BALONDOLOZI
— INVESTMENT LEADERSHIP —

BALONDOLOZI MODEL EQUITY FUND — **August 31, 2024**

FACT SHEET

INVESTMENT OBJECTIVE

The fund seeks to outperform the FTSE/JSE Capped SWIX All Share Index by 1% per annum over a rolling 3 year period.

INVESTMENT STRATEGY

The fund aims to generate in excess of 1% above the benchmark returns on a consistent long-term basis through both top down and bottom up analysis. The Fund uses a four factor model, namely; Macro-Economic Model, a Fundamental Accounting Value Model, a Behavioural Model, and a Technical Analysis Model. The models are blended to ensure consistency of performance and lower fund volatility versus the benchmark.

FUND INFORMATION

Fund Classification	South African - Equity - General
Benchmark	FTSE/JSE Capped SWIX All Share Index
Risk Profile	Aggressive
Fund Managers	Fannuel Tigere, Sandelee Van Wyk
Inception Date	01 November 2018
Fund Size	R694 million
Currency	ZAR
Administration	Balondolozi Investement Services (Pty) Ltd
Trustees	Nedbank
Regulator	Financial Sector Conduct Authority (FSCA)
Regulation 28	Compliant

FEES

Initial & Exit Fees	Nil
Total Investement Charge	0.57%
Portfolio TER	0.56%
Management Fees	*0.50%*
Transaction Costs	*0.01%*
Audit Fees	*0.00%*
Other Costs	*-0.01%*
Vat	*15.00%*
Pricing	Daily at 17:00

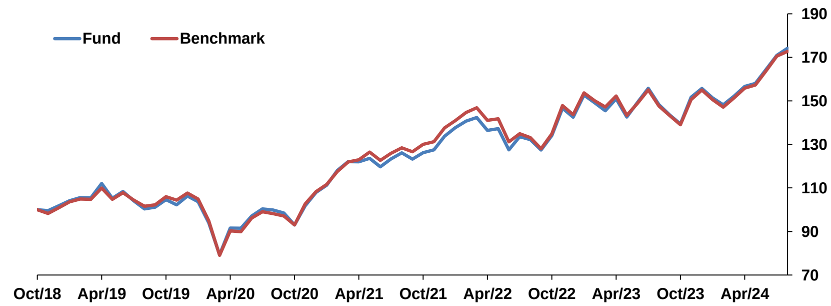
RISK RATIOS

	Fund	***Benchmark***
Annualised Return	9.98%	9.82%
Sharpe Ratio	0.24	0.29
Sortino Ratio	0.36	0.41
Max Drawdown	-15.57%	-16.69%
Drawdowns	29	28

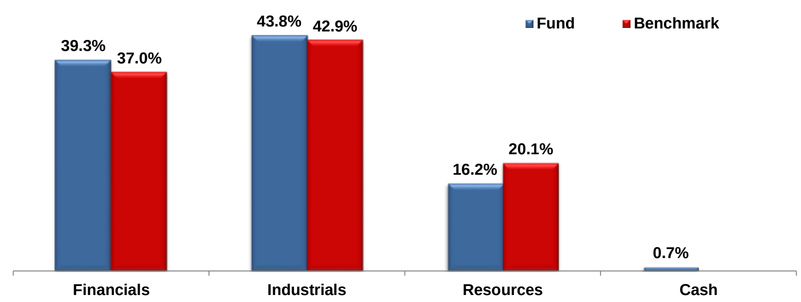
PERFORMANCE (Gross of fees)

	Fund	***Benchmark***
Aug-24	1.89%	1.29%
Year to Date	11.85%	11.47%
Rolling 12 months	17.49%	17.03%
Return p.a. since inception	9.98%	9.82%
Return since inception	74.17%	72.74%
Highest Rolling 1-year Return	28.66%	31.92%
Lowest Rolling 1-year Return	-23.79%	-24.29%

GROWTH OF R100 INVESTED AT INCEPTION



SECTOR ANALYSIS



FUND COMMENTARY

The global economic outlook presents a complex and varied picture when considering the four economies, the US, Euro Area, China and South Africa. Recent indications suggest that imminent interest rate reductions by central banks and a decline in inflation are contributing to improved economic sentiment. Despite rising unemployment in certain regions and underperformance in the manufacturing sector in others, several countries continue to demonstrate resilience and strength in the broader economic market.

Equities returned 1,38% (FTSE/JSE Shareholder Weighted All Share); nominal bonds delivered 2,38% (ALBI); inflation linked bonds returned 2,24% (CILI) and cash returned 0,65% as indicated by the STeFi Call Index in August 2024. Within equities; the financial services sector delivered 5,66% (FINI 15), the industrial sector 4,03% (INDI 25) and the resources sector -10,14% (RESI 20).

During the same period; near term volatilities ticked down by -0,6% (SAVI) to 15,64% whilst the historic price to earnings (P/E) ratio for the FTSE/JSE SWIX Top 40 drifted higher by +1,57 points to close at 15,57. Yields for 12-month negotiable certificates of deposits fell by -32,5 bps to close the month at 8,23%. Foreigners sold local equities worth -R3,3 billion as markets rallied during the month of August 2024.

