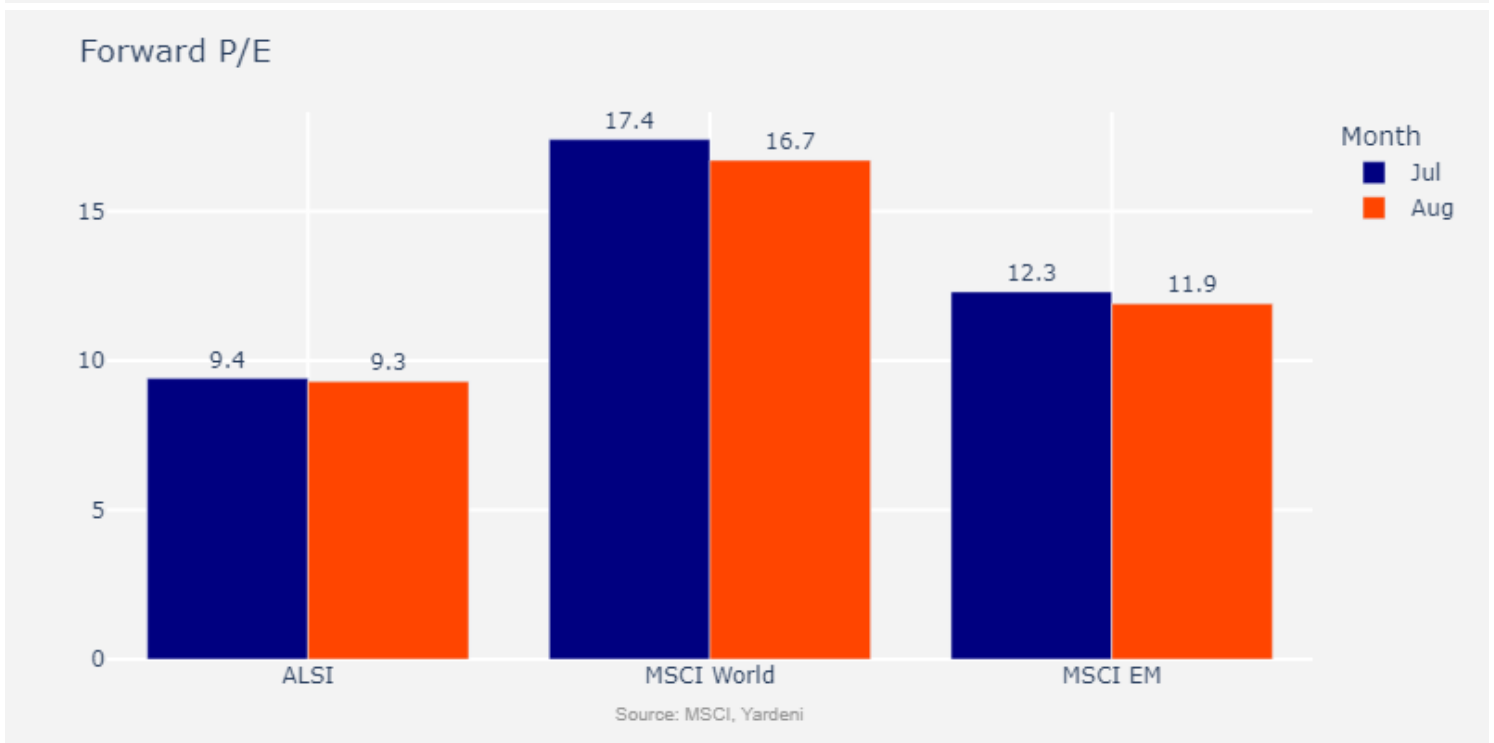
