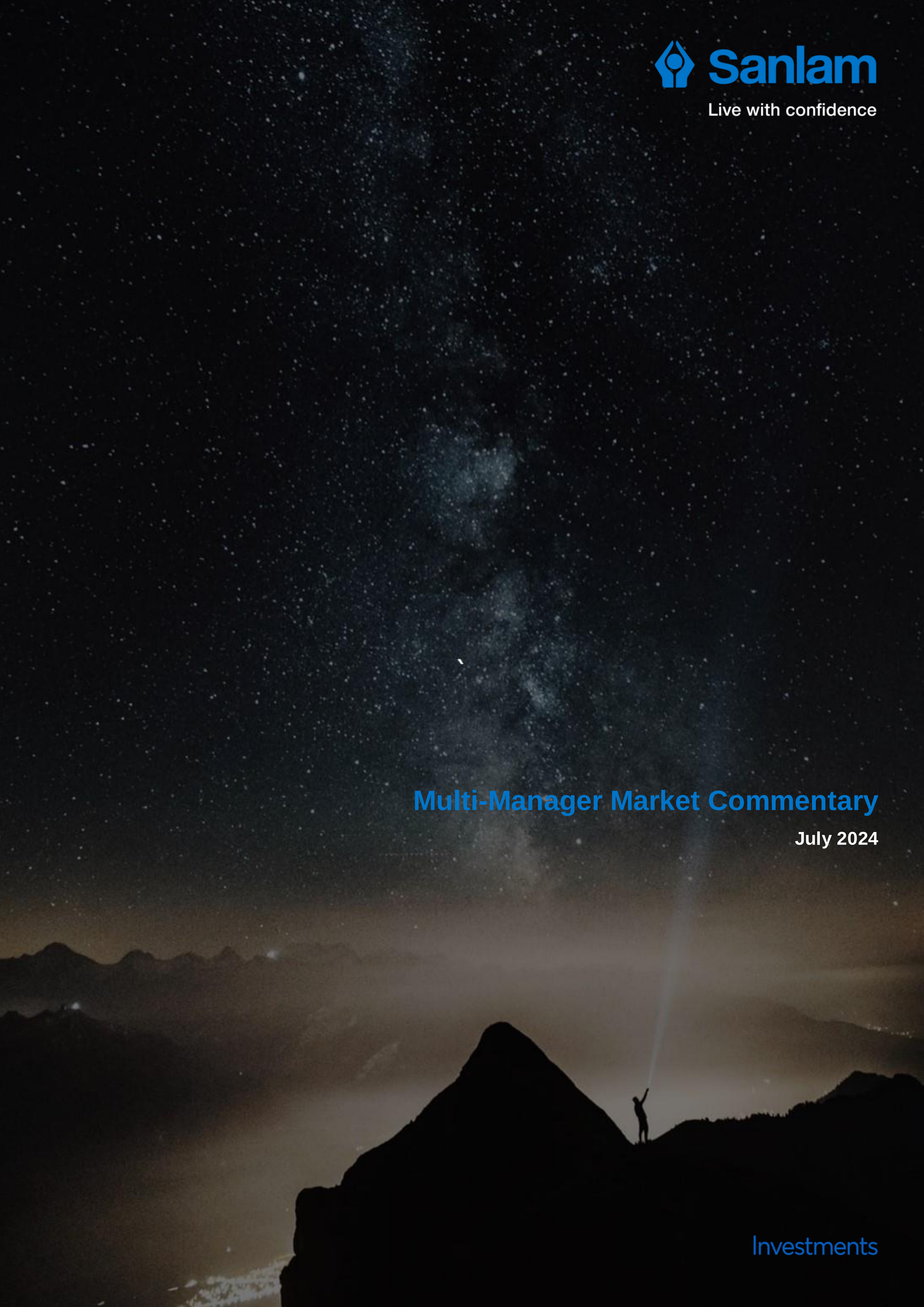

Sanlam

Live with confidence

Multi-Manager Market Commentary

July 2024

Investments

Contents

Executive summary

Global equities gained further ground in July as rate cut expectations were brought forward on signs that the global economy is slowing. Developed market equities outperformed their emerging market counterparts, as Chinese stocks again weighed on the composite index following the country's Third Plenum which contained no major policy initiatives to address the country's near-term growth challenges. While global Composite PMIs were lower, this was largely due to a contraction in the manufacturing sector, the first decline since December 2023. Unsurprisingly, industrial metals prices were lower. Due to expectations of more aggressive US rate cuts and the Fed signalling a September rate cut, bonds rallied to outperform global equities. On the domestic front, equities outperformed domestic bonds, buoyed by SA Inc. counters. The lower bond yields – both locally and globally – underpinned listed property. Global listed property was the best performing of the broad asset classes.

Two significant events at end-July triggered an equity market sell-off in early August. The first was the Bank of Japan's decision to raise the policy interest rate and reduce its bond purchases. The second was the release of much weaker-than-expected US non-farm payroll data and a bigger-than-expected increase in the unemployment rate. While the first event resulted in the unwinding of the yen carry-trade, the second raised recession fears, both of which fuelled the equity market sell-off. At the time of writing, equities had clawed back some of their losses, and market volatility had returned to more normalised levels.

