

MARKET SMARTS | May 2024



MONTHLY COMMENTARY

May was all about elections!

South Africa faced some unknowns as polls suggested early on that the ruling party may lose their dominance in this year's elections. However, as the IEC started counting votes, it soon became apparent that many did not expect the uMkhonto weSizwe party to achieve the results they did.

Looking at the markets for the month of May, it was positive across the board. Locally we saw property, equity, and bonds returning positive numbers. However, when zooming in on the underlying sectors of the equity market, it was quite surprising to see financials marginally down -0,06% for the month of May.

In other local news: the SARB (as expected), kept rates unchanged. While many have questioned the SARBs intentions of keeping interest rates high, an interesting piece on Turkey ([read here](#)) and their detrimental state of high inflation is enough proof that our reserve bank has done fairly well.

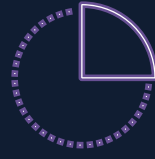
The US saw retail sales remain unexpectedly flat, and inflation advanced less than expected. This does seem to bode well for interest rate cuts later this year, as well as the long anticipated 'soft landing' of the world's biggest economy.

ASSET MANAGER VIEWS



The Ninety One Diversified Fund team is still favouring South African Government Bonds. It remains attractive from a valuation perspective.

The PMX Dynamic Income fund is well positioned to take advantage of current higher interest rates. They are also monitoring the inflationary pressures closely.



Fairtree remains continues to favour diversified mining companies as well as the energy sector. Some of the returns this year comes from their positions in gold mining companies, which they continue to hold.



Sefikile believes 2024 will undoubtedly be another volatile year as South Africa, along with many other nations, heads towards elections. Geopolitics and the depth of the expected recession will also be determining factors. The slight easing in the bond market coupled with relatively robust earnings should deliver a healthy return for the year.



Fundsmith is known for their 'buy and hold' strategy. Over the recent year they have found value in some of the tech stocks such as Meta and Microsoft. Some of their largest detractors have been Estee Lauder and McCormick.

LOCAL FIXED INTEREST

↑ FTSE/JSE ALBI
0,75%

LOCAL EQUITY

↑ FTSE/JSE ALL SHARE
0,95%

LOCAL LISTED PROPERTY

↑ FTSE/JSE Listed Property
0,16%

GLOBAL ASSET

↑ MSCI ACWI
4,02%



TIMELINE- A YEAR IN REVIEW



DID YOU KNOW?

The FSCA and Prudential Authority have published the 2nd Joint Standard on Cybersecurity.

For both financial advisors and end investors alike, cybersecurity is crucial. The recent webinar on Cybersecurity can be viewed [here: Cybersecurity- Secure Your Business: Insights for Financial Advisors \(youtube.com\)](https://www.youtube.com/watch?v=...)

It becomes more challenging to secure yourself online, and companies can not necessarily do anything about being impersonated on social media.

However, be sure that you follow some tips on how to stay safe online:

- Ensure you have 2FA activated on all accounts.
- Avoid storing passwords in your browser.
- Never click on links if you are not 100% sure it is from a trusted source.
- Ensure you use a VPN and don't connect on open Wi-Fi networks



INTERESTING NUMBERS

- Annual inflation came in at 5,2% in April 2024
- Month on month however, inflation increased 0,3%.

Contributing to the annual inflation rate is:

- Housing and utilities: 5,8%
- Food and non-alcoholic beverages: 4,7%
- Transport: 5,7%

Core inflation:

Excludes the food and energy sector

Headline inflation:

