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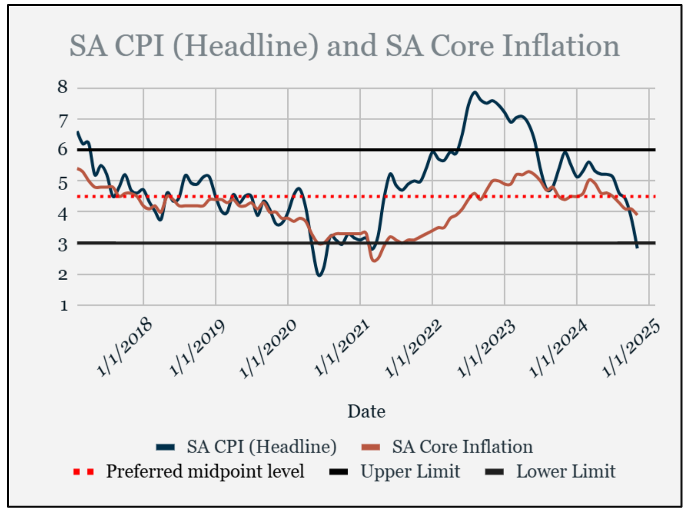
South African Market

Local equity markets fell for a second consecutive month, yet continued to demonstrate resilience compared to the broader emerging market composite. The FTSE/JSE ALSI ended the month with a (0.94%) decrease, though it remains up 13.76% year-to-date. The index's downturn was primarily attributed to the underperforming Resources sector, which dropped by (6.75%), with platinum miners being the largest detractor. In contrast, sectors tied to the domestic economy, particularly South African retail, showed remarkable strength. This performance was driven by compelling earnings reports and encouraging indications of potential sales growth momentum.

Local inflation (CPI) continued its downward trend, marking the 5th consecutive month of decline and reaching its lowest point since June 2020. Annual headline inflation retreated to 2.8%, down from 3.8% in the prior month, falling below the South African Reserve Bank's 3%-6% target range. The main driver behind the lower inflation reading has been the sharp decline in goods inflation, particularly food and fuel prices. Goods inflation contracted to 1.4% YoY, while fuel prices has dropped by 19.1% over the last 12 months. Annual inflation for food moderated to 3.6%, after remaining steady for six months within a 4.5% to 4.7% range. Core inflation, which strips out volatile food and energy costs, declined to 3.9%, from 4.1% year-over-year.

SA inflation Rate:



Source: Trading Economics

During its final meeting of the year, the South African Reserve Bank's Monetary Policy Committee (MPC) implemented another 25-basis point cut, reducing the interest rate from 8% to 7.75% and adjusting the prime lending rate to 11.25%. This decision was fundamentally driven by an improving inflation outlook. The cut follows a similar 25-basis-point reduction in September, which marked the first rate cut in four years. Interest rates have now dropped by a total of 50 basis points over the last 2 months. The most recent rate adjustment was largely expected, with economic analysts projecting an additional 50-basis-point reduction anticipated during the first half of 2025.

Asset Class Performance (ZAR):

As of 30th November 2024	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity	6.18	18.52	20.45	12.06	16.29	15.17
Global Property	4.96	8.85	15.46	3.02	6.09	9.58
Global Bond	2.36	(2.07)	(1.58)	(1.10)	1.96	4.78
Global Cash	2.57	3.68	0.52	8.17	6.83	6.91
SA Equity	(0.94)	13.76	16.04	10.50	12.96	9.04
SA Property	1.65	28.44	41.16	15.32	4.55	3.19
SA Bond	3.06	17.59	19.35	11.36	10.04	8.52
SA Cash	0.63	7.47	8.19	6.83	5.75	6.14