Highlights

- FOMC leaves rates unchanged; signals September cut
- Sector rotation drives tech stocks lower, small caps higher
- EU Q2 GDP beats the street, rising 0.3% Q/Q
- Global manufacturing PMI contracts in July; services expand
- BoJ raises policy rate to 0.25% from 0.1%
- China's Third Plenum – no new policy initiatives to drive near-term growth
- SA MPC leaves rate unchanged in split vote, with two members opting for a 25-basis point cut
- SA bonds rally as political risk premium erased
- Expected rate cuts buoy SA Inc. shares

Global Equities

Global equities gained further ground in July, as rate cut expectations were brought forward in time on signs that the global economy is slowing. This is consistent with the soft-landing outlook expected by the majority of fund managers. The Bank of America July Fund Manager Survey showed that despite their bullish optimism, managers' global growth expectations plummeted to -27% from -6%, the largest month-on-month decline since March 2022, with sentiment among fund managers falling to a four-month low. Despite the weaker sentiment, 68% of fund managers were still confident of a soft landing, with a net 33% overweight equities. Sentiment towards US equities also improved, reaching a five-month high. While global Composite PMIs were lower, lending support to the slower growth outlook, this was largely due to a contraction in the manufacturing sector, the first decline since December 2023. Unsurprisingly, industrial metals prices were lower, with the biggest declines seen in aluminium (-9.4%), palladium (-5.0%), copper (-4.9%) and nickel (-4.2%). Better-than-expected second quarter Eurozone GDP figures and upward revisions to US second quarter growth were also supportive of risk assets, while slightly better-than-expected core PCE inflation brought forward rate cut expectations.

Although the US Federal Reserve (US Fed) left rates unchanged in a unanimous decision, the Chairman hinted that a rate cut was likely in September, adding the normal caveat of it being “data dependent”. Rate cuts of around 190 basis points through-the-cycle were priced into fed funds futures at month-end, up from around 138 basis points the previous month. By year-end, fed funds futures were pricing in some 50 basis points of rate cuts, up from 25 basis points the month before. Given expectations of more aggressive rate cuts, the MSCI World Index gained some 1.8% in US dollars and 1.4% in rands. Emerging markets yielded a pedestrian 0.4% in US dollars and -0.01% in rands, largely due to a 2.2% decline in the Hang Seng Index and a 0% return from the CSI 300 Index. The softer emerging market returns followed China’s Third Plenum, which contained no major policy initiatives to address the country’s near-term growth challenges. The communiqué reaffirmed the Chinese Communist Party’s long-term vision of deepening reform and pursuing modernisation – Chinese style – based on the three key pillars of innovation (science, technology and industrialisation), green energy (EVs, batteries, wind and solar) and consumption as growth drivers. Faced with deflationary pressures and weak demand at home and increased hostility towards its export dominance abroad, the twice-a-decade plenum chose policy continuity rather than any structural shifts.

At month-end, two significant events helped to trigger an equity market sell-off in early August. The first was the Bank of Japan’s decision to raise the policy interest rate by 15 basis points to 0.25% and reduce its bond purchases to around 3 trillion yen from 6 trillion yen by March 2026. This resulted in a sharp appreciation in the yen that caused an unwinding of the yen carry trade. The yen carry trade was especially popular over the past four years, since Japan was the only major economy in the world offering essentially free money. As a result of margin calls, investors headed for the exits by selling stocks to raise cash, or to simply close out their positions completely. Technology stocks were heavily punished, in part due to an underwhelming earnings season. Sector rotation into mid- and small-cap stocks contributed to a surge in the VIX Index to over 40% on 5 August, before falling back to around 21%. Equity markets have reversed some of these losses, although at the time of writing, the MSCI World Index was still down some 4.0% for the month-to-date.

The second event was the release of much weaker-than-expected US non-farm payroll data and a bigger-than-expected increase in the unemployment rate to 4.3% (4.1%). The increase triggered the Sahm Rule, raising investor fears that the US economy was headed for a recession. In brief, the Sahm Rule signals a recession when the three-month moving average of the unemployment rate rises by 0.5% or more, relative to its low during the previous 12 months. However, it is worth noting that the Atlanta Fed’s GDPNow indicator is still pointing to growth of around 2.8%, well ahead of potential GDP. While recession risks contributed to the market sell-off, this proved to be short-lived, as better-than-expected US initial jobless claims and ISM Services PMIs helped to allay recession concerns, at least for now.

Given the uncertain outcome of the upcoming US Presidential election, volatility is expected to persist until after the US elections, given major policy differences between the Democrats and the Republicans. While current polling puts Harris ahead of Trump by around 2% in the popular vote, the electoral college system requires a minimum of 270 votes to win the election. Current polling suggests the outcome is too close to call. If Harris loses Georgia, Arizona, and Nevada – where Republicans have been polling well – yet captures one electoral vote in Nebraska, then Democrats will win 270 electoral college votes to 268, avoiding an electoral college tie of 269-269. If Harris wins Arizona and Nevada (due to women’s rights and being from the West), yet loses Georgia and then loses Pennsylvania, in part because she did not pick Shapiro as her running mate, then Trump will win the election with exactly 270 electoral college votes. A Trump win is largely seen as negative for bonds, non-US stocks and emerging markets, but positive for US Inc. stocks and the US dollar. A clean sweep (in both Congress and the White House) is viewed as especially negative for bonds.

