



FG INVESTMENT PARTNERS

GLOBAL BRIEF

Quarter 1 | 2024



EDITORIAL COMMENT

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FG Asset Management

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The first quarter of 2024 was characterised by persistent “Risk On” sentiment offshore and ongoing “Risk Off” sentiment here at home.

Equities saw high returns despite inflation concerns

The MSCI World Equity Index recorded mouth-watering US dollar returns of 9% over the first quarter. Viewed through a weaker rand lens, these returns topped 12%. While positive economic growth prospects (especially in the US) with low unemployment and still robust spending underpinned sentiment, most market watchers could be forgiven for being somewhat surprised at the extent of these positive equity moves given sticky inflation and a backup in bond yields. Indeed, most sell-side analysts’ year-end forecasts for the level of the S&P 500 have already been exceeded. One of the catalysts for these moves were perhaps dovish comments from US Federal Reserve (the Fed) Chairman Jerome Powell and unchanged Fed rate cut forecasts (0.75% by the end of 2024) notwithstanding recent sticky inflation indicators.

Locally, debt decreased, bonds saw negative returns, and electricity supply has stabilised for now

Locally, the FTSE/JSE All Share Index recorded a negative 2.2% return for the first quarter, although it must be said that March provided some welcomed relief with a slightly brighter Chinese economic outlook bolstering the resources sector in particular. Notwithstanding lower debt forecasts emanating from the 2024 to 2025 Budget courtesy of using GFECRA (Gold and Foreign Exchange Contingency Reserve Account) as a funding source, local bond yields drifted higher pushing bond returns into negative territory (-1.9%) over the period. The South African Reserve Bank (SARB) kept interest rates unchanged.

INDEPENDENT TRANSPARENT COMPETENT

While electricity supply appears to have stabilised for now, the 29 May 2024 Elections are looming large with the run-up period unlikely to see investors taking any large active bets.

Our investment approach is to remain cautious

Overall, while we are ensuring healthy exposure to growth assets throughout our fund range, we retain a cautious disposition. One of the articles in the Global brief details some of the rationale behind this slightly cautious bias.

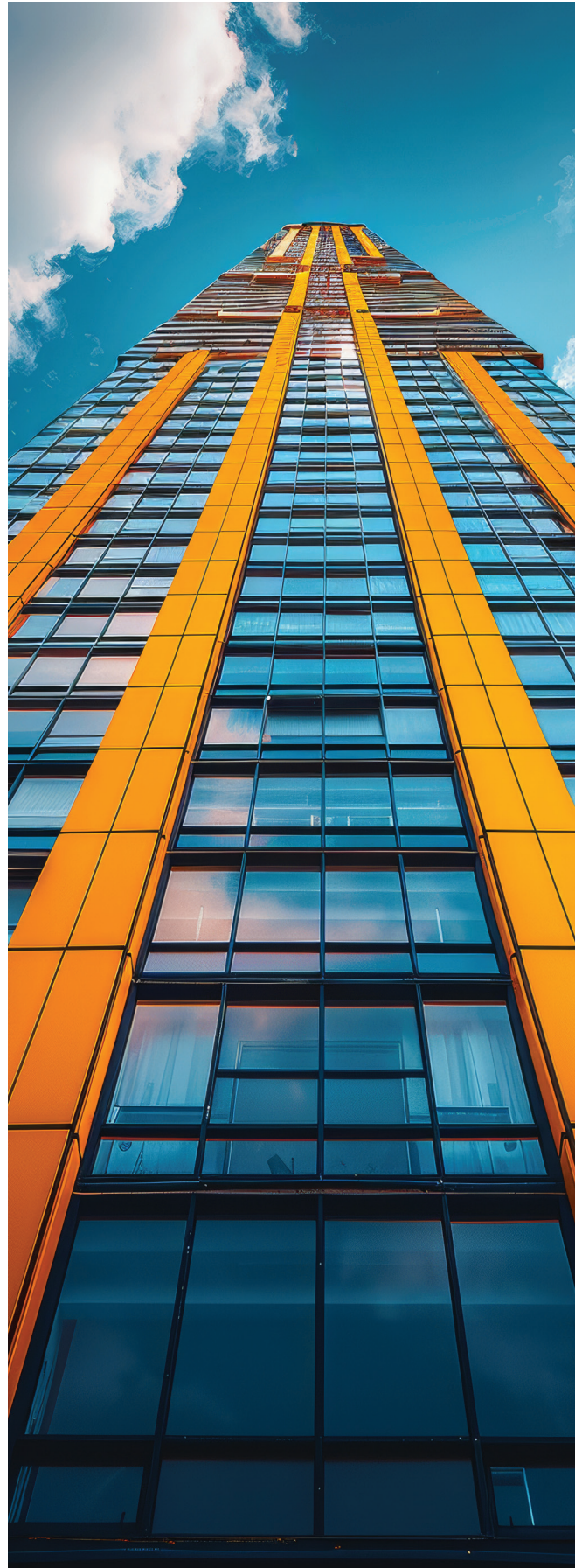
What you can look forward to in this edition

Mark Appleton, Independent Investment Consultant for the FG Asset Management Investment Committee, offers insights on their current risk positioning, drawing from various perspectives. M&G's podcast dealing with "The Great Global Election Cycle" sheds light on how the global elections may affect local and international markets. Sbongakonke Khumalo from Ninety One explains how to understand and use the Power of Attorney to one's best advantage. Lastly, Urvesh Desai of Old Mutual Investment Group gives a perspective on why you need equities in the long term.

We hope that you enjoy these articles.

To staying up to date on the latest market developments.

The FG Asset Management Investment Team





OUR INVESTMENT PERSPECTIVE



Adapted from an article by
Mark Appleton

Independent Investment
Consultant
FG Asset Management Investment
Committee



Strong global equity market momentum

The world's stock markets have seen impressive growth, with major gains led by the US.

Global equity markets have been exceptionally robust these past six months, with the MSCI World index returning 21.5% in US dollar terms. The US has been the main driver of these returns, with animal spirits being unleashed by the artificial intelligence theme, lower inflation, and prospects of lower interest rates. The US economy, aided by low unemployment and large levels of government and consumer spending, has surprised to the upside and is currently growing above trend. Corporate earnings growth has also returned to positive territory.

The cost of success

High prices in the largest equity market raise questions about sustainability.

Readers will at this point wonder what's not to like about global growth assets with such a favourable backdrop. Well, there is a price for everything, and the price you currently pay for the earnings you are likely to get looks stretched at best in the world's largest equity market. Let's unpack this a little. The S&P 500 forward price-earnings multiple is 34% higher than the historical average. At the MSCI World Index level, this reduces to a still elevated multiple some 20% above historical averages. When compared to prevailing long-term risk-free rates, valuations look even more demanding. Earnings yields on the S&P 500 are below long bond yields, whereas historically they have offered a relatively higher yield.

Can the rally continue?

