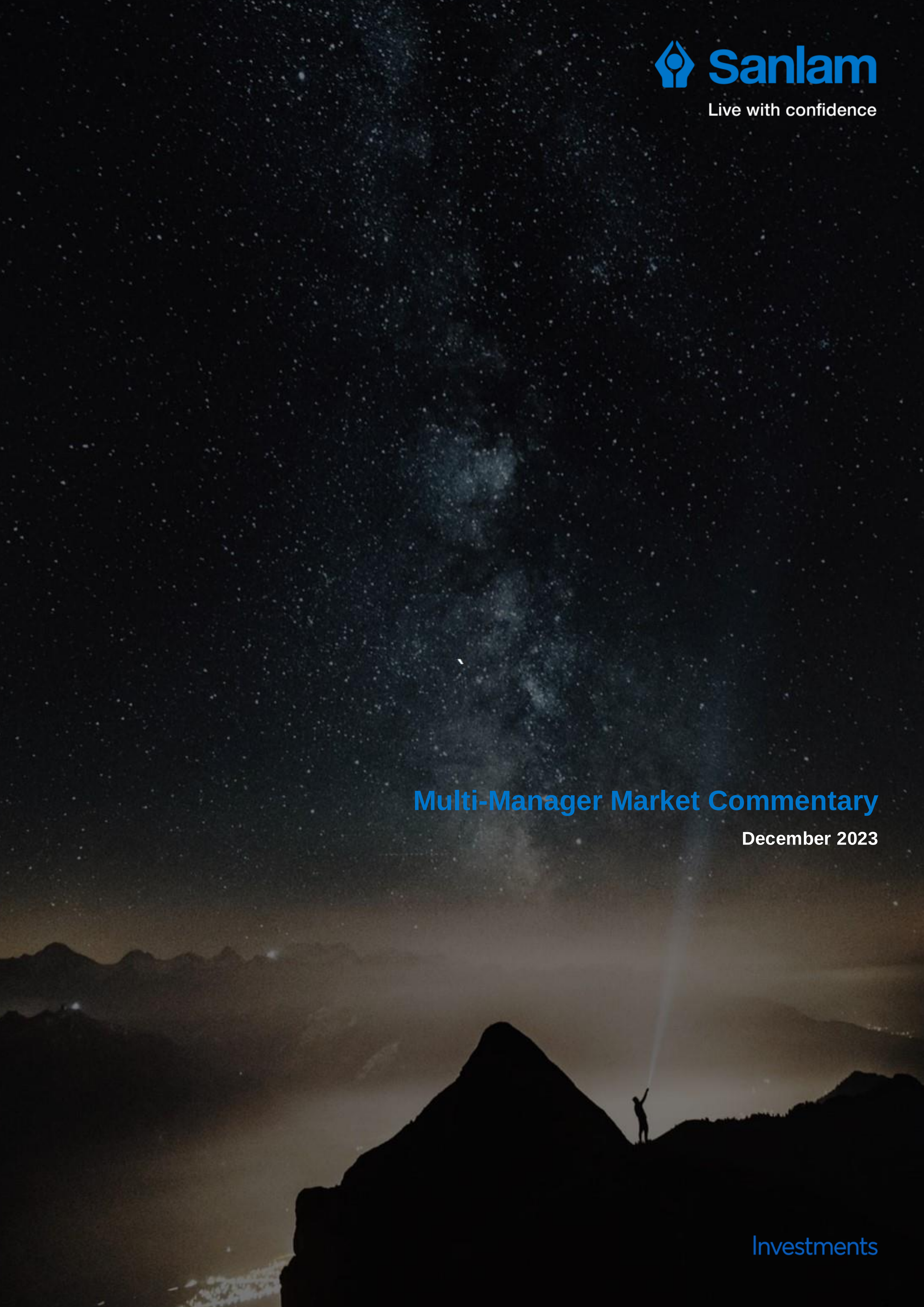


Sanlam
Live with confidence

Multi-Manager Market Commentary

December 2023

Investments

Contents

Executive summary

The investment outlook for 2024 is expected to be more challenging than in 2023, as geopolitical risks spread globally, trade wars escalate and global growth slows due to the lagged effect of aggressive rate hikes, lower Chinese growth and a marked slowdown in global trade. The World Bank left its global growth estimate for this year unchanged at 2.4%, but revised global growth for 2025 downwards, to 2.7%. The drivers of last year's growth are expected to wane in the current year, including buoyant consumption expenditure due to Covid-era stimulus measures, the US CHIPS Act, the US Inflation Reduction Act and the EU's Green Deal Industrial Plan, the impact of which will become more muted since the additional expenditure is now included in the baseline. With the US doubling down on export restrictions of high-tech chips and chip manufacturing equipment to China, and the EU launching a series of trade investigations into Chinese EV subsidies, Chinese economic growth is expected to slow from 5.2% in 2023 to 4.5% this year.

The EU's Carbon Border Adjustment Mechanism (CBAM), a tax on emissions of carbon-intensive imports into the EU, is another restrictive measure, initially targeting cement, iron, aluminium, fertilisers, electricity, hydrogen and steel. Although it is only effective in 2026, exporters to the EU will, from January this year, be compelled to provide emissions data to customs authorities or face fines. The UK has targeted 2027 for the introduction of its own carbon tax, while other countries such as the US and Japan could also introduce their own taxes. The CBAM is likely to be a material headwind for China, with officials calling it "green protectionism". But protectionist measures against China are the result of overproduction of manufactured goods – leading to deflation - with its surplus now equivalent to about 2% of global GDP.

