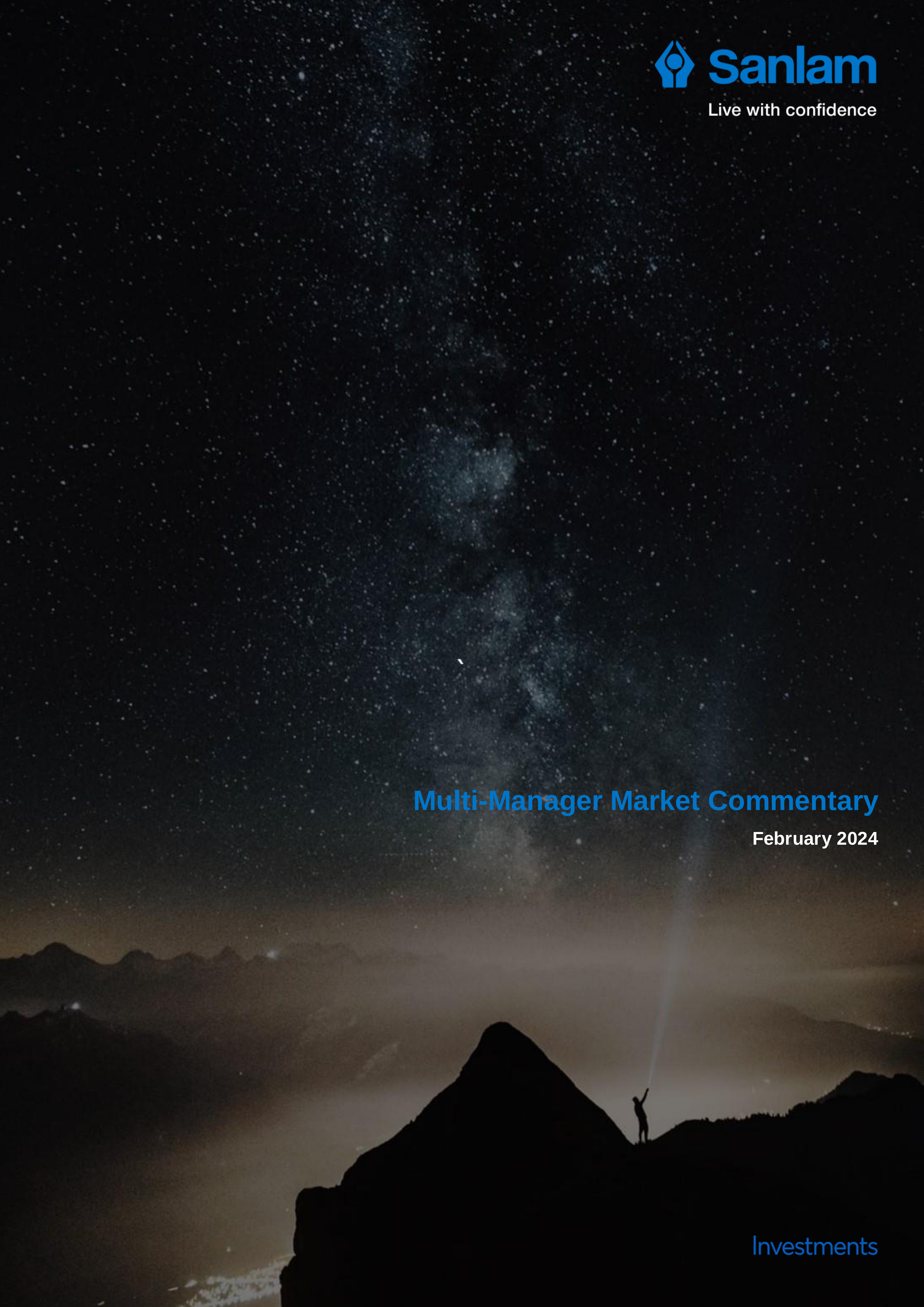

Sanlam
Live with confidence

Multi-Manager Market Commentary

February 2024

Investments

Contents

Executive summary

Risk assets rallied for the fourth consecutive month in February, even as inflation misses deferred the number of expected rate cuts this year. Market pricing has shifted from an expected six rate cuts of 25 basis points each for 2024 at the beginning of the year to three rate cuts at the end of February and only two rate cuts by the middle of March. The upshot of the change in sentiment has been an upward shift in yield curves across both nominal and inflation-linked bonds, dragging returns into negative territory. While emerging market and global high-yield bonds were the exception, the trend was broadly lower. Despite the aggressive repricing of interest rate expectations, equities rallied strongly, buoyed by stellar results from the Magnificent Six stocks and upward revisions to developed market forward earnings estimates. Chinese stocks helped to underpin emerging market equities, following state-owed asset manager purchases of Chinese equity ETFs. The South African equity market was the exception, dragged down by resource stocks due to ongoing China growth concerns. While the investment view for the coming year is still premised on the “soft-landing” scenario, a shallower interest rate cycle, coupled with deferred rate cuts, increases the risk of a recession and an equity market sell-off. The hedge against such an outcome is a proposed overweight in bonds in the latter part of the year.