Despite high valuations, further growth isn't off the table but only likely if certain conditions are met.

Can global equity momentum be maintained notwithstanding stretched valuations? It's certainly a possibility if inflation and interest rates come down meaningfully from current levels and earnings continue to improve. Higher earnings will naturally make the earnings multiple look less demanding, and lower risk-free rates will be supportive of those multiples.

Inflation and interest rates: a cautious view

Concerns about inflation and interest rates temper optimism.

We are not too concerned about the earnings outlook, but when it comes to inflation and interest rates, we are somewhat more cautious. Let's look at the inflation dynamic. While the US Federal Reserve (the Fed) has become increasingly dovish, we are wary of becoming too optimistic on the inflation front for a number of reasons. Larry Summers

(an economist and former secretary of the US Treasury) perhaps best encapsulates our mindset here. Summers points out several factors: Unemployment is below what the Fed considers to be full employment; the US economy is growing faster than potential; financial conditions are loose; fiscal policy is very expansionary (and, irrespective of who wins the elections in November, is likely to stay so); private sector onshoring and green initiatives are proving a huge source of demand; the wealth effect of rampant equity markets continues to stimulate demand. None of these factors suggests inflation will be coming down meaningfully any time soon.

Interest rate outlook: Economic growth appears to have been relatively unrestricted by current levels

Current interest rates might not be as growth limiting as thought given the state of the US economy.

So, what is the interest rate outlook? One senses current levels are not proving to be particularly restrictive given the robust economic environment. The Fed suggests that neutral interest rates (that which supports a stable growth and inflation outlook while balancing savings and demand for those savings) are in the region of 2.6%. The demand outlook and potentially reduced savings from an ageing demographic, however, suggest that the neutral interest rate could be somewhat higher than that. If the neutral rate is, in fact, higher than the Fed estimates, then the current Fed funds rate is perhaps not as restrictive as initially thought. Another factor that potentially keeps rates higher for longer (especially for longer maturities) are exceptionally high federal debt levels and governments' continuous need to raise funds.

Tactical positioning amid high valuations

Adopting a cautious stance, given the mixed signals from current valuations and market momentum.

We recognise that valuations by themselves are a poor indicator of potential performance in the short term, so while we feel reluctant to meaningfully increase risk exposure into expensive global equity markets, the possibility of ongoing momentum leads us to limit the extent of any underweight positions for now.

Local markets in a year of elections

Domestic assets lag but offer potential, albeit with caution.

On the local front, elections are looming large, and local assets have meaningfully underperformed offshore markets in the face of myriad challenges. Both bonds and equities look cheap by historic standards, and interest rates are likely to start coming down later in the year; risks are, however, high, and we retain a cautious disposition.



THE GREAT GLOBAL ELECTION CYCLE

Sourced from an edition of the M&G Investment Podcast in February 2024

As billions of people vote in national elections in 2024, including seven of the world's most populous nations, an M&G panel of cross asset class experts looked at the issues and potential unique and overlapping implications at play across developed and emerging markets – from the US and UK to South Africa and Mexico. They also analysed what asset allocators are watching, including the influence of outcomes on fiscal, monetary and climate policy, the impact on asset prices and potential mispricing opportunities.

Listen to the full podcast [here](#)
(it is 27 minutes and 27 seconds long).



Speakers

Anthony Balestrieri,
Chief Investment Officer in the Americas

David Parsons,
Head of the Fixed Income Investment Specialist Team

Maria Municchi,
Multi-Asset Fund Manager

Claudia Calich,
Head of Emerging Markets Debt

Host:

Romil Patel,
Global Managing Editor

There are upcoming elections in 50+ countries, but the discussion focused on the UK and US

Anthony Balestrieri and David Parsons discuss the upcoming elections in the UK and US, with a focus on the potential financial implications and geopolitical changes that could result. Maria Municchi and Claudia Calich add their perspectives on the elections, including the possibility of a change in government in the UK and the potential for former President Donald Trump to influence the US presidential vote.

Key takeouts from the discussion that follows include:

Emerging market elections and their potential impact on asset prices

India's election may not lead to significant investment opportunities

due to high expectations for BJP's popularity.

US economy and its impact on voters and investors

Voters in the US are concerned about the cost of living, which has increased significantly since pre-pandemic levels.

Government spending and debt trajectory

Concerns about fiscal irresponsibility in US government spending, leading to potential crowding out of corporate borrowing.

US debt and borrowing habits

US debt servicing costs are nearing one trillion dollars annually, with no signs of reining in borrowing.

US election impact on emerging markets and geopolitical ties

US election results may have mixed impact on emerging markets, with some countries potentially facing negative consequences.

Geopolitical impact on inflation and global trade

Investors should be prepared for volatility ahead of elections, as unexpected policy decisions or surprises can lead to market movements. Being flexible and able to respond quickly to market developments is key for investors, rather than trying to predict everything that could happen. Surprises can come at any time during an election, and being able to move tactically in response to market events can provide profitable trades.

Climate change and investment opportunities

Renewable energy growth is important to meet climate targets, with solar and wind power being key technologies. The UK has cut emissions by 50% since 1990 while growing its economy, presenting an opportunity for leadership in this area.

There is value in high-yield emerging market debt, particularly in the investment grade segment, due to political volatility ahead of elections.

Global cooperation is crucial to address climate change, with financing for developing countries being a key area of focus.

Market positioning and flexibility in response to unpredictable events

Flexibility and adaptability are crucial for success in uncertain markets, despite predictive abilities.

US election volatility and fixed income investing

Investors should prioritise valuations and fixed income assets, despite potential election-induced volatility.

What are professional investors doing?

1. Monitoring the outcome of the US presidential election and potential impacts on fiscal policy, interest rates, and asset prices globally.
2. Watching the UK election closely for any potential change in government and economic policies.
3. Assessing the ability of any new UK government to deliver on green spending commitments.
4. Analysing tight margins in US House and Senate races and the potential for legislative gridlock.
5. Tracking interest expense trajectory in US budgets and implications for borrowing costs.
6. Evaluating opportunities arising from potential market volatility around elections. Maintaining flexibility and the ability to respond quickly.
7. Monitoring renewable energy capacity growth globally towards 2030 emissions targets.
8. Assessing opportunities in high-yield emerging market debt.
9. Positioning portfolios to respond to election outcomes rather than predict them. Maintaining liquidity and flexibility.
10. Considering attractive valuations in global bond markets currently.



POWERS OF ATTORNEY: KNOW THE FACTS TO AVOID THESE PITFALLS



Adapted from an article by
S bongakonke Khumalo

Legal Counsel
Ninety One



A Power of Attorney can be a useful tool to attend to a client or a loved one's affairs when needed. But there are some misconceptions, particularly around mental incapacity.

As a general principle under South African law, a person may not act on behalf of another unless they are authorised to do so. Such authority may be granted by way of a Power of Attorney.

What is a Power of Attorney?