While disinflation is firmly entrenched across the US, EU and UK, low base effects could become a headwind for inflation in the second half of the year, while rising house prices are expected to feed through into higher shelter inflation in 2025. Sticky wage inflation, particularly in services, and supply chain cost pressures from Houthi attacks on commercial shipping in the Red Sea, are further risks to the outlook. Since the beginning of the year, container freight rates have risen sharply. The Freightos Index is up by 91% and the WCI Composite Index by about 85%, as shipping is rerouted via Southern Africa. ISM prices paid indices are also starting to increase again, highlighting the risks to supply chains. The fragmentation of the global economy into two effective blocks, one comprising the West and its allies, and the other Russia, China, Iran and North Korea, is expected to intensify friend-shoring and on-shoring, as countries seek to reduce their dependence on the China trading bloc.

A further risk is the US presidential election in November, with a Trump win expected to result in higher import duties (10% on most imported goods, regardless of origin), a four-year plan to phase out all Chinese imports of essential goods and 2017 individual tax cuts being made permanent. A further headwind could be a $70 billion fiscal boost from tax breaks on businesses (for research and development) and families, if Congress renews expiring business tax breaks and the child tax credit. The proposal will, however, need to pass through a Congress that is deeply divided over the country's fiscal trajectory. While these measures will add to inflationary pressures, ongoing de-dollarisation - particularly in the oil market - by China, Russia, India, the UAE and Saudi Arabia will weaken the dollar and drive US imported inflation higher. The US could also find it harder to fund its ballooning fiscal deficit, forcing Treasury yields higher as investors reduce their exposure to the US.

The risk of earnings disappointments this year is also elevated. Sell-side analysts expect S&P 500 earnings per share to rise by about 10.5%, versus current market pricing of a 1.1% contraction. In addition, the material difference between expected US Fed rate cuts and market expectations could be a further headwind for risk assets. The market's 150 bps of rate cuts expected this year differ significantly from the US Fed's dot-plot, which signals only three 25 bps rate cuts this year. Other risks include the enforcement of the EU's Digital Markets Act of 2024 - designed to break the grip of the "gatekeepers" that dominate crucial areas of digital activity (e.g. Google and Microsoft) – and the introduction of the 15% global minimum tax, effective in January across the EU, UK, Norway, Australia, South Korea, Japan and Canada. Although the tax is expected to generate an additional $220 billion in revenue, governments are likely to give back some of the revenue as subsidies and credits. A slowdown in capital expenditure is also expected this year, given that around 50% of the world's population, covering more than 50 countries, will go to the polls. Election years are typically characterised by weak capital expenditure, especially where the election outcomes are uncertain. In light of the uncertain investment outlook this year, diversification will be key across portfolios, and small tactical tilts will be implemented opportunistically.

Highlights

- FOMC leaves rates unchanged, signals a pivot in 2024
- US Fed's dot-plot points to three rate cuts in 2024 but fed fund futures price in more aggressive cuts
- Red Sea commercial shipping attacks risk renewed supply-side cost pressures
- Israel/Hamas conflict risks higher oil prices despite non-OPEC+ production
- China's clampdown on gaming triggers sharp sell-off in Tencent
- SA's Q3 GDP contracts by 0.2% quarter-on-quarter and 0.7% year-on-year

Global Equities

After a sharp selloff in the third quarter of the year, global equities rebounded in the fourth quarter, as a dovish US Fed signalled the end of the rate hiking cycle and the market brought forward the timing and quantum of rate cuts. The sharp drop in the University of Michigan's one-year inflation forecast to 3.1% from a consensus estimate of 4.3% fuelled the positive sentiment. Although the US Fed's dot-plot signalled a cumulative 75 bps of rate cuts in 2024, up from 50 bps at the previous FOMC meeting, the market's pricing is a lot more aggressive. Fed fund futures are pricing in 150 bps of rate cuts, with the first cut expected in May. While some market participants expect a rate cut as early as March, equities could come under selling pressure if rate cuts are deferred until later in the year. A tight labour market, coupled with sticky wage inflation, particularly in services, could still be a headwind, as will be base effects in the second half of the year. Other risks to the outlook include supply-side cost pressures as container shipping companies (Maersk and BP) have to re-route shipments via SA, given Houthi attacks on commercial ships in the Red Sea, and the withdrawal of energy subsidies in the EU, effective from December. While headline EU inflation will increase, the risk of pass-through effects into core inflation will also increase.

Although November's US inflation print was in line with consensus estimates, over recent months inflation has generally beaten the street, fuelling investor optimism about the interest rate outlook. With the disinflation trend firmly entrenched, both the nominal and inflation-linked bond curves moved lower, with the lower discount rate underpinning equity valuations. The US two-year Treasury yield fell by 80 bps and the 10-year by 71 bps, with the yield curve steepening over the quarter. The bull curve steepening reflects the soft-landing scenario for the US economy, the market's current consensus view. The World Bank's latest economic forecasts also support a soft landing, with global growth expected to slow to 2.4% this year from 2.6% last year.

The MSCI World Index gained 11.4% in dollars and 8.2% in rands, while emerging market equities lagged their developed market counterparts to yield 7.9% in dollarsand 4.8% in rands. The relative underperformance of emerging market equities was due to negative returns from Chinese stocks, with the Hang Seng Index declining by 4.0% and the CSI Index by about 4.4% over the quarter. The catalyst for the sell-off included ongoing deflation, fuelled by weak demand and over-supply, and the Chinese regulator's new draft restrictions on online gaming, including spending limits. The upshot of the new restrictions was a sharp sell-off in Tencent and its rival NetEase, which weighed on the overall market. The unpredictable, and at times hostile, treatment by the regulator of the largest Chinese companies has raised the question whether China is still investable. Apart from the unpredictability of the regulator, China's industrial policy relies heavily on equity markets for funding. Since equity funding over the past three years has exceeded the capital returned to shareholders in dividends and buybacks - unlike the US where equity markets return about two to three times more capital than they raise – stock market returns are likely to continue lagging their emerging market counterparts. With nominal GDP growth of around 4.0% expected over the coming year (vs the five-year moving average of 7%), upside for equities is limited, given weak export growth and a weak housing market. As a result, China is downweighted within emerging market portfolios over the coming year.