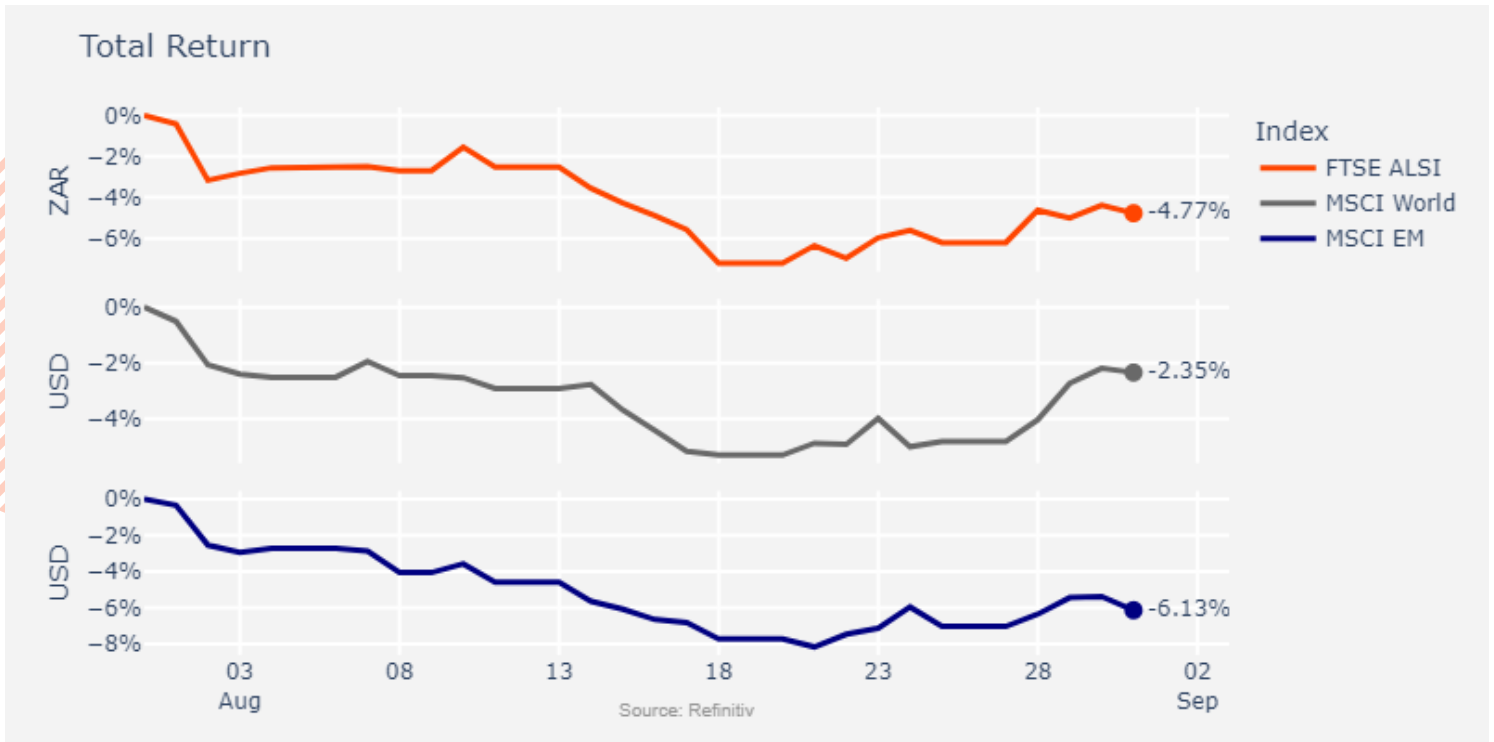




