

MONTHLY MARKET COMMENTARY

AUGUST 2024



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SOUTH AFRICA

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Instrument Total Return %	August	YTD	1-Year	3-Years	5-Years
EU Equities (STOXX 600)	2.13%	9.62%	14.59%	3.70%	6.71%
US Equities (S&P 500)	4.05%	19.53%	27.14%	9.38%	15.92%
US Equities (Nasdaq 100)	4.24%	16.96%	27.30%	8.79%	21.55%
Hong Kong Equities (Hang Seng)	6.01%	9.23%	2.27%	-8.07%	-3.66%
Global Equities (MSCI ACWI)	4.21%	16.33%	23.99%	6.27%	12.67%
FTSE World Government Bond Index	2.99%	1.06%	5.68%	-5.65%	-2.63%
South African Equities (ALSI)	3.33%	11.41%	16.08%	12.03%	12.82%
South African Bonds (ALBI)	3.01%	12.37%	18.57%	8.95%	9.12%
SA Listed Property	9.46%	23.81%	38.20%	13.78%	4.40%
EUR/ZAR	0.1%	-2.4%	-3.8%	4.8%	3.4%
GBP/ZAR	0.2%	0.4%	-2.2%	5.5%	4.8%
USD/ZAR	-2.1%	-3.0%	-5.7%	7.1%	3.2%

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

Instrument Total Return %	August	YTD	1-Year	3-Years	5-Years
Personal Trust Income Fund	1.22%	7.07%	10.79%	7.80%	7.19%
Personal Trust Conservative Managed Fund	0.89%	7.84%	11.25%	9.11%	9.27%
Personal Trust Managed Fund	0.89%	9.21%	12.80%	10.24%	10.84%
Personal Trust Prudent Fund of Funds	0.77%	6.73%	10.40%	9.75%	10.36%
Personal Trust Equity Fund	0.21%	3.26%	5.53%	9.21%	11.03%
PTI Global Select Opportunities Feeder Fund	0.08%	3.75%	7.26%	N/a	N/a
PTI Global Select Managers Opportunities Fund	1.83%	8.55%	13.88%	0.36%	5.89%
PTI Global Select Managers Cautious Fund	2.79%	4.97%	9.08%	-1.21%	2.03%

3 and 5 year returns annualised

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The SA equity index (1.4%) underperformed the DM aggregate (1.7%) while outperforming the EM aggregate (0.2%) as sentiment continues to improve and interest rate sensitive sectors moved higher. However, headline GDP data for the second quarter (to be released on Tuesday, the 3rd of September) could be disappointing when released, but there are some indications that better energy availability and improved post-election sentiment will provide for a better second half as the June momentum rises further. The rand strengthened by 2.2% against the US dollar in August.

Following the more market-friendly election outcome of a government of national unity and renewed investment confidence, SA Inc. stocks (domestically focused shares) held up well on the JSE, with property shares, banks, insurers, and retailers the outperformers. The FTSE JSE All Share Index posted a 1.2% MoM gain.

Money Market sees further moderation of inflation, a stronger rand and a high likelihood that the Fed will cut its lending rate at its next meeting paving the way for the SARB to start the cutting cycle at its next MPC meeting which is set to take place on September 19th.

The SA Listed Property Index saw property perform strongly, returning 8.25%, driven by improved post-election sentiment.

Foreign investors, who have been underweight SA bonds, have become net buyers for the second consecutive month – a first in over three years, as nominal bond yields continued their trend lower returning + 2.4%, as investors are becoming more confident that the Government of National Unity will be able to deliver on its structural reform agenda.

Alice Torppa & Mark Huxter, Investment Team

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August began with US recession fears sending shockwaves through, causing losses in equities. Japan's Nikkei 225 plunged 12.4% on 5 August as investors reacted to rising US unemployment and slower job creation data, which suggested an impending US economic slowdown. The CBOE Volatility Index (VIX), or "fear gauge," briefly soared to its highest level since the early days of COVID-19. But by the second week of August, Wall Street had recorded a strong rally over several sessions before fluctuating between whiplash-inducing gains and losses as investors awaited updates from the US Federal Reserve (Fed) around interest rates.

US July annual inflation slowed to its lowest level since 2021, falling for a third consecutive month, along with headline inflation, as the three major US indices closed August in the green, with the tech stocks that powered US equity markets in 1H24 the laggards for a second month. The Dow reached new highs and rose by 1.8% MoM in August, while the S&P 500 ended 2.3% higher and the tech-heavy Nasdaq advanced by 0.6%.

In Europe, major equity markets closed higher in August. MoM, Germany's DAX was up 2.2%, while France's CAC ended the month 1.3% in the green. But on the economic data front, July eurozone headline inflation rose unexpectedly to 2.6% YoY from 2.5% in June, higher than the 2.5% print consensus forecasts had expected. In the UK, the stock market recorded a small advance, with the blue-chip FTSE-100 up 0.1% in August with inflation rising up for the first time in 2024, at 2.2% in July vs June's 2.0% print, and edging slightly above the Bank of England's (BoE) 2.0% target rate.

Japan's benchmark Nikkei ended August 1.2% lower, while July headline CPI stood at 2.8% YoY – unchanged from June's print. The Shanghai Composite closed August 3.3% in the red, while Hong Kong's Hang Seng gained 3.7%, as property investment declined by 10.2% YoY in the first seven months of 2024 and the annual inflation rate climbed to 0.5% in July 2024 from 0.2% in June, exceeding expectations of a 0.3% print.

US Treasuries - US 10-year government bond yields declined in a volatile month, as US recession fears sent shockwaves through markets. Despite this, US inflation data showed inflation slowing marginally faster than anticipated supporting the prospect of accelerated monetary policy easing by the Fed.

USD trended weaker against most crosses supported by the market's soft-landing narrative but any future US dollar weakness, should only be temporary as rate differentials matter. Ultimately, the US dollar will see rate differentials widen in its favour, as peer central banks begin their cutting cycle.

Commodities: Outside of gold, commodities remained under pressure in August. Although oil prices have been supported by ongoing geopolitical tensions in the Middle East, soft demand in China has negatively impacted the market for months. (PGMs), the platinum price fell 5.0%, palladium rose 4.4%, and rhodium was up 1.1% while Iron ore rebounded slightly but ended August unchanged MoM.

Alice Torppa & Mark Huxter, Investment Team

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