After the sharp rebound in equity markets in the third quarter, the forward price-to-earnings ratio for the MSCI World Index increased from 17.4X earnings to 19.3X earnings, well above the 16.2X mean. Emerging market equities also rerated: the forward price-to-earnings ratio rose to 14.1X earnings from 13.3X earnings, also above the 12.7X mean. Although equities tend to rerate once the rate cutting cycle commences, in the current environment equities have been rerating for the past year, anticipating the start of the rate-cutting cycle. Current market pricing for the MSCI World Index points to earnings contracting by 1.2% over the coming year, while emerging markets are expected to grow earnings by about 3.9%. With return expectations in the low single digits for developed markets and high single digits for emerging markets, investors could be tempted to overweight emerging markets. However, given the potential drag on emerging market returns from China's weighting in the index, developed and emerging market equities are treated equally over the coming year.

Given the sharp price gains in the fourth quarter, coupled with stretched valuations, heightened geopolitical risks and uncertainty about the timing and quantum of rate cuts, a near term (three-month) underweight position is recommended for equities, followed by a medium-term (three to six months) neutral weighting. Towards the middle of the year, equities are upweighted to overweight on expected interest rate cuts and double-digit earnings growth in the second forecast year. A defensive, high-quality bias is recommended for equities in the near term, to be followed by a tilt towards cyclical counters in the latter half of the year, including exposure to commodities and emerging market equities.

Global Bonds and Listed Property

Global bonds rallied on the back of the US Fed's interest rate pivot, with both the nominal and inflation-linked bond curves moving lower. The Bloomberg Capital Global Aggregate Bond Index yielded 8.1% in dollars and 4.9% in rands as yields fell from 4.2% to 3.5% in the quarter. Emerging market bonds yielded similar returns, as spreads narrowed from 316 bps to 297 bps. Inflation-linked bonds also rallied, with the Bloomberg Capital Global Government Inflation-Linked Bond Index yielding 8.1% in dollars, as real yields fell from 1.7% to 1.2%. While the disinflation trend is expected to continue this year, it is unlikely to be in a straight line, with upside risks later in the year due to low base effects. The release of December's US inflation data (in January) highlights these risks, as both core and headline inflation were higher than expected. A broadening of the Israeli/Hamas conflict is a further risk: a spike in the oil price could derail the positive outlook for rates, and higher-for-longer interest rates pose a risk to economic growth. Already there are signs of rising supply chain cost pressures as a result of Houthi attacks on commercial shipping in the Red Sea. Since insurers no longer want to insure US and UK ships in the Red Sea, more shipping will be rerouted via SA, lifting freight rates further.

Despite these risks, the rate hiking cycle appears to be over, with the neutral rate of interest now materially lower than current policy rates in the US and EU. With US inflation at 3.1% and a 0.5% real neutral rate assumed, the implied long-term fed funds rate should be around 3.6%. In the EU, the real neutral rate is closer to 0%, implying a policy rate of around 2.9%, also much lower than the current refinancing rate of 4.5%. With rate cuts firmly on the cards then, the scene is set to overweight global bonds, since rate cuts typically push yield curves lower. Coupled with expectations that global growth will slow and disinflation will continue in 2024, duration risk is expected to be rewarded. A barbell strategy is still proposed, in which investors are overweight the very short end of the curve (Treasury Bills) while adding to duration over the near term. With rate cuts expected towards the middle of the year, a rotation out of cash into longer-dated bonds is proposed, given reinvestment risk as cash yields decline.

Global listed property surged in the quarter, as lower bond yields and the US Fed's dovish pivot boosted interest rate sensitive stocks. The FTSE EPRA Nareit Developed Markets Property Index yielded 15.6% in dollars and 12.2% in rands, bringing the annual gain to 10.7% in dollars and 19.0% in rands. The sector rerated sharply with the price-to-book ratio increasing from 1.15X to 1.32X, still below the historical mean of 1.46X. Since REITs currently trade at an 11% discount to net asset value and offer an attractive dividend yield of about 4.3%, there is still value to be found in listed property, even after the recent rally. Lower funding costs suggest that companies will be able to refinance expiring loans at rates lower than initially feared, thereby mitigating the negative impact of higher rates on forward earnings growth. Lower funding costs will allow REITs to deleverage quicker via asset disposals. Since loan-to-value ratios are reasonable at about 33%, with around 9% of debt expiring in each of the next two years, the sector is upweighted to overweight from neutral in the second half of the year as the rate cutting cycle commences.

SA Equities

Despite the release of disappointing third quarter GDP growth figures showing a contraction in economic activity (-0.2% quarter-on-quarter), the rising tide lifted all boats in the fourth quarter. The FTSE/JSE All Share Index gained 6.9% in rands and 10.1% in dollars, ahead of the returns from the emerging markets composite index. The sectors that drove the rally were mostly SA Inc. sectors, led by mid (10.0%) and small cap (8.6%) stocks, highlighting the market's sensitivity to expected rate cuts in 2024. Currently, the FRAs are pricing in a cumulative 75 bps of rate cuts this year, with the first cut likely in May. Within the broad economic sectors, financials led the charge with Quilter PLC (22.3%), Capitec (19.1%) and Investec (18.7%) the biggest gainers. Consumer discretionary (9.5%) stocks were buoyed by gains in Metair (19.1%), Advtech (16.4%) and Curro Holdings (15.4%), while healthcare (9.4%) stocks were powered by Aspen (18.4%). Defensive consumer staples (7.0%) were led by Tiger Brands (31.2%), Dis-Chem (30.4%) and Clicks (25.9%), whereas industrials (5.8%) benefitted from gains in Textainer (30.9%), PPC (30.8%) and Mondi PLC (14.7%). Telecommunication (3.8%) stocks were lifted by gains in Blue Label Telecoms (30.6%) and Telkom (28.0%), while technology counters (3.2%) were supported by Altron (31.3%) and Bytes Technology Group (25.6%). Basic materials (2.9%) brought up the rear with industrial metals and mining stocks (-3.3%) weighed down by Chinese growth concerns amid a slump in property investment. In contrast, precious metals counters surged 19.4%, led by gains in Harmony Gold (69.9%), Anglo Platinum (36.5%) and Pan African Resources (27.3%).

