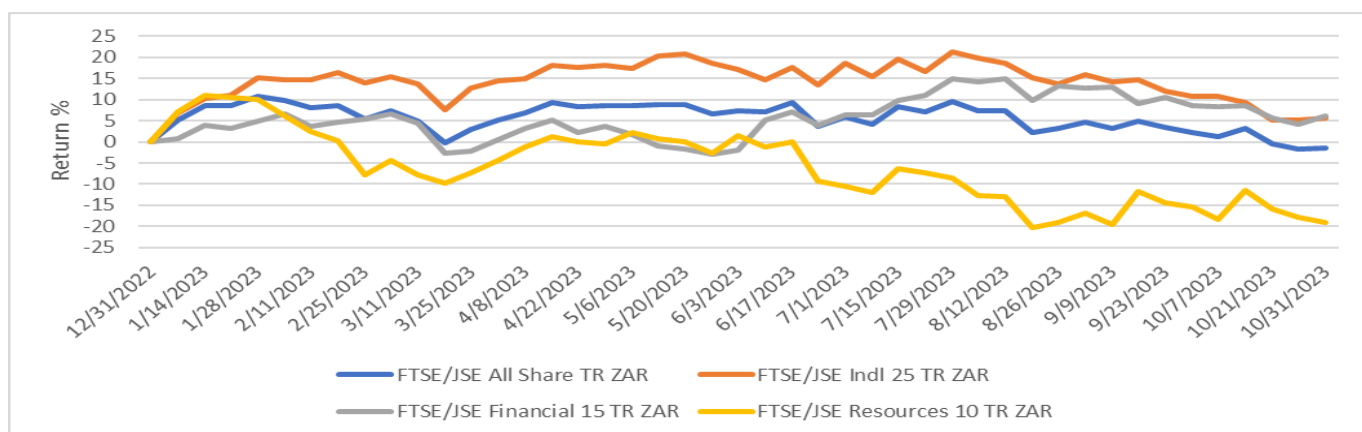




## South African Market

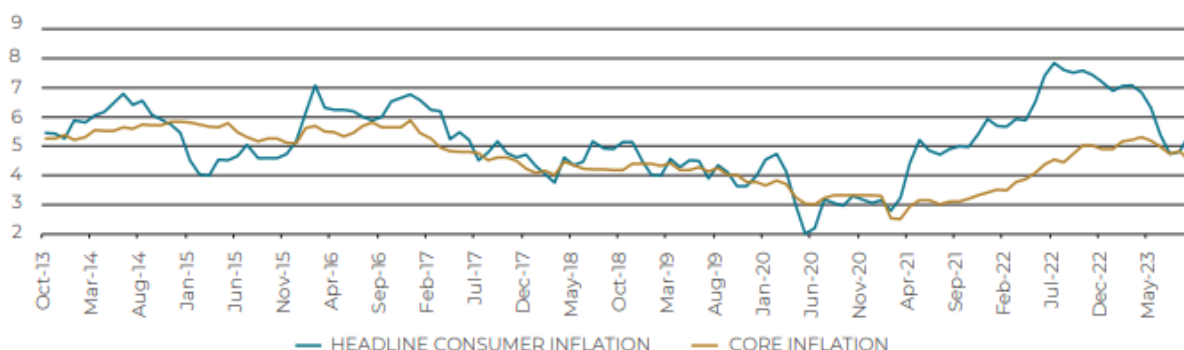
Local financial markets followed global peers lower for a third consecutive month, as equities sold off across the board due to heightened uncertainty among investors. The FTSE/JSE lost (3.44%) by month end. The Index has now lost (10.39%) over the last three months, and YTD the Index moved into the red returning (1.33%). It was negative across the board on the JSE, with Resources and Industrials being the biggest drags on the Index losing (4.31%) and (4.58%) respectively. Financials also lost (2.15%) during the month, and SA listed property dropped further into negative territory losing (2.98%).

