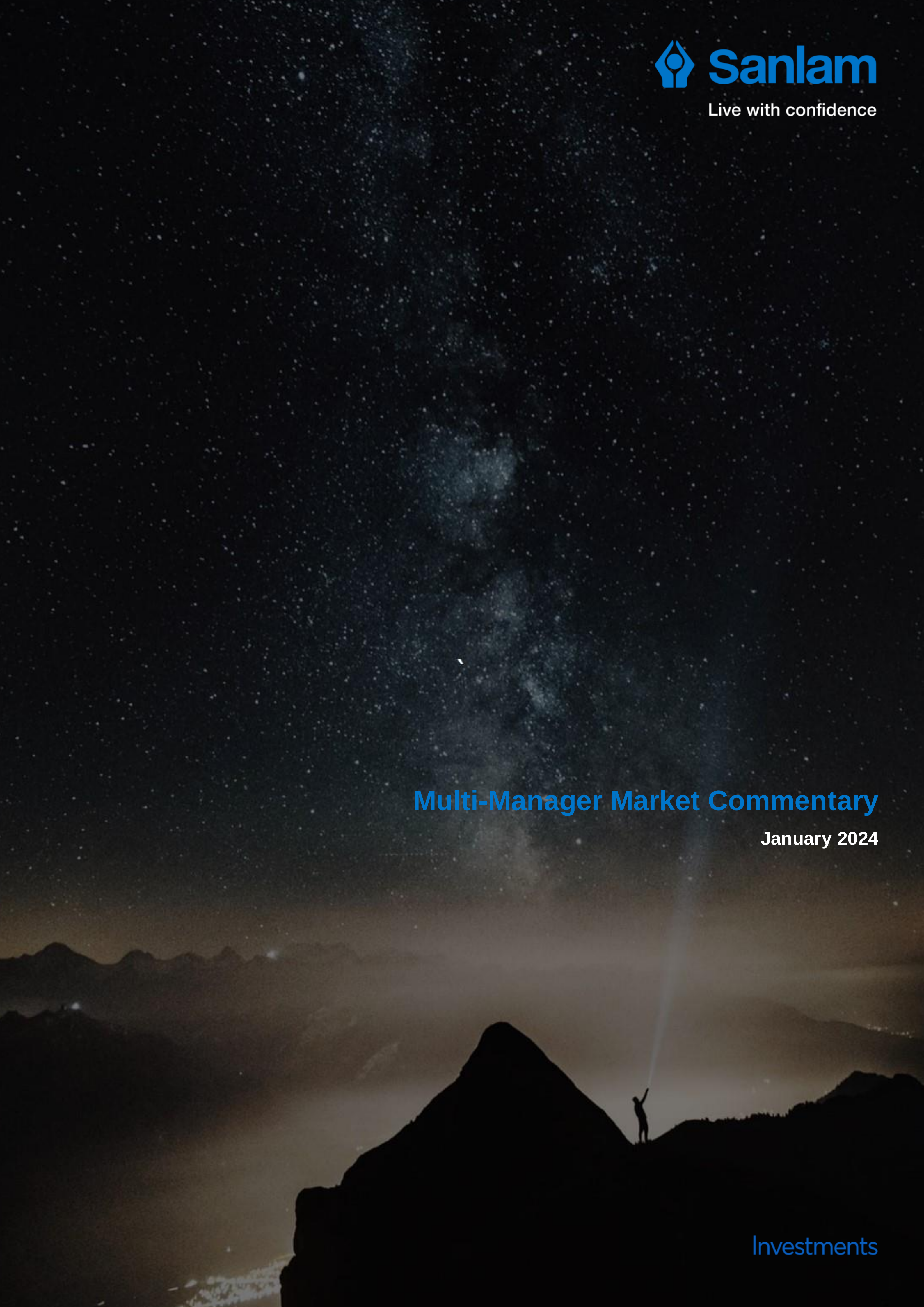

Sanlam

Live with confidence

Multi-Manager Market Commentary

January 2024

Investments

Contents

Executive summary

The rally in equity and bond markets towards the end of 2023 ran out of steam in January. Only developed market equities and South African listed property yielded positive US dollar returns. The release of higher-than-expected US inflation data dampened investor optimism about the size and timing of rate cuts, pushing yield curves higher across both the nominal and real curves. Emerging market equities were particularly hard hit, largely due to concerns about China's growth and persistent deflation, which triggered a sharp sell-off in Chinese stocks. After the Federal Open Market Committee decided to hold rates steady, while signalling a pivot later in the year, the US Federal Reserve pushed back against market expectations of a March rate cut. Fed fund futures are currently pricing in a cumulative 50 basis points (bps) of rate cuts this year, down from initial expectations of 125 bps. South African FRAs have also moderated rate cut expectations to 50 bps this year from initial expectations of 75 bps. The more subdued interest rate outlook can be attributed to a rise in inflation expectations, which at 5.7% this year are well above the midpoint of the South African Reserve Bank's target range.

