



PORTFOLIO/METRIX
Investment Management **by Design**

PortfolioMetrix BCI
DYNAMIC INCOME FUND

Fund Profile and Market Update
April 2024

PMX BCI Dynamic Income Fund

PMX

FUND UPDATE – APRIL 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 R75bn in assets under management.



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



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Investment Analyst

MARKET UPDATE & OUTLOOK – APRIL 2024

- The **PortfolioMetrix BCI Dynamic Income Fund** has returned +31% since inception, significantly outperforming peers (+26%), the ALBI (+23%) and cash (+21%).
- The macro environment continues to wrestle with rising and falling levels of conflict and inflation concerns, both of which are neither frivolous nor unrelated. The result has largely been an increase in the global risk-premium, yet there are notable shimmers of light.
- The US Federal Reserve continues to hold its policy rate at higher levels than expected at the start of the year, presumably to squash inflation but equally to counter the loose fiscal policy of the US Treasury department. The US economy continues strongly with a robust jobs market.
- Other developed markets have largely seen inflation ease and as a result the central bankers are speaking with a softer tone towards future monetary policy – rates will inevitably ease although the timeline is not clear at this stage.
- The IMF forecasts global growth at 3.2%, important as far as avoiding a stagflationary environment. A key ingredient in this global growth is the recovery of confidence in China; it has managed to deliver reasonable GDP growth of 5.3% (annualised for Q1 2024).
- The SA Reserve Bank continued its conservative tone as inflation fell to 5.3% (March, released in April), above the 4.5% target level. The Reserve Bank Governor has also used the opportunity to reiterate the plan to lower this target even further to 3%.
- The February trade balance swung to a R14bn surplus, and SARS's success resulted in R10bn more collected than earlier tax estimates.
- SA Bonds beat cash despite yields holding level over the month; this is testament to the high potential returns on offer with the current entry yields of Government Bonds. Should sentiment shift in favour of South Africa it is expected that bonds will deliver strong double-digit returns.
- In the lead up to elections we remain cautious, but equally cannot ignore the opportunity set currently on offer in the fixed rate market. We remain positive about the return prospects over the next 12 months and longer.
- As fund managers we have positioned the fund to take advantage of current high interest rates which should benefit investors handsomely over the next few years.
- The fund has a **current gross yield* of 12.1%**, which is significantly higher than both short and long-term expectations for cash and inflation.