### JSE Subsector Returns YTD:



Local headline inflation rose to a three-month high on the back of higher food and energy prices, maintaining the case for the Reserve Bank to keep borrowing costs higher for longer. Annual inflation accelerated to 5.4% up from 4.8% the previous month, still however remaining within the 3% - 6% target range. By comparison, core inflation slowed to 4.5% down from 4.7% the previous month. The transport category, mainly influenced by fuel prices, exerted strong upward pressure on the monthly inflation rate. Fuel prices rose by 7.6% between September and October, with prices reaching a 13-month high. After three consecutive months in negative territory, annual fuel inflation jumped from (11.7%) in September to 1.5% in October. Food prices also recorded a small increase, with food inflation reaching 8.1% year-on-year, following five months of declines. The central bank in its six-monthly Monetary Policy Review said that while inflation has returned to within its target range, it had still not stabilized around the 4.5% midpoint in a sustainable manner. The SARB held interest rates steady at 8.25% at its last policy meeting in September. The next rate decision will be announced on the 23<sup>rd</sup> of Nov, one day after the October inflation data are released.

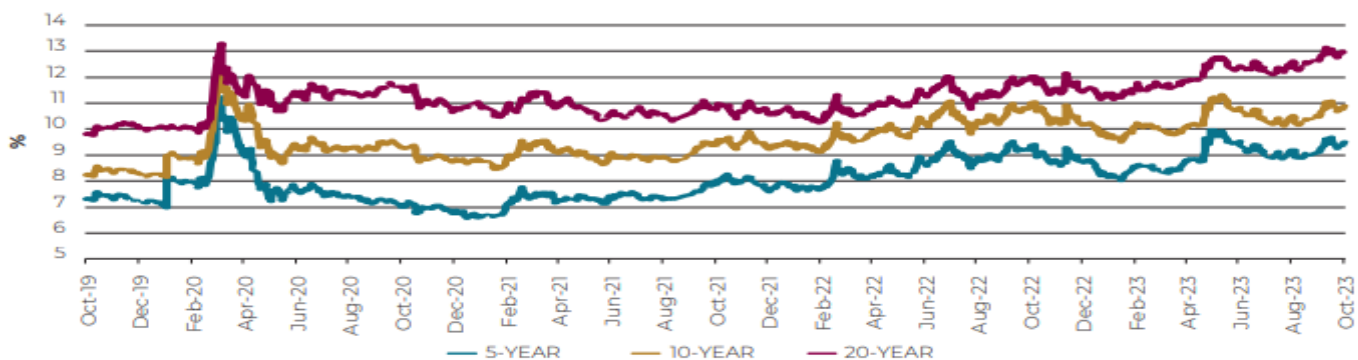
### SA Inflation Rate:





Local bonds made up some ground in October even as the local equity markets sold off. The ALBI gained 1.71% during October, bringing the YTD returns up to 3.20%. SA government's long-term borrowing rate also went against the global trend in October, with the SA 10-year bond yield falling slightly to 11.57% p.a. in the face of generally higher global bond yields. The Rand experienced yet another volatile month against the Dollar as emerging market currencies are usually sold off along with risk assets in favour of safer investments. The Rand hit a 4-month low during early October as concerns increased over the currency's vulnerability, however, the Rand recovered during the month and held up relatively well against the greenback to end the month at R18.74/\$ gaining 0.9%.

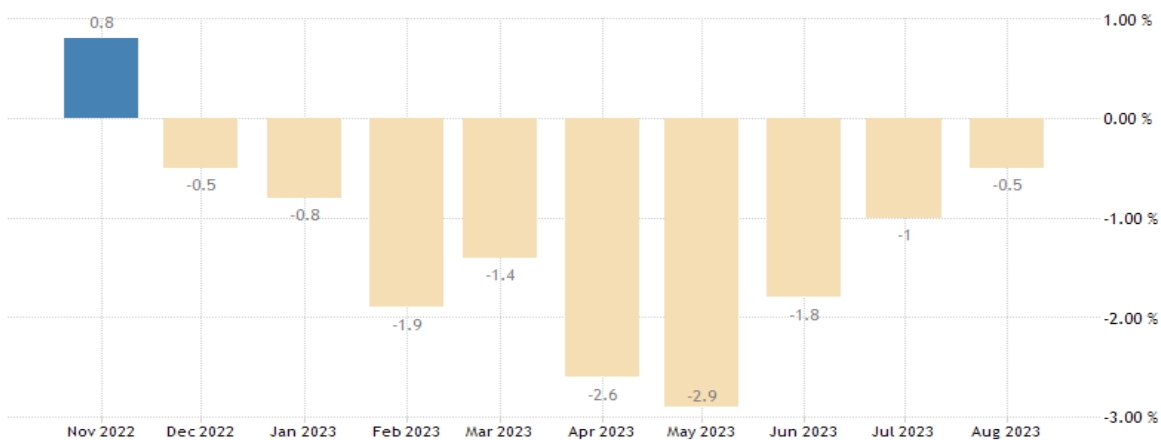
### SA Government Bond yields:



