

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

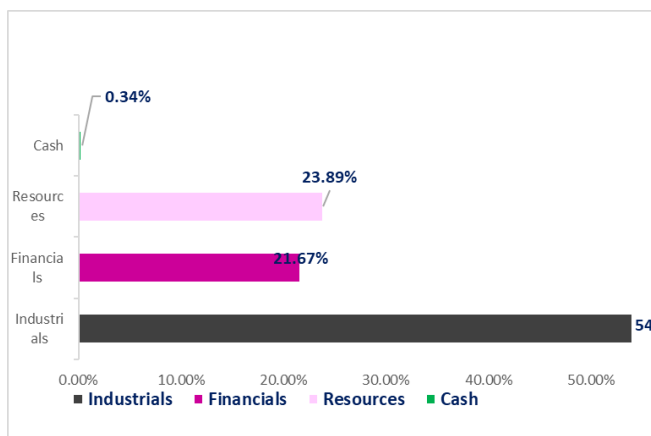
Long Term Objective

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 31/08/2024

Gross Composite Returns

	Portfolio (%)	Benchmark (%)
3 Month	1.57%	9.79%
1 Year	8.62%	16.46%
3 Years	9.04%	11.92%
5 Year	12.79%	13.25%
7 Years	9.76%	9.69%
Since Inception	9.61%	9.75%

Risk Statistics as at 31/08/2024.

- 12 Months

Measure	Strategy (%)
Tracking Error	7.25%
Standard Deviation	15.99%
Beta	1.01

Principal Holdings as at 31/08/2024

Top 10 Holdings	% of Fund
Naspers Ltd	13.50%
Compagnie Financiere Richemont	13.49%
Anglo American Plc	10.45%
Prosus Nv	7.66%
BHP Group Ltd	7.02%
Standard Bank Group Ltd	5.35%
Firstrand Ltd	4.93%
Aspen Pharmacare Holdings	3.21%
British American Tobacco	3.14%
MTN Group Ltd	3.11%

Market Performance

With a total return of +8.3% in August, Property was the top performing asset class for the third consecutive month. Bonds outperformed Equities with a total return of +2.4% vs +1.4%

Of the equity headline indices in August, Small Caps were the winners with a total return of +5.4%. Large Caps returned +1.4% while the Mid Cap stocks lagged (+0.4%). SA Financials outperformed with a total return of +5.7%, followed by SA Industrials with a total return of +4.0%. SA Resources, however, posted a loss of 10.1% over the month.

Within Financials, REITs was the top-performing equity sector in August, returning +9.9%, with solid performance coming from Growthpoint (+14.3%) and Redefine (+11.7%). The Life Insurance and Bank sectors gained 7.3% and 5.7% respectively with positive total returns across the boards. Investment Banking and Non-Life Insurance only managed gains of 1.7% and 1.2% respectively while Finance & Credit Services (Transcap) recorded a loss of 3.5%

Following the poor performance of Telecommunications in July, the SA Industrials industry group rebounded in August with a total return of +9.9% (MTN +12.3%, Vodacom +7.7%). Within the Consumer Discretionary industry group (+6.1%), the Retailers returned +9.0% with Small Caps Motus (+17.0%) and WeBuyCars (+15.6%) outperforming the Mid Cap stocks.

Travel & Leisure returned 7.8% and Consumer Services returned +7.4%. Within the Technology group, following two months of losses, the Software & Computer equity sector gained 4.2% in August. Performance was mixed within the Industrials group (+3.0%), Construction & Materials once again outperformed, returning 10.3% with WBHO gaining 13.1% and PPC gaining 9.7%. Electronic & Electrical (Reunert) returned +7.6%, Industrial Support Services (Hudaco) returned 6.1% and General Industrials returned +3.0%. However, Industrial Transport saw a drop of 8.8% in August. The Consumer Staples group gained 2.0% in August with Food Producers and Tobacco returning +3.9% and 3.1% respectively. Drug and Grocery Stores returned +1.5% while Beverages was mostly flat. Health Care (-1.4%) was the only SA Industrials industry group to record a loss in August (Health Care Providers +6.1%, Pharmaceuticals -4.1%).

Within SA Resources, the industry Energy group dropped 15.2% in August (Alternative Energy -19.3%, Oil, Gas & Coal -14.9%). Basic Materials decreased by 9.9% with the worst sector performance coming from Industrial Materials (-14.6%) and Precious Metals (-13.0%).

In 2024 Year to date, Property has outperformed all asset classes with a solid total return of +23.8%. Bonds and Equities have posted similar total returns of +12.4% & 11.4% respectively and Cash has returned +5.6%.

The rand strengthened to 17.82 against the US dollar (2.07% month on month) from R 18.19. The currency weakened against the euro at 19.69 (0.05% month on month) and weakened against the pound at 23.39 (0.02% month on month). SA's five-year CDS spread narrowed by 5.95% during August 2024 by (11.75bps) from 197.05 to 185.30 points. Year to date, this represents a 65.21nps & 26.03% narrowing since the beginning of the year at 250.51

On the news front, the softer than expected headline & core CPI print raised hopes of a larger (50bps vs 25bps) cut by the SARB in September. The near-term inflation outlook continued to improve & market expectations for inflation are to average 4.7% in 2024 (from 4.8%) and 4.3% in 2025 (from 4.5%). Meanwhile, Eskom announced that loadshedding was unlikely for the last half

of its fiscal year. Meanwhile news flow over National Treasury potentially bailing out Transnet remains topical.

On Corporate news, Impala's FY24 results were mostly in line, however, a zero dividend was a downside surprise. While Gold Fields produced a mixed 1H24 results print, with a weaker Year on Year performance driven by lower production taking the share price lower. In Telcos, MTN's 1H24 results saw revenue decline 19.8% tracking below Bloomberg consensus (-14.6%).

Foreign selling of SA equities amounted to R9.0 billion in August 2024, substantially up from the July outflows of R1.1 billion. Stripping out the dual-listed companies, foreigners were minimal buyers to the value of R0.22 billion. SA Industrials had inflows of R2.89 billion while SA Financials and SA Resources had outflows of R1.03 billion and R1.64 billion respectively.

Standard Bank, Clicks & Shoprite were the most bought stocks by foreigners whereas Firstrand, Harmony and Capitec were the most sold stocks by foreigners.

Portfolio Performance

The portfolio returned 0.89 % during the month, underperforming the Capped All Share index which returned 1.28%. Positive contributors to performance for the month included the fund's overweight positions in Prosus, Naspers & Mr Price as well as underweight positions in Goldfields & Glencore. Negative contributors to performance included the funds overweight positions in BHP Group, Northam & Impala as well as underweight positions in Sanlam, Bidvest & Growthpoint

Cachalia Capital Investment team From our Corner in the Sky

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