



Welcome

INVESTMENT PERFORMANCE AND RELATED ISSUES

FEBRUARY 2024

Presented by the Principal
Officer's Office





Agenda

> ASSET CLASSES

> HISTORIC PERFORMANCE PER ASSET CLASS

> NTRF PORTFOLIOS



Agenda

- > THINGS TO CONSIDER
- > ACCESS TO INFORMATION
- > QUESTIONS



ASSET CLASSES

- Equities
 - Domestic and global
- Property
- Bonds
- Cash





DOMESTIC EQUITIES

- Shares listed on the JSE or AltX
 - Dominated by a few large shares
 - Many shares impacted by the exchange rate due to offshore holdings
- Private equity normally reflected separately



DOMESTIC EQUITIES

- Value style vs growth style
 - Managers may favour one style over the other
 - Styles will mean different relative performance cycles
- Value investing is an investment strategy that involves picking stocks that appear to be trading for less than their intrinsic or book value. Value investors actively ferret out stocks they think the stock market is underestimating.
- **Growth investing** is a type of investment strategy focused on capital appreciation. Those who follow this style, known as *growth investors*, invest in companies that exhibit signs of above-average growth, even if the share price appears expensive in terms of metrics such as price-to-earnings or price-to-book ratios.



DOMESTIC EQUITIES

- Sector specific
 - Different sectors, include financials, resources, industrials, listed property etc
 - Different issues impact the sectors differently and as a result the return on investment



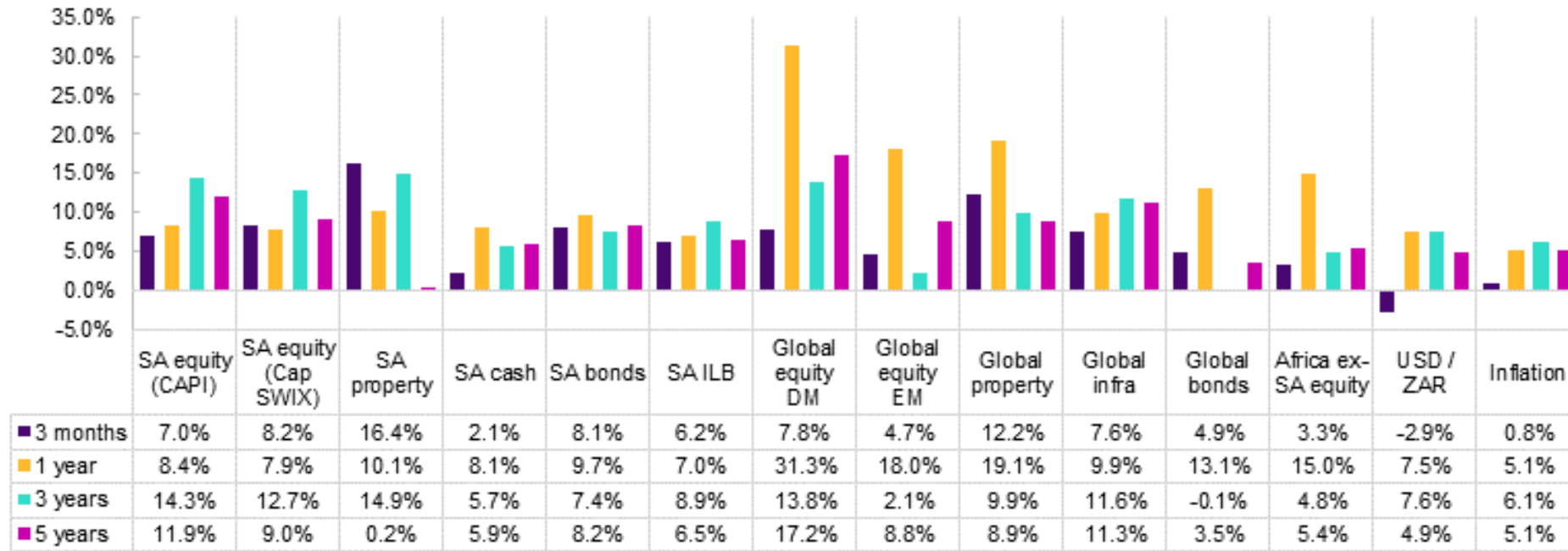
DOMESTIC EQUITIES

- Index Tracker Funds
 - Different tracking errors (need assets to match closer)
 - Cost of tracker funds is lower.
 - Should underperform the index by the fee



INDEX RETURNS

Major index returns periods up to 5 years





DOMESTIC EQUITIES

SWIX stands for **Shareholder Weighted Index**. It represents the proportion of a company's shares held on the South African share register. In other words, it considers the ownership structure of companies.