Despite recession risks, forward earnings per share for the MSCI World Index increased over the month, but a rise in trailing earnings capped growth in earnings at 3.0%, unchanged from the previous month. In contrast, earnings growth for the MSCI Emerging Market Index increased from 15.7% to 16.3%. In the second forecast year, earnings growth of some 12.7% and 16.3% respectively is forecast, supporting a small overweight position in global equities, despite recession concerns and the uncertain US election. While developed market equities look expensive on a forward price-to-earnings ratio, this is largely due to the higher valuations of mega-cap technology stocks. Despite concerns about a possible technology bubble, it is worth noting that the price-to-earnings ratio for the largest seven stocks in the S&P 500 Index at end-June was some 28.6X, much lower than the 52X multiple of the seven largest stocks in March 2000. In addition, today's seven largest stocks generate more operating cash flows per dollar of assets and have been growing sales much faster than the seven largest stocks of 2000.

Global Bonds and Listed Property

Global bonds rallied in July on expectations of more aggressive US rate cuts and the Fed signalling a September rate cut. A better-than-expected US core PCE inflation reading, and lower growth expectations were further catalysts for lower bond yields over the month. The yield on the Bloomberg Capital Global Aggregate Bond Index declined from 3.9% to 3.6%, returning 2.8% in US dollars and 2.4% in rands. US 10-year yields were 37 basis points lower, while the two-year yield fell by 50 basis points as the market priced in more aggressive rate cuts. Corporate bond yields were also lower, with yields on the Bloomberg Capital Global Corporate Bond Index declining from 5.0% to 4.7%, yielding 2.4% in US dollars and 2.0% in rands. Emerging market bonds lagged the returns from developed market bonds, with the JP Morgan Emerging Market Bond Index yielding 1.9% in US dollars and 1.5% in rands, as spreads widened to 270 basis points from 262 the previous month. Inflation-linked bonds marginally underperformed their nominal counterparts, even as both the nominal and real bond curves moved lower. The yield on the Bloomberg Capital Global Government Inflation-Linked Bond Index declined from 1.59% to 1.42%, returning some 2.5% in US dollars, while emerging market government inflation-linked bonds yielded a more pedestrian 0.7% in US dollars. US breakeven inflation was also lower, suggesting that inflation expectations remain well anchored.

Given the sharp decline in bond yields and the backdrop of rising global fiscal deficits, increased bond issuance and the prospect of a second Trump presidency, a more cautious approach is taken to global bonds over the near term. A Trump win could see some US$4 trillion being added to the country’s debt over the next decade as his proposed corporate tax cuts will not be offset by higher import duties. Other tax cuts include eliminating federal income taxes on retirees’ Social Security benefits and on the money service workers earn from tips. He has proposed cutting the corporate income tax rate to 15%, from the 21% rate he approved as part of a tax overhaul package in 2017, and he wants to make all these tax cuts permanent when they expire in 2025. Collectively, Trump’s proposed tax cuts would reduce federal revenues by nearly US$7 trillion over the course of a decade, according to estimates by the Committee for a Responsible Federal Budget. Trump has, however, proposed several measures to offset some of those revenue losses. They include repealing the tax breaks for clean energy manufacturing and other low-emission technologies contained in Biden’s 2022 climate law, the Inflation Reduction Act. Trump would also impose steep new tariffs on imports from China and a 10% tariff on all imported goods. Repealing the Inflation Reduction Act and including the two new tariffs could collectively bring in about US$3 trillion in additional federal revenues, leaving Trump with a net revenue loss of about $4 trillion. Joe Biden’s March budget proposal, which could be an indicator of Harris’ future fiscal policy plans, called for a US$3 trillion deficit reduction, funded by raising taxes on corporations and high-income earners.

Given these concerns, a neutral position is retained in global bonds until after the US elections. Over the remainder of the investment horizon, bonds are overweighted as growth slows, bonds reprice and the rate cutting cycle begins in earnest. In the case of inflation-linked bonds, a neutral weighting is retained as a hedge against a bad inflation outcome and a higher neutral rate of interest. However, once the rate cutting cycle is well advanced (six-to-twelve-month view), inflation-linkers are underweighted as real curves would have shifted lower.

Due to the sharp decline in global bond yields and the market pricing in more aggressive rate cuts, property stocks were the best performing of the broad asset classes in July. The FTSE EPRA Nareit Developed Markets Property Index rallied some 6.1% in US dollars and 5.7% in rands as the sector rerated sharply over the month. The price-to-book ratio increased from 1.34X to 1.44X, just shy of the 1.46X mean. Since global property stocks typically rally some three months before the first rate cut, further gains are likely to be pedestrian until the rate cutting cycle is more advanced. Due to the sharp re-rating of global listed property, a near-term underweight position is retained in global listed property. On a six-month view, listed property is upweighted to neutral as the rate cutting cycle gains traction.

SA Equities

South African equities outperformed their developed and emerging market counterparts in July on expectations that the Government of National Unity (GNU) will implement more market-friendly economic policies and that public-private partnerships will drive new investment growth. The more favourable interest rate outlook also contributed, as a total of four rate cuts (100 basis points) over the coming year were priced into the FRAs, up from three cuts the month before. The FTSE/JSE All Share Index gained some 3.9% in rands (4.3% in US dollars) buoyed by gains in SA Inc. stocks and precious metals counters. Consumer staples (7.2%) were the best performing of the broad sectors, led by British American Tobacco (13.9%), Tiger Brands (13.9%) and Shoprite (7.2%). Healthcare (6.6%) was supported by gains in Aspen (8.0%), Netcare (4.6%) and Life Healthcare Group (3.9%). Resources (5.5%) rallied on the back of a 4.1% gain in the gold price, with DRDGOLD (18.2%) and Goldfields (16.7%) leading the gold miners. Anglo Platinum rallied some 17.4%, despite lower platinum and palladium prices.

