



PORTFOLIO/METRIX
Investment Management **by Design**

PortfolioMetrix BCI
DYNAMIC INCOME FUND

Fund Profile and Market Update
September 2024

PMX BCI Dynamic Income Fund

PMX

FUND UPDATE – SEPTEMBER 2024

FUND OBJECTIVE AND SUITABILITY

- To provide a high level of income for investors with a focus on capital preservation.
- The fund is suitable for low-to-moderate risk investors with an investment horizon of 12 months and longer.

DYNAMIC MANDATE

- The team manages the fund by dynamically investing across the broad universe of income generating investments, whilst actively managing the risk.
- The fund provides investors with diversified exposure to conservative, high income yielding investments typically only accessible by large institutional investors.
- We aim to generate a similar return to the ALBI with less volatility.
- The fund does not have exposure to equity, property, or foreign exchange risk.
- The fund is Regulation 28 compliant.

PORTFOLIOMETRIX FIXED INCOME TEAM

- Experienced Fund Management team with a multiple award-winning track record.
- The team works closely with the global PortfolioMetrix Asset Management team that collectively manages approximately R85bn in assets under management.



PHILIP BRADFORD
BSoc Sci (Economics), CFA®
SA Head of Investments
Portfolio Manager



LIAM DAWSON
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MARKET UPDATE & OUTLOOK – SEPTEMBER 2024

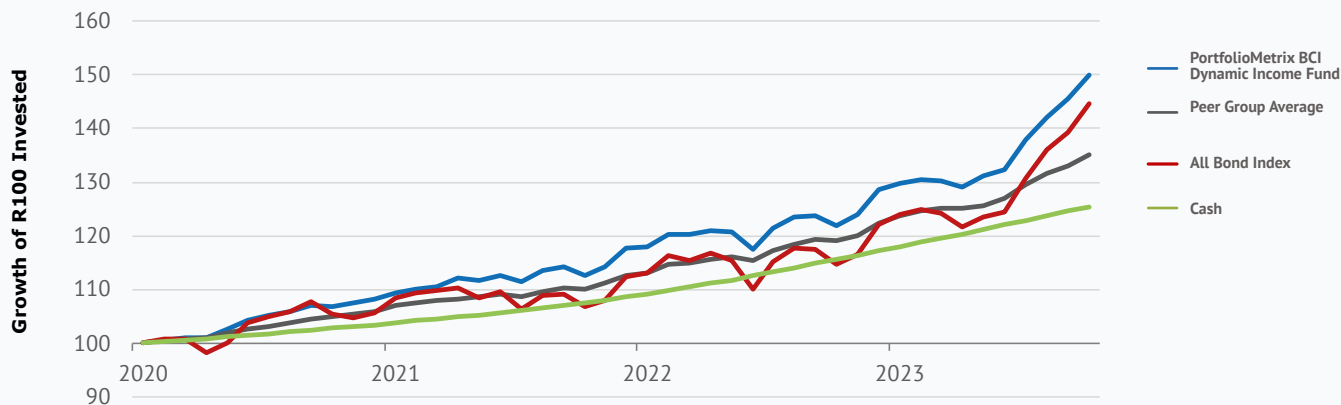
- The **PortfolioMetrix BCI Dynamic Income Fund** returned **+3% for September** and **+23% over the last 12 months**.
- The fund has successfully generated **+50% since inception**, significantly outperforming peers (+35%) and cash (+26%).
- The fund was well positioned in anticipation of falling global interest rates and therefore benefitted from the ALBI return of 3.9% in September.
- The US Federal Reserve cut rates by 50bps, in the face of strong economic activity. The market is currently pricing in a further 150bps of easing to the end of 2025.
- The SA Reserve Bank followed suit in a typically conservative fashion, opting to cut rates by 25bps.
- This rate cut provided a good signal to the local markets and supported the rand which strengthened by 3% over the month, ending at R17.27 to the USD, which in turn is assisting the downward trend in domestic inflation.
- The repo rate at this stage is expected to be cut by a further 100bps by the middle of 2025.
- Both globally as well as in SA, market expectations of interest rate changes are typically volatile and frequently adjust according to changing economic data and events. However, the current trend for interest rates is unequivocally downwards.
- SA Inflation came in below expectations (4.4% versus 4.5% exp.) and is expected to reduce further in the coming months which may provide further impetus for rate cuts. However, the recent rising oil price due to conflict in the Middle East poses a threat to this scenario.
- Within our economic peer group SA Inflation (4.4%) is in line with that of Brazil (4.2%) and Mexico (5.0%)
- Return prospects remain attractive for SA bonds on the back of a more investment-friendly political environment, which should provide better growth prospects and attract further international investment.
- If this growth flywheel continues to gain momentum, then nominal bonds are expected to benefit significantly. However, this is not expected to occur in a straight line and we remain alert to opportunities in the market and continue to manage the fund in an agile and dynamic manner to investors' benefit.
- The fund has a **current gross yield* of 11.1%**, which is significantly higher than both short and long-term expectations for cash and inflation.