Highlights

- US Fed pushes back against March rate cut on inflation risks
- IMF and World Bank revise global growth lower in 2024 and warn of downside risks
- Middle East conflict raises supply-side cost pressures as freight rates surge
- Composite PMIs indicate a broad-based recovery in the global economy
- PBoC cuts required reserve ratio by 50 bps to 10%
- UK, Germany and Japan in technical recessions, but US Q4 growth buoyant at 3.3% quarter-on-quarter (seasonally adjusted and annualised)
- China's CSI300 Index declines by 7.2% (in dollars) on growth concerns
- Chinese state asset managers embark on ETF buying spree to underpin equity market
- SARB leaves rates unchanged in unanimous decision, despite upside inflation risks

Global Equities

Markets started the new year on a less solid footing than they ended 2023. Developed market equities posted modest gains in January, boosted by strong US Q4 GDP data and broad-based improvements in composite PMI indices, with the notable exception of the EU. US GDP expanded by 3.3% quarter-on-quarter (seasonally adjusted and annualised), while retail sales (the control group) surged 0.8% month-on-month, both well ahead of estimates. However, the release of December's inflation data dampened market optimism, as it was higher than expected, pushing expected rate cuts further out in time.

Inflation misses continued in February, when January's inflation print was again higher than expected. The headline rate eased to 3.1% from 3.4% but was higher than the 2.9% consensus estimate, whereas core inflation was unchanged at 3.9%, also ahead of the 3.7% estimate. Unsurprisingly, the US Federal Reserve (Fed) pushed back against a March rate cut, with Fed fund futures now only expecting the first rate cut in July. The quantum of rate cuts has also been pared back, with the market now pricing in only around 50 bps of rate cuts this year, down from 125 bps last month.

Given the risk of further delays to rate cuts from sticky wage inflation and supply-side cost pressures – particularly in the services sector – risk assets could give back some of their returns in the coming months. A higher-for-longer interest rate environment could still trigger a recession, even though the current expectation is for a soft landing. As geopolitical risks are elevated, supply-side cost pressures are also increasing again as conflict in the Middle East spreads, although not to the same extent as during the pandemic.

While the World Bank and International Monetary Fund (IMF) support the "soft-landing" scenario for 2024, as does the bond market, where the yield curve steepened further in January, there are downside risks to the outlook. Despite strong US non-farm payroll data for January, labour market signals indicate a rise in unemployment over the course of the year. In the US, weaker labour demand is reflected in declining hiring and quit rates, as well as declines in the number of job openings, which eventually feed through into higher unemployment. The Sahm Rule is also close to signalling a recession in the US. The Sahm Rule identifies signals relating to the start of a recession when the three-month moving average of the national unemployment rate rises by 0.5% or more relative to its low during the previous 12 months. At an unemployment rate of around 4%, not too dissimilar to the Fed's own estimate, the Sahm Rule would be triggered, signalling a recession. A slowdown in growth can already be seen in the UK, Japan and Germany, where fourth quarter GDP releases (in February) showed these economies have moved into a technical recession, defined as two consecutive quarters of negative growth. The EU, in turn, narrowly avoided a technical recession, with growth coming in at 0% quarter-on-quarter.

The MSCI World Index gained a further 1.2% in dollars and 2.9% in rands, despite the inflation misses and deferral of interest rate cuts until later in the year. In contrast, emerging markets came under pressure on concerns about slowing Chinese growth and the lingering impact of new gaming restrictions on Tencent and NetEase. The ongoing decline in property investment, foreign direct investment and export growth, coupled with deepening deflation, weighed on stocks. The CSI 300 Index declined by 7.2% in dollars, while the Hang Seng Index was 9.2% lower. Given China's weighting in the MSCI Emerging Markets Index (it is now 23.8% versus more than 40% a couple of years ago), the composite benchmark return was down by about 4.6% in dollars and -3% in rands. Japanese stocks reached a new high, buoyed by recent governance reforms that have led companies to increase shareholder returns via share buy-backs and higher dividend pay-outs, and a shift from deflation to inflation. The upswing in the leading economic indicator – pointing to robust earnings growth in the year ahead – also drove equity market returns.

In line with the more cautious outlook for the year ahead, expected earnings per share have been trending lower. Forward earnings are now expected to decline by 2.5% this year, down from -1.9% the previous month. As a result of the sharp gains in the MSCI World Index over the past few months, equity valuations have become stretched: the forward price-to-earnings ratio has risen to 19.5X earnings, well above the 16.1X mean. The margin of safety between earnings per share and prices has closed materially, highlighting the risk of a pullback in prices. In contrast, forward earnings for emerging markets were revised marginally higher from 3.9% to 4.1%, reflecting expectations of stable growth this year. After the sell-off in emerging market equities in January, the forward price-to-earnings ratio was unchanged at 14.1X, also ahead of the 12.7X mean. In view of stretched valuations, heightened geopolitical risks and uncertainty about the interest rate outlook, we recommend a near-term underweight position in equities, with the asset class upweighted to overweight in the second half of the year, once the rate-cutting cycle commences. However, if inflation continues to be above the 2% target of most developed market central bankers, the rate-cutting cycle could be short and shallow, informing a more neutral weighting in risk assets, despite current optimism about earnings growth in the second forecast year. A defensive, high-quality bias is recommended for equities in the near term, followed by a tilt towards more cyclical counters in the latter half of the year, including exposure to commodities and emerging market equities.

