

MARKET SMARTS | Aug 2024



MONTHLY COMMENTARY

August was a good month for the markets and many asset classes yielded positive returns. Locally we saw some stellar performance from local listed property returning 8,25% for the month of August. Local Listed Property has managed to return 38,20% over 1-year until end August, and the FTSE/JSE Financials sub-sector managed to return 30,90% over the recent one year. When considering some longer-term return data, we see that both local bonds and local equities managed to return more than 9% over the last 7-years.

August was a month of significant shifts in the financial and equity markets, primarily driven by evolving expectations around monetary policy, economic data, and geopolitical factors. The VIX index, known as the volatility or 'fear index', decreased by 8,3% during August. When the VIX index is up, it usually highlights more dramatic price movements. A lower VIX number typically indicates more market optimism.

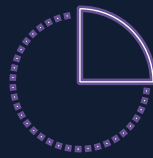
In a recent survey the probability of a US recession is said to be 41%, up from 29% in April. In the US we also saw their annual inflation rate slow to 2,9% in July, the lowest since 2021. It is now expected that a 25-bps interest rate cut is on the horizon and very possible as early as September 2024.



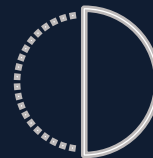
ASSET MANAGER VIEWS



The PMX Dynamic Income fund is well positioned to take advantage of the rally in SA bonds. The US Fed is broadly expected to cut rates by at least 25bps in September, setting the tone for interest rate cuts in SA and other regions. Their expectation for future returns over the medium-term remains positive.



Fairtree was well positioned for the solid month in the equity markets as stocks like First Rand and Naspers boosted returns. Detractors included the likes of Gold Fields, Northam Platinum and Sasol. They remain overweight cyclical and defensive stocks.



Listed property continued to rally. Most of the gains we've seen thus far was largely driven by the long end of the yield curve. The market continued to price in positive political change and with yet another month of no load-shedding and renewed talks of infrastructure spending, this asset class performed well. Sefikile believes the second half of the year will be driven by lower funding costs.



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
2,38%

LOCAL EQUITY

↑ FTSE/JSE ALL SHARE
1,38%

LOCAL LISTED PROPERTY

↑ FTSE/JSE Listed Property
8,25%

GLOBAL ASSET

↑ MSCI ACWI
0,08%



TIMELINE- A YEAR IN REVIEW

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.

OCT
2023

- The US 10Y yield crossed 5% for the 1st time in 16 years.
- US GDP grows at an annualized rate of 4,9%.
- Reserve Bank deputy governor Kuben Naidoo resigns 18 months.
- ECB pauses interest rate hike cycle.

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

MAR
2024

- The Federal reserve held steady on interest rates yet again.
- Mexico started to cut rates by 25bps.
- Oil remains steady as the possibility of a ceasefire in GAZA gained traction.

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.

AUG
2024

- The New Zealand central bank cut rates after its economy contracted.
- UK unemployment unexpectedly fell 4,2%.
- SA unemployment rate jumped to 33,%, up from 32,9%

DID YOU KNOW?

As of 1 September 2024, consumers will have access to a portion of their retirement savings. What do you need to know about the two-pot retirement system?

- 1) If you were part of a retirement fund, you will now have an old 'vested' pot (all your savings up until 31 August) with all the 'old rules' still applying.
- 2) 10% of the 'vested' portion (to a maximum of R30 000) will go into your 'savings' pot. This will be deemed: seeding money.
- 3) If you were over 55 on 1 April 2021, were a member of a pension or provident fund (and still are), you were automatically opted out of the two-pot scheme, with the option of opting back in (certain rules apply).
- 4) New contributions from 1 September will now go towards your 'compulsory' pot (so technically there are three pots).



INTERESTING NUMBERS

\$1,4bn

\$1,4bn of crypto stolen in the first six months of 2024.

\$5Tn

More than \$5 Trillion is traded daily on currency exchanges.

530

There were 530 new ETFs launched in 2023 in the US.





OUTCOMES-BASED INVESTING

ACHIEVE CONSISTENCY

Part of the four pillars of outcomes-based investing is to achieve consistency.

We consider the % of times the strategy achieved or exceeded a benchmark. In this case we look at the CPI+4% over rolling 5-year periods.

Evidence:

The strategy managed to achieve or exceed CPI+4% over rolling 5-year periods since inception **44%** of the time.

BALANCED INCOME

VS:

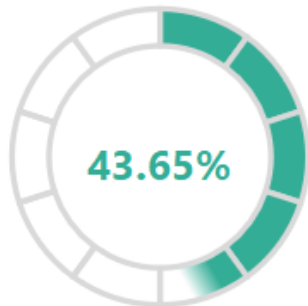
ASISA MA MED EQUITY



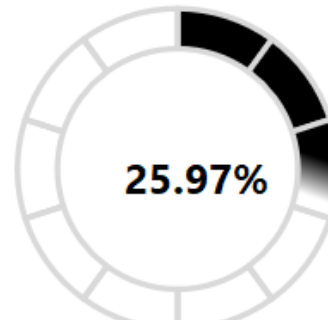
Achieve Consistency

Percentage of times the strategy achieved or exceeded returns of CPI+4% over rolling 5-year periods since inception?

