MONTHLY MARKET COMMENTARY

JUNE 2024

PERSONAL T·R·U·S·T

for the personal touch

SOUTH AFRICA

GLOBAL

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JUNE 2024

PERSONAL TRUST

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Instrument Total Return %	June	YTD	1-Year	3-Years	5-Years
EU Equities (STOXX 600)	-1.30%	6.77%	12.00%	4.14%	5.85%
US Equities (S&P 500)	3.59%	15.29%	26.09%	10.01%	15.05%
US Equities (Nasdaq 100)	6.27%	17.47%	32.86%	11.50%	21.77%
Hong Kong Equities (Hang Seng)	-1.09%	6.22%	-2.28%	-11.94%	-6.02%
Global Equities (MSCI ACWI)	2.26%	11.58%	21.17%	5.94%	11.28%
FTSE World Government Bond Index	-0.03%	-3.96%	-0.46%	-6.92%	-3.20%
South African Equities (ALSI)	4.08%	5.75%	10.79%	10.96%	10.57%
South African Bonds (ALBI)	5.18%	5.55%	13.80%	7.60%	7.82%
SA Listed Property	5.95%	9.55%	28.66%	11.65%	0.90%
EUR/ZAR	-4.4%	-3.4%	-5.3%	4.8%	4.0%
GBP/ZAR	-3.9%	-1.2%	-3.9%	5.2%	5.2%
USD/ZAR	-3.2%	-0.9%	-3.5%	8.3%	5.2%

FOR CURRENCY RETURNS: Negative Integer = ZAR strengthening | Positive Integer = ZAR weakening | 3 and 5 year returns annualised

Instrument Total Return %	June	YTD	1-Year	3-Years	5-Years
Personal Trust Income Fund	1.8%	4.3%	10.1%	7.3%	6.9%
Personal Trust Conservative Managed Fund	1.3%	5.2%	8.6%	9.4%	8.9%
Personal Trust Managed Fund	1.5%	6.6%	9.6%	10.7%	10.2%
Personal Trust Prudent Fund of Funds	0.7%	3.3%	8.3%	9.5%	9.5%
Personal Trust Equity Fund	-0.9%	1.8%	2.9%	9.9%	10.0%
PTI Global Select Opportunities Feeder Fund	-1.3%	2.8%	6.3%		
PTI Global Select Managers Opportunities Fund	1.5%	4.7%	9.9%	0.3%	5.1%
PTI Global Select Managers Cautious Fund	1.0%	1.3%	5.7%	-1.9%	1.4%

3 and 5 year returns annualised

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SA Listed Property	5.95%
EUR/ZAR	-4.4%
GBP/ZAR	-3.9%
USD/ZAR	-3.2%

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SOUTH AFRICA | GLOBAL

SOUTH AFRICA

SA equity and bond markets outperformed the DM and EM aggregates as some of the election anxiety subsided and risk premiums were broadly priced out of the market. However, 1Q24 economic growth disappointed, contracting by 0.1%, as declines in government and private consumption and investment more than outweighed the rise in net exports.

The strong performance of SA Equities was led by domestic focused sectors: retailers (17.1%), banks (16.2%), and life insurance (16.0%) with resources (-3.7%) a drag on the main index. The Rand recorded substantial gains last month, firming to below R18/US$1 earlier in June before closing the month c. 3.3% firmer vs the Dollar. While SA inflation is likely to resume its downward trend despite elevated administered prices, paving the way for the SARB to lower the repo rate in September in what is likely to be a shallow and gradual cutting cycle.

Money Market was impacted by the lack of inflation surprises - a stronger currency which gave the market confidence that the SARB will cut the repo rate in September. And SA bonds managed to record impressive returns in June, despite a large sell-off on the second last day of the month, giving the second-best Q2 return (7.4%) in 22 years. The move reflected the pricing out of the election risk premium and resulted in a broadly parallel shift of the yield curve from 10yr maturities outwards – the areas that are more sensitive to the fiscal outlook.