Global Bonds and Listed Property

Global bonds gave back some of their recent gains in January, as inflation misses in the US, better-than-expected GDP growth and a broad-based expansion in composite PMIs pushed bond yields higher. The Bloomberg Capital Global Aggregate Bond Index yielded -1.4% in dollars (0.3% in rands) as yields increased from 3.51% to 3.59%. Emerging market bonds also yielded negative returns (-0.6% in dollars) as higher yields and a widening spread offset the higher absolute yields on offer. US Treasury yields were higher, with the 10-year yield increasing from 3.87% to 3.96%. The spread between the 10-year and two-year Treasury yield increased from -0.38% to -0.29%, reflecting the soft-landing scenario priced into the bond market. Breakeven inflation was also higher, with five-year and 10-year US rates increasing to 2.26% and 2.24% respectively. Despite higher-than-expected inflation, inflation-linked bonds yielded -1.7% in dollars as yields on the Bloomberg Capital Global Government Inflation-Linked Bond Index rose from 1.2% to 1.33%, reflecting expectations of a reduced number of rate cuts this year.

After a second consecutive month of inflation misses in the US, real yields continued to push higher in February, offering investors an opportunity to buy inflation-linkers at attractive real yields, as a hedge against rising inflation risks related to supply-side cost pressures and escalating geopolitical tensions. Fed fund futures have subsequently pared back the quantum of rate cuts expected this year to around 50 bps from earlier projections of 125 bps. The more conservative view is also at odds with the Federal Open Market Committee (FOMC)'s dot-plot, which is pencilling in 75 bps of rate cuts. Since yields have pushed higher across both the nominal and inflation-linked bond curves in February, an opportunity has arisen to overweight bonds and add to duration.

Global listed property stocks declined by 4% in dollars and 2.4% in rands in January, as bond yields pushed higher on inflation misses in the US and better-than-expected fourth quarter GDP growth. The sector derated, with the price-to-book ratio declining from 1.32X to 1.26X, below the historical mean of 1.46X. Since REITs currently trade at a 15% discount to net asset value and offer an attractive dividend yield of about 4.4%, there is still value to be found in listed property. Lower funding costs expected over the course of the year suggest that companies will be able to refinance expiring loans at lower rates than initially feared, mitigating the negative impact of higher rates on forward earnings growth. Lower funding costs will allow REITs to deleverage quicker by disposing of assets. Since loan-to-value ratios are stable at around 34%, and the debt maturity profile is reasonable, the sector is upweighted to overweight from neutral in the second half of the year as the rate cutting cycle commences.

In the month, data centres were the best performers (3.3%), driven by record leasing, while single-family residential properties (-1.2%) came in second, driven by Blackstone's acquisition of Tricon Residential for $3.5 billion, representing a 30% premium to the pre-deal price. Hotels (-1.9%) and malls (-3.2%) also outperformed, as the market priced in stronger than expected economic data, while defensive sectors such as self-storage (-7.8%), gaming (-6.1%) and healthcare (-5.8%) underperformed.

SA Equities

South African equities tracked their emerging market counterparts lower in January, weighed down by concerns about China's growth outlook. The JSE All-Share Index yielded -2.9% in rands and -4.6% in dollars. Since Chinese demand is weak as a result of negative wealth effects from declining house prices and a sharp sell-off in equities since February 2021, and property developers are struggling to remain solvent, demand for commodities is likely to remain slow unless government provides more aggressive stimulus measures. China's debt-to-GDP ratio is almost 288%, up 13.5% from the previous year, which requires a more targeted approach to stimulus measures. Further cuts to the required reserve ratio could be on the cards to help shore up growth, which is expected to slow to around 4.5% this year from 5.2% last year.

Unsurprisingly, South African resources stocks (-6.3%) came under selling pressure, driven by declines in both industrial metals counters (-5.8%) and precious metals stocks (-6%). Industrial metals declines were led by Kumba Iron Ore (-10%), Glencore (-9.7%) and BHP Group (-8.4%), while precious metals were driven lower by Impala Platinum (-19.7%), Anglo Platinum (-17.3%) and Northam Platinum (-10.2%).

After a contraction in third quarter GDP growth, SA Inc counters came under pressure. Both household consumption expenditure and gross fixed capital formation contracted in the quarter. The devaluation of the Nigerian naira presented a headwind for the telecommunications sector (-15%), with MTN (-17.3%), Vodacom (-11.9%) and Blue Label Telecoms (-9.8%) leading the decliners. Other SA Inc. sectors that sold off included industrials (-4.3%), with KAP Industrial Holdings (-14.9%), PPC (-9.5%) and Mondi PLC (-7.5%) the biggest decliners. Financials (-3.2%) were also lower. Among the large-cap stocks, FirstRand was -7.6%, Old Mutual -4.6% and Standard Bank -4%. Within healthcare (-2.5%), Adcock Ingram (-6.8%) and Aspen (-4.6%) were the underperformers, while consumer discretionary stocks (4.9%) were buoyed by gains in Richemont (9.7%), Mr Price (9.3%) and Advtech (9.3%).

