



FG INVESTMENT PARTNERS

GLOBAL BRIEF

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EDITORIAL COMMENT

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Solid growth, falling inflation, and lower rates drive global performance

A combination of solid economic growth, falling inflation, and the prospect of interest rate cuts resulted in most asset classes around the world delivering positive returns in US dollar terms.

South Africa shines with a ‘local is lekker’ theme

Once again, the ‘local is lekker’ theme took centre stage in South Africa, supported by improving business and consumer confidence under a stable Government of National Unity (GNU). The rand strengthened by nearly 6% against the US dollar, and local bond yields fell due to lower risk premiums. This fuelled strong domestic market performance, with the FTSE/JSE All Share Index returning just under 10%, financials gaining almost 14%, property returning over 18%, and bonds returning over 10%.

Offshore market performance was underwhelming in rand terms

Returns from offshore markets were less impressive, especially when translated into rand. The MSCI World Equity Index and global bonds managed less than 1% over the period. However, pockets of strong performance included gold (+7% in rand terms) and global property (+10% in rand terms), both benefiting from falling real yields.

US economic growth looks solid, but risks remain

Globally, investors remain focused on growth, earnings, and interest rates. The US economic outlook is strong, with a robust labour market, lower inflation, and the start of interest rate cuts. However,

INDEPENDENT TRANSPARENT COMPETENT

market valuations remain high, posing downside risks if the expected 'goldilocks' scenario does not materialise. The run-up to the US election adds to uncertainty, with early indications suggesting a Donald Trump victory may boost equities but weigh on bonds.

China sees stimulus-driven market boost; emerging markets show promise

While China continues to face challenges in its property market and economy, recent stimulus measures from the People's Bank of China have boosted its equity markets. We remain relatively constructive on emerging markets overall.

South Africa still offers investment potential

Despite political risks, South Africa remains a viable investment destination, and we have recently increased exposure to local risk assets.

What's inside this edition of the Global Brief?

- **Kokkie Kooyman** from Denker Capital shares 10 investment lessons from Warren Buffet and Charlie Munger.
- **Leonard Krüger** from M&G Investments discusses the potential positive impact of a stable GNU on South Africa.
- **Malcolm Charles** from Ninety One reflects on the effects of rate cuts on income investments and how investors can adapt.
- **Kim Gibb** from Prescient Fund Services explains the new two-pot retirement system, covering contribution splits, tax considerations, and long-term retirement savings impacts.

We hope that you enjoy these articles.

The FG Asset Management Investment Team



10 LESSONS FROM BUFFET AND MUNGER ON LIFE AND INVESTING



Adapted from an article by
Kokkie Kooyman

Head of Global Financials
Denker Capital



In 1965, Charlie Munger offered Warren Buffett dramatic advice that would shape their investment philosophy and ultimately transform a failing textile mill into one of the largest corporations in the US: 'Warren, forget about ever buying another company like Berkshire. But now that you control Berkshire, add to it wonderful businesses purchased at fair prices and give up buying fair businesses at wonderful prices. In other words, abandon everything you learned from your hero, Ben Graham. It works, but only when practiced at small scale.' This marked the start of an extraordinary journey for these two relatively young men – Buffett, aged 33, and Munger, aged 41 at the time. Buffett listened to Munger, and the results, as shown in the figure below, speak for themselves.

Figure 1: Berkshire Hathaway's performance since 1965

	Compound annual growth rate	Value of \$1m invested
Berkshire Hathaway book value per share	19.9%	\$43,759m
S&P 500 Index (dividends re-invested)	10.2%	\$309m

Source: Berkshire Hathaway annual shareholders letter 2023

Elon Musk recently said in an interview: *'I'm not his biggest fan, Warren Buffett's way of getting rich is pretty boring.'*⁴ Yet, their approach, rooted in growth, understanding, rational decision making, and consistency, has proved timelessly effective.

This article focuses on the thinking and wisdoms of Buffett and Munger – exploring their philosophies on investing and life. For them, it was not purely about poring over balance sheets. It was about a life of shared values, aiming to continuously grow wisdom by reading, observing, questioning, and learning. As Munger said, *'You have to keep learning if you want to become a great investor. When the world changes, you must change.'*

Although Berkshire Hathaway continues to thrive, Buffett and Munger's partnership sadly ended in 2023 when Munger passed away. Along their journey, together they imparted valuable lessons on life and investing. Ten of the lessons that stand out to me are covered below, in no particular order.

1. Financial independence can be achieved through knowledge.

Both Buffett and Munger were very strong independent thinkers with enquiring minds: aiming to gain their own understanding and form their own opinions, as opposed to accepting opinions derived from others; they believed in reading and listening as much as they could, but then making up their own minds; and remaining cognisant of the

opinions of respected thinkers on each topic but being able to defend if, why and where they differed.

The yearning for financial independence was just as strong as their yearning for knowledge. They wanted to generate enough wealth for themselves so that, as soon as the return on their investments made it possible, they could work not because they needed the money, but because they enjoyed it. Note, however, that their maintaining simple lifestyles allowed them to re-invest sufficient savings towards becoming financially independent sooner. Interestingly, once they got past the inflection point, they never really changed their lifestyles.

2. Enjoyment, strong values, a shared purpose, and simplicity, can contribute to longevity.

A personal and corporate culture based on strong ethical shared values plays a significant role in lowering stress. For them the right culture meant easier decision making – especially when they surrounded themselves with like-minded executives and business owners. Buffett's rationality meant he could avoid bureaucracy; he never interfered with the management teams of the companies they invested in, and in doing so he was able to keep his diary free. It is hence no surprise that Berkshire Hathaway has very low staff turnover levels. At the same time, Buffett values experience and the CEOs and board members of Berkshire rank amongst the oldest in the industry, totally eschewing popular pressure to fill board positions with independent directors or to replace CEOs simply because they are over 60.

Neither Buffett nor Munger were big on exercising (Munger couldn't recall ever doing any exercise). They were known for the vast quantities of Coke consumed, and their McDonald's breakfasts. Their sheer enjoyment of building Berkshire Hathaway (Buffett called it 'painting his canvas') played a significant role in keeping their stress levels low.

Delegating authority to where the responsibility lay, was a big part of how they worked. An example of a defining story for me dates to 1991. The US Federal Reserve (the Fed), in a joint decision with US Treasury and the US Securities and Exchange Commission (SEC), had decided to revoke the trading license of Salomon Brothers after it found evidence of significant unethical behaviour on its trading desk. This was expected to cause significant upheaval and possible panic in markets. Buffett, who was a large shareholder (via Berkshire Hathaway), was convinced on a hectic Sunday afternoon to step in as chairman to rescue and restore trust in the bank. During the Sunday he made the decision to appoint Deryck Maughan as CEO (whom he hadn't met until 30 hours prior) to help restore the culture, image, and profitability of the bank. Buffett faced the press (which was important to do on the Sunday evening before the Japanese market opened) and



managed to restore faith in the bank by being open, candid and calm. After the press session Maughan wanted direction from Buffett so asked him to stay for dinner, but Buffett hailed a taxi to take him to the airport to go back to Omaha. He said, *'If you have to ask me questions like that, I picked the wrong guy.'* He left leaving Maughan to make the decisions.

