

SA Equity Portfolio

July 2025

Key information

Benchmark

- FTSE/JSE Capped Swix Index TR

Minimum portfolio size

- R1 million

Top 10 holdings*
Absa Group
Anglo American PLC
British American Tobacco PLC
FirstRand Ltd
Gold Fields Ltd
Growthpoint Properties Ltd
Impala Platinum Holdings Ltd
Naspers Ltd
Remgro Ltd
Sanlam Ltd

*Sorted alphabetically

About the portfolio manager

Adriaan Pask, Chief Investment Officer

- 19 years of investment experience
- BCom (Financial Analysis)
- BCom (Hons) (Financial Management)
- MCom (Business Management)
- PhD (Economic and Management sciences)

About the lead analyst

Pierre Muller, Head of Equity Solutions

- 10 years' experience in finance, auditing, and equity analysis
- BCom Hons (Accounting Sciences), CA(SA), CFA

Overview

The PSG Wealth House View SA Equity Portfolio ended the month 2.52% higher, outperforming the FTSE/JSE Capped Swix which posted a positive return of 2.24%. Twelve of the 21 portfolio stocks outperformed the benchmark. Since inception, the PSG Wealth House View SA Equity Portfolio had an annualised positive return of 5.88%, underperforming the JSE hybrid benchmark, which showed an annualised positive return of 8.81%.

Philosophy

We apply a disciplined, bottom-up, value-biased investment philosophy in our stock selection. The central concept underlying value investing is a margin of safety. This means that the share price should be trading at a discount to the intrinsic value of its underlying business. In our view, a company that has limited downside, contrasted with growth potential, qualifies as an attractive investment.

Accordingly, we prefer companies that currently seem undervalued in terms of fundamental analysis, while remaining cognisant of the momentum factors that drive shorter-term share price performance. In addition, we look for companies with a strong confidence rating, which means it does not have large or unmanageable debt positions. We ensure that the portfolio is diversified across multiple sectors. Finally, we have two additional macro factors investigating the economic environment and liquidity to aid in sector and security selection, with opportunities varying depending on the macro environment. Our process can be summarised as a pragmatic approach to investing.

Thus, investments are not only chosen on their potential value but also their quality. As such investments are screened for their profitability, the quality of their reported earnings, dividend policies as well as their financial structure. There is no guarantee that all the chosen companies will outperform; a few will more than likely underperform. However, the portfolio displays below-average risk and is fundamentally undervalued. As a group, their future investment returns should, therefore, be satisfactory.

Investment objective

In short, we strive to buy high-quality assets trading at a discount to our estimation of its intrinsic value.

We expect the investment to rerate to its intrinsic value over the medium term, which if consistently applied, should lead to long-term capital growth. Through this process, we aim to grow wealth while consistently guarding clients against the risk of permanent capital loss.

Market commentary

During July, the MSCI Emerging Markets Index Net TR (USD) gained 1.95%, outperforming the MSCI World Index Net TR (USD), which posted a return of 1.29%, while the ALSI TR (USD) underperformed its emerging markets counterpart with a gain of 0.51%.

In rand terms, the ALSI TR (ZAR) returned 2.17% for the month. The South African Reserve Bank cut its policy rate by 25 basis points to 10.50% per annum, easing borrowing costs for local consumers, as the FTSE/JSE All Share Index briefly surpassed the 100 000-point mark for the first time. In global markets, the MSCI World rose 4.30%, the S&P 500 advanced 2.20%, the Nasdaq climbed 3.70%, and the Dow Jones edged up 0.10%.

