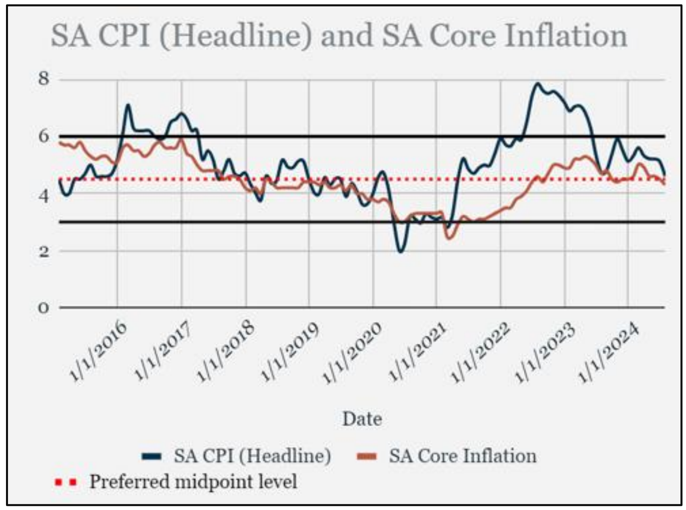
South African Market

September saw continued growth in the local equity market, supported by enhanced domestic economic activity and the stability provided by a coalition government established some three months ago. The FTSE/JSE ALSI was again one of the top performing emerging market indices, advancing 4.04%. Year-to-date, the Index has gained 15.91%, with the bulk of this performance occurring in the four-month period following the May elections. China's extensive economic stimulus measures have positively impacted both precious and industrial metal prices, contributing to a 5.37% gain in the industrial sector. Domestic firms, particularly in retail and banking, continued their strong performance, with the financial sector climbing 2.51% in the month.

Local inflation (CPI) continued its decline, falling more than expected to its lowest level since April 2021. The headline inflation rate dropped to 4.4% year-on-year, down from 4.6% in the previous month, falling below the 4.5% midpoint of the South African Reserve Bank's 3% - 6% target range. This decrease was primarily driven by lower prices in transport and housing sectors. However, food inflation saw a slight uptick from 4.5% to 4.7%, breaking an 8-month downward trend. Fuel prices maintained their downward trajectory, decreasing by (4.12%). Core inflation, which excludes volatile food and energy prices, slowed from 4.3% to 4.1% year-on-year.

SA inflation Rate:



Source: Trading Economics

In response to the persistent downward trend in inflation over the past four months, the South African Reserve Bank's Monetary Policy Committee (MPC) implemented its first interest rate cut in four years during their September meeting. The MPC unanimously decided to lower the main lending rate by 25 basis points, from 8.25% to 8%. This widely anticipated move aligns with the US Federal Reserve's recent shift towards rate reductions, positioning South Africa among the latest markets to initiate an easing cycle. Economic analysts now project another 25-basis point rate cut at the SARB's final monetary policy meeting of the year in November.

Asset Class Performance (ZAR):

As of 30th September 2024	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity	(0.68)	11.34	20.24	12.84	15.27	14.45
Global Property	0.19	6.26	19.88	5.98	5.12	10.00
Global Bond	(1.23)	(3.15)	1.51	0.48	0.92	4.31
Global Cash	(2.53)	(1.81)	(3.35)	8.64	5.16	6.21
SA Equity	4.04	15.91	23.93	14.73	13.67	9.41
SA Property	5.04	30.04	51.34	15.97	5.37	4.30
SA Bond	3.86	16.68	26.14	11.14	9.84	9.06
SA Cash	0.67	6.10	8.23	6.58	5.70	6.10