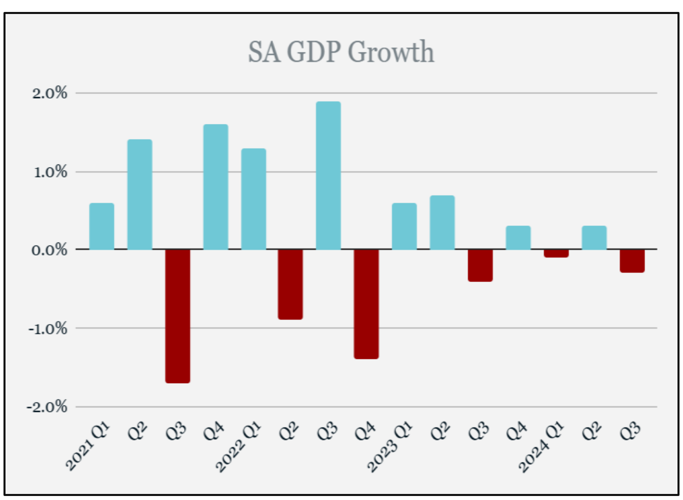
ZAR/USD (negative = Rand strength)	2.17	(1.32)	(4.34)	4.12	4.25	5.02
Gold	(1.27)	20.63	17.24	13.88	13.34	11.02
Brent Crude Oil	2.68	(6.97)	(16.50)	5.04	7.46	5.43

*Returns more than 1 year are annualized.

The Rand experienced continued depreciation against the US Dollar for a second consecutive month. The South African currency closed the month with a (2.17%) decline versus the greenback, ending the month at R18.05/USD. Since the US election results, the Rand has exhibited increased volatility, struggling with challenges posed by escalating US Treasury yields and the Dollar's strength, which stems from the anticipated pro-growth policy initiatives. Despite South Africa maintaining relatively favorable terms of trade over the recent quarter, short-term speculative market positioning has persistently exerted downward pressure on the Rand during the past two months.

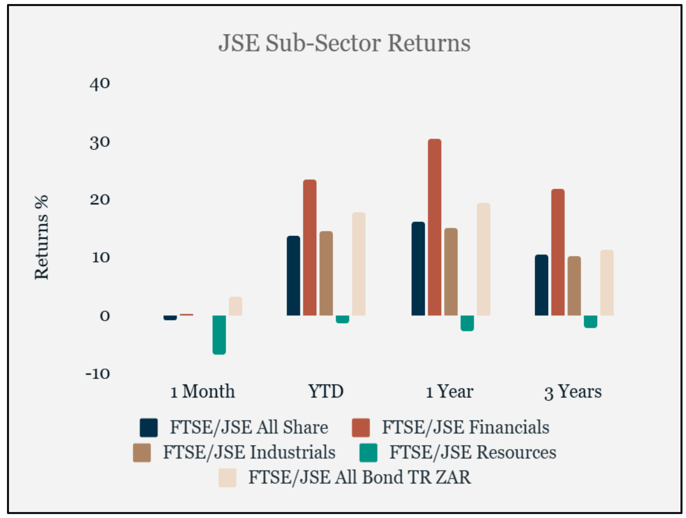
The South African All Bond Index (ALBI) registered a positive performance for the month, advancing 3.06% amid a backdrop of low inflation and declining yields that aligned with global market trends. This upward trajectory was primarily driven by decreasing inflation rates, a reduced repo rate, and an enhanced fiscal outlook that is improving domestic economic demand. After experiencing significant volatility throughout the year, the yield on South Africa's 10-year government bond has begun to show signs of stabilization. The yield is now just above 10%, down 40 basis points from the previous month, having reached both 12.23% this year and 9.91%. The yield spread between South African and US bonds increased to 5.30%, up from 5.03% last month.

South Africa GDP:



Source: Trading Economics

JSE Sub-Sector Returns:



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

Despite an improvement in economic sentiment following the formation of the Government of National Unity (GNU), South Africa’s economy unexpectedly contracted in 3Q24 by (0.3%). According to data released by Statistics South Africa four out of ten industries fell during the quarter, including agriculture, forestry and fishing, which decreased by (28.8%), contributing (0.7%) to the negative GDP growth. Transport, trade, and government services also further compounded the economic challenges. The weaker GDP data comes after the economy grew by a revised 0.3% in the second quarter as the absence of load-shedding created a more favourable environment for producers and lower inflation, especially on essentials such as food and fuel, supported consumers’ purchasing power and real incomes.