Financials (5.4%) benefited from gains in MTM Momentum Metropolitan (17.2%), Quilter (12.8%) and Ninety One Ltd (8.8%), while consumer discretionary (1.9%) stocks were underpinned by Southern Sun Ltd (16.2%), Motus Holdings (11.8%) and Cashbuild (10.0%). Industrials (1.7%) gained on the back of a rally in construction and materials stocks led by PPC (23.0%), Raubex Group (14.8%) and Wilson Bayly Holmes-Ovcon (12.4%). The laggards included telecommunications (-2.8%) with MTN Group (-6.9%) and Telkom (-3.7%) leading the losers. In technology (-1.4%), Bytes Technology Group (-3.7%), Prosus (-2.4%) and Naspers (-1.3%) brought up the rear.

While GDP growth was negative in the first quarter of the year, declining by 0.1% quarter/quarter, positive growth is expected for the second quarter, even though uncertainty about the election outcome weighed on economic activity in May and June. After posting positive month/month gains in April, retail sales contracted by 0.7% month/month in May, mining production by 0.6% and manufacturing production by 3.6%. In June, manufacturing production declined by a further 0.5% month/month. While the Absa manufacturing PMI – a leading indicator of manufacturing activity – had signalled a contraction in manufacturing production for May and June, it rebounded sharply in July. New orders surged and the new orders-to-inventory ratio increased to 1.14X from 0.73X, pointing to much better growth prospects in the second half of the year. Expected business conditions over the next two quarters also improved to 69.4 index points, the highest level since February 2022, while supply chain cost pressures continued to ease.

Renewed optimism towards the South African economy encouraged fund managers to revise their 12-month price target higher for the FTSE/JSE All Share Index to 91 000, from 86 000 the month before. A net 76% (59%) of managers were equity bulls and a net 88% (76%) indicated they would overweight domestic stocks on a 12-month view. A net 71% (76%) saw equities as undervalued, while a net 59% (71%) of managers saw bonds as undervalued, despite the rallies in June and July. A net 77% of respondents were also optimistic about equities over three to five years. Expectations of a weaker dollar, lower bond yields and robust returns for both equities and bonds informed the managers' views. In terms of positioning, fund managers shifted from defensive positioning to more cyclical exposure, showing a high conviction towards domestic sectors. In terms of sector preferences, the Bank of America Fund Manager Survey showed a preference for banks, apparel, retail and software, while gold and defensive sectors were deemed less attractive. Sentiment towards gold was particularly interesting, with managers showing a neutral stance in the short term but maintaining an underweight position over the long term. Since the economic outlook is modest, fund managers did raise concerns about the earnings outlook, with earnings expected to grow by 10% over the coming year.

Despite concerns about the earnings outlook, consensus bottom-up earnings estimates were revised marginally higher in July to 13.9% from 13.4%. In the second forecast year, earnings growth was revised lower to 8.2% from 9.5%. Earnings growth implied by the South African Reserve Bank (SARB)'s leading economic indicator over the coming 12-months is even higher, in the mid-to-upper teens, supporting an overweight position in domestic equities, tilted towards SA Inc. stocks.

SA Bonds and Listed Property

South African bonds rallied for a second consecutive month as core inflation was lower than expected, global bond yields fell sharply, and the political risk premium priced into the market reversed after the country's election outcome. The yield on the All Bond Index (ALBI) declined by 51 basis points to 10.81%, returning some 4.0% for the month. Similarly, the yield on the CILI Index fell by 10 basis points to 4.97%, returning some 1.7% for the month. Since the elections, the yield on the ALBI has declined by a cumulative 124 basis points, raising the question of how much further nominal bond yields can drop, especially over the near term. While core inflation and supercore inflation are both at the midpoint of the SARB's target range, headline inflation – currently at 5.1% – would need to decline further for bond yields to head lower. Supercore inflation, a new inflation measure recently announced by the SARB, is designed to track price pressures that are driven primarily by economic slack, as measured by the output gap. It is a subset of 11 of the 43 items making up core inflation and shows a high sensitivity to the business cycle. Because of the measure's ability to isolate demand-driven inflation pressures, it is directly relevant to and supportive of monetary policy decision making. The SARB's findings reveal that demand-driven inflationary pressures, as measured by supercore inflation, are presently balanced, with inflation outcomes hovering around the midpoint of the target range over the past year. The finding of 'balanced' demand-driven inflationary pressures is consistent with a virtually-closed output gap.

Given petrol price reductions in July and August and large petrol price base effects in the fourth quarter of the year, headline inflation is expected to decline by around 0.5% to the midpoint of the SARB's target range in the fourth quarter, lending some support to keeping a small overweight position in bonds. Further support for this view is that the real yield on the ALBI is expected to increase from some 5.7% to 6.3% over the coming months – ahead of the 6% fair value estimate – again supporting an overweight tilt to bonds. While the US election outcome could be a headwind for domestic bonds in the event of a Trump win, the running yield on domestic bonds is still attractive relative to competing asset classes. Since the real yield on the ALBI – after adjusting for the inflation risk premium – is higher than the real yield on inflation-linked bonds, nominal bonds are overweighted relative to their inflation-linked counterparts. As interest rates are likely to be reduced by 50 basis points before the end of the year, both the nominal and real bond curves are expected to move lower. However, given the higher modified duration on inflation-linked bonds, a neutral weighting is retained in this asset class. Over the longer term the neutral weighting is maintained as a hedge against bad economic or political outcomes that could negatively affect the exchange rate.

