

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

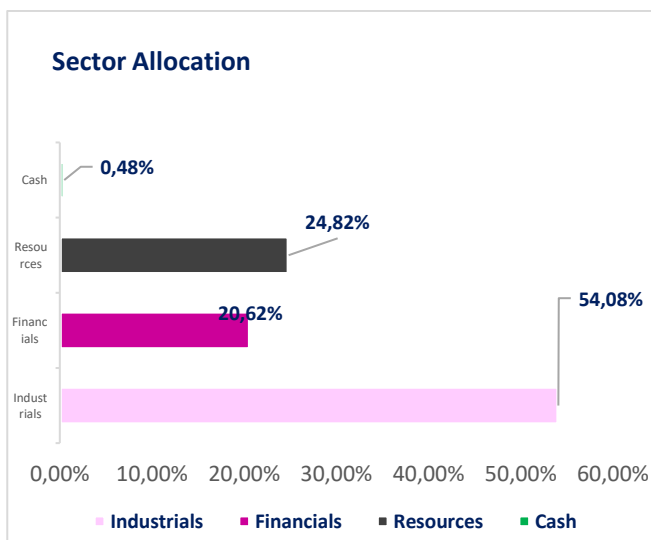
Long Term Objective

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 30/09/2024

Gross Composite Returns

	Portfolio (%)	Benchmark (%)
3 Month	7.16%	9.66%
1 Year	18.68%	24.15%
3 Years	12.10%	14.57%
5 Year	13.90%	14.08%
7 Years	10.64%	10.45%
Since Inception	10.17%	10.13%

Risk Statistics as at 30/09/2024.

- 12 Months

Measure	Strategy (%)
Tracking Error	8.25%
Standard Deviation	18.03%
Beta	1.08

Principal Holdings as at 30/09/2024

Top 10 Holdings	% of Fund
NASPERS LTD	14.70%
RICHEMONT SA	12.60%
ANGLO AMERICAN PLC	10.82%
PROSUS NV	8.36%
BHP GROUP LTD	7.37%
STANDARD BANK GROUP LTD	5.16%
FIRSTRAND LTD	4.55%
MTN GROUP LTD	3.07%
MR PRICE GROUP LTD	2.95%
BRITISH AMERICAN TOBACCO PLC	2.86%

Market Performance

With a total return of +5.0% in September, Property was the top performing asset class for the fourth consecutive month. Equities and Bonds posted similar total returns of +4.0% and +3.9% respectively.

Of the equity headline indices in September, Mid Caps outperformed with a total return of +5.1%. Small Caps returned +4.0% and the Large Cap stocks returned +3.5%. SA Industrials posted a total return of 5.2%, while SA Resources and SA Financials returned +3.9% and +2.8% respectively.

Technology (+13.9%) was the top-performing industry group in September, followed by Energy with a total return of +5.1% (Alternative Energy +10.1%, Oil, Gas & Coal +4.8%). The Consumer Discretionary (Travel & Leisure +10.6%, Retailers +8.6%) and Real Estate industry groups each returned +5.0% over the month. Basic Materials gained 3.8% with Industrial Metals & Mining and Industrial Materials posting gains of 9.5% and 6.7% respectively and Chemicals posting a loss of 12.4%.

The Financials industry group returned +2.5% with top sector performance coming from Non-Life Insurance (+17.6%). The Life Insurance sector returned +4.3%, Investment Banking +3.8% and Banks +1.2%.

The Telecommunications group returned +1.5% and the Consumer Staples group returned +0.8% (Beverages +5.1%, Food Producers +2.5%, Tobacco -2.5%). Performance was flat from the Industrials group, with Construction & Materials and Electronics & Electrical gaining 8.5% and 4.9% respectively and Industrial Transportation and General Industrials shedding 2.8% and 1.3% respectively.

Health Care (-7.9%) was the only industry group to provide a negative total return in September (Health Care Provides +12.4%, Pharmaceuticals -16.0%)

In Q3 2024, Property outperformed with a total return gain of 18.7% vs a total return gain of 10.6% for Bonds and a total return gain of 9.6% for Equities, Cash returned +2.1% over the quarter.

Within Equities, Small Cap stocks outperformed in Q3 with a total return of +15.6%. Mid Caps returned +10.9%, while Large Caps returned +8.3%. SA Financials returned +14.3% in Q3 and SA Industrials returned +11.6%. SA Resources, however, lost 1.5% over the quarter.

In 2024 Year to date, Property has outperformed all asset classes with a total return of +30.0%, Bonds and Equities have posted similar total returns of +16.7% and +15.9% respectively and Cash has returned +6.4% .

The rand strengthened to 17.26 against the US dollar (3.14% month on month) from R17.82. The currency strengthened against the euro at 19.23 (2.34% month on month) and strengthened against the pound at 23.07 (1.37% month on month). SA's five-year CDS spread narrowed by 3.74% during September 2024 by (6.93bps) from 185.30 to 178.37 points. Year to date, this represents a 72.14bps & 28.80% narrowing since the beginning of the year at 250.21

On the news front, September's key story was China's stimulus package, which was more significant than what had been implemented in previous rounds, but still mostly monetary. The Fed's 50 bp cut to 5.0% at the 18 September FOMC meeting was 2 times consensus market expectations. The SARB cut its key policy rate by 25bps to 8.0% at its 18 September meeting, its first rate cut since COVID, the day after the US FOMC cut by 50bps.

On Corporate news, Discovery posted better than expected results (to fiscal year end, June 2024) and rose 16%, while Outsurance also beat expectations (also to fiscal year end, June 2024) and rose 25% on the month. Aspen missed earnings and ended -16%

on the month.

Foreign selling of SA equities eased to R0.4 billion in September 2024 from the August outflows of R9.0 billion. Stripping out the dual-listed companies, foreigners were buyers to the value of R2.40 billion. SA Resources had inflows of R2.5 billion. SA Industrials had outflows of just R0.1 billion while trading within SA Financials was flat.

Amplats, Mr Price & Shoprite were the most bought stocks by foreigners whereas Firstrand, Naspers and Discovery were the most sold stocks by foreigners.

Portfolio Performance

The portfolio returned 5.59 % during the month, outperforming the Capped SWIX index which returned 4.01%. Positive contributors to performance for the month included the funds overweight positions in Prosus, Naspers & Mr Price as well as underweight positions in AngloGold & Bidcorp. Negative contributors to performance included the funds overweight positions in Quilter, Mondi & Aspen as well as underweight positions in Discovery, Truworths & Outsurance

Cachalia Capital Investment team

From our Corner in the Sky

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