It is a legal document, whereby an individual (the principal) who has full contractual capacity to manage their affairs appoints someone (the agent) to act on their behalf. The Power of Attorney sets out the nature and scope of the agent's powers, which may include the signing of legal documents, entering into contracts, opening and closing bank accounts, investing money, selling, or purchasing property and instituting legal action.

In South Africa, there are different types of Powers of Attorney:

- a General Power of Attorney which grants broad authority to the agent to act on various matters on behalf of the principal, and
- a Special Power of Attorney which authorises the agent to act in specific situations.

A Power of Attorney can be used in many cases and is valid until death of the principal

A Power of Attorney is a useful tool that can be used in instances where a person is temporarily or indefinitely outside of the country and needs a trusted family member to act on their behalf, or when an elderly parent, due to their age, finds it difficult to attend to their affairs and decides to grant a Power of Attorney to their adult child. Depending on one's set of circumstances, it is important to ensure that it covers a wide scope of powers and is detailed enough to cater for all reasonable eventualities or actions that fall within the management of one's affairs.

A Power of Attorney will continue to be valid until the death of the principal, unless cancelled by the principal, or the principal ceases to have mental capacity.

What happens once a client no longer has mental capacity?

Under South African common law, for a legal transaction to be valid, the law requires that the parties be able to understand the nature, purpose and consequences of their actions and they must have capacity to act. The capacity to enter into legal transactions is very closely related to a person's mental condition. Mental incapacity is when a person is unable to understand and appreciate the nature and consequences of an act or decision or is incapable of managing their own affairs.

Once a principal no longer has capacity as described above, the Power of Attorney falls away and the agent no longer has the legal authority to act on the principal's behalf. In addition, under South African law, there is no concept of an enduring Power of Attorney, which remains valid despite the principal becoming contractually or mentally incapacitated. An agent can only do what the principal can do, and they can never have more powers than the principal.

Financial advisors and clients are often not aware that a Power of Attorney becomes invalid once the principal loses mental capacity to act, and in their opinion, this is in fact when a Power of Attorney is most needed.

Where there is a risk that the principal may become mentally incapacitated, it may be worth considering establishing a trust while they still have mental capacity, to manage the financial aspects of the principal's estate. This allows for the trustees of the trust to manage the assets. One must, however, be mindful of the cost and tax implications, among other factors.

A person may be appointed to act on a principal's behalf in case of mental incapacity

Once the principal no longer has mental capacity, no one is authorised to act on their behalf, unless a curator or administrator is appointed. The process to be followed for each of these appointments is summarised below.

1. Appointment of a curator: An interested party can approach the High Court for a curator to be appointed. A curator bonis handles financial matters, while a curator ad personam handles personal affairs like medical consent and living arrangements. Curatorship applications are a costly exercise and require medical assessments.

2. Appointment of an administrator: The Master of the High Court can appoint an administrator under the Mental Health Care Act No. 18 of 2002, which is a simpler and less expensive alternative to the appointment of a curator bonis. This option is only available in the case of a positive diagnosis of mental illness or severe/profound intellectual disability, and only for smaller estates (assets up to R200 000 and annual income up to R24 000).



Notwithstanding Powers of Attorney being a helpful tool that can assist in the management of one's affairs, their non-enduring nature limits their usefulness where the principal is no longer competent to manage their own affairs (e.g. dementia or Alzheimer's disease). The financial planning process must therefore give due consideration to the management of a client's affairs in the event of mental incapacity, to ensure that the appropriate solutions are in place and/or anticipated.

Useful tip: It's important to remind clients to keep their wills and beneficiary nominations on policies updated, particularly as and when certain circumstances change. Once a client becomes mentally incapacitated, they will not be able to update an existing will, sign a new will, or update beneficiary nominations.





LESSON 3: YOU NEED EQUITIES



Adapted from an article by
Urvesh Desai and extracted from
Old Mutual Investment Group's
Long-Term Perspectives 2023

Portfolio Manager
Old Mutual Investment Group

In a nutshell, we need to be disciplined savers

Importantly, those savings need to be appropriately exposed to equities. This is because equities have shown to deliver strong inflation-beating returns in the long run – which is particularly important in a world where people are living longer.

What are our savings made up of?

We save for different reasons – e.g. large purchases (homes/home renovations, cars, education, holidays, etc.) or so that we can continue to have an income when we retire. Either way, at the end of the day, the final pot we have to spend is made up of two parts:



What we put in
(how much we save)



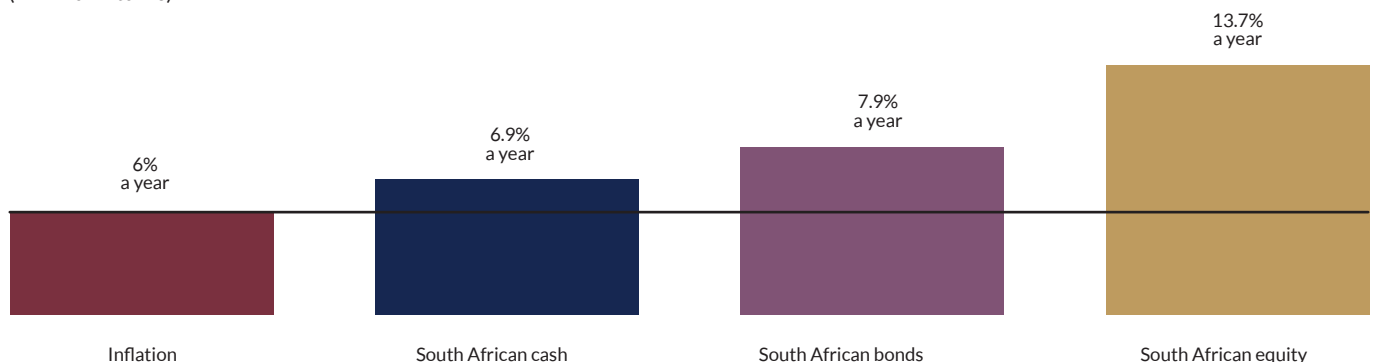
What we do with those savings
(the returns our savings earn)

Saving is difficult and involves tough choices, hard work and sacrifices

This is one of the reasons why most of us do not save nearly enough for our retirement. The second part is equally important. We don't always do justice to the effort we put in to save by investing these funds appropriately. If we saved and didn't get a return on our savings (e.g. money under a mattress), it would be far from ideal, as the price of goods is likely to go up. We need the value of our savings to grow over time – and to grow in excess of inflation if we are to have a sufficient pot of assets to meet our future goals.

To maximise our returns to beat inflation by the largest possible margin, the answer can be found in analysing 93 years of data. Figure 1 shows the annualised returns delivered by different asset classes over this period. It is clear that South African equities have delivered significantly better returns than bonds and cash, outperforming inflation by 7.2%. The portion above the line represents real returns. This is the part that is helping you grow your savings pot faster than the rate at which prices are going up.

