Sanlam

Private Wealth

SPW Global High Quality Fund - Retail

July 2023

Objective

The fund aims in AUD to outperform the MSCI Daily World Total Return Net World Index, after management costs and usual expenses, over rolling 3 to 5 year periods.

Strategy

The fund is an actively managed portfolio of global equities with a high quality bias and which are listed on recognised exchanges. The fund is exposed principally to high quality international listed companies. It seeks to invest in companies with predictable revenue growth that produce sustainable economic value over the long-term. The fund can have material exposure to cash where the portfolio manager considers this appropriate. Regional positioning is driven by bottom-up stock selection. The investment exposure is not subject to any geographical restrictions except that exposure to 'emerging' market listed companies is limited to no more than 30% of the assets. Sector positioning is also driven by bottom-up stock selection, and the investment exposure is not subject to any sector restrictions.

Investment approach

1 Generation of stock ideas

- Screening process based upon a range of metrics
- Meetings with company management and investor relations
- Utilise external and sell-side research sources

2 Fundamental analysis

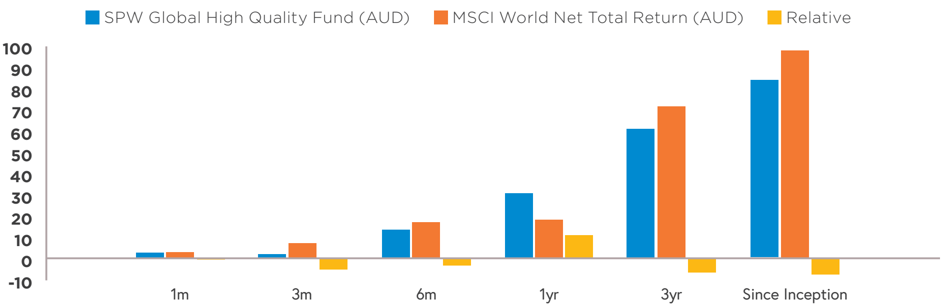
- Rigorous and detailed bottom-up company analysis
- Focus on the capital structure of the business
- Look for strong and sustainable competitive advantages
- A strong and growing free cash flow trend over time

3 Portfolio construction

- Active management, constantly revisiting the thesis
- Understanding of risk-reward trade-off
- Buy and sell discipline based on fundamental valuation
- Risk is viewed as a permanent loss of capital

Performance

SPW Global High Quality Fund performance vs MSCI World (since inception)

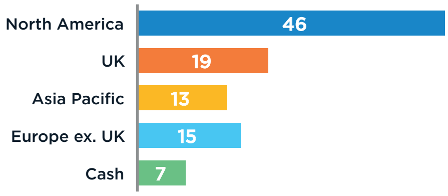


	1m	3m	6m	1yr	3yr	Since Inception
SPW Global High Quality Fund	2.3%	1.6%	13.1%	30.2%	60.5%	83.3%
MSCI World Net Total Return	2.5%	6.8%	16.5%	17.8%	71.1%	97.4%
Relative	-0.2%	-4.9%	-2.9%	10.5%	-6.2%	-7.1%

Returns to 31.07.2023

Past performance is not a reliable indicator of future performance.

Country allocation (% nav)



Geographical allocation as at 31.07.2023

Sector allocation

(excl cash)	Weight %	Index %
Communication Services	13.8	7.2
Consumer Discretionary	9.7	11.1
Consumer Staples	15.1	7.3
Energy	0.0	4.7
Financials	16.4	14.9
Health Care	18.1	12.5
Industrials	3.0	11.0
Information Technology	16.4	22.1
Materials	0.0	4.2
Real Estate	0.0	2.4
Utilities	0.0	2.7

Sources: SPW/Bloomberg/MSCI

Top 10 holdings

		Weight %
SAP	Information Technology	5.1
London Stock Exchange Group	Financials	4.9
Fiserv	Financials	4.5
Visa	Financials	4.3
NetEase	Communications	4.3
Alphabet	Communications	4.3
Samsung	Information Technology	4.1
British American Tobacco	Consumer Staples	3.8
Microsoft	Information Technology	3.4
Thermo Fisher	Healthcare	3.4

Monthly commentary

The SPW Global High-Quality Fund underperformed the MSCI World Index during the month by 0.2%, with the fund up 2.3%. The best performing stock during the month was Alibaba (+21.1%). Over the last few years Alibaba has suffered at the hands of a regulatory crackdown, the covid pandemic, and increased competition in their all-important e-commerce division. Management have made moves to try and unlock value by changing the structure of the company and allowing their smaller divisions to run more independently, including raising outside capital. This should lead to various IPOs of these smaller divisions that will allow the market to assign them a valuation. The company are also in the process of buying back huge amounts of its own stock. There is currently a $40 billion buyback in progress, which is more than 15% of their current market cap. We have seen some estimates that say the company could return up to 80% of its market cap to investors over the next three years. Their net cash balance remains at $84 billion, 33% of their market cap. With market share losses decreasing, the shares have started to respond. Other strong performers during the month were NetEase (+11.1%) and Intuit (10.5%). In terms of laggards, Philips (-4.7%) and Samsung (-3.0%) underperformed.