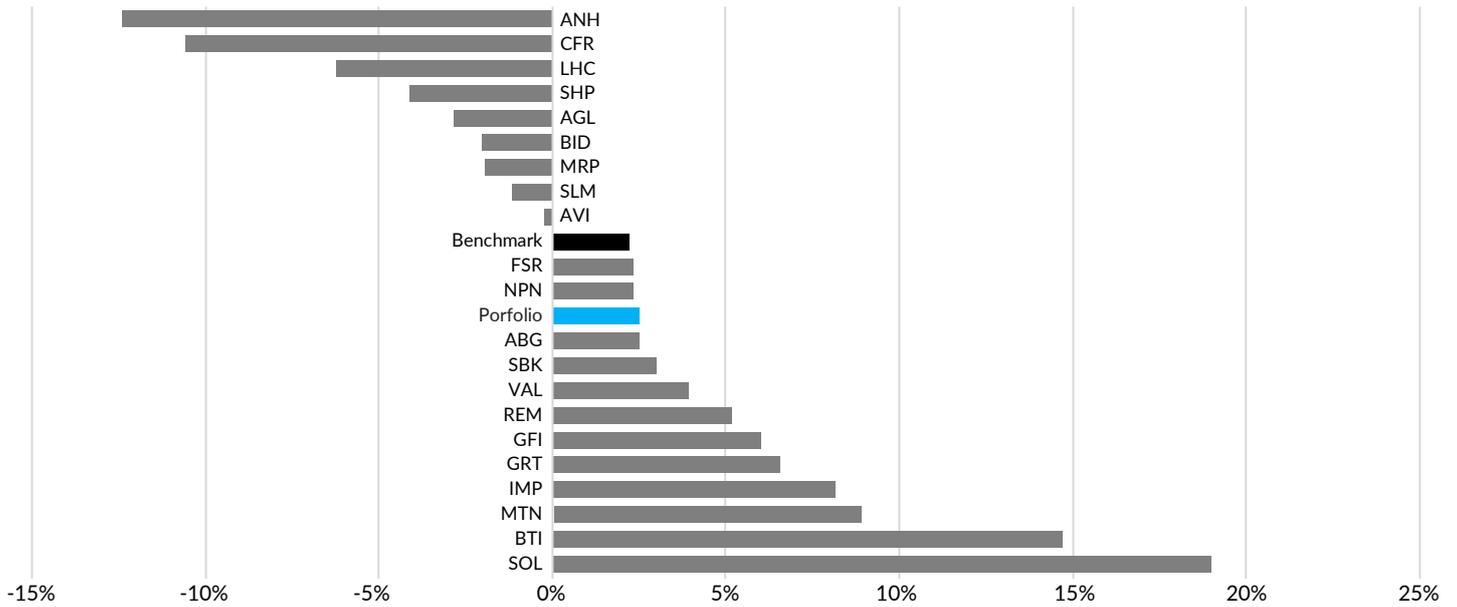
The US Federal Reserve held its policy rate steady at 4.25%–4.50% per annum, maintaining a cautious tone, leaving markets speculating on the likelihood of more than one rate cut later this year.

In Europe, the UK FTSE 100 rose 4.20%, Germany's DAX gained 0.70%, France's CAC 40 was up 1.40%, and euro area inflation remained unchanged at 2.30%.

Locally, the FTSE/JSE Capped SWIX ended July 2.20% higher. On 31 July, the rand depreciated by 2.86%, closing at R18.2175 to the US dollar, while the gold price dipped slightly by 0.40% to \$3 289.93 per ounce, and Brent crude oil surged 7.28% to settle at \$72.53 per barrel.



Performance attribution



Significant contributors and detractors

Sasol Ltd:

SOL made its presence felt during the month, increasing by close to 19%. The oil price played a part, improving by over 5%, while the global chemical industry outlook is starting to improve, while the very recent trade deals announced in July create optimism toward economic expansion.

British American Tobacco:

BTI finished the month up 14.72%. The group posted strong Q2 results which saw strong growth in the modern oral segment. They raised their FY 2025 revenue growth from 1% to 2% and raised the share buyback program from £900 million to £1.1 billion.

MTN Group Ltd:

MTN was up 8.88% for the month of July. MTN Nigeria reported Q2 2025 results which showed a surge in revenue, strong profit growth, and improved margin expansion.

Life Healthcare Group:

LHC was down 6.23% for the month. There was no company specific news. The counter is now down 19% year to date.