Also in their favour was the way they were set up to manage the growing business. Buffett lived in the same house since buying it in 1958, and Munger did the same but lived in Los Angeles. It is simplicity, and simplicity of decision making, that ensured a low-stress work life. Both men kept their diaries as free as possible to ensure enough time for reading and reflecting. Reflecting his view on bureaucracy Buffett once said, *'My idea of a group decision is to look in the mirror.'* One more story illustrates the point on simplicity: After the death of her husband, Katharine (Kay) Graham became CEO of The Washington Post. For a while she lent extensively on Buffett for insights and advice. In doing so, she tried to pull him into her Washington circles. She once invited Buffett to a black-tie seven-course dinner at her private mansion, lined with top politicians and movie stars. Buffett just wanted a hamburger and chips. So, Katharine got the chef to do seven variations of a hamburger and chips for Buffett. The bottom-line is: In whatever they did, they enjoyed what they did and avoided false pretenses and high expectations.

3. Learning and understanding are crucial when investing.

Munger famously said, *'In my whole life, I have known no wise people (over a broad subject matter area) who didn't read all the time – none, zero. 'Munger loved reading biographies – both on people he admired and those he didn't. Munger also said, 'There are answers worth billions of dollars in a \$30 book.'* The key to success for them was to understand what worked and what didn't and, more importantly, why, or why not. The saying *'A bird in the hand is worth two in the bush'* was significant in their thinking about risk and return (how much risk you're prepared to take for extra return). Benjamin Graham believed in reducing investment risk by seeking a large margin of safety in the size of the discount between the price paid and the value bought. Munger convinced Buffett that the margin of safety in investing must rather be derived from the quality of the business (the moat), the ethics of the management and their ownership mentality in cost control; and, very importantly, their track record of allocating capital. In other words, placing the focus on enhancing the certainty of the future earnings stream by investing in good businesses. In that sense, Elon Musk is right. A moat on its own will never be sufficient. Berkshire Hathaway businesses continuously work at improving their moats through thoughtful allocation of capital. Was Benjamin Graham wrong? No, but his approach requires a continuous repetitive process. Munger believed in making few, but very good decisions – making sure they understood a business to be purchased, well enough to look far into its future.

4. Define your circle of competence and stay within it.

One of Buffett's famous quotes is: *'Define your circle of competence and stay within it.'*

That referred to their investing activities and not their search for insight. From a very young age they had an incredible zest for learning and knowledge. Munger tried to be as multidisciplinary as possible, believing in the benefit of learning from as many disciplines as he could and using the key insights of each across other disciplines. He criticised the balkanisation in universities and businesses where

one department wouldn't consider learning from the other. In doing so, he built up his framework of mental models to test each business on as many levels as possible. Ultimately, however, they made sure their investment decisions were simple: Select low hurdles to jump over, not high walls.

5. Mistakes are inevitable. Learn from them.

Their biases and their simplified way of approaching business inevitably led to them making some mistakes. Buffett regularly refers to his decision of buying Dexter Shoes: *'No matter how good the staff at Dexter were and how hard they worked, I missed that they just couldn't compete with cheaper Chinese labour.'* He made the same mistake in his purchase of Berkshire Hathaway in 1965, by focusing on the valuation but ignoring the harsh competition from Asia. His preference for trusting and deferring decisions to management teams after investing resulted in him sometimes missing changes in culture. A notable example being the investments in Salomon Brothers and later Wells Fargo. Despite his network, he missed the changes that the incentive system was causing and how management themselves weren't reacting to what was happening. When Buffett went against Munger's advice, Munger never reminded him that he'd warned him beforehand.

6. Don't waste time trying to predict the future.

Some noteworthy quotes on forecasting:

'Warren and I don't focus on the froth of the market. We seek out good long-term investments and stubbornly hold them for a long time.' – Charlie Munger *'Forecasts may tell you a great deal about the forecaster, they tell you nothing about the future.'* – Warren Buffett. It's about efficiency. Not only in terms of allocation of capital, but also in terms of allocation of time and effort. Buffett and Munger believed that:

- Macroeconomic forecasting is impossible. There are too many variables, and the relationships continuously change.
- It is much easier to spot good and winning companies than it is to try to predict the future.
- Investing should be about buying (at a rational price) a part interest in an easily understandable business, whose earnings are likely to be materially higher five, 10 and 20 years from now.

This sounds so easy, and it is. But when asked about why more people didn't follow his investment approach, Buffett's answer was, *'Few people like getting rich slowly.'* Investing in a few simple businesses and holding on to them, whilst everybody around you is trading and touting seemingly wonderful ideas, is emotionally very difficult for most. I suppose that is why few people get very wealthy from investing.

7. Don't tolerate bad ethics.

In the recently published edition of Poor Charlie's Almanac, his insights into culture (particularly ethics and slop) are so descriptive that I've included an excerpt below.

'Take the issue of stealing. A very significant fraction of the people in the world will steal if a) it's very easy to do and b) there's practically no chance of being caught. And once they start stealing, the consistency principle, which is a big part of human psychology, will soon combine with operant conditioning to make stealing habitual. So, if you run a business where it's easy to steal, you're working a great moral injury on the people who work for you. It's very, very important to create systems that are hard to cheat. Otherwise, you're ruining your civilization, because those big incentives will create incentive-caused bias and people will rationalize that bad



behaviour is okay... if enough people are then profiting in a general social climate of doing wrong, then they'll turn on you and become dangerous enemies if you try and blow the whistle.' He goes on explaining how slop (information that lacks accuracy or depth), once tolerated, becomes persistent. Powerful stuff. This is simply human nature.

8. When it comes to corporate governance, substance should trump rules.

As with many other points, they disagreed with the opinions generally accepted by the industry – such as the importance of having independent directors. They preferred directors who, through the size of personal shareholding, are prepared to challenge the CEO. To them, this held far more benefit than having directors whose fees tether them to their board seats, or individuals who merely serve as lapdogs on the CEO's remuneration committee.

9. Trust and integrity are crucial in business.

Buffett famously remarked, 'I've never done a good deal with a bad person.' This underscores the importance of trust and integrity in business. If you don't trust someone enough to be able to transact via a one-page contract, you shouldn't want to do business with them. No amount of covering provisions can compensate for a lack of trust, as it may seem like you've addressed all eventualities, but you haven't.

10. It's important to contribute to society along the way.

In Berkshire Hathaway's 2022 letter to shareholders, it was noted that the corporate income tax contribution over the previous decade amounted to \$32 billion, almost exactly one-tenth of a percent of all money collected by the US Treasury. Had there been roughly 1 000 taxpayers in the US matching Berkshire's payments, no other businesses nor any of the country's 131 million households would have had to pay any federal taxes. Not a single dime! They created ~400 000 jobs and provided capital to many successful businesses, which in themselves created jobs and paid taxes (think Coca Cola). As Munger regularly stated, *'The competitive nature of capitalism has meant that Costco and Nebraska Furniture Mart, for example, has done more to help fight cost inflation than any government program.'* And now, as shareholders grow old, they're generating significant taxes via their capital gains and donating to charitable foundations. Buffett has pledged more than 90% of his shareholding to the Bill and Melinda Gates Foundation. Ruth Gottesman (a retired 93-year-old professor) donated \$1 billion to the Albert Einstein College of Medicine to cover the tuition of every medical student in perpetuity from the Berkshire Hathaway shares her late husband had left her. The time spent educating hundreds of thousands of investors across the world, providing them with insights to help them generate better investment returns for themselves, their families, and their clients.

How have these bits of wisdom changed my own thinking and investment style?

While one can learn a lot from Buffett and Munger, no one can ever be just like them. I try, but I'm not rational enough or consistent enough (although I am consistent in my own irrationality). Nevertheless, the exposure to their wisdom has profoundly impacted my thinking and investment management style. Their principles have given me immense confidence in times of market stress, reaffirming the following:

- Always remember that you're investing in companies, not stocks.
- Do thorough research upfront, focusing on understanding management through their actions.
- If, over time, you consistently invest with good management teams who grow shareholder value, and you do that when the valuations are attractive, you'll do very well for your investors.
- The rest is noise, have the confidence to treat it as such.

