

## 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

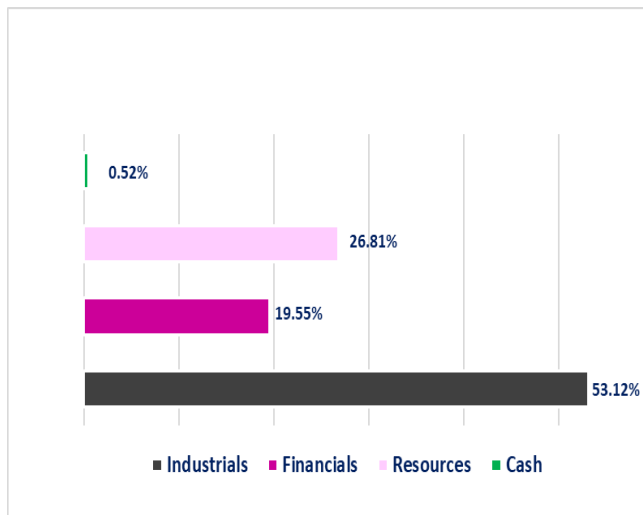
## Long Term Objective

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 30/06/2024

### Gross Composite Returns

	Portfolio (%)	Benchmark (%)
3 Month	7.11%	8.08%
1 Year	2.49%	9.43%
3 Years	9.37%	11.31%
5 Year	11.34%	10.83%
7 Years	11.07%	10.27%
Since Inception	9.62%	9.30%

## Risk Statistics as at 30/06/2024.

### - 12 Months

Measure	Strategy (%)
Tracking Error	6.94%
Standard Deviation	16.65%
Beta	1.00

## Principal Holdings as at 30/06/2024

Top 10 Holdings	% of Fund
Compagnie Financiere Richemont	14.07%
Naspers Ltd	13.23%
Anglo American Plc	11.81%
Prosus Nv	7.61%
BHP Group Ltd	7.60%
Standard Bank Group Ltd	4.75%
Firstrand Ltd	4.46%
Aspen Pharmacare Holdings	3.16%
Mtn Group Ltd	3.01%
British American Tobacco	2.70%

## Market Performance

SA Listed Property rebounded in June to outperform all other asset classes with a total return gain of 6.0%, its best monthly performance for the year, while the All Bond posted a total return gain of 5.2%, its best monthly performance since May 2020. After a volatile month, the All Share ended the month 4.1% higher.

Of the equity headline indices in June, Small Caps and Mid Caps posted a similar total returns of +6.5% respectively, while the Large Caps lagged (+2.8%). SA Financials outperformed with a solid total return of +13.2%, but less than the previous high of +17.1% recorded in November 2020. SA Industrials posted a gain of 1.9%, while SA Resources lost 3.6% over the month.

Of the equity sectors in June, Retailers gained 17.1% with solid performances across the board: TFG +34.2%, Truworths +22.3% and Italtile +17.1%. Finance & Credit Services (Transcap) returned +16.9%, followed closely by the Banks +16.2% (Capitec +23.4%, FirstRand +18.3%, Standard Bank +17.7%), Life Insurance +16.0% (Discovery +22.8%, Old Mutual +16.6%) and Health Care Providers +15.5% (LifeHC +17.8%, Netcare +13.1%).

Only seven equity sectors posted negative performance in June: Beverages (AB Inbev) and Industrial Materials (Sappi) were the worst, both shedding 9.3%, followed by Oil, Gas & Coal -5.6% (Thungela -17.1%), Industrial Metals -4.8% (Kumba -10.3%, South32 -10.3%, Glencore -9.2%), Personal Goods (Richemont) -4.5%, Precious Metals -4.3% (Sibanye -16.5%, Gold Fields -6.6%) and Software & Computers -4.1% (Naspers -4.3%, Prosus -3.6%).

In Q2 2024, Equities outperformed with a total return of +8.2%. Bonds and Property returned +7.5% and +5.5% respectively and Cash returned +2.1%

Within equities in Q2, SA Financials returned +15.9% (Banks +20.0%, Life Insurance +17.5%, Non-Life Insurance +11.4%). SA Industrials returned +5.2% (Construction +18.2%, General Industrials +14.9%, Industrial Transport +14.4%, Retailers +12.5%, Beverages -7.1%, Mobile Telecoms -4.6%, Personal Goods -1.3%) and SA Resources returned +3.6% (Alternative Energy +34.3%, Industrial Metals +12.1%, Oil, Gas & Coal +10.8%, Industrial Materials -3.5%, Chemicals -1.9%, Precious Metals -1.2%).

In H1 2024, Property outperformed all asset classes with a total return of +9.6%. Equities and Bonds posted similar total returns of +5.8% and +5.6% respectively and Cash returned +4.2%.

Of the headline equities, Small Caps stocks gained 9.6%, while the Mid Caps and Large Caps gained 5.7% and 5.5% respectively. SA Financials returned +8.9% in H1 2024. SA Industrials recorded a gain of 5.9%, while SA Resources lagged with a total return of +1.9%.

The rand strengthened to 18.18 against the US dollar (3.31% month on month) from R 18.81. The currency strengthened against the euro at 19.48 (4.45% month on month) and strengthened against the pound at 22.99 (4.05% month on month). SA's five-year CDS spread narrowed by 25.64% during June 2024 by (74.01bps) from 288.62 to 214.61 points

On the news front, Post the 29 May elections, SA's first parliamentary sitting on 14 June delivered the first indication that a Government of National Unity (GNU) would be the route cabinet WOULD FOLLOW AS Parliament elected an ANC speaker & President with the deputy speaker coming from the DA. Arguments over cabinet allocation and posts caused some market jitters, however, by Friday 28 June, it became clear that a deal was close that would secure 6 ministerial & deputy ministerial posts for the DA.

Eskom has reached three straight months with no power cuts, with performance in the grid boosted by the addition of 800MW of capacity from Kusile's unit 5 coming back online.

1<sup>st</sup> Quarter GDP was -0.1% qoq / +0.5% oya, below that +0.1% qoq consensus expectations

On Corporates, Naspers FY24 (March year-end), were broadly in line with consensus, but incoming CEO did not make any significant announcement of strategy.

Mr Price FY24 (March year-end) HEPS was broadly in line / a touch below Bloomberg consensus.

Following the largest foreign selling of SA equities on record in May 2024 (-R32.3bn), foreigners again sold equities to the value of R5.1bn in June. Stripping out the dual-listed companies, foreigners were sellers in June to the value of R1.1 bn. SA Resources had outflows of R2.9 bn and SA Industrials outflows of R2.3bn, while SA Financials saw inflows of R4.1bn

Pepkor, Capitec & Bidvest were the most bought stocks by foreigners whereas Goldfields, Naspers and Foschini were the most sold stocks by foreigners.

## **Portfolio Performance**

The portfolio returned 0.08 % during the month, underperforming the Capped All Share index which returned 4.13%. Positive contributors to performance for the month included the fund's overweight positions in Mr Price & Astral as well as underweight positions in Harmony Gold & Glencore. Negative contributors to performance included the funds overweight positions in Naspers, Prosus & Richemont as well as underweight positions in Bidvest, Shoprite & Capitec

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

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

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