

S I M E K A

member of  **Sanlam** group

Investment feedback

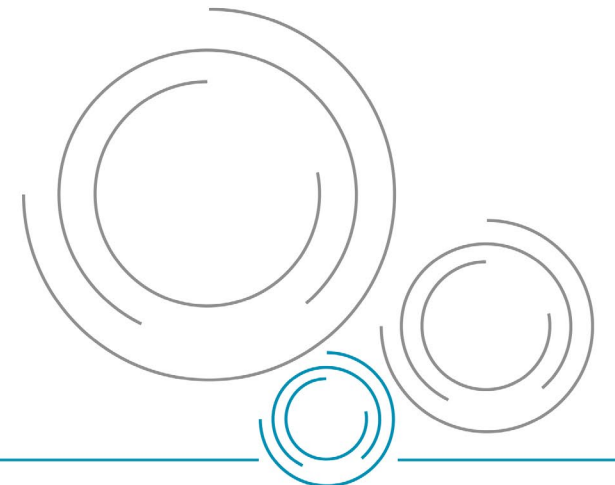
August 2024

Marcus Rautenbach | Principled Investment Consultant

30 August 2024

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Solutions for
Retirement • Actuarial • Investments • Health • Wealth



Two-minute version



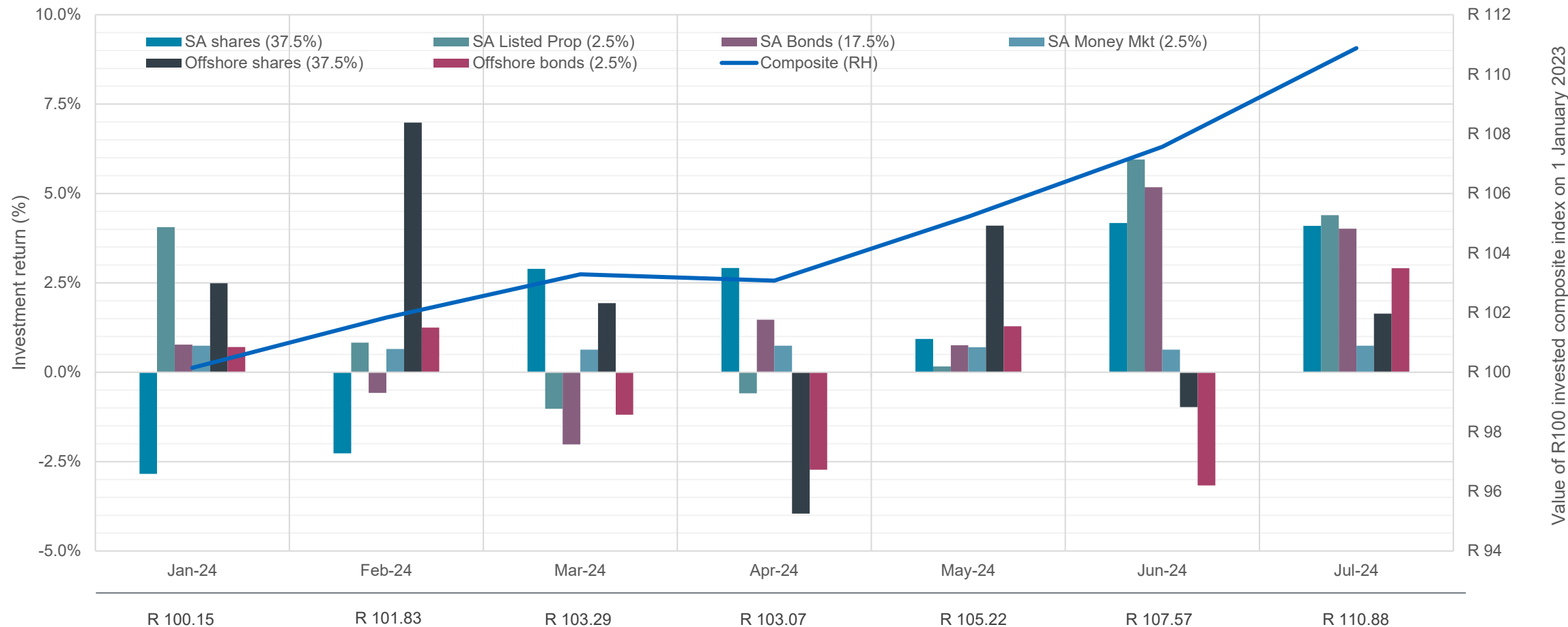
Investment returns

Indices represented in typical retirement fund portfolios

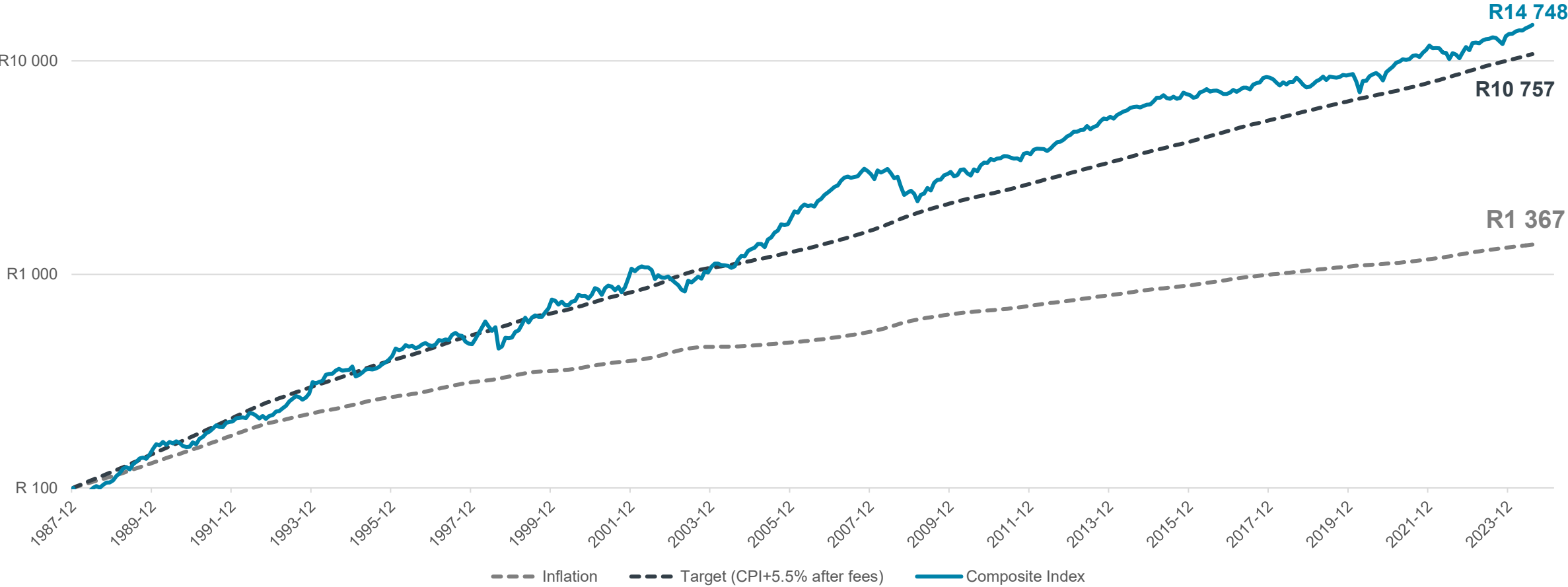
% Change July 2024	Most recent quarter	Calendar YTD	1 year (p.a.)	3 years (p.a.)	5 years (p.a.)	10 years (p.a.)
All Share Index	9.2%	9.9%	17.5%	10.9%	12.0%	8.5%
Listed Property	10.8%	14.4%	33.1%	13.5%	2.0%	3.5%
STeFI Composite	2.1%	4.9%	7.1%	6.6%	6.1%	6.6%
ALBI	10.2%	9.7%	18.7%	8.7%	8.8%	8.5%
MSCI All Country World ZAR	4.8%	12.5%	19.6%	14.3%	17.0%	15.3%
Bloomberg Global Bond Aggr ZAR	0.9%	-1.1%	5.6%	2.1%	3.4%	5.4%
Rand (+ stronger, - weaker)	3.3%	0.6%	-1.7%	-6.5%	-4.2%	-4.1%
Inflation (estimate)	0.9%	3.0%	4.8%	6.1%	5.6%	6.3%
Gold ZAR	0.9%	16.5%	25.8%	18.1%	16.5%	12.4%

Source: IRESS

Value of R100 invested in composite index on 1 January every year



Long-term performance





Financial markets

- [US government bond yields](#)
- [USD](#)
- [Offshore shares](#)
- [Rand](#)
- [Domestic bonds](#)
- [FTSE/JSE All Share Index](#) (90 shares are up for calendar year to July 2024 and 42 shares are down)
- [Some favourites](#)

Market drivers

- Global economic growth projections
 - Global growth $\pm 3.5\%$ p.a. for next three years
- Domestic projections
 - [GDP +0.9% in 2024](#), $\pm 2\%$ in 2025 and $3\%+$ in 2026
 - [Inflation \(average\) 4.9%](#), salary inflation 5.5%
 - [Two cuts to repurchase rate in 2024 \(Y/E 7.75%\)](#)
 - [Positive political environment](#)

Winning game plan

- **Stable GNU**
- **No policy “own goals”**
- **Fundamental improvements to electricity supply, ports and harbours, road-to-rail, municipal failures**
- **State administration improves, SA open for business**