I'll leave you with two quotes by Charlie Munger that have really stuck with me:

'For compounding to work its magic, you must start early, live long, and invest wisely. Together, these elements can generate astonishing results.' *'You don't have to be brilliant, only a little bit wiser than the other guys, on average, for a long time. Take your work seriously, but never yourself.'*

Notes:

This article first appeared in Glacier's Funds on Friday.

1. In a 2018 Tesla earnings call, Musk said: 'Moats are lame, they're like nice in a quaint, vestigial way. But if your only defense against invading armies is a moat, you will not last long. What matters is the pace of innovation. That is the fundamental determinant of competitiveness.'

GNU – START OF AN ECONOMIC CHAIN REACTION?



Adapted from an article by
Leonard Krüger

Portfolio Manager
M&G Investments



While elections continue to loom large around the democratic world in 2024, the dust has largely settled after South Africa's trip to the polls. After intense uncertainty during the election period, a Government of National Unity (GNU) ultimately emerged post-negotiations, representing 72% of the seats in parliament and a solid majority of votes cast by the electorate. Investors are now naturally focused on the best strategies for long-term investing in the GNU-normal. Could this be the catalyst for positive economic change in South Africa, and what impact can it have on South African asset prices, which remain depressed?

Revitalising the reform agenda

Unlike Ramaphoria 1.0 in 2018, the market now understands that the road to economic turnaround and improvement will not be straight or easy. The election outcome does, however, provide a favourable foundation from which South Africa can continue the desperately needed process of renewal, reform and change. While the headlines will not necessarily always be positive, and noise levels will likely remain loud, what is promising is the seeming commitment from senior politicians in the respective GNU parties to want to make it work.

In an environment characterised by low levels of consumer and business confidence, we are encouraged to see this emphasis and reinvigoration of a reform agenda. Work done during the previous administration is continuing and is critical to improve local and foreign sentiment in South Africa's future path. Reform and legislative changes spanning many areas are underway, notably in state-owned enterprises (SOEs).

Some light at the end of the tunnel for SOEs

Eskom and Transnet, the two poster children in terms of SOE underperformance in recent years, have both demonstrated the positive effect of enacted reform and private-sector participation.

For example, Transnet's freight rail underperformance in recent years has cost South African exporters and, by implication, the fiscus dearly. The Transnet recovery plan, new management, and private sector involvement are showing early signs of improvement - admittedly off a low base.

At Eskom, we also see an improvement in underlying fundamentals in the availability of power and its operations thanks to both private sector investment (in both renewable energy projects and residential solar installations for example) and a focus on operational turnaround within the SOE. With over 160 days without loadshedding at the time of writing and with Eskom projecting limited loadshedding over the next four to five years, if the current electricity availability factor (EAF) can remain above the mid-60% range, we're currently in a position where we can feel greater security in the outlook for electricity supply.

Basic critical infrastructure delivery and availability is a prerequisite link to get the economic chain reaction moving!

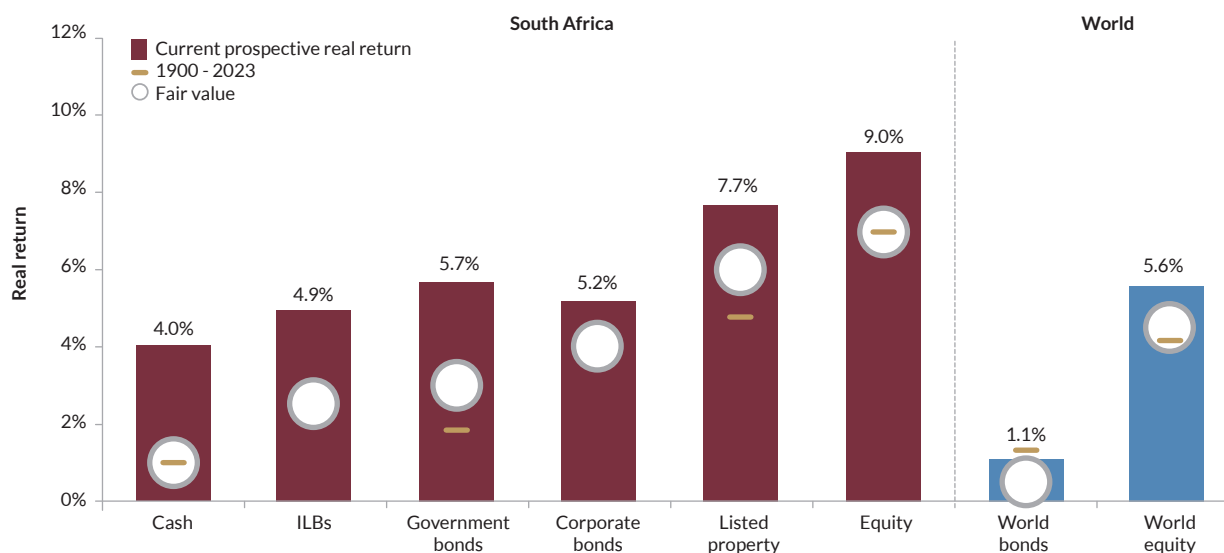
Boosting confidence is key to investment and growth

Empowering the private sector with both the confidence and environment to spend and invest will be required if South Africa is to ultimately start lifting economic growth towards an aspirational 3% or greater. Only once growth is lifted above the zero to one percent level that we have been stuck at for the better part of a decade can we start addressing the more structural issues such as job creation, education and healthcare. This won't happen overnight. Further potential good news for consumers and investment is that local interest rates have likely peaked amid a global easing cycle that has already started.

South African assets are attractively priced for an improvement in sentiment

Across local asset classes, we see plentiful opportunity for investors currently. In our opinion, when we look at the prospective real returns on offer, they are comfortably above what we believe to be their long-term fair value.

Figure 1: South African assets attractively priced for improvement in sentiment
Prospective real returns well above long term historical averages



Source: Bloomberg, Credit Suisse, M&G Investments 15 August 2024

Looking at South African equities as an example, total returns have been below average over the past decade. The underlying companies making up the equity market have, however, delivered aggregate real earnings growth roughly in line with historical trends. It's effectively been the derating of the market (lower price-earnings ratios, lower price-to-book ratios, higher dividend yields, etc.) that has dragged down returns. If that derating merely halted and companies' aggregate growth remained unchanged, returns going forward would be much improved.

We believe the GNU-normal offers a real opportunity for South Africa to turn a corner. While it won't be without challenges, and the task is long, we're encouraged by the initial positive momentum. A period of stability, continued incremental reform and execution of improvements in SOE delivery is needed to catalyse a chain reaction of improved confidence, spur greater private sector investment and ultimately lift national growth to enable the nation's structural issues to be addressed.

CENTRAL BANKS START CUTTING INTEREST RATES: WHAT DOES THIS MEAN FOR SOUTH AFRICA?



Malcolm Charles

Portfolio Manager,
SA Fixed Income
Ninety One



Listen to the full podcast [here](#)

Listen time: 12 minutes

Date published: 20 September 2024



Article from a podcast with Malcolm Charles

The conversation discusses the recent global interest rate cuts by major central banks, including the US and South Africa, and their implications for South African fixed income investors. The US Federal Reserve cut rates by 50 basis points (0.5%), while the Bank of England and European Central Bank have also reduced rates. South Africa's inflation rate is well-controlled, with core inflation expected to remain below the midpoint of 4.5% for the next three years. This has led to a 25-basis point rate cut. The rand is expected to stabilise, and the South African economy is showing signs of improvement with increased consumer and business confidence.