Despite expectations of a modest pick-up in economic growth this year to about 1.2% from 0.7% last year, bottom-up consensus earnings estimates were revised marginally lower to 4.5% from 7.5% the previous month. The downward revision was largely due to lower earnings estimates for resources stocks, with earnings growth expected to slow from 5.5% to -3.4%. Other top-down measures of earnings growth, such as the SA Reserve Bank's leading economic indicator, paint a similar picture: trailing earnings are expected to slow from about 7.9% currently to around the mid-single digits. If nominal GDP is used as a proxy for earnings growth, earnings could increase by around 6.2%, which is similar to the bottom-up estimates. However, in the second forecast year, earnings are expected to grow at around 4.7% from the previous estimate of 1.5%. As a result, total returns in the second forecast year are in the low-to-middle double digits, ahead of the running yield expected from domestic bonds.

Even though domestic equities are cheap, trading on a rolling forward price-to-earnings ratio of 11X, bonds are expected to yield better risk-adjusted returns over the 12-month investment horizon. SA faces a number of milestones this year, from the National Budget (tabled in February), to the election in May and uncertainty about the appointment or reappointment of the SA Reserve Bank Governor and his deputies, which could create headwinds for the equity, bond and currency markets. Given these risks, along with expectations of near-term weakness in global equities, domestic equities are underweighted in balanced portfolios. In the second half of the year, however, equities are upweighted to overweight, given return expectations in the second forecast year. It is important to note that the base case view assumes a soft-landing scenario.

SA Bonds and Listed Property

Despite the increase in global bond yields, South African bonds yielded 0.7% in rands (-1% in dollars) as yields on the All-Bond Index only ticked up marginally from 11.23% to 11.27%. Inflation-linked bonds underperformed their nominal counterparts as real yields on the Cili Index increased by a wider margin, from 4.78% to 4.9%. Due to the high modified duration of the index, the rise in real yields capped the Cili's return at a positive 0.1% in rands. The increase in real yields reflects market expectations of fewer interest rate cuts this year, despite headline inflation coming in lower than expected at 5.1% and core inflation holding steady at 4.5%, the SA Reserve Bank's steady state rate. The change in market expectations can be seen in FRAs, which are currently pricing in 50 bps of rate cuts this year, down from initial expectations of 75 bps. The first interest rate cut is now expected in five months' time, in line with Fed fund futures pricing.

Since nominal bonds are yielding a real return above 6%, they are overweighted over the coming year. In the near term, however, bonds are downweighted to underweight, given key upcoming events such as the tabling of the National Budget in February and the national election in May. These events could trigger a rise in bond yields and a weakening in the exchange rate amid expectations of a deterioration in the country's fiscal metrics. A drawdown on the country's Gold and Foreign Exchange Contingency Reserve Account could realise about R250 billion to reduce the country's overall debt burden, but the Minister of Finance will have to contend with competing demands from SOEs for additional funding – particularly Transnet and Eskom - and political demands for public sector wage increases and an extension of the Social Relief of Distress Grant into perpetuity. As headline inflation is expected to stay above the 5% level for the first three quarters of the year, before slowing to around 4.5% in the fourth quarter, a neutral weighting is retained in inflation linkers, given the high modified duration risk embedded in the index. For the full year, however, inflation linkers are downweighted to underweight as inflation moderates to the midpoint of the SA Reserve Bank's target range.

South African listed property bucked the softer trend in global listed property in January, shrugging off higher bond yields to return about 4.1% in rands and 2.3% in dollars. It was the best-performing of all the broad asset classes. The sector rerated relative to the 10-year bond, with the property-to-bond yield ratio declining from 0.59X to 0.56X, well above the 0.85X mean. This suggests that property stocks are expensive relative to bonds. As the reporting season begins, all eyes will be on the state of the recovery in vacancies and rentals, with guidance likely to be cautious as debt books are still repricing largely upwards. Until now, reported escalations on new leases have been trending lower, while an oversupply of property in many subsectors, along with high vacancy rates, has weighed on distribution growth. Higher finance costs and liquidity constraints have also necessitated more capital retention, again pointing to lower distribution growth over the coming year. This is evident from month-on-month and year-on-year distributions, which have declined by 0.1% and 14.7% respectively. Although the sector does show value, as it is trading at a substantial discount to net asset value, return expectations lag those of the other broad asset classes, especially after the recent rally. As a result, an underweight position is retained in South African listed property.

Fortress A was the best-performing stock in the month, gaining 11.5%, after shareholders approved a proposal to simplify its structure through a NEPI Rockcastle share unbundling to Fortress B shareholders. Other gainers included SA Corporate (9.9%) and Redefine (8.3%). Hammerson (-6%) and Shaftesbury (-2.5%) declined after UK Gilts rose sharply, the rand strengthened and UK retail sales disappointed in December.