PMX BCI Dynamic Income Fund

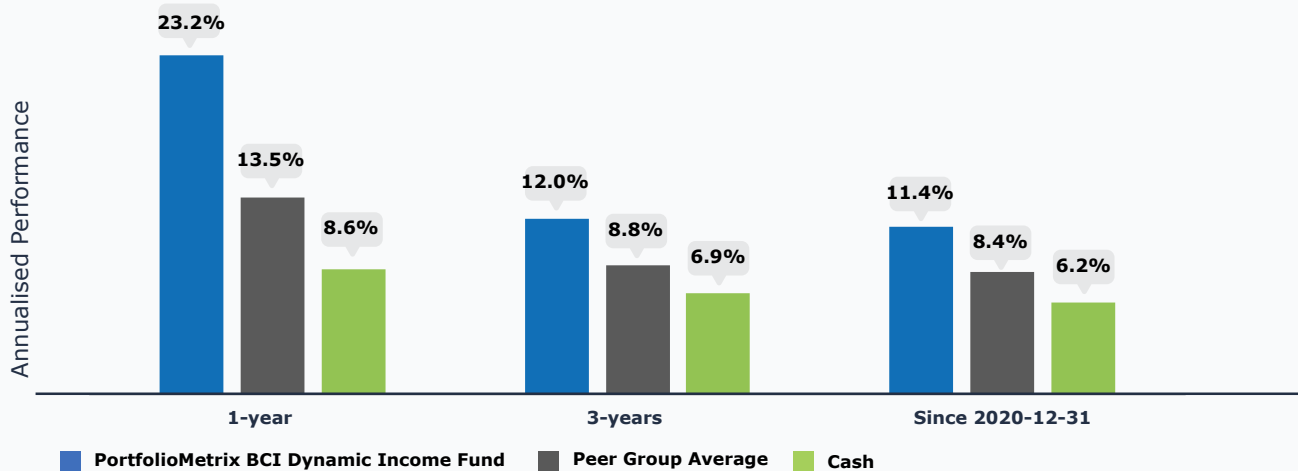


FUND UPDATE – SEPTEMBER 2024

PORTFOLIOMETRIX TEAM TRACK RECORD



September 2024	PortfolioMetrix BCI Dynamic Income Fund	Peer Group Average	All Bond Index	Cash
1 Month	3.0%	1.5%	3.9%	0.7%
3 Months	8.7%	4.4%	10.6%	2.1%
6 Months	16.3%	8.0%	18.9%	4.2%
1 Year	23.2%	13.5%	26.2%	8.6%
3 Years	12.0%	8.8%	11.1%	6.9%
Since 2020-12-31	11.4%	8.4%	10.3%	6.2%
Cumulative Since 2020-12-31	50.0%	35.2%	44.7%	25.5%



Performance data shown is for the PortfolioMetrix BCI Dynamic Income Fund (A) and is calculated on a Net of Fees basis. Data longer than a period of one year has been annualised.