Balanced Income



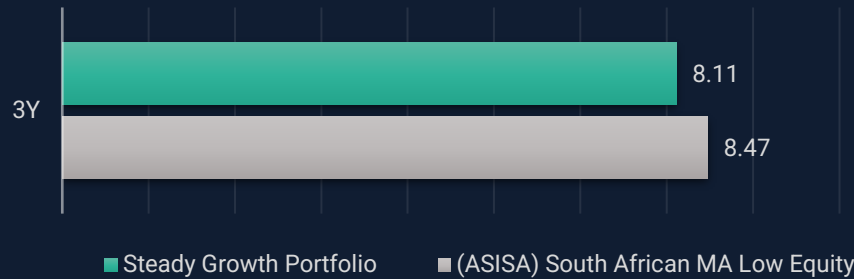
ASISA MA Med Equity



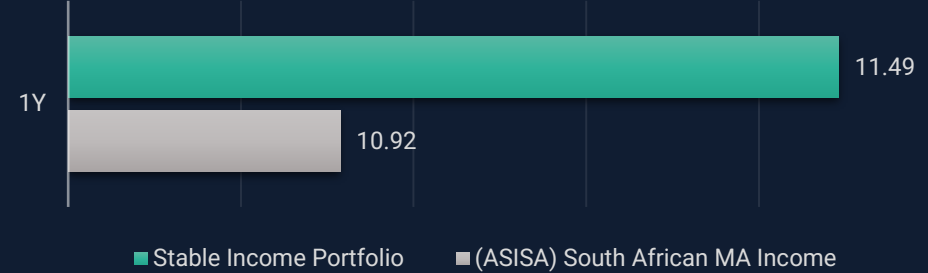
NUMBER SNAPSHOT

Outcomes-based Models vs ASISA Categories Over Relevant Time Period

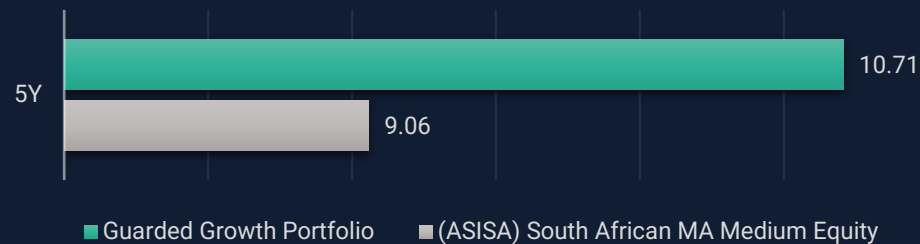
Steady Growth



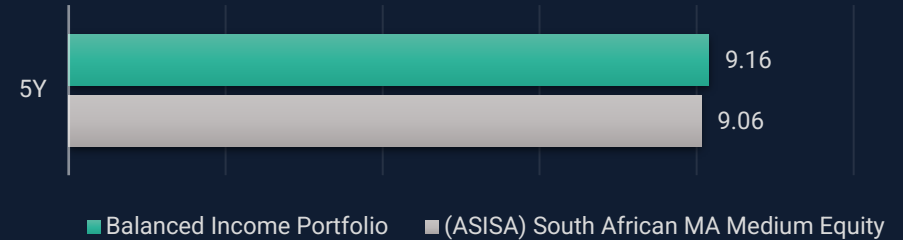
Stable Income



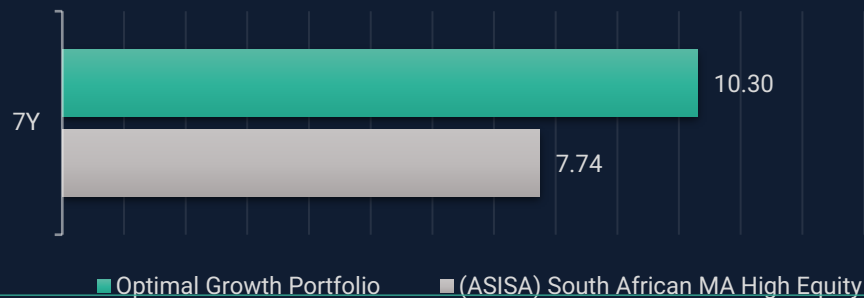
Guarded Growth



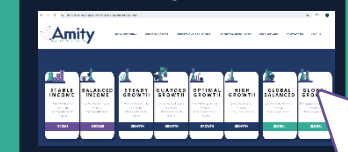
Balanced Income



Optimal Growth



View our range of solutions



NUMBER SNAPSHOT

ASSET CLASS RETURNS

	1Y	3Y	5Y	7Y
Global Property	11.30%	5.34%	5.48%	8.53%
SA Flex Inc	10.89%	7.78%	7.90%	8.11%
SA Bond	18.60%	8.96%	9.12%	9.25%
SA Equity	16.08%	12.03%	12.82%	9.63%
SA Property	38.20%	13.78%	4.40%	0.37%
Global Equity	15.75%	13.24%	15.71%	15.19%