SA Cash

South African cash yielded 0.7% in rands and -1% in dollars in January, in line with the yield on the All-Bond Index. After the January Monetary Policy Committee (MPC) meeting, when the committee voted unanimously to leave the repo rate unchanged at 8.25%, the spread between the three-month Jibar rate and the FRAs – a measure of the size and timing of rate cuts – decreased, pointing to only 50 bps of rate cuts this year, rather than the 75 bps initially expected. This is less than the 75 bps priced into the SA Reserve Bank's Quarterly Projection Model (QPM), which projects a 2024 year-end repo rate of 7.5%. However, only one further rate cut is expected in 2025, bringing the repo rate down to 7.25%. Although the SA Reserve Bank's steady state rate of interest is 7%, the QPM does not anticipate any further rate cuts in 2026. The more subdued interest rate outlook could be attributed to an increase in inflation expectations. The Bureau of Economic Research's December inflation expectations survey showed that inflation expectations had risen to 5.7% for 2024 (from 5.5% previously) and to 5.6% (from 5.3% previously) for 2025. However, to achieve permanently lower inflation and interest rates requires inflation expectations to be closely anchored to the midpoint of the SA Reserve Bank's target range. At the current repo rate, the MPC argued that policy was restrictive, consistent with the inflation outlook and the need to address rising inflation expectations.

Asset Allocation

Our asset allocation view is summarised in the table below:

	Asset Allocation Positioning					*10 Year Forecast*					*1Y*
	-2	-1	0	1	2	2018	2019	2020	2021	2022	022024
SA Equities				Δ		11.5%	12.5%	12.5%	11.0%	11.5%	12.7%
SA Bonds				Δ		8.5%	9.0%	10.0%	9.5%	10.0%	14.1%
SA ILB		Δ				8.0%	8.5%	9.0%	8.5%	9.0%	12.4%
SA Property		Δ				10.5%	12.0%	13.0%	11.5%	12.0%	2.5%
SA Cash		Δ				7.0%	7.0%	6.0%	5.5%	6.0%	8.0%
DM Equity				Δ		11.0%	11.0%	10.5%	10.5%	11.0%	4.3%
EM Equity				Δ		12.0%	12.5%	12.5%	11.5%	12.0%	11.6%
Global Bonds				Δ		6.5%	6.5%	6.5%	6.0%	6.5%	6.9%
Global ILB		Δ				6.8%	6.5%	6.0%	5.5%	6.0%	7.3%
Global Property				Δ		10.0%	9.0%	10.0%	9.5%	10.0%	10.6%
Global Cash			Δ			6.8%	6.0%	5.3%	5.0%	6.5%	4.9%
International				Δ							
Inflation Assumption						5.50%	5.50%	5.00%	5.00%	5.50%	5.00%

