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ASSET CLASS RETURNS AND ATTRIBUTION DISCUSSION

SEPTEMBER 2024

THE ART AND SCIENCE
OF PORTFOLIO DESIGN



ASSET ALLOCATION ATTRIBUTION (ARITHMETIC) – YTD MAY 2024

May 2024	APS Cautious Fund		APS Moderate Fund		APS Managed Growth Fund	
	Asset Allocation Outcome (bps)	Average Active position	Asset Allocation Outcome (bps)	Average Active position	Asset Allocation Outcome (bps)	Average Active position
SA Equity	0	1.3%	-7	1.3%	-10	-2.5%
SA Property	0	0.0%	0	0.0%	0	0.0%
SA Bonds	14	-19.1%	8	-10.6%	4	-5.3%
Offshore	-6	-1.0%	-13	-1.2%	-13	-0.2%
SA Cash	64	18.8%	36	10.5%	28	8.1%
Total	72	0.0%	24	0.0%	9	0.0%
USDZAR	2.35					
Global Flexible Fund USD	5.32					

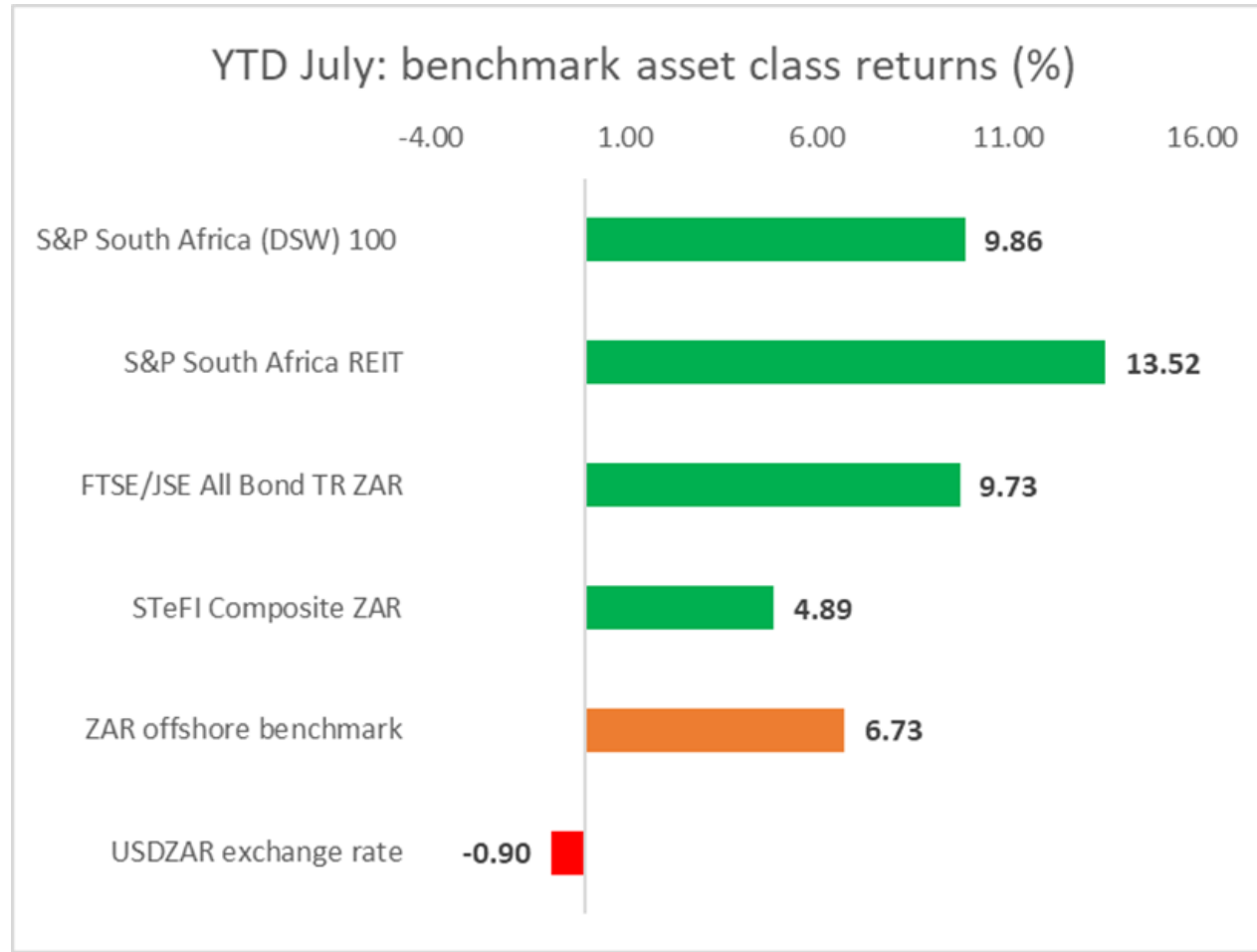


ASSET ALLOCATION ATTRIBUTION (ARITHMETIC) – JUNE, JULY AND AUGUST 2024

June, July and August 2024	APS Cautious Fund		APS Moderate Fund		APS Managed Growth Fund	
	Asset Allocation Outcome (bps)	Average Active position	Asset Allocation Outcome (bps)	Average Active position	Asset Allocation Outcome (bps)	Average Active position
SA Equity	19	2.1%	29	3.2%	-4	-0.2%
SA Property	0	0.0%	0	0.0%	0	0.0%
SA Bonds	-382	-19.0%	-220	-10.9%	-112	-5.6%
Offshore	-2	-2.5%	-2	-1.3%	-3	-1.4%
SA Cash	40	19.3%	18	9.0%	15	7.1%
Total	-325	0.0%	-175	0.0%	-104	0.0%
USDZAR	-5.19					
Global Flexible Fund USD	4.41					

