



PORTFOLIO/METRIX
Investment Management **by Design**

PortfolioMetrix BCI
DYNAMIC INCOME FUND

Fund Profile and Market Update
February 2025



PMX BCI Dynamic Income Fund



FUND UPDATE – FEBRUARY 2025

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 R100bn in assets under management.



PHILIP BRADFORD
BSoc Sci (Economics), CFA®
Chief Investment Officer



LIAM DAWSON
BEng (Mechanical Engineering)
CFA®, CAIA, FDP
Portfolio Manager



RICCARDO PERETTI
BCom (Hons), CFA®
Investment Analyst

MARKET UPDATE & OUTLOOK – FEBRUARY 2025

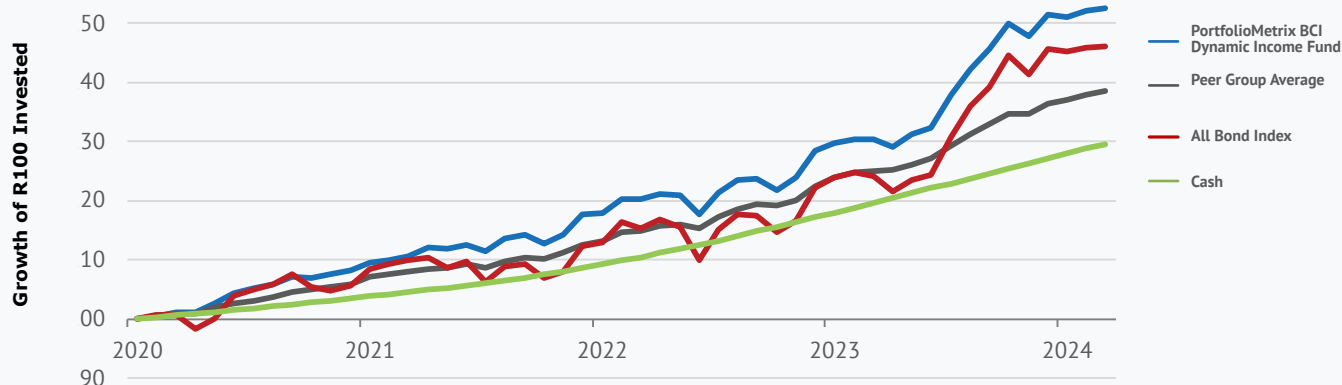
- The **PortfolioMetrix BCI Dynamic Income Fund** returned 0.4% for February and **+17.1% over the last 12 months**.
- The fund has successfully generated **+53% since inception (4 years ago)**, significantly outperforming peers (+39%) and cash (+30%).
- Government bond yields were only slightly weaker (10bps) despite geopolitical tensions and tariffs. The SA rand weathered the tariff storm relatively unscathed, ending the month flat.
- Local attention has been centred on the delayed budget proposal, which is now scheduled to be presented in Parliament on March 12th.
- The South African coalition government, known as the Government of National Unity (GNU), failed to reach an agreement on the budget in time for its initial February submission.
 - The budget, in its original form, proposed an extra R60bn spend which is quite concerning,
 - Treasury is of the belief that this needs to be financed from revenue collection rather than further debt (a positive for bonds and debt metrics)
 - The increased spend will have limited growth benefits, and a 2% higher VAT rate is unlikely to assist growth either. This makes policy reform-led growth even more urgent
 - Despite this business confidence remains at improved levels, awaiting such reform
- January inflation printed at 3.2%, lower than expectations, and provided positive support for the SA consumer
- In the domestic credit market, ABSA reports that there was a total issuance of R13.8bn, predominantly through private placement. Most interesting were the Bank issuances and Transnet's R2.8bn un-guaranteed 3-year note. Credit spreads remain exceptionally tight.
- The global macro environment saw Donald Trump impose tariffs on various countries, Mexico, Canada, and China in particular. Whilst his election as US President has resulted in high levels of business confidence in the US, it has also caused consumer confidence to fall.
- Global credit spreads are very tight. Bolstered by higher base rates ensures nominal returns are enticing, however, without much reward for the credit risk it does place a slight shadow over the global macro scene should growth begin to fare for the worse.
- Whilst markets are saturated with uncertainty, we remain alert to the opportunity this traditionally presents to the benefit of investors.
- The fund has a **current gross yield* of 11.2%**, which is significantly higher than both short and long-term expectations for cash and inflation.

