

MARKET SMARTS | July 2024



MONTHLY COMMENTARY

Headline y/y inflation for June (released in July) slowed to 5.1% (5.2% in May), in line with consensus forecasts while core inflation also slowed by 0.1% to 4.5%. Food inflation slowed for the seventh consecutive month to a y/y rate of 4.1% (4.3% in May), its lowest level in over four years. The yield curve continued its parallel downward shift in July. It seemed the election risk premium continued to be priced out and markets may be pricing in the first rate cut.

The seasonally adjusted Absa Purchasing Managers' Index (PMI) increased by 6.7 points to 52.4 in July 2024, up from 45.7 in June 2024. Positively, the index tracking expected business conditions in six months' time increased to 69.4 points in July from 68.1 in June. This is the most optimistic respondents have been about business conditions going forward since early 2022.

The sudden withdrawal of US President Joe Biden from the presidential race and the evolving US political landscape added uncertainty in markets. Two of the three major US indices posted gains in July, with the tech stocks that powered US equity markets in 1H24 stumbling. In US economic data, June inflation fell slightly faster than expected for a second consecutive month. June US retail sales rose 0.3% MoM – unchanged from May's revised print.

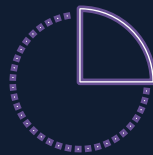


ASSET MANAGER VIEWS

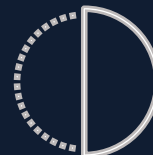


The Ninety One Diversified Fund team is still favouring South African Government Bonds. It remains attractive from a valuation perspective.

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 invests in several focused strategies. They remain overweight cyclical stocks (diversified miners and energy), as well as defensive stocks (gold).



Listed property rallied in June after the general election results did not produce an outright majority winner. Sesfikile sees the positive election outcome and the President's cabinet announcement at the end of the month provides a strong base from which the listed property sector's performance can accelerate.



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
3,96%

LOCAL EQUITY

↑ FTSE/JSE ALL SHARE
3,92%

LOCAL LISTED PROPERTY

↑ FTSE/JSE Listed Property
4,39%

GLOBAL ASSET

↑ MSCI ACWI
1,23%



TIMELINE- A YEAR IN REVIEW

**AUG
2023**

- SA Inflation surprised on the downside.
- SA's FSCA have imposed 44 administrative penalties.
- There's been a record increase in trade between China and Russia

**SEPT
2023**

- More than 4million tourist arrivals were recorded in the first half of 2023 in SA.
- YTD, the rand has depreciated 10,46% against the USD.
- The Brent crude oil prices increased by almost 4% over the past month.

**FEB
2024**

- The S&P 500 hits record highs after Nvidia posted biggest daily gain.
- China cuts 5-year mortgage rate by 0,25%.
- Non populist budget speech by Finance Minister

**APR
2024**

- The IMF expects SA to only grow by 0,9% this year.
- Implats plans to lay off 3900 workers.
- 968mn registered voters in India to take to the polls.

**MAY
2024**

- US tech stocks continue to push the S&P500 higher.
- UK inflation falls to 2,3%- lowest in 3-years.
- Slower Japanese inflation gives BOJ some breathing room.

**JULY
2024**

- The US economy remains strong.
- India slashed import duties on gold and silver.
- The Japanese Yen had its strongest rally.
- SA Consumers seem more upbeat about their finances as 68% believe their finances will improve.

DID YOU KNOW?

Offshore investing comes with some tax and juristic issues. We briefly highlight some high-level tax considerations:

- 1) If you buy shares, assume for instance one of the magnificent 7 stocks, and you exceed R 1 083 636 (at time of writing) then on your death that money will get taxed at 40% estate duty in the US as they are US listed stocks.
- 2) South Africans who have bought properties in the UK or who may have inherited money in the UK, should be cognisant of the fact that if the amount exceeds 325 000 pounds, you will need to pay 40% UK estate or inheritance tax.



INTERESTING NUMBERS

3 300

In 2009 there were 3 300 companies listed on the London Stock Exchange, now there's only 1918.

35

There were 35 countries across the globe that hiked interest rates in September 2022- the most in one month since 2001.

63,02mn

Stats SA estimates the SA population to now be roughly 63,02 million.





OUTCOMES-BASED INVESTING DELIVER OUTCOME

Part of the four pillars of outcomes-based investing is to deliver the required outcome.

Evidence:

The STABLE INCOME model portfolio has managed to deliver exceptional outcomes for clients. When considering R 100 invested in this model 1-year ago, it is evident that you as an investor would have experienced a better rand-cent outcome than if you invested in the STEFI or the ASISA MA INCOME sector.

