monthly

RETURNS REPORT

01 April 2024

SIMEKA

member of Sanlam group

Investment return report for

Sanlam Umbrella Provident Fund: Sanlam Group

on

01 April 2024

Please note that the information in this report prior to 31 December 2022 is based on the investment returns and indices of the Sanlam Staff Umbrella Provident Fund. The bulk of the assets were transferred into the Sanlam Umbrella Provident Fund: Sanlam Group in December 2022, with the returns in the latter Fund being used effective 1 January 2023. Assets in respect of the living annuitants and paid-up members were transferred into the Sanlam Umbrella Provident Fund: Sanlam Group on 1 August 2023.

The underlying investment returns in respect of members who are still in SSUF (i.e. outstanding transfers) will be similar to the investment returns shown in this regard.

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Notes and comments

As from 1 May 2011 the name of the Fund changed from Sanlam Retirement Fund B (Office Staff) to Sanlam Staff Umbrella Provident Fund

As from December 2013, the Oasis Crescent portfolio was replaced by the Sanlam NUR Balanced portfolio. All contributions received for December 2013 for investment in the Oasis Crescent portfolio was invested in the Sanlam NUR Balanced portfolio. The assets invested in the Oasis Crescent portfolio were transferred to the Sanlam NUR Balanced portfolio on 24 February 2014.

With effect from 1 June 2015 the Simeka Lifestage Portfolios were replaced with the Sanlam Lifestage Portfolios and the Allan Gray Domestic Balanced Portfolio was replaced with the Allan Gray Global Balanced Portfolio. The assets were transferred on 29 May 2015. We have restated the indices in respect of the Allan Gray Domestic Balanced Portfolio prior to 1 June 2015 in order to reflect the combined investment return of the two Allan Gray portfolios. The Simeka Lifestage Accumulation indices prior to 1 June 2015 were similarly restated to reflect the combined investment return of the Simeka Accumulation portfolio and the Sanlam Lifestage portfolio. It was however not possible to combine the other Lifestage portfolios due to the different structures of the Simeka Lifestage and the Sanlam Lifestage portfolios.

With effect from 1 November 2018 the SIM Cash Fund was replaced with the SIM Enhanced Cash Fund. We have restated the indices in respect of the SIM Enhanced Cash Fund prior to 1 November 2018 in order to reflect the combined investment return of the two portfolios.

Investment in the SIM Reg28 Property Equity Fund started in January 2020.

The following name changes were effected since March 2020: Sanlam Lifestage Capital Protection Preservation Portfolio changed to Sanlam Capital Protection Portfolio; Sanlam Lifestage Living Annuity Preservation Portfolio changed to Sanlam Living Annuity Target Portfolio; Allan Gray Global Balanced changed to Sanlam Allan Gray Global Balanced and Coronation Managed changed to Sanlam Coronation Managed.

On 10 December 2020 the assets in the Sanlam Allan Gray Global Balanced portfolio was transferred to a direct pooled portfolio with Allan Gray Life Global Balanced.

In May 2021 the assets in the Sanlam Coronation Managed portfolio was transferred to a direct pooled portfolio with Coronation Managed.

As from 1 December 2022 the assets in respect of all active members were transferred to the Sanlam Umbrella Provident Fund.

On 1 August 2023 the assets in respect of living annuitants and paid-up members were transferred to the Sanlam Umbrella Provident Fund.

With effect from 1 October 2023 the SIM Reg28 Property Equity Fund was replaced by The Most Aggressive Portfolio, and The Satrix High Equity Balanced Fund was replaced by The Satrix Enhanced Balanced Tracker Portfolio.

Since October 2023, the Sanlam Wealth Creation and SMM Moderate Absolute Fund have been added as investment portfolios.

Since March 2024, the Sanlam Accumulation, Camissa Balanced, M&G Balanced Fund, Ninety One Balanced Fund, PSG Balanced Fund, Truffle Balanced Fund, SIM Temperance Balanced, SMM Select Balanced, Foord Balanced Fund and Sanlam Living Planet Fund have been added as investment portfolios.

This report was compiled by Erien Kapp.

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Sanlam Umbrella Provident Fund: Sanlam Group
Summary of Returns

Return (net of fees and tax) over the period stated below, ended on 1 April 2024

Period		Allan Gray Life Global Balanced	Coronation Managed Portfolio	Satrix High Equity Balanced Fund / Satrix Enhanced Balanced Tracker Portolio	SIM Aggressive Portfolio	SIM Moderate Portfolio	SIM Moderate Absolute Fund	SMM NUR Balanced Fund	Sanlam Stable Bonus Portfolio	Sanlam Monthly Bonus Fund	SIM Enhanced Cash Fund	Sanlam Accumulation Portfolio
3 months	over the period	2.21%	3.26%	2.51%	0.29%	0.27%	0.72%	0.40%	2.44%	2.16%	2.27%	2.29%
6 months	over the period	7.16%	10.58%	9.97%	7.44%	7.29%	5.57%	5.26%	4.62%	4.03%	4.59%	10.17%
9 months	over the period	8.33%	10.26%	7.05%	5.13%	5.79%	5.85%	4.82%	7.35%	6.52%	7.24%	8.79%
12 months	over the period	11.41%	14.33%	11.83%	6.68%	7.14%	7.89%	6.01%	10.04%	9.03%	9.37%	12.26%
24 months	annualised	10.86%	10.86%	7.59%	5.53%	5.84%	7.14%	4.00%	8.29%	7.48%	8.24%	8.20%
36 months	annualised	11.29%	11.18%	9.62%	7.53%	7.69%	7.68%	6.93%	8.06%	7.48%	7.07%	9.39%
60 months	annualised	9.68%	11.54%	9.45%	7.85%	7.11%	7.65%	8.04%	7.42%	6.81%	7.08%	9.41%
120 months	annualised	8.80%	8.81%	-	7.86%	7.40%	8.01%	6.36%	8.48%	8.00%	7.33%	7.67%
Since inception	over the period	1878.33%	1525.97%	54.33%	1065.11%	1422.73%	579.74%	93.99%	864.72%	672.23%	706.19%	245.74%
Since inception	annualised	14.30%	13.30%	7.61%	11.14%	10.61%	9.97%	6.68%	11.40%	10.22%	8.04%	10.08%
Inception date		01/12/2001	01/12/2001	01/05/2018	01/01/2001	01/04/1997	01/02/2004	01/01/2014	01/04/2003	01/04/2003	01/04/1997	01/05/2011
Maximum drawdown	Over last 5 years	14.83%	19.17%	20.48%	18.57%	17.06%	n/a	13.28%	n/a	n/a	n/a	18.87%
Average monthly drawdown	Over last 5 years	1.98%	2.62%	2.70%	2.31%	1.86%	n/a	1.56%	n/a	n/a	n/a	2.43%
TER	as at 31 December 2023	1.35%	0.59%	0.35%	0.45%	0.40%	0.49%	0.94%	1.27%	2.02%	0.15%	0.86%