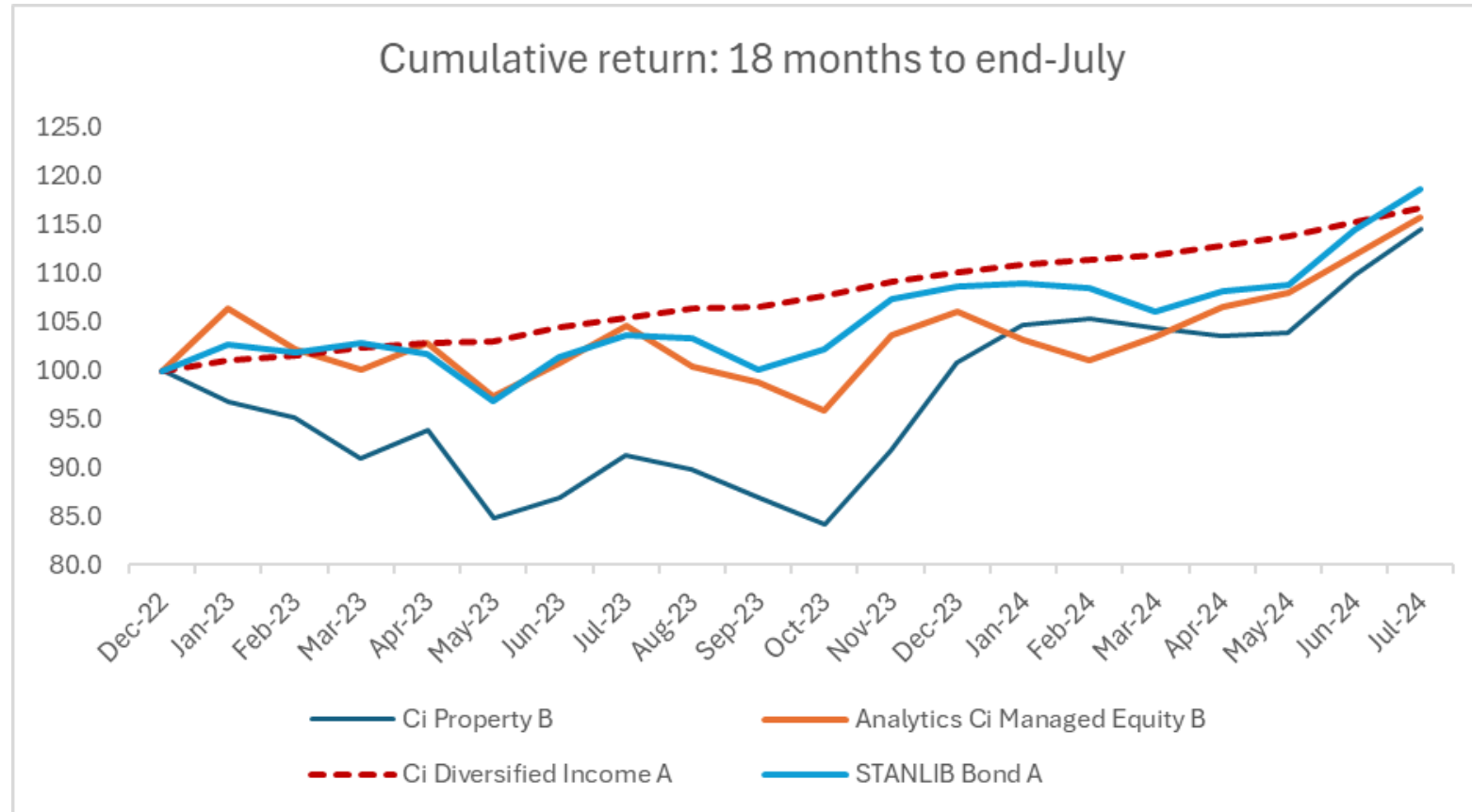


ASSET CLASS PROXY RETURNS – YTD AUGUST 2024



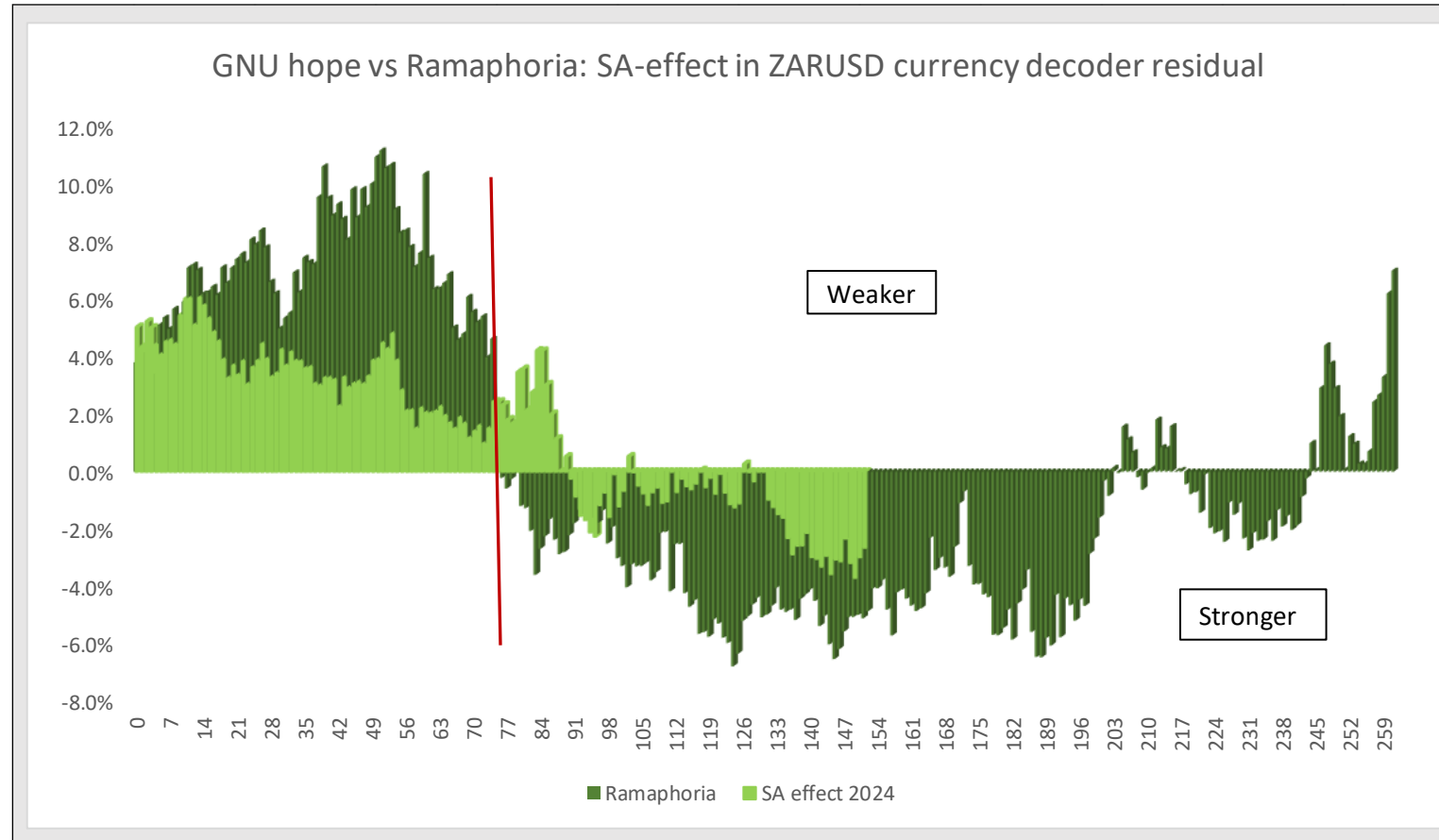


ASSET CLASS PROXY RETURNS





“GNU HOPE” AND “RAMAPHORIA”





ASSET ALLOCATION ATTRIBUTION – YTD JULY 2024

Jul-24	APS Global Flexible Fund	
	Asset Allocation Outcome (bps)	Average Active position
Global Equity	55	4.7%
Global Infrastructure	-27	-3.1%
Global Bonds	7	-13.9%
Global Cash	43	12.3%
Total	78	0.0%
Risk assets	28	1.6%
Interest Bearing Assets	50	-1.6%
APS Fund USD (%)	8.40	
Peer group USD (%)	5.05	
Fund benchmark USD (%)	8.22	
07 August 2024	-2.23	

Benchmark etf	YTD return
iShares Core MSCI World ETF USD Acc	13.77
iShares Global Infrastructure UCITS ETF	8.42
iShares Core Global Aggregate Bond UCITS ETF	-0.56
iShares \$ Ultrashort Bond ETF USD Acc	3.36
iShares Global REIT ETF	2.84

	YTD July 2024
APS Glb Flex Fd A USD Acc	8.40
Coronation Global Managed A	3.74
Foord International Trust	0.86
Ninety One Glbl Macro Allc Fd A GBP Acc	0.62
Ninety One GSF Glb StratMgd A Acc USD	4.35
Sarasin IE Multi Asset Dynamic USD A Acc	6.62



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CITYwIRE
WINNER

DFM AWARDS 2022

SOUTH AFRICA

DFM OF THE YEAR

ANALYTICS (PTY) LTD

TOP OF THE POLICY RATE CYCLE

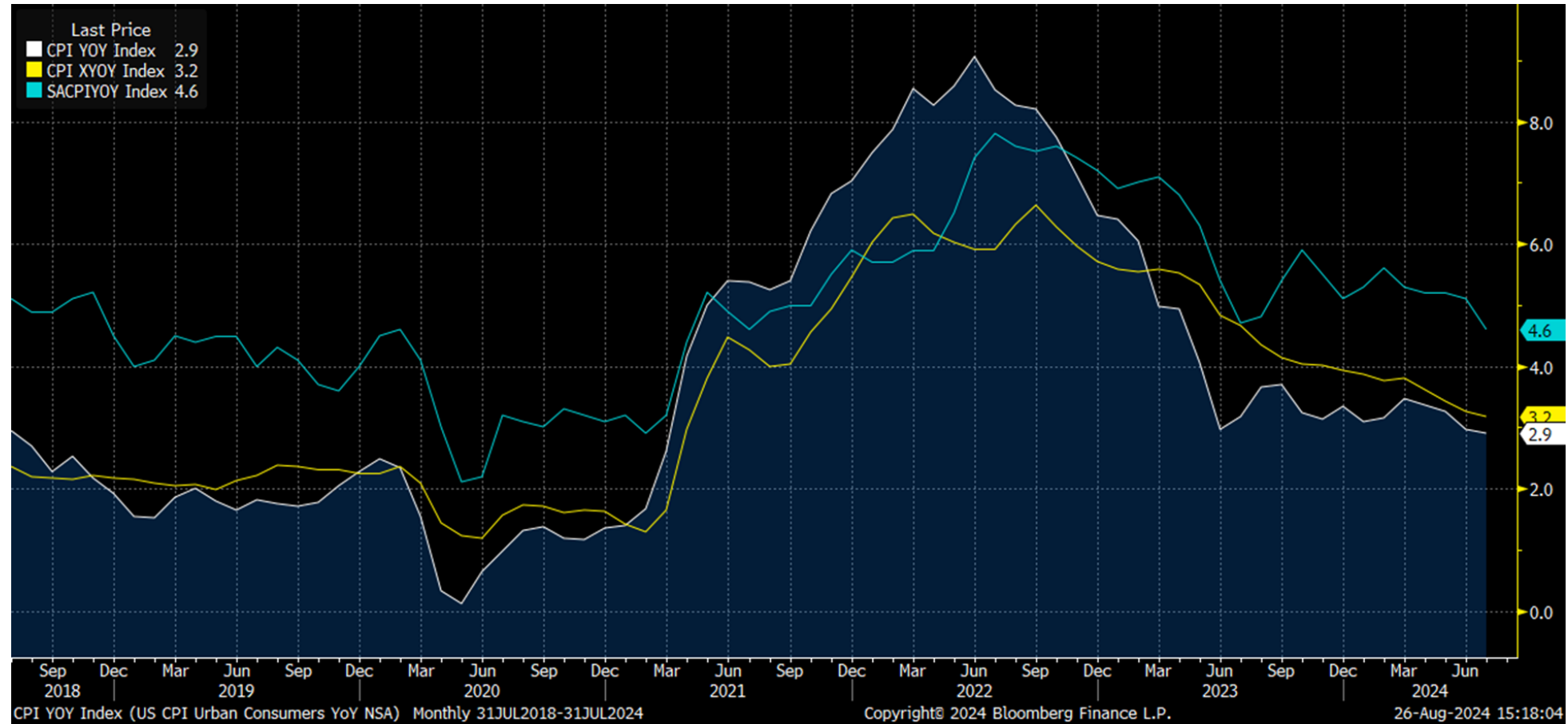
APS INVESTMENT OUTLOOK SUMMARY

SEPTEMBER 2024

THE ART AND SCIENCE
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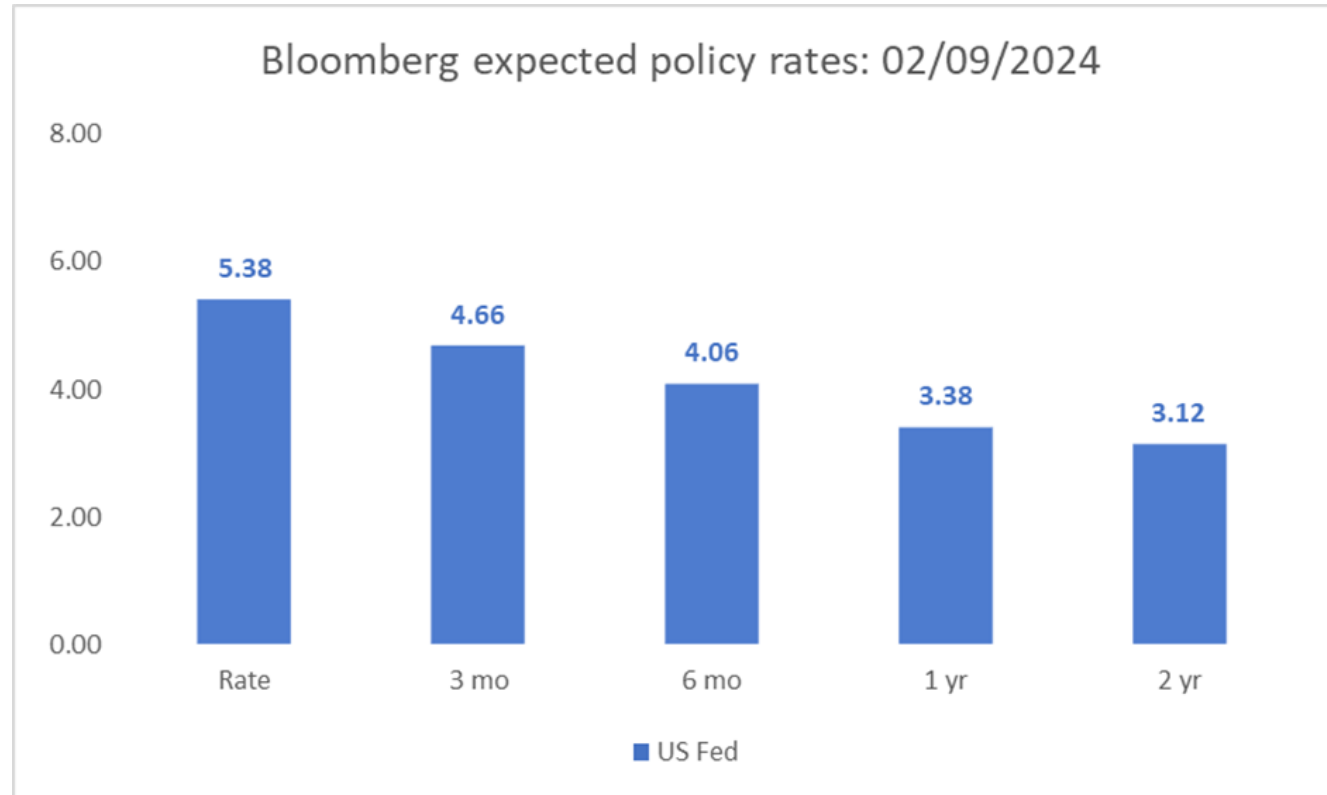