Summary of recent global interest rate movements

For the first time since the COVID-19 pandemic, major central banks, including the US Federal Reserve (the Fed) and South African Reserve Bank (SARB), have begun cutting interest rates, signalling the start of a global and local rate-cutting cycle.

On Wednesday, 18 September, the Fed cut interest rates by 50 basis points, which caught some by surprise. The Bank of England left their rates unchanged, aligning with expectations. The Swiss National Bank had initiated the trend with a small cut earlier, and we're seeing other central banks follow, including South Africa's Reserve Bank. This broad pattern of cuts is generally viewed as positive news, providing relief for economies.

What does this mean for South African fixed income investors?

Malcolm Charles, Portfolio Manager for Fixed Income at Ninety One in Cape Town, shared his insights on the implications of these rate movements for South African fixed income investors. 'We are in a cutting cycle,' he says, 'but I expect it to be a conservative, prudent one, broad-based across most economies.' This suggests that while interest rates are coming down, the approach will be careful, taking into account the economic stability of each region.

Impact on global and South African interest rates and inflation

Different regions are expected to follow varying paths. The US has already cut by 50 basis points, and the Fed hinted at two more 25 basis point cuts by year-end. This reflects a 'catch-up' approach rather than panic, ensuring that the economy adjusts gradually.

The Bank of England, on the other hand, is facing more persistent inflation, meaning they may hold off on cuts longer. The European Central Bank has cut twice already and is expected to proceed cautiously.

In South Africa, the core inflation forecast looks positive. The SARB's projections show core inflation remaining below 4.5% over the next three years, providing a relatively stable outlook compared to the UK and US.

Consumer impact in South Africa

The South African economy is often perceived as less sensitive to interest rate changes than others. This is partly due to the broader challenges facing the consumer market, including high unemployment. Despite this, Malcolm anticipates some benefit for consumers, particularly those looking to reduce debt or increase spending. He explains, 'We expect a little uptick in consumer spending and consumer activity in the economy, which is encouraging for overall growth.'

Implications for the South African rand

The South African rand has performed relatively well in recent months. Malcolm attributes this to changes in the global perception of the US dollar. Over the past 18 months, a strong dollar and aggressive interest rate hikes by the Fed led to a significant capital inflow into the US, pushing the dollar higher. Now, with the Fed expected to cut more aggressively than the SARB, the interest rate differential will narrow, stabilising the rand. 'Don't be surprised if we see a stable to slightly stronger rand over the next six to nine months,' Malcolm predicts.

Economic outlook for South Africa

Overall, the South African economy shows signs of stabilising, with consumer and business confidence ticking up. Engagements with industry leaders suggest a more positive outlook than in recent years. Malcolm highlights the impact of recent reforms, such as those in the energy sector, which have attracted significant investment. 'If we see more reforms, like we did with electricity, we could see meaningful growth next year and the year after,' he adds.

Conclusion: cautious optimism

With central banks around the world entering a rate-cutting cycle, the outlook is cautiously positive. While each economy will respond differently, the trend of easing rates should provide some much-needed relief to both businesses and consumers. South Africa, in particular, stands to benefit from stabilising inflation and a more competitive currency. The focus now is on maintaining this stability and leveraging reforms to boost economic growth.

THE TWO-POT RETIREMENT SYSTEM



Adapted from an article by
Kim Gibb

Head of Product at Prescient
Fund Services



The two-pot retirement system, a new development for the retirement industry, represents a significant shift in South Africa's approach to retirement savings. It aims to ensure that retirement savings are preserved whilst offering members limited access to a portion of their retirement savings before retirement in case of financial hardship.

From 1 September 2024, contributions will be split as follows:

1. **Savings component:** one-third of the contributions will be allocated to a savings component that members can access before retirement.
2. **Retirement component:** the remaining two-thirds will be allocated to a retirement component that can only be accessed at retirement and must be used to purchase an annuity.

This split excludes transfers from other retirement funds.

Your Future Contributions

Post-1 September 2024

NEW RULES APPLY



To make withdrawals possible, the savings component will be seeded for all members (excluding certain provident fund members as set out below) on 1 September 2024, with 10% of the value of your vested component, limited to R30 000. Your vested component is your accumulated retirement interest in the relevant fund as of 31 August 2024 (minus the seed capital), and this portion of your retirement savings remains subject to the rules in place before the two-pot retirement system becomes effective.

Provident fund members aged 55 and older

If you are a member of an umbrella provident or preservation provident fund and you a) were a member of that fund and b) were 55 or older on 1 March 2021, you will be excluded from the two-pot system, unless you decide to opt in. You have until 1 September 2025 to make this opt-in election.

If you decide not to opt in, nothing will change for you and all the rules currently in place for your vested component will continue to apply.

If you choose to opt into the two-pot system, one-third of your contributions from the date of your election to opt in will be allocated to the savings component, and two-thirds will be allocated to your retirement component. In contrast, your accumulated benefit will be your vested component as of your election date. The seeding amount will be 10% of your vested value (subject to a maximum of R30 000) on 31 August 2024 regardless of your opt-in election date.

The benefit statement you receive from 1 September 2024 onwards, will potentially reflect three components:

1. **Savings component:** Initial seeding of up to R30 000 and one-third of all contributions post 1 September 2024 plus transfers of any savings component into the fund.
2. **Retirement component:** Two-thirds of all contributions post 1 September 2024 plus transfers of any retirement component into the fund.
3. **Vested component:** All your retirement savings accumulated prior to 1 September 2024, minus any seeding amount, plus transfers of any vested component into the fund. If you have any vested rights due to being a member of a provident or provident preservation fund on 1 March 2021, those rights will remain protected, and the related benefits will fall within this component. The vested component on your statement could, therefore, reflect both vested and non-vested benefits. Only provident fund or provident preservation fund members older than age 55 who did not opt-in to participate in the new system, can continue to make contributions to this component.

What do I need to consider before using the savings withdrawal benefit?

Only one savings withdrawal can be taken each tax year from the savings component. You need a minimum of R2 000 in your savings component to withdraw. If the 10% seed money from your vested component is less than R2 000, you will not be eligible to make a

withdrawal from your savings component until you have saved more money in your savings component through ongoing or additional contributions.

Tax considerations

Your savings withdrawal benefit will be taxed at your marginal tax rate, which means the money is treated as “gross” income and is taxed at the same rate at which your salary is taxed. Important to note is that this is probably a higher tax rate than what applies to lump sum amounts at retirement. The tax calculation will use no retirement rates, allowable deductions, exemptions or tax-free amounts. SARS will issue a tax directive in which tax at the marginal tax rate must be deducted, together with any penalties or outstanding tax that may be due to SARS before your savings withdrawal benefit can be paid to you.

This may mean that you do not receive the full savings withdrawal amount that you applied for, as tax at your marginal rate, any outstanding penalties and any outstanding assessments due to SARS, will be deducted first.