South African listed property tracked its global counterparts higher in July, buoyed by sharply lower bond yields and expectations of more aggressive interest rate cuts. The SAPY yielded 4.4% in rands and 4.8% in US dollars, underperforming only global listed property. Although dividends per share were slightly negative over the month, the listed property sector rerated relative to bonds, with the property-to-bond yield ratio falling to 0.54X from 0.55X, well below the 0.85X mean. This suggests that returns were driven mostly by the decline in bond yields. While real nominal bond yields are expected to exceed their fair value over the coming months, listed property is underweighted, given that the property-to-bond yield ratio is at an historical inflection point, from which it is expected to de-rate relative to bonds. Given the attractive running yield on bonds, a preference is retained for bonds over listed property. The best-performing stocks for the month included MAS Real Estate (13.9%), Shaftesbury Capital (11.2%) and the Burstone Group (9.5%), while the laggards included Stor-Age Property Reit (0.3%), Attacq (0.8%) and Growthpoint (1.3%).

SA Cash

SA cash yielded 0.7% in rands in July, underperforming all of the broad domestic asset classes. Despite the Monetary Policy Committee (MPC)'s split decision to leave interest rates unchanged, the FRAs priced in cumulative rate cuts of 119 basis points through the cycle, up from 69 basis points the previous month. In addition, two rate cuts of 25 basis points each before year-end are now fully priced in, rather than the 80% probability apportioned to these cuts in the previous month. The FRAs also align more closely with the SARB's Quarterly Projection Model (QPM), which is signalling 50 basis points of rate cuts this year, to be followed by another 50 basis points in 2025. Although the MPC revised its inflation forecasts lower for 2024 and 2025, the statement was somewhat hawkish, arguing that the balance of inflation risks is assessed to the upside. Headline inflation was revised down to 4.9% (5.1%) this year and to 4.4% (4.5%) in 2025. Similarly, core inflation was revised lower to 4.6% (4.7%) and 4.4% (4.6%) respectively over the comparable period. The MPC also stated that with inflation expectations at 5% for 2025 and 4.9% in the two subsequent years – still ahead of the 4.5% target – it was appropriate to keep the repo rate unchanged at 8.25%. Encouragingly, respondents lowered their inflation expectations from the previous survey, suggesting that expectations will become re-anchored at the 4.5% level.

Asset Allocation

Our asset allocation view is summarised in the table below:

Asset Allocation Positioning

	-2	-1	0	1	2
SA Equities				Δ	
SA Bonds				Δ	
SA ILB			Δ		
SA Property		Δ			
SA Cash		Δ			
DM Equity				Δ	
EM Equity				Δ	
Global Bonds				Δ	
Global ILB		Δ			
Global Property			Δ		
Global Cash		Δ			
International			Δ		

10 Year Forecast

	2018	2019	2020	2021	2022	2023	1Y 082024
SA Equities	11.5%	12.5%	12.5%	11.0%	11.5%	11.5%	16.0%
SA Bonds	8.5%	9.0%	10.0%	9.5%	10.0%	10.0%	13.7%
SA ILB	8.0%	8.5%	9.0%	8.5%	9.0%	9.0%	11.5%
SA Property	10.5%	12.0%	13.0%	11.5%	12.0%	12.0%	4.1%
SA Cash	7.0%	7.0%	6.0%	5.5%	6.0%	6.0%	7.9%
DM Equity	11.0%	11.0%	10.5%	10.5%	11.0%	11.0%	6.1%
EM Equity	12.0%	12.5%	12.5%	11.5%	12.0%	12.0%	17.8%
Global Bonds	6.5%	6.5%	6.5%	6.0%	6.5%	6.5%	7.1%
Global ILB	6.8%	6.5%	6.0%	5.5%	6.0%	6.0%	6.5%
Global Property	10.0%	9.0%	10.0%	9.5%	10.0%	10.0%	5.8%
Global Cash	6.8%	6.0%	5.3%	5.0%	6.5%	6.0%	4.5%
Inflation Assumption	5.50%	5.50%	5.00%	5.00%	5.50%	5.50%	4.80%

Legend	Current Positioning	0 = Neutral
	0-6 Month View	+/-1 = 1% to 2% over/underweight
Δ	6-12 Month View	+/-2 = 2% to 4% over/underweight