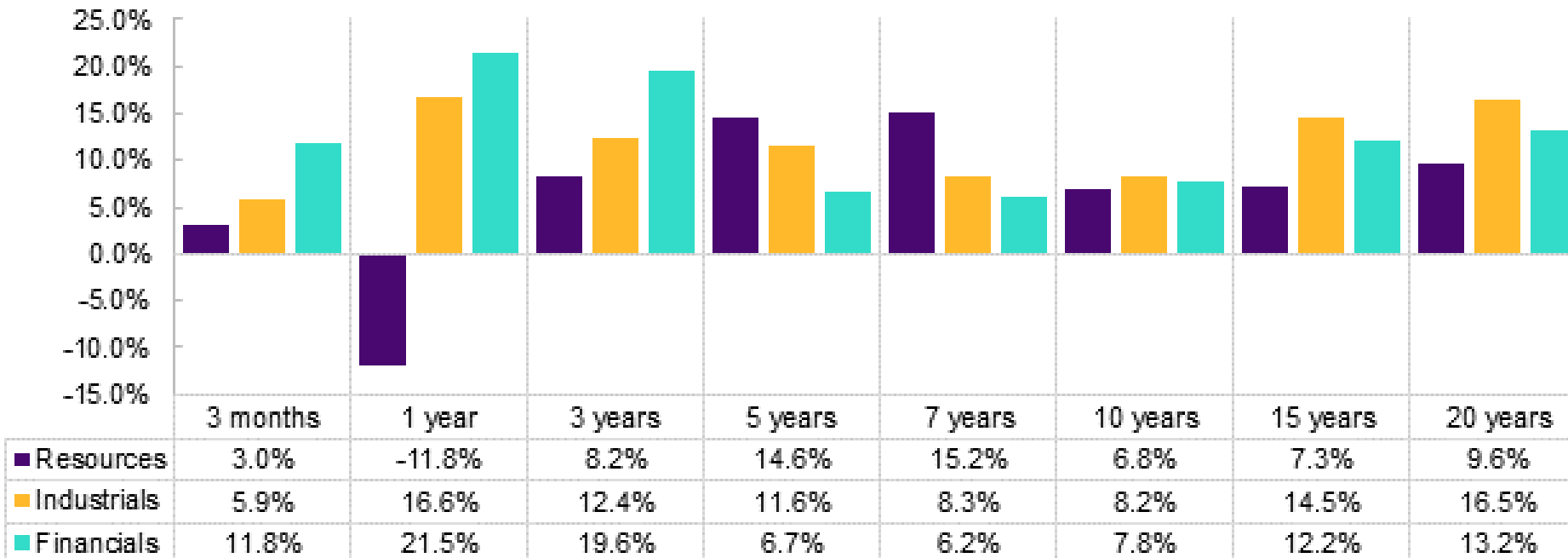
The **Capped SWIX** aims to reduce concentration risk by capping the weightings of individual companies at **10%**.

The best local performing stocks over the last quarter were mid and small cap stocks Sable Exploration (+150.0%) and Murray and Roberts (+104.1%) and Transaction Capital (+90.0%). Index heavyweights Gold Fields, Naspers and FirstRand were up 35.3%, 3.7% and 18.8% respectively. The worst performing top 10 counters were Anglo American (-9.9%) and British American Tobacco (-6.4%). Banking was the best performing sector over the quarter.



DOMESTIC EQUITIES BY SECTOR

SA equity sector returns





AFRICAN EQUITIES

- Africa ex-SA equities remain in the doldrums delivering a very poor return of 5.4% p.a. over the past five years. Investors continue to be concerned about the vulnerability of Africa ex-SA countries to external shocks. These worries are reflected in the market pricing, and we estimate that high quality Africa ex-SA stocks trade at about a 70% discount to their global counterparts. Thus, it would appear as if many investors have lost interest in Africa ex-SA and regard it as uninvestable at almost any price.



