

Portfolio Facts

INCEPTION DATE:	October 2014
BENCHMARK:	FTSE/JSE Capped All Share
NUMBER OF STOCKS:	On average 30
FUND SIZE:	R 1200,000,000.00

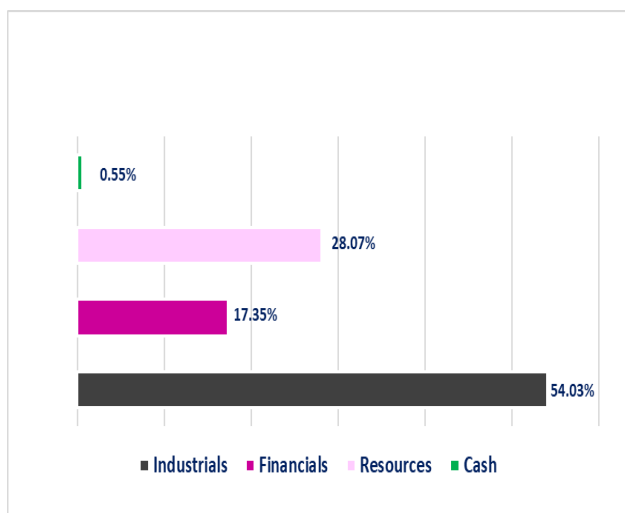
Long Term Objective

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 macro (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 structural shifts. Extensive research, skillful risk management and disciplined portfolio construction improves our ability to achieve positive active returns through various market cycles.

Sector Allocation



Strategy Performance as at 31/05/2024

Gross Composite Returns

	Portfolio (%)	Benchmark (%)
3 Month	9.25%	7.13%
1 Year	6.30%	7.33%
3 Years	8.47%	8.86%
5 Year	12.58%	10.97%
7 Years	10.50%	9.11%
Since Inception	9.70%	8.89%

Risk Statistics as at 31/05/2024.

- 12 Months

Measure	Strategy (%)
Tracking Error	6.28%
Standard Deviation	18.13%
Beta	1.04

Principal Holdings as at 31/05/2024

Top 10 Holdings	% of Fund
Compagnie Financiere Richemont	14.73%
Naspers Ltd	13.82%
Anglo American Plc	12.16%
BHP Group Ltd	8.06%
Prosus Nv	7.90%
Standard Bank Group Ltd	4.03%
Firstrand Ltd	3.77%
Aspen Pharmacare Holdings	3.14%
Mtn Group Ltd	2.91%
British American Tobacco	2.78%

Market Performance

The All Share index was up 3.4% over the month to 28 May but lost 2.4% in the last two trading days of the month on the back of the election results. The All Share index posted a total return gain of 1.0% in May, coming in marginally ahead of the All Bond index (+0.8%) and SA Listed Property (+0.2%).

Of the equity headline indices, Small Cap stocks fared best (+1.9%), followed by the Mid Cap stocks (+1.4%). The Large Caps returned +0.7% in May. SA Industrials returned +1.7% over the month, while SA Resources returned +1.0% and SA Financials lost 0.1%.

Within SA Industrials, the Technology group returned +4.0% in May with Prosus and Naspers gaining 5.8% and 3.4% respectively. The Consumer Discretionary group was in second place (+2.9%) with Personal Goods gaining a solid +12.7% over the month but Consumer Services, Travel & Leisure and Retailers shedding 6.9%, 3.3% and 3.0% respectively. Consumer Staples managed to eke out a total return of 0.6% with Tobacco & Beverages gaining 4.5% & 4.0% respectively and Food Producers and Drug & Grocery Stores shedding 4.0% and 0.7% respectively. The Telecommunications industry group lost 6.3% in May with MTN losing 9.4% and Multichoice down 6.6%.

Within SA Resources, Energy returned +9.2% with Alternative Energy (Montauk) rebounding to return +46.4% in May following four months of negative total returns. Oil, Gas & Coal returned +7.3% (Exxaro +9.0%). Performance was mixed within Basic Materials (+0.6%), with Industrial Materials and Industrial Metals returning +5.5% and +1.4% respectively, Precious Metals posted a small gain of 0.6% while Chemicals lost 4.9% over the month.

Within SA Financials, the Real Estate industry group gained 0.3% in May. The Financials group was largely flat (-0.1%). Top performance here came from Investment Banking (+3.9%) with Quilter returning +8.4% and Reinet returning +7.0%. Life Insurance lost 0.6% and Banks lost 0.7% in May. Finance & Credit Services was the worst performing sector, losing 8.8% over the month.

Year to date, Cash has outperformed all asset classes with a total return of +3.5%. Property is marginally behind with a total return of +3.4%, followed by Equities with a total return of +1.6% and Bonds of +0.4%.

Within Equities, SA Resources remains the top performer year to date with a total return of +5.7%. SA Industrials recorded a gain of 3.9%, while SA Financials recorded a loss of 3.9%

The rand weakened to 18.81 against the US dollar (0.28% month on month) from R 18.76. The currency weakened against the euro at 20.39 (1.84% month on month) and weakened against the pound at 23.96 (2.17% month on month). SA's five-year CDS spread widened by 23.82% during May 2024 by (55.53bps) from 233.09 to 288.62 points

On the news front, after 30 years of outright majority rule, the ANC lost nearly 18% of its voter share vs 2019 to 40.2%. Majority of the impact has come from former President Zuma's MK Party which carved out a significant portion of the ANC's traditional voter base in Kwa Zulu Natal and Southern Mpumalanga.

On Corporates, after market close on 29th May, BHP announced that it did not intend to make a firm offer for Anglo American. According to the UK Takeover Code, BHP will now be unable to make another offer for Anglo American over the next six months.

Foreign selling of SA equities amounted to a whopping R32.3 billion in May 2024, the largest on record as election uncertainty weighed. The previous largest monthly selling to the value of R28.1 billion, took place in October 2008 (GFC). Stripping out the dual listed companies, foreigners were sellers in May to the value of R24.3 billion. SA Industrials had outflows of R12.6 billion and SA Financials outflows of R10.9 billion, while SA Resources saw smaller outflows of R 0.8 billion

Multichoice, Sibanye & MTN were the most bought stocks by foreigners whereas Standard Bank, Naspers and Capitec were the most sold stocks by foreigners.

Portfolio Performance

The portfolio returned 3.12 % during the month, outperforming the Capped All Share index which returned 0.94%. Positive contributors to performance for the month included the fund's overweight positions in Prosus, Naspers & Richemont as well as underweight positions in Capitec & Discovery. Negative contributors to performance included the funds overweight positions in Astral, MTN & Woolworths as well as underweight positions in Sanlam, Harmony & Glencore

Cachalia Capital Investment team

From our Corner in the Sky

Disclaimer

This document is for informational purposes only and does not constitute investment advice, financial advice, trading advice, or any other sort of advice. The information contained within this commentary is not intended to be a comprehensive analysis of every material fact regarding any market, industry, investment, or strategy. Investments mentioned herein may not be suitable for all investors. Before making any investment decision, investors should consider their financial situation, investment objectives, and risk tolerance to determine if the investment is appropriate for them. Past performance is not indicative of future results; investments can go down as well as up. There is the risk of loss, including the loss of principal, when investing in securities. Market conditions, economic factors, and government regulations can affect the value of any investment, and there is no guarantee that any investment strategy will achieve its objectives. This commentary reflects the views of the author as of the date of this document and is subject to change without notice. The company or author of this commentary does not accept liability for any losses or damage arising from the use of this information.