Sanlam Investments Multi-Manager

What investors should know about the upcoming SA and US elections

1

It is not about who wins, it is about what changes.

Election results only matter if they lead to meaningful changes in economic fundamentals.

Investor takeaway

Focus on the transmission channel, not the headline.

SA focus

- Governance
- Reform into delivery
- Coalition stability
- Growth prospects

USA focus

- Fiscal policy
- Inflation
- Treasury yields
- AI earnings growth

2

South Africa's biggest risk is coalition stability.

A survey sent out to our underlying managers highlights coalition quality and Government of National Unity (GNU) durability as the key investment factors.

Investor takeaway

Stable, reform-oriented coalitions could lower risk premium. Instability could weigh on the rand, bonds and domestic growth.

SA key scenarios

- **Stable coalitions** — Lower risk premium
- **Fragmented metros** — Status quo
- **Coalition churn** — Higher risk premium

Key indicators to watch

- Rand
- Government bond yields
- Credit default swap spreads (CDS)
- Municipal execution (e.g. JHB)

3

US markets are watching inflation more than politics.

The survey indicates that managers are more focused on fiscal deficits, inflation, Treasury yields and the AI earnings cycle rather than the election itself.

Investor takeaway

The election matters only if it changes these key drivers.

USA key scenarios

- **Market-friendly outcomes** — Supports risk assets
- **Split congress** — Limited lasting impact
- **Strong Democratic result** — Clear equity downside tail

Key indicators to watch

- Inflation expectations
- Treasury yields
- Earnings revision
- AI-related capital expenditure
- SA dollar and credit spreads

4

Volatility is expected, permanent change is not.

Elections often create short-term market moves. The bigger question is whether those moves are supported by changing or improving fundamentals.

Investor takeaway

Look beyond initial reactions and wait for confirmation.

Market reactions typically happen in two phases.



Not all market moves are structural. Confirmation matters.

5

The best defence is diversification.

Despite different views on the election outcomes, managers broadly agree on one principle: avoid binary bets and stay diversified.

Investor takeaway

Stay invested, maintain diversification, preserve liquidity and add risk only when evidence confirms opportunity.

A resilient portfolio can navigate a range of outcomes.

- **Diversify** — Across asset classes and geographies
- **Maintain liquidity** — Take advantage of opportunities
- **Focus on fundamentals** — Not political noise
- **Adjust only when evidence** — confirms scenario

Don't trade the headline. Follow the evidence.

While political outcomes create volatility, long-term investment success is built on fundamentals, diversification and disciplined portfolio construction.

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