Fact Sheet: RISE CPI +3% Investment Portfolio

31 August 2024

RISE
RETIREMENT INVESTMENTS AND SAVINGS FOR EVERYONE

OBJECTIVES

Capital appreciation coupled with capital protection over the full investment cycle.

INVESTMENT HORIZON

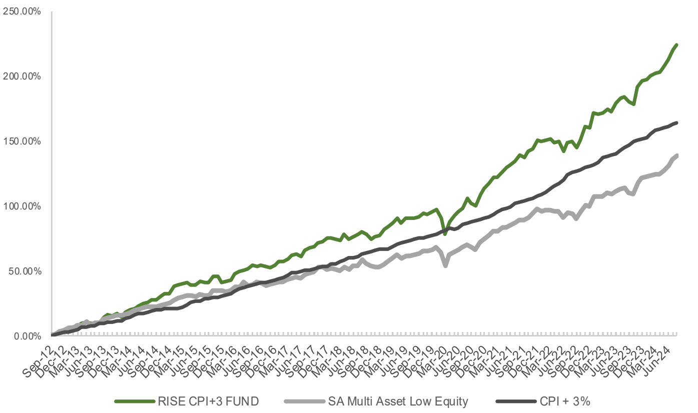
Less Risk/Return | More Risk/Return

0-1 yrs	3 yrs+	5yrs+	7 yrs+	10 yrs+

MANAGERS

MANAGER	PERCENTAGE
Steyn Capital	1.77%
Umthombo SWIX	2.33%
Taquanta Core Equity	7.55%
Fairtree Equity Fund	5.19%
Emperor Enhanced Equity	0.94%
Taquanta Bond Fund	11.07%
Anchor Bonds	10.30%
Global Bonds	0.75%
Taquanta Stable Income	10.75%
Pathisa Debentures	2.41%
Plane Tree Capital	11.61%
Call/ Cash Account	2.46%
Taquanta Active Income	3.37%
Satrix MSCI World ETF & Satrix S&P 500 ETF	22.84%
Effectus Capital	1.58%
RISE ETF'S	3.35%
RISE TAA	1.73%

CUMULATIVE PERFORMANCE



PERFORMANCE

PERIODIC PERFORMANCE	FUND	CPI+3
1 Month	1.24%	0.45%
3 Months	5.57%	1.25%
6 Months	8.00%	3.34%
1 Year	14.06%	7.86%
3 Years	10.63%	9.16%
5 Years	11.21%	8.59%

Source: Internal, Stats SA

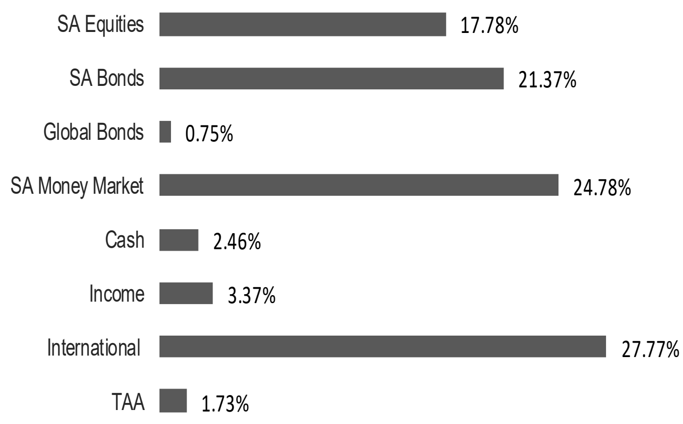
GENERAL INFORMATION

Regulation 28 Compliant	Yes
Benchmark	Consumer Price Index plus 3% over a rolling three-year period

INVESTMENT FEES (TER)

Asset Management Fee	Is charged according to a sliding scale based on the size of a client's assets invested

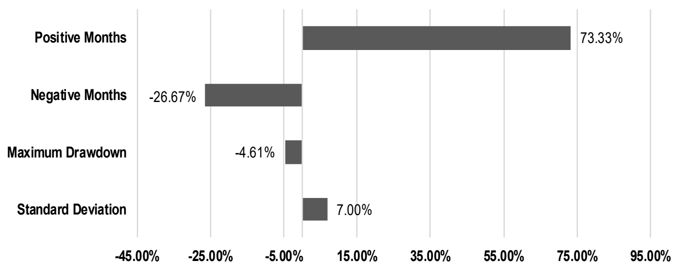
ASSET ALLOCATION



TOP 10 HOLDINGS

Firstrand Bank Ltd	18.80%
Plane Tree Capital (Pty) Ltd	11.61%
South Africa, Republic Of (Government)	9.79%
Standard Bank Group Ltd	7.50%
Absa Group Ltd	6.46%
Nedbank Group Ltd	3.95%
Pathisa Debentures	2.41%
Investec Ltd	2.10%
Apple Inc	1.24%
Nvidia Corp	1.21%