Highlights

- Dovish US Fed leaves rates unchanged in unanimous decision; signals next move lower
- Market interest rate cuts pared back from six to three in 2024 on inflation misses
- China CSI 300 Index surges 9.1% (in dollars) on state ETF purchases
- “Magnificent Six” stocks lead equity market gains
- Dollar metals prices sharply lower on China growth concerns
- Supply chain cost pressures ease despite ongoing Red Sea shipping attacks
- Global manufacturing PMI moves back into expansionary territory; services sector expands further
- Japan’s technical recession revised away on business investment rebound
- SA Budget: No relief for consumers from fiscal drag; funding requirement revised lower on GFECRA surplus

Global Equities

Global equities continued to power ahead for the fourth consecutive month in February, even as inflation prints in the US, EU and Japan missed consensus estimates. Improvements in composite PMIs, buoyancy in US non-farm payroll data and strong Q4 US economic growth helped offset the negative inflation news flow. With the global manufacturing Purchasing Managers’ Index now back in positive territory (above 50 index points), the inventory rebuilding cycle is likely to have commenced, helping to shore up overall economic growth.

A soft-landing scenario remains our base case view, with global growth expected to slow this year and the disinflation trend to remain intact. The Atlanta Fed GDPNow tracker is pointing to US growth slowing to about 2.5% from 3% in the first quarter, while the employment component of the ISM Manufacturing and Services PMIs point to a contraction in employment. Downward revisions to December and January’s non-farm payroll data, totalling about 167 000 in March, a decline in the quits rate to 2.1% and a decrease in the number of job openings are further indications of a slowdown in growth. Since the US, UK and Germany have all experienced technical recessions over the past year, recession risks could be behind us, even as rate cut expectations are pushed out further in time. Disruptions to supply chains, sticky wage inflation and geopolitical shocks could still derail the disinflationary trend, with higher-for-longer interest rates raising the risk of a recession. An escalation in trade wars between the US and China and the EU and China could see import tariffs raised, posing another headwind to the inflation outlook. If Donald Trump is re-elected as US president and follows through on his pledge to impose a 60% import tariff on Chinese goods, inflation could re-accelerate, forcing the Federal Reserve (US Fed) to raise interest rates again.

Although the US Fed left rates unchanged in February, the tone of its statement was dovish. Reference to further rate hikes was dropped from the statement. Rather, the view was that the next move would be down but that more evidence was needed to show that inflation was heading towards the 2% target. While market pricing of US rate cuts this year has been pared back from six cuts at the beginning of the year to three cuts, given the inflation misses, the MSCI World Index rallied another 4.2% in dollars and 7.5% in rands, buoyed by stellar results from the “Magnificent Six”, in particular Meta and Nvidia. As a result, forward earnings were revised about 5.7% higher. Although emerging market equities also rallied, gaining 4.8% in dollars and 8.1% in rands, this was due to a 9.1% increase in the CSI 300 Index following state-owned asset manager purchases of Chinese ETFs. Emerging market earnings were, however, revised lower, by about 1.7% from the previous month. Short selling in Chinese stocks was also restricted, with further measures expected to come into effect on 18 March. Given the negative wealth effects associated with declining property prices and weak aggregate demand, authorities intervened to place a floor under equities, since the CSI 300 has lost over 40% (in dollars) in the past three years. On a positive note, Chinese exports rebounded by about 10% in January and February from a year earlier, helping to ease pressures from the slump in the property sector and the contraction in foreign direct investment.

Despite an initial fourth quarter estimate for Japanese GDP growth showing the economy entered a technical recession, the final reading (released in March) pointed to a meaningful upward revision from -0.4% to +0.4% (quarter-on-quarter annualised). An upward revision to business investment spending from -0.1% to +2% accounted for the bulk of the GDP revision. The Nikkei 300 Index gained about 6.1% in dollars and the index reached an all-time high during the month. The new market highs have been supported by recent governance reforms that have encouraged companies to increase shareholder returns via share buybacks 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.

The Eurostoxx 50 Index put in a solid performance, gaining 5.7% in dollars as the positive sentiment in markets spread globally. An improvement in the ZEW Expectations Index, the avoidance of a technical recession in the fourth quarter and an improvement in the composite PMI – although it is still contracting – helped to support risk assets. Since EU consumer price inflation was driven by sky-high energy costs after Russia’s invasion of Ukraine, the sharp decline in producer price inflation to -10.6% is expected to feed through to lower consumer prices, with a short lag, setting the scene for rate cuts towards the middle of the year. Since the rate cuts are in response to lower inflation rather than a pending recession, equities are likely to post further gains.

Due to upward revisions to consensus earnings estimates after the Magnificent Six results, forward price-to-earnings ratios fell across developed markets, but increased marginally across emerging markets as earnings were revised lower, partly reflecting China growth concerns. With the MSCI World and Emerging Market forward price-to-earnings ratios in expensive territory at 18.9X and 14.2X earnings, ahead of their respective historical means of 16.1X and 13.5X, a neutral weighting is retained in global equities over the next one to two quarters. Over the remainder of the investment horizon, however, equities are upweighted to overweight on expectations of rate cuts in the second half of the year and buoyant consensus earnings estimates in the second forecast year.