The 0.2% quarter-on-quarter and 0.7% year-on-year decrease in third quarter GDP was driven by declines in household final consumption expenditure (-0.3% quarter-on-quarter) and gross fixed capital formation (-3.4% quarter-on-quarter). While households are buckling under the pressure of high interest rates, the contraction in gross fixed capital formation was largely due to declines in machinery and other equipment (-3.2%) – mostly renewable energy equipment - transport equipment (-6.7%) and construction works (-3.1%). On the production side, declines in mining (-1.1%) and manufacturing (-1.3%) were dwarfed by a 9.6% contraction in agricultural output, probably due to logistical constraints at South African ports. While the electricity sector contributed positively to growth after five consecutive quarters of declines, the 52-week load shedding outlook for the year remains in the red, signalling a constant electricity shortfall exceeding 2 GW per week.

The release of the 2023 Integrated Energy Plan, which outlines the intended mix of energy generation for future years, warned that the electricity supply and demand deficit would continue until 2030. Still, the plan has cut renewable power in its revised energy blueprint, despite a study commissioned by the Presidential Climate Commission calling for 50-60 GW of renewable energy to be included in the energy mix by 2030. Delayed decommissioning of Eskom's ageing coal-fired power stations and around 6 GW (from 3 GW previously) of new gas-to-power plants are among the reasons for the lower allocation to renewable energy, as well as a lower demand forecast (-19%) for electricity than when the 2019 Integrated Energy Plan was drawn up. The 2023 plan sees 5.9 GW of solar power added to the grid by 2030, lower than the 8.3 GW indicated in 2019, while the provision for wind power was reduced from 17.7 GW to 7.9 GW.

Expectations of a modest pick-up in economic growth this year to about 1.2% from 0.7% last year can be seen in the small upward revision to bottom-up consensus earnings estimates from about 6.9% to 7.5% over the coming year. Other top-down measures of earnings growth, like the SA Reserve Bank's leading economic indicator, paint a similar picture, with trailing earnings expected to slow from about 12% currently to the mid-single digits. If nominal GDP is used as a proxy for earnings growth, earnings could increase by around 6.4%, not too dissimilar to the bottom-up estimates. However, in the second forecast year, earnings growth is expected to slow to around 1.5%, largely due to negative expected returns from resource stocks. It must be noted though that the visibility of the second year's earnings outlook is poor and will therefore carry a high degree of forecast risk. Since the market is cheap by historical standards, trading on a rolling forward price-to-earnings ratio of 10.3X, coupled with an expected re-rating as interest rates are cut, returns in the mid-teens are expected from equities in 2024, similar to those expected from domestic bonds. While the South African equity risk premium (relative to bonds) is largely indifferent between equities and bonds, globally the bias is towards bonds and away from equities. Since domestic equities will follow the general trend in global markets, equities are downweighted to underweight over the near term and to neutral over the medium term, given better risk-adjusted returns from bonds.

SA Bonds and Listed Property

South African bonds tracked their global counterparts higher in the fourth quarter of the year, gaining 8.1% in rands and 11.4% in dollars, even as domestic inflation was higher than expected. The yield on the All Bond Index fell from 12.1% to 11.23%, in line with lower US Treasury yields. While the latest headline inflation print was lower at 5.5% (from 5.9% previously), it fell short of the 5.4% expected by the market. Core inflation, in turn, increased to 4.5% (from 4.4% previously) but also exceeded market expectations of a 4.4% increase. With both headline and core inflation expected to end the year at around 4.5%, the SA Reserve Bank is expected to cut rates by 75 bps this year, in line with the US Fed's dot-plot. Inflation-linked bonds rallied on the positive interest rate outlook, with the Cili Inflation-Linked Bond Index gaining about 6.1% in rands and 9.1% in dollars, as real yields fell from 5.04% to 4.78%. However, since inflation is expected to move back to the midpoint of the SA Reserve Bank's inflation target range, inflation-linked bonds are downweighted from neutral to underweight over the course of the year. Since the modified duration on inflation-linked bonds is also much higher than that of nominal bonds, a greater degree of risk is embedded in inflation-linkers. Nominal bonds are therefore overweighted on expectations of rate cuts and a real yield in excess of 6%.

Cumulative revenue receipts for the fiscal year to end November were better than expected, up by 1.6% over the corresponding period last year, while revenue was slightly ahead of the revised budgeted 0.9% increase. However, expenditure was up 8.1%, well ahead of the 1.8% in the Medium-Term Budget Policy Statement. While some adjustments could still be made to the fiscal deficit in the February budget, there are unlikely to be any major surprises.

Risks loom large for the rand in 2024, as Treasury plans to draw down about R250 billion from the country's R497 billion surplus in the Gold and Foreign Exchange Contingency Reserve Account, there will be an election in May (although no date has been announced yet) and there is uncertainty about the SA Reserve Bank Governor's reappointment or replacement in November when his second five-year term ends. Each of these events has implications for the rand and by extension inflation and domestic bond yields.