The SA Listed Property Index saw property perform strongly, returning 5.95%, driven by improved post-election sentiment. Which saw bifurcation in returns as REITS with significant SA-focused portfolios outperformed.

SA Coalitions / GNU - appear to be founded on very sandy foundations (Gauteng especially) as the ANC fails to comprehend that it is no longer a majority party yet assumes business as usual. Bottom line, while election outcomes remain uncertain, we stick with our quality bias (equity over UST / Bonds) and continue to look through this noise.

Alice Torppa & Mark Huxter, Investment Team

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Instrument Total Return %	May
EU Equities (STOXX 600)	1.93%
US Equities (S&P 500)	3.31%
US Equities (Nasdaq 100)	4.34%
Hong Kong Equities (Hang Seng)	2.63%
Global Equities (MSCI ACWI)	2.92%
FTSE World Government Bond Index	0.69%
South African Equities (ALSI)	0.46%
South African Bonds (ALBI)	0.72%
SA Listed Property	1.11%
EUR/ZAR	1.5%
GBP/ZAR	1.8%
USD/ZAR	-0.1%

FOR CURRENCY RETURNS: Negative Integer = ZAR strengthening | Positive Integer = ZAR weakening | 3 and 5 year returns annualised

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Economic data shows that Goldilocks (in the US) is alive and well with robust growth, a solid labour market, and moderating inflation all setting the backdrop for strong markets in June. The US Federal Reserve (Fed) left rates on hold at its June meeting (as expected), while across the Atlantic, the European Central Bank (ECB) cut rates for the first time in almost five years.

Global equities continued their march higher in June (MSCI World Index +2.1% MoM), pushing them to a 12% YTD gain. The influence of mega-cap tech stocks on global equity market returns remains significant, with the Magnificent 7 (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla) contributing half of the MSCI World's performance YTD and more than 90% of June's return.

The three major US indices all posted gains in June. However, MoM and for 2Q24, the Dow Jones Industrial Average (Dow) was the underperformer, rising by 1.1%; S&P 500 ended June 3.5% higher and Nasdaq rallied c. 6.0% MoM.

In Europe, major equity markets closed lower in June. Europe's equity market performance was most disappointing, MoM, Germany's DAX was down 1.4% (+8.9% YTD, -1.4% in 2Q24) with French equities (-6.6% MoM) leading European declines. French President Emmanuel Macron rattled investors with the surprise announcement of snap elections after his political alliance suffered a heavy defeat in European elections to Marine Le Pen's far-right National Rally party. The UK stock market ended in the red (ahead of the country's 4 July election), with the blue-chip FTSE-100 Index down 1.3% MoM.

In Japan, the benchmark Nikkei, ended June 2.8% higher. China's equity markets again disappointed, the Shanghai Composite closed June 3.9% lower. Doubts over an economic recovery and a potential trade war with the West (after China flagged possible retaliatory measures over European tariffs on Chinese electric vehicle [EV] imports) weighed on sentiment.

Emerging markets (EMs) had a strong month (MSCI EM +4% MoM), with AI computing again having a significant impact via Taiwanese chipmaker TSMC (+18% MoM), which accounted for c. 40% of June's EM Index performance.

US Treasuries - US 10-year government bond yields inched lower in a volatile month, with stronger-than-anticipated US employment data initially causing a spike in yields, which reversed when US inflation data showed inflation slowing marginally faster than anticipated.

USD: Speculation that a Trump presidency would lead to greater US fiscal deficits and higher inflation saw the Bloomberg Dollar Spot Index rising. However, any future US dollar weakness, should only be temporary as rate differentials matter. The US dollar will see rate differentials widen in its favour, as peer central banks begin to cut (June) before the Fed considers cutting later this year (September).

Commodities: Brent crude oil price ended the month 6% higher (US$86.41/bbl) despite a 5% drop in early June after an OPEC+ announcement that supply cuts would be extended but eventually phased out. Generally, commodity prices were mixed in June, and among platinum group metals (PGMs), platinum fell by 4.1% MoM, while the gold price ended June unchanged.

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