

## Portfolio Facts

INCEPTION DATE:	October 2014
BENCHMARK:	FTSE/JSE Capped All Share (CAPPED ALSI)
NUMBER OF STOCKS:	On average 30
FUND SIZE:	R294,975,535.91

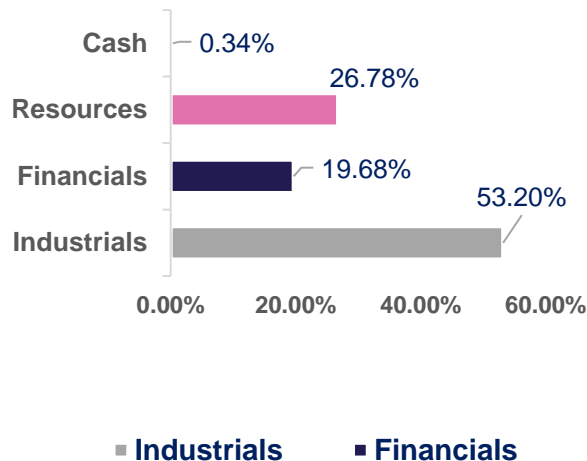
## Long Term Objective

This portfolio is for institutional investors requiring management of an active South African equity portfolio which aims to achieve capital appreciation, coupled with a higher-than-average level of income

## Investment Approach

Our investment philosophy captures both the theme (environment) and price (valuation) in a two-dimensional approach. This fundamental, valuation-based approach is enhanced with quantitative confirming scores for other themes driving the market, namely quality, growth and sentiment. Extensive research, skillful risk management and disciplined portfolio construction improves our ability to achieve more stable returns through various market cycles.

## Sector Allocation



## Strategy Performance as at 31/01/2024

### Gross Composite Returns

	Portfolio (%)	Benchmark (%)
1 Month	-2.56%	-2.88%
3 Months	8.64%	7.61%
6 Months	-6.77%	-3.42%
1 Year	-7.50%	-2.99%
3 Years	30.41%	39.29%
Since Inception	111.8%	104.2%

## Risk Statistics as at 31/01/2024.

### - 12 Months

Measure	Strategy (%)
Tracking Error	5.87%
Standard Deviation	18.89%
Beta	1.07

## Principal Holdings as at 31/01/2024

Top 10 Holdings	% Of Fund
Compagnie Financiere Richemont Sa	14.83%
Naspers Ltd	12.41%
Bhp Group Ltd	11.29%
Anglo American Plc	7.80%
Prosus Nv	7.00%
Standard Bank Group Ltd	4.80%
Firstrand Ltd	4.20%
Mtn Group Ltd	3.61%
Aspen Pharmacare Holdings Ltd	3.20%
British American Tobacco Plc	2.86%

## Recent Transactions

The transactions for January 2024 are as follows:

Purchases

None

Sales

None

## Market Performance

SA Listed Property outperformed all other asset classes in January with a total return gain of 4.1%. The All Bond index posted a gain of just 0.8% while the All Share index lost 2.9% over the month.

Of the equity headline indices, Small Cap stocks outperformed in January with a total return of +1.7%, while Mid Caps and Large Caps posted losses of -2.8% and -3.4% respectively

Within equities, SA Industrials fared the best over the month, losing 1.2%. The Consumer Discretionary industry group returned +4.9% in January with Personal Goods returning +9.7% and the Retailers +2.2% (Mr Price +9.3%, Truworths +5.0%). The Consumer Staples group gained 1.0% over the month with the Food Producers (Tigerbrands +7.6%) and Tobacco gaining 4.9% and 3.0% respectively and Beverages losing 2.6%. The Technology group returned +0.3% in January. Within the Health Care group (-2.5%), Health Care providers gained 1.5% and Pharmaceuticals lost 4.7%. The Industrials group posted a total return loss of 4.3% in January. Here Electronics (Reunert) outperformed with a total return of 4.7% and General Industrials showed a loss of 5.3% (KAP -14.9%, Mondi -7.2%). Telecommunications was the worst performing industry group within SA Industrials in January, shedding 15.0% with losses across the board (MTN -17.3%, Vodacom -11.9%, Multichoice -7.4%, Telkom -5.0%)

SA Financials lost 2.3% in January with the Real Estate industry group gaining 3.8% and the Financials industry group losing 3.2%. Top equity sector performance came from Closed End Investments +6.3% (African Rainbow Capital), REITs +4.4% (Redefine +8.3%, Growthpoint +1.5%) and Finance & Credit Services +2.9% (Transaction Capital). The worst equity sector performance came from Banks -3.7% (Firststrand -7.6%, Standard Bank -4.0%) and Life Insurance -3.1% (Old Mutual -4.7%, Momentum -4.2%, Discovery -3.6%, Sanlam -1.9%).

Within SA Resources (-6.3%), the Energy group lost 13.3% and Basic Materials lost 6.0%. Of the equity sectors, the worst underperformance came from Alternative Energy -21.0% (Montauk), Oil, Gas & Coal -12.5% (Thungela -22.0%, Exxaro -8.4%) and Chemicals -10.2% (Sasol -11.40%), Industrial Materials (Sappi +7.1%) was the only equity sector within SA Resources to provide a positive total return in January.

The rand weakened to 18.67 against the US dollar (2.13% month on month) from R 18.28. The currency weakened against the euro at 20.20 (0.20% month on month) and strengthened against the pound at 23.69 (0.67% month on month). SA's five-year CDS spread widened by 12.52% during January 2024 by (29.27bps) from 203.76 to 229.27 points

On the news front, at its 25 January meeting, the MPC kept the repo rate on hold at 8.25% as widely expected, yet the overall hawkish tone may have surprised some. Macro-economic revisions were minor, as we had expected. Inflation for 4Q23 was marked marginally higher, likely after incorporating the earlier upside surprise in the October food inflation report.

On politics the ANC moved to suspend former President Zuma from its ranks as the former leader has effectively joined and supports a new opposition party, nMkhonto We Sizwe, a move that has been seen by party insiders as one to impair the ANC's

performance in the coming National Elections, which will be held in the early part of 2Q of this year.

On Corporates, Mr Price's 3Q24 sales update had December retail sales up 15.5% (lfl +8.0%), with Mr Price noting that sequential improvement in sales growth rate throughout the quarter and market share gains. This outperformance versus recent peer results was driven mainly by Mr Price's flagship division, with GP margin expanding vs the prior period, despite inflation being kept below CPI. On Staples, Shoprite released its 1H24 trading update; a group sales increase of 13.9% is much in line with 13.2% in 1Q24, and it tracks ahead of full-year forecasts: consensus forecast turnover to grow by 11.5%

Foreigners were nett sellers of SA equities in January to the value of R11.0bn. Stripping out the dual-listed companies, there was foreign selling to the value of R3.5bn. Ex the dual listed's, SA Financials saw outflows to the value of R2.1 billion and SA Resources saw outflows of R0.1 billion, while SA Industrials saw outflows of R1.2 billion

Sibanye, Implats & Implats were the most bought stocks by foreigners whereas Goldfields, Clicks and Capitec were the most sold stocks by foreigners.

## **Portfolio Performance**

The portfolio returned -2.56 % during the month, outperforming the Capped All Share index which returned -2.88%. Positive contributors to performance for the month included the fund's overweight positions in Prosus, Naspers & Richemont as well as underweight positions in Vodacom & Glencore. Negative contributors to performance included the funds overweight positions in Sibanye, Aspen & Mondi as well as underweight positions in Bidcorp, Redefine & Tigerbrands

## ***Cachalia Capital Investment team***

### ***From our Corner in the Sky***