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Equities





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Equities

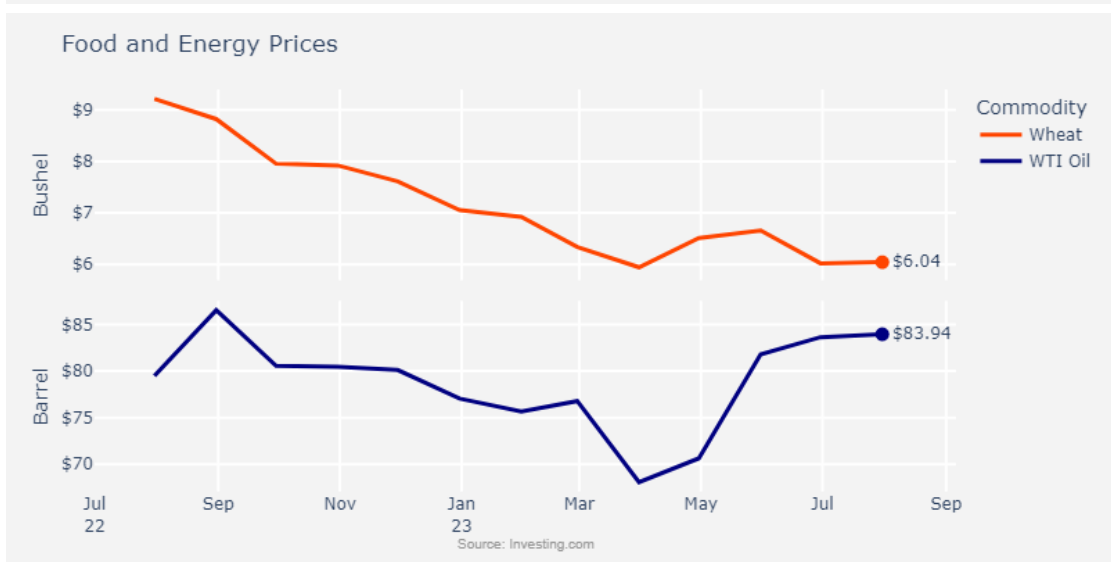
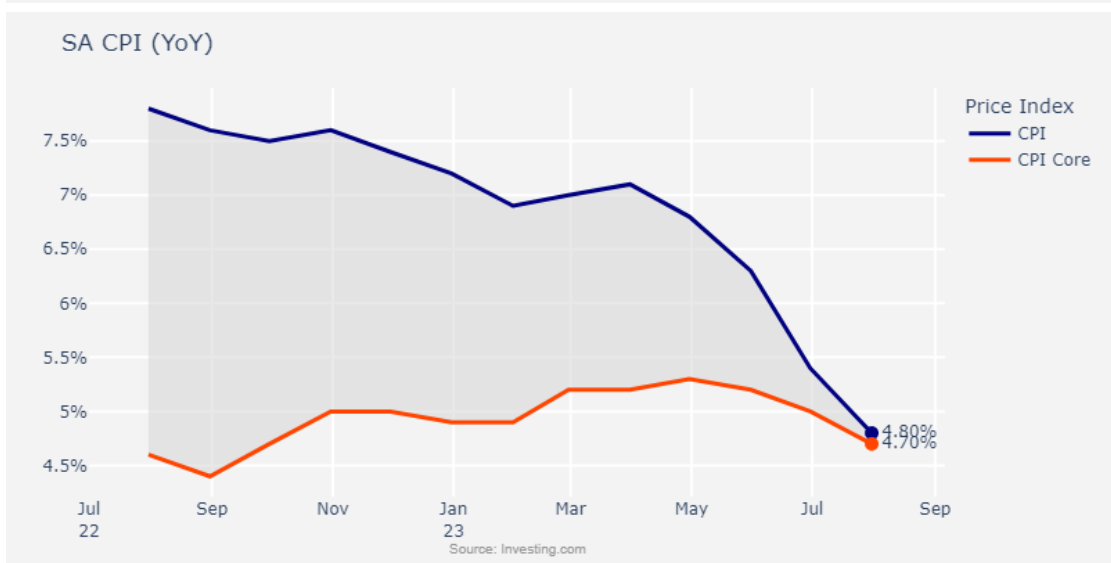
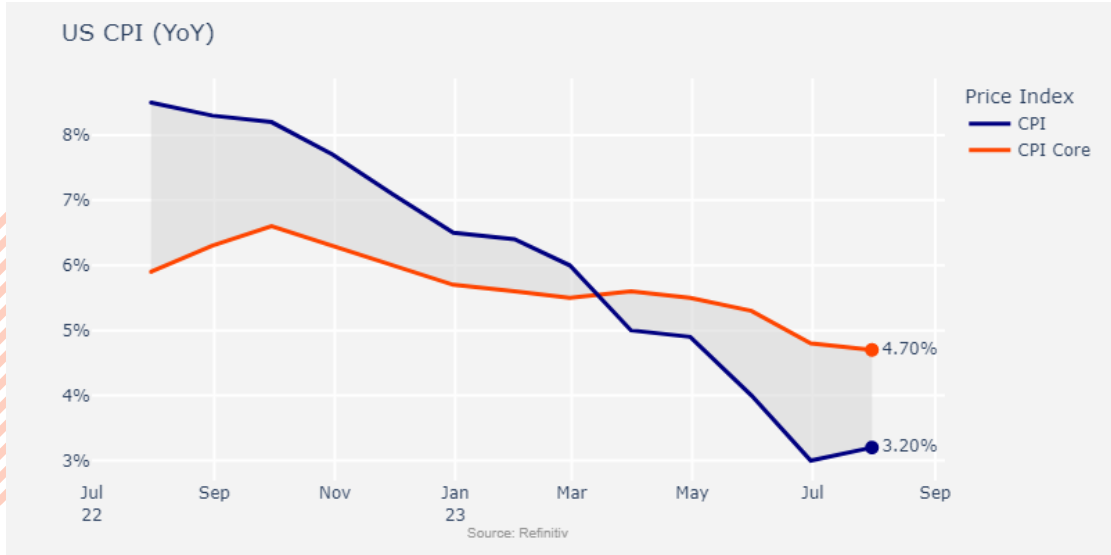
- The month of August was quite a risk-off month, both globally and locally, with a lot of selling pressure across the board following July's great month.
- Markets may be volatile from time to time, which is nothing to worry about as it does end up providing opportunities going forward.
- Developed market equities held up fairly well relative to global markets, while emerging markets suffered a larger drop over the month.
- South African equities are still looking very cheap from a valuations point of view, as earnings have been coming through and are supportive of current prices.
- Emerging markets as a whole are also cheap and providing value, but not as cheap as the South African market.
- Developed world equities, although not very expensive, are still more pricey than South African equities, but may be deservedly so as US earnings are also coming through very strongly.
- The tech industry was supported especially this month by Nvidia beating its already ambitious earnings expectations by a large margin.



