

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

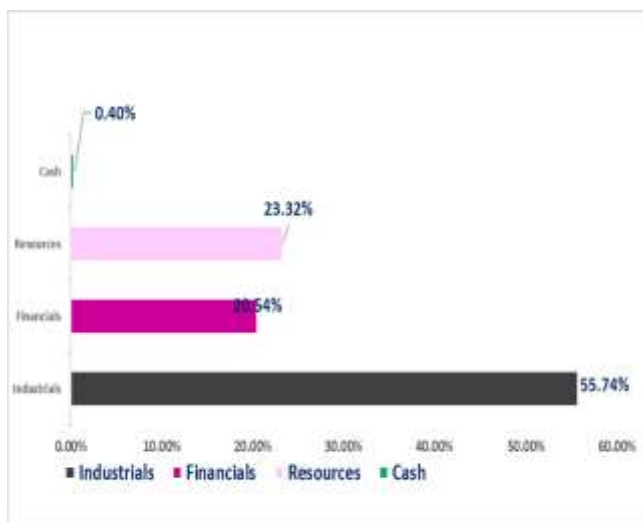
Long Term Objective

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 31/12/2024

Gross Composite Returns

	Portfolio (%)	Benchmark (%)
3 Month	-2.57%	-2.18%
1 Year	9.75%	13.50%
3 Years	6.21%	8.75%
5 Year	11.66%	12.51%
7 Years	9.42%	9.12%
Since Inception	9.62%	9.61%

Risk Statistics as at 31/12/2024.

- 12 Months

Measure	Strategy (%)
Tracking Error	8.23%
Standard Deviation	15.96%
Beta	1.05

Principal Holdings as at 31/12/2024

Top 10 Holdings	% of Fund
NASPERS LTD	15.09%
COMPAGNIE FINANCIERE RICHEMONT SA	13.19%
ANGLO AMERICAN PLC	11.02%
PROSUS NV	8.55%
BHP GROUP LTD	6.54%
STANDARD BANK GROUP LTD	4.87%
FIRSTRAND LTD	4.29%
MR PRICE GROUP LTD	3.32%
MTN GROUP LTD	3.18%
BRITISH AMERICAN TOBACCO PLC	3.17%

Market Performance

Cash was the top performing asset class in December with a total return of 0.7%. Property eked out a total return gain of 0.4%, while Equities and Bonds each lost 0.3% over the month. Small Caps (+3.3%) were the best performers of the Headline indices in December, Large Caps were flat and Mid Caps lost 1.9%. Within the sector indices, SA Industrials outperformed with a total return of +2.8%, while SA Financials and SA Resources shed 1.0% and 5.4% respectively.

Of the Equity sectors, Personal Goods (+11.5%) was the top performer in December, followed by Construction & Materials (+8.7%), Telecom Services (+8.7%), Support Services (+7.7%) and Food Producers (+6.7%). The worst sector performances came from Precious Metals (-7.6%), Chemicals (-3.2%), Oil Gas & Coal (-2.8%), Industrial Metals (-2.7%) and Beverages (-2.7%).

In Quarter 4 2024, Cash was the overall asset winner with a total return of +2.0% (+2.1% in Q3). Bonds posted a total return gain of just 0.4% vs +10.6% in Q3. Property lost 0.8% in Q4 vs +18.7% in Q3 and Equities lost 2.1% (+9.6% in Q3). SA Industrials were the winners in Q4 with a gain of 0.2% vs losses of 1.1% for SA Financials and 9.0% for SA Resources.

Of the Equity sectors, Non-Life Insurance recorded the largest Q4 total return (+15.0%), followed by Food Producers (+13.7%), Support Services (+11.3%), Tobacco (+9.6%), Construction & Materials (+7.7%) and Retailers (+7.3%). The biggest underperformance in Q4 came from Chemicals (-21.1%), Beverages (-17.8%), Pharmaceuticals (-14.9%), Alternative Energy (-12.6%), Precious Metals (-9.4%), General Industrials (-8.3%) and Industrial Metals (-7.8%).

Total return performance was solid across all asset classes in 2024 and better than 2023. Property at +29.0% was once again the top performer (+10.1% in 2023). Bonds returned +17.2% (+9.6% in 2023), followed by Equities (+13.4% after +9.3% in 2023) and Cash (+8.5% after +8.0% in 2023).

Within the Headline indices, the Small Cap index was the winner in 2024 with a solid total return of +35.6%, making it the fourth consecutive year that the index has ranked first (2021: 59.1%, 2022: +7.6%, 2023: +11.3%). The Mid Cap index returned +15.4% in 2024 (+9.7% in 2023) and Large Caps +10.4% (+8.1% in 2023).

Within the Sector indices, the largest 2024 outperformance came from SA Financials with a total return of +23.1% (2023: +20.0%), followed by SA Industrials (+18.5%, 2023 +16.6%). SA Resources, however, recorded a loss of 8.6% (2023: -11.8%).

Top equity sector performance for 2024 came from Construction & Materials (+75.5%), Non-Life Insurance (+59.1%), Food Producers (+43.4%), Support Services (42.8%), Retailers (42.1%), Tobacco (+36.7%) and Software & Computers (+33.7%)

The rand weakened to 18.85 against the US dollar (4.43% month on month) from R 18.05. The currency weakened against the euro at 19.52 (2.25% month on month) and weakened against the pound at 23.58 (2.57% month on month). SA's five-year CDS spread widened by 4.70% during December 2024 by (8.53bps) from 181.53 to 190.06 points and narrowed from 250.51 (60.45 bps) 24.13% since the beginning of 2024

On the news front, GDP contracted 0.3% qoq (-1.4% saar) in 3Q24, way below Bloomberg consensus of +0.4%, the miss was likely due to the 28.8% qoq drop in agriculture. The surprising drop in agriculture cut 0.7% points off quarter on quarter GDP (-3% pts annualized). Excluding agriculture, GDP was roughly in line, up 1.6% q/q (saar), accelerating from 0.8% in the last four quarters.

The ongoing debate around South Africa's inclusion in AGOA (US trade program enacted in 2000 to enhance market access for eligible SSA countries by providing duty-free entry for certain products) made media headlines.

On Corporate news, Nedbank released a trading update for the 10 months ending in October after market close, reporting earnings growth in the mid-to-upper single digits. This aligned with Bloomberg consensus for FY24, which looked for an 8% increase, and mirrors the growth Nedbank reported in its 2024 interim results.

December saw the second highest outflows for the year with foreigners selling SA Equities to the value of R21.9 billion. Excluding dual-listed companies, there was foreigners selling of R8.2 billion

In 2024 foreigners were net sellers of SA equities to the value of R141 billion (2023: -R151 billion) and excluding the dual-listeds there was foreign selling to the value of R57 billion (2023: -R77 billion). Foreigners sold R37.1 billion in Industrials and sold R16.1 billion in Financials. They were smaller sellers of Resources.

Pepkor, Outsurance & ABSA were the most bought stocks by foreigners whereas Shoprite, Naspers and Standard Bank were the most sold stocks by foreigners.

Portfolio Performance

The portfolio returned 1.15 % during the month, outperforming the Capped All Share index which returned -0.33%. Positive contributors to performance for the month included the fund's overweight positions in Richemont, Prosus & Naspers as well as underweight positions in Capitec & Harmony. Negative contributors to performance included the funds overweight positions in Sibanye, Quilter & Impala as well as underweight positions in Outsurance, Barlows & Pepkor

Cachalia Capital Investment team

From our Corner in the Sky

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