Source: LSEG DataStream

Manufacturing production increased by 1.6%, marking a fifth consecutive month of growth in production and Industrial activity. However, mining production was down 2.5%, after dropping more than 4% the previous month, highlighting two consecutive months of slump in mining activity, largely as a result of reduced yields in metallic minerals. Stats SA released its latest retail trade data during the month, showing sales in this sector had contracted by 0.5% year-on-year, although not by as much as consensus projections of a 1.2% year-on-year slump. The biggest contributors to this decrease were general dealers (3.8%) and hardware, paint, and glass retailers, which were down by (5%).

### SA Retail Sales YoY:



Source: Trading Economics



## Asset Class Performances in ZAR

As of 31 <sup>st</sup> October 2023	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity – MSCI ACWI	(3.81)	16.85	12.07	12.12	12.84	14.07
Global Property - FTSE EPRA NAREIT DR	(5.21)	0.22	(3.99)	5.89	4.37	9.47
Global Bond - Bloomberg GBL AGG	(1.61)	5.28	2.79	(3.74)	2.52	5.13
Global Cash - ICE LIBOR 1 Month	(0.02)	15.01	7.23	7.13	6.90	7.89
SA Equity - FTSE/JSE All Share	(3.44)	(1.33)	8.34	15.01	9.83	7.88
SA Property - FTSE/JSE SA Listed Prop	(2.98)	(8.17)	(1.27)	19.06	(3.80)	0.88
SA Bond - BEASSA ALBI	1.71	3.20	7.91	7.25	7.88	7.29
SA Cash - STeFI Call Deposit	0.67	6.39	7.51	5.14	5.42	5.83

ZAR/USD (negative = Rand strength)	(0.90)	10.22	2.08	4.91	4.87	6.47
Gold	6.35	14.80	17.35	3.97	12.46	8.67
Brent Crude Oil	(8.74)	12.10	(5.97)	39.11	8.02	4.18

\*Returns more than 1 year are annualized.