Global Bonds and Listed Property

US inflation misses at the producer and consumer price level weighed on bonds in February. The Bloomberg Capital Global Aggregate Bond Index declined by 1.3% in dollars (but gained 1.9% in rands on rand depreciation) as yields increased from 3.58% to 3.8%. US January headline and core consumer price inflation slowed to 3.1% and 3.9% respectively, above the 2.9% and 3.7% consensus estimates. In contrast, headline producer price inflation eased to 0.9%, while core producer inflation increased to 2%, again ahead of estimates of 0.6% and 1.6% respectively. Due to the inflation misses, market pricing of rate cut expectations was pared back: cuts of 146 bps expected for 2024 were reduced to about 85 bps at month-end. Inflation misses persisted in March with the release of February's inflation data, further delaying rate cut expectations to only two 25-bps rate cuts this year, lower than the 75 bps pencilled into the US Fed's dot-plot. The US 10/2-year spread narrowed from -29 bps to -37.5 bps, casting some doubt on the soft-landing scenario that has become the consensus view in markets. With fewer rate cuts expected by the market in 2024, inflation-linked yields also pushed higher. The Bloomberg Capital Global Government Inflation-Linked Bond Index rose to 1.4% from 1.3%, depressing returns by 1% in dollars.

In contrast, emerging market bonds yielded positive returns in February. The JP Morgan Emerging Market Bond Index yielded 0.4% in dollars and 3.5% in rands as spreads compressed from 301 bps to 277 bps, sufficient to offset the 1.2% depreciation in the composite currency index. The positive returns from emerging market bonds are due to emerging markets having started their rate cutting cycle a year before the US Fed. However, emerging market government inflation-linked bonds yielded -0.9% in dollars as demand waned due to inflation moving back towards target in a number of countries. Despite the higher-for-longer narrative, high-yield bonds delivered positive returns as spreads compressed: the Bloomberg Capital Global High Yield Bond Index returned 0.8% in dollars. In contrast, global corporate bonds brought up the rear, with the Bloomberg Capital Global Corporate Bond Index yielding -1.3% in dollars (+1.8% in rands) as the change in interest rate cut expectations raised the risk of defaults. While deferred rate cuts will push yield curves higher across both the nominal and real curves in the near term, a neutral weighting is recommended for nominal bonds and inflation-linked bonds. On a six-month view, nominal bonds are overweighted on expectations that duration will be rewarded, whereas inflation-linkers are downweighted to underweight on expectations that the disinflation trend will persist. Nominal bonds are seen as a hedge against a hard landing scenario.

Global listed property sold off for the second consecutive month in February as US inflation misses and a higher-for-longer interest rate outlook weighed on the sector. The FTSE EPRA Nareit Developed Markets Property Index declined by 0.6% in dollars (+2.6% in rands) as the sector derated on a price-to-book basis from 1.26X to 1.24X, still well below the 1.46X mean. By sector, data centre REITs closed the month 6.5% higher, driven by record leasing and strong earnings growth and guidance from chipmaker Nvidia. Malls also outperformed, closing 5.4% higher due to sizable occupancy gains, while hotels closed the month 5% higher on still-buoyant economic growth. Despite strong fundamentals, student accommodation was the worst-performing sector, down 6.2%, while offices fell 3.6% on deferred rate cuts. Since REITs currently trade at a 12% discount to net asset value and offer an attractive dividend yield of about 4.5%, there is still value to be found in listed property. Lower funding costs expected later in 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. However, with $929 billion of commercial real estate debt falling due this year, about 20% of the $4.7 trillion total, defaults could rise in a higher-for-longer scenario, placing pressure on banks to offload debt at steep discounts. Despite loan-to-value ratios being stable at around 34%, the sector is downweighted from neutral to underweight, until the rate cutting cycle commences, probably in the fourth quarter of the year.

SA Equities

South African equities bucked the positive trend in global equity markets: the All-Share Index declined by 2.4% in rands and 5.4% in dollars. The market's returns were dragged down by resource counters (-6.9%) amid ongoing China growth concerns. With the dollar-metals price dropping by 8.6%, industrial metals counters were 6.8% lower, led by Tharisa plc (-11.5%), Glencore (-9.2%) and African Rainbow Minerals (-9%). Precious metals counters were also lower (-6.7%), largely due to a 5.8% decline in the platinum price. While the gold price was only 1% lower, gold stocks came under selling pressure after the US inflation misses. The expectation of a higher-for-longer interest rate environment was the primary catalyst for the sell-off. The biggest losers among the precious metals counters were Sibanye Stillwater (-13.2%), Northam Platinum (-13.1%), DRD Gold (-12.2%) and Impala Platinum (-11.6%).

The telecommunication sector (-4.8%) also came under selling pressure as the devaluation of the Nigerian Naira weighed on MTN (-12.6%). Within financials (-1.2%), Remgro (-7.8%), Quilter plc (-5.7%) and Ninety One Ltd (-5.5%) led the decliners, whereas in the healthcare sector (-1.2%), Life Healthcare (-5.1%) and Netcare (-4.8%) led the losers. Expectations of more subdued consumption expenditure over the coming years weighed on consumer staples, with Pick 'n Pay (-13.5%), Spar (-13%) and Astral Foods (-7.2%) bringing up the rear. The Minister of Finance's decision to make no adjustments for fiscal drag in the 2024/25 Budget reflects a loss to consumers of R58.2 billion over the next three years. Although consumer discretionary counters eked out a 0.1% return for the month, led by Richemont (8.9%), stocks such as Cashbuild (-19.9%), Metair (-14.7%) and Motus Holdings (-11.6%) sold off sharply. In the retail sector, Foschini (-8%) and Truworths (-7.9%) were the biggest losers. Industrials (-0.8%) were also lower, with Barloworld (-10.2%), Raubex Group (-6.7%) and Super Group (-5.7%) the biggest losers.