Domestic Property

- The SA listed property sector (SAPY) was up a strong 16.4% over the quarter as long term interest rates declined and companies reported slightly better results than expected. The sector trades at a discount of some 30% to net asset value reflecting investor concerns about the long term outlook for the sector.
- Over the five year period, SA listed property has been the worst performing local asset class by a long way. This asset class is directly exposed to weak local GDP growth and the long term impact of Covid-19 is reshaping the sector. One may have expected the offshore earnings of UK and Eastern European counters listed locally to provide some offset, but economic growth in these countries has also been weak.



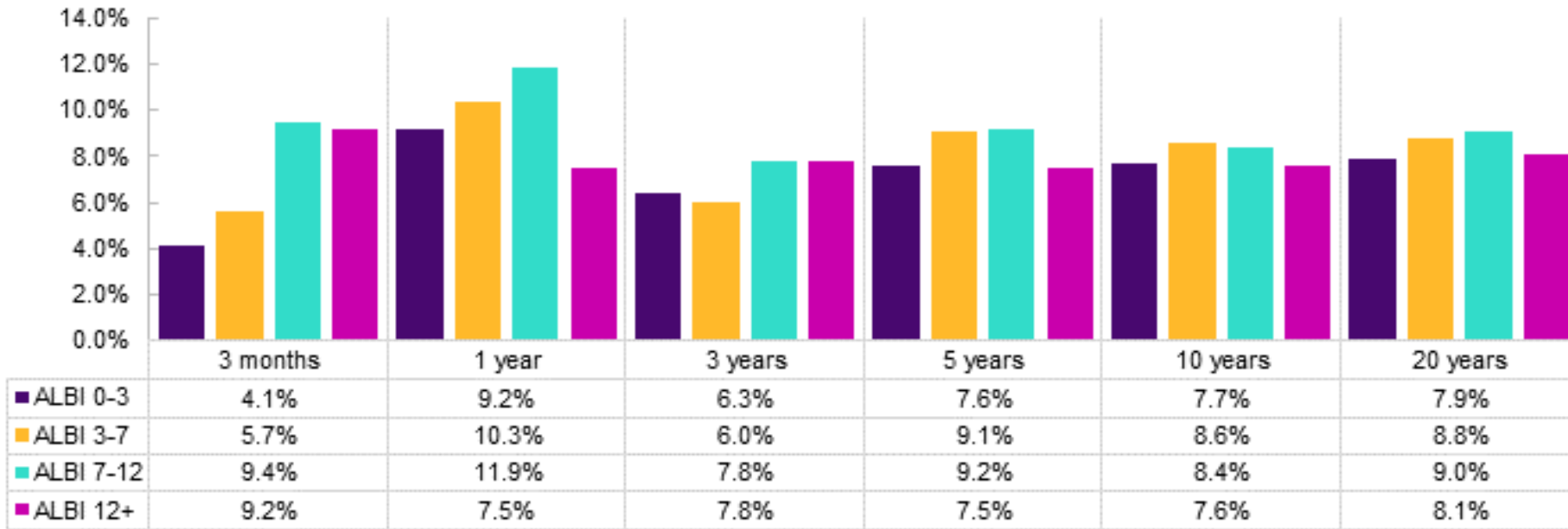
Domestic Bonds

- SA nominal bonds delivered a return of 8.1% over the quarter. Local bond yields remain high in real terms as investors seek compensation for the high country risk associated with being invested in this asset class. Local nominal bonds delivered a real return of 3.1% p.a. over the past five years, comfortably out-performing inflation linkers that only delivered a real return of 1.4% p.a. over the same period. Investors remain sanguine about the independence of the SARB to keep inflation in the 3.0% to 6% p.a. range.



Domestic Bonds

SA bond sector returns





GLOBAL EQUITIES

- Returns for global equity markets over the quarter were driven by suggestions from the US Federal Reserve ("Fed") that the interest rate hiking cycle is probably over, observed lower inflation and a buoyant US job market. The best performing sector over the quarter was information technology stocks which were up 17.6% in ZAR.
- Japan and USA were the best performing countries over the quarter. The Japanese market benefitted from improving investor sentiment around the possibility of unlocking value tied up on company balance sheets and a stronger Yen to the US\$. The USA market return was again driven by its high exposure to technology companies.
- Global equities (in ZAR) have out-performed local equities (as measured by the Capped SWIX Index) by a material 23.5% over the past year, with 7.5% thereof being driven by the US\$/ZAR appreciation.



