MAZI ASSET MANAGEMENT CAPPED SWIX COMPOSITE

31 December 2023

Fund Information

Investment Manager	Mazi Asset Management (Pty) Ltd
Composite Type	Unconstrained Specialist Equity
Benchmark	FTSE/JSE Capped SWIX All Share TR ZAR
Fund Inception Date	April 2017
Fund Size	R9 783 Billion

Return Statistics

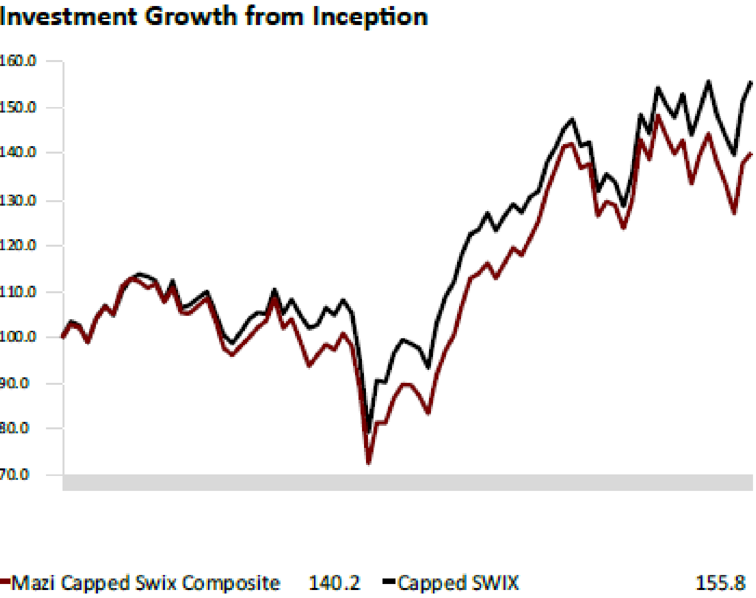
	Portfolio	Benchmark
1 Month	1,67	2,90
YTD	1,01	7,87
6 Months	0,30	4,09
1 Yer	1,01	7,87
Since Inception	5,14	6,79

Annualised for longer than we months

Investment Objective

The fund is a general equity portfolio that seeks to sustain high long-term capital growth.

Investment Growth from Inception



Risk Statistics

	Portfolio	Benchmark
Return	5,14	6,79
Standard Deviation	16,52	15,89
Tracking Error	3,27	0,00
Sharpe Ratio	0,02	0,11
Excess Return	-1,65	0,00
Down Period Percent	43,21	43,21
Up Period Percent	56,79	56,79

Time Period: Since Common Inception (2017/04/01) to 2023/12/31

Investment Strategy

Our investment process is firmly rooted in fundamental analysis. Our approach is predominantly bottom-up and sector agnostic. Key Investment criteria include:

- Quality of management;
- Good corporate governance and transparency;
- Cashflow and balance sheet strength;
- Business strategy and sustainability of business model
- Attractive valuation

Fund Information

Portfolio Date: 31 December 2023	Sector
Naspers	Media
Firstrand	Banks
Standard Bank	Banks
Gold Fields Ltd	Resources
MTN Group Ltd	Telecoms
Anglo America PLC	Resources
Capitec Bank Holdings Ltd	Banks
Compagnie Finandere Richemont SA	Luxury Goods
Prosus	Industrials
British American Tabacco	Industrials

Monthly Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Capped SWIX
2023	6,88	-2,83	-2,93	2,14	-6,59	4,70	3,30	-4,40	-3,32	-4,87	8,54	1,67	1,01	7,87
2022	3,72	3,30	0,40	-3,70	0,68	-8,20	2,48	-0,67	-3,87	4,79	10,30	-3,01	5,05	7,87
2021	3,59	6,34	5,57	0,92	2,00	-2,83	2,90	2,87	-1,57	3,14	3,14	5,32	36,06	4,41
2020	-2,66	-9,43	-18,31	12,16	-0,06	6,60	3,39	-0,17	-2,88	-4,33	10,11	5,62	-3,78	
2019	1,91	2,00	1,46	4,62	-5,87	1,95	-4,68	-5,46	1,90	2,47	-1,25	3,68	2,66	
2018	-1,27	0,86	-3,61	2,73	-4,80	-0,03	1,52	1,49	-4,67	-5,87	-1,48	2,17	-12,42	
2017	-	-	-	2,80	-0,59	-3,00	5,17	2,31	-1,21	5,69	1,44	-0,52	-0,52	

Portfolio Contact Details

Investment Manager
Mazi Asset Management (Pty) Limited, Registration number: Reg no. 2012/012860/07 is an authorised Financial Services Provider (FSP: 46405) under the Financial Advisory and Intermediary Services Act (No.37 of 2002), to act in the capacity as investment manager. This information is not advice, as defined in the Financial Advisory and Intermediary Services Act (N0.37 of 2002). Please be advised that there may be representatives acting under supervision. Physical address: 10th floor, 117 Strand Street, Cape Town, South Africa Telephone +27 10 001 8300 Website: www.mazi.co.za

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Commentary

Global markets ended the year enthused at the prospect of a pause (and potential cutting) in US interest rates as communicated by the monetary policy officials in that country. This was on the back of a moderate inflation outlook as the impact of successive rate increases over the last two years have taken hold. This exuberance was somewhat tempered by the fear of escalation in the Middle East conflict, with disruptions to global trade adding further uncertainty to the situation. Domestically, the election season appears to be well underway with increasing anticipation of the potential outcomes and the impact on policy and the economy. Foreigners continued to sell domestic assets (especially equities), reflecting the poor macro conditions in the country as well as the uncertainty ahead of the elections. The market returned 8% over the period whilst the portfolio was up 3%.