Figure 1: Performance over 93 years
(nominal returns)

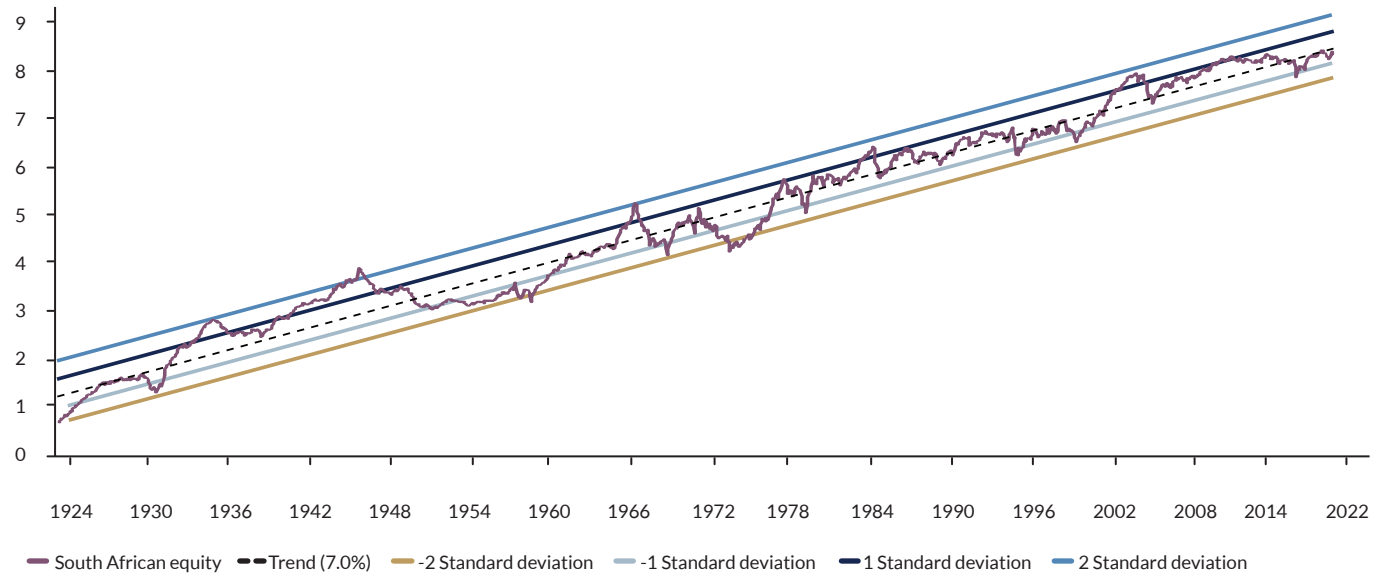


Looking at the South African equity market over these 93 years, Figure 2 shows that while the trend is upward, it is not a smooth ride and there are times of extreme volatility. However, this upward trend over time is why equities are a key ingredient to growing your savings over time. And the longer you stay invested, the less you have to worry about capital losses from equities.



Figure 2: Upward trend, despite volatility

South African equities in real terms (December 1924 – December 2022)



The secret sauce – equities

Why do equities go up in the long run? Firstly, over time companies grow at a faster rate than the economies in which they operate – company earnings are leveraged plays on the growth prospects of economies in which they do business. At the same time, superior companies are able to generate above-average profit growth over a sustained period, thereby becoming a larger portion of the equity market. Equity investors allocate capital to companies and are ultimately rewarded through this leveraged growth and gain in market share.

Secondly, markets are dynamic. New companies with better growth prospects enter the market, while stagnant companies and dying industries exit (think US railroads in the 19th and early 20th centuries). This is known as “creative destruction”.

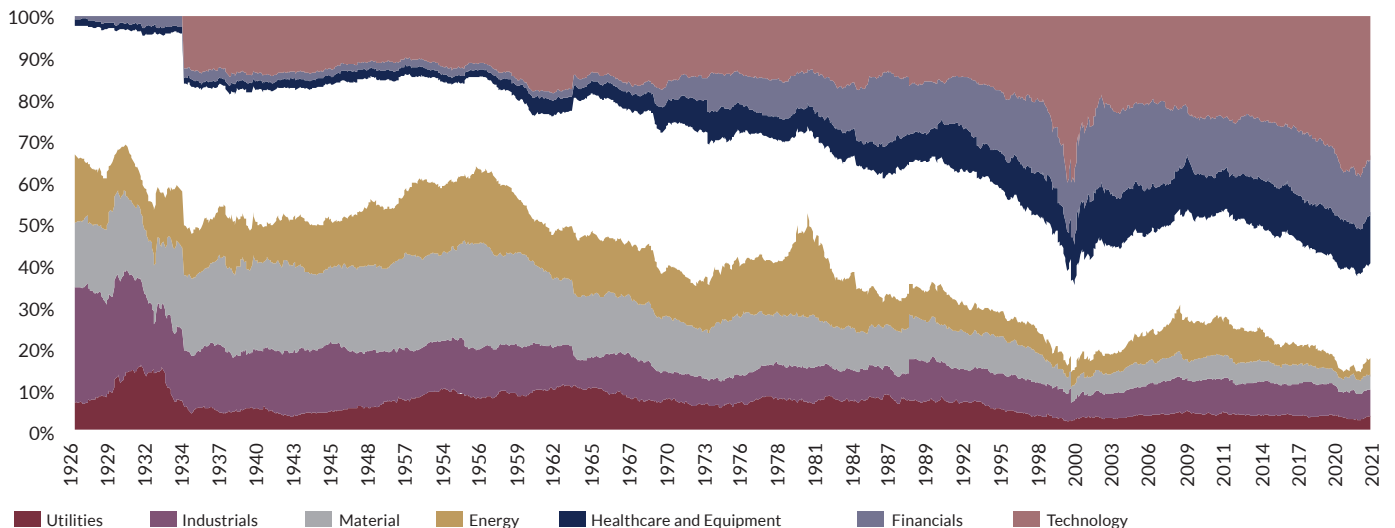
Leveraged growth and this process of “creative destruction” (winners growing and losers shrinking) are largely why equity markets, in aggregate, tend to rise in the long run. As shown in Figure 3, over time, the US equity market has evolved from a 60% weighting in “old economy” sectors (cutting edge at the time) in the early 20th century to 60% in “new economy” sectors today.

Simply put, to grow our real wealth over time, we need equities

However, from Figure 3, it is clear that we need our portfolios to be actively managed – lest we remain invested in “old economy” companies. That is why active management and good investment advice from an accredited financial planner are so important.