STABLE INCOME

VS:

ASISA MA INCOME



Deliver Outcomes

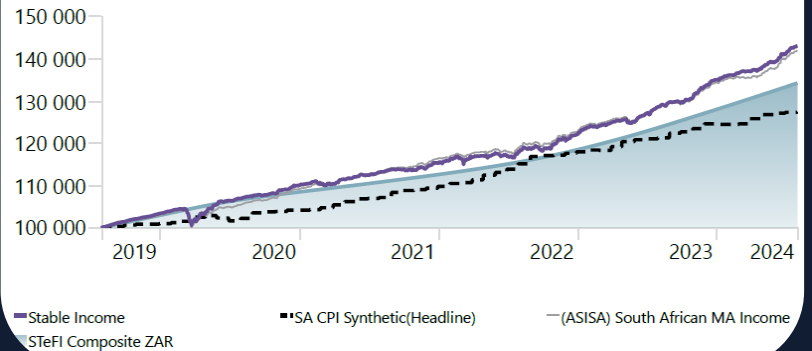
R100 invested in the Stable Income model
1-year ago will now be worth:

R 111.23

Stefi Composite	R 108.56
ASISA MA Income	R 110.33

R 100 000 invested total return since inception

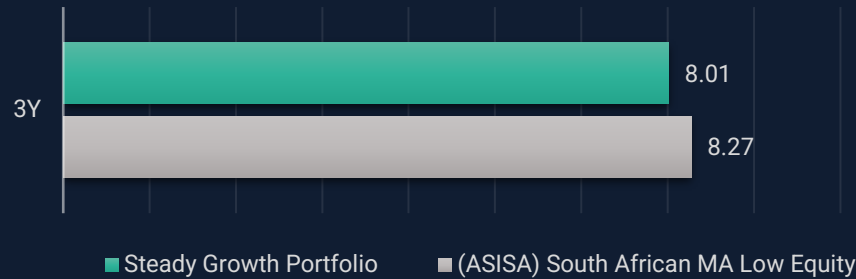
Time Period: 2019/08/01 to 2024/07/31



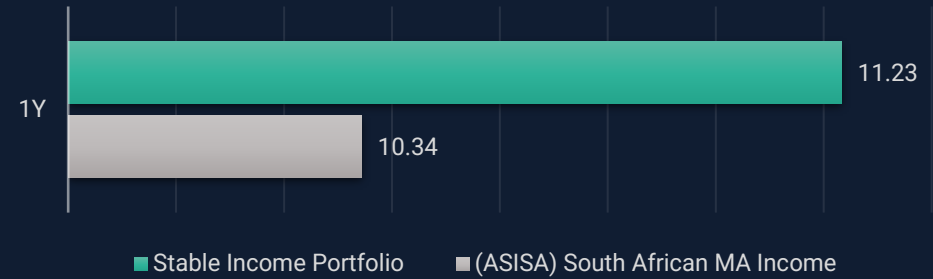
NUMBER SNAPSHOT

Outcomes-based Models vs ASISA Categories Over Relevant Time Period

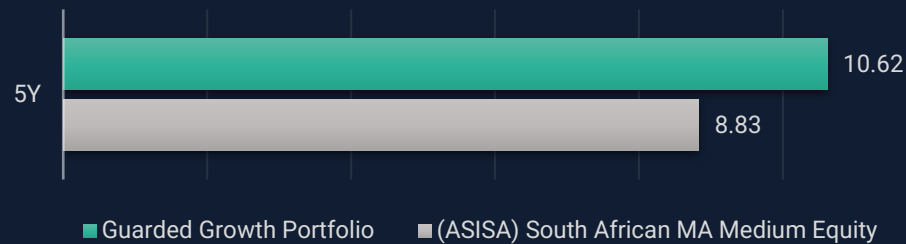
Steady Growth



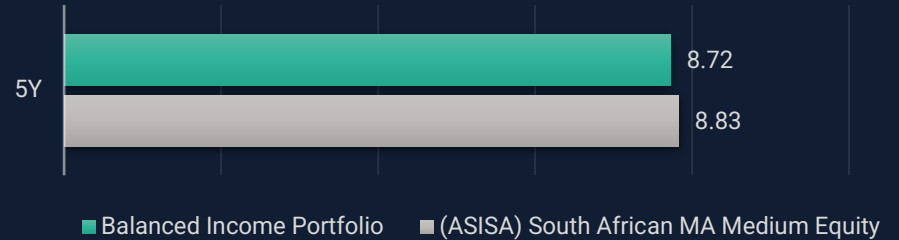
Stable Income



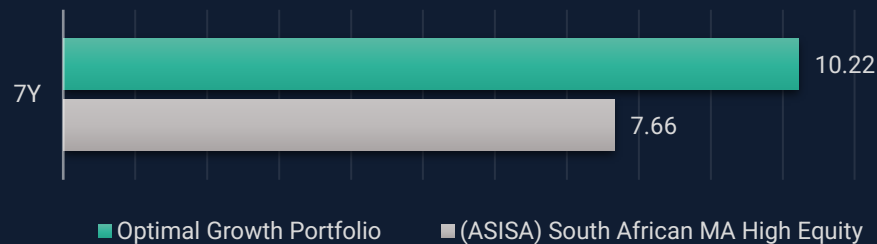
Guarded Growth



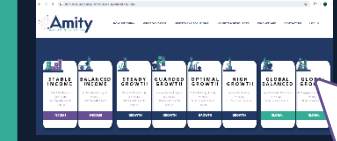
Balanced Income



Optimal Growth



View our range of solutions



NUMBER SNAPSHOT

ASSET CLASS RETURNS

	1Y	3Y	5Y	7Y
Global Property	10.44%	4.13%	6.56%	7.75%
SA Flex Inc	10.80%	7.61%	7.84%	8.08%
SA Bond	15.58%	8.72%	8.82%	9.05%
SA Equity	9.04%	10.87%	11.96%	9.82%
SA Property	28.84%	13.50%	2.01%	-0.65%
Global Equity	19.70%	13.72%	16.73%	15.00%