Source: Financial Express, PortfolioMetrix

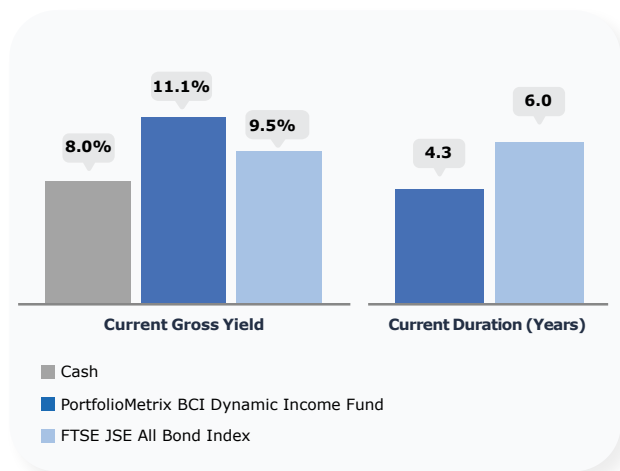
PMX BCI Dynamic Income Fund

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FUND UPDATE – SEPTEMBER 2024

FUND POSITIONING

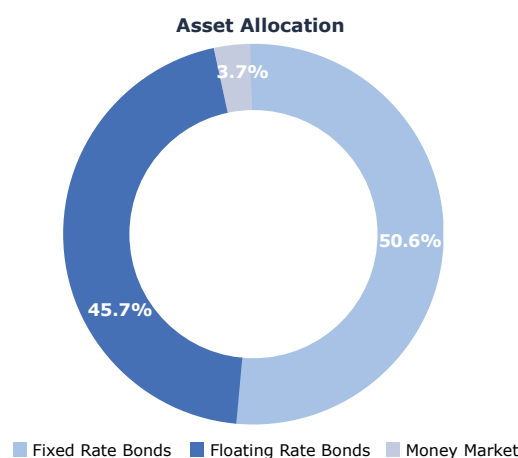
- The Fund’s gross current yield* of 11.1% remains attractive in both absolute terms and relative to cash and the All Bond Index.
- The aggregate duration is currently 4.3, which indicates an interest rate volatility of around three quarters of the All Bond Index, which has a current duration of 6.0.
- We are confident that the fund is well positioned to provide investors with returns above cash and inflation over the medium-term and into the future.



*The indicated gross forward yield is indicative and fluctuates daily and therefore not guaranteed. As of 2024/09/30. Source: JSE, PortfolioMetrix

ASSET ALLOCATION

- Approximately half the portfolio is invested in money market and floating-rate instruments, which continue to benefit from current high interest rates.
- The fixed rate bond exposure of just over 50% is providing high yields for investors by locking in rates at current high levels.
- We continue to maintain a high level of liquidity in the fund to be able to manage risk in a volatile market environment and take advantage of attractive investment opportunities as they present themselves.



PLATFORM AVAILABILITY

FUND AVAILABILITY													
Fund Name	Class	JSE Code	ISIN Number	Allan Gray	ABSA	Glacier	Hollard	Momentum	Ninety One	Prime	Stanlib	BCI (Direct)	
PortfolioMetrix BCI Dynamic Income Fund	A	PMBDIA	ZAE000292520	Y (Available on Req)	Y Unrestricted	Y Unrestricted	Y Unrestricted	Y Unrestricted	Y Unrestricted	Y Unrestricted	Y Unrestricted	Y (Restricted Available on Req)	Y Unrestricted

PMX BCI Dynamic Income Fund



FUND UPDATE – SEPTEMBER 2024

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Shortform

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Longform

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