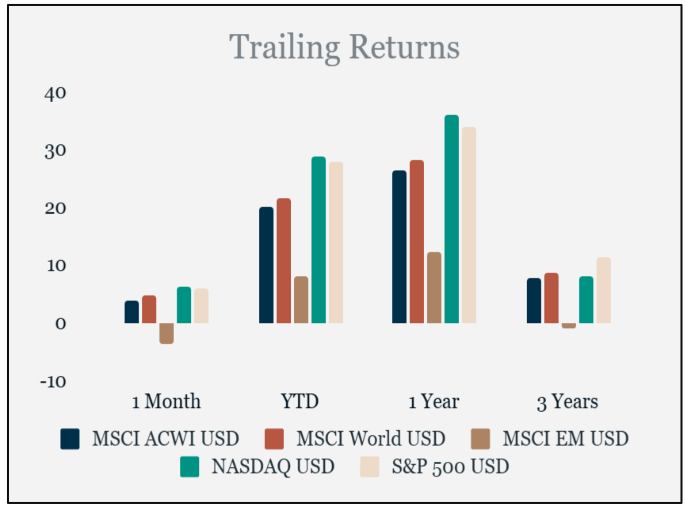
South Africa’s unemployment rate fell to 32.1% in the third quarter of 2024, down from a two-year high of 33.5% in the prior period. This is the first decrease in South Africa’s unemployment rate since the third quarter of 2023. S&P Global Ratings has revised its outlook on South Africa’s debt from stable to positive. According to S&P, this revision reflects the potential for stronger-than-expected economic growth and the stabilization of government debt, provided the new coalition government can accelerate economic reforms while addressing infrastructure and fiscal challenges.

Global Markets

November saw global equity markets rebound following a volatile October, with US equities leading the way and delivering a 6.29% increase. Market sentiment was buoyed by expectations of deregulation, benefiting financial and energy sectors. The industrial sector also showed promise, anticipated to gain from potential tax cuts and revised trade policies. The MSCI ACWI concluded the month with a 3.93% gain, driven by US market performance. International markets approached the US election results with measured caution. Emerging markets lagged behind developed markets, posting a (3.58%) return in USD terms, while developed markets advanced 4.81%. Chinese equities were hit hardest due to concerns about a future trade conflict and the assessment that the previously announced government support measures are not yet sufficient to overcome the domestic real estate and confidence crisis.

US inflation experienced a slight uptick on an annual basis, rising to 2.6% from 2.4% in the previous month - the first increase since March. This latest data point suggests that while inflationary pressures are moderating, they have not completely dissipated. Shelter inflation, remained persistently high, increasing by 4.9% YoY and contributing to increases in both headline and core price indices. The energy index remained flat month-over-month, following a 1.9% decline in September, and showed a 4.9% YoY decrease.

Global Indices Trailing Returns:



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

Building on September's significant half-percentage point reduction, the Federal Open Market Committee implemented a further 25-basis point cut to its benchmark overnight borrowing rate, establishing a target range of 4.5%-4.75%. Markets had widely expected the move, which was telegraphed both at the September meeting and in follow-up remarks from policymakers since then. Fed officials have justified the continued monetary easing by emphasizing support for employment as a priority comparable to managing inflation. With one more meeting remaining in the year, markets anticipate an additional 25-basis point reduction.

Asset Class Performance (USD):

As of 30th November 2024	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity	3.93	19.99	26.36	7.67	11.52	9.64
Global Property	2.73	10.19	21.13	(1.02)	1.74	4.32
Global Bond	0.18	(0.86)	3.25	(4.97)	(2.22)	(0.24)
Global Cash	0.39	4.96	5.45	3.93	2.45	1.78
SA Equity	(3.05)	15.17	21.73	6.17	8.33	3.81
SA Property	(0.51)	30.03	48.08	10.81	0.26	(1.76)
SA Bond	0.87	19.05	25.20	7.00	5.53	3.31
SA Cash	(1.51)	8.80	13.50	2.65	1.41	1.05