Legend

Current Positioning

0-3 Month View

Δ 3-12 Month View

0 = Neutral

+/-1 = 1% to 2% over/underweight

+/-2 = 2% to 4% over/underweight

Appendix A: Market Performances

Periods up to 31 January 2024	1 month	3 months	6 months	YTD	1 year	3 years	5 Years	10 Year
ALL SHARE (ZAR)	-2.93%	7.47%	-3.69%	-2.93%	-2.61%	10.50%	10.61%	8.72%
ALL SHARE ($)	-4.56%	8.33%	-7.91%	-4.56%	-8.74%	2.98%	3.38%	3.31%
ALL SHARE (GBP)	-4.46%	3.23%	-6.96%	-4.46%	-11.78%	5.60%	4.06%	5.98%
TOP 40	-3.47%	6.77%	-5.87%	-3.47%	-4.09%	10.12%	11.12%	8.77%
MID CAP	-2.80%	10.43%	2.00%	-2.80%	2.70%	10.82%	6.19%	6.95%
SMALL CAP	1.74%	13.04%	10.14%	1.74%	10.54%	23.05%	12.64%	8.74%
FLEDG	0.05%	10.41%	8.67%	0.05%	2.13%	17.07%	9.13%	6.64%
DERIVATIVE								
RES 20	-5.85%	-1.65%	-14.08%	-5.85%	-25.61%	2.22%	10.58%	4.43%
IND 25	-1.33%	9.54%	-5.18%	-1.33%	2.06%	8.66%	11.81%	9.23%
FIN 15	-2.90%	11.41%	2.97%	-2.90%	13.75%	19.67%	4.76%	8.75%
FIN 30	-2.25%	10.14%	-2.78%	-2.25%	6.12%	11.82%	10.34%	9.49%
ALL SHARE ECONOMIC GROUP								
RESOURCES	-6.31%	-0.34%	-10.52%	-6.31%	-22.27%	4.13%	12.36%	5.54%
BAS MAT	-5.99%	0.16%	-11.25%	-5.99%	-22.56%	3.36%	11.85%	7.97%
INDUST	-4.32%	4.94%	3.32%	-4.32%	9.70%	9.09%	-1.23%	1.73%
CON GDS	0.98%	10.82%	6.79%	0.98%	7.88%	11.56%	14.74%	7.27%
HEALTH	-2.52%	10.79%	0.23%	-2.52%	19.41%	12.61%	3.57%	-1.00%
CON DISCRETIONARY	4.94%	17.09%	3.03%	4.94%	16.52%	30.81%	15.88%	16.54%
TELECOMS	-15.03%	3.39%	-27.16%	-15.03%	-30.55%	6.48%	1.57%	-2.41%
FINAN	-3.17%	10.42%	2.52%	-3.17%	12.36%	19.34%	4.78%	8.23%
TECHNOL	0.32%	8.12%	-10.65%	0.32%	-6.74%	-5.99%	6.11%	-0.21%
ALL SHARE SHARE SECTOR								
CHEMICALS	-10.18%	-26.28%	-25.88%	-10.18%	-37.95%	5.55%	-11.03%	-5.74%
FORESTRY	7.30%	20.96%	23.19%	7.30%	-7.82%	5.38%	8.80%	13.54%
MINING	-5.98%	7.57%	-10.54%	-5.98%	-12.37%	-1.96%	11.92%	8.03%
CONSTRUCTION	-0.49%	19.07%	23.06%	-0.49%	24.59%	9.14%	-3.59%	-8.04%
GENERAL IND	-5.31%	4.76%	1.45%	-5.31%	6.91%	6.54%	-3.51%	3.13%
ELECTRONIC	4.66%	6.88%	4.34%	4.66%	11.17%	23.13%	3.13%	-1.09%
IND TRN	-0.51%	-0.88%	11.56%	-0.51%	29.08%	31.66%	14.37%	5.40%
SUPPORT	-1.01%	2.98%	0.16%	-1.01%	16.11%	22.82%	23.46%	8.68%
AUTOMOBILES	-17.75%	-1.08%	-23.76%	-17.75%	-41.37%	-5.96%	-2.72%	-8.05%
BEVERAGES	-2.61%	10.21%	13.92%	-2.61%	12.73%	12.34%	5.57%	4.70%
FOOD PR	4.90%	20.05%	22.80%	4.90%	7.79%	7.94%	2.69%	3.99%
PERSON	9.67%	26.99%	-0.36%	9.67%	8.80%	28.67%	27.62%	12.40%
HEALTH	1.48%	6.16%	-4.02%	1.48%	6.61%	10.83%	0.60%	-0.59%
PHARMACEUTIC	-4.73%	14.04%	3.28%	-4.73%	30.10%	12.59%	6.32%	-2.05%
DRG RET	0.37%	12.68%	6.44%	0.37%	13.85%	15.55%	8.92%	9.56%
GEN RET	7.43%	23.91%	44.12%	7.43%	43.88%	27.96%	10.53%	9.32%
TRAVEL	0.00%	7.19%	9.62%	0.00%	15.73%	35.13%	-3.01%	-2.47%
FIX LN	-15.03%	3.39%	-27.16%	-15.03%	-30.55%			
MOBILE	-15.03%	3.39%	-27.16%	-15.03%	-30.55%			
BANKS	-3.67%	10.67%	2.16%	-3.67%	11.26%	23.09%	6.61%	12.68%
N/L INS	-0.31%	4.40%	9.20%	-0.31%	19.37%	13.41%	6.42%	11.23%
LIFE IN	-3.11%	7.08%	0.90%	-3.11%	18.46%	10.28%	-0.16%	5.89%
REAL ESTATE	2.83%	24.71%	20.04%	2.83%	28.74%	20.50%	8.34%	
GEN FIN	2.88%	69.63%	21.27%	2.88%	-76.20%	-32.48%	-24.18%	-10.84%
EQ INV	6.34%	-3.70%	-15.72%	6.34%	-21.21%	14.11%	13.72%	8.27%
SOFTWARE	0.32%	8.12%	-10.65%	0.32%	-6.74%	-5.99%	6.11%	0.61%
SPECIALIST								
SA FIN	-1.66%	10.65%	-0.90%	-1.66%	6.57%	12.13%	9.05%	8.49%
SAPY (ZAR)	4.06%	24.82%	17.23%	4.06%	15.78%	17.68%	-0.72%	4.11%
SAPY ($)	2.32%	25.82%	12.09%	2.32%	8.49%	9.67%	-7.20%	-1.06%
INDUST & FINAN	-1.22%	9.53%	-4.40%	-1.22%	2.14%	8.98%	11.14%	8.59%
CAPPED INDICES								
CAP TOP 40	-3.61%	6.77%	-5.70%	-3.61%	-4.68%	11.23%	10.72%	8.56%
CAP ALL SHARE	-2.98%	7.51%	-3.60%	-2.98%	-3.12%	11.64%	10.69%	8.74%
SHAREHOLDER WEIGHTED								
SH WE TP 40	-3.34%	7.59%	-5.41%	-3.34%	-3.97%	6.56%	7.28%	7.10%
SH WE ALL SHARE	-2.76%	8.26%	-3.10%	-2.76%	-2.20%	7.80%	7.43%	7.36%
Capped SH WE ALL SHARE	-2.84%	8.30%	-2.88%	-2.84%	-2.02%	10.49%	7.75%	7.17%
SA VALUE	-4.08%	4.18%	-5.56%	-4.08%	-6.88%	14.16%	8.19%	5.99%
SA GROWTH	-1.83%	10.71%	-2.67%	-1.83%	0.79%	7.57%	12.81%	10.76%