Figure 3: Creative destruction keeps equities rising

Select US equity sector weights from 1926 to 2021



Source: Kenneth R. French Data Library



FG ASSET MANAGEMENT

QUARTERLY REPORT

Quarter 1 | 2024

ARCHITECTS OF SENSIBLE INVESTMENT SOLUTIONS



MARKET COMMENTARY



Jacy Harington

Portfolio Manager
FG Asset Management

The positive momentum that started in the fourth quarter of 2023 continued into the new year

Many of the prevalent themes of 2023 also carried over into the first quarter, uncertainty over the path of inflation going forward and the most likely monetary policy response. The US Federal Reserve (the Fed) continues to take the lead in this regard and therefore US economic developments remain closely followed. It is however unsurprising that the market is fixated on the timing of when these record high interest rates will be lowered as concerns linger that the tight monetary policy could eventually feed through to the real economy. The South African economy is much more sensitive to changes in interest rates, given the variable nature of our loans and mortgages. Lower global interest rates would provide an opportunity to reduce rates locally if local inflation is under control and so afford the South African economy some much needed breathing room.

The US economy remained strong, surpassing expectations leading to the market expecting fewer rate cuts for 2024

Over the past quarter, we have seen expectations for six US rate cuts in 2024 in January, reduced to three, as the strong economic data continues to come out better than expected. The US economy has positively surprised the market with its resilience despite having the highest borrowing costs in 23 years. The fourth quarter US GDP growth came out at 3.4% (quarter-on-quarter annualised), significantly stronger than the initial 2.0% expected, indicating that the economy remains strong. GDP expanded 3.1% for 2023 as a whole. The breakdown of the growth rate reveals broad based expansion, however the majority of it remains within consumer spending and shows little evidence that the US consumer is under pressure from the high interest rates. The consumer has been supported by a strong job market with the unemployment rate remaining below 4% by the end of the first quarter.

The Fed delayed interest rate cuts due to pricing pressures

The Fed's preferred inflation measure, the core PCE (Personal Consumption Expenditure) Price Index also pointed towards moderating inflation as it fell to 2.8%, the lowest annual increase since 2021. Although top down, the decline looks positive, the breakdown reveals that the services (excluding shelter) price pressures remain. This makes it harder for the Fed to justify cutting interest rates in the near term. The timing of the first US interest rate cut from the Fed was therefore pushed out to later this year as the resilient economic data and above target inflation levels gave the Fed little reason or haste to ease monetary policy.

Interest rates remained steady due to uncertainty, but rate cuts are expected despite sticky inflation

The Fed held two Federal Open Market Committee (FOMC) meetings over the first quarter. At the January meeting, Fed officials remained cautious stating that they need further evidence to confirm that inflation is indeed cooling sustainably to the 2% target before interest rates are cut. Fed Chairman, Jerome Powell, also reiterated that the Fed remains very data dependent, highlighting the uncertainty on the timing of the first cut, given the evidence that price pressures remain in the services sector. At the March meeting, the FOMC continued to hold interest rates steady at a range of 5.25-5.50%, unchanged for the fifth consecutive meeting at the highest level since 2001. The committee also provided their quarterly economic projections at this meeting, where they continued to forecast three 0.25% rate cuts for this year, this despite inflation coming out stronger than expected over the past quarter. The March FOMC economic projections estimate core PCE inflation to fall to 2.6% by the end of the year.

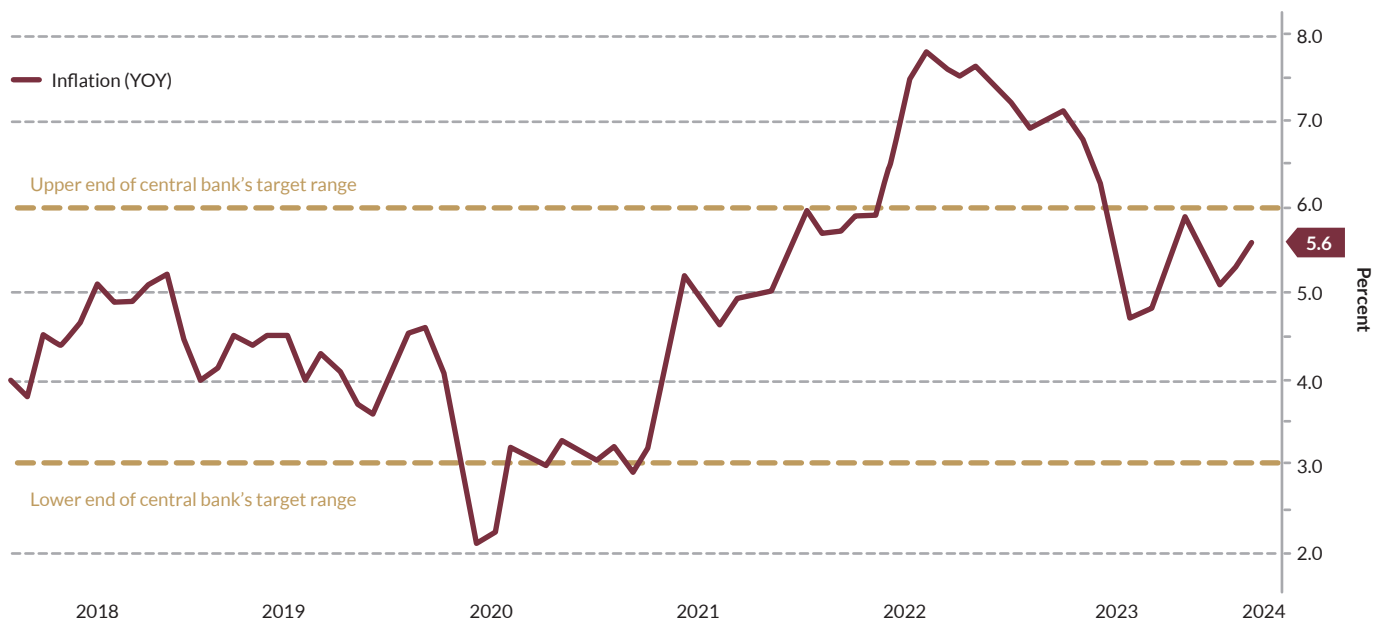
Local rates were unchanged and elevated pricing pressures delayed the inflation rate returning to its mid-point

Locally, the MPC (Monetary Policy Committee) unanimously decided to leave rates unchanged at 8.25% at both their meetings in January and March. The repo interest rate has now been at this 15-year high level since May last year. The MPC highlighted that inflation risks remain to the upside. In March, the South African Reserve Bank (SARB) also updated their economic forecasts, with elevated food, transport and medical insurance price pressures delaying the expected headline inflation's return to the 4.5% mid-point target by one year to the end of 2025. This translated into their projection model forecasting only two 0.25% rate cuts this year, down from three cuts in January's forecast.

South African headline inflation inched up to its highest reading in four months

South African headline inflation increased over the first quarter, with the headline annual rate of inflation rising from 5.1% to 5.6%, the highest reading in four months. Transportation and health care insurance inflation contributed to the increase. In contrast, annual food inflation fell to 6%, the lowest level in two years. Medical aid inflation, which gets surveyed annually by Statistics South Africa in February showed an increase of 12.9% from a year earlier. This also contributed meaningfully to the increase in core inflation to 5.0% from 4.6%.