RISK STASTISTICS



Monthly Returns (%)

Year	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2024	0.3	1.0	0.8	0.1	1.3	2.0	2.3	1.2					9.4
2023	4.3	0.0	0.1	1.1	-0.7	2.4	1.3	0.5	-1.4	-0.7	4.8	1.6	13.9
2022	-0.6	0.5	0.4	-1.2	0.3	-2.8	2.6	0.5	-1.9	2.3	4.1	-0.4	3.6
2021	1.8	2.0	-0.1	2.0	1.5	1.2	1.2	1.9	-1.0	2.3	0.8	2.7	17.5
2020	0.8	-3.4	-8.2	5.9	1.7	1.9	1.0	1.8	-1.6	-1.1	4.7	2.2	4.9

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Latest Market Commentary

Global Markets

Global Equities staged a strong recovery in August after July's selloff. To recap, Julys sell-off was driven by a weaker-than-anticipated jobs US jobs report, which showed that 114k jobs were added compared to 180k forecasted, while the unemployment rate increased from 4.1% to 4.3%. However, this is only half the story. We also saw something approximating a "short squeeze" of a popular currency trade which exasperated the sell-off. A traditional short squeeze happens when the price of an asset rises sharply, causing traders who had sold short to close their positions. The increased selling pressure then causes the share price to go up further. For much of 2024 traders were borrowing at low interest rates in Japan and investing at high interest rates in the US. This trade benefitted further from a strengthening dollar and depreciating Yen. When the US jobs report missed forecasts, the expectation for US interest rates cuts were brought forward, causing the dollar to fall. This forced traders to unwind their leveraged JPY-USD trade aggressively, exasperating the sell off in both US and Japanese markets. The selloff peaked on 7 August 2024.

In the remainder of August, markets recovered (fully) as the selling pressure from July eased. Markets were also benefited from strong comments made by US Federal Reserve Chairman Jerome Powell. In his speech in August, Powell signalled that Fed is ready to start cutting rates for the first time since the covid-19 pandemic. Essentially Powell communicated the fight against inflation is over and that the Federal Reserve's focus will now shift towards supporting growth i.e. interest rate cuts. "The time has come for policy to adjust. The direction of travel is clear, and the timing and pace of rate cuts will depend on incoming data, the evolving outlook, and the balance of risks. It seems unlikely that the labor market will be a source of elevated inflationary pressures anytime soon. We do not seek or welcome further cooling in labor market conditions." Markets are now pricing in the first rate cut in September, and aggressive rate cuts to the end of 2025. Developed market equities ended the month up 2.6% in USD, with US equities up 2.4 % and European equities up 4.0%. Emerging market equities ended the month up 1.6%.

European market had a good month in August, outperforming other major indices, with inflation falling to 2.2% in August, from 2.6% in July, cementing the way forward for further rate cuts from the ECB. In September, the ECB cut rates by 0.25, providing no further guidance on future rate cuts. "The Governing Council today decided to lower the deposit facility rate – the rate through which it steers the monetary policy stance – by 25 basis points. Based on the Governing Council's updated assessment of the inflation outlook, the dynamics of underlying inflation and the strength of monetary policy transmission, it is now appropriate to take another step in moderating the degree of monetary policy restriction". Like the US Fed, The Bank of England's Monetary Policy Committee also cut rates by 0.25% - it's first cut since the Covid-19 pandemic. The developed world ex Japan is now embarking on a co-ordinated rate cutting cycle, as they often do to avoid major currency fluctuations. However, we may see some differentiation in policy in the future as rate cuts should be enough to stimulate growth in the US, but may not be enough to stimulate growth in Europe.

Local Markets

Local equities continued their winning streak in August. The FTSE JSE All Share index ended the month up 1.4% in ZAR, touching a new all-time high. Expectations for lower US interest rates and a weaker dollar caused a rally in emerging markets. Domestic assets such as bonds, financials and property rallied the most. The Financials 15 Index ended the month up 5.7% (now up 30.5% over 1 year), while the Industrial 25 Index and the Resource 10 Index, which hold companies that make more of their earnings offshore, ended the month up 4.0% and down 9.7% respectively.

The JSE All Bond Composite gained 2.4% for the month. The short end of the curve benefitted from expectations that the SARB will follow developed markets in cutting interest rates, while the long end of the curve benefitted from "search-for-yield" buying. The gained 2.4% against the dollar. The prospect for sustained dollar weakness on the back of interest rate cuts could drive the South African equities and bonds, as well as the rand, for months to come. While it is pleasing to see this change in sentiment, the reality is that Government expenditure continues to expand aggressively. Government expenditure has almost doubled in the past 8 years, with interest expenditure increasing from roughly 9% to 18% as a percentage of revenue over the same period. Eventually, this will have to feed into higher bond yields.

CONTACT INFORMATION

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