While the growth outlook for 2024 is subdued at around 1.2%, the South African Reserve Bank (SARB)'s leading economic indicator points to mid-single digit growth in earnings per share over the coming year, not too dissimilar to consensus estimates of 6% and a nominal GDP estimate of about 6.2%. Along with a forward dividend yield of around 4% and a small rerating, total returns in the mid-teens are expected from domestic equities, similar to those from domestic nominal bonds. With bonds offering a better risk-adjusted return, one can be forgiven for wanting to overweight domestic bonds at the expense of domestic equities. However, a number of key event risks over the coming months could become a headwind for both asset classes.

With May's election outcome looking increasingly uncertain, rand weakness is expected to underpin rand-hedge counters in the run-up to the election, with bond yields also expected to push higher. The latest Brenthurst Foundation survey shows the ANC's support declining to 39%, and the EFF's also lower at 10%. In contrast, the Multi-Party Coalition is polling at 33%, the DA at 27% and the MK Party at 13%, with the remaining parties making up the difference. The risk of an ANC-EFF coalition is expected to be priced into the bond market, with the sovereign risk premium rising ahead of the election. This may offer domestic investors the opportunity to add to their bond positions at higher yields. The second event risk is the implementation of the two-pot retirement system, which is expected to result in a 3% outflow from pension funds in September. This could put downward pressure on both equities and bonds, supporting a greater allocation to cash in the near term. This will, however, be a tactical trade based purely on the event risk. After the implementation of the two-pot retirement system, an overweight position is recommended for both domestic equities and bonds, premised on a soft-landing outcome for the global economy.

SA Bonds and Listed Property

South African bonds tracked their global counterparts lower in February, as US inflation misses and a domestic core consumer inflation miss pushed yields higher across both the nominal and inflation-linked bond curves. The All-Bond Index yielded -0.6% in rands and -3.6% in dollars as yields increased from 11.28% to 11.54%. Inflation-linked bonds also yielded negative returns: the CILI Inflation-Linked Bond Index yielded -0.7% in rands as real yields increased from 4.9% to 5%. While domestic headline inflation came in lower than the consensus at 5.3% (estimate 5.4%), core inflation came in higher at 4.6% (estimate 4.5%). A better-than-projected path for the fiscal deficit over the coming years failed to temper the sell-off in the bond market, despite Treasury tapping the the SARB's Gold and Foreign Exchange Contingency Reserve Account (GFECRA) for R150 billion (30% of the total) over the next three years. The surplus funds will be used to reduce debt and the funding requirement, with R100 billion allocated for the 2024/25 fiscal year and R25 billion in each of the following two years. While debt service costs are expected to decline by R30 billion as a result, this is a short-term fix. Stronger economic growth is needed to rein in the country's rising debt-to-GDP level. The drawdown on the GFECRA is projected to help stabilise debt at 75.3% of GDP in 2025/26, lower than the 77.7% projected in the 2023 Medium-Term Budget Policy Statement (MTBPS). Although the public sector borrowing requirement is estimated to decline from 6.7% this year to 4.5% in 2024/25, the funding requirement is higher at 7.8% and 6.1% respectively. Due to the high funding requirement, bonds tracked their global counterparts higher.

In brief, the highlights from the 2024/25 Budget are summarised below:

- No adjustment was made for fiscal drag in the tax tables for the next three years. Personal income taxpayers will be out of pocket to the tune of R58.2 billion over this period. Medical aid tax credits were also frozen. The medical tax credit is expected to be phased out to fund the National Health Insurance (NHI), which received R1.6 billion of the wider health budget.
- Sin taxes were increased but the fuel levy and the Road Accident Fund levy were left unchanged.
- A new 150% tax incentive for new investments in hydrogen and battery EVs was announced - the date of implementation being 1 March 2026 - with the term of the incentive being ten years. But the incentive appears to exclude component manufacturers who are crucial to the entire value chain. Existing auto makers will continue to receive existing production incentives under the Automotive Production Development Programme.
- The rooftop solar tax break for households (25% capped at R15 000) ended on 29 February 2024. The tax incentive for businesses opting for renewable energy projects will remain in place until 28 February 2025, with businesses able to claim a 125% deduction on these projects, up from 100%.
- A global minimum corporate tax rate of 15% will come into effect, regardless of where the profits are located.
- Plans were also announced to introduce binding fiscal rules or a fiscal anchor to reduce debt, but this will require political buy-in, which seems unlikely.
- The Social Relief of Distress (SRD) grant was extended by a further year but the R33.6 billion allocated for 2024/25 is R2.4 billion less than the R36 billion allocated in 2023/24. In order for the grant to be extended by two years beyond March 2025, social security policy reforms will be needed, together with a funding source. The Minister allotted R35.1 billion for the SRD grant in 2026 and R36.7 billion in 2027.
- No additional money was allocated to Transnet or other SOEs, despite repeated calls for additional funding.