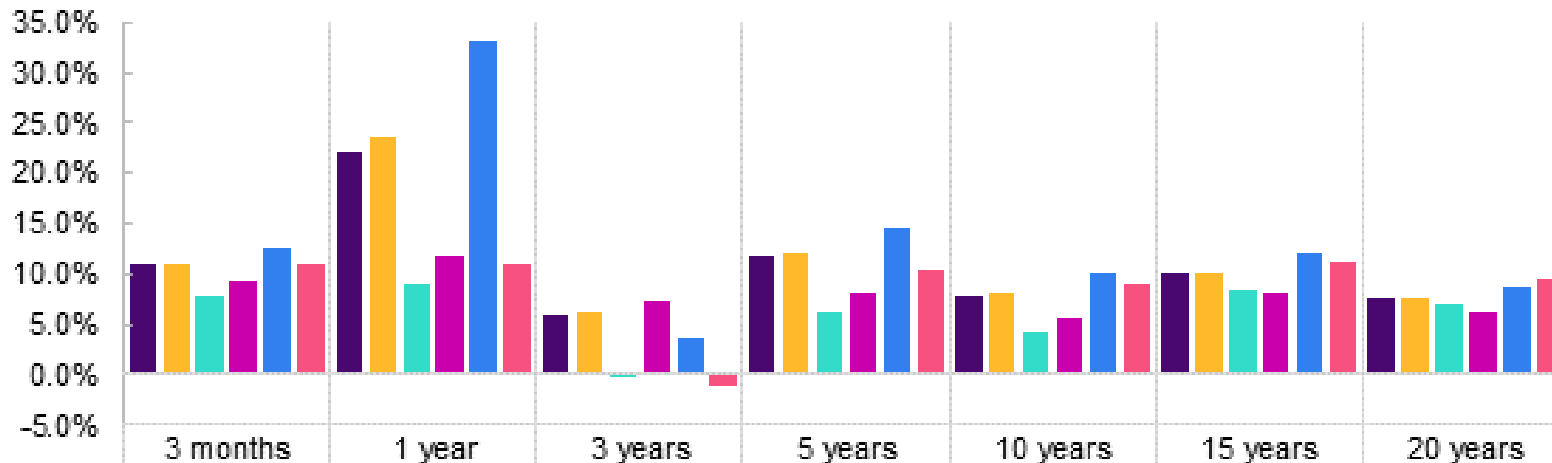
GLOBAL EQUITIES

- The strong return of the MSCI ACWI ND over the year was driven largely by the so-called Magnificent Seven (“M7”) companies that contributed 39.8% of the MSCI ACWI return over the year although they only weight 16.9% of the index. The M7 companies delivered an eye-watering average return of 111% over the year. The aggregate weight of the top 10 counters of the MSCI ACWI Index was 18.4% at year-end, the highest since 1994.
 - Apple (AAPL)
 - Alphabet (GOOGL)
 - Microsoft (MSFT)
 - Amazon.com (AMZN)
 - Meta Platforms (META)
 - Tesla (TSLA)
 - Nvidia (NVDA)