Includes commodities and food and energy sector



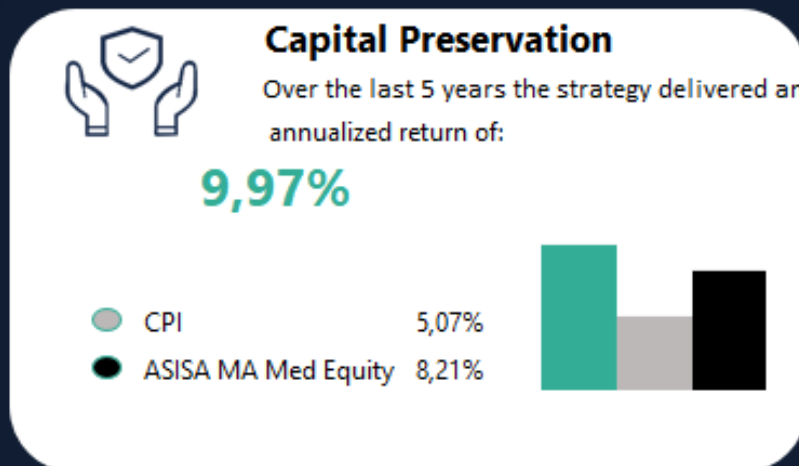


OUTCOMES-BASED INVESTING

Preserving Capital

Part of the four pillars of outcomes-based investing is to preserve capital. In order to measure this, we consider the return of the model portfolio over its respective investment horizon. We then compare this return to the relevant ASISA Category as well as inflation.

Guarded Growth VS: **ASISA MA Med Equity**



Evidence:

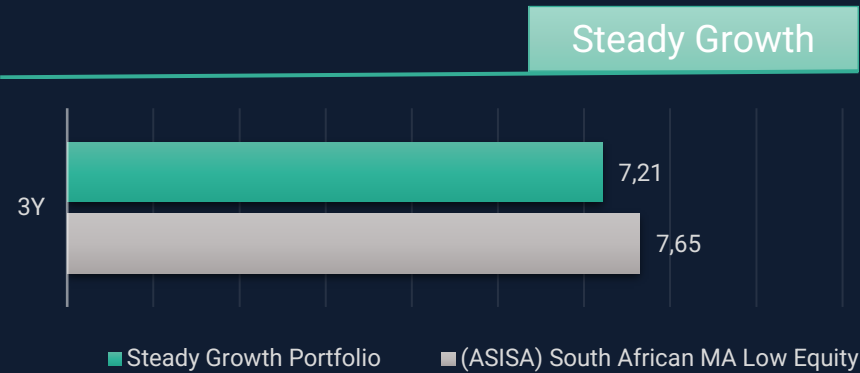
The Guarded Growth model portfolio managed to deliver in excess of the ASISA MA Medium Equity category over the recent 5-year periods and preserve a client's capital in CPI terms.