USA INFLATION – UNDER CONTROL?





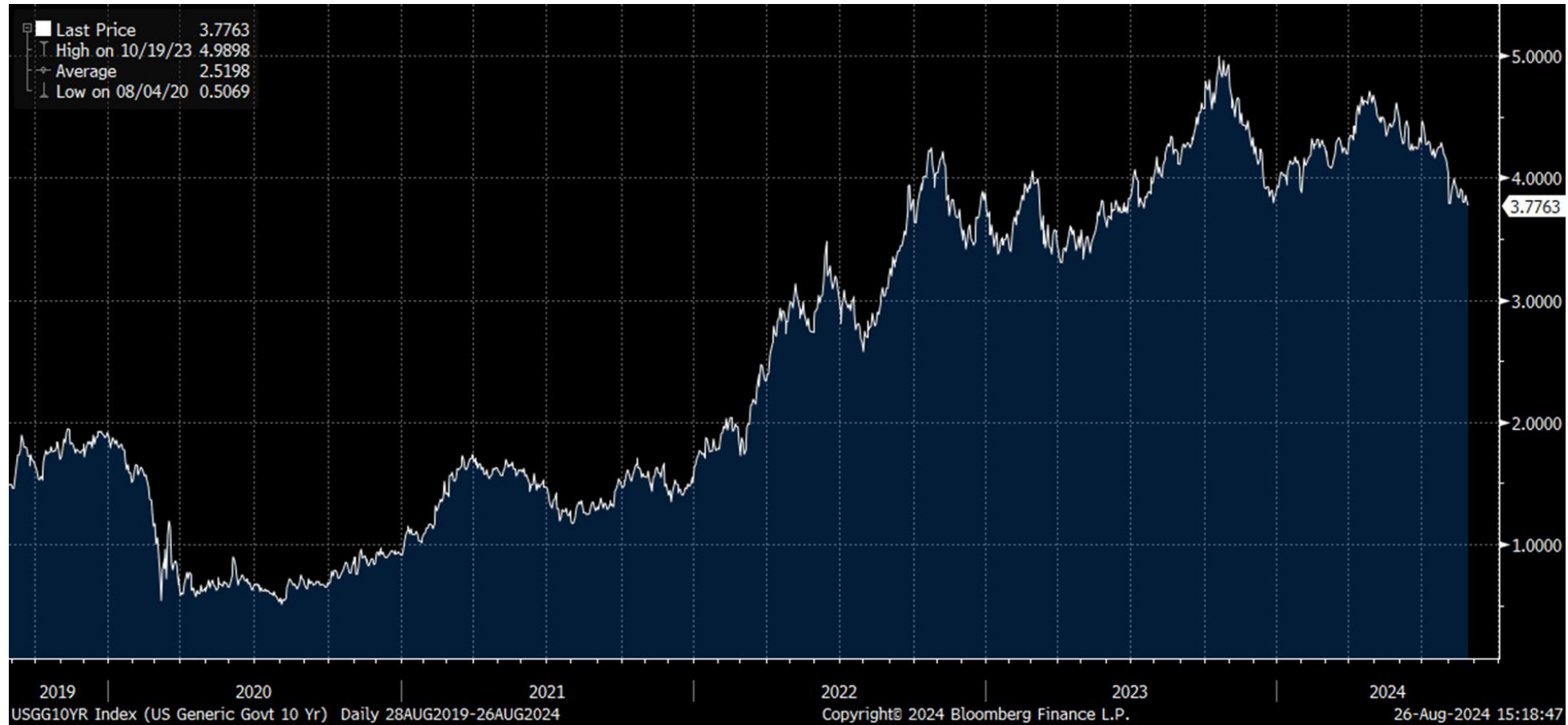
THE NEXT MOVE IN THE FED POLICY RATE IS DEFINITELY DOWN



6 mo: -132bps
12 mo: -200 bps

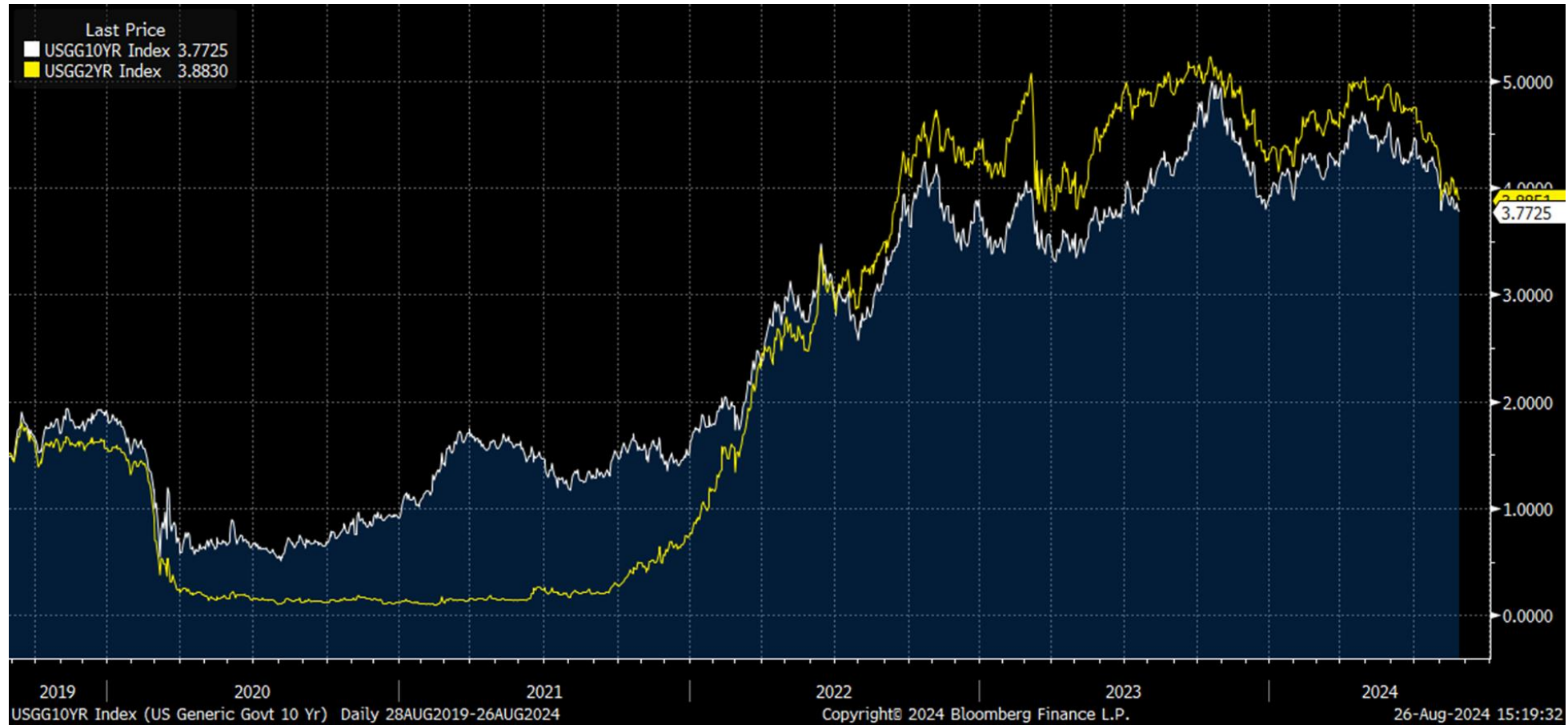


THE 10-YEAR TREASURY BOND YIELD HAS RALLIED AGAIN...





... AND THE CURVE INVERSION IS UNWINDING





Hard Versus Soft Data

Final Word: *Equity and credit markets will remain well supported with DM central banks lowering rates and corporate earnings continuing to trend higher. However, the forward markets have already discounted an aggressive rate-cutting cycle without the necessary bearish economic and financial market backdrop that would be conducive to much lower rates and yields.*

The implication is that rate expectations for 2025 will be scaled back considerably if our relatively upbeat global economic outlook pans out. Stay long risk-on, but be prepared for the outlook to deteriorate once bond yields firm anew.



THE S&P 500 HAS HAD ANOTHER WOBBLE...