Period		Sanlam Capital Protection Portfolio	The Most Aggressive Portfolio	SMM Moderate Absolute Fund	Sanlam Wealth Creation	Camissa Balanced	M&G Balanced Fund	Ninety One Balanced Fund	PSG Balanced Fund	Truffle Balanced Fund	SIM Temperance Balanced	SMM Select Balanced	Foord Balanced Fund
3 months	over the period	2.41%	2.44%	1.16%	2.50%	-	-	-	-	-	-	-	-
6 months	over the period	4.55%	8.94%	6.77%	10.35%	-	-	-	-	-	-	-	-
9 months	over the period	7.24%	-	-	-	-	-	-	-	-	-	-	-
12 months	over the period	9.90%	-	-	-	-	-	-	-	-	-	-	-
24 months	annualised	8.16%	-	-	-	-	-	-	-	-	-	-	-
36 months	annualised	7.94%	-	-	-	-	-	-	-	-	-	-	-
60 months	annualised	7.30%	-	-	-	-	-	-	-	-	-	-	-
120 months	annualised	-	-	-	-	-	-	-	-	-	-	-	-
Since inception	over the period	90.08%	8.94%	6.77%	10.35%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Since inception	annualised	7.54%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Inception date		01/06/2015	01/10/2023	01/10/2023	01/10/2023	01/03/2024	01/03/2024	01/03/2024	01/03/2024	01/03/2024	01/03/2024	01/03/2024	01/03/2024
Maximum drawdown	Over last 5 years	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Average monthly drawdown	Over last 5 years	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TER	as at 31 December 2023	1.37%	1.27%	0.98%	1.05%	1.23%	0.88%	0.81%	1.03%	0.97%	0.73%	1.05%	0.86%

Please note: **The returns above are net of investment manager fees and retirement fund tax. Retirement fund tax has been abolished since 1 March 2007.**
Published rates are time weighted to remove the effect of cashflows and are gross of investment manager fees and retirement fund tax and may therefore differ from returns published in this report.

There is currently a two day time lag on member records shown on the administrator's website and the actual position at the fund manager.This means that the investment data for each portfolio, reported on 1/12/2007 (for example) is actually the investment data as at 29/11/2007.

The Allan Gray Global portfolio was opened on 1/6/2015. The monthly returns before this date are the Allan Gray Domestic portfolio's returns.

The Sanlam Lifestage Accumulation portfolio was opened on 1/6/2015. The monthly returns before this date are the Simeka Lifestage Accumulation portfolio's returns.

This report summarises returns for the fund's total portfolio. Returns for a particular member may differ depending on actual cashflow, investment options and accumulated credits.

The maximum drawdown that is shown above is defined as the lowest cumulative negative return that a member's investment has earned over any period within the last 5 years. For example, if the maximum drawdown is 5%, then it means that over the last 5 years there was a period where a member's investment reduced to 95% of its highest value prior to the period of decrease. This measure, is a measurement of how volatile or risky a portfolio is, where the higher the drawdown the more riskier the portfolio.

The average monthly drawdown is defined as the average monthly negative return of all the months which the portfolio experienced a negative return.

The total expense ratio (TER) is a measure of the total cost associated with managing and operating an investment portfolio. These costs consists primarily of management fees and additional expenses, such as platform fees, performance fees etc. The total investment cost of the fund is divided by the fund's total assets to arrive at a percentage amount (using a rolling three year period if available), which represents the TER.

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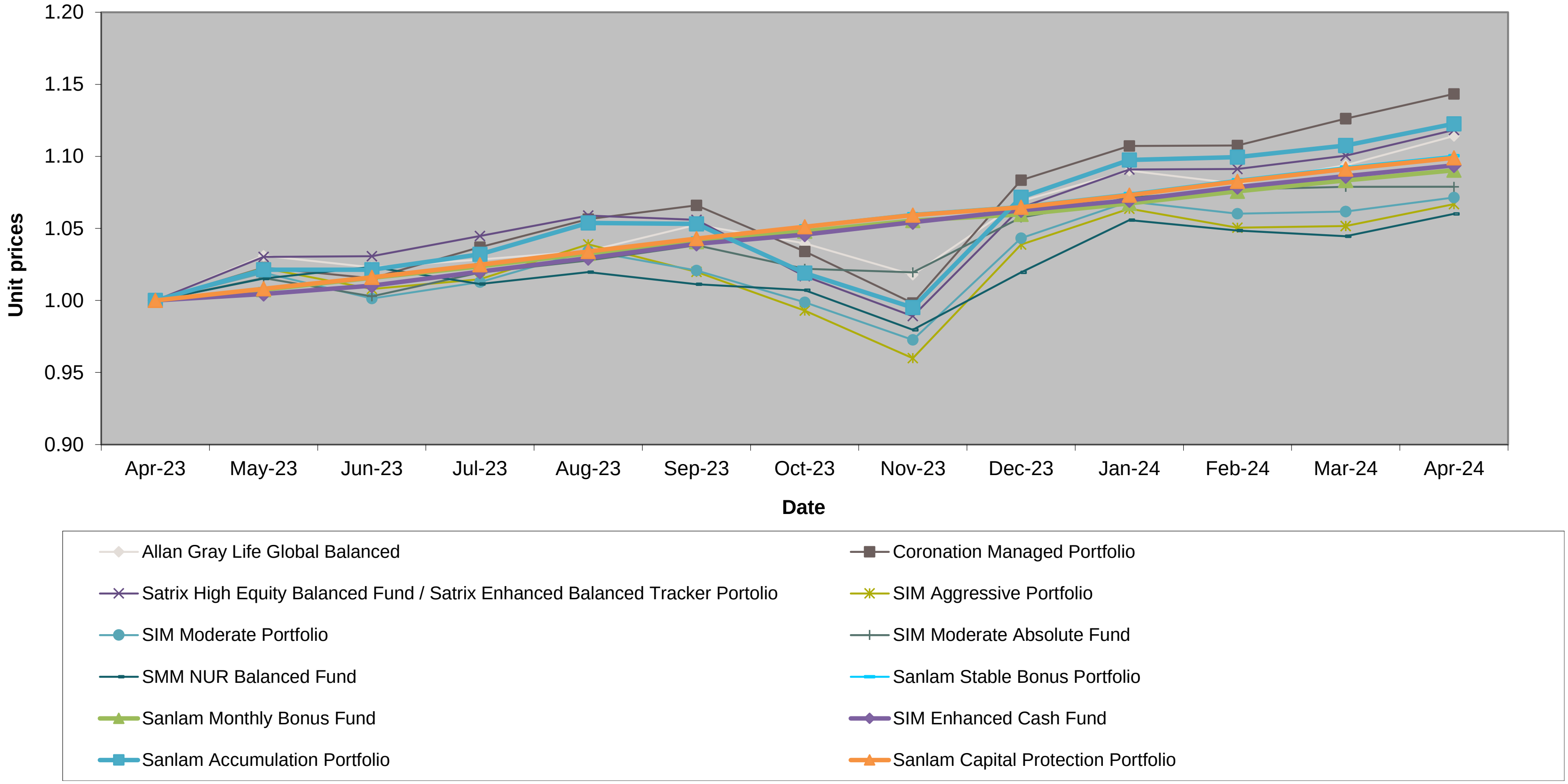
Sanlam Umbrella Provident Fund: Sanlam Group

Accumulated returns over a 1 year period (normalised)