PMX BCI Dynamic Income Fund

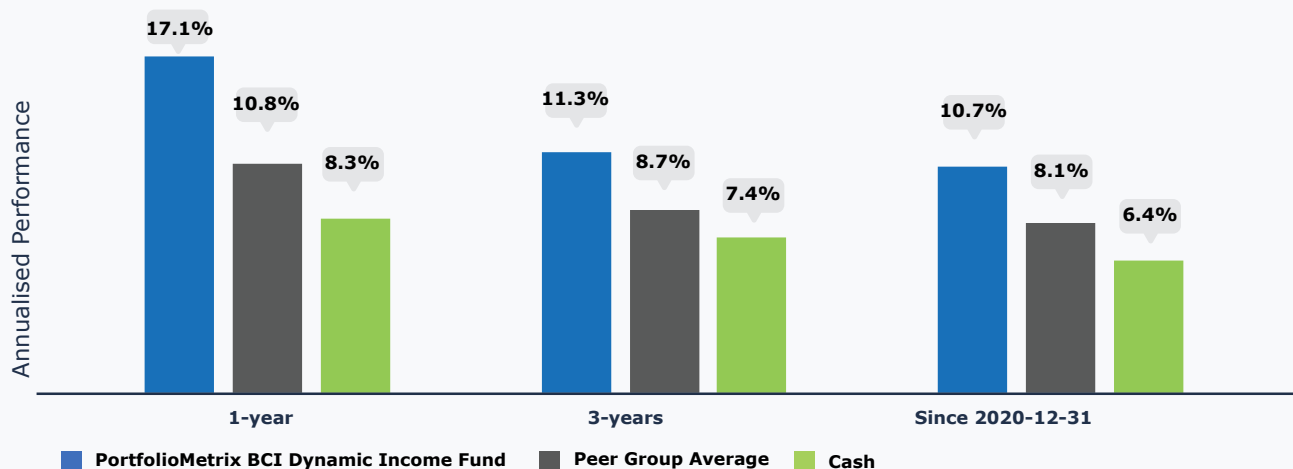


FUND UPDATE – FEBRUARY 2025

PORTFOLIOMETRIX TEAM TRACK RECORD



February 2025	PortfolioMetrix BCI Dynamic Income Fund	Peer Group Average	All Bond Index	Cash
1 Month	0.4%	0.5%	0.1%	0.6%
3 Months	0.8%	1.6%	0.2%	1.9%
6 Months	4.8%	4.3%	4.9%	4.0%
1 Year	17.1%	10.8%	17.6%	8.3%
3 Years	11.3%	8.7%	9.9%	7.4%
Since 2020-12-31	10.7%	8.1%	9.5%	6.4%
Cumulative Since 2020-12-31	52.6%	38.6%	46.0%	29.6%



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

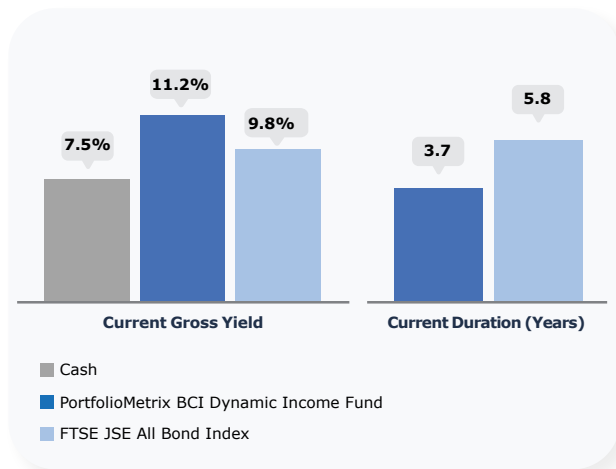
PMX BCI Dynamic Income Fund



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FUND POSITIONING

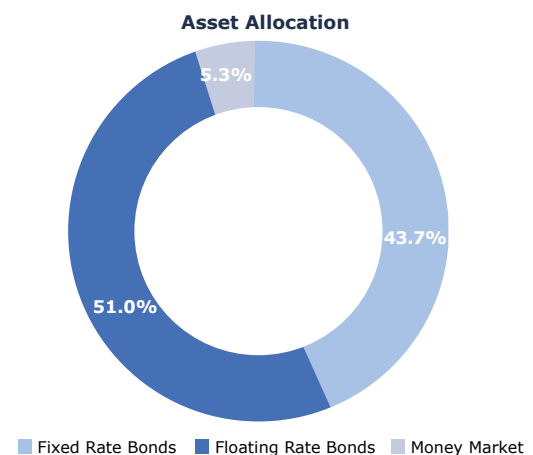
- The Fund's gross current yield* of 11.2% remains attractive in both absolute terms and relative to cash and the All Bond Index.
- The aggregate duration is currently 3.7, which indicates an interest rate volatility of around two thirds of the All Bond Index, which has a current duration of 5.8.
- We 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 2025/02/28.
Source: JSE, PortfolioMetrix

ASSET ALLOCATION

- More than 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 under 44% 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



PMX BCI Dynamic Income Fund



FUND UPDATE – FEBRUARY 2025

DISCLAIMERS

Shortform

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Longform

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BCI is approved in terms of the Collective Investments Schemes Control Act, No 45 of 2002 and is a full member of the Association for Savings and Investment SA.

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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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