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Key fund information

Launch date:	3 May 2017
Investment manager:	Sanlam Private Wealth (Pty) Ltd. ABN 18 136 960 775
Portfolio Manager:	Sanlam Private Investments (UK) Ltd
Responsible Entity:	Melbourne Securities Corporation Limited ACN: 160 326 545 AFSL: 428289
Tel:	+61 (2) 8245 0501
Email:	sydney@privatewealth.sanlam.com.au
Web:	www.sanlamprivatewealth.com.au
Portfolio manager:	Pieter Fourie
Deputy portfolio manager:	William Ball
Fund regulator:	Australian Securities and Investments Commission
Fund domicile:	Australia
Fund administrator	Mainstream Fund Services
Custodian:	JP Morgan
Other available share classes:	Retail
Initial charge:	None
Currency:	Australian Dollar (AUD)
Dealing times:	9am - 5pm daily AEST
Benchmark:	MSCI Daily World Total Return Net World Index AUD
Management costs:	1.20% p.a. of the NAV of the class
Buy/sell spread:	0.20% / 0.20%
Distributions:	At least annually (end of June), and unless you choose otherwise, distributions are automatically reinvested
Minimum investment:	$10,000
Exit penalties:	None
Share price at 31.07.2023:	APIR: ETL8834AU NAV per unit: AU$ 1.3355

Fund characteristics 31.07.2023

(excl cash)	Portfolio	Index
Fund Size (AUD millions)	6	
Number of Holdings	32	1513
Average Market Cap (A$ billions)	363	59
Return On Equity	21%	14%
Price/Earnings**	18	20
Free Cash Flow Yield	5.8%	4.1%
Dividend Yield **	2.1%	2.0%

** 12 months forward Sources: SPW/Bloomberg/MSCI
^YUM, PM not included due to low or negative equity caused by changes to the balance sheet

Important information

This document is issued by Sanlam Private Wealth (Pty) Ltd (ABN 18 136 960 775, AFSL 337927) (Manager), in relation to the SPW Global High Quality Fund (Fund). Melbourne Securities Corporation Limited (ACN 160 326 545, AFSL 428289) (Trustee) is the trustee of the Fund. The information provided in this document is general information only and does not constitute financial advice or a forecast, nor does it constitute tax or legal advice. The information in this report has been prepared without taking into account your objectives, financial situation or needs. Before acting on the information or deciding whether to acquire or hold a product, consider its appropriateness and the relevant Information Memorandum. The Product Disclosure Statement which details the features and the fee arrangements of the Fund is available via the website https://sanlamprivatewealth.com.au/. The manager, the Trustee, their affiliates, and associates accept no liability for any inaccurate, incomplete or omitted information of any kind or any losses caused by using this information. All investments carry risks. There can be no assurance that the Fund will achieve its targeted rate of return and no guarantee against loss resulting from an investment in the Fund or the repayment of capital or income invested in the Fund. Past fund performance is not indicative of future performance. Before acting on any information contained in this document, recipients should consider the appropriateness of the information provided and should consider consulting a qualified financial advisor.

Pieter Fourie, CFA CA (SA)
Head of Global Equities

As Head of Global Equities, Pieter is the lead fund manager for the Sanlam Global High Quality Equity Fund having joined the firm in mid 2012. His responsibilities include the design, management and implementation of our global equity client offering including segregated mandates for high net worth individuals. Pieter oversees a team of five analysts focusing on global and UK equities across multiple industries. Current assets under management managed by the investment team in direct global and UK equity mandates is more than US$2.1bn.

William Ball
Senior Equity Analyst

William is a senior equity analyst, who is the deputy fund manager of the Sanlam Global High Quality Fund. Additionally, in conjunction with the Head of Global Equities, William is responsible for global equity research and managing the high net worth global equity mandates and the global equity offering. He has over 13 years of investment experience and a track record of investing in equities. Prior to joining Sanlam in 2009, William worked at Brown Shipley before moving to Merrill Lynch.

Sanlam Private Wealth

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Registered office: Level 2, 33 York Street, Sydney, NSW 2000.

The Fund's Target Market Determination is available here https://sanlamprivatewealth.com.au/ A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.