While the investment view is to be neutral domestic bonds over the next six months and to overweight bonds on a six- to twelve-month view, there are a number of key event risks between now and the end of the year that could cause bond yields to rise further. The upcoming election is the first hurdle, with a weaker rand and higher bond yields expected, given the uncertainty about the election outcome. The second risk is the implementation of the two-pot retirement system that will see flows out of domestic equities and bonds as pension fund members draw down on their savings pot.

Despite the rise in bond yields and the small sell-off in global listed property, South African listed property eked out a small gain of 0.8% in rands (-2.3% in dollars) in February. It was the best-performing of all the broad domestic asset classes. The sector rerated relative to the 10-year bond, with the property-to-bond yield ratio declining from 0.57X to 0.55X, well above the 0.85X mean. This suggests that property stocks are expensive relative to bonds, even though they trade at a substantial discount to net asset value. With expected rate cuts being deferred until late in the year, an underweight position is retained in South African listed property.

Fortress B and Nepi Rockcastle were the sector's best-performing counters over the month. Fortress B (+8.6%) posted a better-than-expected trading update, partly driven by its investment in Nepi Rockcastle. The Central and Eastern European shopping centre owner gained 8.5% after releasing a stellar set of results, in which a combination of indexation, strong renewal growth and cost control contributed to a 9.3% increase in distributable earnings per share. The company had guided for softer 4% growth in 2024 as indexation slowed and interest rates increased. Hammerson (-2.4%) and Shaftesbury Capital (-5.3%), while yielding negative returns, reported encouraging results. Both companies showed that valuation write-downs have potentially troughed while rentals are being signed above valuers' market rental estimates. The laggards for the month included Burnstone Group Ltd (-10.9%), Mass Real Estate (-10.2%) and Equites Property Fund (-9%).

SA Cash

South African cash yielded 0.7% in rands and -2.4% in dollars in February, underperforming only domestic listed property within the broad domestic asset classes. The higher-for-longer interest rate outlook, which has gained traction globally, spilt over into the FRA market, where only two rate cuts were priced in by month-end, down from three rate cuts at the end of January. This is less than the 75 bps priced into the SARB’s Quarterly Projection Model (QPM), which projects a 2024 year-end repo rate of 7.5%. In March, expectations for domestic rate cuts were pared back even further, with only one rate cut now expected this year. The change in sentiment was accompanied by expectations of a re-acceleration in February’s headline and core inflation rates to 5.5% (from 5.3%) and 4.9% (from 4.6%) respectively. The upshot of fewer rate cuts this year is that yield curves will rise, pushing up yields across both nominal and inflation-linked bonds. In the run-up to the May election, a tactical overweight to rand cash should be considered as a way to manage risk in the bond market, a similar position that should be taken ahead of September’s two-pot retirement system.

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%	14.2%
SA Bonds				Δ		8.5%	9.0%	10.0%	9.5%	10.0%	14.6%
SA ILB		Δ				8.0%	8.5%	9.0%	8.5%	9.0%	13.0%
SA Property		Δ				10.5%	12.0%	13.0%	11.5%	12.0%	4.1%
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%	8.0%
EM Equity				Δ		12.0%	12.5%	12.5%	11.5%	12.0%	8.4%
Global Bonds				Δ		6.5%	6.5%	6.5%	6.0%	6.5%	6.5%
Global ILB		Δ				6.8%	6.5%	6.0%	5.5%	6.0%	6.4%
Global Property				Δ		10.0%	9.0%	10.0%	9.5%	10.0%	9.6%
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
0-6 Month View
Δ 6-12 Month View