GLOBAL EQUITIES

Global equity returns in US\$

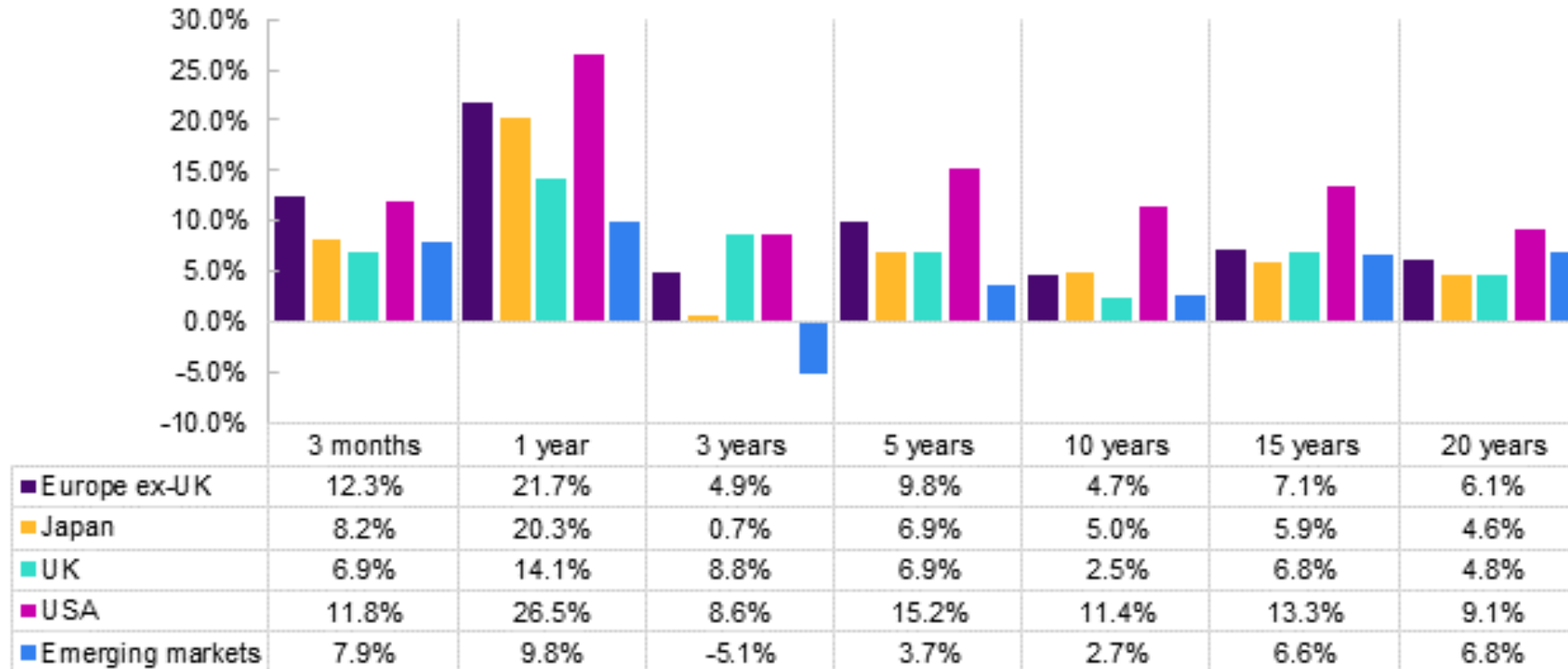


	3 months	1 year	3 years	5 years	10 years	15 years	20 years
■ ACWI	11.0%	22.2%	5.7%	11.7%	7.9%	10.2%	7.5%
■ ACWI Large Cap	11.0%	23.4%	6.3%	12.1%	8.2%	10.2%	7.5%
■ ACWI Equal Weight	7.7%	8.9%	-0.4%	6.1%	4.2%	8.3%	6.9%
■ ACWI Value	9.2%	11.8%	7.3%	8.2%	5.5%	8.1%	6.2%
■ ACWI Growth	12.7%	33.2%	3.7%	14.6%	10.1%	12.0%	8.7%
■ ACWI Momentum	10.8%	11.0%	-1.0%	10.3%	8.9%	11.2%	9.7%