- **Strategic PPP strategies for quick wins**
- **Two interest rate cuts in 2024 and three/four in 2025**

Positive political environment

Government of National Unity vs. Progressive Caucus

- Financial markets reacted **positively**
- Reasonable expectation of stability in GNU
 - GNU is a ***wide coalition of many*** and could survive withdrawal of any party but the ANC
 - *Wide coalition of many* is a smart strategy employed by ANC
 - Individual coalition partners (except ANC) will have reduced influence in *wide coalition of many*
 - Broad policy direction that emphasizes **socially-directed programs** likely to continue
 - Socially-directed programs do not by the very fact exclude **growth-directed policies**
 - *Operation Vulindlela* to continue

Positive political environment

Are we on the right road?

- South Africa's Key Performance Areas
 1. Unemployment at **11.3 million people**
 2. Appointment of **unbefitting persons** to key positions
 3. Generation and transmission of sufficient **electricity**
 4. Address water security, adequate sanitation measures, aging infrastructure, **municipal failures**
 5. Functioning **ports and harbours**, both container and bulk facilities
 6. Overhaul of transport system that results in **road-to- rail** initiatives

US elections

7 November 2024

- Going to be **MUCH CLOSER** than anticipated
- Former Pres. Trump's legal challenges do not seem to affect his candidature
- Harris leading polls by 1.4%, **too close to call** (19 August 2024)
- Outright probability of victory for Harris 51.7%, Trump 47.1%
- Possible economic developments under Harris presidency -
 - Middle class tax cuts
 - Support for middle class by taking on corporate price gouging – **opportunity economy**
 - Focus on climate change
- Possible economic developments under a 2nd Trump presidency - **austerity**
 - Brakes applied to Democrat's spending programs, tax cuts for wealthy
 - Trade wars (version 2), reshoring manufacturing capabilities
 - Reduced appetite for foreign military initiatives