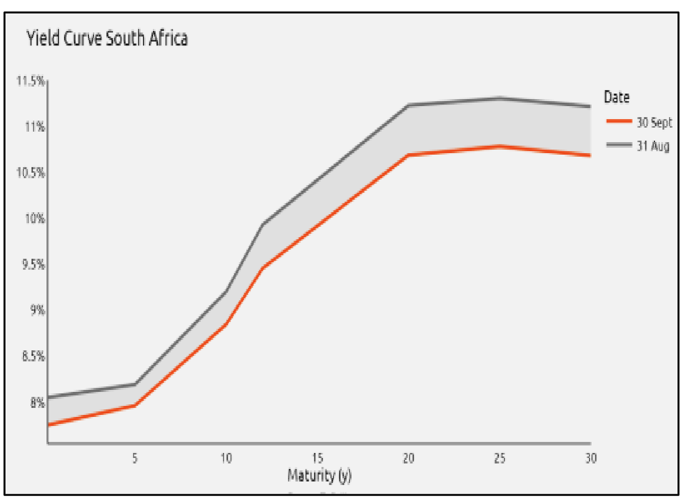
ZAR/USD (negative = Rand strength)	(3.11)	(5.64)	(8.69)	4.69	2.63	4.33
Gold	2.12	15.20	22.89	14.90	11.43	9.92
Brent Crude Oil	(2.95)	(0.98)	(15.18)	9.73	8.74	2.45

*Returns more than 1 year are annualized.

September saw the Rand extend its upward momentum, aided by an unexpected 50 basis point rate cut by the US Federal Reserve. The South African currency closed the month 3.11% stronger against the US Dollar, reaching R17.27/USD - its best level in nearly two years and marking its best monthly performance of 2024 to date. Improving economic activity has also had a positive effect on the domestic currency, along with the reduction in political risk with the formation of a more moderate government, and increased foreign appetite for SA's portfolio assets. These positive elements have significantly boosted the appeal of the domestic currency in international markets.

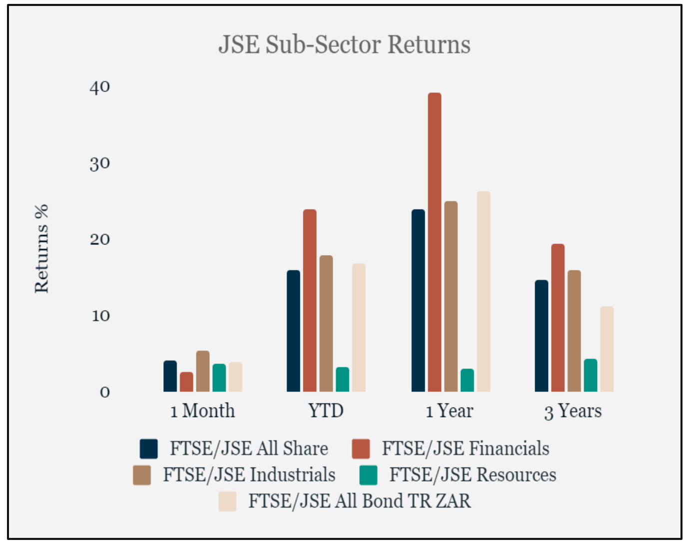
South African bonds maintained their positive momentum in September, supported by growing optimism around the local economy along with a softening of the global interest rate environment. Mirroring the strong performance of local equities, the bond market also excelled. The All-Bond Index (ALBI) delivered a 3.86% return for the month, pushing its year-to-date performance to 16.68%. The yield on the benchmark 10-year government bond continued its downward trajectory, breaking below the 10% threshold for the first time since April 2022, ending the month at 9.95%, down from 10.48%. Notably, the yield spread between South African and US bonds narrowed to 5.01%, reaching its lowest point since 2016.

__South Africa Yield Curve:__



Source: Refinitiv

__JSE Sub-Sector Returns:__



Source: Morningstar (Returns more than 1 year are annualized)

September saw a revival in South African manufacturing, recovering from the previous month's slump, with Absa's seasonally adjusted PMI climbing to 52.8 from August's 43.6, signalling sector growth. This upturn was driven by increased domestic and export demand, with exports expanding for the third time this year. The recent interest rate reduction has also fuelled optimism for stronger future consumer demand. Producers benefited from lower input costs, reaching a five-year low, thanks to a stronger currency and decreased oil prices.