MECHANISTIC TACTICAL ASSET ALLOCATION GUIDELINES

02 May 2024	Tactical Adjustment	15 July 2024	Tactical Adjustment
Equity exposure*	SAA weighting factor	Equity exposure*	SAA weighting factor
Global Equity	1.00	Global Equity	0.94
USA S&P 500	0.95	USA S&P 500	0.91
Global Equity ex USA	1.15	Global Equity ex USA	1.13
UK Equity	1.26	UK Equity	1.25
Europe Equity	1.16	Europe Equity	1.14
Emerging Markets	1.17	Emerging Markets	1.13
China (SHSZ CSI 300)	1.29	China (SHSZ CSI 300)	1.31
Global Infrastructure	1.46	Global Infrastructure	1.40
SA Equity: investment grade status	1.62	SA Equity: investment grade status	1.55
SA Equity: sub-investment grade status	1.05	SA Equity: sub-investment grade status	1.05
Listed property exposure		Listed property exposure	
SA Listed Property	1.05	SA Listed Property	1.05
Global Listed Property	1.09	Global Listed Property	1.12
*Each of these geographical regions is analysed independently using a combination of historical and forward Price-to-Earnings metrics		*Each of these geographical regions is analysed independently using a combination of historical and forward Price-to-Earnings metrics	
Fixed Income Guidelines		From 16 July to 5 August the S&P 500 index fell by 8.5%	
US Treasury curve			
10-year yield	4.62%		
3 month cash yield	5.59%		
TAA factor	0.45		



THE ANALYTICS TACTICAL ASSET ALLOCATION GUIDELINES

08 August 2024	Tactical Adjustment
Equity exposure*	SAA weighting factor
Global Equity	1.02
USA S&P 500	1.00
Global Equity ex USA	1.21
UK Equity	1.29
Europe Equity	1.22
Emerging Markets	1.22
China (SHSZ CSI 300)	1.36
Global Infrastructure	1.38
SA Equity: investment grade status	1.61
SA Equity: sub-investment grade status	1.08
Listed property exposure	
SA Listed Property	1.08
Global Listed Property	0.99

**Each of these geographical regions is analysed independently using a combination of historical and forward Price-to-Earnings metrics*





THE ANALYTICS TACTICAL ASSET ALLOCATION GUIDELINES

04 September 2024	Tactical Adjustment
Equity exposure*	SAA weighting factor
Global Equity	0.96
USA S&P 500	0.95
USA Eq Wgt S&P 500	0.93
Global Equity ex USA	1.15
UK Equity	1.24
Europe Equity	1.15
Emerging Markets	1.18
China (SHSZ CSI 300)	1.37
Global Infrastructure	1.28
SA Equity: investment grade status	1.66
SA Equity: sub-investment grade status	1.12
Listed property exposure	
SA Listed Property	1.12
Global Listed Property	0.93
*Each of these geographical regions is analysed independently using a combination of historical and forward Price-to-Earnings metrics	

WEEKLY MACRO STRATEGY

August 30, 2024

The global economic expansion is in good shape, slightly decelerating in the U.S. and slightly improving elsewhere. Most of the improvement is in service sector activity, rather than in manufacturing where macro analysts have historically focused their attention (which is still struggling). In the case of the U.S., the modest deceleration in most economic gauges is occurring from unprecedented heights reached earlier this decade. Most importantly, corporate profits are expected to continue trending higher



EQUITY MARKETS EX-USA (IN USD) ARE STILL LAGGING...





...AND THAT GOES FOR THE SA EQUITY MARKET (IN USD) AS WELL





THE SA EQUITY MARKET HAS HAD A STRONG RALLY





U.S. Economy: Key Indicators

- Recent data on consumer spending corroborates MRB's view that U.S. recession fears have been overblown. Consumption should remain solid ahead.
- Immigration has driven much of the rise in unemployment. Layoffs and new unemployment claims remain low.
- The labor market is a lagging indicator. There are no signs of recessionary macro trends in the "upstream" economic indicators.



U.S. Economy: Key Indicators

- Sentiment surveys have been soft, but they have not been reliable indicators in this cycle given their persistent underperformance relative to actual activity.
- The fact that the business cycle is not impaired, and yet that the Fed will soon cut rates, imply a continued supportive backdrop for both risk assets and economic activity.
- Outside of a recession (which we do not expect) there is no case for the Fed to cut rates at a stepped-up pace, nor as much as the forward market is currently discounting over the next 12-18 months.



THE FORWARD PE RATIO ON OUR EQUITY MARKET HAS BEEN SLIDING



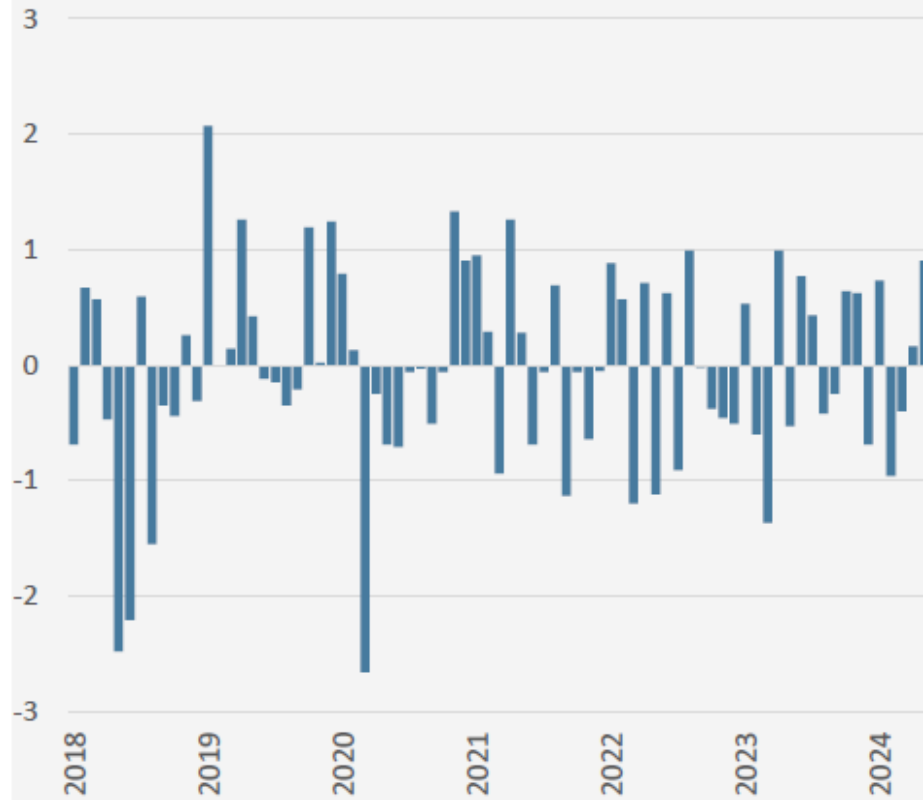
Sub-investment grade rating is 10.6x



Portfolio Flows

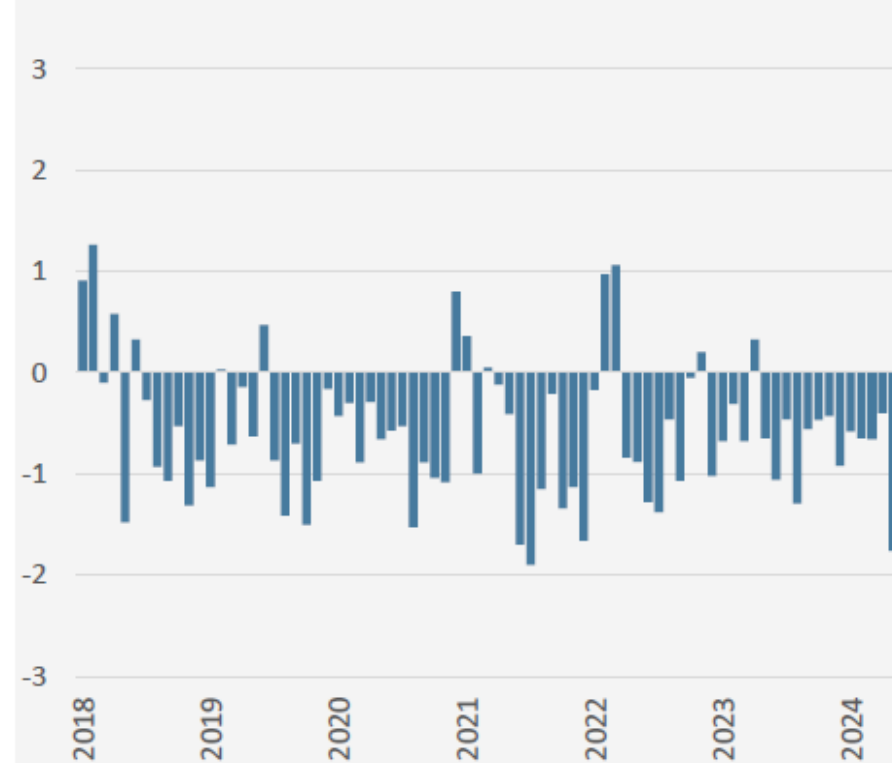
Foreign buying of SA government bonds
\$ billion (SARB)

* Updated 3 July



Foreign buying of SA equities
\$ billion (SARB)