Figure 1: South African headline inflation



Source: Statistics South Africa, Bloomberg, (2018-2024)

GDP growth increased, but remained weak due to electricity shortages

On the growth side, the fourth quarter's GDP growth data was released over the quarter increasing 0.1% on a quarter-on-quarter basis, narrowly missing a technical recession. Overall GDP only grew by 0.6% for 2023 as the restraints from energy shortages and transport limitations damped growth. The SARB estimates that electricity shortages alone were responsible for -1.5% GDP growth for the year.

South Africa's debt-to-GDP decreased but a long-term solution will depend on reduced government spending or increased revenue growth

Locally, the closely followed Budget was released in February. Overall, the Budget provided some relief to the market as there were no unexpected surprises. In addition, further details of how the funds of the Gold and Foreign Exchange Contingency Reserve Account (GFERCA) will be utilised were given, which provided assurance that the funds will be used responsibly. Excess GFERCA funds will be used to reduce the country's debt burden and so freeing up money

from debt servicing to other much needed areas. This translates in the peak debt-to-GDP falling from 77.7% to 75.3% in 2025/2026. However, it is important to note that this use of the excess GFERCA funds is only a short-term solution and that subsequent sustainable reductions in debt will have to come from revenue growth or the reduction in spending. While the expectations for spending showed some restraint, the expenditure estimates were seen as ambitious by numerous market participants. As the growth of the South African economy remains anaemic given all its challenges, concerns remain as to how the ever higher creeping debt levels will be addressed in the longer run.

Geopolitical tensions continues and shipping companies faced costly rerouting

Geopolitical tensions remained in the Middle East as the war between Israel and Hamas continued. In addition, there have been several attacks from the Houthi rebels on commercial ships in the Red Sea, which led to the US and UK military launching airstrikes against the Houthi rebels. This has led to many shipping companies rerouting their vessels around Southern Africa, which takes an extended period of time and is more costly.



FG SCI* JUPITER INCOME FUND OF FUNDS

For periods until 31 March 2024

Performance and quartile ranking in sector | Inception date 15 August 2005

	Year to Date	6 Months	1 Year	3 Years ¹	5 Years ¹	10 Years ¹	Since Inception ¹
FG SCI Jupiter Income FoF	1.13%	5.19%	8.29%	7.38%	6.90%	7.33%	7.74%
STeFI Composite Index	2.06%	4.20%	8.39%	6.08%	6.00%	6.50%	6.97%
ASISA SA Multi Asset Income Category Average	1.10%	5.03%	8.17%	7.22%	6.90%	7.13%	7.59%
				1 st Quartile	2 nd Quartile	3 rd Quartile	4 th Quartile

¹Data for longer than 12 months are annualised

Source: Morningstar, performance for A class shares

Annualised returns are period returns re-scaled to a period of 1 year

Underlying funds

- Abax Flexible Income Fund (Nedgroup)
- Granate BCI Multi Income Fund
- Matrix SCI Stable Income Fund
- Prescient Income Provider Fund
- Terebinth SCI Strategic Income Fund (Amplify)

Performance statistics

	Fund ²	Benchmark ²
Highest 12-month performance	11.61%	11.77%
Lowest 12-month performance	3.25%	3.76%
% positive months	92.83%	100.00%

²Source until 31 May 2018: MoneyMate

Source from 30 June 2018: Morningstar

The FG SCI Jupiter Income Fund of Funds returned +1.13% in the first quarter of 2024 and +8.29% over the past 12 months, underperforming the benchmark Alexander Forbes Short Term Fixed Income Index quarterly return of +2.06% and the 12-month return of +8.39%. The Terebinth SCI Strategic Income Fund (Amplify) was the worst-performing underlying fund over the quarter, returning +0.57%. No changes were made to the fund over the quarter.

Asset allocation as at 29 February 2024

	Local Equity	Local Property	Local Bonds	Local Cash	Foreign
FG SCI Jupiter Income FoF	0%	2%	47%	45%	6%

*The full registered name of the fund is FG Sanlam Collective Investments Jupiter Income Fund of Funds.



FG SCI* VENUS CAUTIOUS FUND OF FUNDS

For periods until 31 March 2024

Performance and quartile ranking in sector | Inception date 2 July 2007

	Year to Date	6 Months	1 Year	3 Years ¹	5 Years ¹	10 Years ¹	Since Inception ¹
FG SCI Venus Cautious FoF	1.78%	6.27%	9.16%	8.47%	8.12%	7.80%	8.55%
ASISA SA Multi Asset Low Equity Category Average	1.33%	6.82%	8.63%	7.75%	7.29%	6.78%	7.49%
				1 st Quartile	2 nd Quartile	3 rd Quartile	4 th Quartile

¹Data for longer than 12 months are annualised

Source: Morningstar, performance for A class shares

Annualised returns are period returns re-scaled to a period of 1 year

Underlying funds

- 36ONE BCI Equity Fund
- Abax Opportunity Fund (Nedgroup)
- Coronation Global Optimum Growth Feeder Fund
- Fairtree Equity Prescient Fund
- Granate BCI Multi Income Fund
- Matrix SCI Defensive Balanced Fund (Amplify)
- Matrix SCI Stable Income Fund
- Ninety One Diversified Income Fund
- Ninety One Global Multi-Asset Income Feeder Fund
- Ninety One Global Franchise Feeder Fund
- Prescient Income Provider Fund
- Saffron BCI Opportunity Income Retention Fund
- Satrix Bond Index Fund
- Sanlam Multi Managed Inflation Linked Bond Fund
- Terebinth SCI Strategic Income Fund (Amplify)
- Veritas Global Equity Feeder Fund (Nedgroup)

Performance statistics

	Fund ²	Benchmark ²
Highest 12-month performance	16.83%	17.26%
Lowest 12-month performance	-1.41%	-3.15%
% positive months	72.14%	71.14%

²Source until 31 May 2018: MoneyMate

Source from 30 June 2018: Morningstar

The FG SCI Venus Cautious Fund of Funds returned +1.78% in the first quarter of 2024 and +9.16% over the past 12 months, outperforming the benchmark peer group average quarterly return of +1.33% and the 12-month return of +8.63%. The Veritas Global Equity Feeder Fund (Nedgroup) was the best-performing underlying fund over the quarter, returning +10.71%. The decision was made over the quarter to reduce the fund's allocation to South African credit. This resulted in fully redeeming the Saffron BCI Opportunity Income Fund allocation (however the 0.14% retention fund allocation was retained).

Asset allocation as at 29 February 2024

	Local Equity	Local Property	Local Bonds	Local Cash	Foreign
FG SCI Venus Cautious FoF	14%	2%	31%	31%	22%

*The full registered name of the fund is FG Sanlam Collective Investments Venus Cautious Fund of Funds.