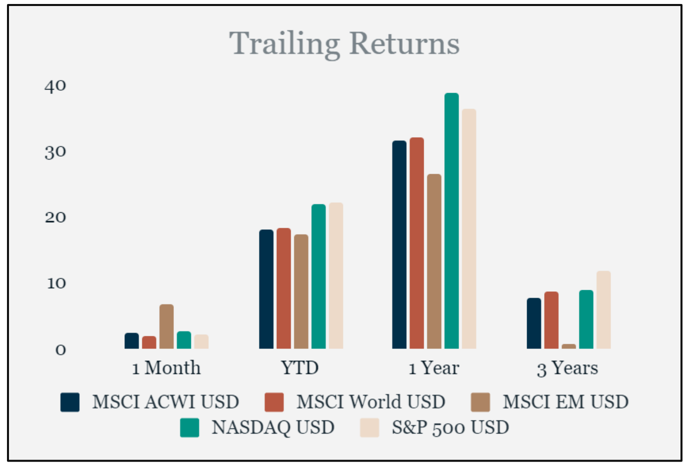
Consumer sentiment also improved, as evidenced by the FNB/BER Consumer Confidence Index rising to -5 in Q3, its highest since early 2019. This marks the third consecutive quarter of five-point gains, totalling a 20-point increase since mid-2022. Although the current index remains below the long-term average of zero, it is the highest level of consumer confidence recorded since the first half of 2019. The improvement can be attributed to the recent interest rate cut as well as household liquidity boost from the "two-pot" reforms that allow for an annual early drawdown on pension funds' assets. While this is not good development for long term savings it has provided welcome relief to many consumers.

Global Markets

September started with heightened volatility in the global equity markets, with US stocks experiencing their worst weekly performance of the year, particularly in the mega tech sector. However, the month's trajectory shifted positively due to encouraging economic data and continued US disinflation, reigniting hopes for a soft economic landing. This optimism, coupled with interest rate cuts by major central banks, propelled global equities upward for the remainder of the month. The MSCI ACWI concluded the month with a 2.33% gain, marking the first positive September in the past 5 years. Emerging markets substantially outperformed their developed market peers, with a 6.72% USD increase compared to the MSCI World Index's 1.77% rise. Asian equities were standout performers, buoyed by the People's Bank of China's monetary stimulus aimed at reinvigorating China's economic growth.

The Inflation rate in the US continued its downward trend for the fifth consecutive month, reaching 2.5% year-over-year, a decrease from 2.9% in the previous month and its lowest level since early 2021. This decline was primarily attributed to falling energy prices, with gasoline costs dropping over the month and more than 10% compared to August 2023. Core inflation, which excludes volatile food and energy prices, held steady at 3.2% year-over-year.

Global Indices Trailing Returns:



Source: Morningstar (Returns more than 1 year are annualized)

In a significant policy shift, the Federal Reserve's September 2024 Federal Open Market Committee (FOMC) meeting resulted in a more substantial interest rate reduction of 50 basis points. This marks the first monetary policy easing in four years, reflecting progress on the Fed's dual mandate of price stability and maximum employment. The new target range for interest rates is set at 4.75% to 5%. This decision indicates a marked change in the Fed's stance, acknowledging that the potential risks of a slowing labour market now outweigh inflation concerns. The recent rate cut is intended to support economic growth and stabilize the decelerating job market.

Asset Class Performance (USD):

As of 30th September 2024	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity	2.33	18.16	31.45	7.85	12.35	9.72
Global Property	3.23	12.77	31.05	1.29	2.46	5.46
Global Bond	1.77	2.78	10.98	(3.96)	(1.63)	(0.00)
Global Cash	0.43	4.20	5.66	3.83	2.50	1.82
SA Equity	7.20	23.01	35.49	9.65	10.80	4.89
SA Property	8.22	38.00	65.45	10.84	2.71	(0.01)
SA Bond	7.01	23.82	37.90	6.22	7.07	4.55
SA Cash	3.72	12.59	18.32	1.87	3.03	1.71
ZAR/USD (negative = Dollar strength)	3.21	5.97	9.51	(4.48)	(2.56)	(4.15)
Gold	5.21	22.25	34.34	9.81	8.61	5.37
Brent Crude Oil	(0.57)	1.99	(9.54)	2.49	5.39	(2.67)

*Returns more than 1 year are annualized.