0 = Neutral
+/-1 = 1% to 2% over/underweight
+/-2 = 2% to 4% over/underweight

Appendix A: Market Performances

Periods up to 29 February 2024	1 month	3 months	6 months	YTD	1 year	3 years	5 Years	10 Year
ALL SHARE (ZAR)	-2.44%	-3.41%	-1.34%	-5.31%	-2.86%	7.53%	9.32%	7.93%
ALL SHARE ($)	-5.42%	-4.59%	-2.62%	-9.73%	-7.05%	-0.62%	2.74%	1.85%
ALL SHARE (GBP)	-4.78%	-4.52%	-2.45%	-9.03%	-11.04%	2.75%	3.77%	4.77%
TOP 40	-2.48%	-4.55%	-2.77%	-5.86%	-4.20%	7.10%	9.79%	7.93%
MID CAP	-2.99%	1.75%	2.55%	-5.71%	-0.15%	8.58%	5.07%	6.41%
SMALL CAP	-2.04%	5.65%	6.07%	-0.33%	7.46%	18.96%	12.80%	8.18%
FLEDG	-1.82%	3.92%	3.91%	-1.78%	2.25%	14.23%	9.08%	6.22%
DERIVATIVE								
RES 20	-7.17%	-13.76%	-11.80%	-12.60%	-20.41%	-3.90%	7.28%	3.21%
IND 25	-0.64%	-1.48%	-0.77%	-1.96%	-0.25%	7.72%	10.77%	8.62%
FIN 15	-0.85%	1.62%	3.95%	-3.72%	10.04%	17.64%	5.01%	7.79%
FIN 30	-0.66%	-0.65%	0.62%	-2.89%	3.40%	10.57%	9.74%	8.79%
ALL SHARE ECONOMIC GROUP								
RESOURCES	-6.92%	-12.82%	-9.09%	-12.79%	-17.31%	-1.97%	8.86%	4.33%
BAS MAT	-6.88%	-12.75%	-9.27%	-12.46%	-17.38%	-2.67%	8.36%	6.66%
INDUST	-0.79%	1.52%	0.15%	-5.07%	8.38%	7.37%	-0.92%	1.61%
CON GDS	-0.99%	2.21%	3.95%	-0.03%	3.65%	10.34%	11.82%	6.74%
HEALTH	-1.22%	3.33%	5.37%	-3.72%	15.21%	12.72%	3.29%	-1.46%
CON DISCRETIONARY	0.07%	10.95%	9.28%	5.02%	12.28%	29.68%	15.39%	15.59%
TELECOMS	-4.82%	-9.24%	-20.64%	-19.12%	-34.96%	1.32%	1.23%	-2.89%
FINAN	-1.20%	0.71%	2.93%	-4.33%	8.04%	17.02%	4.97%	7.36%
TECHNOL	0.45%	-8.87%	-2.50%	0.77%	-3.53%	-6.20%	7.19%	-0.64%
ALL SHARE SHARE SECTOR								
CHEMICALS	-10.43%	-26.57%	-33.17%	-19.55%	-36.65%	-2.27%	-14.03%	-7.00%
FORESTRY	3.61%	24.37%	22.51%	11.18%	0.55%	5.29%	9.72%	12.65%
MINING	-6.71%	-8.67%	-1.20%	-12.29%	-3.58%	-7.65%	8.07%	6.77%
CONSTRUCTION	-1.62%	3.33%	19.70%	-2.11%	13.75%	6.69%	-2.46%	-7.96%
GENERAL IND	-1.43%	0.91%	-2.32%	-6.67%	6.95%	4.98%	-3.40%	2.76%
ELECTRONIC	8.34%	10.07%	13.11%	13.39%	15.87%	18.96%	4.95%	-0.38%
IND TRN	1.36%	2.69%	8.10%	0.84%	18.35%	26.60%	15.21%	6.00%
SUPPORT	4.95%	2.25%	9.07%	3.89%	2.77%	28.65%	24.27%	8.44%
AUTOMOBILES	-14.73%	-25.40%	-32.41%	-29.86%	-48.13%	-9.90%	-7.15%	-9.90%
BEVERAGES	0.56%	-0.54%	8.56%	-2.07%	7.20%	13.94%	4.31%	4.33%
FOOD PR	0.15%	11.36%	19.98%	5.05%	3.44%	8.35%	3.73%	4.59%
PERSON	8.94%	30.41%	16.38%	19.47%	12.32%	30.45%	25.63%	13.07%
HEALTH	-4.95%	-0.59%	-8.36%	-3.54%	-5.99%	9.73%	-0.85%	-1.17%
PHARMACEUTIC	0.95%	5.76%	15.45%	-3.83%	38.94%	13.26%	7.23%	-2.58%
DRG RET	-3.06%	2.88%	3.64%	-2.71%	9.36%	13.72%	7.98%	9.43%
GEN RET	-0.12%	8.54%	28.19%	7.31%	46.94%	26.00%	11.49%	9.15%
TRAVEL	-3.41%	-1.33%	3.63%	-3.41%	10.78%	27.85%	-4.38%	-2.49%
FIX LN	-4.82%	-9.24%	-20.64%	-19.12%	-34.96%	1.53%		
MOBILE	-4.82%	-9.24%	-20.64%	-19.12%	-34.96%	1.53%		
BANKS	-1.26%	-0.96%	2.95%	-4.89%	7.41%	21.01%	6.76%	11.79%
N/L INS	0.70%	1.38%	7.11%	0.39%	19.01%	17.23%	6.08%	11.34%
LIFE IN	-0.04%	5.36%	1.51%	-3.14%	12.12%	8.13%	0.64%	4.91%
REAL ESTATE	6.45%	18.07%	22.73%	9.47%	34.44%	22.35%	9.92%	
GEN FIN	17.78%	38.54%	49.92%	21.18%	-69.01%	-29.25%	-22.02%	-9.95%
EQ INV	-4.04%	5.05%	-10.89%	2.04%	-29.22%	14.78%	10.77%	6.52%
SOFTWARE	0.45%	-8.87%	-2.50%	0.77%	-3.53%	-6.20%	7.19%	0.24%
SPECIALIST								
SA FIN	-0.83%	0.28%	1.64%	-2.47%	3.82%	10.73%	8.54%	7.87%
SAPY (ZAR)	0.82%	15.31%	17.12%	4.92%	17.58%	14.80%	0.62%	3.73%
SAPY ($)	-2.25%	13.90%	15.60%	0.02%	12.51%	6.10%	-5.44%	-2.12%
INDUST & FINAN	-0.74%	-1.25%	-0.47%	-1.95%	-0.18%	7.88%	10.21%	8.05%
CAPPED INDICES								
CAP TOP 40	-2.60%	-4.36%	-2.80%	-6.12%	-4.49%	8.08%	9.42%	7.70%
CAP ALL SHARE	-2.49%	-3.33%	-1.30%	-5.40%	-3.12%	8.52%	9.41%	7.95%
SHAREHOLDER WEIGHTED								
SH WE TP 40	-2.19%	-3.60%	-1.83%	-5.45%	-3.40%	4.21%	6.53%	6.28%
SH WE ALL SHARE	-2.19%	-2.49%	-0.39%	-4.89%	-2.06%	5.41%	6.62%	6.61%
Capped SH WE ALL SHARE	-2.27%	-2.30%	-0.31%	-5.05%	-1.97%	7.77%	7.00%	6.42%
SA VALUE	-3.53%	-4.86%	-6.64%	-7.47%	-7.90%	10.26%	6.55%	5.27%
SA GROWTH	-1.42%	-2.08%	4.31%	-3.22%	1.35%	5.38%	11.90%	10.01%