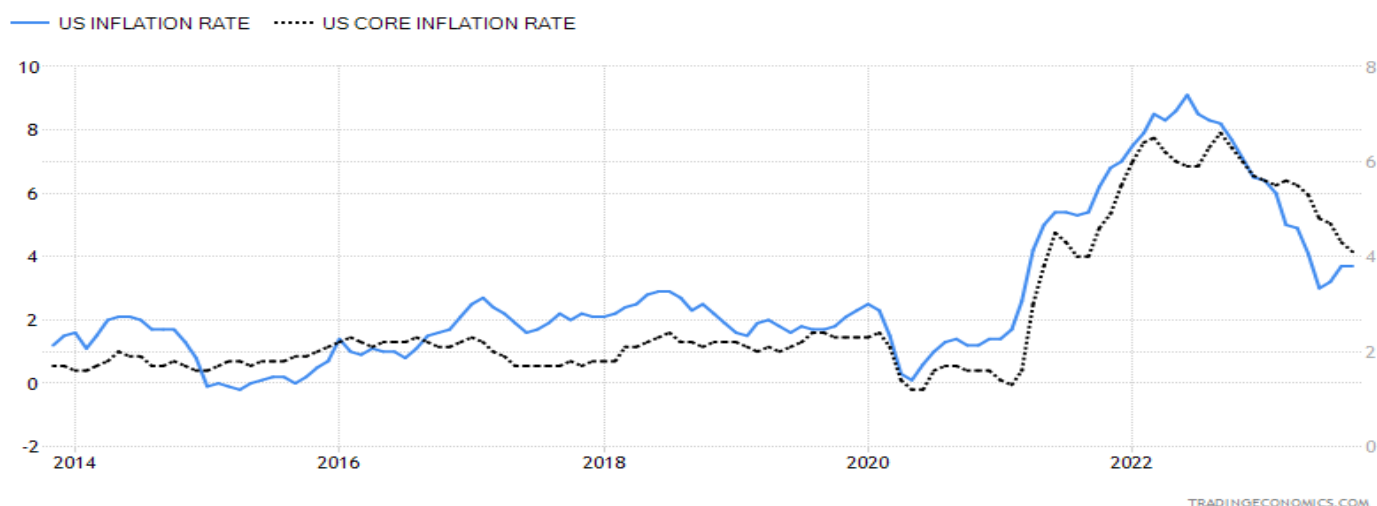


## Global Markets

Global markets saw a continuation of what happened in September, with equities being sold off across the board for a third consecutive month. Adding to the uncertainty is the ongoing conflict in the Middle East and the risk of it disrupting energy and food markets, potentially reigniting inflationary pressures as well as growing concerns about a slowdown in global growth. While central banks are likely nearing the end of their rate hiking cycle, the overall message suggests that rates will remain higher for an extended period. The uncertainty has led to a drop in equity prices, with the MSCI ACWI ending the month down (3.34%). Both Developed and Emerging Markets finished in the red, with the MSCI World and Emerging Markets indices down (3.25%) and (3.87%) respectively.

US inflation is continuing to come down on the core end, while headline inflation has flattened out somewhat. Both are well below their highs of 6.6% and 9.1%, respectively. Inflation levelled off to 3.7% in October compared to a year ago, extending a gradual slowdown in consumer prices, as it slowed to 0.4% on a monthly basis from 0.6% in September. Despite recent improvements, US inflation still remains above the 2% target range. Meanwhile, core inflation is up 4.1% YoY from October, in line with expectations. The increase in housing was the biggest contributor in the Consumer Price Index increasing 7.2% year-on-year. Food prices grew 3.7% year-on-year, matching the overall inflation reading, while energy prices slipped 0.5% and natural gas and oil prices also fell.

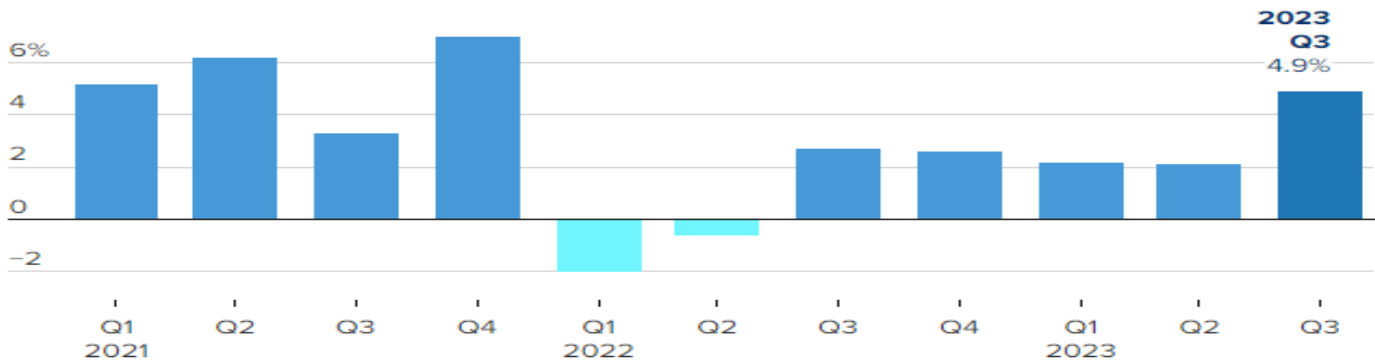
### USA Inflation Rates:



