

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

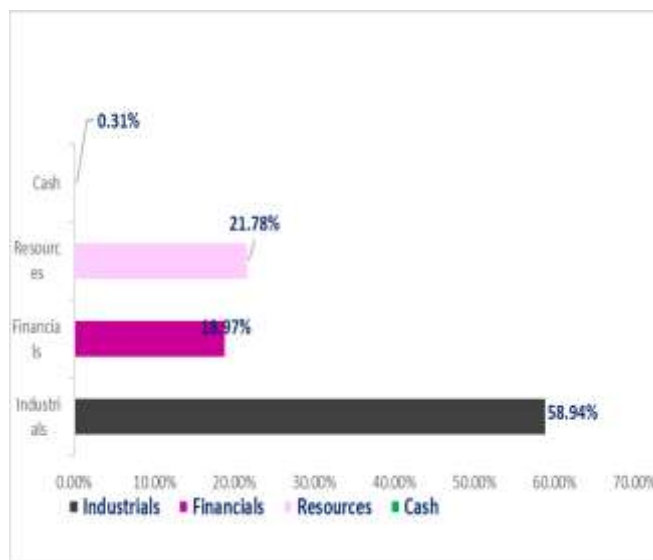
Long Term Objective

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 28/02/2025

Gross Composite Returns

	Portfolio (%)	Benchmark (%)
3 Month	6.48%	1.84%
1 Year	20.17%	22.28%
3 Years	6.76%	7.89%
5 Year	15.19%	15.71%
7 Years	10.21%	9.69%
Since Inception	10.03%	9.69%

Risk Statistics as at 28/02/2025

- 12 Months

Measure	Strategy (%)
Tracking Error	8.68
Standard Deviation	16.00
Beta	1.08

Principal Holdings as at /02/2025

Top 10 Holdings	% of Fund
RICHEMONT SA	16.88%
NASPERS LTD	15.25%
ANGLO AMERICAN PLC	10.33%
PROSUS NV	8.70%
BHP GROUP LTD	6.07%
STANDARD BANK GROUP LTD	4.55%
MTN GROUP LTD	3.88%
FIRSTRAND LTD	3.80%
BRITISH AMERICAN TOBACCO PLC	3.20%
MR PRICE GROUP LTD	2.62%

Market Performance

Performance within the asset classes in February was largely unchanged from January, the ALBI gained 0.1%, the ALSI was flat and Property declined by 0.3%.

Of the equity headline indices, Large Cap stocks outperformed in February with a total return of +1.9%. The Small Cap and Mid Cap stocks posted losses of 2.3% and 4.2% respectively.

Within the sector indices, SA Industrials returned +2.8% in February. Beverages (+20.9%), Software & Computers (+11.7%), Telecom Services (+3.5%) and Personal Goods (+3.0%) were the only SA Industrial equity sectors to provide positive total returns over the month. The worst equity performance came from Construction (-12.1%), Pharmaceuticals (-8.9%), Electronic & Electrical (-6.5%) and Health Care Providers (-5.6%). Drug & Grocery Stores and Food Producers lost 4.5% and 4.2% respectively and the Retailers lost 3.0%. General Industrials and Tobacco each posted losses of 2.6% in February.

SA Financials gained 0.8% in February. Non-life Insurance was the top performing equity sector, posting a solid total return of +12.6%. This was followed by Life Insurance (+7.8%) and REITs (+1.1%). Investment Banking posted a small loss of 0.7% while Banks lost 1.1%. Real Estate Investment & Services (-2.6%) was the worst performing equity sector within SA Financials.

Following the solid performance of SA Resources in January (+16.3%), the index retreated by 7.1% in February, with all equity sectors posting losses over the month, the worst being Industrial Materials (-14.9%) and Oil, Gas & Coal (-13.2%). Alternative Energy shed 10.4% and Precious Metals shed 8.6% in February, while Chemicals and Industrial Metals shed 3.5% and 3.1% respectively.

Year to date, Equities has outperformed all asset classes with a total return of +2.3%. Cash (+1.2%) is the second-best performing asset class. Bonds only managed to eke out a total return of 0.5%, while Property has lost 2.6%.

Within Equities, SA Resources has outperformed with a total return of +8.0%. SA Industrials has returned +3.4%, while SA Financials has recorded a loss of 2.0%

Of the industry groups, top year to date performance has come from Telecommunications (+21.8%). This is followed by Basic Materials (+8.8%) and Technology (+6.2%). The worst industry group performance has come from Energy (-6.5%), Industrials (-6.2%) and Health Care (-3.6%). Real Estate and Financials have lost 2.7% and 1.9% respectively. Year-to-date, Consumer Staples (+0.1%) and Consumer Discretionary (-0.6%) are virtually flat.

The rand strengthened to 18.50 against the US dollar (0.45% month on month) from R 18.59. The currency strengthened against the euro at 19.25 (0.35% month on month) and weakened against the pound at 23.32 (0.98% month on month). SA's five-year CDS spread widened by 1.24% during February 2025 by (2.36bps) from 190.88 to 193.24 points

On the news front, the 19 February budget announcement was postponed to 12 March, as Finance Minister Godongwana wanted to hike VAT by 2ppts, but the Government of National Unity (GNU) partners refused, particularly the Democratic Alliance (DA). What hasn't helped is the resumption of stage-6 power cuts. On 23 February, Eskom announced loadshedding due to high demand and reserves being exhausted.

On Corporates, when we look at the month's sector leader, Insurers ended the month strong, following strong trading statements ahead of March interims. Notably, OUTsurance anticipates a 49-55% NEPS increase for its interim results on March 14, attributed to reduced natural perils claims and strong premium growth. In the telco space, MTN Nigeria FY24 revenue increased by 36.1% to NGN3.36trn, as 4th quarter revenue growth accelerated to 42.3%. The results is a positive read across for the group.

Foreigners continued to be large sellers of SA equities in February to the value of R27.4 billion (January 2025: -R29.4bn). Excluding dual-listed companies, there was foreign selling to the value of R13.5 billion (January 2025: -R17.3 billion).

Naspers, Old Mutual & Amplats were the most bought stocks by foreigners whereas FirstRand, Goldfields and Shoprite 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 -0.37%. Positive contributors to performance for the month included the fund's overweight positions in Prosus, Naspers & Richemont as well as underweight positions in Shoprite & Amplats. Negative contributors to performance included the funds overweight positions in Sibanye, Aspen & Impala as well as underweight positions in Sanlam, Capitec & Discovery

Cachalia Capital Investment team From our Corner in the Sky

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