Date	Allan Gray Life Global Balanced	Coronation Managed Portfolio	Satrix High Equity Balanced Fund / Satrix Enhanced Balanced Tracker Portfolio	SIM Aggressive Portfolio	SIM Moderate Portfolio	SIM Moderate Absolute Fund	SMM NUR Balanced Fund	Sanlam Stable Bonus Portfolio	Sanlam Monthly Bonus Fund	SIM Enhanced Cash Fund	Sanlam Accumulation Portfolio	Sanlam Capital Protection Portfolio	The Most Aggressive Portfolio	SMM Moderate Absolute Fund	Sanlam Wealth Creation	Camissa Balanced	M&G Balanced Fund	Ninety One Balanced Fund	PSG Balanced Fund	Truffle Balanced Fund	SIM Temperance Balanced	SMM Select Balanced	Foord Balanced Fund
01/04/1997																							
01/04/1998					13.6324%					12.6426%													
01/04/1999					-5.9713%					12.8228%													
01/04/2000					20.5913%					10.2822%													
01/04/2001					1.0744%					8.0508%													
01/04/2002				17.0589%	21.0537%					7.6405%													
01/04/2003	7.5164%	-10.7429%		-15.8278%	-16.8623%					9.2647%													
01/04/2004	39.6442%	31.1712%		30.1632%	28.5413%			9.9586%	9.1328%	9.0776%													
01/04/2005	27.9380%	30.5741%		24.3055%	23.1469%	17.8401%		13.6792%	13.2321%	6.7219%													
01/04/2006	51.4694%	39.8202%		41.6838%	38.1823%	24.8608%		16.8567%	14.3839%	5.9364%													
01/04/2007	34.0414%	31.4300%		26.8533%	25.5951%	11.3995%		28.4994%	24.7521%	7.2396%													
01/04/2008	6.3896%	6.4116%		1.8890%	4.5498%	4.3736%		20.7842%	17.7529%	9.9480%													
01/04/2009	-6.3619%	-13.3158%		-16.8026%	-13.4727%	0.0349%		6.2459%	4.9728%	12.9413%													
01/04/2010	25.5198%	34.7806%		30.2366%	27.4248%	14.6549%		7.4506%	6.3261%	8.1344%													
01/04/2011	14.8836%	13.4262%		12.8901%	11.5959%	9.3801%		10.3148%	9.3228%	6.7340%													
01/04/2012	11.5654%	10.7640%		10.9967%	11.7619%	12.3430%		9.3258%	8.3150%	5.6901%													
01/04/2013	18.1177%	25.2486%		18.4258%	21.0930%	13.3083%		13.8390%	11.6747%	5.5286%	22.5578%												
01/04/2014	13.8276%	22.5697%		21.8587%	18.9870%	14.0677%		20.2658%	16.6642%	5.5591%	21.7086%												
01/04/2015	10.8640%	11.4575%		14.2618%	17.4663%	11.3549%	3.2258%	14.6226%	15.2296%	6.4305%	16.2270%												
01/04/2016	12.8337%	5.0060%		5.8295%	5.6327%	8.7585%	4.9714%	10.3626%	9.9649%	6.9358%	1.1287%												
01/04/2017	4.8350%	7.3373%		6.9436%	3.9740%	6.9527%	4.6747%	8.3261%	7.7722%	8.1690%	3.3682%	8.1949%											
01/04/2018	5.1661%	2.9044%		3.9651%	5.3983%	5.0832%	2.0876%	8.1264%	7.4945%	8.0455%	4.2280%	8.0038%											
01/04/2019	6.2111%	4.2653%		8.6205%	6.5181%	9.7943%	8.6761%	6.5429%	5.8215%	8.3168%	5.4557%	6.4241%											
01/04/2020	-12.4659%	-14.6685%	-15.3570%	-12.6221%	-12.3158%	0.2467%	-10.3007%	7.1792%	6.4184%	8.4801%	-13.7766%	7.0530%											
01/04/2021	31.5418%	47.1775%	40.8333%	34.2944%	28.7105%	15.5004%	34.2302%	5.7262%	5.2234%	5.7224%	38.9276%	5.6310%											
01/04/2022	12.1491%	11.8318%	13.8094%	11.6396%	11.4942%	8.7573%	13.0358%	7.6226%	7.4813%	4.7738%	11.8118%	7.4957%											
01/05/2022	1.5158%	-1.5169%	-2.2320%	-1.4540%	-1.1831%	-0.1240%	-0.8635%	0.6235%	0.5969%	0.3796%	-1.7943%	0.6188%											
01/06/2022	-0.0863%	0.3538%	0.0280%	0.1104%	-0.0650%	0.0008%	-0.4519%	0.5945%	0.5685%	0.4848%	-0.2460%	0.5837%											
01/07/2022	-3.3271%	-5.3893%	-3.9591%	-4.5636%	-3.8738%	-2.8757%	-4.3567%	0.3123%	0.2753%	0.3732%	-4.0995%	0.3028%											
01/08/2022	1.7612%	4.1987%	2.6103%	2.8035%	2.8091%	2.2428%	2.0473%	0.1491%	0.1239%	0.4935%	2.7396%	0.1571%											
01/09/2022	-0.7447%	0.0343%	-0.3602%	-0.6545%	-0.2868%	0.4288%	-0.2095%	0.5226%	0.4984%	0.5962%	0.0937%	0.5102%											
01/10/2022	-0.7916%	-3.2231%	-4.1271%	-3.8875%	-3.7269%	-2.3827%	-1.5888%	0.5740%	0.5436%	0.3612%	-4.7170%	0.5633%											
01/11/2022	5.1896%	4.7405%	5.1602%	4.3630%	3.8762%	3.0314%	2.5091%	0.5061%	0.2987%	0.7796%	4.7592%	0.4891%											
01/12/2022	2.4437%	5.7009%	4.1423%	5.6743%	4.7489%	2.8796%	2.6004%	0.2206%	0.1799%	0.6035%	4.2116%	0.2117%											
01/01/2023	0.0206%	-1.4268%	-1.1992%	-0.8453%	-0.5573%	-0.5944%	-0.8020%	0.5764%	0.5615%	0.7962%	-0.6200%	0.5655%											
01/02/2023	5.2330%	8.0280%	5.8480%	6.6230%	5.5440%	4.7080%	4.2890%	0.6240%	0.6000%	0.6850%	6.3410%	0.6180%											
01/03/2023	0.7840%	-0.0990%	-0.3510%	-1.1630%	-0.7810%	-0.0470%	-0.9930%	0.7310%	0.7060%	0.5370%	-0.7350%	0.7200%											
01/04/2023	-100.0000%	-3.2410%	-1.4880%	-1.9890%	-1.5190%	-0.7750%	0.1250%	0.9360%	0.8500%	0.8100%	-1.0790%	0.9280%											
01/05/2023	3.0960%	2.2760%	3.0180%	2.2480%	1.9140%	1.5610%	1.5200%	0.8280%	0.7420%	0.4550%	2.1320%	0.8170%											
01/06/2023	-0.7740%	-0.7230%	0.0590%	-1.4130%	-1.7450%	-1.2530%	0.8040%	0.7950%	0.8290%	0.5640%	-0.0060%	0.7850%											
01/07/2023	0.5370%	2.1220%	1.3450%	0.6710%	1.1410%	1.6350%	-1.1700%	0.8610%	0.7710%	0.9620%	1.0480%	0.8510%											
01/08/2023	0.5740%	1.8890%	1.3720%	2.3850%	2.1320%	0.8320%	0.8220%	0.9190%	0.8880%	0.9320%	2.1160%	0.9090%											
01/09/2023	1.7420%	0.9020%	-0.2870%	-1.8460%	-1.3130%	1.0170%	-0.8310%	0.8670%	0.7750%	0.9590%	-0.0680%	0.8530%											
01/10/2023	-1.2120%	-3.0080%	-3.6954%	-2.6340%	-2.1700%	-1.5630%	-0.4080%	0.8000%	0.7110%	0.6140%	-3.2380%	0.7900%											
01/11/2023	-2.0980%	-3.4640%	-2.7380%	-3.3290%	-2.6050%	-0.2400%	-2.7250%	0.7950%	0.6960%	0.8200%	-2.3470%	0.7810%	-3.8270%	-0.3480%	-0.7500%								
01/12/2023	5.0200%	8.5410%	7.6210%	8.2260%	7.2520%	3.7390%	4.0660%	0.5170%	0.4110%	0.7810%	7.6940%	0.5060%	7.8930%	4.3410%	6.3250%								
01/01/2024	1.9730%	2.2030%	2.4790%	2.3920%	2.4380%	1.2800%	3.5650%	0.8010%	0.7100%	0.6550%	2.4100%	0.7950%	2.4880%	1.5030%	2.0240%								
01/02/2024	-0.8260%	0.0230%	0.0410%	-1.2380%	-0.7850%	0.5440%	-0.6960%	0.8900%	0.7890%	0.8610%	0.1790%	0.8810%	0.0770%	0.5900%	0.6240%								
01/03/2024	1.1840%	1.6840%	0.8350%	0.1020%	0.1480%	0.1640%	-0.3820%	0.8100%	0.7170%	0.7100%	0.7370%	0.7980%	0.5730%	0.5000%	1.0340%								
01/04/2024	1.8560%	1.5240%	1.6230%	1.4470%	0.9100%	0.0110%	1.4940%	0.7250%	0.6400%	0.6820%	1.3640%	0.7080%	1.7790%	0.0710%	0.8200%	2.3730%	0.5810%	0.4840%	1.3670%	0.7950%	1.1070%	0.8310%	1.9060%