Appendix A (2): Market Performances

Periods up to 29 February 2024	1 month	3 months	6 months	YTD	1 year	3 years	5 Years	10 Year
CREDIT MARKETS								
BONDS 1-3 YEARS	-0.04%	1.85%	4.51%	0.74%	8.62%	6.80%	7.52%	7.81%
BONDS 3-7 YEARS	-0.88%	1.20%	4.31%	-0.05%	8.40%	6.58%	8.55%	8.77%
BONDS 7-12 YEARS	-0.78%	2.12%	6.21%	-0.10%	9.32%	7.70%	8.65%	8.64%
BONDS 12+ YEARS	-0.53%	1.25%	6.11%	0.12%	5.46%	6.95%	6.96%	7.63%
ALL BOND (ZAR)	-0.58%	1.62%	5.71%	0.13%	7.64%	7.18%	7.75%	8.09%
ALL BOND ($)	-3.61%	0.38%	4.34%	-4.55%	3.00%	-0.94%	1.26%	2.00%
ALL BOND (GBP)	-2.96%	0.46%	4.52%	-3.81%	-1.42%	2.42%	2.28%	4.92%
S&P South Africa Sovereign ILB 1+Y Index	-0.77%	1.41%	3.84%	-0.57%	6.50%	7.11%	5.99%	
General CILI Index	-0.70%	1.54%	4.27%	-0.64%	7.02%	7.23%		
STEFI Composite (ZAR)	0.65%	2.06%	4.17%	1.36%	8.30%	5.95%	5.98%	6.48%
STEFI Composite ($)	-2.42%	0.82%	2.82%	-3.38%	3.63%	-2.08%	-0.40%	0.48%
INTERNATIONAL MARKETS								
DOW JONES $	2.50%	8.96%	13.43%	3.84%	22.03%	10.25%	10.86%	11.61%
FTSE £	0.19%	3.33%	3.92%	-1.13%	0.57%	7.78%	5.02%	5.00%
MSCI WORLD All Countries ($)	4.29%	9.94%	11.66%	4.90%	23.15%	6.79%	10.51%	8.37%
MSCI WORLD All Countries (ZAR)	7.57%	11.30%	13.13%	10.04%	28.70%	15.55%	17.59%	14.84%
MSCI WORLD $ - MSCI	4.24%	10.67%	12.46%	5.49%	24.96%	8.64%	11.66%	9.06%
MSCI WORLD ZAR - MSCI	7.52%	12.03%	13.94%	10.66%	30.59%	17.55%	18.82%	15.58%
MSCI WORLD $ - INET	4.11%	10.68%	12.07%	5.30%	23.28%	7.06%	9.92%	7.10%
MSCI WORLD (ZAR) INET	7.39%	12.04%	13.55%	10.46%	28.84%	15.84%	16.96%	13.49%
MSCI WORLD GROWTH ($) - MSCI	6.01%	13.09%	15.82%	8.26%	38.03%	8.76%	15.46%	11.97%
MSCI WORLD GROWTH (ZAR) - MSCI	9.34%	14.48%	17.34%	13.56%	44.25%	17.68%	22.86%	18.66%
MSCI WORLD VALUE ($) - MSCI	2.47%	8.37%	9.40%	2.78%	13.43%	8.71%	8.15%	6.82%
MSCI WORLD VALUE (ZAR) - MSCI	5.69%	9.71%	10.84%	7.82%	18.55%	17.62%	15.08%	13.20%
MSCI EMERGING MARKET($) - MSCI	4.77%	3.86%	5.07%	-0.08%	9.18%	-6.07%	2.05%	3.12%
MSCI EMERGING MARKET(ZAR) - MSCI	8.07%	5.14%	6.45%	4.82%	14.10%	1.63%	8.59%	9.28%
MSCI EMERGING MARKET($) - INET	4.63%	3.34%	4.06%	-0.27%	5.82%	-8.67%	-0.59%	0.54%
MSCI EMERGING MARKET(ZAR) - INET	7.92%	4.62%	5.42%	4.61%	10.59%	-1.19%	5.78%	6.55%
MSCI EM GROWTH ($) - MSCI	5.46%	2.09%	2.84%	-0.44%	4.98%	-11.00%	1.78%	3.48%
MSCI EM GROWTH (ZAR) - MSCI	8.78%	3.35%	4.19%	4.44%	9.71%	-3.70%	8.31%	9.65%
MSCI EM VALUE ($) - MSCI	4.06%	5.62%	7.21%	0.29%	12.88%	-1.04%	1.93%	2.52%
MSCI EM VALUE (ZAR) - MSCI	7.33%	6.92%	8.62%	5.21%	17.97%	7.07%	8.47%	8.64%
S&P 500	5.34%	11.96%	13.91%	7.11%	30.43%	11.89%	14.74%	12.68%
Euro Stoxx 50 (€)	5.08%	11.68%	14.27%	8.20%	18.84%	13.74%	11.51%	7.89%