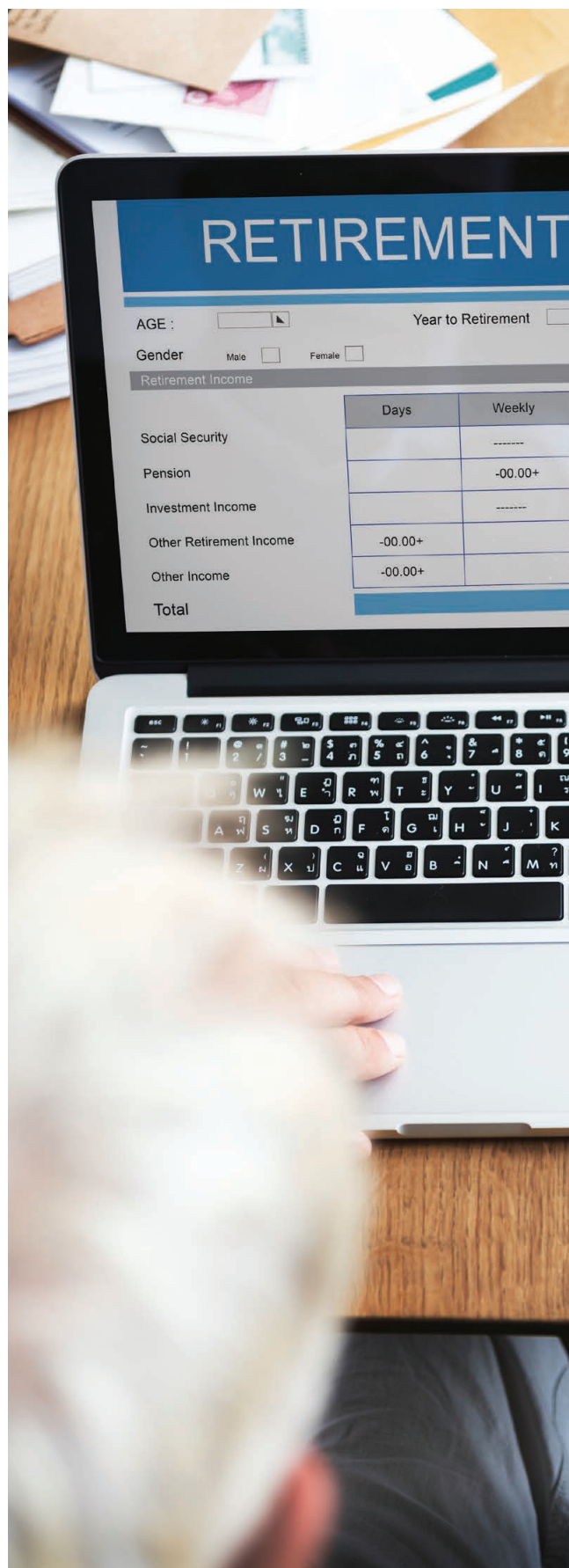
Once a tax directive is requested from SARS to process your request for a withdrawal, it cannot be reversed or cancelled if you feel the tax to be deducted is too high. SARS has confirmed that the current tax lump sum calculator on eFiling will be available to individuals and tax practitioners to calculate the estimated tax on a savings withdrawal benefit. While you may make use of this simulation, it may not indicate any penalties or arrear tax that you may owe to SARS. If there are any, these would be included in the tax directive that SARS will then issue once you decide to go ahead with a savings withdrawal and will be deducted from the benefit before it is paid to you.

Long-term impact on retirement savings

Taking a savings withdrawal benefit before retirement may have a significant impact on your retirement savings in the long term. By taking these benefits early on in your career, you lose the benefit of compounded growth on your retirement savings.

If you plan to retire at age 60 and decide to take a savings withdrawal benefit of R100 000 at the age of 30, you could lose out on up to R925 000 (total investment growth assumed at a stable 8% per year for 30 years less administration fees) that would have been used to provide you with an income during retirement. That’s a significant difference!

It will be important before any savings withdrawal is considered to think about whether you do in fact need to take it for a financial emergency and whether this will be worth the long-term downside risks to your retirement savings.





FG ASSET MANAGEMENT

QUARTERLY REPORT

Quarter 3 | 2024

ARCHITECTS OF SENSIBLE INVESTMENT SOLUTIONS

MARKET COMMENTARY



Jacy Harington
Portfolio Manager
FG Asset Management

Global markets' focus shifted from inflation to growth

Over the past quarter, the focus in global markets shifted from inflation to slowing economic growth. The downward trajectory in global inflation continued towards target levels providing comfort that elevated price pressures had been brought under control. Alongside this, there was increased evidence of slowing economic activity – the extent of which remains to be seen. US monetary policy remained a key market driver, with the US Federal Reserve (the Fed) initiating the first interest rate cut of this easing cycle in September.

Locally, the successful formation of the Government of National Unity (GNU) and the start of our own interest rate-cutting cycle supported local assets.

US unemployment rose, signalling a potential recession, yet to materialise

There were many signs pointing towards slowing economic activity, specifically in the US. Weakness in US employment data drove fears of a more severe economic slowdown than anticipated. The US unemployment rate increased from 4.0% to 4.2% over the quarter. July's unemployment rate release triggered the Sahm Rule, which states that, if the three-month moving average of the unemployment rate increases more than 0.5% from its lowest point over the previous 12 months, the US is at the beginning of a recession. This led to a sharp selloff in global risk assets starting in August. However, it has to be cautioned that several recession indicators have been triggered over the recent past, such as the inverted US treasury yield curve, after which a recession has failed to materialise.

The yen carry trade unwind added to August's market weakness

At the start of August, the unwind of the Japanese yen carry trade further added to the negative investor sentiment. The Bank of Japan

unexpectedly hiked interest rates by 0.15% and halved its monthly bond purchases at their meeting at the end of July. This went beyond the tightening that the market was expecting and supported the appreciation of the Japanese yen. Many global investors had been participating in the carry trade, which involved earning extra income by borrowing Japanese yen at a very low interest rate and investing elsewhere in the world. The decline in this extra income, together with the yen's strength, led to the start of the unwinding of the carry trade which further contributed to the financial market weakness.

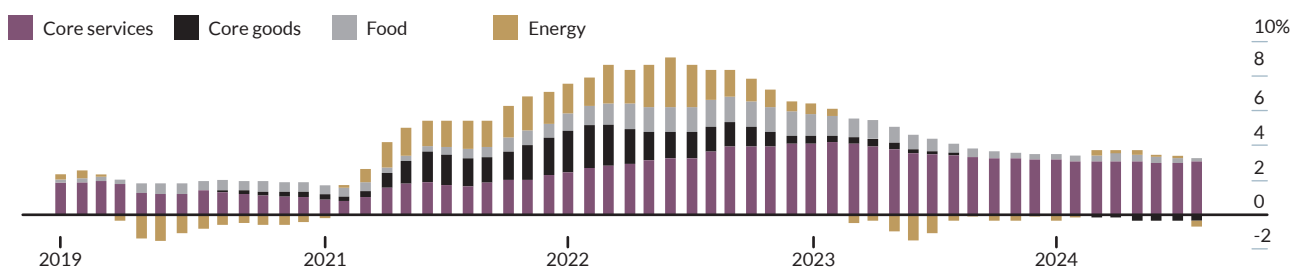
US economic resilience helped markets recover quickly from August's weakness

However, the cooling off of the US labour market has not been disorderly, and the market weakness experienced in August was short-lived as a number of subsequent economic data releases downplayed the view that the US economy was on the brink of a recession. The strong US retail sales report in August demonstrated that the US consumer remains resilient. The report showed an increase of 1.1% from the previous month, significantly more than the 0.3% expected. The second quarter's GDP growth was also revised up to 3.0% on an annualised basis from its initial estimate of 2.8% due to stronger consumer spending. This was better than the 2.0% initially expected and much faster than the 1.6% growth from the first quarter.

US inflation has slowed, reinforcing expectations of future rate cuts

US headline inflation has slowed consecutively for the past three months, declining from 3.3% to 2.5%. It is the first time since 2021 that headline inflation is below the 3% level. While core inflation is still above 3%, it has slowed meaningfully over the past year. Core services inflation continues to be the key driver behind inflation, with the goods inflation in negative territory. Inflation's continued moderation reinforced bets for easier monetary policy, with the market's expectations for the first rate cut from the Fed in September.