YIELD CORNER

	Sep-23	Aug-24
Retail Bond	10.50%	10.25%
RSA 5Y Bond	9.41%	8.19%
RSA 10Y Bond	10.81%	9.13%
US 10Y Bond	4.57%	3.90%

MONEY MARKET RATES

	32Day MM	12MoFixed*	60MoFixed*
	Aug-24	Aug-24	Aug-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	0.75%
Financials	30.90%
Industrials	14.10%

AMITY CIS SOLUTIONS

	1Y	3Y	5Y	7Y
Amity BCI Diversified Income A	11.78%			
Amity BCI Global Diversified FoF A	7.06%	4.57%	8.63%	7.14%

AMITY OUTCOMES-BASED MODEL PORTFOLIOS

	1Y	3Y	5Y	7Y
Stable Income	11.49%	8.34%	7.51%	
Balanced Income	13.38%	7.59%	9.16%	8.00%
Steady Growth	12.42%	8.11%	8.92%	8.38%
Guarded Growth	13.10%	8.64%	10.71%	9.45%
Optimal Growth	13.49%	9.29%	11.98%	10.30%
TFSA High Growth	13.81%	10.32%	11.64%	10.00%
Global Balanced ^	11.06%	-2.57%	4.37%	4.91%
Global Growth ^	15.73%	-0.53%	7.38%	7.45%

AMITY MODEL PORTFOLIOS: OTHER SOLUTIONS

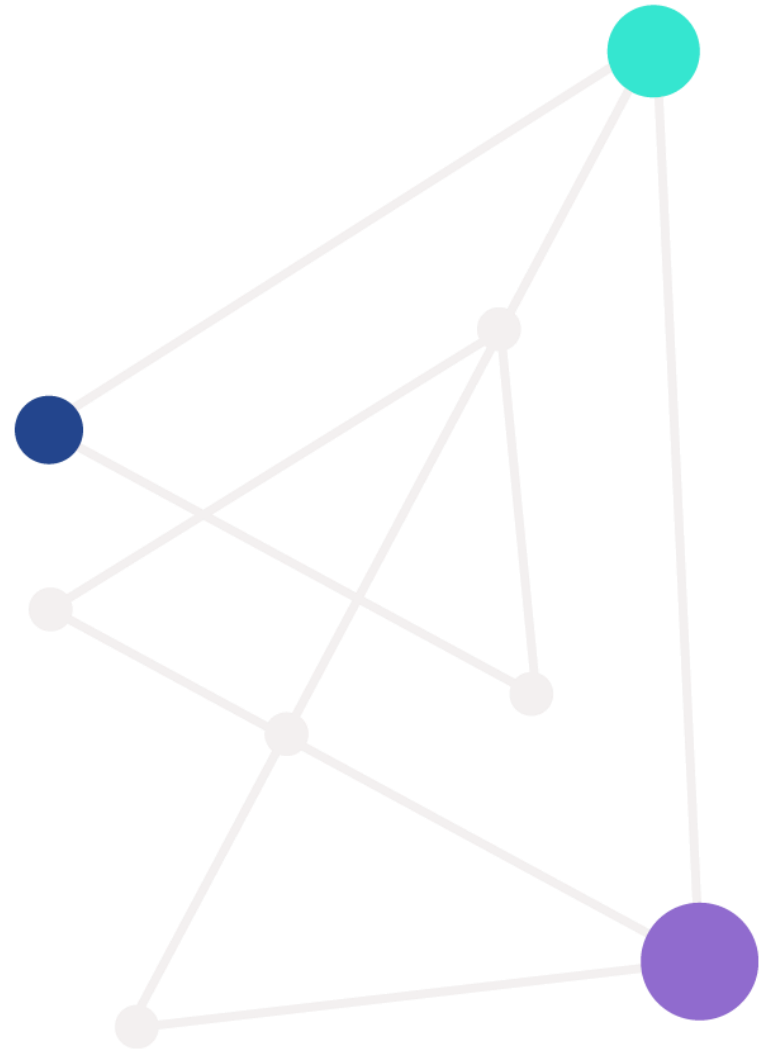
	1Y	3Y	5Y	7Y
CPI+3% Portfolio Discovery	10.96%	6.77%	7.17%	6.58%
CPI+5% Portfolio Discovery	11.46%	7.91%	9.61%	7.73%
Offshore Growth Feeder Portfolio	6.54%	7.53%	9.77%	10.18%





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Reduce Uncertainty With Outcomes- based Investing



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