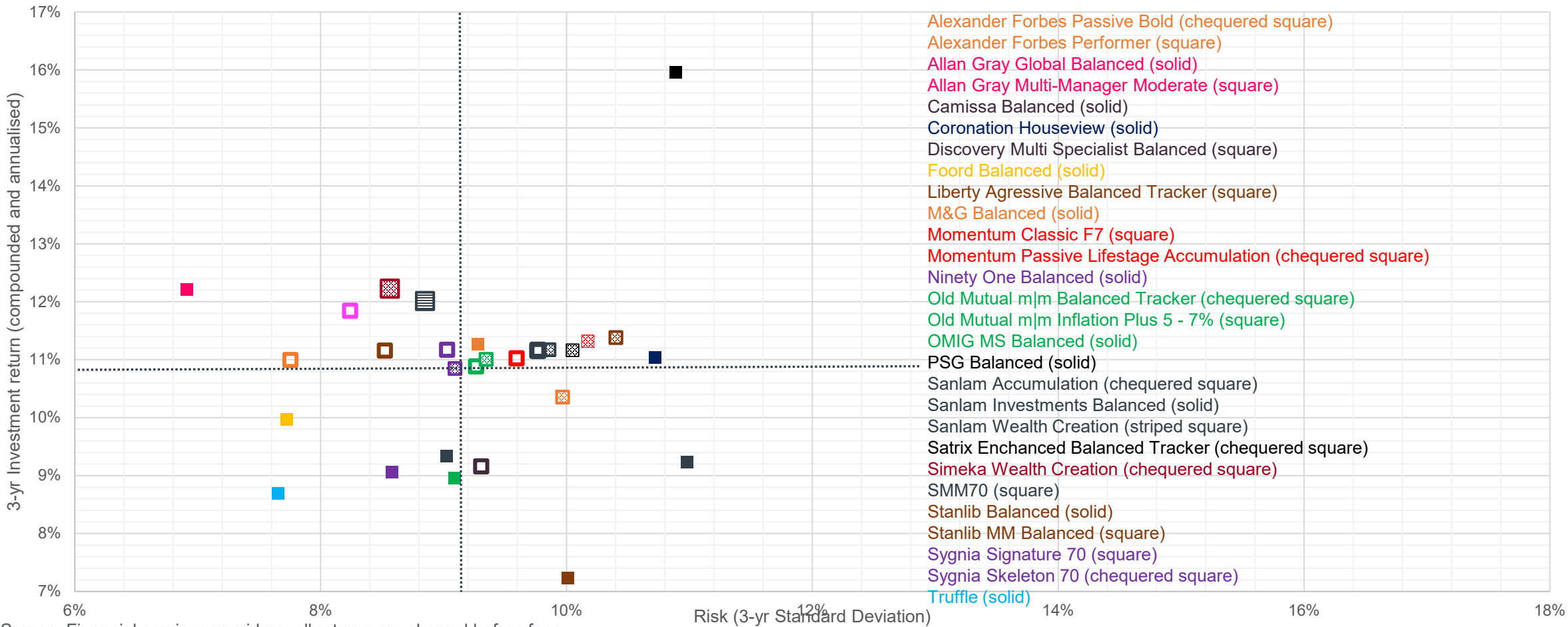
Developments in political environment

US elections – much closer than anticipated

270 electoral college votes out of 538 required	Trump	Harris
Electoral college votes from likely states	219	208
Electoral college votes from battleground states		
Arizona (11)	+0.2% Trump	
Georgia (16)	+1.0% Trump	
Michigan (15)	+2.0% Harris	
Nebraska congressional voting district 2 (1)	0%	
Nevada (6)	+1.3% Trump	
New Hampshire (4)		+4.7%
North Carolina (16)	+1.2% Trump	
Pennsylvania (19)	+0.1% Trump	
Virginia (13)		+5.0%
Wisconsin (10)	+1.0% Harris	
Probable battleground states (19 August 2024)	0	17
Too close to call (AZ, GA, MI, NE2, NV, NH, PA, WI)	94	
Including probable battleground states	219	225

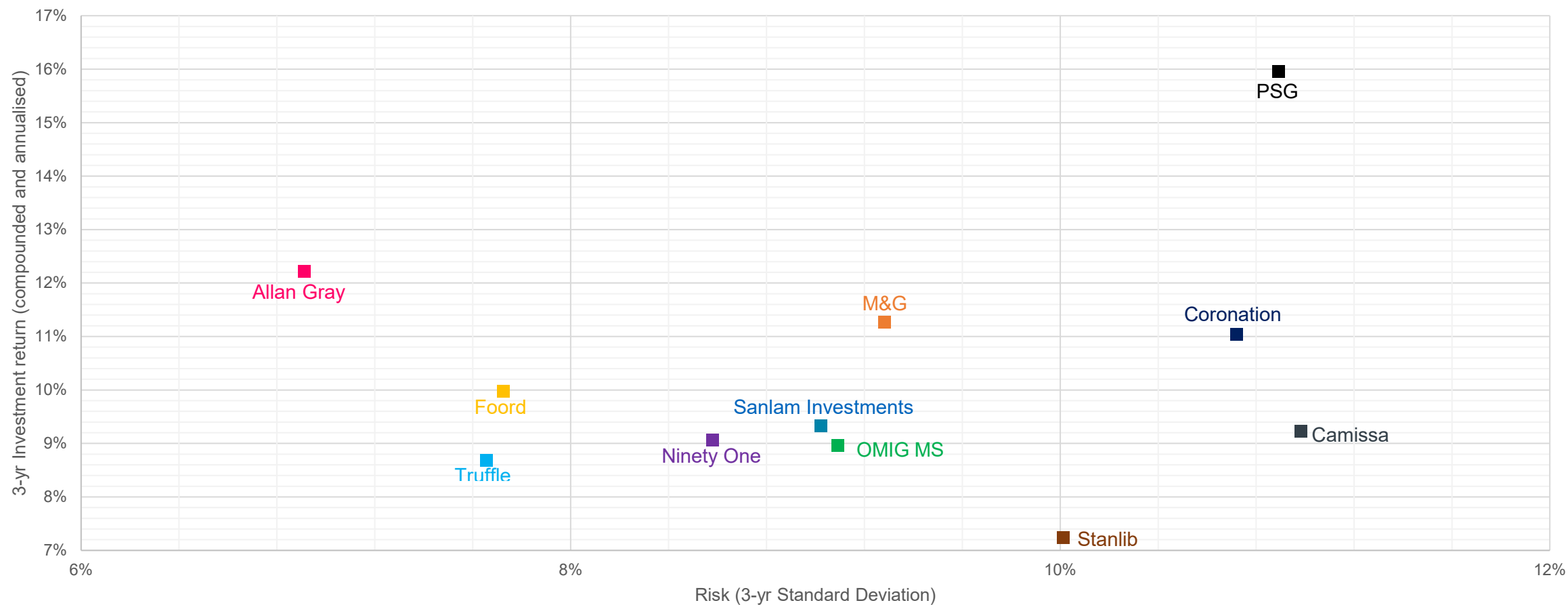
Investment results for all growth funds: 3-yr risk/return scatterplot