The U.S. economy grew faster than expected in the third quarter, buoyed by a strong consumer in spite of higher interest rates, ongoing inflation pressures, and a variety of other domestic and global headwinds. The US GDP expanded at an annualised rate of 4.9% in Q3 2023, exceeding market forecasts of 4.3% growth and accelerating from the 2.1% advance in the second quarter. The increase marked the biggest gain since the fourth quarter of 2021. The expansion was largely driven by a 4.8% growth in goods spending and 3.6% growth in service spending. Growth in consumer spending, which accounts for more than two-thirds of U.S. economic activity, accelerated at a 4.0% rate after only rising at a 0.8% pace in the second quarter. The ISM manufacturing PMI dropped to 46.7 down from 49 in September that was the highest reading since November 2022, and marks the 12<sup>th</sup> straight month that the PMI has remained below 50 (a sign of contraction in the sector). The PMI was mainly pulled down by disruptions in the supply chain at assembly plants.



### USA real GDP Growth:



Source: US Bureau of Economic Analysis

U.K. inflation came in at 6.7% in October, slightly ahead of expectations and unchanged from the previous month. On a monthly basis, the headline consumer price index increased by 0.5%, in line with expectations. The largest downward contributor to inflation was a drop in prices in food and beverages, which fell for the first time since September 2021, as well as furniture and household goods. Retail sales volumes in the UK fell by 0.9% in October, a sharper drop than the 0.2% dip economists had predicted. The UK is showing signs of cooling after wage inflation data continued to ease in the last three months, while jobs data showed the number of vacancies was down 4.2% since the second quarter of this year.

Global government bond yields rose further in October as economic uncertainty increased due to the ongoing crisis in the Middle East, which also dampened risk sentiment. The yield on the benchmark 10-year U.S. Treasury notes briefly rose above 5.0% at the end of the month, for the first time since 2007, before finally settling at 4.83% up from 4.57% the previous month, while the two-year yield climbed from 5.05% to 5.10% briefly, finally settling just under 5%. Yields at the long end rose quickly after Federal Reserve Chair Jerome Powell said that the U.S. economy's strength and labour market might warrant tighter financial conditions. Alongside the Fed's hawkishness, worries over fiscal matters have caused term premiums on the curve to rise. Treasury borrowing costs have climbed, and a divided Congress has debated over next year's spending bills while using stopgap measures to avert a shutdown of government operations. In the year to the end of September 2023, the U.S. government posted a \$1.695 trillion budget deficit, a 23% jump from the prior year and the largest since a COVID-fuelled \$2.78 trillion gap in 2021.

### USA Government Bond Yield & Fed Fund Rate:



Source: Advisor Perspectives



Scottish Mortgage, a small but key holding in the Star Global Growth Fund, published a 'deep dive' into its ten largest private equity investments. Star bought and holds Scottish Mortgage specifically to get exposure to private companies while having liquidity. The investment trust has been a longstanding investor in the private equity space and currently has 52 privately listed companies in the portfolio, putting its exposure at the 30% limit. Below is a video that talks through their private company valuations process. Recently lead manager Tom Slater explained that they want to "back companies that drive radical change in the world" and in the current environment of rising inflation many of the unlisted holdings had "reacted well to the tougher fundraising environment". Scottish Mortgage also recently sold out of long-term listed holding, Illumina, after a "disappointing" few years. Tom Slater confirmed that they had sold out of the gene sequencing firm. They first took a position in the company in March 2011 and in 2016 it was the second biggest holding in the trust.