The drawdown on the country’s Gold and Foreign Exchange Contingency Reserve Account could result in increased volatility in the exchange rate as import cover is reduced and intervention in the foreign exchange market is restricted. Increased foreign debt issuance will result in higher foreign currency-denominated interest payments, a further headwind for the balance of payments. The biggest risk to the rand is the upcoming election that must take place between May and August, with recent polls pointing to some form of coalition government. If the outcome is an ANC-EFF coalition, this will not be well received by the market, given the risk of nationalisation, particularly of the banks. Equities, bonds and the rand would sell off in this event. Also, the independence of the Reserve Bank would be in question, further adding to the strains on the currency and bond markets. A weaker rand would see imported inflation rise, limiting the Monetary Policy Committee’s scope to cut rates.

Due to lower bond yields and a surge in global listed property stocks, the domestic sector put in a sterling performance to end the quarter up 16.4% in rands and 19.9% in dollars. It was the best performer of the broad asset classes. The sector rerated relative to the 10-year bond, with the property-to-bond yield ratio declining from 0.74X to 0.59X, well above the 0.85X mean. This suggests that property stocks are expensive relative to bonds. With reported escalations on new leases continuing to trend lower, an oversupply of property in many subsectors and high vacancy rates, distribution growth is expected to be subdued over the coming year. Higher finance costs and liquidity constraints have also necessitated capital retention, again pointing to lower distributions over the coming year. Dividends per share were down almost 17% over the quarter, justifying concerns about distribution growth. Although the sector does show value, trading at a 49% 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. The biggest gainers in the quarter included Lighthouse Capital (36.1%), Nepi Rockcastle (21.4%) and Hammerson PLC (18.3%), while the laggards included Fortress A (7.3%), Hyprop (8.8%) and Mas Real Estate (10.9%).

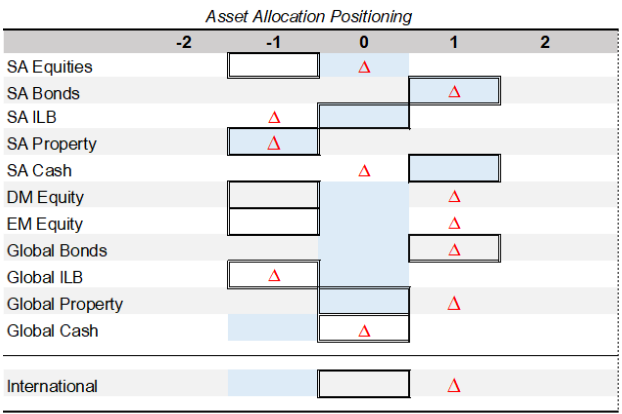
SA Cash

South African cash yielded 2.1% in rands and 5.2% in dollars in the fourth quarter, underperforming all of the broad domestic asset classes. After the November MPC meeting, when the committee voted unanimously to leave the repo rate unchanged at 8.25%, money market rates have ticked lower as the timing of expected rate cuts has been brought forward. The spread between the three-month Jibar rate and yields on the FRAs – a measure of the size and timing of rate cuts – now suggests the first rate cut of 25 bps will occur as early as May, with a cumulative 75 bps of cuts expected for the year. This is in line with the SA Reserve Bank’s Quarterly Projection Model, which projects a 2024 year-end repo rate of 7.5%. However, only one further rate cut is expected in 2025 (April) bringing the repo rate down to 7.25%, in line with the SA Reserve Bank’s 2025 year-end repo rate forecast of 7.3%. With the repo rate anchored at 8.25% until May, a near-term overweight position is retained in cash. However, due to refinance risk as rates are cut, the overweight cash position will be reduced in favour of equities.

Asset Allocation

Our asset allocation view is summarised below:

- Underweight domestic equities near term (three months) on recent price gains. Upweight to neutral over the medium (three to six months) and long term (six to twelve months) on global earnings expectations and market rerating
- Overweight domestic bonds on disinflation momentum and a 6%+ real yield
- Downweight inflation-linkers from neutral to underweight on modified duration risks and inflation moving back to the midpoint of the SA Reserve Bank's target range
- Underweight domestic listed property on lower distribution growth, rental escalations, high vacancy rates and property-to-bond yield valuation
- Overweight cash near term (three months) on anchored repo rate. Downweight to neutral in favour of equities ahead of rate cuts
- Overweight international exposure on election risks, Treasury's planned drawdown from the Gold and Foreign Exchange Contingency Reserve Account, and uncertainty about the SA Reserve Bank Governor's tenure
- Underweight global equities near term (three months) on recent price gains, stretched valuations, heightened geopolitical risks and uncertainty about the timing and quantum of rate cuts. Upweight to neutral over the medium term (three to six months) and to overweight longer term (six to twelve months) on interest rate cuts and double-digit earnings growth in the second forecast year
- Overweight global bonds on disinflation and rate cut expectations
- Underweight global inflation-linked bonds on disinflation momentum and modified duration risk
- Upweight global listed property from neutral to overweight in the second half of the year on lower funding costs and discount to net asset value
- Neutral global cash on positive real return expectations and heightened geopolitical risks



	10 Year Forecast					1Y
	2018	2019	2020	2021	2022	012024
SA Equities	11.5%	12.5%	12.5%	11.0%	11.5%	15.6%
SA Bonds	8.5%	9.0%	10.0%	9.5%	10.0%	14.1%
SA ILB	8.0%	8.5%	9.0%	8.5%	9.0%	12.7%
SA Property	10.5%	12.0%	13.0%	11.5%	12.0%	1.1%
SA Cash	7.0%	7.0%	6.0%	5.5%	6.0%	8.0%
DM Equity	11.0%	11.0%	10.5%	10.5%	11.0%	3.5%
EM Equity	12.0%	12.5%	12.5%	11.5%	12.0%	9.8%
Global Bonds	6.5%	6.5%	6.5%	6.0%	6.5%	6.9%
Global ILB	6.8%	6.5%	6.0%	5.5%	6.0%	6.5%
Global Property	10.0%	9.0%	10.0%	9.5%	10.0%	8.3%
Global Cash	6.8%	6.0%	5.3%	5.0%	6.5%	5.0%
Inflation Assumption	5.50%	5.50%	5.00%	5.00%	5.50%	5.10%