* Updated 3 July





THE ANALYTICS TACTICAL ASSET ALLOCATION GUIDELINES

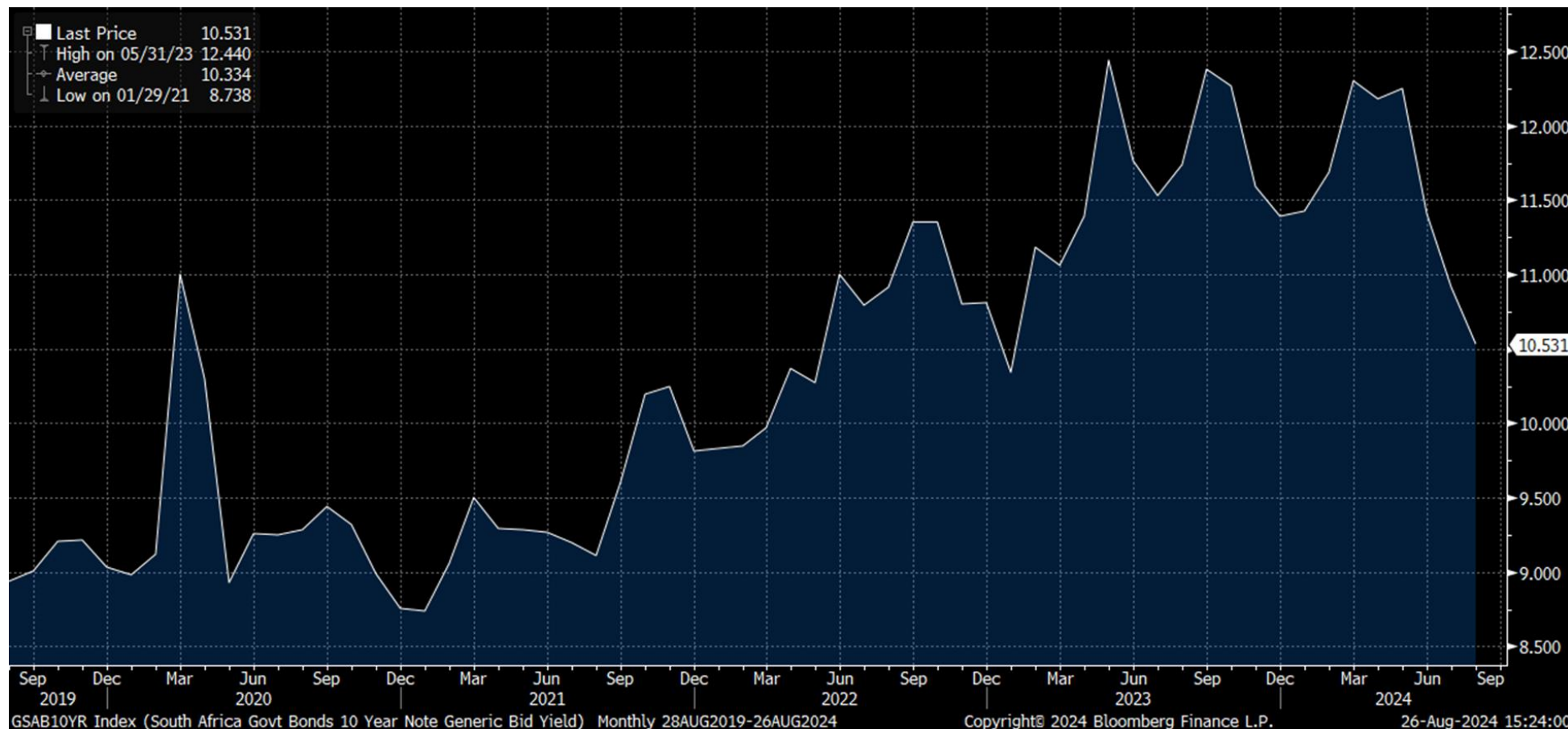
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Equity exposure*	SAA weighting factor
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UK Equity	1.23
Europe Equity	1.14
Emerging Markets	1.19
China (SHSZ CSI 300)	1.36
Global Infrastructure	1.28
SA Equity: investment grade status	1.63
SA Equity: sub-investment grade status	1.10
Listed property exposure	
SA Listed Property	1.10
Global Listed Property	0.93

**Each of these geographical regions is analysed independently using a combination of historical and forward Price-to-Earnings metrics*



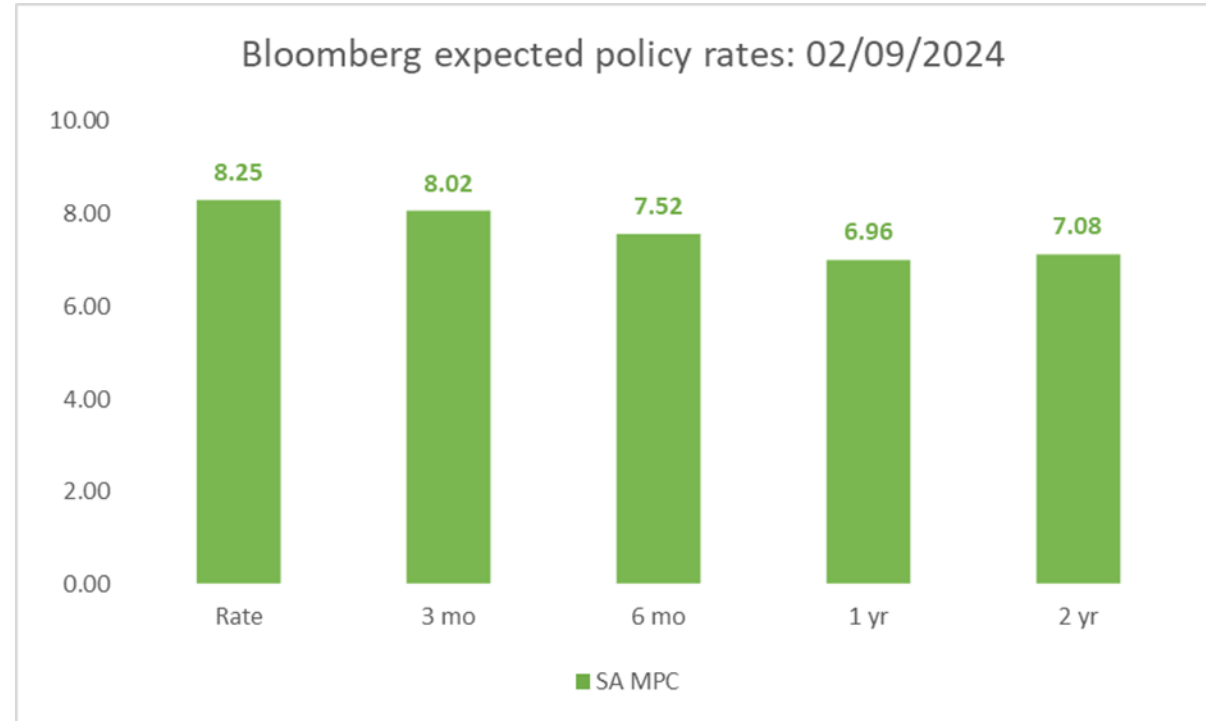


THE SOUTH AFRICAN BOND MARKET HAS HAD A “GNU-RALLY”