June 2024



Investment results for TOP 10 balanced growth funds: 3-yr risk/return scatterplot

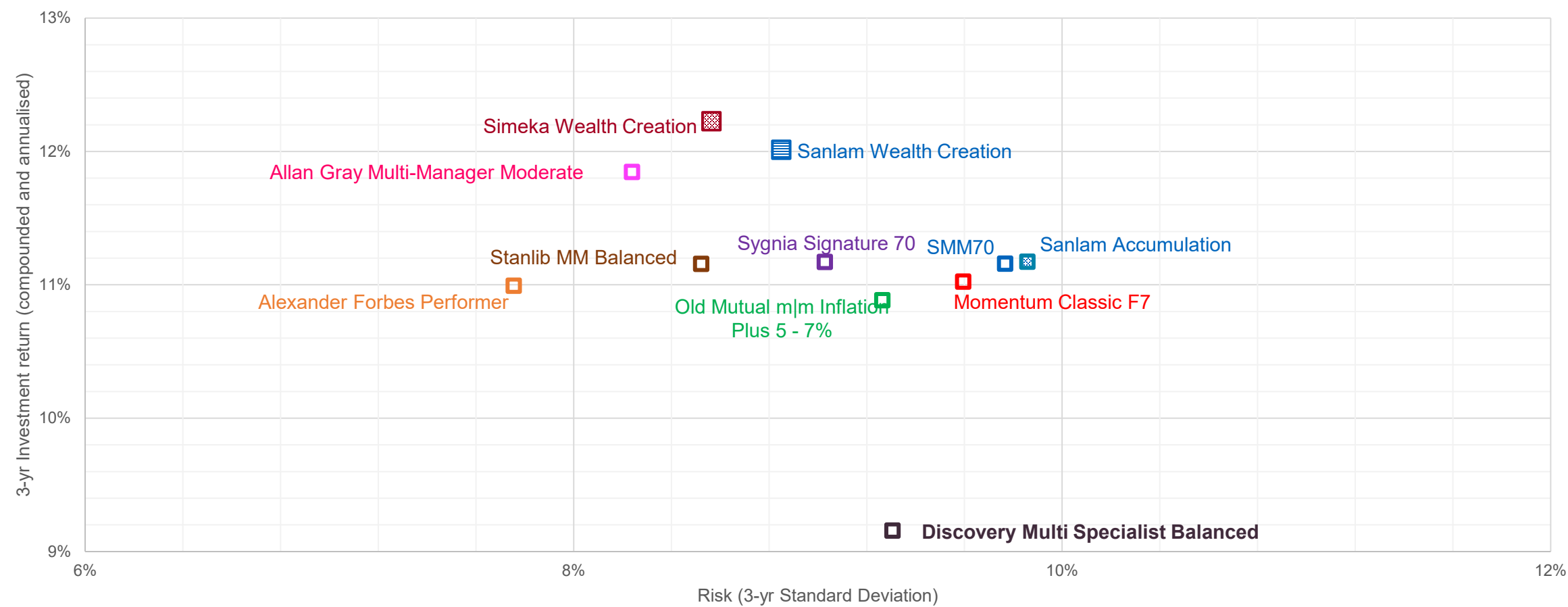
June 2024



Source: Financial services providers, all returns are showed before fees
Simeka Consultants & Actuaries

Investment results for M/M balanced growth funds: 3-yr risk/return scatterplot

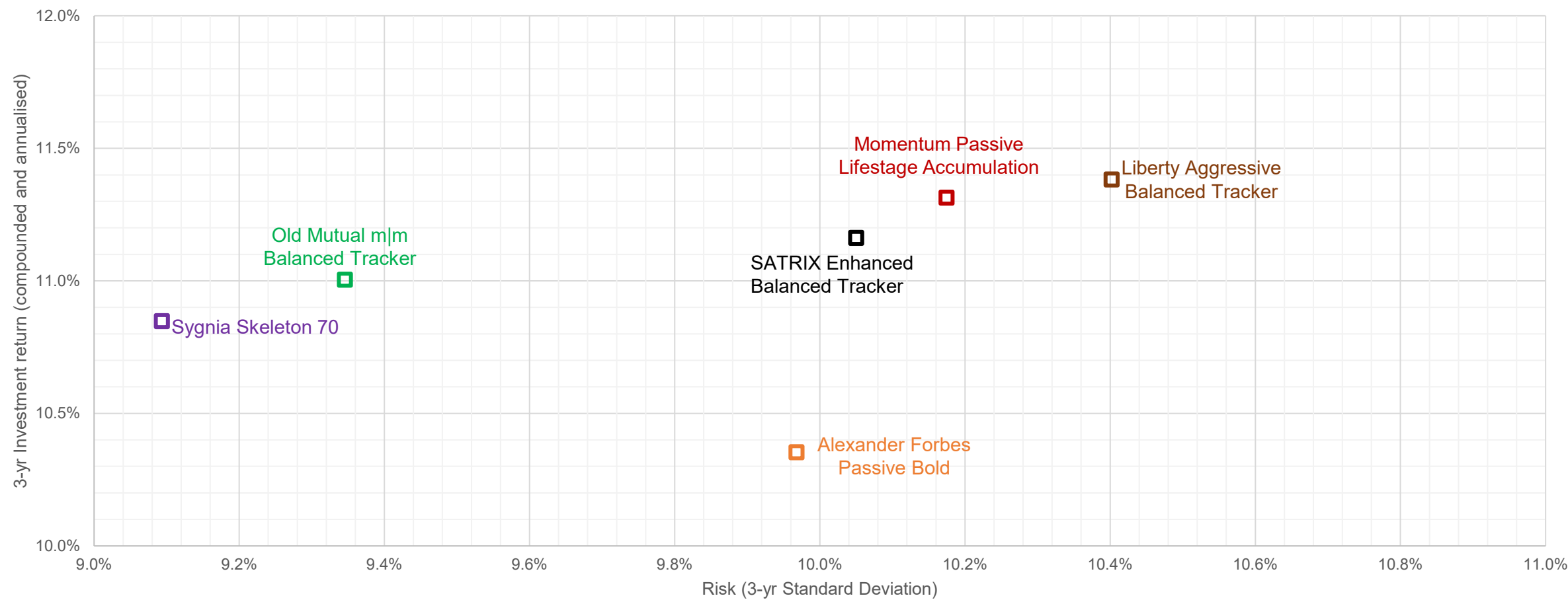
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Source: Financial services providers, all returns are showed before fees
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Investment results for passive growth funds: 3-yr risk/return scatterplot

