BALONDOLOZI
— INVESTMENT LEADERSHIP —

BALONDOLOZI MODEL ESG FUND September 30, 2023

FACT SHEET

INVESTMENT OBJECTIVE

The fund seeks to achieve long-term growth by gaining exposure to companies with high ranking Environmental, Social and Governance (ESG) scores relative to their peers.

INVESTMENT STRATEGY

The fund aims to generate an excess return above the benchmark on a consistent long-term basis through investing in companies with good ESG scores versus their peers. This is achieved by rating companies on their ability to manage Environmental, Social and Governance (ESG) risks relative to their peers. The fund holds overweight positions in companies with good ESG scores and reduces or even avoids exposure in poorly rated counters.

FUND INFORMATION

Fund Classification	South African - Multi Asset - High Equity
Benchmark	CPI + 4%
Risk Profile	Aggressive
Fund Managers	Fannuel Tigere, Magdalene Baloyi, Sandelee Van Wyk, Christopher Pratt
Inception Date	01 October 2021
Fund Size	R3 million
Currency	SA Rands
Administration	Balondolozi Investment Services
Trustees	RMB
Regulator	Financial Sector Conduct Authority (FSCA)
Regulation 28	Compliant

FEES

Initial & Exit Fees	Nil
Total Investement Charge	0.64%
Portfolio TER	0.58%
Management Fees	*0.50%*
Transaction Costs	*0.06%*
Audit Fees	*0.00%*
Other Costs	*0.00%*
Vat	*15.00%*
Pricing	Daily at 17:00

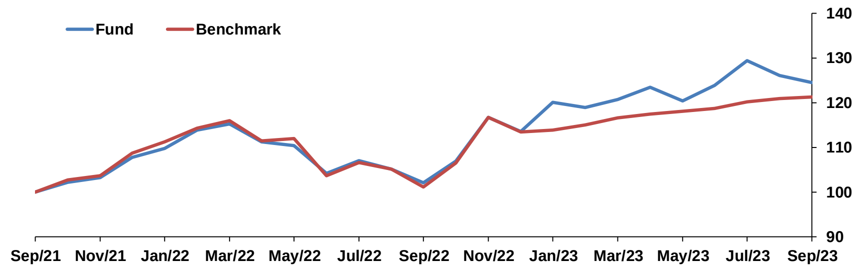
RISK RATIOS

	Fund	*Benchmark*
Annualised Return	11.56%	10.13%
Sharpe Ratio	0.74	0.65
Sortino Ratio	2.03	1.50
Max Drawdown	-5.58%	-7.48%
Drawdowns	10	5

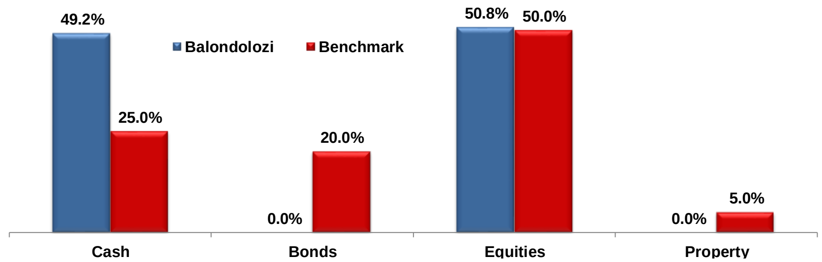
PERFORMANCE (Gross of fees)

	Fund	*Benchmark*
Sep-23	-1.27%	0.33%
Year to Date	9.61%	6.87%
Rolling 12 months	21.94%	19.94%
Return p.a. since inception	11.56%	10.13%
Return since inception	24.45%	21.28%
Highest Rolling 1-year Return	21.94%	19.94%
Lowest Rolling 1-year Return	2.06%	0.56%

GROWTH OF R100 INVESTED AT INCEPTION



SECTOR ANALYSIS



FUND COMMENTARY

Despite the moderation of inflation globally, the hawkish stance from central banks continues. In addition to the dramatic slowdown in global growth, rising global interest rates are also increasing the danger of financial stress in emerging market and developing economies.