Please note:

With effect from 1 June 2015 the Simeka Lifestage Portfolios were replaced with the Sanlam Lifestage Portfolios and the Allan Gray Domestic Balanced

Portfolio was replaced with the Allan Gray Global Balanced Portfolio. The assets were transferred on 29 May 2015. We have restated the indices in respect of the Allan Gray Domestic Balanced Portfolio prior to 1 June 2015 in order to reflect the combined investment return of the two Allan Gray portfolios.

The Simeka Lifestage Accumulation indices prior to 1 June 2015 were similarly restated to reflect the combined investment return of the two Accumulation portfolios. It was however not possible to combine the other Lifestage portfolios due to the different structures of the Simeka Lifestage and the Sanlam Lifestage portfolios.

As from 1 December 2022 the assets in respect of all active members were transferred to the Sanlam Umbrella Provident Fund.

As from 1 January 2023 the investment return of the different portfolios under the Sanlam Umbrella Provident Fund are reflected in this report.

As from 1 October 2023 the SIM Reg28 Property Equity Fund was replaced by The Most Aggressive Portfolio, and The Satrix High Equity Balanced Fund was replaced by The Satrix Enhanced Balanced Tracker Portfolio.

Since October 2023, the Sanlam Wealth Creation and SMM Moderate Absolute Fund have been added as investment portfolios.

Since March 2024, the Sanlam Accumulation, Camissa Balanced, M&G Balanced Fund, NinetyOne Balanced Fund, PSG Balanced Fund, Truffle Balanced Fund SIM Temperance Balanced, SMM Select Balanced, Foord Balanced Fund and Sanlam Living Planet Fund have been added as investment portfolios.

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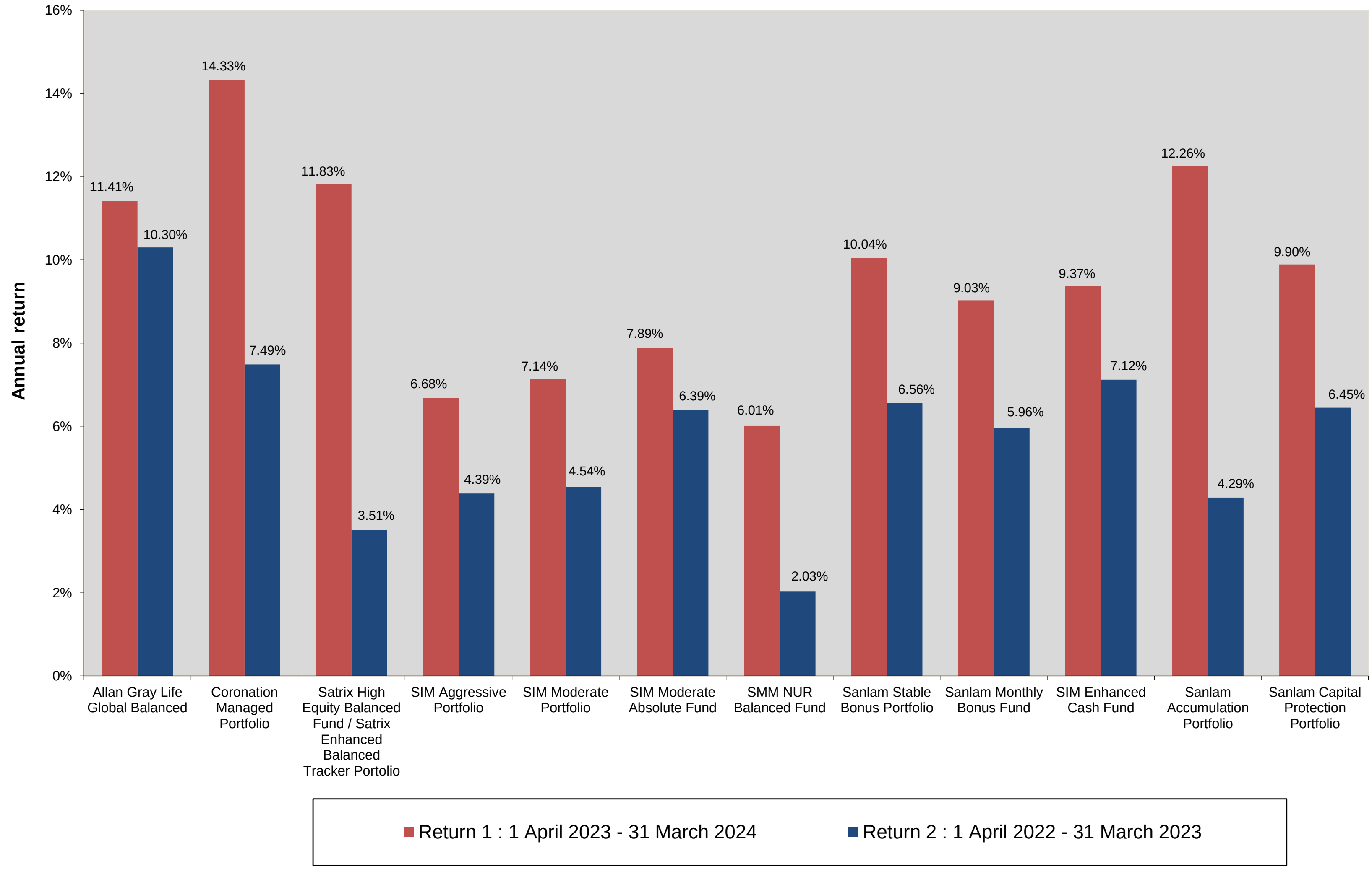
Sanlam Umbrella Provident Fund: Sanlam Group