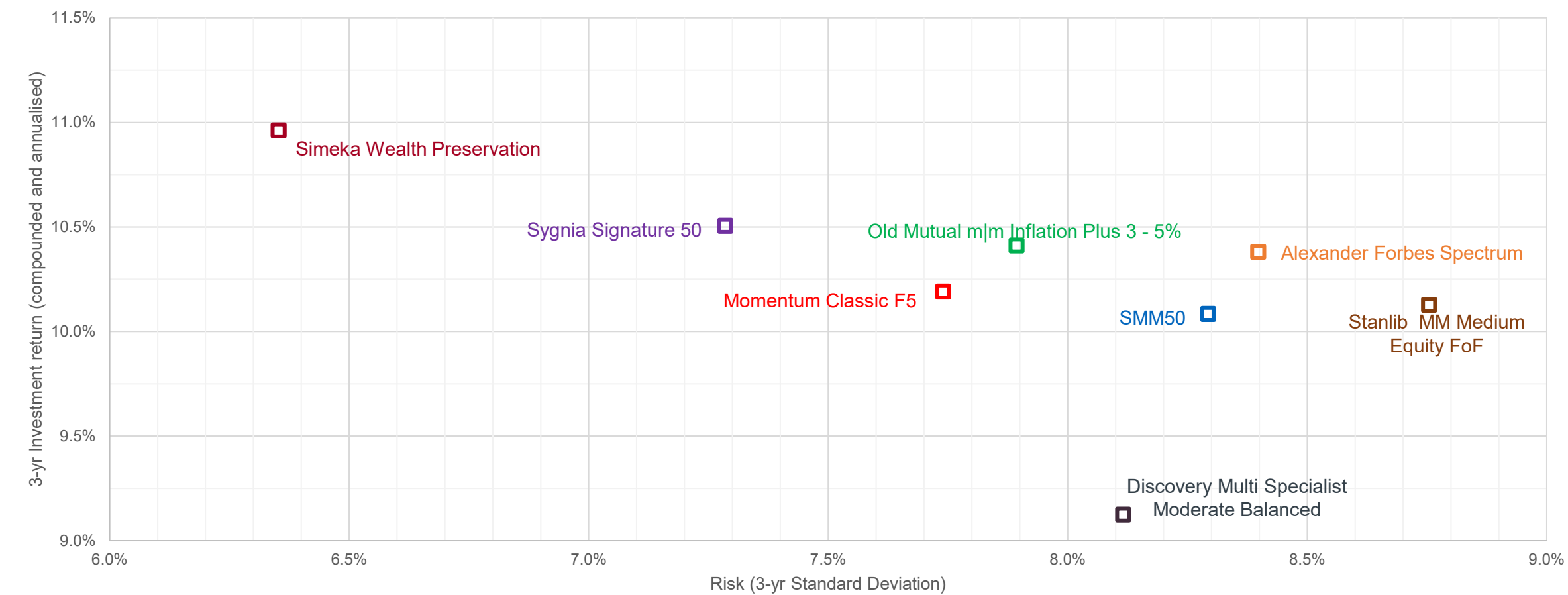
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Source: Financial services providers, all returns are showed before fees
Simeka Consultants & Actuaries