Our starting point in constructing portfolios remains to focus on individual opportunities, and then considering macroeconomic factors in determining the final composition. As such, the start of the year is always an interesting point at which to reflect on the macroeconomic outlook for the year. From our perspective currently, these are the few key themes that we think are likely to influence the performance of markets broadly in 2024:

- US interest rates/inflation: as mentioned earlier, the market closed the year in anticipation of the start of an interest rate cutting cycle. This was induced by the US monetary policy officials retaining their stance to pause increasing rate whilst also indicating their comfort with the trajectory of inflation. In 2024, the trajectory of interest rates will be influenced by whether inflation remains contained. This seems to be supported by recent data, as well as the impact of higher interest rates on the economy. However, unexpected events (for example, higher inflationary pressure from the Middle East conflict disrupting supply chains) have the potential to disrupt what is largely expected to be a 'soft landing' in terms of the US economic performance in 2024.

- Geopolitics: there are several actual and potential conflicts that could impact on global market sentiment. The conflicts in Ukraine and the Middle East are ongoing with their resolution remaining uncertain (as well as the implications of the nature of those resolutions). With regards to the Middle East, there are fears that this could escalate into a regional conflict involving other countries. The situation between China & Taiwan remains uncertain, especially as the US continues to declare support for Taiwan. Any escalations here would effectively see the two largest global economics going against each other. Other potential challenges also present themselves in the form of trade disputes, an example being the ongoing concern regarding the impact of Chinese subsidies in the electric vehicle market and how these vehicles are then exported to the European Union, thus negatively impacting the incumbent manufacturers. A related theme is the rise of nationalism across the globe, with countries expressing eagerness to protect national interests at the expense of other countries.

- China growth: China's economic recovery post-Covid was highly anticipated in 2023, with the hope that this would help to support global growth. This was not evidenced as that country's property sector struggled under the weight of high levels of debt, and the consumer sector also remained subdued and lacking confidence. The pace and nature of Chinese economic growth remains a significant source of uncertainty in the coming year. Whilst some of the key impediments to growth remain, the government has indicated its intention to introduce further stimulus measures to support growth. The impact and effectiveness of these will be closely watched.

- Elections: The year will see several countries holding pivotal general elections – US, Taiwan, India, South Africa and Indonesia to name a few. The impact of these on general sentiment and specific policy will be critical. For example, policy changes in the US would have significant implications for economic and political potential outcomes. An instance here could be the reversal of the Inflation Reduction Act that holds the promise of stimulating the energy transition sector in that country. Locally, the key element of interest will be whether the ANC retains the majority vote at the polls. The outcome of the elections will again drive sentiment given the perceived likely policy direction arising from the resulting political consequences.

- Sovereign bond defaults: There have been a few defaults especially in emerging markets over the last 1218 months (Ghana, Zambia, Argentina, Sri Lanka, Belarus & Ethiopia to name a few). The current global macroeconomic conditions remain challenging and this, combined with individual country dynamics, leads to an expectation that there will be other countries potentially defaulting in 2024. This could therefore lead to a further deterioration in the sentiment towards and attractiveness of emerging markets as investment destinations for global investors, placing downward pressure on asset prices as capital seeks safer havens.

The relative performance of the portfolio was negatively impacted by mostly by our underweight position in gold as well as the poor performance of a few key portfolio companies. As the conflict in the Middle East commenced, the gold companies spiked in response to the movement of the gold price, and these detracted from relative performance. We have subsequently closed the underweight position (to neutral), recognising the uncertain times ahead and potential for other unexpected events to emerge. There were company specific developments that impacted Anglo American, Absa, Naspers, British American Tobacco, Sibanye Stillwater and Impala Platinum. As per our research process, we have and continue to incorporate new information into our views on individual companies and reacting accordingly in the construction of our portfolios. For example, the outlook for global economic growth will influence demand for commodities going forward and this impact the assumptions that we make regarding the volumes sold and prices realised by the mining companies. Similarly, we remain watchful of the developments in China and how these impact the prospects for Naspers (due to the company's holding of a significant stake in Tencent – the largest internet and gaming company in China). The implementation of the Chinese government's policies has had a significant impact on Tencent, and this has created an ongoing cloud of uncertainty as these policies have also been unpredictable and their impact difficult to quantify. This makes it critical for us to continue vigorously applying our research process.

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