FG SCI* SATURN MODERATE FUND OF FUNDS

For periods until 31 March 2024

Performance and quartile ranking in sector | Inception date 15 August 2005

	Year to Date	6 Months	1 Year	3 Years ¹	5 Years ¹	10 Years ¹	Since Inception ¹
FG SCI Saturn Moderate FoF	1.46%	6.31%	9.04%	9.08%	9.08%	7.76%	9.99%
ASISA SA Multi Asset Medium Equity Category Average	1.60%	7.50%	8.69%	8.03%	7.83%	6.76%	8.70%
				1 st Quartile	2 nd Quartile	3 rd Quartile	4 th Quartile

¹Data for longer than 12 months are annualised

Source: Morningstar, performance for A class shares

Annualised returns are period returns re-scaled to a period of 1 year

Underlying funds

- 36ONE BCI Flexible Opportunity Fund
- Abax Opportunity Fund (Nedgroup)
- Bateleur Flexible Prescient Fund
- Coronation Market Plus Fund
- Coronation Global Optimum Growth Feeder Fund
- Matrix SCI Defensive Balanced Fund (Amplify)
- Matrix SCI Stable Income Fund
- Ninety One Global Multi-Asset Income Feeder Fund
- Ninety One Opportunity Fund
- PSG Flexible Fund
- Satrix Bond Index Fund
- Terebinth SCI Strategic Income Fund (Amplify)
- Truffle SCI Wealth Protector Fund (Amplify)

Performance statistics

	Fund ²	Benchmark ²
Highest 12-month performance	31.40%	26.41%
Lowest 12-month performance	-18.22%	-15.68%
% positive months	69.96%	66.37%

²Source until 31 May 2018: MoneyMate

Source from 30 June 2018: Morningstar

The FG SCI Saturn Moderate Fund of Funds returned +1.46% over the first quarter of 2024 and +9.04% over the past 12 months, underperforming the benchmark peer group average quarterly return of +1.60% while outperforming the 12-month return of +8.69%. The PSG Flexible Fund was the worst-performing underlying fund, returning -2.75% over the quarter. No changes were made to the fund over the quarter.

Asset allocation as at 29 February 2024

	Local Equity	Local Property	Local Bonds	Local Cash	Foreign
FG SCI Saturn Moderate FoF	27%	3%	26%	13%	31%

*The full registered name of the fund is FG Sanlam Collective Investments Saturn Moderate Fund of Funds.



FG SCI* NEPTUNE GROWTH FUND OF FUNDS

For periods until 31 March 2024

Performance and quartile ranking in sector | Inception date 1 September 2014

	Year to Date	6 Months	1 Year	3 Years ¹	5 Years ¹	Since Inception ¹
FG SCI Neptune Growth FoF	1.49%	6.53%	8.01%	8.26%	9.25%	7.71%
ASISA SA Multi Asset High Equity Category Average	1.63%	7.91%	9.43%	8.46%	8.34%	6.70%
			1 st Quartile	2 nd Quartile	3 rd Quartile	4 th Quartile

¹Data for longer than 12 months are annualised

Source: Morningstar, performance for A class shares

Annualised returns are period returns re-scaled to a period of 1 year

Underlying funds

- Abax Balanced Prescient Fund
- Bateleur Flexible Prescient Fund
- Coronation Global Optimum Growth Feeder Fund
- Fairtree Equity Prescient Fund
- Laurium Flexible Prescient Fund
- Matrix SCI Stable Income Fund
- M&G Balanced Fund
- Ninety One Equity Fund
- Ninety One Global Franchise Feeder Fund
- Ninety One Global Multi-Asset Income Feeder Fund
- PSG Flexible Fund
- Saffron BCI Opportunity Income Retention Fund
- Satrix Bond Index Fund
- Sanlam Multi Manged Inflation Linked Bond Fund
- Terebinth SCI Strategic Income Fund (Amplify)
- Truffle SCI Flexible Fund
- Veritas Global Equity Feeder Fund (Nedgroup)

Performance statistics

	Fund ²	Benchmark ²
Highest 12-month performance	38.17%	30.65%
Lowest 12-month performance	-11.21%	-10.44%
% positive months	63.48%	61.74%

²Source until 31 May 2018: MoneyMate

Source from 30 June 2018: Morningstar

The FG SCI Neptune Growth Fund of Funds returned +1.49% over the first quarter of 2024 and +8.01% over the past 12 months, underperforming the benchmark peer group average quarterly return of +1.63% and the 12-month return of +9.43%. The PSG Flexible Fund was the worst-performing underlying fund, returning -2.75% over the quarter. The decision was made over the quarter to reduce the fund's allocation to South African credit. This resulted in fully redeeming the Saffron BCI Opportunity Income Fund allocation (the 0.09% retention fund allocation was retained). A small reallocation from the Laurium Flexible Prescient Fund to the Bateleur Flexible Prescient Fund was also made over the quarter, in order to neutralise the fund's overall style bias.

Asset allocation as at 29 February 2024

	Local Equity	Local Property	Local Bonds	Local Cash	Foreign
FG SCI Neptune Growth FoF	32%	1%	14%	15%	38%

*The full registered name of the fund is FG Sanlam Collective Investments Neptune Growth Fund of Funds.



FG SCI* MERCURY EQUITY FUND OF FUNDS

For periods until 31 March 2024

Performance and quartile ranking in sector | Inception date 15 August 2005

	Year to Date	6 Months	1 Year	3 Years ¹	5 Years ¹	10 Years ¹	Since Inception ¹
FG SCI Mercury Equity FoF	-0.10%	5.01%	3.84%	8.54%	9.87%	7.07%	10.17%
FTSE/JSE Africa All Share (total return)	-2.25%	4.51%	1.55%	8.11%	9.68%	8.08%	12.13%
ASISA SA Equity General Category Average	-1.77%	4.29%	3.03%	7.06%	7.46%	5.55%	9.71%
				1 st Quartile	2 nd Quartile	3 rd Quartile	4 th Quartile

¹Data for longer than 12 months are annualised

Source: Morningstar, performance for A class shares

Annualised returns are period returns re-scaled to a period of 1 year

Underlying funds

- 36ONE BCI Equity Fund
- Coronation Global Optimum Growth Feeder Fund
- Fairtree Equity Prescient Fund
- Gryphon All Share Tracker Fund
- Laurium Equity Fund (Nedgroup)
- Ninety One Equity Fund
- Ninety One Global Franchise Feeder Fund
- M&G Equity Fund
- PSG Equity Fund
- Truffle SCI General Equity Fund

Performance statistics

	Fund ²	Benchmark ²
Highest 12-month performance	56.14%	53.98%
Lowest 12-month performance	-31.68%	-37.60%
% positive months	61.43%	60.54%

²Source until 31 May 2018: MoneyMate

Source from 30 June 2018: Morningstar

The FG SCI Mercury Equity Fund of Funds returned -0.10% in the first quarter of 2024 and +3.84% over the past 12 months, outperforming the -2.25% quarterly return of the benchmark FTSE/JSE All Share (total return) Index and the 12-month return of +1.55%. The Coronation Global Optimum Growth Feeder Fund was the best-performing underlying fund, returning +8.29% over the quarter. No changes were made to the fund over the quarter.