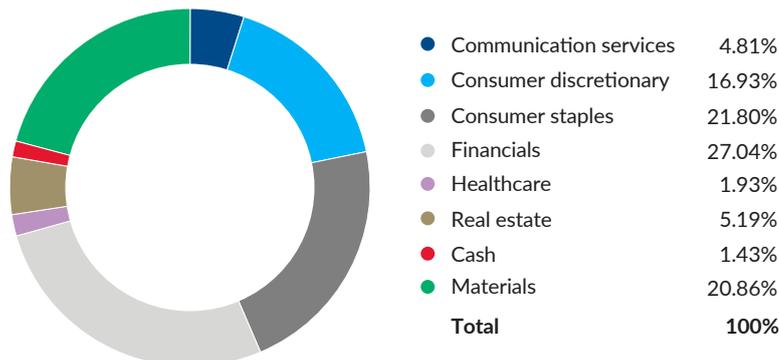
Compagnie Financiere Richemont:

CFR was down 10.58% for the month after results showing continued stress in Swiss Watches, a sentiment of luxury fatigue from consumers in Asia as well as a lack of a short- to medium-term growth catalyst.

Anheuser-Busch InBev:

ANH closed the month of July down 12.39%. The company reported Q2 results which were largely in line with expectations but marked its 9th quarter in a row of volume declines which highlights a growing concern of a negative alcohol consumption trend.

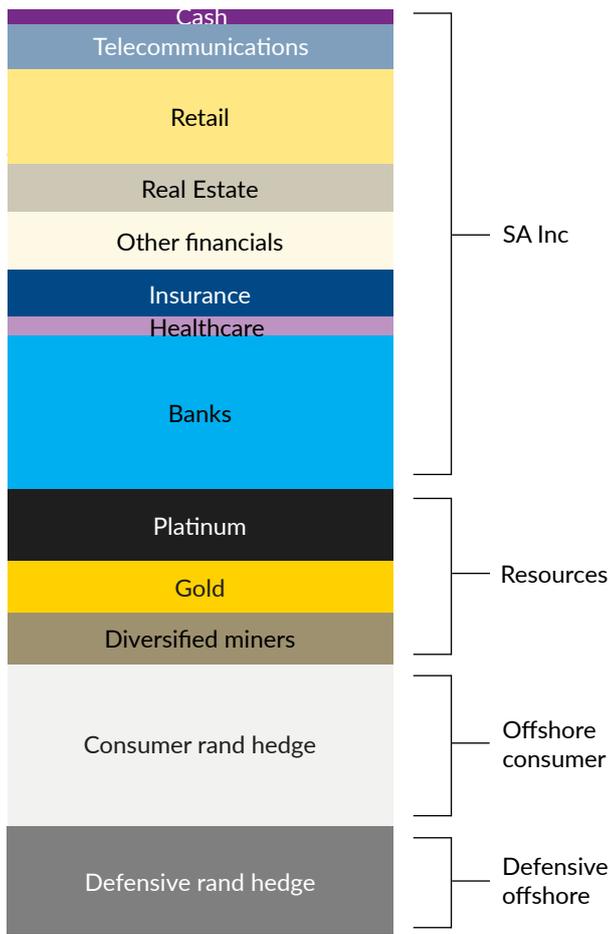
Sector allocation



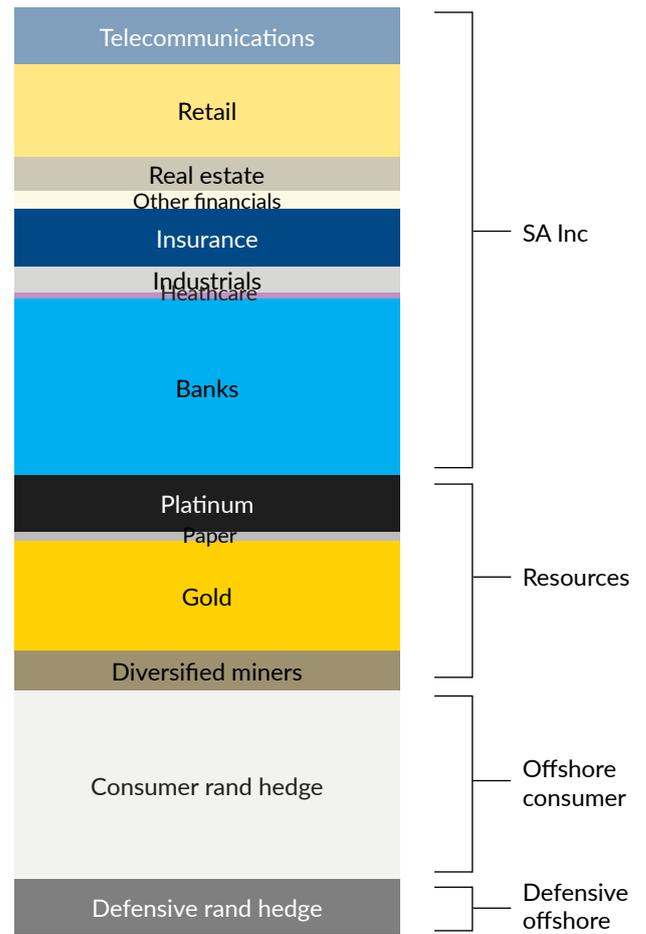
- The stock selection in Financials contributed the most to the portfolio's alpha.
- The stock allocation to the Information Technology contributed the most from the portfolio's alpha.