Appendix A (2): Market Performances

Periods up to 31 January 2024	1 month	3 months	6 months	YTD	1 year	3 years	5 Years	10 Year
CREDIT MARKETS								
BONDS 1-3 YEARS	0.78%	3.81%	5.50%	0.78%	8.65%	6.56%	7.62%	7.92%
BONDS 3-7 YEARS	0.83%	5.15%	6.01%	0.83%	8.22%	6.10%	8.84%	9.05%
BONDS 7-12 YEARS	0.69%	8.25%	6.91%	0.69%	8.78%	7.79%	8.81%	8.95%
BONDS 12+ YEARS	0.65%	7.80%	5.51%	0.65%	5.39%	7.71%	6.91%	8.04%
ALL BOND (ZAR)	0.71%	7.05%	6.08%	0.71%	7.33%	7.41%	7.78%	8.41%
ALL BOND ($)	-0.97%	7.90%	1.44%	-0.97%	0.57%	0.10%	0.74%	3.02%
ALL BOND (GBP)	-0.87%	2.82%	2.49%	-0.87%	-2.78%	2.65%	1.40%	5.68%
S&P South Africa Sovereign ILB 1+Y Index	0.20%	6.93%	5.09%	0.20%	7.81%	8.08%	6.07%	
General CILI Index	0.06%	7.19%	5.47%	0.06%	8.26%	8.14%		
STEFI Composite (ZAR)	0.70%	2.09%	4.22%	0.70%	8.18%	5.82%	5.96%	6.45%
STEFI Composite ($)	-0.99%	2.90%	-0.35%	-0.99%	1.37%	-1.39%	-0.96%	1.16%
INTERNATIONAL MARKETS								
DOW JONES $	1.31%	16.04%	8.43%	1.31%	14.36%	10.58%	11.19%	11.81%
FTSE £	-1.32%	6.21%	1.14%	-1.32%	1.90%	8.42%	5.46%	5.52%
MSCI WORLD All Countries ($)	0.59%	15.15%	4.08%	0.59%	14.70%	6.12%	10.16%	8.43%
MSCI WORLD All Countries (ZAR)	2.30%	14.24%	8.84%	2.30%	22.41%	13.87%	17.86%	14.10%
MSCI WORLD $ - MSCI	1.20%	16.12%	5.31%	1.20%	16.99%	8.06%	11.39%	9.14%
MSCI WORLD ZAR - MSCI	2.92%	15.20%	10.14%	2.92%	24.86%	15.95%	19.17%	14.85%
MSCI WORLD $ - INET	1.14%	16.10%	4.89%	1.14%	15.41%	6.49%	9.64%	7.17%
MSCI WORLD (ZAR) INET	2.86%	15.18%	9.70%	2.86%	23.17%	14.27%	17.30%	12.78%
MSCI WORLD GROWTH ($) - MSCI	2.12%	18.67%	7.04%	2.12%	27.81%	6.82%	14.91%	11.91%
MSCI WORLD GROWTH (ZAR) - MSCI	3.86%	17.73%	11.95%	3.86%	36.40%	14.62%	22.93%	17.76%
MSCI WORLD VALUE ($) - MSCI	0.31%	13.65%	3.87%	0.31%	7.52%	9.51%	8.18%	7.05%
MSCI WORLD VALUE (ZAR) - MSCI	2.01%	12.75%	8.63%	2.01%	14.75%	17.51%	15.74%	12.66%
MSCI EMERGING MARKET($) - MSCI	-4.64%	7.08%	-5.87%	-4.64%	-2.55%	-7.29%	1.15%	2.97%
MSCI EMERGING MARKET(ZAR) - MSCI	-3.01%	6.23%	-1.56%	-3.01%	4.00%	-0.51%	8.21%	8.36%
MSCI EMERGING MARKET($) - INET	-4.68%	6.53%	-6.87%	-4.68%	-5.48%	-9.82%	-1.47%	0.41%
MSCI EMERGING MARKET(ZAR) - INET	-3.06%	5.69%	-2.60%	-3.06%	0.87%	-3.23%	5.41%	5.66%
MSCI EM GROWTH ($) - MSCI	-5.59%	5.72%	-8.73%	-5.59%	-7.93%	-12.87%	0.86%	3.39%
MSCI EM GROWTH (ZAR) - MSCI	-3.99%	4.89%	-4.55%	-3.99%	-1.75%	-6.51%	7.91%	8.80%
MSCI EM VALUE ($) - MSCI	-3.62%	8.36%	-3.03%	-3.62%	2.62%	-1.45%	1.05%	2.31%
MSCI EM VALUE (ZAR) - MSCI	-1.98%	7.51%	1.41%	-1.98%	9.52%	5.75%	8.10%	7.66%
S&P 500	1.68%	15.99%	6.42%	1.68%	20.79%	10.96%	14.28%	12.59%
Euro Stoxx 50 (€)	2.97%	14.87%	4.58%	2.97%	15.28%	13.55%	11.37%	7.83%