Appendix A: Market Performances

Periods up to 31 July 2024	1 month	3 months	6 months	YTD	1 year	3 years	5 Years	10 Year
ALL SHARE (ZAR)	3.92%	9.20%	13.22%	9.89%	9.04%	10.87%	11.96%	8.50%
ALL SHARE ($)	4.31%	13.07%	15.75%	10.48%	6.60%	3.10%	6.50%	2.90%
ALL SHARE (GBP)	2.66%	10.22%	14.76%	9.65%	6.78%	5.86%	5.49%	5.75%
TOP 40	3.70%	8.49%	13.33%	9.40%	6.67%	10.78%	12.29%	8.56%
MID CAP	5.09%	13.44%	14.24%	11.04%	16.53%	10.24%	9.09%	6.79%
SMALL CAP	5.44%	14.44%	13.55%	15.53%	25.06%	19.29%	16.28%	8.73%
FLEDG	6.10%	15.51%	20.06%	20.11%	30.46%	14.91%	14.70%	7.74%
DERIVATIVE								
RES 20	5.65%	2.05%	17.04%	10.19%	0.56%	1.36%	12.15%	4.80%
IND 25	1.68%	5.08%	8.96%	7.51%	3.32%	10.09%	10.76%	8.67%
FIN 15	5.15%	19.89%	17.79%	14.38%	21.29%	21.51%	9.88%	8.02%
FIN 30	3.01%	10.62%	12.44%	9.91%	9.32%	13.97%	11.25%	9.08%
ALL SHARE ECONOMIC GROUP								
RESOURCES	5.53%	2.76%	14.80%	7.56%	2.72%	2.65%	13.17%	5.75%
BAS MAT	5.39%	2.32%	14.91%	8.02%	1.98%	1.91%	12.65%	8.35%
INDUST	1.65%	9.10%	14.89%	9.92%	18.70%	7.03%	4.38%	1.85%
CON GDS	7.23%	12.89%	10.14%	11.22%	17.63%	12.93%	11.87%	7.19%
HEALTH	6.58%	14.24%	19.24%	16.23%	19.52%	13.33%	13.03%	-1.18%
CON DISCRETIONARY	1.94%	12.07%	4.93%	10.12%	8.11%	18.86%	16.68%	15.12%
TELECOMS	-2.79%	-5.89%	-2.93%	-17.52%	-29.30%	-5.62%	-3.21%	-4.18%
FINAN	5.39%	20.54%	18.48%	14.73%	21.46%	21.15%	10.06%	7.72%
TECHNOL	-1.35%	-1.61%	12.28%	12.64%	0.33%	4.94%	6.54%	-0.20%
ALL SHARE SHARE SECTOR								
CHEMICALS	5.01%	11.96%	-6.63%	-16.14%	-30.79%	-5.65%	-7.99%	-6.74%
FORESTRY	9.60%	4.81%	19.39%	28.10%	47.07%	13.13%	14.67%	13.98%
MINING	12.05%	7.90%	23.63%	16.24%	10.60%	2.91%	12.69%	9.16%
CONSTRUCTION	15.45%	34.84%	36.87%	36.19%	68.42%	11.64%	4.37%	-5.32%
GENERAL IND	-0.34%	6.22%	12.15%	6.20%	13.78%	4.42%	1.44%	2.50%
ELECTRONIC	2.22%	9.69%	20.89%	26.51%	26.14%	21.43%	8.39%	0.21%
IND TRN	5.54%	13.72%	20.53%	19.92%	34.46%	23.77%	24.42%	6.52%
SUPPORT	7.37%	8.33%	19.38%	18.17%	19.57%	19.17%	28.87%	9.31%
AUTOMOBILES	0.00%	0.00%	-14.38%	-29.58%	-34.73%	-18.86%	-10.98%	-8.21%
BEVERAGES	1.96%	-3.90%	-6.29%	-8.74%	6.75%	5.51%	-1.85%	2.38%
FOOD PR	6.87%	10.62%	12.80%	18.32%	38.52%	11.70%	6.63%	3.20%
PERSON	-2.87%	4.55%	-1.69%	7.81%	-2.05%	16.06%	19.76%	12.35%
HEALTH	4.22%	20.86%	3.40%	4.93%	-0.75%	8.37%	4.71%	-2.88%
PHARMACEUTIC	7.47%	11.97%	28.68%	22.59%	32.90%	13.81%	21.81%	-0.67%
DRG RET	5.96%	15.33%	9.71%	10.11%	16.77%	13.88%	10.85%	9.09%
GEN RET	7.30%	7.74%	11.40%	19.68%	60.55%	21.78%	15.19%	7.77%
TRAVEL	7.44%	6.82%	1.38%	1.38%	11.14%	19.65%	-1.66%	-2.73%
FIX LN	-2.79%	-5.89%	-2.93%	-17.52%	-29.30%	-5.62%		
MOBILE	-2.79%	-5.89%	-2.93%	-17.52%	-29.30%	-5.62%		
BANKS	6.06%	22.38%	22.83%	18.32%	25.48%	25.36%	12.89%	11.88%
N/L INS	2.82%	16.01%	16.57%	16.21%	27.30%	21.75%	9.88%	11.30%
LIFE IN	3.30%	19.02%	14.03%	10.48%	15.05%	14.01%	4.78%	5.22%
REAL ESTATE	5.10%	9.39%	13.13%	16.34%	35.80%	19.00%	10.98%	
GEN FIN	-2.07%	4.41%	3.56%	6.54%	25.59%	-37.66%	-23.06%	-12.57%
EQ INV	0.00%	0.00%	-17.31%	-12.07%	-30.31%	3.31%	5.00%	3.80%
SOFTWARE	-1.35%	-1.61%	12.28%	12.64%	0.33%	4.94%	6.54%	-0.05%
SPECIALIST								
SA FIN	3.45%	11.24%	12.70%	10.83%	11.69%	13.71%	10.57%	8.11%
SAPY (ZAR)	4.39%	10.78%	9.90%	14.37%	28.84%	13.50%	2.01%	3.49%
SAPY ($)	4.79%	14.71%	12.36%	14.97%	25.95%	5.55%	-2.95%	-1.85%
INDUST & FINAN	2.04%	5.68%	9.36%	8.04%	4.55%	10.12%	10.59%	8.13%
CAPPED INDICES								
CAP TOP 40	4.04%	9.08%	13.53%	9.42%	7.05%	10.87%	12.48%	8.34%
CAP ALL SHARE	4.09%	9.45%	13.38%	10.00%	9.30%	11.08%	12.38%	8.53%
SHAREHOLDER WEIGHTED								
SH WE TP 40	3.70%	8.49%	13.22%	9.44%	7.09%	9.11%	9.22%	6.69%
SH WE ALL SHARE	3.92%	9.20%	13.11%	9.98%	9.60%	9.60%	9.37%	6.98%
Capped SH WE ALL SHARE	4.09%	9.45%	13.27%	10.05%	10.01%	10.65%	10.31%	6.80%
SA VALUE	3.61%	8.46%	10.79%	6.27%	4.63%	10.67%	9.83%	5.39%
SA GROWTH	4.17%	9.83%	15.43%	13.32%	12.36%	11.39%	13.87%	10.83%