Figure 1: US CPI headline inflation



Source: Bloomberg Economic Analysis (2019-2024)



The Fed surprised markets with a large rate cut in September

The Fed held two FOMC (Federal Open Market Committee) meetings over the quarter. At the first meeting in July, the federal funds rates were kept steady at the 5.25-5.50% range, as widely expected. The Fed Chairman, Jerome Powell, reaffirmed their commitment to remain data-dependent, and he acknowledged the progress made in lowering inflation. There was also a change in the July FOMC statement which highlighted the Fed's shift in focus from inflation towards employment as they believe that the balance of risks had shifted towards employment. There was no FOMC meeting in August, replaced by the Fed's annual economic symposium in Jackson Hole. Jerome Powell reaffirmed that the Fed would look to start cutting interest rates at its meeting in September given that inflation is on a downward trend towards its 2% target and that the US labour market has started to show some signs of deterioration. He also noted that the downside risks to employment have now increased. In September, the Fed surprised the market by cutting interest rates more aggressively by 0.50% to a new range of 4.75-5.00%. Jerome Powell commented post-meeting that the larger-than-expected interest rate cut was to ensure that the labour market and economy remain stable – in other words, setting up support for a soft landing. He also commented that the 0.5% interest rate cut should be seen as a once-off and does not signal a new pace of easing. The larger-than-expected interest rate cut supported global risk assets into the quarter's end.

Local market confidence improved after the general election results

Locally, the outcome of the May general elections continued to be a meaningful driver of local assets over the third quarter. Investor

confidence improved dramatically after there was more clarity about the cabinet of the GNU. Locally-focussed equities such as banks and retailers outperformed, together with the rand (which appreciated substantially).

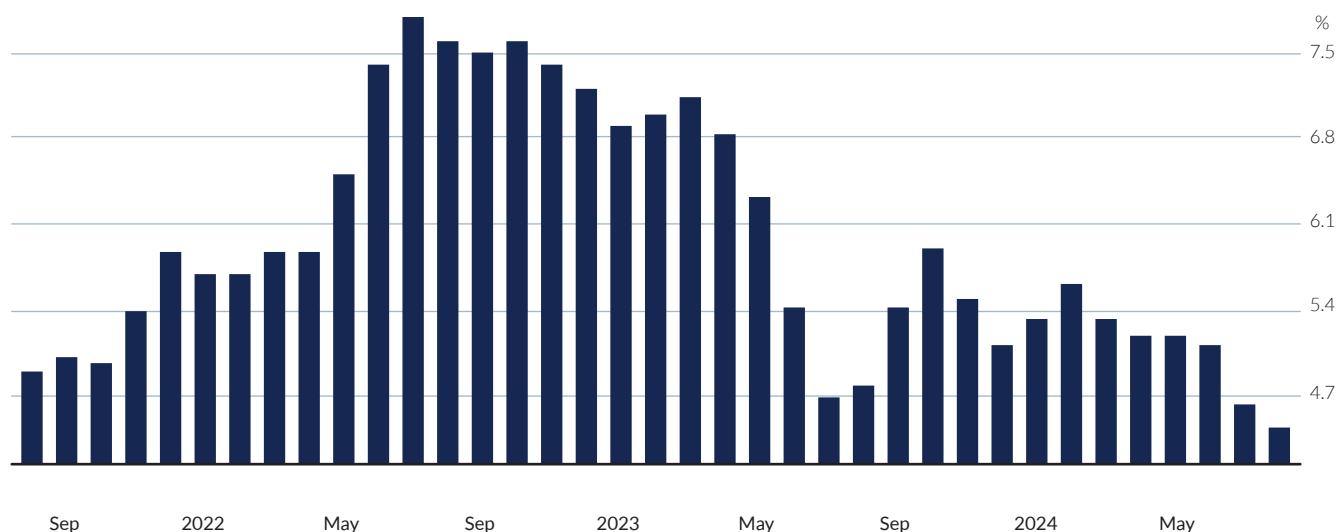
South Africa's GDP grew in the second quarter, with business and consumer confidence rising

South Africa's second-quarter GDP was released, showing that the economy grew by 0.4% from the previous quarter. Although the number reflects weak growth, it is better than the 0% that was first estimated, with the revision driven by increased electricity generation, consumer spending and financial services. Improvements in consumer and business sentiment over the second quarter will be supportive for economic growth in the third quarter.

Local inflation fell, boosting expectations of further rate cuts

Local inflation releases also supported local assets as the annual headline inflation fell from 5.2% to 4.4% over the past three months. Both July and August's releases were lower than the market expected, bringing inflation to the lowest level since April 2021. September's release brought inflation just under the 4.5% mid-point target of the South African Reserve Bank (SARB). The easing of price pressures supported expectations for a rate cut at the September Monetary Policy Committee (MPC) meeting.

Figure 2: South African headline inflation



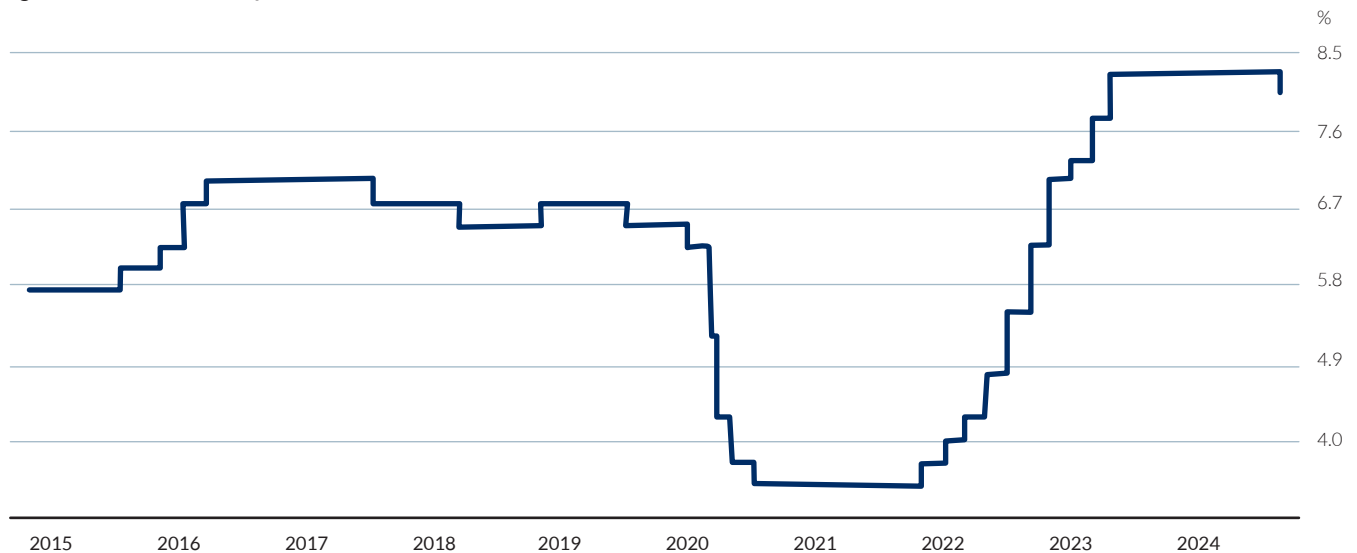
Source: Statistics SA, Trading Economics (2022-2024)



The SARB cut interest rates in September for the first time since reaching a 15-year peak

The SARB met twice over the quarter; in July and September. The repo rate was kept unchanged at 8.25% at the July meeting. Two members of the MPC voted for a 0.25% reduction at the July meeting, while the remaining four voted to keep the repo rate unchanged. The SARB's MPC lowered the repo rate by 0.25% to 8.00% in September, the first cut since interest rates were at their 15-year peak. The SARB also lowered their expectation for inflation to remain below their 4.5% target for 2025 and 2026.