Investment results for moderate funds: 3-yr risk/return scatterplot

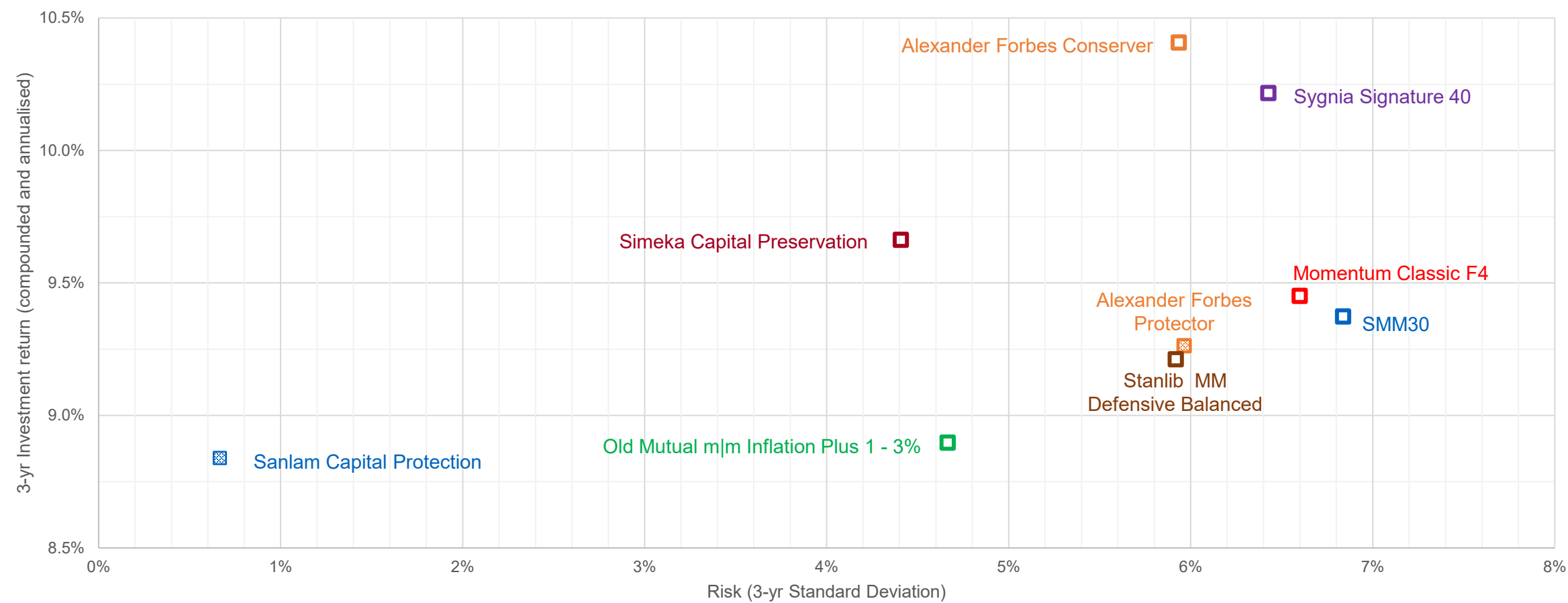
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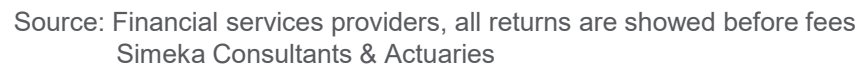
Investment results for conservative funds: 3-yr risk/return scatterplot

June 2024



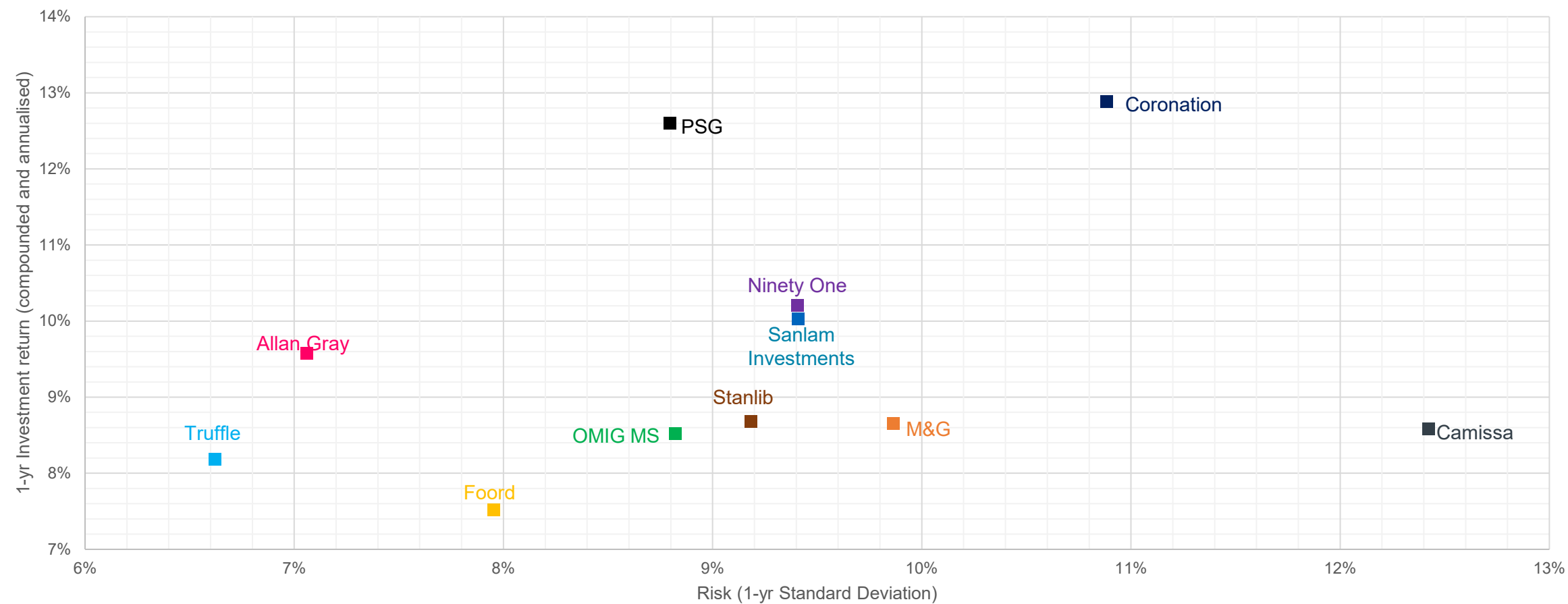
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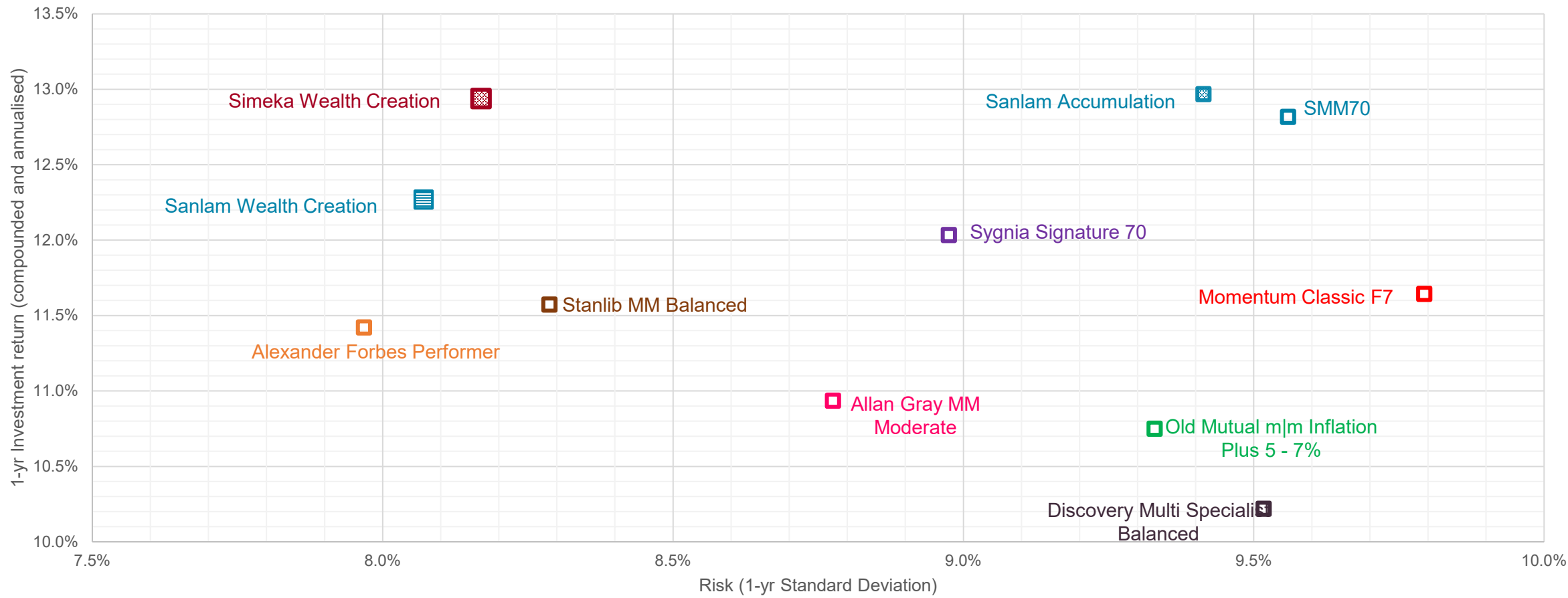
Investment results for TOP 10 balanced growth funds: 1-yr risk/return scatterplot

