



PORTFOLIO/METRIX
Investment Management **by Design**

PortfolioMetrix BCI
DYNAMIC INCOME FUND

Fund Profile and Market Update
November 2024

PMX BCI Dynamic Income Fund

PMX

FUND UPDATE – NOVEMBER 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 R90bn in assets under management.



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



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



RICCARDO PERETTI
BCom (Hons), CFA®
Investment Analyst

MARKET UPDATE & OUTLOOK – NOVEMBER 2024

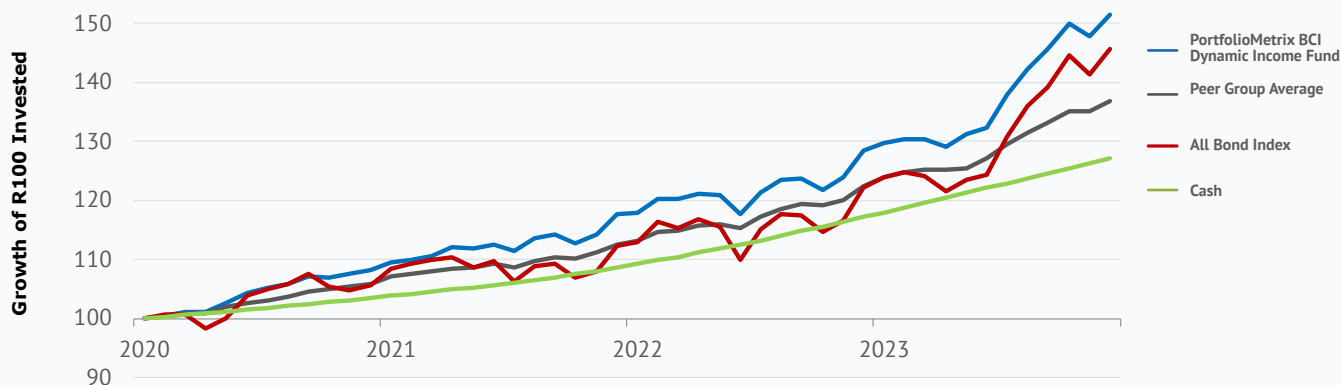
- The PortfolioMetrix BCI Dynamic Income Fund returned +2.4% for November and +17.8% over the last 12 months.
- **The fund has successfully generated +51% since inception**, significantly outperforming peers (+37%) and cash (+27%).
- The market rewarded SA bond investors during the month of November, as foreign investors continued to show their interest in government bonds, including the offshore issuances where Treasury successfully placed \$3.5bn.
- Other than foreign investment, another key driver of returns was the falling inflation rate, the latest official consumer price inflation (CPI) printed at 2.8%, below the current 3-6% target band. This prompted the SARB to cut its key interest rate by another 25bps in November.
- Despite a slightly higher level of inflation expected in the next release (RMB estimates it to be 3.2%) it remains at the lower end of the target band without substantial demand side effects.
- This brings into question the level of the Repo Rate, currently sitting just at 4.95% above inflation.
- At these levels our domestic rates compete internationally and provide stability to the rand, especially given that EM peers have not been able to stabilise their inflation to the same extent.
- However, a side-effect of rates that are too high is suppressed economic growth, something that SA cannot afford.
- SA did however see S&P Global Ratings lift its outlook on SA debt to "positive".
- Turning our view towards the global macro scene, markets have settled down following Donald Trump's success at the polls earlier this month, largely taking an optimistic view.
- Concern regarding global trade and US-imposed tariffs has led to a stronger dollar and weaker EM currencies, which the rand followed from R17.60 to R18.06 (-2.5%) to the USD.
- Interest rate and inflation uncertainty across EM and DM markets may lead to further volatility in our market, however domestic fundamentals are moving in the correct direction providing good entry points to new investors, especially since December has traditionally been a rewarding month for SA fixed income investors.
- We remain alert to any opportunities for returns, or mitigation of risks, as markets navigate this festive season. As portfolio managers we continue to manage the fund in an agile and dynamic manner to investors' benefit.
- 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