Legend

Current Positioning
0-3 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 31 December 2023	1 month	3 months	6 months	YTD	1 year	3 years	5 Years	10 Year
ALL SHARE (ZAR)	2.00%	6.92%	3.20%	9.25%	9.25%	13.51%	11.88%	8.78%
ALL SHARE ($)	5.69%	10.14%	6.61%	1.65%	1.65%	5.51%	6.64%	2.88%
ALL SHARE (GBP)	4.96%	5.46%	6.32%	-4.08%	-4.08%	7.99%	6.62%	5.60%
TOP 40	1.39%	6.55%	1.63%	8.98%	8.98%	13.40%	12.51%	8.92%
MID CAP	7.92%	9.98%	10.98%	9.70%	9.70%	12.83%	7.29%	6.82%
SMALL CAP	6.00%	8.56%	9.74%	11.17%	11.17%	23.90%	12.71%	8.40%
FLEDG	5.80%	6.91%	7.70%	1.62%	1.62%	19.36%	8.91%	6.78%
DERIVATIVE								
RES 20	-1.32%	-0.04%	-5.40%	-15.37%	-15.37%	5.96%	12.55%	5.64%
IND 25	0.49%	5.92%	-1.24%	17.27%	17.27%	12.15%	12.33%	8.83%
FIN 15	5.54%	12.27%	14.46%	21.81%	21.81%	19.60%	6.76%	8.27%
FIN 30	2.31%	8.41%	3.97%	20.35%	20.35%	14.73%	11.53%	9.15%
ALL SHARE ECONOMIC GROUP								
RESOURCES	-0.03%	3.00%	-1.48%	-11.84%	-11.84%	8.21%	14.57%	6.85%
BAS MAT	-0.34%	2.85%	-2.43%	-11.93%	-11.93%	7.23%	13.98%	9.22%
INDUST	6.94%	5.78%	14.05%	24.63%	24.63%	12.22%	0.42%	1.47%
CON GDS	2.23%	7.04%	8.97%	10.05%	10.05%	12.91%	14.05%	6.80%
HEALTH	7.32%	9.40%	5.55%	29.37%	29.37%	17.52%	4.42%	-1.71%
CON DISCRETIONARY	5.65%	9.48%	-1.13%	29.16%	29.16%	29.58%	15.28%	15.68%
TELECOMS	12.21%	3.80%	-14.01%	-9.58%	-9.58%	13.43%	4.11%	-1.72%
FINAN	5.27%	11.76%	14.17%	21.48%	21.48%	19.58%	6.69%	7.81%
TECHNOL	-9.57%	3.21%	-8.17%	9.81%	9.81%	-1.74%	5.59%	-0.80%
ALL SHARE SHARE SECTOR								
CHEMICALS	-8.73%	-24.79%	-12.66%	-20.96%	-20.96%	15.71%	-10.04%	-4.57%
FORESTRY	11.87%	0.36%	13.30%	-5.34%	-5.34%	12.40%	8.21%	12.20%
MINING	4.13%	19.49%	-0.02%	-5.27%	-5.27%	1.50%	14.35%	9.38%
CONSTRUCTION	5.56%	9.58%	24.89%	31.33%	31.33%	9.27%	-3.39%	-8.39%
GENERAL IND	8.12%	5.54%	14.25%	23.16%	23.16%	9.79%	-1.61%	2.79%
ELECTRONIC	-2.93%	-0.37%	1.87%	21.61%	21.61%	25.46%	3.14%	-1.87%
IND TRN	1.83%	8.14%	12.08%	38.55%	38.55%	33.11%	15.16%	4.90%
SUPPORT	-1.57%	4.24%	5.08%	20.63%	20.63%	36.45%	24.46%	8.52%
AUTOMOBILES	6.35%	19.13%	-3.16%	-35.45%	-35.45%	0.32%	0.27%	-5.40%
BEVERAGES	1.56%	14.54%	12.71%	16.64%	16.64%	10.86%	7.43%	4.28%
FOOD PR	6.01%	18.27%	18.07%	4.21%	4.21%	6.30%	1.57%	3.36%
PERSON	9.16%	10.71%	-18.31%	17.34%	17.34%	27.49%	24.52%	11.24%
HEALTH	3.06%	-2.41%	-4.96%	7.81%	7.81%	13.49%	-0.08%	-1.97%
PHARMACEUTIC	9.98%	17.69%	12.86%	50.60%	50.60%	19.21%	8.96%	-2.23%
DRG RET	5.74%	9.14%	13.60%	20.50%	20.50%	15.27%	8.35%	8.19%
GEN RET	1.15%	16.04%	35.04%	35.34%	35.34%	28.18%	7.78%	7.19%
TRAVEL	2.16%	-1.06%	12.40%	15.24%	15.24%	35.40%	-4.36%	-2.43%
FIX LN	12.21%	3.80%	-14.01%	-9.58%	-9.58%			
MOBILE	12.21%	3.80%	-14.01%	-9.58%	-9.58%			
BANKS	4.12%	12.75%	14.52%	18.39%	18.39%	23.08%	9.01%	11.95%
N/L INS	0.99%	0.83%	21.10%	34.92%	34.92%	15.17%	7.02%	10.67%
LIFE IN	8.78%	9.81%	14.11%	38.61%	38.61%	10.45%	1.16%	5.48%
REAL ESTATE	7.86%	18.59%	14.28%	30.35%	30.35%	18.56%	9.21%	
GEN FIN	14.33%	90.00%	36.88%	-75.89%	-75.89%	-32.82%	-24.21%	-11.60%
EQ INV	2.95%	-18.36%	-24.77%	-21.26%	-21.26%	3.12%	10.62%	7.20%
SOFTWARE	-9.57%	3.21%	-8.17%	9.81%	9.81%	-1.74%	5.59%	0.05%
SPECIALIST								
SA FIN	2.82%	8.53%	5.17%	19.14%	19.14%	14.69%	9.99%	8.09%
SAPY (ZAR)	9.90%	16.37%	15.24%	10.15%	10.15%	14.87%	0.24%	2.94%
SAPY ($)	13.88%	19.89%	19.05%	2.48%	2.48%	6.78%	-4.46%	-2.65%
INDUST & FINAN	0.71%	5.87%	-0.73%	16.62%	16.62%	12.40%	11.61%	8.21%
CAPPED INDICES								
CAP TOP 40	1.88%	6.74%	2.01%	7.73%	7.73%	14.00%	12.07%	8.71%
CAP ALL SHARE	2.18%	7.01%	3.35%	8.42%	8.42%	14.30%	11.93%	8.81%
SHAREHOLDER WEIGHTED								
SH WE TP 40	1.95%	7.82%	2.11%	7.26%	7.26%	9.59%	8.65%	7.11%
SH WE ALL SHARE	2.53%	8.04%	3.75%	7.85%	7.85%	10.59%	8.69%	7.30%
Capped SH WE ALL SHARE	2.90%	8.21%	4.09%	7.87%	7.87%	12.69%	8.97%	7.12%
SA VALUE	2.81%	2.20%	2.94%	2.79%	2.79%	16.56%	9.59%	5.98%
SA GROWTH	1.18%	11.80%	2.39%	14.45%	14.45%	11.02%	13.97%	10.78%