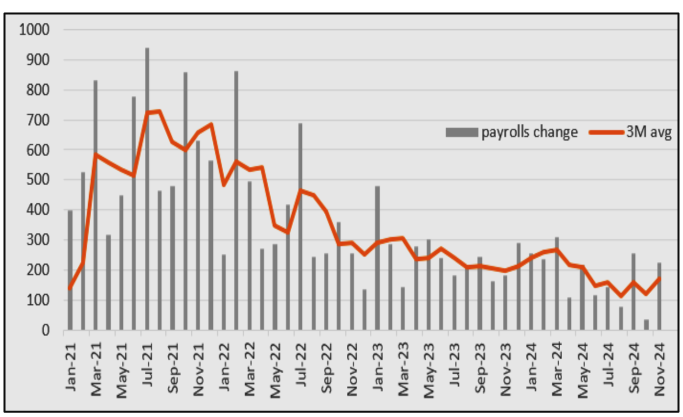
ZAR/USD (negative = Dollar strength)	(2.12)	1.33	4.54	(3.95)	(4.07)	(4.78)
Gold	(3.37)	22.12	22.99	9.42	8.69	5.69
Brent Crude Oil	0.50	(5.82)	(12.40)	0.93	3.05	0.37

*Returns more than 1 year are annualized.

The UK's annual inflation rate climbed to 2.3%, reaching its highest level in six months and surpassing both the Bank of England's 2% target and market predictions of 2.2%. The increase was predominantly driven by a 10% rise in regulated domestic energy tariffs. Services inflation, a crucial indicator of domestic price pressures for the BoE, increased to 5.0% from 4.9%. Core inflation, which strips out energy and food prices, also rose to 3.3% from 3.2% the previous month. In response, the Bank of England's Monetary Policy Committee voted 8-1 to reduce the key interest rate to 4.75%, marking its second rate cut of the year following the initial easing in August. Policymakers cited the continued moderation of inflation as a key factor in their decision, while also noting that the government's fiscal strategy had prompted upward revisions to their growth and inflation forecasts.

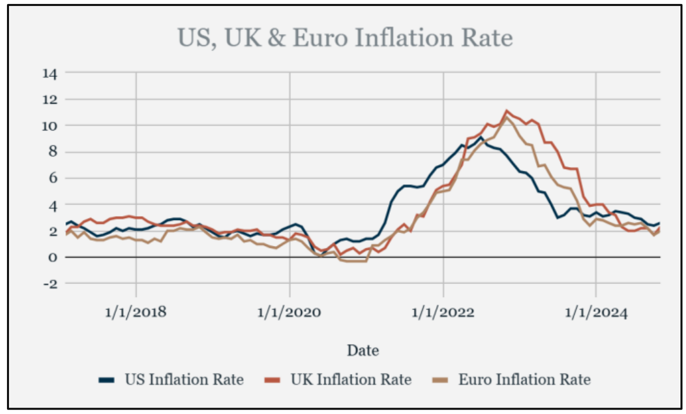
The US Dollar experienced another month of appreciation gaining 1.73% against all major currencies, with the Japanese Yen emerging as the notable exception. The Yen's strength was fueled by rising expectations of a December rate hike, pushing it to a six-week peak against the Dollar. The USD's broad-based rally was primarily attributed to shifting expectations regarding the Federal Reserve's terminal rate, driven by anticipation of potential inflationary pressures in the next year. These expectations stem from projections about the new Trump administration's potential policy directions, including plans to reduce business regulations and implement growth-stimulating policies. Meanwhile, the price of gold dropped (3.37%), the most substantial monthly drop since September 2023 – as the Dollar's momentum effectively halted the precious metal's recent upward trajectory.

US Non-Farm Payrolls:



Source: Macrobond,

US/UK/Euro Inflation Rate:



Source: Trading Economics

Global bond markets ended the month on a positive note gaining 0.18%, despite volatility earlier in the month triggered by the US elections. Donald Trump's victory initially heightened expectations of prolonged high interest rates, as his proposed policy agenda was anticipated to generate renewed inflationary pressures. Yields experienced an initial upward trajectory in early November, with the US 10-year government borrowing rate approaching 4.5%. However, this initial effect on yields was short-lived, as investors quickly began reassessing the practicality and implementation timeline of the proposed policies. The 10-year Treasury yield reversed course, declining 13 basis points and settling at 4.17%, down from the earlier 4.30% level.