YIELD CORNER

	Aug-23	Jul-24
Retail Bond	10.50%	10.50%
RSA 5Y Bond	8.89%	8.33%
RSA 10Y Bond	10.27%	9.40%
US 10Y Bond	4.09%	4.03%

MONEY MARKET RATES

	32Day MM	12MoFixed*	60MoFixed*
	Jun-24	Jun-24	Jun-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	2.72%
Financials	22.31%
Industrials	4.55%

AMITY CIS SOLUTIONS

	1Y	3Y	5Y	7Y
Amity BCI Diversified Income A	11.28%			
Amity BCI Global Diversified FoF A	10.17%	4.61%	8.94%	6.82%

AMITY OUTCOMES-BASED MODEL PORTFOLIOS

	1Y	3Y	5Y	7Y
Stable Income	11.23%	8.15%	7.44%	
Balanced Income	12.14%	7.84%	8.72%	7.91%
Steady Growth	11.71%	8.01%	8.75%	8.32%
Guarded Growth	11.99%	8.50%	10.62%	9.41%
Optimal Growth	12.04%	8.93%	11.85%	10.22%
TFSA High Growth	13.19%	10.10%	11.56%	9.91%
Global Balanced ^	6.67%	-2.82%	3.90%	4.75%
Global Growth ^	9.49%	-0.87%	6.51%	7.15%

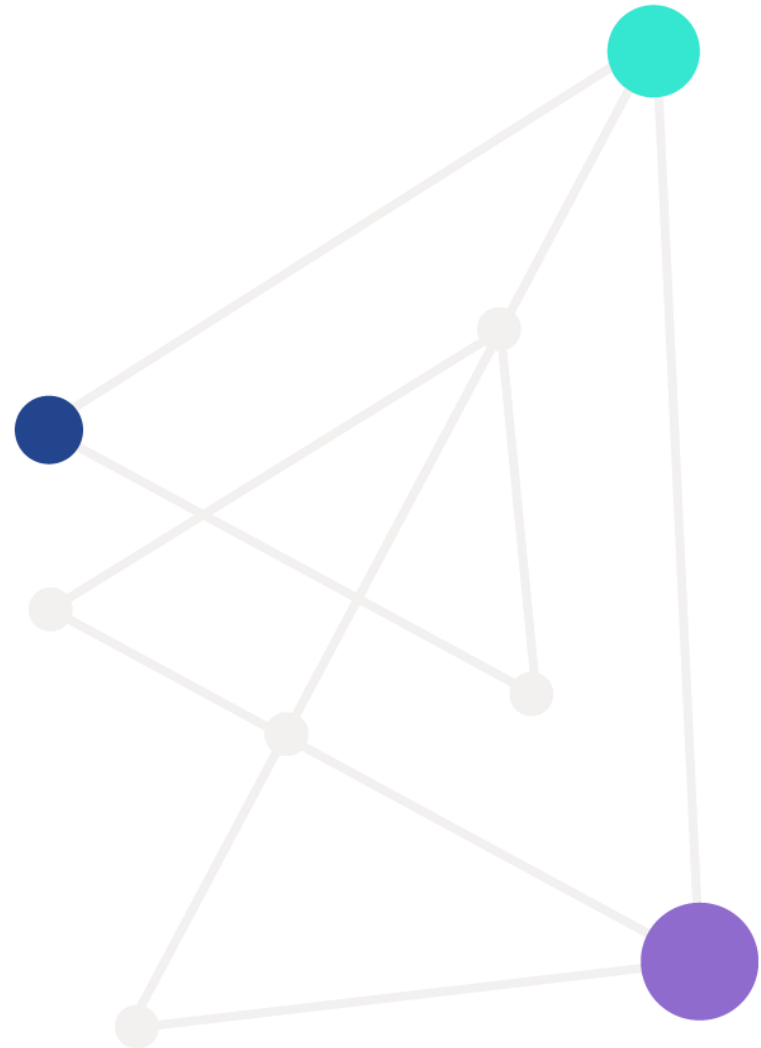
AMITY MODEL PORTFOLIOS: OTHER SOLUTIONS

	1Y	3Y	5Y	7Y
CPI+3% Portfolio Discovery	9.98%	6.68%	7.10%	6.43%
CPI+5% Portfolio Discovery	9.89%	7.77%	9.40%	7.60%
Offshore Growth Feeder Portfolio	10.87%	7.75%	10.89%	10.01%



www.amity.co.za

Reduce Uncertainty With Outcomes- based Investing



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