PMX BCI Dynamic Income Fund

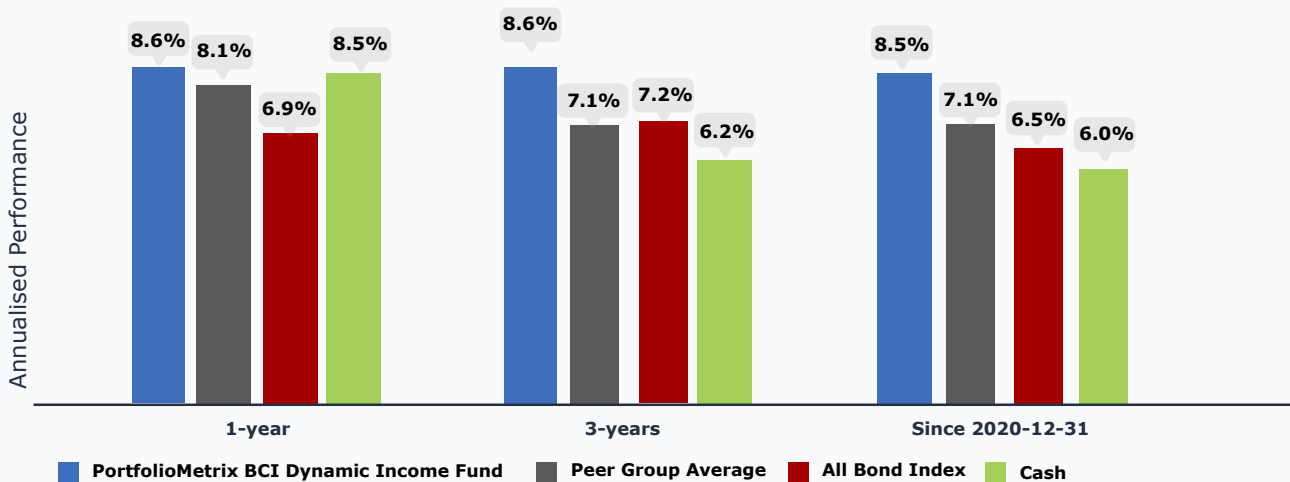


FUND UPDATE – APRIL 2024

PORTFOLIOMETRIX TEAM TRACK RECORD



April 2024	PortfolioMetrix BCI Dynamic Income Fund	Peer Group Average	All Bond Index	Cash
1 Month	1.7%	0.3%	1.5%	0.7%
3 Months	0.6%	0.6%	-1.2%	2.0%
6 Months	5.9%	4.5%	5.8%	4.2%
1 Year	8.6%	8.1%	6.9%	8.5%
3 Years	8.6%	7.1%	7.2%	6.2%
Since 2020-12-31	8.5%	7.1%	6.5%	6.0%
Cumulative Since 2020-12-31	31.2%	25.5%	23.4%	21.3%



The PortfolioMetrix Team Track Record is the composite of similar fixed income mandates managed since December 2020. Details of this performance track record are available upon request. All performance is on a Net of Fees basis. Data longer than a period of one year has been annualised.

Source: Financial Express, PortfolioMetrix

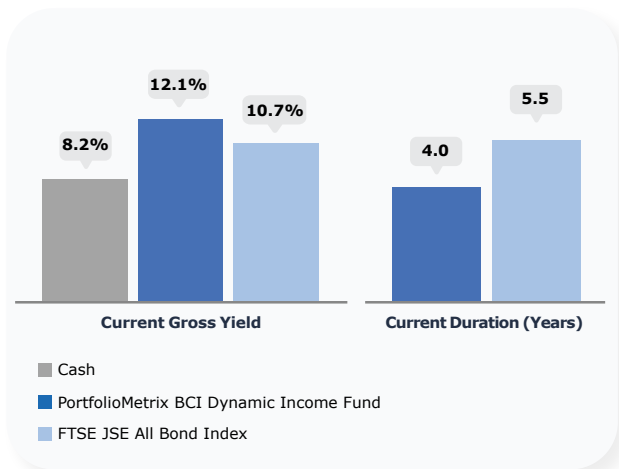
PMX BCI Dynamic Income Fund



FUND UPDATE – APRIL 2024

FUND POSITIONING

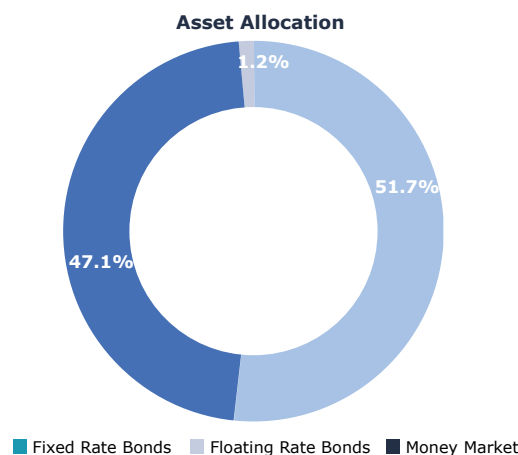
- The Fund’s gross current yield* of 12.1% remains attractive in both absolute terms and relative to cash and the All Bond Index.
- The aggregate duration is currently 4.0, which indicates an interest rate volatility of just over two thirds of the All Bond Index, which has a current duration of 5.5.
- 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 2024/04/30. Source: JSE, PortfolioMetrix

ASSET ALLOCATION

- Approximately half of 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 51% 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 the 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 – APRIL 2024

DISCLAIMERS

Shortform

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Longform

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A fund of funds is a portfolio that invests in portfolios of collective investment schemes that levy their own charges, which could result in a higher fee structure.



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