Comparison of annualised returns for the last 2 years



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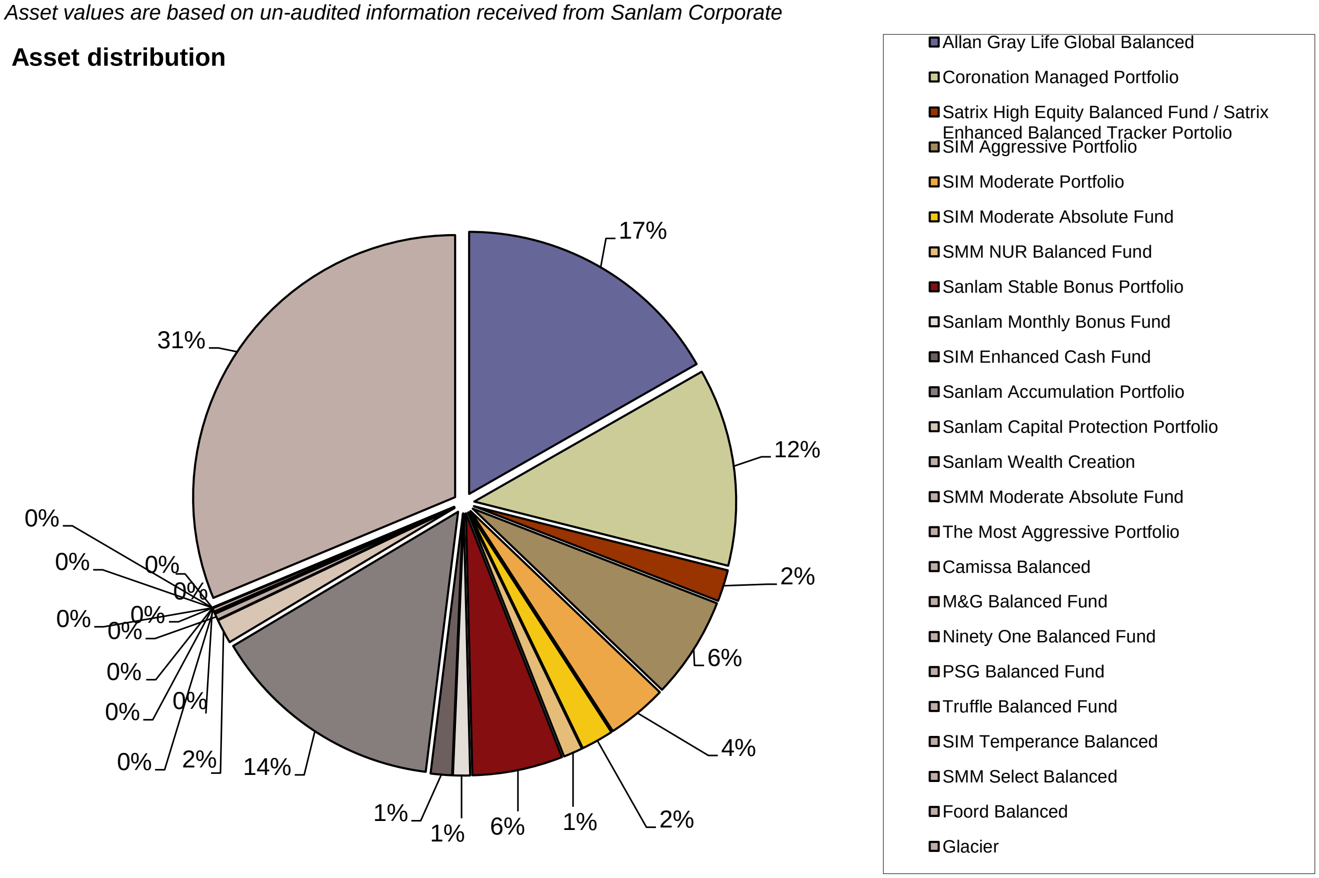
Sanlam Umbrella Provident Fund: Sanlam Group
Asset Distribution as per Investment Portfolio

Asset Distribution as at 1 April 2024		
Investment Portfolio	Market Value	Exposure
Allan Gray Life Global Balanced	R 2,799,777,543.00	16.75%
Coronation Managed Portfolio	R 2,037,346,357.00	12.19%
Satrix High Equity Balanced Fund / Satrix Enhanced Balanced Tracker Portolio	R 324,687,523.00	1.94%
SIM Aggressive Portfolio	R 1,047,351,600.00	6.27%
SIM Moderate Portfolio	R 620,137,943.00	3.71%
SIM Moderate Absolute Fund	R 332,250,404.00	1.99%
SMM NUR Balanced Fund	R 197,634,305.00	1.18%
Sanlam Stable Bonus Portfolio	R 933,103,993.00	5.58%
Sanlam Monthly Bonus Fund	R 175,735,657.00	1.05%
SIM Enhanced Cash Fund	R 219,832,260.00	1.32%
Sanlam Accumulation Portfolio	R 2,418,505,707.00	14.47%
Sanlam Capital Protection Portfolio	R 251,846,162.00	1.51%
Sanlam Wealth Creation	R 65,315,931.00	0.39%
SMM Moderate Absolute Fund	R 21,466,414.00	0.13%
The Most Aggressive Portfolio	R 37,750,212.00	0.23%
Camissa Balanced	R 599,225.00	0.00%
M&G Balanced Fund	R 1,979,845.00	0.01%
Ninety One Balanced Fund	R 84,860.00	0.00%
PSG Balanced Fund	R 1,558,859.00	0.01%
Truffle Balanced Fund	R 133,435.00	0.00%
SIM Temperance Balanced	R 0.00	0.00%
SMM Select Balanced	R 0.00	0.00%
Foord Balanced	R 0.00	0.00%
Glacier	R 5,228,337,318.00	31.28%
Total assets	**R 16,715,435,553.00**	**100.00%**

Asset values are based on un-audited information received from Sanlam Corporate

Asset distribution



Global Equities

Global equities continued to power ahead for the fourth consecutive month in February, even as inflation prints in the US, EU and Japan missed consensus estimates. Improvements in composite PMIs, buoyancy in US non-farm payroll data and strong Q4 US economic growth helped offset the negative inflation news flow. With the global manufacturing Purchasing Managers' Index now back in positive territory (above 50 index points), the inventory rebuilding cycle is likely to have commenced, helping to shore up overall economic growth.

The Atlanta Fed GDPNow tracker is pointing to US growth slowing to about 2.5% from 3% in the first quarter, while the employment component of the ISM Manufacturing and Services PMIs point to a contraction in employment. Downward revisions to December and January's non-farm payroll data, totalling about 167 000 in March, a decline in the quits rate to 2.1% and a decrease in the number of job openings are further indications of a slowdown in growth. Since the US, UK and Germany have all experienced technical recessions over the past year, recession risks could be behind us, even as rate cut expectations are pushed out further in time. Disruptions to supply chains, sticky wage inflation and geopolitical shocks could still derail the disinflationary trend, with higher-for-longer interest rates raising the risk of a recession. An escalation in trade wars between the US and China and the EU and China could see import tariffs raised, posing another headwind to the inflation outlook. If Donald Trump is re-elected as US president and follows through on his pledge to impose a 60% import tariff on Chinese goods, inflation could re-accelerate, forcing the Federal Reserve (US Fed) to raise interest rates again.

Although the US Fed left rates unchanged in February, the tone of its statement was dovish. Reference to further rate hikes was dropped from the statement. Rather, the view was that the next move would be down but that more evidence was needed to show that inflation was heading towards the 2% target. While market pricing of US rate cuts this year has been pared back from six cuts at the beginning of the year to three cuts, given the inflation misses, the MSCI World Index rallied another 4.2% in dollars and 7.5% in rands, buoyed by stellar results from the "Magnificent Six", in particular Meta and Nvidia. As a result, forward earnings were revised about 5.7% higher. Although emerging market equities also rallied, gaining 4.8% in dollars and 8.1% in rands, this was due to a 9.1% increase in the CSI 300 Index following state-owned asset manager purchases of Chinese ETFs. Emerging market earnings were, however, revised lower, by about 1.7% from the previous month. Short selling in Chinese stocks was also restricted, with further measures expected to come into effect on 18 March. Given the negative wealth effects associated with declining property prices and weak aggregate demand, authorities intervened to place a floor under equities, since the CSI 300 has lost over 40% (in dollars) in the past three years. On a positive note, Chinese exports rebounded by about 10% in January and February from a year earlier, helping to ease pressures from the slump in the property sector and the contraction in foreign direct investment.