Asset allocation as at 29 February 2024

	Local Equity	Local Property	Local Bonds	Local Cash	Foreign
FG SCI Mercury Equity FoF	74%	2%	0%	4%	20%

*The full registered name of the fund is FG Sanlam Collective Investments Mercury Equity Fund of Funds.



FG SCI* INTERNATIONAL FLEXIBLE FUND OF FUNDS

For periods until 31 March 2024

Performance and quartile ranking in sector | Inception date 17 October 2007

	Year to Date	6 Months	1 Year	3 Years ¹	5 Years ¹	10 Years ¹	Since Inception ¹
FG SCI International Flexible FoF	6.81%	13.05%	18.68%	10.13%	9.13%	9.51%	9.04%
Benchmark ²	7.46%	13.55%	20.16%	10.27%	10.49%	9.75%	9.90%
ASISA Global Multi Asset Flexible Average ³	7.46%	13.55%	20.16%	10.27%	10.49%	9.69%	9.18%
				1 st Quartile	2 nd Quartile	3 rd Quartile	4 th Quartile

¹Data for longer than 12 months are annualised

Annualised returns are period returns re-scaled to a period of 1 year

²Benchmark before June 2013: 50% MSCI World Index, 50% JP Morgan Global Government Bond Index

Benchmark between July 2013 and July 2015: 55% MSCI AC World Index, 33% JP Morgan Global Government Bond Index, 7% FTSE EPRA Nareit Global Property, 5% Stefi Call

³Current benchmark

Underlying funds

- FGAM Global Cautious Fund
- FGAM Global Growth Fund
- FPA Global Flexible Fund (Nedgroup)
- Ninety One Global Strategic Managed Fund
- Ninety One Global Franchise Fund

Performance statistics

	Fund ⁴	Benchmark ⁴
Highest 12-month performance	40.26%	34.52%
Lowest 12-month performance	-16.99%	-15.05%
% positive months	56.85%	59.60%

⁴Source until 31 May 2018: Iress

Source from 30 June 2018: Morningstar

The FG SCI International Flexible Fund of Funds returned +6.81% in the first quarter of 2024 and +18.68% over the past 12 months, underperforming the benchmark peer group average quarterly return of +7.46% and the 12-month return of +20.16%. The Ninety One Global Strategic Managed Fund was the worst-performing underlying fund over the quarter, returning +4.28% in rand terms. No changes were made to the fund over the quarter.

Asset allocation as at 29 February 2024

	Global Equity	Global Fixed Income	Global Cash	Global Property	Local Cash
FG SCI International Flexible FoF	62%	22%	12%	1%	3%

	USD	GBP	Euro	JPY	Other	Rand
Currency breakdown	71%	3%	6%	6%	11%	3%

*The full registered name of the fund is FG Sanlam Collective Investments International Flexible Fund of Funds.



MARKET PERFORMANCE

Index	Asset Class	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Last 12 months*	Year to Date 2024*
STEFI Composite Index	Local cash	1.92%	2.07%	2.09%	2.06%	8.39%	2.06%
FTSE/JSE All Bond (total return)	Local bonds	-1.53%	-0.33%	8.11%	-1.80%	4.19%	-1.80%
FTSE/JSE SA Listed Property (total return)	Local property	0.66%	-0.97%	16.37%	3.85%	20.47%	3.85%
FTSE/JSE Africa All Share (total return)	Local shares	0.66%	-3.48%	6.92%	-2.25%	1.55%	-2.25%
Bloomberg Global Aggregate TR USD	Global bonds	-1.53%	-3.59%	8.10%	-2.08%	0.49%	-2.08%
FTSE EPRA Nareit Global REITs TR USD	Global property	0.94%	-6.50%	15.58%	-1.51%	7.43%	-1.51%
MSCI World GR USD	Global shares	7.00%	-3.36%	11.53%	9.01%	25.72%	9.01%
MSCI ACWI GR USD	Global shares	6.35%	-3.30%	11.15%	8.32%	23.81%	8.32%
US dollar/South African rand (+ weaker rand, - stronger rand)	Exchange rate	6.47%	-0.27%	-2.93%	3.55%	6.73%	3.55%

*Return until 31 March 2024
All performances until 31 March 2024
(Source: Morningstar)



ADDITIONAL FUND INFORMATION

Fund name	No. of participatory interests*	NAV (month-end)*	Total expense ratio (TER)**
FG SCI International Flexible FoF A	10,845,552.53	39.80	1.48
FG SCI International Flexible FoF A1	22.68	38.80	2.04
FG SCI International Flexible FoF B	49,328.61	31.54	3.15
FG SCI International Flexible FoF B1	1,257,746.38	32.71	2.92
FG SCI International Flexible FoF C	11,864,796.46	38.97	1.74
FG SCI Jupiter Income FoF A	28,833,455.97	12.46	1.04
FG SCI Jupiter Income FoF A1	58.60	12.44	1.58
FG SCI Jupiter Income FoF B1	1,162,193.72	12.40	2.48
FG SCI Jupiter Income FoF C	55,505,005.86	12.45	1.32
FG SCI Mercury Equity FoF A	4,249,236.86	43.62	1.55
FG SCI Mercury Equity FoF A1	17.25	43.57	2.04
FG SCI Mercury Equity FoF B	115.55	41.82	3.27
FG SCI Mercury Equity FoF B1	32,393.78	42.78	2.99
FG SCI Mercury Equity FoF C	490,491.72	43.60	1.80
FG SCI Neptune Growth FoF A	26,923,663.33	15.90	1.76
FG SCI Neptune Growth FoF A1	49.81	15.88	2.26
FG SCI Neptune Growth FoF B1	1,093,918.71	15.81	3.20
FG SCI Neptune Growth FoF C	2,662,977.63	15.89	1.80
FG SCI Saturn Moderate FoF A	39,572,073.34	35.50	1.51
FG SCI Saturn Moderate FoF A1	22.00	35.43	2.03
FG SCI Saturn Moderate FoF B	116,999.05	35.22	3.24
FG SCI Saturn Moderate FoF B1	3,352,402.54	35.25	2.95
FG SCI Saturn Moderate FoF C	15,846,116.34	35.45	1.76
FG SCI Venus Cautious FoF A	56,096,886.34	19.05	1.22
FG SCI Venus Cautious FoF A1	40.09	19.02	1.75
FG SCI Venus Cautious FoF B	25,859.32	18.85	2.95
FG SCI Venus Cautious FoF B1	2,965,875.56	18.86	2.66
FG SCI Venus Cautious FoF C	30,668,177.44	19.03	1.47

*NAV (month-end) and no. of participatory interests as at 31 March 2024

**TER as at 31 December 2023



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SCI* - Sanlam Collective Investments (RF) (Pty) Ltd

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