Nikkei 225 (¥)	8.44%	17.72%	10.25%	8.44%	35.19%	11.31%	13.72%	11.15%
DAX(EUR)	0.91%	14.13%	2.78%	0.91%	11.74%	7.96%	8.63%	6.15%
DAX(ZAR)	0.92%	16.37%	5.90%	0.92%	19.27%	11.61%	14.95%	9.31%
Bloomberg Capital Global Aggregate Govt ($)	-1.82%	7.22%	1.18%	-1.82%	-0.65%	-6.73%	-1.73%	-0.49%
JPM Global Government Bonds ($)	-1.66%	7.38%	1.31%	-1.66%	-0.47%	-7.07%	-1.90%	-0.44%
JPM Global Government Bonds (ZAR)	0.01%	6.53%	5.96%	0.01%	6.22%	-0.28%	4.96%	4.77%
Bloomberg Capital Global Aggregate ($)	-1.38%	7.90%	2.08%	-1.38%	0.94%	-5.67%	-0.89%	0.13%
Bloomberg Capital Global Aggregate (ZAR)	0.30%	7.05%	6.76%	0.30%	7.73%	1.23%	6.03%	5.37%
Bloomberg Capital Global Inflation Linked ($)	-1.98%	7.49%	0.31%	-1.98%	0.37%	-6.10%	-0.46%	0.52%
Bloomberg Capital Global Inflation Linked (ZAR)	-0.32%	6.64%	4.90%	-0.32%	7.11%	0.76%	6.50%	5.78%
Bloomberg Capital Global Aggregate Credit ($)	-0.70%	9.16%	3.96%	-0.70%	4.56%	-4.17%	0.79%	1.36%
Bloomberg Capital Global Aggregate Securitised ($)	-0.61%	8.75%	2.87%	-0.61%	1.96%	-3.43%	-0.15%	0.71%
Bloomberg Capital Global High Yield ($)	-0.19%	9.39%	6.09%	-0.19%	9.26%	0.17%	2.98%	3.62%
Bloomberg Capital Global Emerging Markets ($)	-0.64%	9.21%	3.82%	-0.64%	5.45%	-3.72%	0.62%	2.46%
JPM EM BONDS ($)	-0.56%	9.11%	3.78%	-0.56%	5.11%	-3.03%	0.70%	3.00%
JPM EM BONDS (ZAR)	1.13%	8.24%	8.54%	1.13%	12.17%	4.05%	7.73%	8.39%
JPM EM Corporate Diversified HY ($)	0.00%	0.00%	0.00%	0.00%	-1.52%	-5.56%	-0.87%	2.33%
JPM EM Corporate Diversified HY (ZAR)	1.70%	-0.79%	4.58%	1.70%	5.10%	1.34%	6.06%	7.69%
JPM EM Corporate HY ($)	-0.22%	10.47%	6.05%	-0.22%	8.24%	-1.10%	2.56%	4.34%
JPM EM Corporate HY (ZAR)	1.48%	9.60%	10.91%	1.48%	15.51%	6.13%	9.73%	9.79%
Bloomberg Capital EM Govt ILB ($)	-0.39%	4.88%	-0.49%	-0.39%	-1.74%	0.37%	2.79%	2.51%
Bloomberg Capital EM Govt ILB (ZAR)	1.31%	4.05%	4.07%	1.31%	4.87%	7.70%	9.97%	7.88%
Bloomberg Capital Global Corporate Bonds ($)	-0.58%	9.58%	4.26%	-0.58%	4.78%	-3.81%	1.18%	1.61%
Bloomberg Capital Global Corporate Bonds (ZAR)	1.11%	8.71%	9.04%	1.11%	11.82%	3.22%	8.24%	6.93%
EPRA / NAREIT Dev Mrkts Property ($)	-3.99%	16.50%	0.90%	-3.99%	-2.50%	0.98%	0.79%	4.10%
EPRA / NAREIT Dev Mrkts Property (ZAR)	-2.36%	15.58%	5.52%	-2.36%	4.05%	8.36%	7.83%	9.55%
CURRENCY								
RAND vs US$	-1.67%	0.80%	-4.38%	-1.67%	-6.30%	-6.81%	-6.53%	-4.97%
RAND vs EURO	-0.01%	-1.92%	-2.95%	-0.01%	-6.31%	-3.27%	-5.50%	-2.89%
RAND vs GBP	-1.57%	-3.95%	-3.39%	-1.57%	-9.41%	-4.44%	-5.92%	-2.52%
USD vs JPY	3.68%	-3.48%	2.88%	3.68%	12.40%	11.77%	6.08%	3.66%

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