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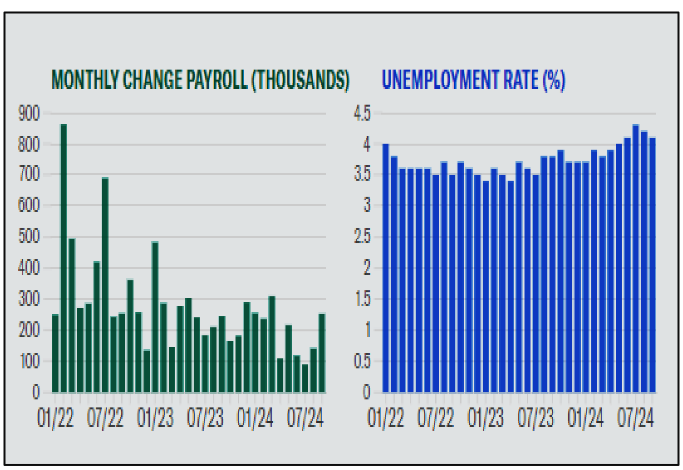
The UK's inflation rate remained constant at 2.2% year-over-year in September, which was in line with analysts' projections but exceeding the Bank of England's 2% target. Services inflation, a key metric for the BOE given its significance in the UK economy, climbed to 5.6% from 5.2%. Mirroring trends in the US, fuel prices also decreased due to global economic slowdown concerns. Core inflation, which excludes volatile components like energy and food, unexpectedly rose to 3.6% from 3.3%. In their September meeting, the Bank of England maintained interest rates at its current level of 5%, following a 25-basis point reduction in August - the first rate cut in over four years. This decision aligned with market expectations, although one committee member advocated for an additional 25 basis point decrease to 4.75%.

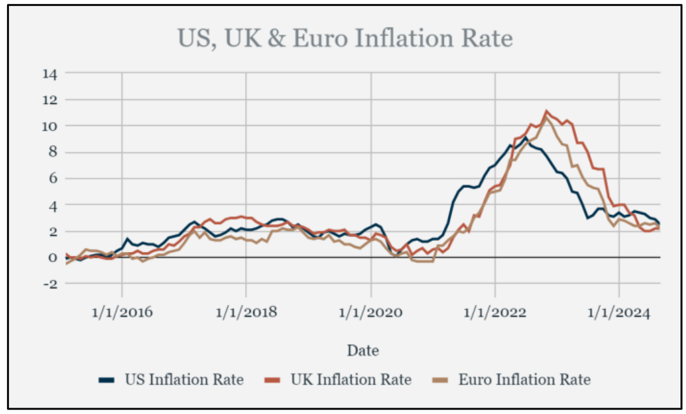
The US Dollar continued its downward trajectory in foreign exchange markets, marking the third straight month of decline and reaching its lowest level over the past year. The currency depreciated by (0.94%) against a basket of major currencies by the end of the month, maintaining a predominantly bearish trend. This weakness is largely attributed to the recent 50-basis point interest rate cut. Market expectations are also now fully pricing in a cut of least a 25-basis point reduction at the Federal Reserve's upcoming November meeting. Meanwhile, the commodities sector demonstrated broad strength, with gold achieving another record high in US Dollar terms, up 28% year-to-date. However, Brent Crude oil prices continued to soften, briefly dipping below $70 at month's end - a threshold not breached in nearly four years.

US Jobs Report:



Source: Bureau Of Labour Statistics

US/UK/Euro Inflation Rate:



Source: Trading Economics

September saw continued strength in the global bond market, building on the strong performance of the previous two months. The global bond index advanced by 1.77%. In the US, the benchmark 10-year Treasury bond yield decreased by 18 basis points, concluding the month at 3.73% - its lowest point in over a year. The US yield curve, which measures the gap between yields on two- and 10-year Treasury notes and seen as an indicator of future economic expectations, 'uninverted' for the first time since June 2022, with shorter-term government bond yields experiencing a sharper decline compared to longer-term bonds. This shift suggests market anticipation of additional interest rate reductions in the near future.