Appendix A (2): Market Performances

Periods up to 31 July 2024	1 month	3 months	6 months	YTD	1 year	3 years	5 Years	10 Year
CREDIT MARKETS								
BONDS 1-3 YEARS	1.59%	4.57%	5.03%	5.84%	10.80%	7.61%	7.84%	7.99%
BONDS 3-7 YEARS	3.41%	8.65%	6.81%	7.70%	13.23%	8.15%	9.16%	8.99%
BONDS 7-12 YEARS	4.07%	11.04%	9.02%	9.77%	16.56%	9.27%	9.54%	9.05%
BONDS 12+ YEARS	5.06%	12.85%	11.58%	12.31%	17.72%	8.99%	8.68%	8.30%
ALL BOND (ZAR)	3.96%	10.22%	8.95%	9.73%	15.58%	8.72%	8.82%	8.52%
ALL BOND ($)	4.35%	14.13%	11.39%	10.31%	12.99%	1.10%	3.53%	2.91%
ALL BOND (GBP)	2.69%	11.26%	10.44%	9.48%	13.19%	3.81%	2.54%	5.77%
S&P South Africa Sovereign ILB 1+Y Index	1.52%	3.66%	3.33%	3.54%	8.59%	7.15%	6.45%	
General CILI Index	1.74%	3.94%	3.76%	3.82%	9.43%	7.36%		
STEFI Composite (ZAR)	0.70%	2.08%	4.17%	4.89%	8.56%	6.62%	6.08%	6.59%
STEFI Composite ($)	1.08%	5.70%	6.50%	5.45%	6.13%	-0.86%	0.91%	1.09%
INTERNATIONAL MARKETS								
DOW JONES $	4.51%	8.53%	8.10%	9.52%	17.22%	7.52%	11.06%	11.95%
FTSE £	3.13%	4.39%	12.27%	10.79%	13.54%	8.32%	5.77%	6.28%
MSCI WORLD All Countries ($)	1.61%	8.09%	12.44%	13.10%	17.02%	5.75%	11.05%	8.74%
MSCI WORLD All Countries (ZAR)	1.23%	4.40%	9.97%	12.50%	19.70%	13.72%	16.73%	14.66%
MSCI WORLD $ - MSCI	1.76%	8.47%	12.37%	13.72%	18.34%	6.85%	12.06%	9.53%
MSCI WORLD ZAR - MSCI	1.38%	4.76%	9.90%	13.12%	21.05%	14.90%	17.79%	15.49%
MSCI WORLD $ - INET	1.70%	8.06%	11.43%	12.70%	16.88%	5.28%	10.36%	7.58%
MSCI WORLD (ZAR) INET	1.32%	4.36%	8.99%	12.10%	19.56%	13.21%	16.01%	13.43%
MSCI WORLD GROWTH ($) - MSCI	-0.96%	9.77%	13.81%	16.22%	21.83%	6.25%	15.02%	12.51%
MSCI WORLD GROWTH (ZAR) - MSCI	-1.33%	6.02%	11.32%	15.61%	24.62%	14.25%	20.91%	18.63%
MSCI WORLD VALUE ($) - MSCI	4.82%	7.35%	11.41%	11.75%	15.72%	7.75%	9.36%	7.21%
MSCI WORLD VALUE (ZAR) - MSCI	4.43%	3.68%	8.97%	11.17%	18.37%	15.87%	14.95%	13.05%
MSCI EMERGING MARKET($) - MSCI	0.37%	5.01%	13.30%	8.05%	6.65%	-2.46%	3.59%	2.75%
MSCI EMERGING MARKET(ZAR) - MSCI	-0.01%	1.42%	10.82%	7.48%	9.09%	4.89%	8.89%	8.34%
MSCI EMERGING MARKET($) - INET	-0.14%	3.71%	11.17%	5.96%	3.53%	-5.34%	0.89%	0.17%
MSCI EMERGING MARKET(ZAR) - INET	-0.51%	0.16%	8.73%	5.40%	5.90%	1.79%	6.05%	5.62%
MSCI EM GROWTH ($) - MSCI	0.00%	4.70%	14.95%	8.52%	4.91%	-5.87%	3.12%	3.41%
MSCI EM GROWTH (ZAR) - MSCI	-0.38%	1.12%	12.43%	7.95%	7.32%	1.22%	8.40%	9.04%
MSCI EM VALUE ($) - MSCI	0.76%	5.24%	11.35%	7.32%	7.97%	0.79%	3.62%	1.82%
MSCI EM VALUE (ZAR) - MSCI	0.38%	1.64%	8.91%	6.76%	10.45%	8.38%	8.93%	7.36%
S&P 500	1.22%	10.05%	14.77%	16.69%	22.13%	9.57%	14.98%	13.13%
Euro Stoxx 50 (€)	-0.30%	0.37%	7.60%	10.79%	12.53%	9.60%	10.32%	8.00%