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Inflation





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Inflation

- A slight up-tick in US inflation may have been responsible for the market jitters of August.
- Although the latest print is not too concerning, it broke the trend of several consecutive down months, which may have spooked the market.
- US inflation has still come down substantially, giving little reason to be concerned about one uptick in prices.
- In South Africa, local inflation came down yet again and is now very close to the mid-point of our target 3-6% range, putting us in the middle of where we want to be.

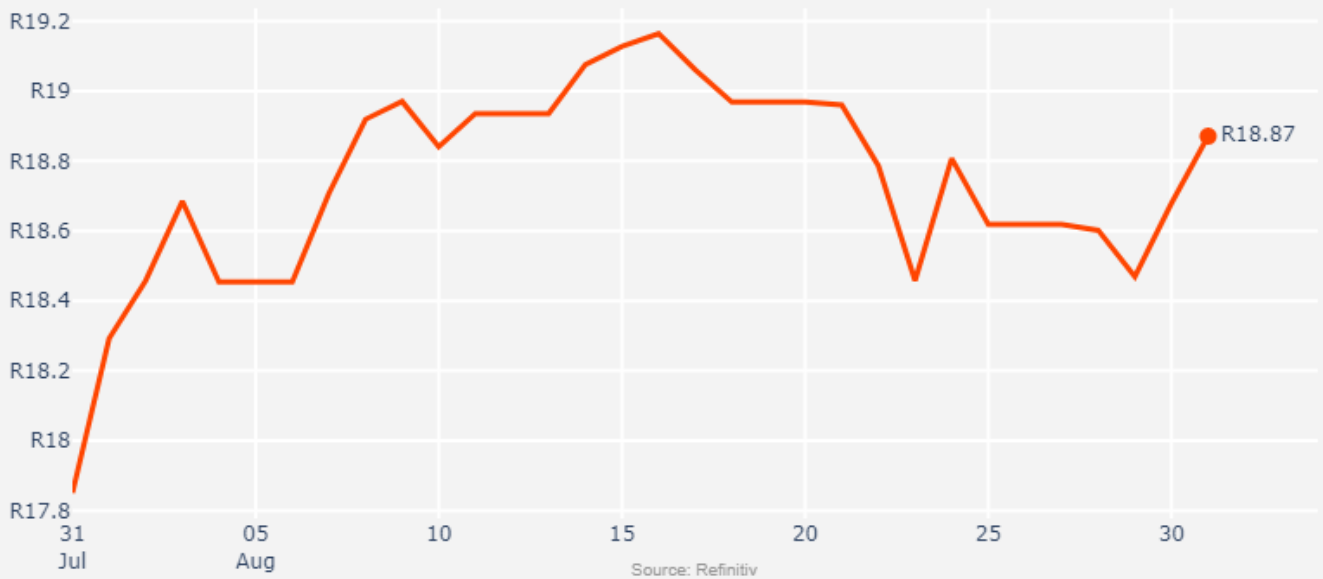


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Local vs US Economy

ZAR/USD Exchange Rate



SA-US 10y Bond Spread