Despite an initial fourth quarter estimate for Japanese GDP growth showing the economy entered a technical recession, the final reading (released in March) pointed to a meaningful upward revision from -0.4% to +0.4% (quarter-on-quarter annualised). An upward revision to business investment spending from -0.1% to +2% accounted for the bulk of the GDP revision. The Nikkei 300 Index gained about 6.1% in dollars and the index reached an all-time high during the month. The new market highs have been supported by recent governance reforms that have encouraged companies to increase shareholder returns via share buybacks and higher dividend pay-outs, and a shift from deflation to inflation. The upswing in the leading economic indicator – pointing to robust earnings growth in the year ahead – also drove equity market returns.

The Eurostoxx 50 Index put in a solid performance, gaining 5.7% in dollars as the positive sentiment in markets spread globally. An improvement in the ZEW Expectations Index, the avoidance of a technical recession in the fourth quarter and an improvement in the composite PMI – although it is still contracting – helped to support risk assets. Since EU consumer price inflation was driven by sky-high energy costs after Russia's invasion of Ukraine, the sharp decline in producer price inflation to -10.6% is expected to feed through to lower consumer prices, with a short lag, setting the scene for rate cuts towards the middle of the year. Since the rate cuts are in response to lower inflation rather than a pending recession, equities are likely to post further gains.

Due to upward revisions to consensus earnings estimates after the Magnificent Six results, forward price-to-earnings ratios fell across developed markets, but increased marginally across emerging markets as earnings were revised lower, partly reflecting China growth concerns. With the MSCI World and Emerging Market forward price-to-earnings ratios in expensive territory at 18.9X and 14.2X earnings, ahead of their respective historical means of 16.1X and 13.5X, a neutral weighting is retained in global equities over the next one to two quarters. Over the remainder of the investment horizon, however, equities are upweighted to overweight on expectations of rate cuts in the second half of the year and buoyant consensus earnings estimates in the second forecast year.

Global Bonds and Listed Property

US inflation misses at the producer and consumer price level weighed on bonds in February. The Bloomberg Capital Global Aggregate Bond Index declined by 1.3% in dollars (but gained 1.9% in rands on rand depreciation) as yields increased from 3.58% to 3.8%. US January headline and core consumer price inflation slowed to 3.1% and 3.9% respectively, above the 2.9% and 3.7% consensus estimates. In contrast, headline producer price inflation eased to 0.9%, while core producer inflation increased to 2%, again ahead of estimates of 0.6% and 1.6% respectively. Due to the inflation misses, market pricing of rate cut expectations was pared back: cuts of 146 bps expected for 2024 were reduced to about 85 bps at month-end. Inflation misses persisted in March with the release of February's inflation data, further delaying rate cut expectations to only two 25-bps rate cuts this year, lower than the 75 bps pencilled into the US Fed's dot-plot. The US 10/2-year spread narrowed from -29 bps to -37.5 bps, casting some doubt on the soft-landing scenario that has become the consensus view in markets. With fewer rate cuts expected by the market in 2024, inflation-linked yields also pushed higher. The Bloomberg Capital Global Government Inflation-Linked Bond Index rose to 1.4% from 1.3%, depressing returns by 1% in dollars.

In contrast, emerging market bonds yielded positive returns in February. The JP Morgan Emerging Market Bond Index yielded 0.4% in dollars and 3.5% in rands as spreads compressed from 301 bps to 277 bps, sufficient to offset the 1.2% depreciation in the composite currency index. The positive returns from emerging market bonds are due to emerging markets having started their rate cutting cycle a year before the US Fed. However, emerging market government inflation-linked bonds yielded -0.9% in dollars as demand waned due to inflation moving back towards target in a number of countries. Despite the higher-for-longer narrative, high-yield bonds delivered positive returns as spreads compressed: the Bloomberg Capital Global High Yield Bond Index returned 0.8% in dollars. In contrast, global corporate bonds brought up the rear, with the Bloomberg Capital Global Corporate Bond Index yielding -1.3% in dollars (+1.8% in rands) as the change in interest rate cut expectations raised the risk of defaults. While deferred rate cuts will push yield curves higher across both the nominal and real curves in the near term, a neutral weighting is recommended for nominal bonds and inflation-linked bonds. On a six-month view, nominal bonds are overweighted on expectations that duration will be rewarded, whereas inflation-linkers are downweighted to underweight on expectations that the disinflation trend will persist. Nominal bonds are seen as a hedge against a hard landing scenario.

Global listed property sold off for the second consecutive month in February as US inflation misses and a higher-for-longer interest rate outlook weighed on the sector. The FTSE EPRA Nareit Developed Markets Property Index declined by 0.6% in dollars (+2.6% in rands) as the sector derated on a price-to-book basis from 1.26X to 1.24X, still well below the 1.46X mean. By sector, data centre REITs closed the month 6.5% higher, driven by record leasing and strong earnings growth and guidance from chipmaker Nvidia. Malls also outperformed, closing 5.4% higher due to sizable occupancy gains, while hotels closed the month 5% higher on still-buoyant economic growth. Despite strong fundamentals, student accommodation was the worst-performing sector, down 6.2%, while offices fell 3.6% on deferred rate cuts. Since REITs currently trade at a 12% discount to net asset value and offer an attractive dividend yield of about 4.5%, there is still value to be found in listed property. Lower funding costs expected later in the year suggest that companies will be able to refinance expiring loans at lower rates than initially feared, mitigating the negative impact of higher rates on forward earnings growth. However, with $929 billion of commercial real estate debt falling due this year, about 20% of the $4.7 trillion total, defaults could rise in a higher-for-longer scenario, placing pressure on banks to offload debt at steep discounts. Despite loan-to-value ratios being stable at around 34%, the sector is downweighted from neutral to underweight, until the rate cutting cycle commences, probably in the fourth quarter of the year.

SA Equities

South African equities bucked the positive trend in global equity markets: the All-Share Index declined by 2.4% in rands and 5.4% in dollars. The market's returns were dragged down by resource counters (-6.9%) amid ongoing China growth concerns. With the dollar-metals price dropping by 8.6%, industrial metals counters were 6.8% lower, led by Tharisa plc (-11.5%), Glencore (-9.2%) and African Rainbow Minerals (-9%). Precious metals counters were also lower (-6.7%), largely due to a 5.8% decline in the platinum price. While the gold price was only 1% lower, gold stocks came under selling pressure after the US inflation misses. The expectation of a higher-for-longer interest rate environment was the primary catalyst for the sell-off. The biggest losers among the precious metals counters were Sibanye Stillwater (-13.2%), Northam Platinum (-13.1%), DRD Gold (-12.2%) and Impala Platinum (-11.6%).

The telecommunication sector (-4.8%) also came under selling pressure as the devaluation of the Nigerian Naira weighed on MTN (-12.6%). Within financials (-1.2%), Remgro (-7.8%), Quilter plc (-5.7%) and Ninety One Ltd (-5.5%) led the decliners, whereas in the healthcare sector (-1.2%), Life Healthcare (-5.1%) and Netcare (-4.8%) led the losers. Expectations of more subdued consumption expenditure over the coming years weighed on consumer staples, with Pick 'n Pay (-13.5%), Spar (-13%) and Astral Foods (-7.2%) bringing up the rear. The Minister of Finance's decision to make no adjustments for fiscal drag in the 2024/25 Budget reflects a loss to consumers of R58.2 billion over the next three years. Although consumer discretionary counters eked out a 0.1% return for the month, led by Richemont (8.9%), stocks such as Cashbuild (-19.9%), Metair (-14.7%) and Motus Holdings (-11.6%) sold off sharply. In the retail sector, Foschini (-8%) and Truworths (-7.9%) were the biggest losers. Industrials (-0.8%) were also lower, with Barloworld (-10.2%), Raubex Group (-6.7%) and Super Group (-5.7%) the biggest losers.