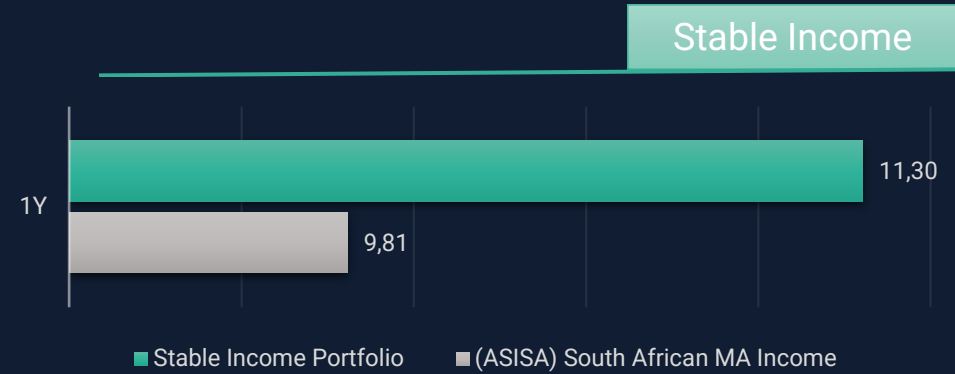
NUMBER SNAPSHOT

Outcomes-based Models vs ASISA Categories Over Relevant Time Period

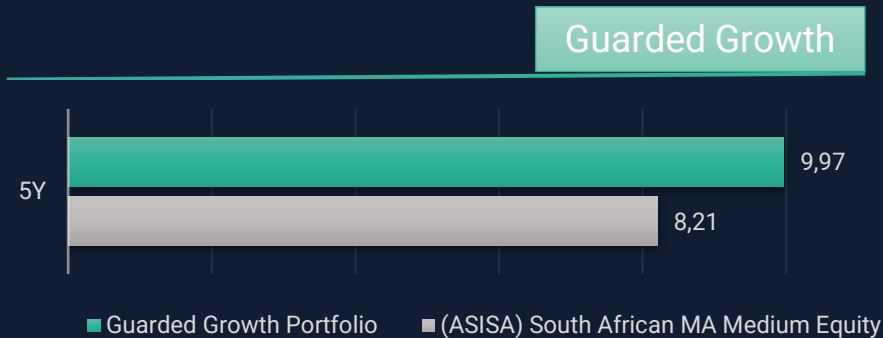
Steady Growth



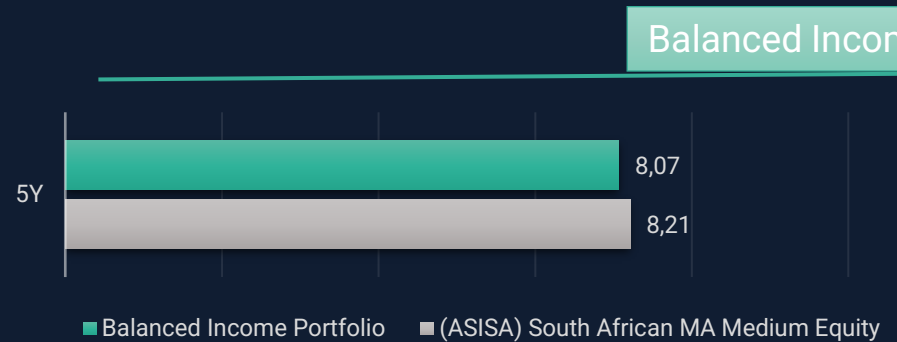
Stable Income



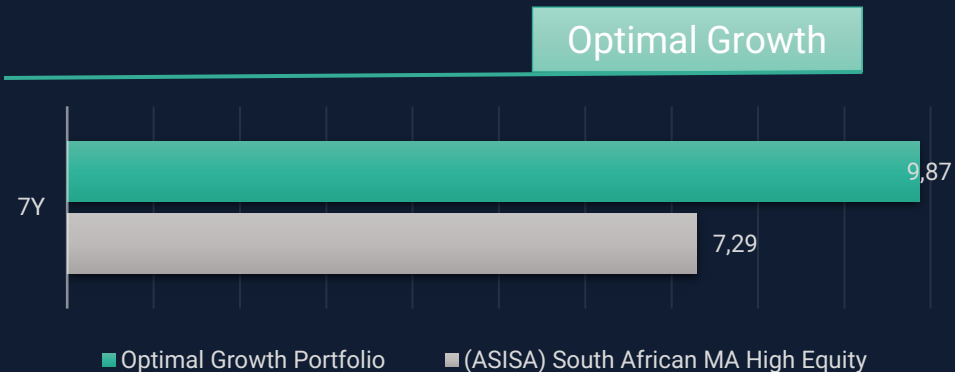
Guarded Growth



Balanced Income



Optimal Growth



NUMBER SNAPSHOT

ASSET CLASS RETURNS

	1Y	3Y	5Y	7Y
Global Property	3,05%	6,99%	5,81%	7,73%
SA Flex Inc	11,27%	6,71%	7,31%	7,79%
SA Bond	13,03%	6,19%	7,21%	7,74%
SA Equity	6,27%	8,60%	10,71%	9,10%
SA Property	20,25%	10,74%	0,17%	-1,52%
Global Equity	17,39%	16,81%	17,57%	15,48%

YIELD CORNER

	Jun-23	May-24
Retail Bond	11,75%	11,50%
RSA 5Y Bond	9,19%	9,52%
RSA 10Y Bond	10,51%	10,95%
US 10Y Bond	3,82%	4,50%

MONEY MARKET RATES

	32Day MM	12MoFixed*	60MoFixed*
	May-24	May-24	May-24
Nedbank	8,80%	9,05%	9,40%
Capitec		8,70%	9,50%
FNB	8,45%	9,15%	9,65%
Discovery	8,45%	9,00%	9,00%