Appendix A (2): Market Performances

Periods up to 31 December 2023	1 month	3 months	6 months	YTD	1 year	3 years	5 Years	10 Year
CREDIT MARKETS								
BONDS 1-3 YEARS	1.10%	4.11%	6.15%	9.22%	9.22%	6.35%	7.59%	7.70%
BONDS 3-7 YEARS	1.25%	5.65%	7.10%	10.32%	10.32%	5.98%	9.07%	8.57%
BONDS 7-12 YEARS	2.23%	9.43%	8.80%	11.89%	11.89%	7.82%	9.20%	8.39%
BONDS 12+ YEARS	1.13%	9.22%	7.49%	7.47%	7.47%	7.83%	7.47%	7.63%
ALL BOND (ZAR)	1.49%	8.11%	7.75%	9.70%	9.70%	7.43%	8.25%	7.98%
ALL BOND ($)	5.17%	11.37%	11.31%	2.07%	2.07%	-0.14%	3.17%	2.13%
ALL BOND (GBP)	4.44%	6.63%	11.01%	-3.69%	-3.69%	2.21%	3.15%	4.83%
S&P South Africa Sovereign ILB 1+Y Index	1.99%	5.64%	6.43%	6.46%	6.46%	8.69%	6.39%	
General CILI Index	2.19%	6.08%	6.93%	7.13%	7.13%	8.85%		
STEFI Composite (ZAR)	0.70%	2.09%	4.20%	8.06%	8.06%	5.68%	5.94%	6.42%
STEFI Composite ($)	4.35%	5.17%	7.64%	0.54%	0.54%	-1.76%	0.98%	0.65%
INTERNATIONAL MARKETS								
DOW JONES $	4.93%	13.09%	10.72%	16.18%	16.18%	9.38%	12.47%	11.07%
FTSE £	4.52%	3.23%	5.17%	7.92%	7.92%	8.61%	6.61%	5.33%
MSCI WORLD All Countries ($)	4.80%	11.03%	7.26%	22.20%	22.20%	5.75%	11.72%	7.93%
MSCI WORLD All Countries (ZAR)	1.14%	7.78%	3.83%	31.34%	31.34%	13.76%	17.21%	14.11%
MSCI WORLD $ - MSCI	4.91%	11.42%	7.56%	23.79%	23.79%	7.27%	12.80%	8.60%
MSCI WORLD ZAR - MSCI	1.24%	8.15%	4.12%	33.04%	33.04%	15.40%	18.35%	14.83%
MSCI WORLD $ - INET	5.11%	11.38%	7.12%	22.11%	22.11%	5.71%	11.02%	6.64%
MSCI WORLD (ZAR) INET	1.43%	8.12%	3.70%	31.24%	31.24%	13.73%	16.48%	12.75%
MSCI WORLD GROWTH ($) - MSCI	4.46%	13.40%	7.88%	37.28%	37.28%	5.73%	16.28%	11.25%
MSCI WORLD GROWTH (ZAR) - MSCI	0.81%	10.07%	4.43%	47.55%	47.55%	13.74%	22.00%	17.63%
MSCI WORLD VALUE ($) - MSCI	5.44%	9.48%	7.51%	12.25%	12.25%	9.05%	9.64%	6.63%
MSCI WORLD VALUE (ZAR) - MSCI	1.75%	6.27%	4.07%	20.65%	20.65%	17.31%	15.03%	12.74%
MSCI EMERGING MARKET($) - MSCI	3.95%	7.93%	4.92%	10.27%	10.27%	-4.88%	3.84%	2.76%
MSCI EMERGING MARKET(ZAR) - MSCI	0.31%	4.77%	1.56%	18.51%	18.51%	2.33%	8.95%	8.66%
MSCI EMERGING MARKET($) - INET	3.63%	7.36%	3.38%	6.96%	6.96%	-7.47%	1.16%	0.20%
MSCI EMERGING MARKET(ZAR) - INET	0.00%	4.21%	0.07%	14.95%	14.95%	-0.46%	6.13%	5.95%
MSCI EM GROWTH ($) - MSCI	2.54%	7.71%	2.41%	5.87%	5.87%	-9.67%	3.89%	3.29%
MSCI EM GROWTH (ZAR) - MSCI	-1.04%	4.56%	-0.86%	13.79%	13.79%	-2.83%	9.00%	9.21%
MSCI EM VALUE ($) - MSCI	5.31%	7.99%	7.06%	14.15%	14.15%	-0.01%	3.39%	1.99%
MSCI EM VALUE (ZAR) - MSCI	1.62%	4.83%	3.64%	22.69%	22.69%	7.57%	8.47%	7.83%
S&P 500	4.53%	11.68%	8.02%	26.26%	26.26%	9.97%	15.67%	12.01%
Euro Stoxx 50 (€)	3.22%	8.62%	3.30%	23.08%	23.08%	11.75%	11.93%	7.21%