The fund returned 1.89% against the benchmark 1.29% (JSE Capped Swix All Share) resulting in a positive alpha of 0.60% for the month.

Local equity markets inched higher during the month of August as lower inflation boosts interest rate pivot expectations.

The JSE Capped SWIX All Share was up 1.29% for the month of August, led by financial and industrial counters, with the resources sector closing double digits in the red on the back of weaker commodity prices and a slowdown in Chinese growth.

An overweight position in banking counter, Standard Bank was the biggest contributor to performance, with and overweight position in retailer, Spar, also contributing positively towards performance while an underweight position in Remgro detracted from performance. Underweight exposure in industrial counters were mixed for the month, with an underweight position in retailer, Woolworths, detracting from performance while an underweight position in Mondi, contributed positively towards performance.

Underweight exposure in resource counters, Impala Platinum and Anglo American contributed positively towards performance as resource counters remained under pressure for the month of August.

After registering a value of 5.1% in June 2024, headline inflation for July 2024 was 4.6% (consensus 4.6%). On the same note, the price for brent crude oil fell by -4.84%, to end the month at $76.93 per barrel and the Rand appreciated against the Dollar by 2% to close at R17.83 per dollar. The seasonally adjusted Kagiso Purchasing Managers' Index (PMI) nudged up by 5.8 index points to reach 49 in July 2024.

The United States Federal Reserve Bank's chair, Jerome Powell, delivered the much-anticipated speech highlighting recent developments in the country's economic outlook and the Fed's monetary policy independence. US annual inflation has slowed for the fourth consecutive month to 2.9%, the lowest level since 2021, though it remains above the 2% target due to persistent price pressures.

Food price inflation held steady at 2.2%, while the energy index increased by 1.1%, marking the fifth consecutive month of rising energy prices, excluding gasoline and fuel oil. Looking ahead, the Federal Reserve is prepared to reduce interest rates in response to the approaching resolution of inflation and signs of a cooling job market. Consequently, it is anticipated that South Africa will follow a similar trend. Exports of goods and services have continued to grow, rising by $3.9 billion, driven primarily by increases in civilian aircraft, natural gas, fuel oil, and petroleum products.

In the Eurozone, the European Central Bank has strengthened economic sentiment with expectations of rate cuts in September 2024, leading to the Euro trading at $1.108 at the end of August. Annual inflation rates in the Eurozone fell to 2.2% from 2.6% in August 2024, aligning with market expectations. This slowdown follows a period of persistent inflation above the European Central Bank's 2% target, attributed to a significant decline in energy costs and non-energy industrial goods. However, inflation increased for services, food, alcohol, and tobacco, rising by 10-20 basis points above expected figures. The manufacturing Purchasing Managers' Index (PMI) dropped to 45.6, reflecting a decline similar to that in July. This decrease is linked to a reduction in workforce numbers and diminished demand for purchases and finished goods.

In China, the annual inflation rate exceeded market forecasts by 20 basis points, reaching 0.5%. This marks the sixth consecutive month of consumer inflation as Beijing has intensified stimulus measures to boost economic consumption. While food prices remained stable, non-food prices continued to rise by 10 basis points, driven by sustained increases in the costs of clothing, housing, healthcare, and education. Conversely, transport costs declined further by 0.6% compared to 0.3% previously, as the effects of utility price hikes and higher railway ticket prices in major cities diminish. The People's Bank of China maintained interest rates at record lows during the August fixing. The Chinese yuan has strengthened against the dollar, reaching its highest level since June 2023. This appreciation is supported by increased dollar selling by Chinese companies and rising expectations of interest rate cuts by the Federal Reserve. However, unemployment rates have risen to 5.2%, slightly above market forecasts.

South Africa's manufacturing output for June fell short of expectations both on a month-over-month and year-over-year basis, highlighting potential challenges for the country's fourth largest industry. However, there are signs of easing inflationary pressures, as the producer price index (PPI) recorded a smaller-than-expected decline of 0.2% from the previous month. Additionally, the consumer price index (CPI) and core CPI both increased by 4.6% and 4.3%, respectively. The annual inflation rate has decreased for the second consecutive month, approaching the South African Reserve Bank's (SARB) target of 4.5%. Despite the central bank's previous cautious stance, this softer inflation figure raises the possibility of interest rate cuts at the much-anticipated Monetary Policy Committee Meeting scheduled for September 2024. Unemployment rates have continued to defy expectations, with the rate rising to 33.5% in the second quarter of 2024, contrary to forecasts of a decline. The number of unemployed individuals has reached 8.4 million, with approximately 60% of them being youth.

On a positive note for the country's economic outlook, Eskom anticipates that the persistent electricity issues may be resolved as the warmer months approach. As a result, the South African rand has hit a record 13-month high – trading below R17.70/USD - signalling economic recovery.

Going forward, the fund will maintain its bias towards stocks with rich fundamental valuations.