SECTORAL RETURNS

	1Y
Resources	-3,82%
Financials	20,96%
Industrials	7,01%

AMITY CIS SOLUTIONS

	1Y	3Y	5Y	7Y
Amity BCI Diversified Income A	11,04%			
Amity BCI Global Diversified FoF A	8,27%	8,98%	9,84%	7,79%

AMITY OUTCOMES-BASED MODEL PORTFOLIOS

	1Y	3Y	5Y	7Y
Stable Income	11,30%	7,48%		
Balanced Income	11,50%	6,91%	8,07%	7,49%
Steady Growth	10,09%	7,21%	8,16%	7,93%
Guarded Growth	10,08%	7,88%	9,97%	9,04%
Optimal Growth	9,82%	8,06%	11,23%	9,87%
TFSA High Growth	11,00%	10,75%	11,55%	10,08%
Global Balanced ^	9,81%	-2,84%	4,54%	4,83%
Global Growth ^	15,44%	-0,85%	7,31%	7,23%

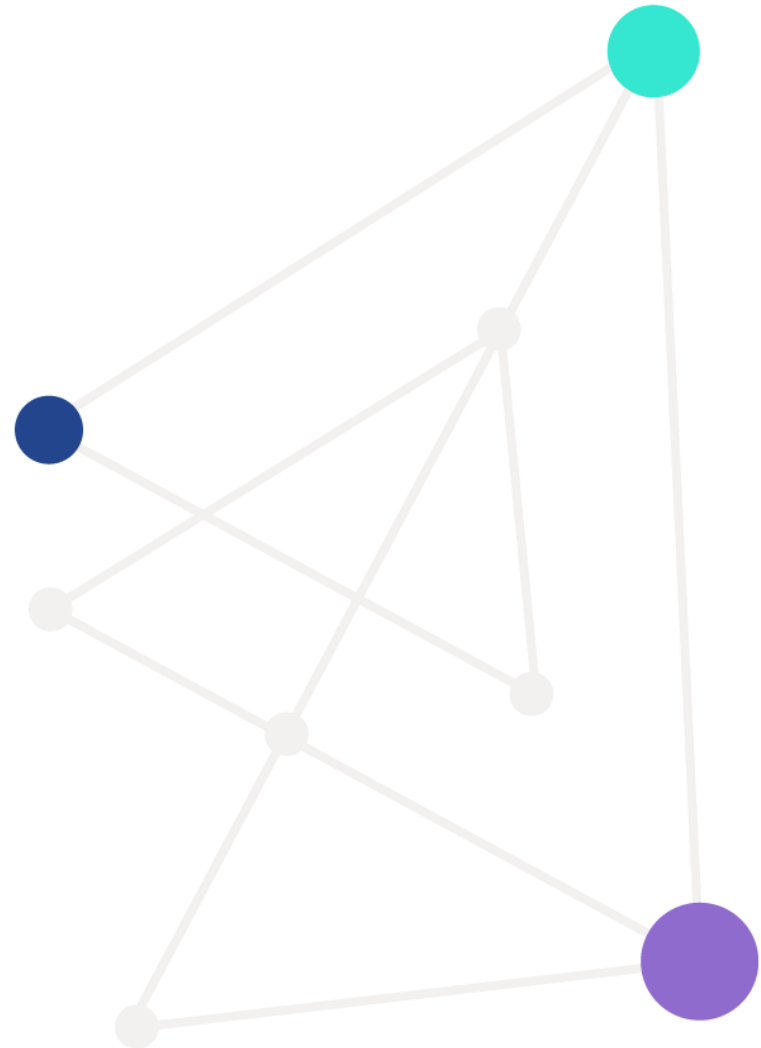
AMITY MODEL PORTFOLIOS: OTHER SOLUTIONS

	1Y	3Y	5Y	7Y
CPI+3% Portfolio Discovery	8,18%	6,13%	6,55%	6,13%
CPI+5% Portfolio Discovery	7,60%	7,39%	8,83%	7,30%
Offshore Growth Feeder Portfolio	7,20%	10,75%	11,65%	10,62%



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Reduce Uncertainty With Outcomes- based Investing



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