Figure 3: South African repo rate



Source: South African Reserve Bank, Trading Economic (2015-2024)

Chinese stimulus measures boosted investor sentiment and Chinese markets

In the last week of the quarter, the Chinese authorities surprised the market with a series of significant stimulus measures. This follows from several significantly weak economic data releases for August. The measures were very broad based, looking to support the property market, stimulate consumer spending and provide support to the slowing economic activity. The stimulus was very positive for investor sentiment and was well received by the market. Chinese equities rallied strongly into the quarter end, propping up emerging markets' performance too.

The extent of the deterioration in growth will determine the degree of easing that will be expected from global central banks. Overall, we remain cautiously optimistic. Global growth asset valuations are extended and, along with the slowing economy, reinforce our cautious stance. On the other hand, there is ongoing momentum in global equities, and along with falling interest rates, this is normally supportive of growth assets. Locally, we have started to increase our South African equity allocations which are cheaper than global valuations. Higher potential GDP growth, given that we haven't had loadshedding since the end of March, improved sentiment, and lower interest rates will all support local assets going forward.

Focus shifts to global economic slowdown as inflation concerns ease

Going forward, investors will increasingly focus on the slowdown of global activity, now that the fight against inflation seems to have been victorious and central banks have started cutting interest rates.



FG SCI* JUPITER INCOME FUND OF FUNDS

For periods until 30 September 2024

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

	6 Months	Year to Date	1 Year	3 Years ¹	5 Years ¹	10 Years ¹	Since Inception ¹
FG SCI Jupiter Income FoF	7.31%	8.52%	12.88%	8.54%	7.55%	7.76%	7.92%
STeFI Composite Index	4.17%	6.33%	8.55%	6.87%	6.12%	6.63%	7.01%
ASISA SA Multi Asset Income Category Average	7.58%	8.50%	12.72%	8.45%	7.56%	7.58%	7.79%
				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
- Laurium BCI Strategic Income Fund
- Matrix SCI Stable Income 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	93.01%	100.00%

²Source until 31 August 2018: MoneyMate

Source from 30 September 2018: Morningstar

The FG SCI Jupiter Income Fund of Funds returned +3.98% in the third quarter of 2024 and +12.88% over the past 12 months, outperforming the benchmark Alexander Forbes Short Term Fixed Income Index quarterly return of +2.07% and the 12-month return of +8.55%. The Terebinth SCI Strategic Income Fund (Amplify) was the best-performing underlying fund over the quarter, returning +5.36%. The decision was made over the quarter to add the Laurium BCI Strategic Income Fund as a new underlying manager. This was funded from the full redemption of the Prescient Income Provider Fund, as well as a rebalancing of the remaining underlying managers.

Asset allocation as at 31 August 2024

	Local Equity	Local Property	Local Bonds	Local Cash	Foreign
FG SCI Jupiter Income FoF	0%	2%	51%	44%	3%

*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 30 September 2024

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

	6 Months	Year to Date	1 Year	3 Years ¹	5 Years ¹	10 Years ¹	Since Inception ¹
FG SCI Venus Cautious FoF	7.92%	9.84%	14.68%	9.81%	9.03%	8.12%	8.77%
ASISA SA Multi Asset Low Equity Category Average	8.95%	10.39%	16.37%	9.27%	8.53%	7.26%	7.80%
				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)
- Fairtree Equity Prescient Fund
- Granate BCI Multi Income Fund
- Laurium BCI Strategic Income Fund
- Matrix SCI Defensive Balanced Fund (Amplify)
- Matrix SCI Stable Income Fund
- Ninety One Diversified Income Fund
- Ninety One Global Managed Income Fund
- Ninety One Global Franchise Feeder Fund
- Saffron BCI Opportunity Income Retention Fund
- Satrux Bond Index Fund
- Sarofim SCI Global Equity Feeder Fund (Amplify)
- 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	72.98%	71.98%

²Source until 31 August 2018: MoneyMate

Source from 30 September 2018: Morningstar

The FG SCI Venus Cautious Fund of Funds returned +4.74% in the third quarter of 2024 and +14.68% over the past 12 months, underperforming the benchmark peer group average quarterly return of +5.46% and the 12-month return of +16.37%. The Veritas Global Equity Feeder Fund (Nedgroup) was the worst-performing underlying fund over the quarter, returning -5.90%. The decision was made over the quarter to fully redeem the Coronation Global Optimum Growth Feeder Fund and switch it into a new manager [Sarofim SCI Global Equity Feeder Fund (Amplify)]. The decision was also made to add the Laurium BCI Strategic Income Fund as a new underlying manager, funded from the Prescient Income Provider Fund allocation.

Asset allocation as at 31 August 2024

	Local Equity	Local Property	Local Bonds	Local Cash	Foreign
FG SCI Venus Cautious FoF	17%	2%	31%	29%	21%

*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 30 September 2024

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

	6 Months	Year to Date	1 Year	3 Years ¹	5 Years ¹	10 Years ¹	Since Inception ¹
FG SCI Saturn Moderate FoF	9.91%	11.51%	16.85%	10.93%	10.71%	8.24%	10.26%
ASISA SA Multi Asset Medium Equity Category Average	9.25%	10.99%	17.45%	9.74%	9.33%	7.22%	8.97%
				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
- Matrix SCI Defensive Balanced Fund (Amplify)
- Matrix SCI Stable Income Fund
- Ninety One Global Managed Income Fund
- Ninety One Opportunity Fund
- PSG Flexible Fund
- Satrix Bond Index Fund
- Sarofim SCI Global Equity Feeder Fund (Amplify)
- 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	70.74%	67.25%

²Source until 31 August 2018: MoneyMate

Source from 30 September 2018: Morningstar

The FG SCI Saturn Moderate Fund of Funds returned +5.87% over the third quarter of 2024 and +16.85% over the past 12 months, outperforming the benchmark peer group average quarterly return of +5.46%, while underperforming the 12-month return of +17.45%. The Abax Opportunity Fund (Nedgroup) was the best-performing underlying fund, returning +11.58% over the quarter. The decision was made over the quarter to redeem the Coronation Global Optimum Growth Feeder Fund and switch it into Sarofim SCI Global Equity Feeder Fund.

Asset allocation as at 31 August 2024

	Local Equity	Local Property	Local Bonds	Local Cash	Foreign
FG SCI Saturn Moderate FoF	32%	3%	25%	12%	28%

*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 30 September 2024

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

	6 Months	Year to Date	1 Year	3 Years ¹	5 Years ¹	10 Years ¹	Since Inception ¹
FG SCI Neptune Growth FoF	9.22%	10.85%	16.35%	10.27%	10.91%	8.35%	8.26%
ASISA SA Multi Asset High Equity Category Average	10.02%	11.82%	18.73%	10.37%	10.21%	7.48%	7.37%
				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
- Granate BCI Flexible Fund
- Laurium Flexible Prescient Fund
- Matrix SCI Stable Income Fund
- Ninety One Global Franchise Feeder Fund
- Ninety One Global Managed Income Fund
- PSG Flexible Fund
- Saffron BCI Opportunity Income Retention Fund
- Sarofim SCI Global Equity Feeder Fund (Amplify)
- Satrix Bond Index Fund
- Satrix MSCI World ETF
- Sanlam Multi Manged Inflation Linked Bond Fund
- Terebinth SCI Strategic Income Fund (Amplify)
- Truffle SCI Flexible Fund
- Truffle SCI SA 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	65.29%	63.64%

²Source until 31 August 2018: MoneyMate

Source from 30 September 2018: Morningstar

The FG SCI Neptune Growth Fund of Funds returned +5.44% over the third quarter of 2024 and +16.35% over the past 12 months, underperforming the benchmark peer group average quarterly return of +5.99% and the 12-month return of +18.73%. The Sarofim SCI Global Equity Feeder Fund (Amplify) was the worst-performing underlying fund, returning -4.48% over the quarter. The decision was made over the quarter to fully redeem the M&G Balanced Fund allocation and switch it into the existing underlying managers. The decision was also made to switch the Truffle SCI Flexible Fund into the Truffle SCI SA Flexible Fund.