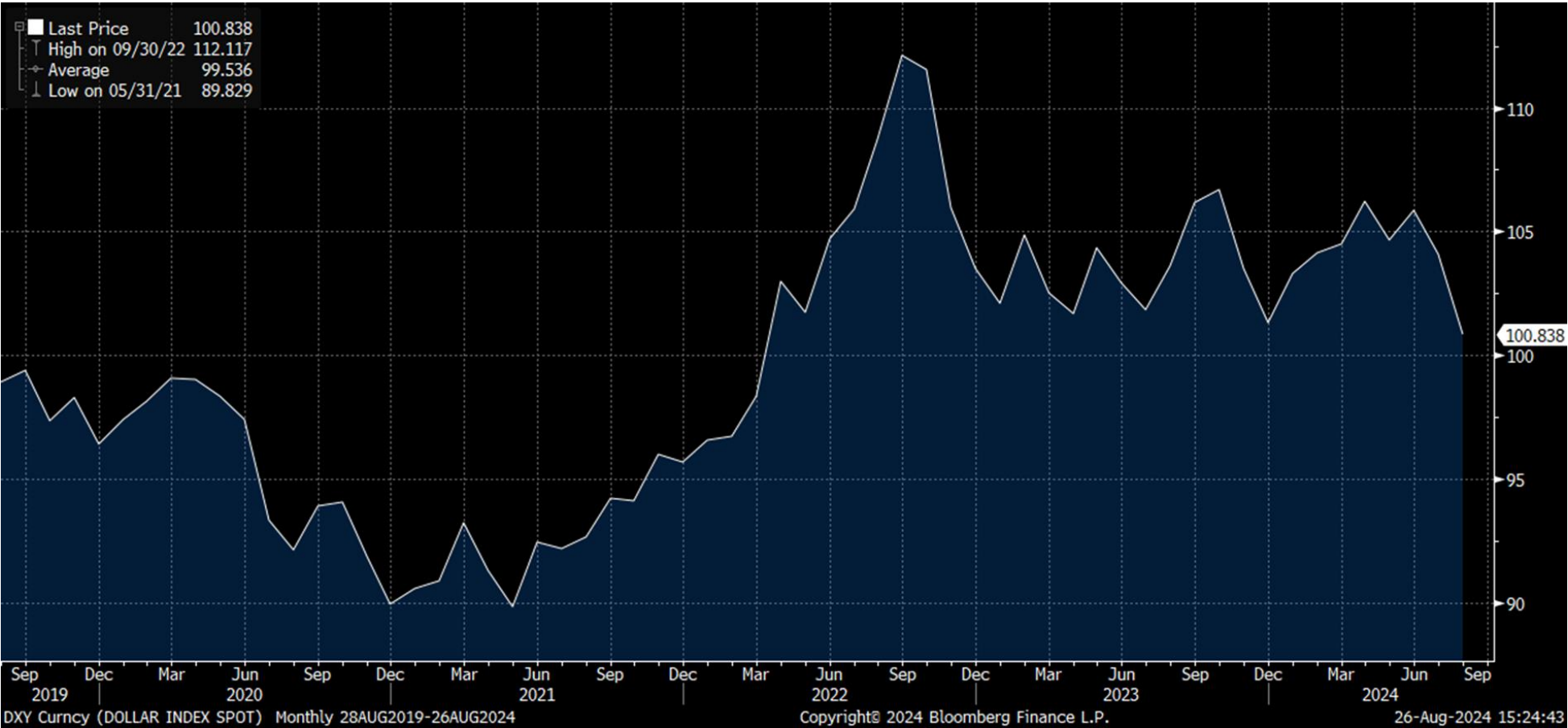
THE MPC OF THE SARB HAS REACHED THE TOP OF THE CURRENT POLICY RATE HIKE CYCLE



6 mo: -73 bps
12 mo: -129 bps

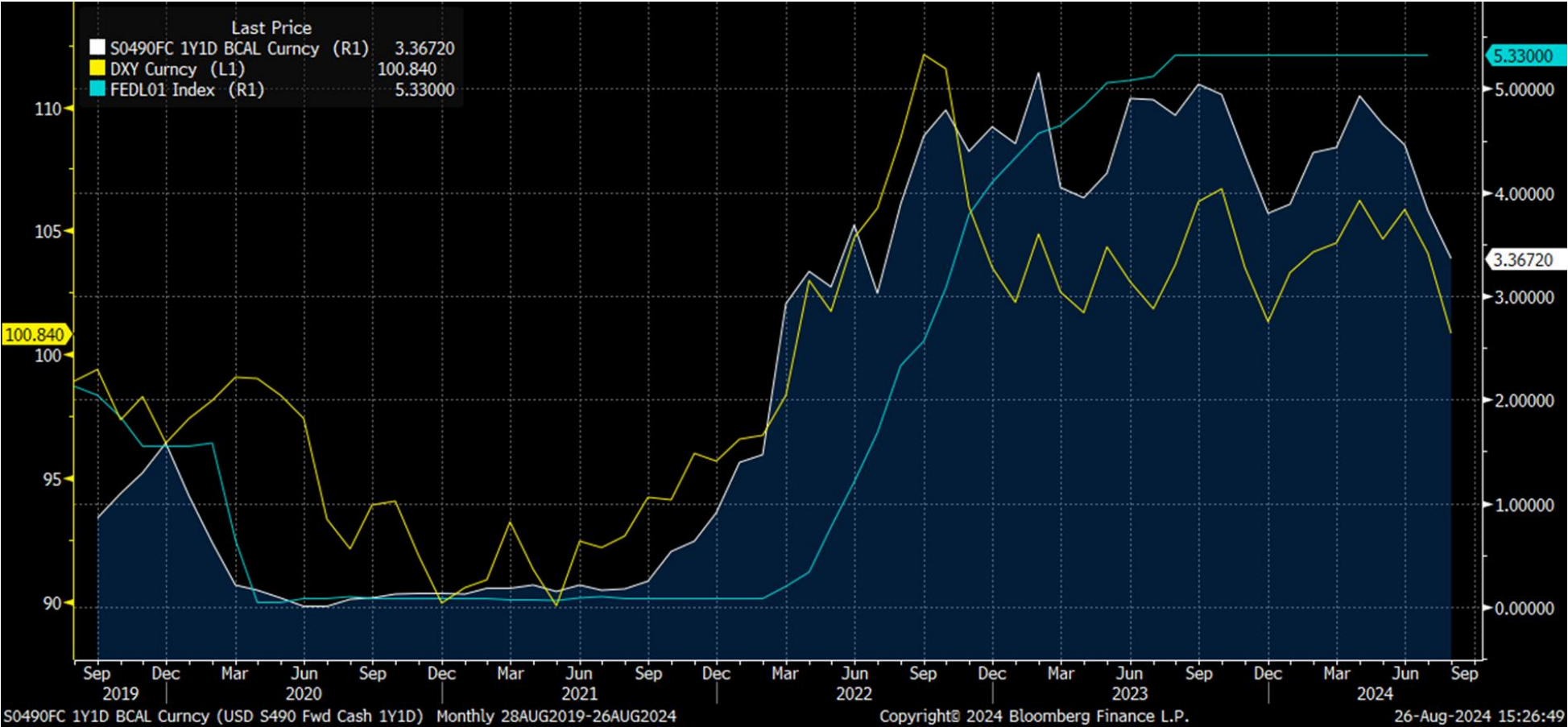


THE US DOLLAR HAS BEEN STRONG



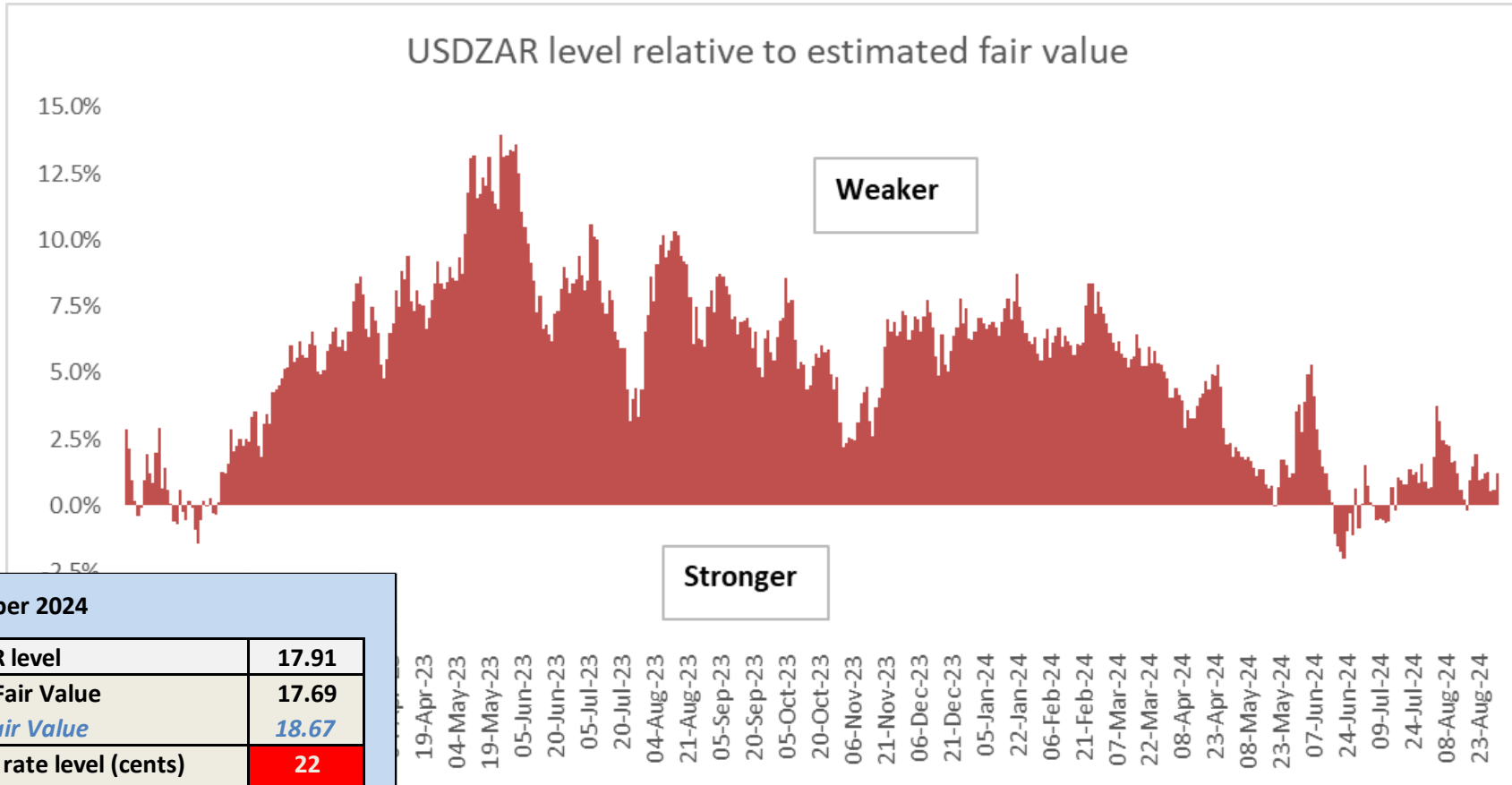


FORWARD FED POLICY RATE EXPECTATIONS ARE DRIVING THE US DOLLAR





THE ANALYTICS USDZAR CURRENCY DECODER - RESIDUAL

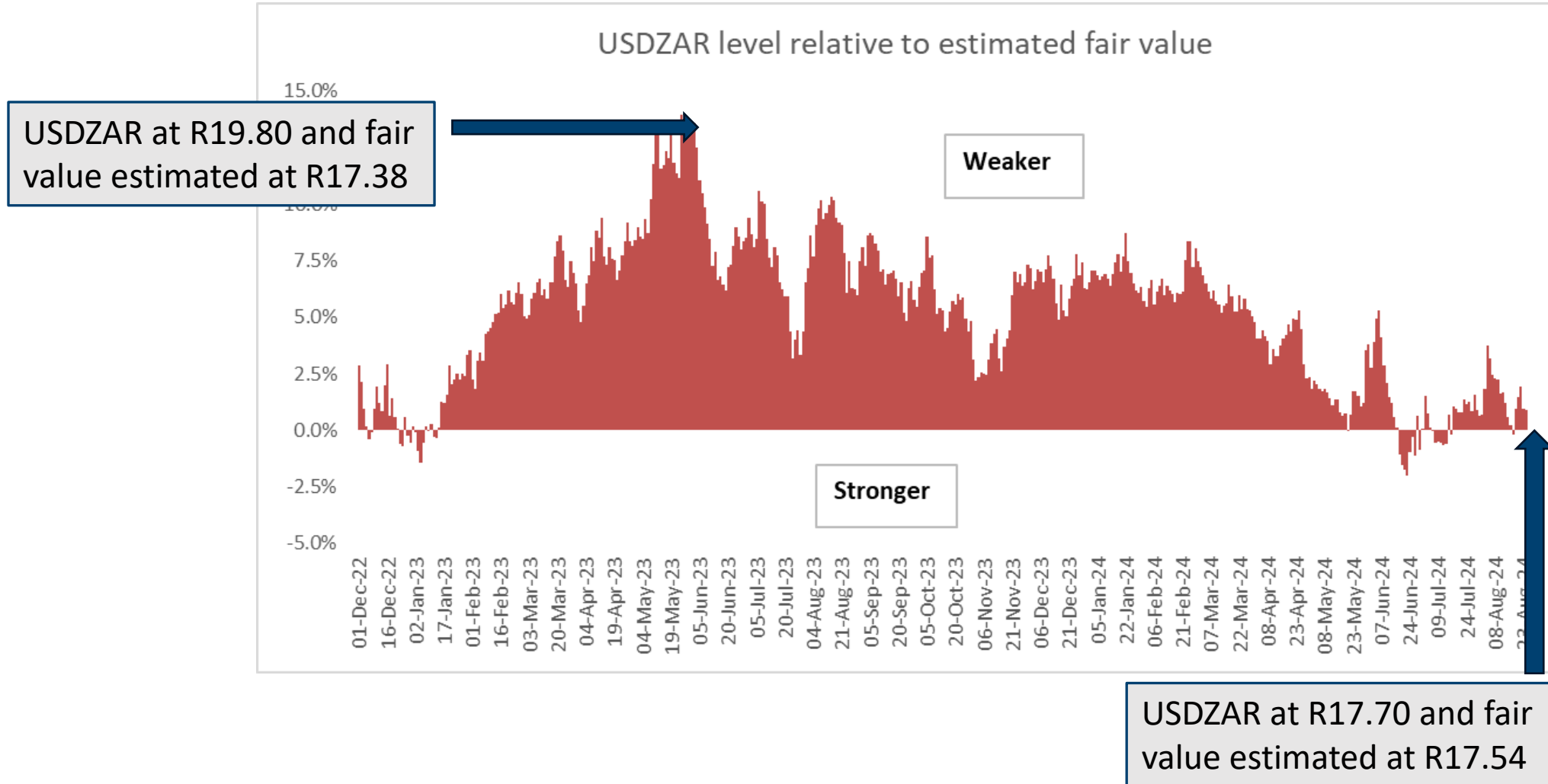


9 September 2024

USDZAR level	17.91
Estimated Fair Value	17.69
<i>Effective Fair Value</i>	18.67
Absolute exchange rate level (cents)	22
Relative exchange rate level (%)	1.2%
Emerging Markets impact	68
SA-specific impact	-47