June 2024



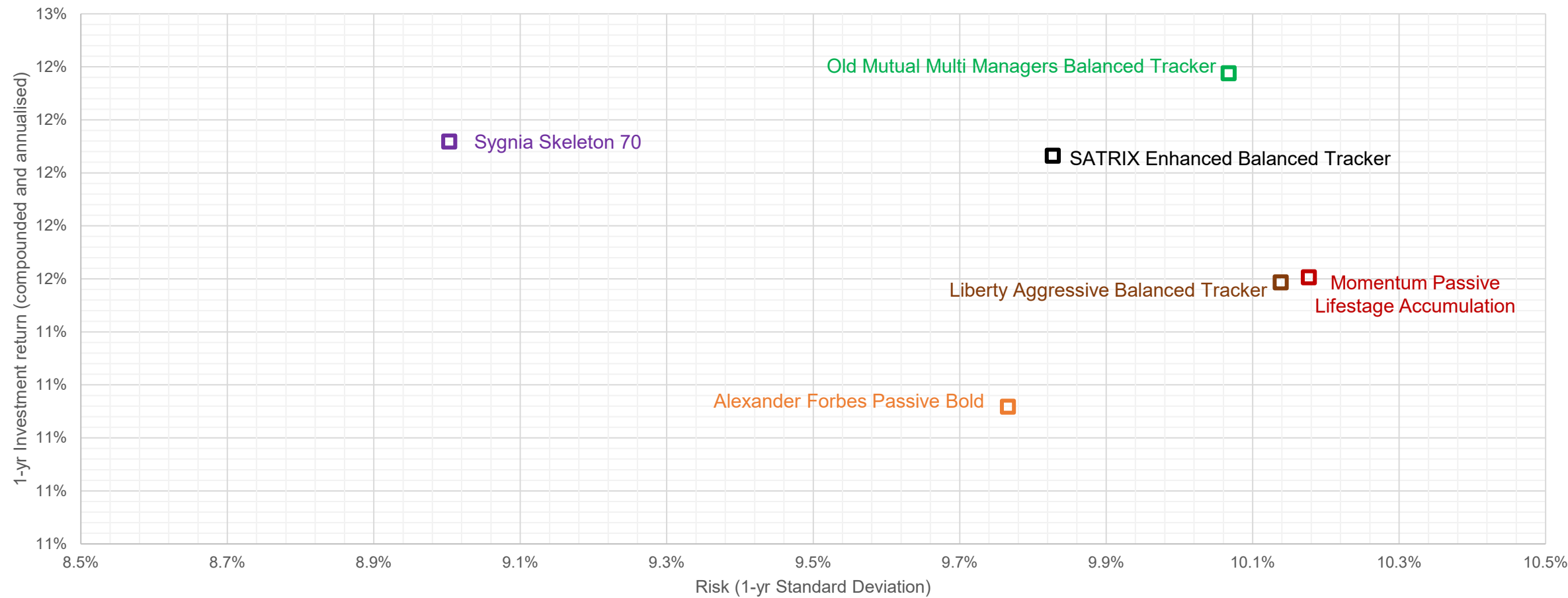
Investment results for M/M balanced growth funds: 1-yr risk/return scatterplot