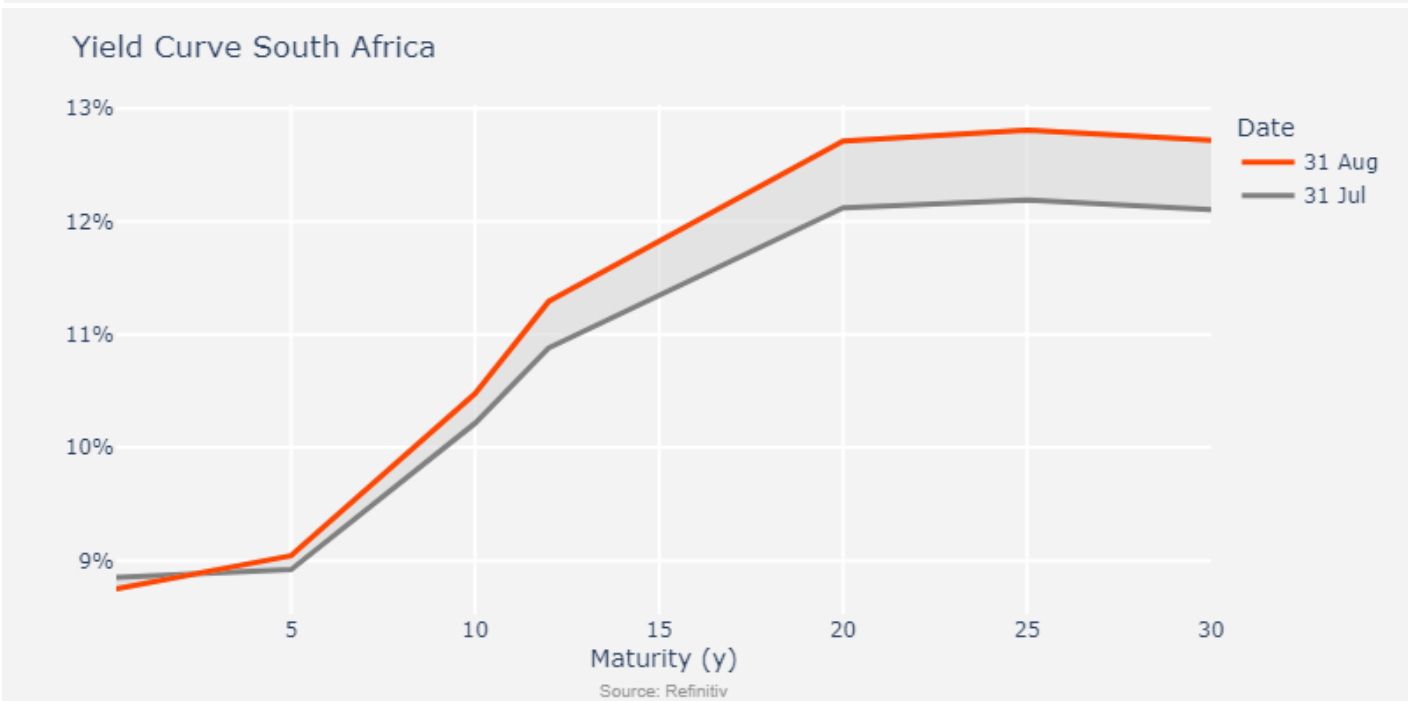
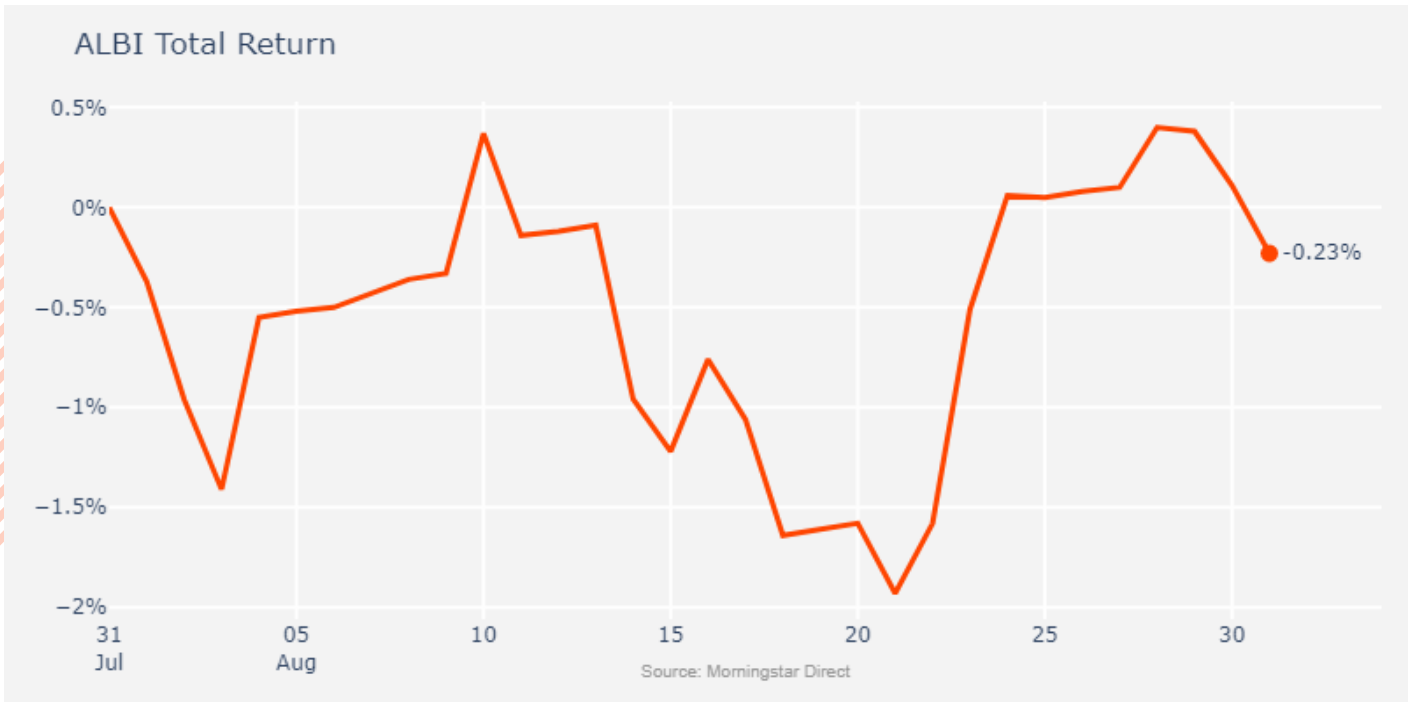
- Because of the general sell-off in markets, the Rand weakened against the major developed market currencies.
- The SA-US 10-year bond spread has strengthened over the last few months; with a current differential of around 6.2%, there is still a good upside on local bonds.



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Bonds



- Local bond markets fared much better than local equities—although still negative, the return of the ALBI over August was nearly flat.
- The South African yield curve has seen an uptick in the long end, which is now looking even more attractive than it has been for a while.
- During this time, the shorter end of the yield curve has come down slightly, further contributing to a steepening curve.