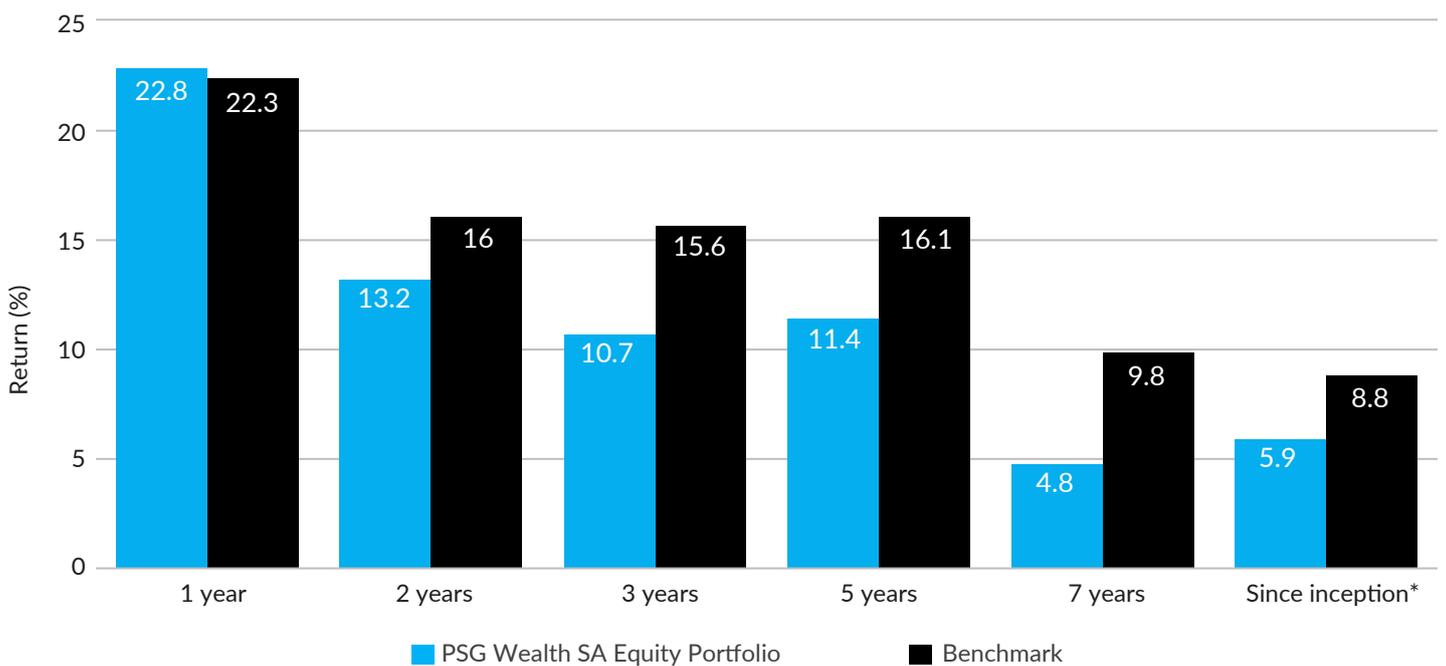
Portfolio macro exposure



Benchmark macro exposure



Annualised return percentage



*Inception date: 31 August 2015
Please note that the returns are before fees.



Mandatory disclosure

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