The 2024 US Presidential Election concluded with Donald Trump emerging victorious, with Republicans gaining control of both the Senate and the House of Representatives. With a clear mandate, Trump is poised to advance the policy agenda he outlined during his campaign, which includes significant tax cuts, further deregulation, increased tariffs, and immigration restrictions – a combination of policies expected to potentially reflate the US economy. In the labor market, November showed a robust recovery following the previous month's constraints. US non-farm payrolls expanded by 227,000 jobs, close to the 220,000-consensus forecast and representing a substantial improvement from October's upwardly revised 36,000 job gain, which had been severely impacted by Boeing strikes and hurricanes Helene and Milton. Correspondingly, the unemployment rate edged up to 4.2%, breaking its two-month stability at 4.1%.

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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 November 2024.

	YTD	11/2024	11/2023	11/2022	11/2021	11/2020	11/2019	11/2018	11/2017	11/2016	11/2015	11/2014	11/2013
Best	SA Prop-erty 28.4	SA Prop-erty 41.2	Global Equity 24.3	SA Equity 11.1	SA Prop-erty 44.3	Global Equity 21.8	Global Property 23.0	SA Fixed Income 13.1	SA Equity 22.5	SA Cash 6.8	Global Property 32.7	Global Property 31.2	Global Equity 43.1
	Global Equity 18.5	Global Equity 20.4	Global Cash 17.2	Global Cash 7.5	Global Property 31.0	Global Fixed Income 14.7	Global Equity 20.2	SA Cash 6.6	Global Equity 21.8	SA Fixed Income 6.1	Global Cash 30.7	SA Prop-erty 26.5	SA Equity 21.6
	SA Fixed Income 17.6	SA Fixed Income 19.3	Global Fixed Income 12.6	SA Prop-erty 7.2	SA Equity 28.5	SA Fixed Income 8.0	Global Fixed Income 13.7	Global Property 4.4	SA Prop-erty 17.2	Global Equity 1.9	Global Equity 28.7	Global Equity 17.3	Global Property 21.4
	SA Equity 13.8	SA Equity 16.0	Global Property 9.4	SA Fixed Income 6.4	Global Equity 24.1	Global Cash 6.2	SA Equity 13.1	Global Cash 3.5	Global Property 9.1	Global Fixed Income 0.7	Global Fixed Income 23.8	SA Equity 14.4	Global Cash 14.6
	Global Property 8.8	Global Property 15.5	SA Fixed Income 8.8	SA Cash 4.7	SA Fixed Income 8.1	SA Equity 6.0	SA Fixed Income 9.0	Global Equity 0.6	SA Cash 6.9	Global Property 0.0	SA Prop-erty 16.3	SA Fixed Income 13.1	Global Fixed Income 9.6
	SA Cash 7.5	SA Cash 8.2	SA Cash 7.7	Global Equity -6.1	Global Cash 3.6	SA Cash 4.8	Global Cash 8.1	Global Fixed Income -1.2	SA Fixed Income 6.0	SA Equity -0.1	SA Equity 6.8	Global Cash 8.8	SA Prop-erty 7.7
	Global Cash 3.7	Global Cash 0.5	SA Equity 4.7	Global Fixed Income -12.7	SA Cash 3.5	Global Property -6.2	SA Cash 6.6	SA Equity -12.6	Global Fixed Income 3.5	SA Prop-erty -0.8	SA Cash 5.8	Global Fixed Income 7.3	SA Cash 4.8
Worst	Global Fixed Income -2.1	Global Fixed Income -1.6	SA Prop-erty 1.4	Global Property -13.5	Global Fixed Income -0.7	SA Prop-erty -43.6	SA Prop-erty 3.0	SA Prop-erty -21.3	Global Cash -1.8	Global Cash -2.3	SA Fixed Income 1.4	SA Cash 5.3	SA Fixed Income 1.8

Source: Morningstar Direct