Nikkei 225 (¥)	0.04%	5.16%	1.62%	30.57%	30.57%	8.64%	12.73%	9.29%
DAX(EUR)	3.31%	8.87%	3.74%	20.31%	20.31%	6.88%	9.67%	5.78%
DAX(ZAR)	0.93%	10.26%	1.68%	33.84%	33.84%	11.13%	14.28%	9.40%
Bloomberg Capital Global Aggregate Govt ($)	4.14%	7.98%	3.78%	4.35%	4.35%	-6.48%	-1.08%	-0.19%
JPM Global Government Bonds ($)	4.31%	7.80%	3.19%	4.13%	4.13%	-6.97%	-1.31%	-0.11%
JPM Global Government Bonds (ZAR)	0.67%	4.64%	-0.11%	11.92%	11.92%	0.08%	3.54%	5.62%
Bloomberg Capital Global Aggregate ($)	4.16%	8.10%	4.22%	5.72%	5.72%	-5.51%	-0.32%	0.38%
Bloomberg Capital Global Aggregate (ZAR)	0.51%	4.93%	0.89%	13.62%	13.62%	1.65%	4.59%	6.13%
Bloomberg Capital Global Inflation Linked ($)	4.44%	8.57%	3.06%	5.77%	5.77%	-5.76%	0.37%	0.81%
Bloomberg Capital Global Inflation Linked (ZAR)	0.79%	5.39%	-0.24%	13.68%	13.68%	1.38%	5.31%	6.59%
Bloomberg Capital Global Aggregate Credit ($)	4.20%	8.69%	5.63%	9.24%	9.24%	-4.24%	1.36%	1.51%
Bloomberg Capital Global Aggregate Securitised ($)	4.14%	7.64%	3.77%	5.85%	5.85%	-3.26%	0.12%	0.87%
Bloomberg Capital Global High Yield ($)	4.03%	8.56%	8.37%	14.04%	14.04%	0.18%	3.91%	3.62%
Bloomberg Capital Global Emerging Markets ($)	4.27%	8.48%	5.87%	9.63%	9.63%	-3.78%	1.36%	2.47%
JPM EM BONDS ($)	4.20%	8.10%	5.61%	9.09%	9.09%	-3.13%	1.82%	2.89%
JPM EM BONDS (ZAR)	0.56%	4.94%	2.23%	17.25%	17.25%	4.21%	6.82%	8.78%
JPM EM Corporate Diversified HY ($)	0.00%	0.00%	0.00%	1.79%	1.79%	-5.61%	-0.14%	2.31%
JPM EM Corporate Diversified HY (ZAR)	-3.50%	-2.93%	-3.20%	9.40%	9.40%	1.54%	4.77%	8.18%
JPM EM Corporate HY ($)	4.39%	9.73%	9.06%	13.11%	13.11%	-1.36%	3.35%	4.35%
JPM EM Corporate HY (ZAR)	0.74%	6.51%	5.58%	21.57%	21.57%	6.12%	8.43%	10.33%
Bloomberg Capital EM Govt ILB ($)	2.36%	3.40%	1.14%	-0.55%	-0.55%	1.12%	2.81%	2.47%
Bloomberg Capital EM Govt ILB (ZAR)	-1.22%	0.37%	-2.09%	6.89%	6.89%	8.79%	7.86%	8.35%
Bloomberg Capital Global Corporate Bonds ($)	4.25%	8.84%	5.87%	9.61%	9.61%	-3.94%	1.76%	1.76%
Bloomberg Capital Global Corporate Bonds (ZAR)	0.61%	5.65%	2.49%	17.80%	17.80%	3.34%	6.76%	7.59%
EPRA / NAREIT Dev Mrkts Property ($)	9.64%	15.57%	9.01%	10.71%	10.71%	2.09%	3.74%	4.50%
EPRA / NAREIT Dev Mrkts Property (ZAR)	5.81%	12.19%	5.53%	18.98%	18.98%	9.83%	8.84%	10.49%
CURRENCY								
RAND vs US$	3.62%	3.02%	3.30%	-6.96%	-6.96%	-7.04%	-4.69%	-5.42%
RAND vs EURO	2.35%	-1.26%	2.02%	-10.11%	-10.11%	-3.82%	-4.03%	-3.31%
RAND vs GBP	2.90%	-1.37%	3.02%	-12.21%	-12.21%	-4.86%	-4.71%	-2.92%
USD vs JPY	-4.64%	-5.53%	-2.46%	6.85%	6.85%	10.94%	5.14%	2.98%

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