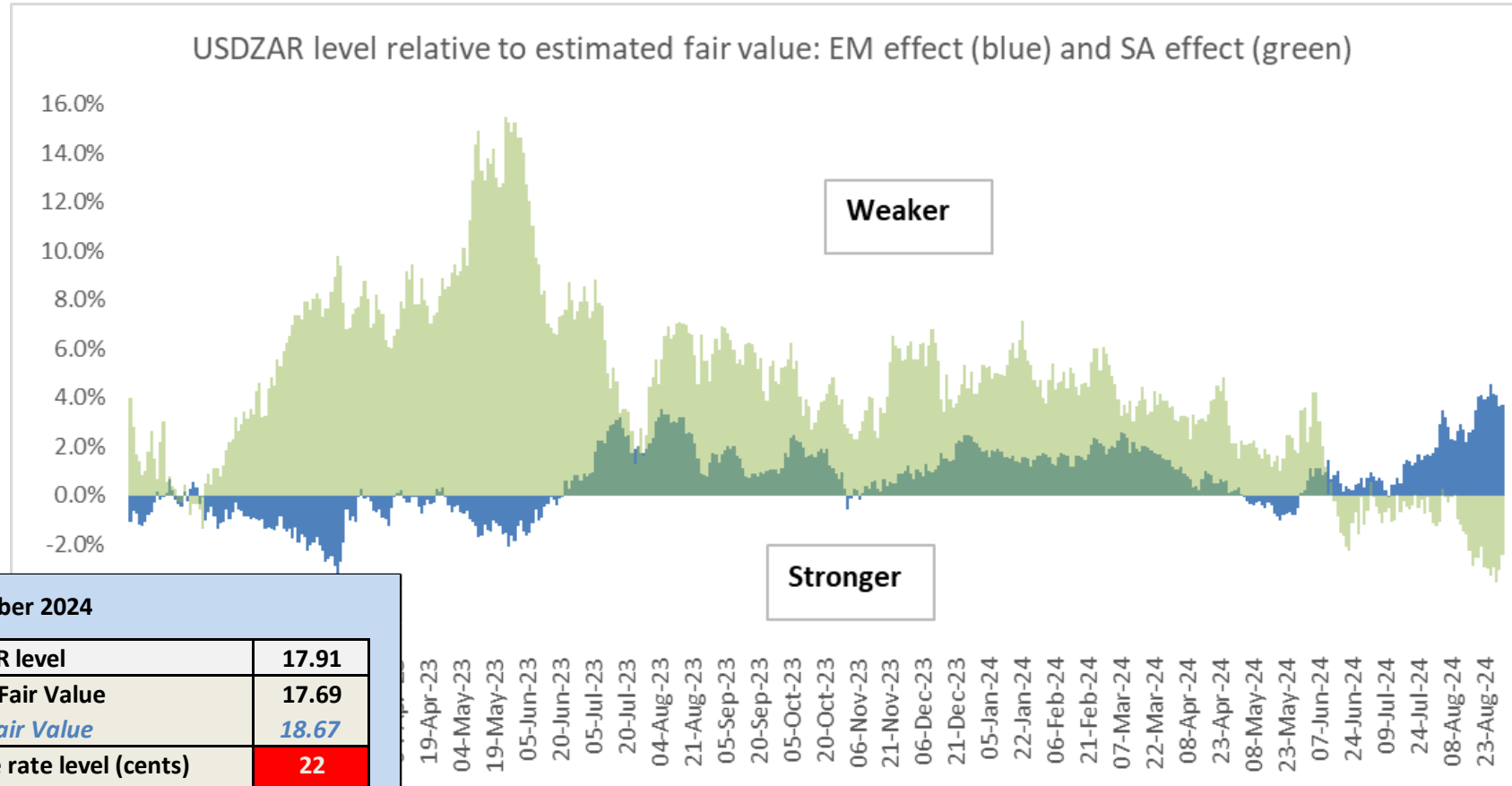


THE ANALYTICS USDZAR CURRENCY DECODER - RESIDUAL





THE ANALYTICS USDZAR CURRENCY DECODER – RESIDUAL DECOMPOSED



9 September 2024

USDZAR level	17.91
Estimated Fair Value	17.69
<i>Effective Fair Value</i>	18.67
Absolute exchange rate level (cents)	22
Relative exchange rate level (%)	1.2%
Emerging Markets impact	68
SA-specific impact	-47



Hard Versus Soft Data

- Equity and credit markets will remain well supported with DM central banks lowering rates and corporate earnings continuing to trend higher.
- However, the forward markets have already discounted an aggressive rate-cutting cycle without the bearish economic and financial market backdrop that would necessitate such a policy response.
- Rate expectations for 2025 will be scaled back considerably if our relatively upbeat global economic outlook pans out.
- Stay long risk-on, but be prepared for the outlook to deteriorate once bond yields firm anew.



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CURRENT POSITIONING OF THE APS FUNDS

SEPTEMBER 2024

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APS GLOBAL FLEXIBLE FUND

RISK ASSETS POSITIONING RELATIVE TO TAA GUIDE AND BENCHMARK

		08-Aug-24		07-Aug-24	
	Benchmark	TAA Factor	TAA Guide	Global Flexible	Active vs TAA
Global Equity	50.0%	1.02	51.0%	51.4%	0.5%
Global Infrastructure	10.0%	1.38	13.8%	7.7%	-6.1%
Global Bonds	20.0%	0.43	15.1%	5.3%	-9.8%
USD Cash	20.0%		20.1%	35.6%	15.5%
	100.0%		100.0%	100.0%	0.0%
Risk assets	60.0%		64.8%	59.1%	-5.7%
Interest bearing assets	40.0%		35.2%	40.9%	5.7%
Duration weighted bond exposure					
		08-Aug-24		07-Aug-24	
	Benchmark	TAA Factor	TAA Guide	Global Flexible	Active vs BMK
Global Equity	50.0%	1.02	51.0%	51.4%	1.4%
Global Infrastructure	10.0%	1.38	13.8%	7.7%	-2.3%
Global Bonds	20.0%	0.43	15.1%	5.3%	-14.7%
USD Cash	20.0%		20.1%	35.6%	15.6%
	100.0%		100.0%	100.0%	0.0%
Risk assets	60.0%		64.8%	59.1%	-0.9%
Interest bearing assets	40.0%		35.2%	40.9%	0.9%





APS GLOBAL FLEXIBLE FUND

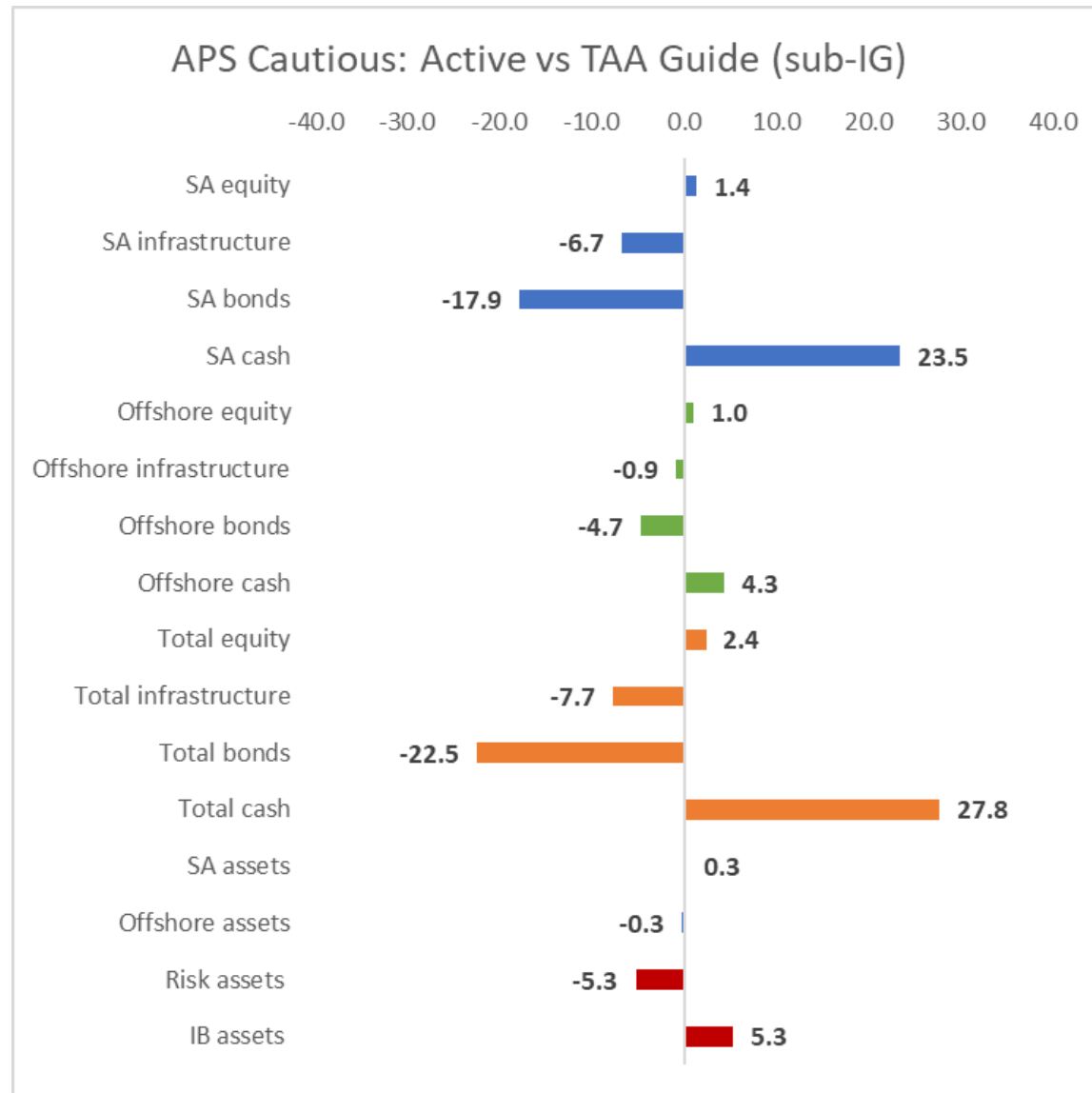
FIXED INCOME ASSETS POSITIONING

	Aug-24		07-Aug-24	Contribution	
	Duration	Yield	Weight	Duration	Yield
iShares \$ Floating Rate Bd ETF USD Acc	0.02	5.97%	10.07%	0.00	1.46%
iShares \$ Ultrashort Bond ETF USD Acc	0.45	5.11%	10.15%	0.11	1.26%
Rubrics Global Credit UCITS A USD	3.02	5.36%	12.27%	0.90	1.60%
USD and JPY Cash	0.00	0.50%	8.57%	0.00	0.10%
			41.06%	1.02	4.43%
Fixed Income Benchmark				3.50	4.29%
Construction gains				-2.48	0.15%
iShares Core Global Aggregate Bond ETF				6.54	3.46%