Nikkei 225 (¥)	-1.21%	1.91%	8.57%	17.73%	19.70%	14.68%	14.57%	11.45%
DAX(EUR)	1.50%	3.21%	9.49%	10.49%	12.54%	5.99%	8.71%	7.00%
DAX(ZAR)	2.09%	0.88%	6.69%	7.66%	12.98%	10.55%	13.63%	10.46%
Bloomberg Capital Global Aggregate Govt ($)	2.96%	3.87%	0.24%	-1.58%	1.42%	-6.14%	-2.27%	-0.74%
JPM Global Government Bonds ($)	3.14%	4.17%	0.08%	-1.58%	1.40%	-6.47%	-2.56%	-0.67%
JPM Global Government Bonds (ZAR)	2.75%	0.61%	-2.11%	-2.10%	3.72%	0.58%	2.42%	4.73%
Bloomberg Capital Global Aggregate ($)	2.76%	4.26%	0.90%	-0.49%	3.00%	-5.05%	-1.43%	-0.06%
Bloomberg Capital Global Aggregate (ZAR)	2.37%	0.69%	-1.31%	-1.01%	5.36%	2.10%	3.61%	5.38%
Bloomberg Capital Global Inflation Linked ($)	2.57%	4.38%	1.91%	-0.11%	2.22%	-6.84%	-0.88%	0.22%
Bloomberg Capital Global Inflation Linked (ZAR)	2.19%	0.81%	-0.32%	-0.64%	4.56%	0.18%	4.19%	5.68%
Bloomberg Capital Global Aggregate Credit ($)	2.38%	4.53%	2.00%	1.29%	6.04%	-3.59%	0.11%	1.18%
Bloomberg Capital Global Aggregate Securitised ($)	2.52%	5.52%	1.96%	1.34%	4.89%	-2.63%	-0.40%	0.72%
Bloomberg Capital Global High Yield ($)	1.96%	3.89%	5.40%	5.20%	11.83%	1.15%	2.99%	3.67%
Bloomberg Capital Global Emerging Markets ($)	1.91%	4.16%	4.49%	3.82%	8.48%	-2.32%	0.26%	2.19%
JPM EM BONDS ($)	1.85%	4.26%	4.70%	4.11%	8.66%	-1.67%	0.40%	2.36%
JPM EM BONDS (ZAR)	1.46%	0.69%	2.41%	3.56%	11.15%	5.74%	5.53%	7.94%
JPM EM Corporate Diversified HY ($)	1.76%	4.37%	4.61%	5.35%	9.01%	-2.39%	-0.09%	2.71%
JPM EM Corporate Diversified HY (ZAR)	1.37%	0.80%	2.32%	4.79%	11.50%	4.96%	5.02%	8.30%
JPM EM Corporate HY ($)	1.79%	3.56%	8.08%	7.85%	14.62%	1.11%	2.77%	4.58%
JPM EM Corporate HY (ZAR)	1.41%	0.02%	5.72%	7.28%	17.25%	8.73%	8.02%	10.27%
Bloomberg Capital EM Govt ILB ($)	0.74%	1.14%	-3.29%	-3.67%	-3.76%	0.15%	1.43%	1.36%
Bloomberg Capital EM Govt ILB (ZAR)	0.36%	-2.32%	-5.41%	-4.17%	-1.56%	7.69%	6.62%	6.88%
Bloomberg Capital Global Corporate Bonds ($)	2.43%	4.65%	2.07%	1.48%	6.43%	-3.32%	0.44%	1.44%
Bloomberg Capital Global Corporate Bonds (ZAR)	2.04%	1.07%	-0.16%	0.95%	8.86%	3.97%	5.58%	6.97%
EPRA / NAREIT Dev Mrkts Property ($)	6.07%	10.31%	6.93%	2.66%	7.89%	-3.24%	1.33%	3.55%
EPRA / NAREIT Dev Mrkts Property (ZAR)	5.67%	6.54%	4.59%	2.12%	10.36%	4.06%	6.51%	9.19%
CURRENCY								
RAND vs US$	0.38%	3.54%	2.24%	0.53%	-2.24%	-7.01%	-4.87%	-5.16%
RAND vs EURO	-0.58%	2.31%	2.63%	2.62%	-0.39%	-4.13%	-4.32%	-3.13%
RAND vs GBP	-1.21%	0.94%	1.36%	-0.23%	-2.07%	-4.52%	-5.77%	-2.53%
USD vs JPY	-6.47%	-4.39%	2.93%	6.72%	5.90%	11.09%	6.74%	3.89%

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