June 2024



Investment results for passive growth funds: 1-yr risk/return scatterplot

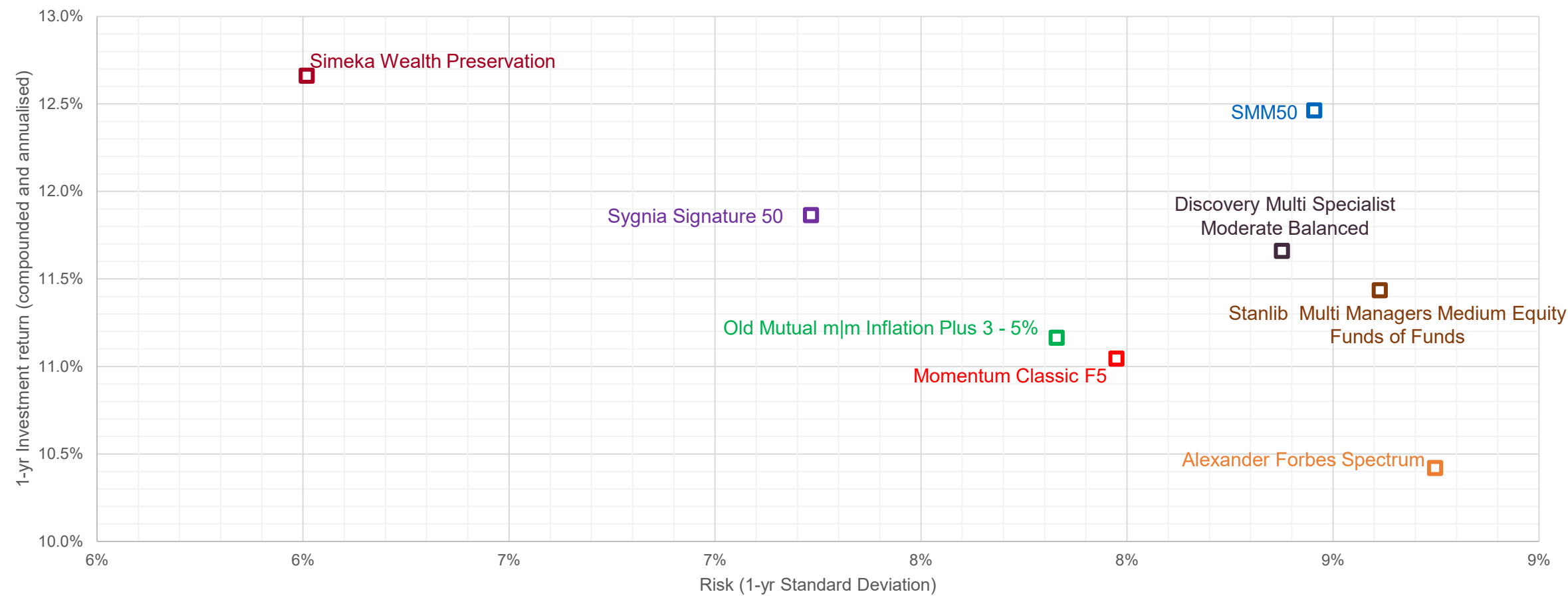
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Investment results for moderate funds: 1-yr risk/return scatterplot

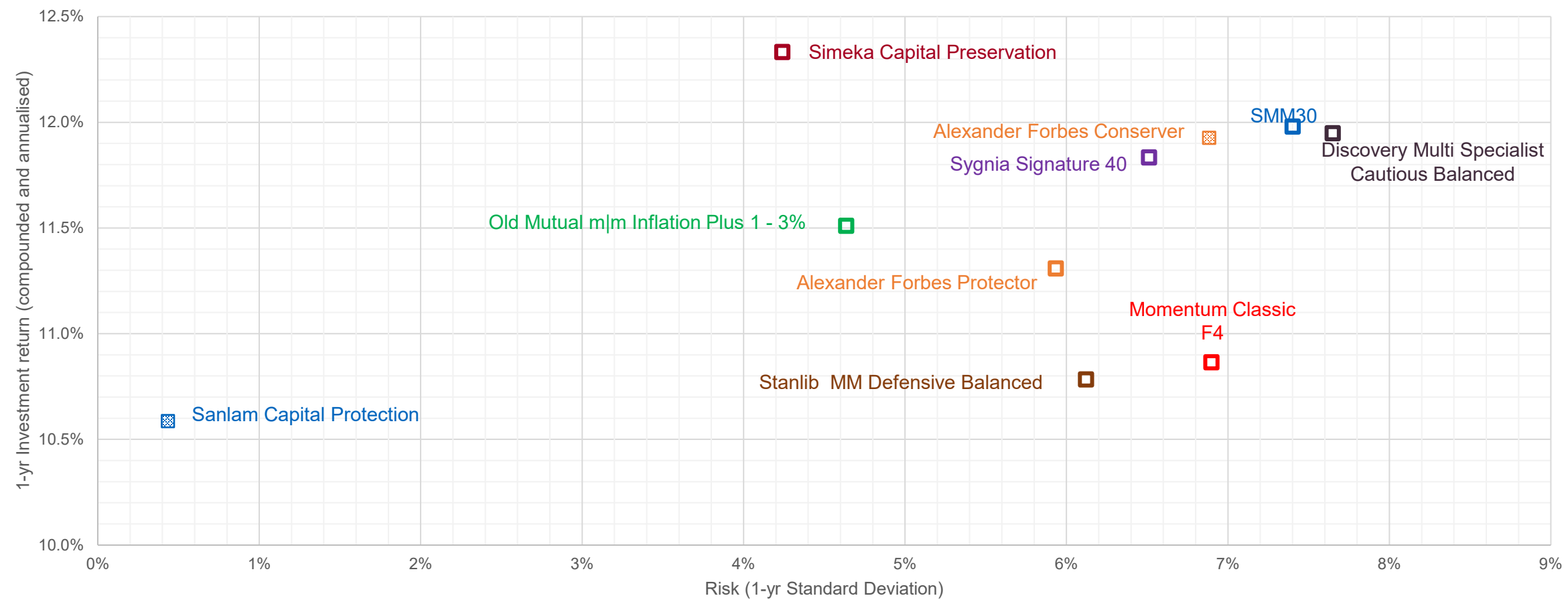
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Investment results for conservative funds: 1-yr risk/return scatterplot

June 2024



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