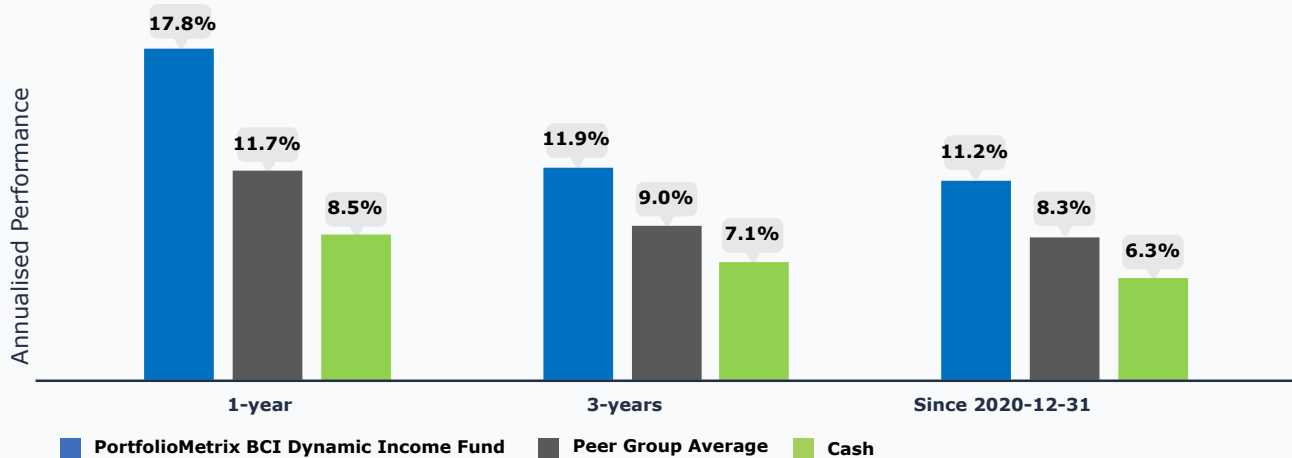


FUND UPDATE – NOVEMBER 2024

PORTFOLIOMETRIX TEAM TRACK RECORD



November 2024	PortfolioMetrix BCI Dynamic Income Fund	Peer Group Average	All Bond Index	Cash
1 Month	2.4%	1.2%	3.0%	0.6%
3 Months	3.9%	2.8%	4.7%	2.0%
6 Months	14.4%	7.6%	17.2%	4.1%
1 Year	17.8%	11.7%	19.3%	8.5%
3 Years	11.9%	9.0%	11.4%	7.1%
Since 2020-12-31	11.2%	8.3%	10.1%	6.3%
Cumulative Since 2020-12-31	51.4%	36.8%	45.8%	27.1%



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

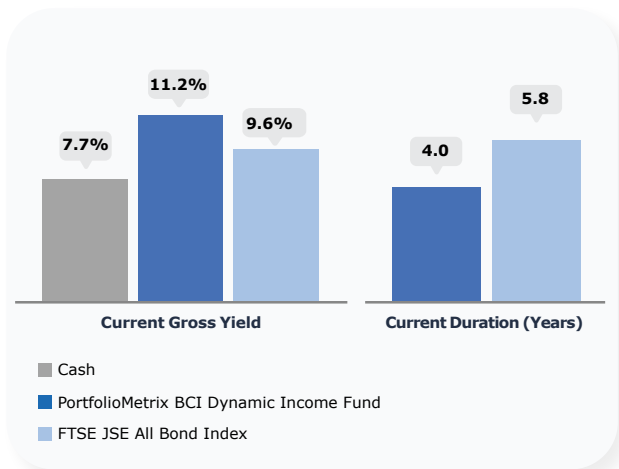
PMX BCI Dynamic Income Fund



FUND UPDATE – NOVEMBER 2024

FUND POSITIONING

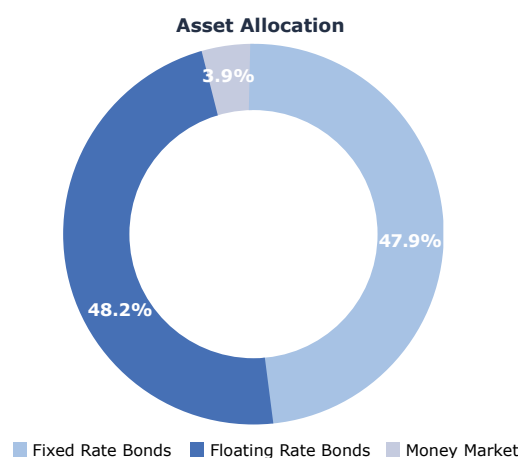
- The Fund’s gross current yield* of 11.2% remains attractive in both absolute terms and relative to cash and the All Bond Index.
- The aggregate duration is currently 4.0, which indicates an interest rate volatility of around two thirds of the All Bond Index, which has a current duration of 5.8.
- We 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 2024/11/30. 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 48% 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 – NOVEMBER 2024

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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