While the growth outlook for 2024 is subdued at around 1.2%, the South African Reserve Bank (SARB)'s leading economic indicator points to mid-single digit growth in earnings per share over the coming year, not too dissimilar to consensus estimates of 6% and a nominal GDP estimate of about 6.2%. Along with a forward dividend yield of around 4% and a small rerating, total returns in the mid-teens are expected from domestic equities, similar to those from domestic nominal bonds. With bonds offering a better risk-adjusted return, one can be forgiven for wanting to overweight domestic bonds at the expense of domestic equities. However, a number of key event risks over the coming months could become a headwind for both asset classes.

With May's election outcome looking increasingly uncertain, rand weakness is expected to underpin rand-hedge counters in the run-up to the election, with bond yields also expected to push higher. The latest Brenthurst Foundation survey shows the ANC's support declining to 39%, and the EFF's also lower at 10%. In contrast, the Multi-Party Coalition is polling at 33%, the DA at 27% and the MK Party at 13%, with the remaining parties making up the difference. The risk of an ANC-EFF coalition is expected to be priced into the bond market, with the sovereign risk premium rising ahead of the election. This may offer domestic investors the opportunity to add to their bond positions at higher yields. The second event risk is the implementation of the two-pot retirement system, which is expected to result in a 3% outflow from pension funds in September. This could put downward pressure on both equities and bonds, supporting a greater allocation to cash in the near term. This will, however, be a tactical trade based purely on the event risk. After the implementation of the two-pot retirement system, an overweight position is recommended for both domestic equities and bonds, premised on a soft-landing outcome for the global economy.

SA Bonds and Listed Property

South African bonds tracked their global counterparts lower in February, as US inflation misses and a domestic core consumer inflation miss pushed yields higher across both the nominal and inflation-linked bond curves. The All-Bond Index yielded -0.6% in rands and -3.6% in dollars as yields increased from 11.28% to 11.54%. Inflation-linked bonds also yielded negative returns: the CILI Inflation-Linked Bond Index yielded -0.7% in rands as real yields increased from 4.9% to 5%. While domestic headline inflation came in lower than the consensus at 5.3% (estimate 5.4%), core inflation came in higher at 4.6% (estimate 4.5%). A better-than-projected path for the fiscal deficit over the coming years failed to temper the sell-off in the bond market, despite Treasury tapping the the SARB's Gold and Foreign Exchange Contingency Reserve Account (GFECRA) for R150 billion (30% of the total) over the next three years. The surplus funds will be used to reduce debt and the funding requirement, with R100 billion allocated for the 2024/25 fiscal year and R25 billion in each of the following two years. While debt service costs are expected to decline by R30 billion as a result, this is a short-term fix. Stronger economic growth is needed to rein in the country's rising debt-to-GDP level. The drawdown on the GFECRA is projected to help stabilise debt at 75.3% of GDP in 2025/26, lower than the 77.7% projected in the 2023 Medium-Term Budget Policy Statement (MTBPS). Although the public sector borrowing requirement is estimated to decline from 6.7% this year to 4.5% in 2024/25, the funding requirement is higher at 7.8% and 6.1% respectively. Due to the high funding requirement, bonds tracked their global counterparts higher.

While the investment view is to be neutral domestic bonds over the next six months and to overweight bonds on a six- to twelve-month view, there are a number of key event risks between now and the end of the year that could cause bond yields to rise further. The upcoming election is the first hurdle, with a weaker rand and higher bond yields expected, given the uncertainty about the election outcome. The second risk is the implementation of the two-pot retirement system that will see flows out of domestic equities and bonds as pension fund members draw down on their savings pot.

Despite the rise in bond yields and the small sell-off in global listed property, South African listed property eked out a small gain of 0.8% in rands (-2.3% in dollars) in February. It was the best-performing of all the broad domestic asset classes. The sector rerated relative to the 10-year bond, with the property-to-bond yield ratio declining from 0.57X to 0.55X, well above the 0.85X mean. This suggests that property stocks are expensive relative to bonds, even though they trade at a substantial discount to net asset value. With expected rate cuts being deferred until late in the year, an underweight position is retained in South African listed property.

Fortress B and Nepi Rockcastle were the sector's best-performing counters over the month. Fortress B (+8.6%) posted a better-than-expected trading update, partly driven by its investment in Nepi Rockcastle. The Central and Eastern European shopping centre owner gained 8.5% after releasing a stellar set of results, in which a combination of indexation, strong renewal growth and cost control contributed to a 9.3% increase in distributable earnings per share. The company had guided for softer 4% growth in 2024 as indexation slowed and interest rates increased. Hammerson (-2.4%) and Shaftesbury Capital (-5.3%), while yielding negative returns, reported encouraging results. Both companies showed that valuation write-downs have potentially troughed while rentals are being signed above valuers' market rental estimates. The laggards for the month included Burnstone Group Ltd (-10.9%), Mass Real Estate (-10.2%) and Equites Property Fund (-9%).

SA Cash

South African cash yielded 0.7% in rands and -2.4% in dollars in February, underperforming only domestic listed property within the broad domestic asset classes. The higher-for-longer interest rate outlook, which has gained traction globally, spilt over into the FRA market, where only two rate cuts were priced in by month-end, down from three rate cuts at the end of January. This is less than the 75 bps priced into the SARB's Quarterly Projection Model (QPM), which projects a 2024 year-end repo rate of 7.5%. In March, expectations for domestic rate cuts were pared back even further, with only one rate cut now expected this year. The change in sentiment was accompanied by expectations of a re-acceleration in February's headline and core inflation rates to 5.5% (from 5.3%) and 4.9% (from 4.6%) respectively. The upshot of fewer rate cuts this year is that yield curves will rise, pushing up yields across both nominal and inflation-linked bonds. In the run-up to the May election, a tactical overweight to rand cash should be considered as a way to manage risk in the bond market, a similar position that should be taken ahead of September's two-pot retirement system.