APS CAUTIOUS FUND – 40% OFFSHORE ALLOCATION GUIDELINE

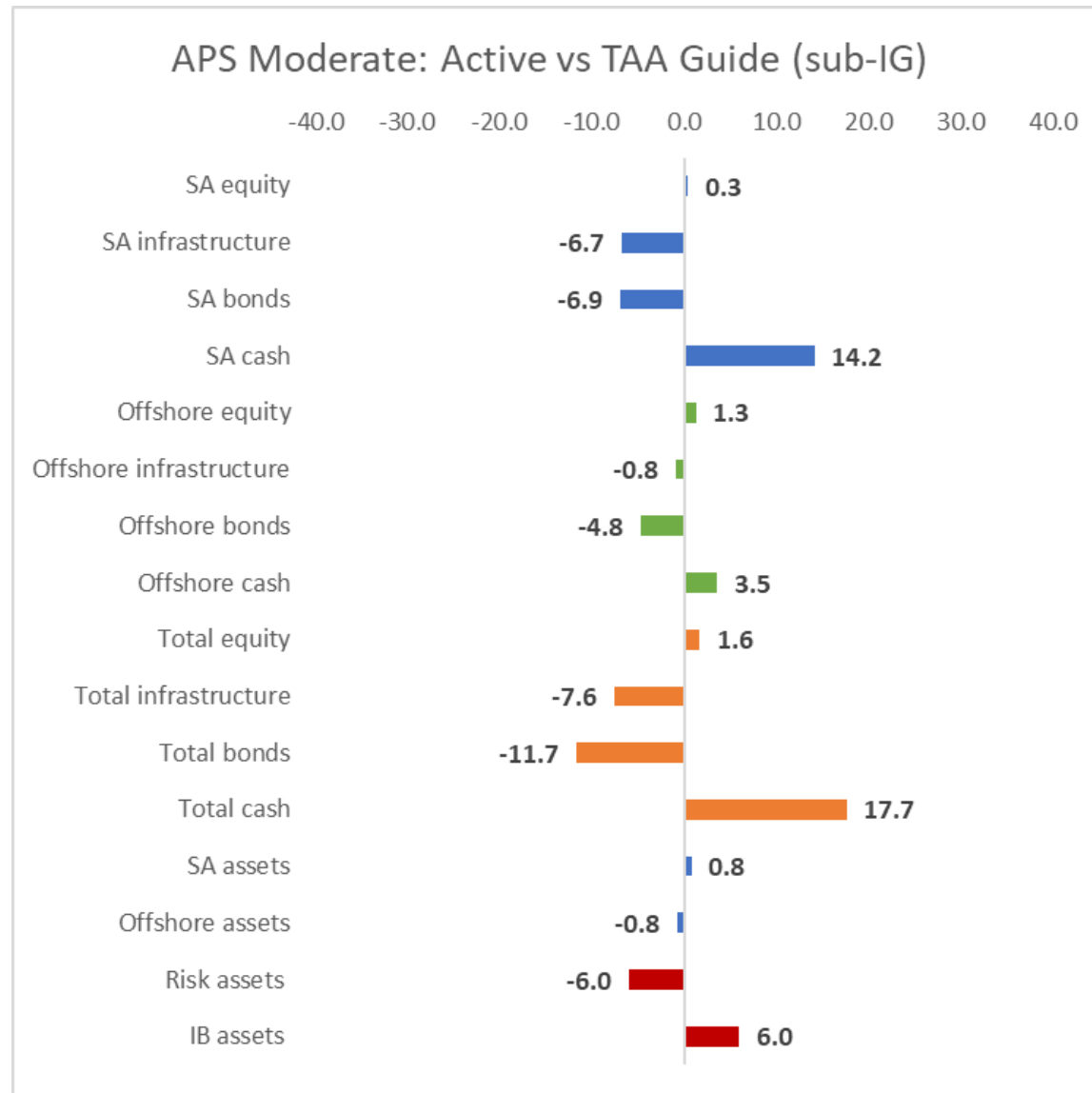


Total equity: 37.1%

Total offshore: 39.7%



APS MODERATE FUND – 40% OFFSHORE ALLOCATION GUIDELINE

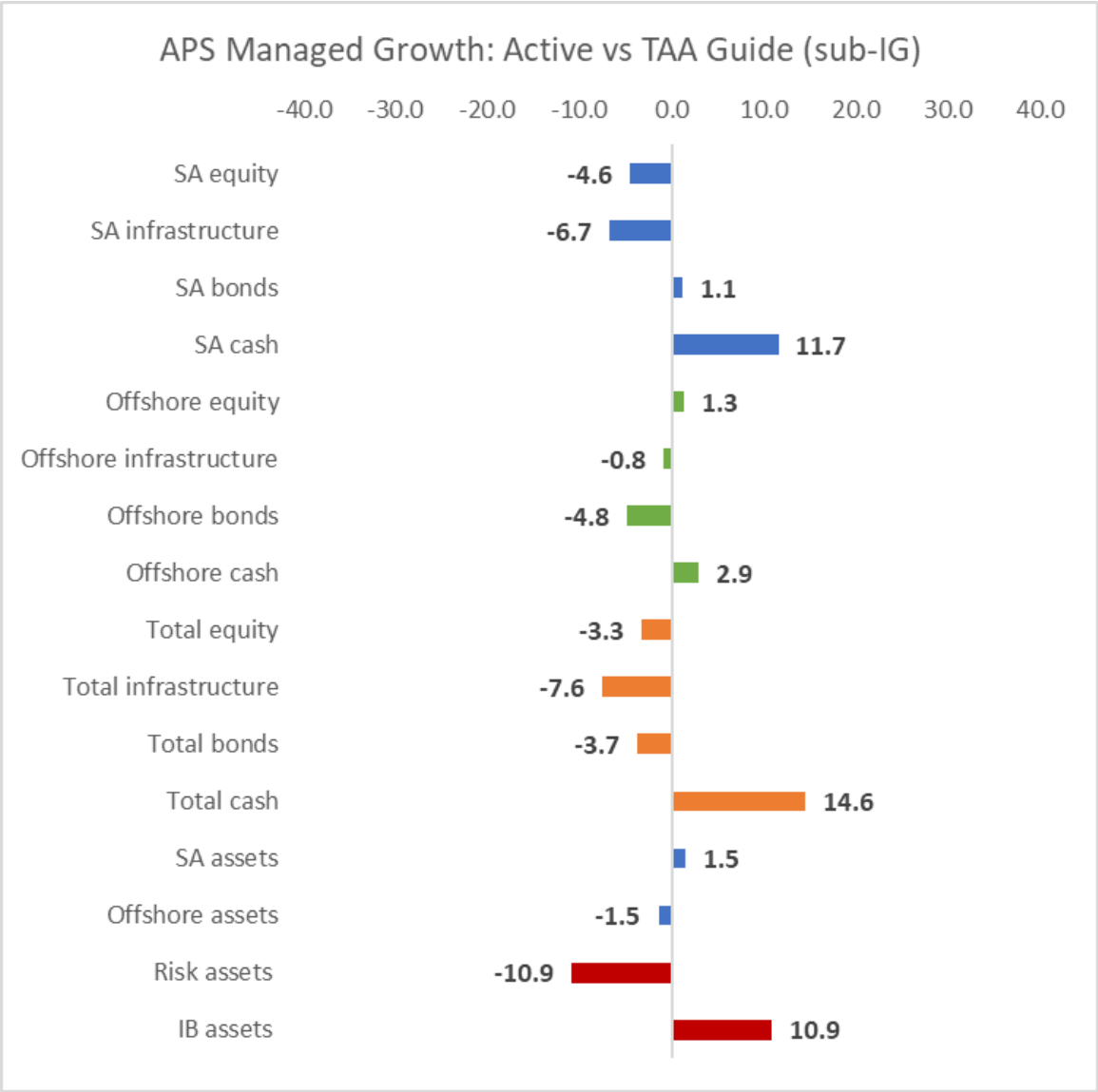


Total equity: 58.9%

Total offshore: 39.2%



APS MANAGED GROWTH FUND – 40% OFFSHORE ALLOCATION GUIDELINE



Total equity: 70.9%

Total offshore: 38.5%



APS EQUITY FUND – 35% OFFSHORE ALLOCATION GUIDELINE

	20240903	
	Weight	
SBK DSW100 APS Ci Equity LP 030325	9.7%	
Ci Equity Fund Z	2.2%	
SBK S&P QVM 40 APS Ci Equity LO 030325	16.3%	
Ci Engineered Equity Core Fund Z	6.8%	
Direct Equity	10.2%	
Ci Alpha Fund B	16.6%	
iShares Core MSCI World UCITS ETF USD (Acc)	18.0%	35.7%
Foreign Direct Equity - Quality Core	17.6%	
FOREIGN Cash	0.2%	
ZAR Liquid Cash	2.5%	
	100.0%	



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