Asset allocation as at 31 August 2024

	Local Equity	Local Property	Local Bonds	Local Cash	Foreign
FG SCI Neptune Growth FoF	36%	1%	14%	12%	37%

*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 30 September 2024

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

	6 Months	Year to Date	1 Year	3 Years ¹	5 Years ¹	10 Years ¹	Since Inception ¹
FG SCI Mercury Equity FoF	14.49%	14.37%	20.23%	12.24%	13.29%	8.05%	10.67%
FTSE/JSE Africa All Share (total return)	18.58%	15.91%	23.93%	14.73%	13.67%	9.41%	12.80%
ASISA SA Equity General Category Average	16.78%	14.73%	21.80%	11.58%	11.34%	6.78%	10.33%
				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
- Satrix MSCI World ETF
- 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	62.45%	61.57%

²Source until 31 August 2018: MoneyMate

Source from 30 September 2018: Morningstar

The FG SCI Mercury Equity Fund of Funds returned +7.45% in the third quarter of 2024 and +20.23% over the past 12 months, underperforming the +9.61% quarterly return of the benchmark FTSE/JSE All Share (total return) Index and the 12-month return of +23.93%. The Coronation Global Optimum Growth Feeder Fund was the worst-performing underlying fund, returning -3.65% over the quarter. The decision was made over the quarter to make an allocation to global equities through passives, funded from the Coronation Global Optimum Growth Feeder Fund exposure.

Asset allocation as at 31 August 2024

	Local Equity	Local Property	Local Bonds	Local Cash	Foreign
FG SCI Mercury Equity FoF	76%	2%	0%	4%	18%

*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 30 September 2024

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

	6 Months	Year to Date	1 Year	3 Years ¹	5 Years ¹	10 Years ¹	Since Inception ¹
FG SCI International Flexible FoF	-2.95%	3.65%	9.71%	6.70%	7.42%	8.22%	8.57%
Benchmark ²	-2.98%	4.26%	10.16%	7.30%	8.44%	8.60%	9.45%
ASISA Global Multi Asset Flexible Average ³	-2.98%	4.26%	10.16%	7.30%	8.44%	8.58%	8.70%
				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
- Satrix World Equity Tracker 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	56.65%	59.11%

⁴Source until 31 August 2018: Iress

Source from 30 September 2018: Morningstar

The FG SCI International Flexible Fund of Funds returned -0.58% in the third quarter of 2024 and +9.71% over the past 12 months, underperforming the benchmark peer group average quarterly return of -0.27%, and the 12-month return of +10.16%. The Ninety One Global Franchise Fund was the worst-performing underlying fund over the quarter, returning -2.88% in rand terms. The decision was made over the quarter to increase the fund's equity exposure by switching the Ninety One Global Strategic Managed Fund allocation into a new underlying fund; The Satrix World Equity Tracker Fund.

Asset allocation as at 31 August 2024

	Global Equity	Global Fixed Income	Global Cash	Global Property	Local Cash
FG SCI International Flexible FoF	65%	22%	10%	1%	2%

	USD	GBP	Euro	JPY	Other	Rand
Currency breakdown	75%	3%	6%	3%	11%	2%

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



MARKET PERFORMANCE

Index	Asset Class	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Last 12 months	Year to Date 2024*
STEFI Composite Index	Local cash	2.09%	2.00%	2.02%	2.07%	8.55%	6.33%
FTSE/JSE All Bond (total return)	Local bonds	8.11%	-1.80%	7.49%	10.54%	26.14%	16.68%
FTSE/JSE SA Listed Property (total return)	Local property	16.37%	3.85%	5.50%	18.70%	51.34%	30.04%
FTSE/JSE Africa All Share (total return)	Local shares	6.92%	-2.25%	8.19%	9.61%	23.93%	15.91%
Bloomberg Global Aggregate TR USD	Global bonds	8.10%	-2.08%	-1.10%	6.98%	11.99%	3.60%
FTSE EPRA Nareit Global REITs TR USD	Global property	15.58%	-1.51%	-1.38%	16.19%	30.44%	12.86%
MSCI World GR USD	Global shares	11.53%	9.01%	2.78%	6.46%	33.03%	19.28%
MSCI ACWI GR USD	Global shares	11.15%	8.32%	3.01%	6.72%	32.35%	19.08%
US dollar/South African rand (+ weaker rand, - stronger rand)	Exchange rate	-2.93%	3.55%	-3.57%	-5.63%	-8.53%	-5.77%

*Return until 30 September 2024
All performances until 30 September 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	10,170,445.61	38.63	1.48
FG SCI International Flexible FoF A1	22.68	37.55	2.03
FG SCI International Flexible FoF B	50,084.18	30.35	3.15
FG SCI International Flexible FoF B1	1,252,997.82	31.51	2.92
FG SCI International Flexible FoF C	13,172,210.76	37.76	1.76
FG SCI Jupiter Income FoF A	28,529,200.52	12.89	1.04
FG SCI Jupiter Income FoF A1	60.59	12.88	1.57
FG SCI Jupiter Income FoF B1	927,994.85	12.83	2.48
FG SCI Jupiter Income FoF C	63,686,660.14	12.89	1.31
FG SCI Mercury Equity FoF A	4,252,307.08	49.28	1.59
FG SCI Mercury Equity FoF A1	17.44	49.19	2.06
FG SCI Mercury Equity FoF B	110.64	47.22	3.31
FG SCI Mercury Equity FoF B1	31,987.13	48.30	3.03
FG SCI Mercury Equity FoF C	534,303.85	49.25	1.85
FG SCI Neptune Growth FoF A	26,359,547.97	17.04	1.57
FG SCI Neptune Growth FoF A1	50.63	17.00	2.07
FG SCI Neptune Growth FoF B1	721,079.77	16.94	3.01
FG SCI Neptune Growth FoF C	3,127,106.37	17.02	1.79
FG SCI Saturn Moderate FoF A	38,489,342.52	38.21	1.49
FG SCI Saturn Moderate FoF A1	22.40	38.11	2.00
FG SCI Saturn Moderate FoF B	114,680.61	37.90	3.22
FG SCI Saturn Moderate FoF B1	2,560,884.64	37.93	2.93
FG SCI Saturn Moderate FoF C	16,471,569.64	38.16	1.75
FG SCI Venus Cautious FoF A	55,883,906.39	19.97	1.23
FG SCI Venus Cautious FoF A1	41.15	19.94	1.74
FG SCI Venus Cautious FoF B	26,151.72	19.76	2.97
FG SCI Venus Cautious FoF B1	2,263,962.14	19.77	2.67
FG SCI Venus Cautious FoF C	31,381,081.42	19.96	1.50

*NAV (month-end) and no. of participatory interests as at 30 September 2024

**TER as at 30 June 2024



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