Equities returned -3.07% (FTSE/JSE Top 40); nominal bonds delivered -2.34% (ALBI); inflation linked bonds returned -1.07% (CILI) and cash returned 0.63% as indicated by the STeFi Call Index in Sep 2023. Within equities; the financial services sector delivered -3.83% (FINI 15), the industrial sector -4.44% (INDI 25) and the resources sector 1.21% (RESI 20).

During the same period; near term volatilities ticked up by +0.66% (SAVI) to 20.64% whilst the historic price to earnings (P/E) ratio for the FTSE/JSE Top 40 edged lower by-0.41 points to close at 10.71. Yields for 12-month negotiable certificates of deposits rose by +32.5 bps to close the month at 9.18%. Foreigners sold local equities worth -R16.9 billion as markets sold-off during the month of Sep 2023.

Overall, the fund delivered -1.27% for the month. The cash strategy returned 0.77%, whilst equities in the fund returned -3.39%.

Continued interest rate hiking cycles, hawkish tones and the slow-down in global growth continue to plague local equity markets. All three sectors closed in red for the month of September, with financial and industrial counters being more adversely impacted than resource counters.

Active positions in resources counters were mixed for the month of September, with underweight exposure in AngloGold contributing positively towards alpha while underweight exposure in platinum miner, Sibanye Stillwater, detracted from performance for the month.

An overweight position in retailer, Truworths, contributed positively towards alpha for the month, with underweight exposure in AB Inbev also contributing positively towards performance. Active positions in financial counters came under pressure during the month of September, with overweight exposure in banking counter, Standard Bank, and property counter, Nepi Rockcastle detracting from performance.

After registering a value of 4.7% in Jul 2023, headline inflation for Aug 2023 was 4.8% (consensus 5.2%). On the same note, the price for brent crude oil rose by 6.18%, to end the month at $92.2 per barrel and the Rand depreciated against the Dollar by -0.26% to close at R18.92 per dollar. The seasonally adjusted Kagiso Purchasing Managers' Index (PMI) nudged up by 5.9 index points to reach 50.7 in Aug 2023.

The green bond market has experienced a drastic increase in the past few years, reaching an issuance value of over $487 billion in 2022 since inception.

With the increasing effects of climate change, several countries are taking advantage of the opportunity to alter and address pressing environmental challenges that will bring about positive changes on multiple fronts globally.

At this year's Africa Climate Summit that took place in Kenya, from the 4th to the 8th of September 2023, President von der Leyen formally guaranteed the continuous commitment of the European Union in assisting African countries build their green bond market as the continent seeks to finance its energy transition efforts. The Union having the biggest and most advanced green bond market in the world, aims to partner with African countries in closing the massive investment gap needed as part of the solution to support the continent's long-term sustainability plan.

Africa's huge potential for renewable energy, clean hydrogen, critical raw materials, our incredible nature and biodiversity as well as young workforce makes this initiative a win-win partnership for both Africa and the entire world. The European Investment Bank together with Member States plan to allocate EUR 1 billion to de-risk private investments in emerging markets, with the potential to attract up to EUR 20 billion in sustainable investments, greatly expanding Africa's green bond market. This Global Green Bond Initiative will speed up Africa's transition to a cleaner energy sector, gradually ensuring that energy sector jobs potentially double in a few years' time, with Africa producing clean energy not only to power up the continent but also to export globally or abroad.

Saudi Arabia's wealth fund has also taken an initiative to hire banks (Citi and JPMorgan) to arrange a debut issuance of multi-tranche U.S. dollar-denominated green bonds to raise billions of dollars for projects including renewable energy, clean transport as well as green buildings. The fund is at the centre of Saudi Arabia's ambitious reform plans, spearheaded by the Crown Prince Mohammed bin Salman to discourage the economy from consuming oil.

Efforts exercised by different countries may not solve all the problems related to climate change at a scale we would like to witness, but each initiative is slowly adding a positive impact towards a better planet for the next generation.

We will continue to seek superior returns by looking for companies that respond maturely to medium and long-term non-financial issues material to their financial sustainability. Companies that manage energy use and reduce reliance on fossil fuels, versus renewable energy options, are preferred compared to companies that don't. Companies that manage labour issues with fairness, and effectively develop the knowledge and skills of its employees while managing and promoting the health, safety and wellness of its employees are favourable.