

## 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

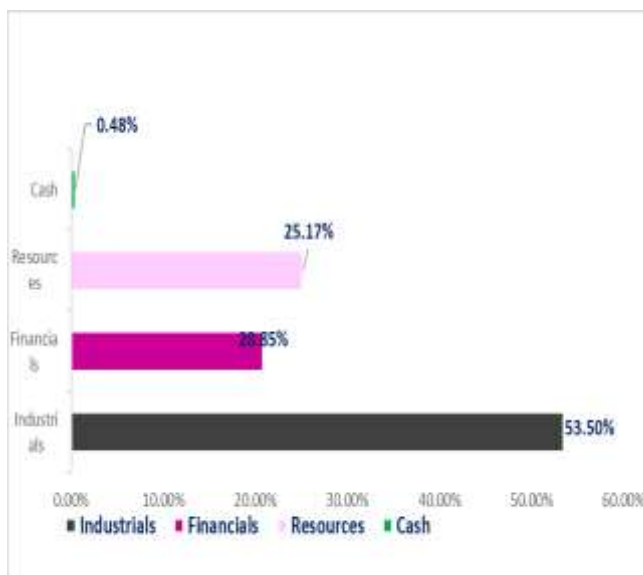
## Long Term Objective

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 31/10/2024

### Gross Composite Returns

	Portfolio (%)	Benchmark (%)
3 Month	3.49%	4.37%
1 Year	22.00%	27.38%
3 Years	9.06%	12.40%
5 Year	12.51%	13.04%
7 Years	9.16%	9.51%
Since Inception	9.73%	9.92%

## Risk Statistics as at 31/10/2024.

### - 12 Months

Measure	Strategy (%)
Tracking Error	8.26%
Standard Deviation	17.55%
Beta	1.09

## Principal Holdings as at 31/10/2024

Top 10 Holdings	% of Fund
NASPERS LTD	14.99%
RICHEMONT SA	12.09%
ANGLO AMERICAN PLC	10.85%
PROSUS NV	8.41%
BHP GROUP LTD	6.93%
STANDARD BANK GROUP LTD	5.31%
FIRSTRAND LTD	4.36%
MTN GROUP LTD	3.02%
MR PRICE GROUP LTD	2.88%
BRITISH AMERICAN TOBACCO PLC	2.86%

## **Market Performance**

Following four months of outperformance, SA Listed Property underperformed all other asset classes in October with a rand total return loss of 2.8%. The All Bond index lost 2.2% and the All Share index lost 0.9% over the month.

Of the equity headline indices, the Large Caps were the worst performers, losing 1.6%, while Small Caps and Mid Caps eked out total return gains of 0.1% and 0.5% respectively. Within the Sector Indices, SA Industrials recorded a total return loss of 2.8% in October and SA Financials a loss of 0.7%. SA Resources, however, bucked the trend with a positive total return in October of 3.0%.

Of the Industry Groups, only Energy (+4.2%) and Basic Materials (+2.9%) posted positive total returns in October. Within Energy, top performance came from Thungela (+15.6%). Returns were mixed within Basic Materials, Precious Metals gained 10.2% (Northam +19.4%, Implats +19.2%, Sibanye +13.6%, Amplats +11.1%, Gold Fields +7.9%, AngloGold +6.7%), while Chemicals (Sasol -15.4%) and Industrial Metals (Kumba -17.2%, BHP Group -8.8%, Glencore -6.9%, South32 -5.6%, Anglo -2.8%) shed 12.1% and 5.5% respectively.

Health Care, with a loss of 6.0% (Pharmaceuticals -8.1%, Health Care Providers -2.2%), was the worst-performing industry group in October. This was followed closely by Industrials with a total return loss of 5.9% (General Industrial -6.5%, Construction -6.1%, Industrial Transport -5.8%). The Consumer Discretionary (Personal Goods -7.0%, Retailers -2.2%) and Real Estate industry groups posted losses of 3.4% and 3.0% respectively over the month. The Consumer Staples group shed 2.8% (Beverages -7.9%, Tobacco -3.2%, Drug & Grocery Stores -2.9%, Food Producers +2.6%) and the Telecommunications and Technology industry groups lost 2.5% and 1.5% respectively in October. The Financials industry group posted a marginal loss of 0.4% over the month, with Banks and Life Insurance losing 0.8% and 0.1% respectively and Non-Life Insurance gaining 4.9% (OUTsurance +6.1%).

Year to date, Property has outperformed all asset classes with a total return of +26.4%. Equities and Bonds have posted similar total returns of +14.8% and 14.2% respectively and Cash has returned +7.1%

Within the Headline indices, the Small Cap index has returned +26.7% year-to-date, the Mid Cap index has returned +17.8% and Large Caps +12.5%

Within the Sector indices, the largest year-to-date outperformance has come from SA Financials with a total return of +23.5%, followed by SA Industrials (+14.8%), SA Resources, however, has only managed a gain of 3.4%

The rand weakened to 17.56 against the US dollar (1.70% month on month) from R 17.26. The currency weakened against the euro at 19.11 (0.50% month on month) and weakened against the pound at 22.65 (1.80% month on month). SA's five-year CDS spread widened by 5.50% during October 2024 by (0.05bps) from 178.37 to 188.18 points

On the news front, the MTBPS saw authorities shifting their approach on infrastructure to private sector participation. Several interventions are underway to improve capacity, revise regulations to reduce complexity and consider alternative funding models. One key focus will be on independent energy transmission projects via blended finance. A notable negative was the marginally higher fiscal deficit of -4.7% (previously -4.3%). The lack of details over a potential Transnet bailout was also notable.

On Corporates, Shoprite released its 1Q25 operational update, group sales increased 10.4%, in line with 10.1% growth in 2H24 and tracks more or less in line with Bloomberg consensus. The Foschini Group confirmed the acquisition of UK-based White Stuff for an undisclosed amount. White Stuff operates 113 stores and 46 concessions.

Following the small outflows of R0.4 billion in September (+R2.3 billion ex dual listed), foreigners were large sellers of SA equities in October to the value of R16.9 billion. Even stripping out the dual-listed companies, there were outflows of R5.4 billion with the selling coming from SA Industrials (-R6.7 billion). SA Financials saw buying of R1.0 billion and SA Resources buying of R 0.3 billion over the month.

Firstrand, Outsurance & Sanlam were the most bought stocks by foreigners whereas Clicks, Naspers and Capitec were the most sold stocks by foreigners.

## **Portfolio Performance**

The portfolio returned -2.85 % during the month, underperforming the Capped All Share index which returned -0.92%. Positive contributors to performance for the month included the fund's overweight positions in Northam, Impala & Sibanye as well as underweight positions in Anheuser Busch & Glencore. Negative contributors to performance included the funds overweight positions in Aspen, Anglo American & Mondi as well as underweight positions in Discovery, Capitec & Harmony

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

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

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