Economic indicators for September paint a mixed picture of the US economy. The Institute of Supply Management's Purchasing Managers Index continued to signal a manufacturing recession, holding steady at 47.2% for the sixth consecutive month below the 50-point growth threshold. However, this figure remains above the 42.5 mark associated with overall economic expansion. In contrast, the US labour market showed unexpected strength. The Bureau of Labor Statistics reported 254000 new payrolls, surpassing projections of a 150000 increase, while unemployment dipped to 4.1% from 4.2%, reflecting an overall stronger picture of the jobs market than Wall Street had expected. This robust job growth contradicted the weaker sentiment expressed in the Institute for Supply Management's latest report for September. As the November presidential election approaches, these varying economic signals remain a central concern for voters.

Historic Asset Class Performance Matrix

The below performance matrix shows returns (colour coded) for the 4 main indicative sources of return per asset class and separated for South Africa and Global. **All performance figures here shown in ZAR.** The performances show the one-year performance of each asset class up to the displayed date (X-axis) except for the column showing YTD returns up to 30th September 2024.

	YTD	9/2024	9/2023	9/2022	9/2021	9/2020	9/2019	9/2018	9/2017	9/2016	9/2015	9/2014	9/2013
Best	SA Prop-erty 30.0	SA Prop-erty 51.3	Global Equity 26.5	Global Cash 20.6	SA Prop-erty 54.4	Global Equity 21.1	Global Property 23.4	Global Equity 15.4	Global Equity 17.2	Global Property 17.0	Global Property 30.1	Global Equity 24.9	Global Equity 45.6
	SA Fixed Income 16.7	SA Fixed Income 26.1	SA Equity 17.7	SA Cash 4.2	SA Equity 23.2	Global Fixed Income 16.5	Global Fixed Income 15.3	Global Property 9.8	SA Equity 10.2	Global Equity 12.3	SA Prop-erty 25.8	Global Property 24.1	Global Property 31.4
	SA Equity 15.9	SA Equity 23.9	SA Prop-erty 12.9	SA Equity 3.5	Global Property 18.8	Global Cash 11.1	SA Fixed Income 11.4	SA Fixed Income 7.1	SA Prop-erty 9.5	Global Fixed Income 10.1	Global Cash 22.6	SA Equity 15.4	SA Equity 27.0
	Global Equity 11.3	Global Equity 20.2	Global Cash 10.0	SA Fixed Income 1.5	Global Equity 16.9	SA Cash 5.3	Global Cash 9.7	Global Cash 6.7	SA Fixed Income 8.2	SA Fixed Income 7.6	Global Fixed Income 17.0	SA Prop-erty 15.1	Global Cash 22.2
	Global Property 6.3	Global Property 19.9	SA Cash 7.3	Global Equity -5.5	SA Fixed Income 12.5	SA Fixed Income 3.6	Global Equity 8.1	SA Cash 6.6	SA Cash 6.9	SA Cash 6.6	Global Equity 15.4	Global Cash 12.4	Global Fixed Income 16.2
	SA Cash 6.1	SA Cash 8.2	SA Fixed Income 7.2	Global Fixed Income -5.7	SA Cash 3.5	SA Equity 2.0	SA Cash 6.6	Global Fixed Income 3.4	Global Cash -0.9	SA Equity 6.6	SA Fixed Income 7.0	Global Fixed Income 11.9	SA Prop-erty 10.3
	Global Cash -1.8	Global Fixed Income 1.5	Global Property 7.2	Global Property -7.4	Global Cash -9.7	Global Property -9.3	SA Equity 1.9	SA Equity 3.3	Global Property -2.0	SA Prop-erty 3.8	SA Cash 5.7	SA Fixed Income 5.8	SA Cash 4.8
Worst	Global Fixed Income -3.2	Global Cash -3.4	Global Fixed Income 6.0	SA Prop-erty -8.7	Global Fixed Income -11.5	SA Prop-erty -46.1	SA Prop-erty -2.7	SA Prop-erty -15.7	Global Fixed Income -5.1	Global Cash -0.1	SA Equity 4.8	SA Cash 5.2	SA Fixed Income 3.1

Source: Morningstar Direct