## Asset Class Performances in USD

As of 31 <sup>st</sup> October 2023	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity – MSCI ACWI	(3.34)	6.06	9.86	6.90	7.58	7.13
Global Property - FTSE EPRA NAREIT DR	(4.74)	(9.04)	(5.89)	0.96	(0.50)	2.81
Global Bond – Bloomberg GBL AGG	(1.12)	(4.45)	0.76	(8.22)	(2.26)	(1.27)
Global Cash - ICE LIBOR 1 Month	0.47	4.38	5.12	2.14	1.92	1.33
SA Equity - FTSE/JSE All Share	(2.96)	(10.44)	6.20	9.66	4.71	1.31
SA Property - FTSE/JSE SA Listed Prop	(2.50)	(16.66)	(3.21)	13.51	(8.28)	(5.26)
SA Bond - BEASSA ALBI	2.21	(6.33)	5.79	2.26	2.86	0.76
SA Cash - STeFI Call Deposit	1.17	(3.44)	5.39	0.25	0.50	(0.61)

ZAR/USD (negative = dollar strength)	0.91	(9.27)	(2.04)	(4.68)	(4.65)	(6.08)
Gold	6.87	4.20	15.04	(0.87)	7.21	2.05
Brent Crude Oil	(8.29)	1.75	(7.82)	32.64	2.98	(2.16)

\*Returns more than 1 year are annualized.



## 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 31<sup>st</sup> October 2023.

Best ↑ ↓ Worst	Global Equity 16.9	Global Equity 12.1	Global Cash 22.4	SA Prop-erty 65.9	Global Fixed Income 13.9	Global Property 24.1	SA Fixed Income 7.8	Global Equity 30.3	SA Fixed Income 7.0	Global Property 31.4	Global Property 26.0	Global Equity 43.5	SA Prop-erty 28.3
	Global Cash 15.0	SA Equity 8.3	SA Cash 4.5	SA Equity 36.0	Global Equity 13.1	Global Equity 14.8	Global Property 7.0	SA Equity 20.1	SA Cash 6.7	Global Equity 25.7	SA Prop-erty 19.4	Global Property 27.4	Global Property 28.2
	SA Cash 6.4	SA Fixed Income 7.9	SA Equity 3.3	Global Property 35.7	Global Cash 8.7	SA Fixed Income 13.0	SA Cash 6.6	SA Prop-erty 11.1	Global Fixed Income 4.1	Global Cash 25.2	Global Equity 19.1	SA Equity 26.2	Global Equity 20.2
	Global Fixed Income 5.3	SA Cash 7.5	SA Fixed Income 3.1	Global Equity 29.9	SA Cash 5.0	SA Equity 11.5	Global Cash 6.4	Global Property 10.9	SA Prop-erty 2.2	SA Prop-erty 20.2	SA Equity 12.5	SA Prop-erty 18.5	SA Equity 18.6
	SA Fixed Income 3.2	Global Cash 7.2	SA Prop-erty 3.0	SA Fixed Income 10.9	SA Fixed Income 4.9	Global Fixed Income 11.5	Global Equity 3.9	SA Cash 6.9	Global Property 1.5	Global Fixed Income 20.0	Global Cash 10.6	Global Cash 15.3	SA Fixed Income 13.2
	Global Property 0.2	Global Fixed Income 2.8	Global Equity -3.2	SA Cash 3.5	SA Equity -5.8	SA Cash 6.6	Global Fixed Income 2.6	Global Cash 5.9	Global Equity 0.6	SA Equity 11.6	SA Fixed Income 9.0	Global Fixed Income 11.3	Global Fixed Income 12.7
	SA Equity -1.3	SA Prop-erty -1.3	Global Fixed Income -5.0	Global Cash -6.4	Global Property -16.0	Global Cash 4.5	SA Equity -8.4	SA Fixed Income 5.0	Global Cash -1.9	SA Cash 5.7	Global Fixed Income 8.7	SA Cash 4.8	Global Cash 10.4
	SA Prop-erty -8.2	Global Property -4.0	Global Property -8.9	Global Fixed Income -8.7	SA Prop-erty -51.6	SA Prop-erty 0.8	SA Prop-erty -18.7	Global Fixed Income 4.5	SA Equity -3.4	SA Fixed Income 4.8	SA Cash 5.3	SA Fixed Income 4.1	SA Cash 5.2
	YTD	10/2023	10/2022	10/2021	10/2020	10/2019	10/2018	10/2017	10/2016	10/2015	10/2014	10/2013	10/2012

Source: Morningstar Direct