Nikkei 225 (¥)	7.99%	17.15%	21.00%	17.11%	45.28%	12.45%	14.80%	12.06%
DAX(EUR)	4.58%	9.02%	10.86%	5.53%	15.05%	8.64%	8.95%	6.19%
DAX(ZAR)	7.46%	9.46%	11.98%	8.45%	22.70%	13.13%	14.76%	9.82%
Bloomberg Capital Global Aggregate Govt ($)	-1.19%	1.03%	1.63%	-2.99%	1.76%	-6.47%	-1.77%	-0.75%
JPM Global Government Bonds ($)	-1.50%	1.04%	1.23%	-3.14%	1.27%	-6.78%	-2.02%	-0.71%
JPM Global Government Bonds (ZAR)	1.60%	2.29%	2.56%	1.61%	5.84%	0.86%	4.26%	5.22%
Bloomberg Capital Global Aggregate ($)	-1.26%	1.43%	2.19%	-2.62%	3.10%	-5.52%	-1.03%	-0.13%
Bloomberg Capital Global Aggregate (ZAR)	1.85%	2.68%	3.54%	2.15%	7.75%	2.23%	5.32%	5.83%
Bloomberg Capital Global Inflation Linked ($)	-0.93%	1.42%	1.17%	-2.89%	2.72%	-5.69%	-0.57%	0.26%
Bloomberg Capital Global Inflation Linked (ZAR)	2.19%	2.67%	2.50%	1.86%	7.35%	2.04%	5.80%	6.25%
Bloomberg Capital Global Aggregate Credit ($)	-1.27%	2.15%	3.66%	-1.96%	6.57%	-4.12%	0.51%	1.06%
Bloomberg Capital Global Aggregate Securitised ($)	-1.51%	1.94%	2.19%	-2.12%	3.21%	-3.67%	-0.43%	0.47%
Bloomberg Capital Global High Yield ($)	0.79%	4.65%	7.48%	0.60%	12.25%	0.39%	2.86%	3.44%
Bloomberg Capital Global Emerging Markets ($)	0.31%	3.93%	5.50%	-0.33%	8.43%	-3.18%	0.55%	2.23%
JPM EM BONDS ($)	0.38%	4.00%	5.44%	-0.19%	7.92%	-2.45%	0.79%	2.66%
JPM EM BONDS (ZAR)	3.53%	5.29%	6.83%	4.70%	12.78%	5.55%	7.25%	8.79%
JPM EM Corporate Diversified HY ($)	0.00%	0.00%	0.00%	0.00%	0.89%	-5.52%	-1.11%	2.17%
JPM EM Corporate Diversified HY (ZAR)	3.15%	1.23%	1.31%	4.90%	5.44%	2.22%	5.23%	8.28%
JPM EM Corporate HY ($)	2.10%	6.35%	9.70%	1.88%	13.49%	-0.22%	2.70%	4.41%
JPM EM Corporate HY (ZAR)	5.31%	7.66%	11.14%	6.87%	18.60%	7.96%	9.29%	10.65%
Bloomberg Capital EM Govt ILB ($)	-0.86%	1.08%	-0.69%	-1.25%	-3.27%	0.54%	2.61%	2.26%
Bloomberg Capital EM Govt ILB (ZAR)	2.25%	2.33%	0.61%	3.59%	1.09%	8.78%	9.19%	8.36%
Bloomberg Capital Global Corporate Bonds ($)	-1.34%	2.27%	3.92%	-1.91%	6.80%	-3.79%	0.87%	1.31%
Bloomberg Capital Global Corporate Bonds (ZAR)	1.77%	3.53%	5.28%	2.90%	11.62%	4.10%	7.34%	7.36%
EPRA / NAREIT Dev Mrkts Property ($)	-0.55%	4.69%	3.78%	-4.52%	1.39%	-0.47%	0.70%	3.63%
EPRA / NAREIT Dev Mrkts Property (ZAR)	2.58%	5.98%	5.14%	0.16%	5.96%	7.69%	7.16%	9.81%
CURRENCY								
RAND vs US$	-3.05%	-1.22%	-1.30%	-4.67%	-4.31%	-7.57%	-6.03%	-5.63%
RAND vs EURO	-2.68%	-0.40%	-1.00%	-2.69%	-6.23%	-3.97%	-5.06%	-3.30%
RAND vs GBP	-2.40%	-1.14%	-1.13%	-3.93%	-8.42%	-4.44%	-5.08%	-2.93%
USD vs JPY	2.39%	1.24%	2.81%	6.16%	9.88%	12.00%	6.10%	3.90%

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