MARKET COMMENTARY

Alpha	Measures the difference between a portfolio's actual returns and its expected performance, given its level of risk.
ALSI	Index comprising all shares listed on JSE, weighted by market cap.
Active Risk	Risk taken by constructing a portfolio that is different from the benchmark.
ALBI	Index comprising all bonds listed on the Bond Exchange of SA.
Asset Allocation	The weightings given to every asset class, when a portfolio is constructed.
Barra Factor	The correlation a portfolio shows to a specific characteristic like liquidity.
Benchmark	The chosen reference index for comparison.
BETA	BETA is calculated using regression analysis. It may be thought of as the tendency of a security's returns to respond to swings in the market. A beta of 1 indicates that the security's price will move with the market. A beta of less than 1 means that the security will be less volatile than the market. A beta of greater than 1 indicates that the security's price will be more volatile than the market. For example, if a stock's beta is 1.2, it's theoretically 20% more volatile than the market.
Convexity	A measure of the curvature in the relationship between bond prices and bond yields. Positive convexity corresponds to curvature that opens upward. Negative convexity corresponds to curvature that opens downward.
Div Yield	Dividend yield of the share or index, stated as an annual percentage.
FRA	Forward Rate Agreement. An agreement that specifies an interest rate to be paid for a fixed period starting on a future date (e.g. 6x3 = 3 month interest rate starting in 6 months' time) applied to a notional amount. It reflects the market's expectation of the interest rate to apply over the future period.
Information Ratio	Measures the excess return of a manager divided by the amount of risk a manager takes relative to a benchmark. Alternatively, the information ratio is the excess return divided by the tracking error. The ratio therefore shows the risk-adjusted excess return of a fund over the benchmark.
JPM Global Bonds	JP Morgan Global Bond Index, often used as a benchmark for global bonds.
Mandate	Agreement in place between manager and client.
Modified Duration	Measurable change in the value of a security in response to a change in interest rates.
MSCI World	Morgan Stanley's Composite Index for global equity, an industry benchmark.
SRI	Socially Responsible Investments
Standard Deviation	A measure of the dispersion of a set of data from its mean. This is a widely-used measure of risk. There are, however, many other measures that can be used.
STeFi	Alexander Forbes' Money Market benchmark index.
Term Structure	Relationship between spot rates of zero-coupon securities and their term to maturity.
Total Risk	Sum of benchmark's risk and active risk taken.
Tracking Error	Tracking errors are reported as a "standard deviation percentage" difference. Basically it is the difference between the return received and the return of the benchmark. A tracking error of 5% implies that if the market goes up by 10% a year, the portfolio performance is expected to be between 5% and 15% over the next 12 months.

SIMEKA
member of Sanlam group

PERFORMANCE STATISTICS
31 March 2024

FTSE/JSE INDICES							
Index	**Current Index**	**Mar-24**	**3 Months**	**12 Months**	**3 Years**	**5 Years**	**10 Years**
All Share Index	74536	3.23%	-2.25%	1.55%	8.11%	9.68%	10.61%
SWIX	14072	2.86%	-2.17%	2.69%	5.31%	6.96%	9.28%
SWIX 40	12721	3.41%	-2.23%	1.36%	4.36%	6.89%	9.31%
Top 40	68346	3.82%	-2.27%	0.27%	7.98%	10.19%	10.89%
SA Listed Property Index	339	-1.02%	3.85%	20.47%	13.94%	0.71%	2.70%
Resource 20	57251	15.36%	0.82%	-10.73%	0.34%	9.40%	7.57%
Industrial 25	103936	2.89%	0.87%	3.31%	8.17%	10.64%	11.68%
Financial 15	16502	-3.49%	-7.08%	12.70%	15.82%	5.30%	9.01%

INTERNATIONAL							
Index	**Current Index**	**Mar-24**	**3 Months**	**12 Months**	**3 Years**	**5 Years**	**10 Years**
CAC 40 Index (Paris)	8206	3.51%	8.78%	12.06%	10.59%	8.93%	6.96%
DAX Index (Frankfort)	18477	4.52%	10.30%	18.22%	7.18%	9.90%	7.13%
DJ Industrial Index (New York)	39807	2.08%	5.62%	20.96%	6.47%	8.95%	9.70%
FTSE 100 Index (London)	7953	4.23%	2.84%	4.20%	5.81%	1.79%	2.79%
Hang Seng Index (Hong Kong)	16541	0.18%	-2.97%	-18.92%	-16.47%	-10.65%	0.18%
MSCI Emerging Markets Free Index US$	1043	2.18%	1.90%	5.34%	-7.46%	-0.28%	0.43%
MSCI World Index Gross Dividends US$	15869	3.27%	9.01%	25.72%	9.13%	12.63%	10.80%
NASDAQ Composite Index (New York)	16379	1.79%	9.11%	34.02%	7.33%	16.21%	15.47%
Nikkei 225 Index (Tokyo)	40369	3.07%	20.63%	43.96%	11.43%	13.74%	12.33%
Shanghai Securities Index (China)	3041	0.86%	2.23%	-7.08%	-4.04%	-0.32%	-0.84%
S&P 500 Index (New York)	5254	3.10%	10.16%	27.86%	9.77%	13.14%	11.59%

FIXED INTEREST						
Indicator	**Mar-24**	**3 Months**	**12 Months**	**3 Years**	**5 Years**	**10 Years**
ALBI	-1.93%	-1.80%	4.19%	7.41%	7.05%	7.04%
STeFI	0.63%	2.00%	8.32%	6.06%	5.99%	6.11%

INFLATION						
Indicator	**Mar-24**	**3 Months**	**12 Months**	**3 Years**	**5 Years**	**10 Years**
SA CPI	0.98%	1.06%	5.56%	6.09%	5.15%	2.91%
SA PPI	0.50%	-23.56%	-20.10%	-0.30%	1.50%	4.66%
US CPI	0.62%	1.07%	3.15%	5.67%	4.19%	2.59%
CH CPI	0.97%	1.36%	0.68%	0.88%	1.46%	2.07%

Note: Inflation figures have a one month lag period

EXCHANGE RATES					
Spot Prices	**31-Mar-24**	**29-Feb-24**	**31-Dec-23**	**31-Mar-23**	**31-Mar-21**
ZAR/US$	R 18.67	R 19.16	R 18.30	R 17.79	R 14.78
ZAR/EUR	R 20.38	R 20.73	R 20.20	R 19.29	R 17.33
ZAR/GBP	R 23.84	R 24.22	R 23.30	R 21.94	R 20.37

COMMODITIES					
Spot Prices	**31-Mar-24**	**29-Feb-24**	**31-Dec-23**	**31-Mar-23**	**31-Mar-21**
Gold US$/oz	$2,192.70	$2,032.80	$2,062.40	$1,979.70	$1,691.05
Platinum US$/oz	$896.00	$887.00	$1,006.00	$981.00	$1,182.00
Oil (Brent) US$/barrel	$87.00	$81.91	$77.04	$79.89	$62.74

INTEREST RATES					
Rate	**31-Mar-24**	**29-Feb-24**	**31-Dec-23**	**31-Mar-23**	**31-Mar-21**
SA REPO RATE	8.25%	8.25%	8.25%	7.75%	3.50%
ECB INTEREST RATE	4.50%	4.50%	4.50%	3.50%	0.00%
US FEDERAL RATE	5.50%	5.50%	5.50%	5.00%	0.25%

Note: Information stated as at the date indicated

BEST PERFORMING STOCKS OF THE MONTH ON THE JSE					
Stock	**1 Month**	**3 Month**	**6 Months**	**12 Months**	**PE Ratio**
Harmony Gold Mining Company Ltd	40.42%	32.13%	122.49%	115.92%	10.84
Impala Platinum Holdings Ltd	20.89%	-14.20%	-20.79%	-52.20%	8.54
Goldfields Ltd	20.69%	9.40%	48.02%	28.23%	17.62
Anglogold Ashanti Ltd	17.09%	19.60%	38.71%	-2.02%	-
Glencore	14.24%	-6.31%	-3.26%	2.76%	12.81

WORST PERFORMING STOCKS OF THE MONTH ON THE JSE					
Stock	**1 Month**	**3 Month**	**6 Months**	**12 Months**	**PE Ratio**
Remgro Ltd	-16.05%	-24.85%	-17.77%	-9.16%	12.20
Discovery Ltd	-11.24%	-16.04%	-12.05%	-13.50%	13.80
ABSA Group Ltd	-9.43%	-9.52%	-15.27%	-18.51%	6.13
Standard Bank Group Ltd	-8.22%	-10.99%	0.83%	7.19%	7.24
Woolworths Holdings Ltd	-7.73%	-17.99%	-12.71%	-7.38%	14.18