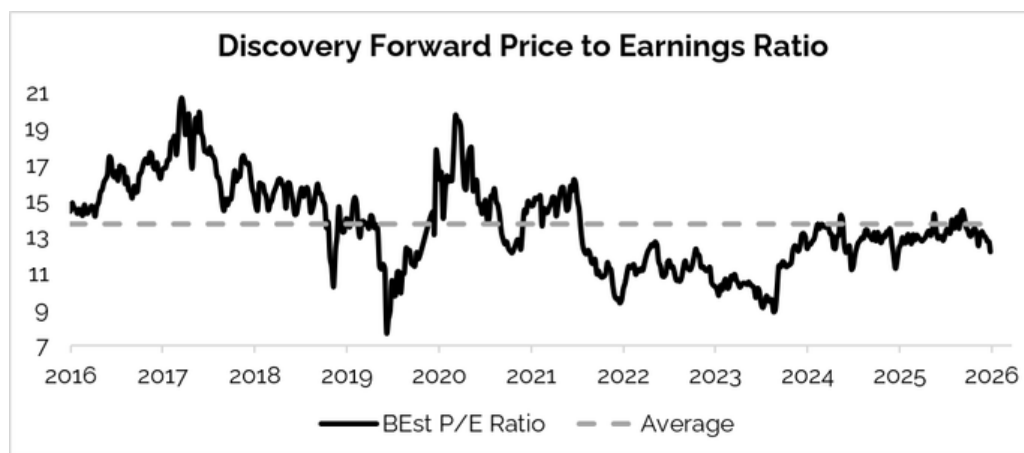
DISCOVERY

Discovery has been a useful case study in behavioural bias. The Merchant West SCI Value Fund first bought the share in April 2025 at around R180. When it rallied to R220 we sold, intending to re-enter at a lower price. That exit was driven by the disposition effect (a tendency to lock in gains early) and by anchoring on our own cost base, rather than by a view that the share had exceeded our forward-looking intrinsic value at R220 a share. The share went on to reach a 52-week high of R288 before retracing to below R260.

Re-entering at a price well above our original cost is uncomfortable. That discomfort is regret aversion and anchoring to a historic reference point, and neither tells us anything about Discovery's value. Our R180 entry and R220 exit are sunk, and the R288 high is not a fair-value marker. The only relevant question is whether the current price offers an adequate margin of safety against our estimate of intrinsic value. On that basis we have initiated a position, supported by three pillars:

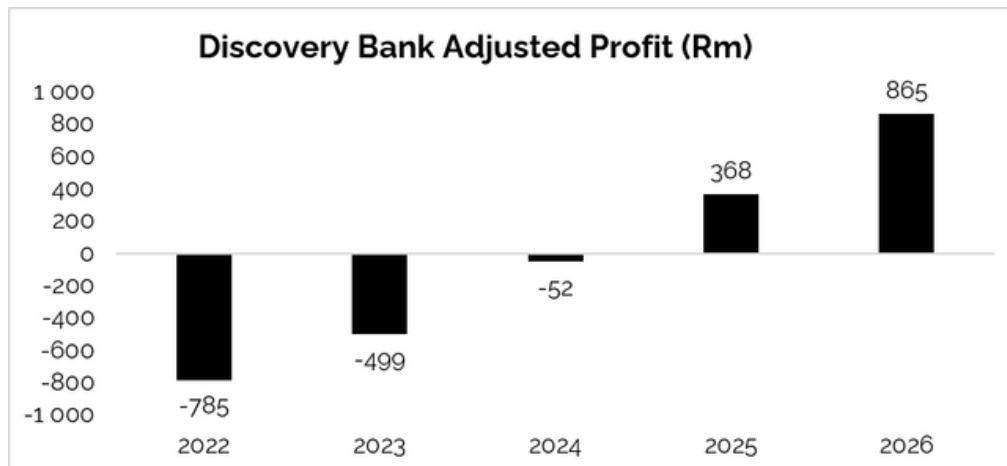
1. Modest starting valuation relative to management growth expectations:

Discovery currently trades around 12 times forward earnings, a slight discount to its 10-year average of 13.7 times despite a significantly improved growth outlook. Management is guiding for a normalised operating profit compounded annual growth rate of 15 to 20% through to 2029. Thus, even at the low end of the guided range, the stock trades at a price to earnings growth ratio of below 1.



2. Discovery Bank growth and cross-sell opportunity:

Discovery has been rapidly growing as a challenger bank in South Africa and since launching has been able to grow to 1.57m clients. Profits have been rapidly scaling as the cost to serve each customer comes down as the bank is able to spread its fixed cost base over a larger number of clients. In the recent 2026 results, Discovery Bank's profit before new business acquisition costs (NBAC) grew 135% to R865m, with management projecting the bank's profitability before NBAC to hit R2.8bn by 2029 implying a compounded annual growth rate of 48% over the next three years. Further, we see the bank as a key distribution channel for Discovery into the ecosystem. Seventy percent of new Discovery Bank clients have zero other Discovery products and thus the bank is their first touchpoint into the Discovery ecosystem. Discovery Bank clients also take on an additional Discovery product almost three times faster than a non-banked client.



3. Vitality AI optionality:

Vitality AI is Discovery's personalised health platform that has been built in collaboration with Google and Gemini that launched in the United States in September 2026. The platform will be monetised by licensing to major insurers in the US, and their latest acquisition (Icario) has given them an entry into the US Medicare and Medicaid market. While Vitality AI is still currently a cost centre for Discovery in the 2026 results and yet to be monetised, we see significant upside optionality that this asset-light, business-to-business platform can offer that is not currently priced in by the market.

The Merchant West SCI Value Fund's edge lies in our disciplined investment process (a blend of quantitative and fundamental research) and mindful approach to portfolio construction. We follow a fundamental, bottom-up process, backing quality businesses. Our focus is on companies with genuine growth prospects and management teams that allocate capital in a shareholder-friendly way, and we look to buy at a discount to our assessment of intrinsic value, giving us both downside protection and upside potential. This is a deliberate departure from deep value or contrarian investing in distressed businesses, and we don't buy a stock simply because of its index weighting. We are confident that the Merchant West SCI Value Fund will continue to reward long-term investors with superior returns.

Finally, we thank you for your continued support of the Fund and look forward to working with you to create positive financial outcomes.

Rudi van Niekerk
Portfolio Manager

Piet Viljoen
Portfolio Manager