GLOBAL EQUITIES BY COUNTRY

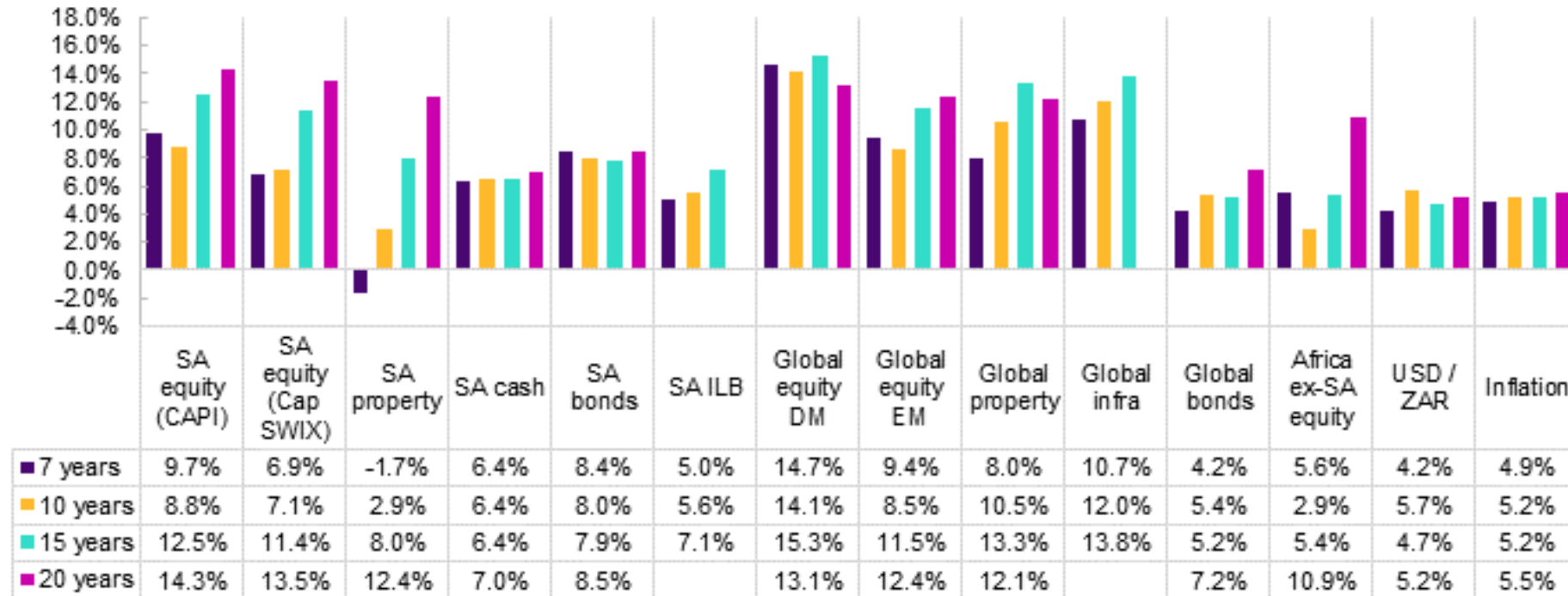
Global equity country returns in US\$





LONGER TERM INDEXES

Major index returns periods longer than 5 years





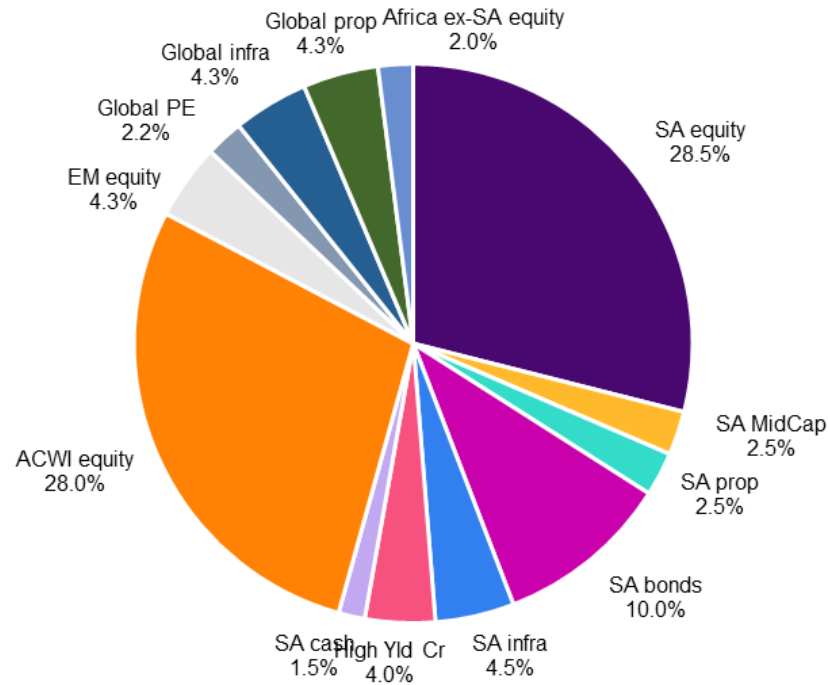
EXCHANGE RATE

- Over the 20-year period the USD/ZAR exchange rate movement (5.2% p.a.) is 2.3% p.a. higher than the inflation differential between the two countries. Historically this differential has been in the range of 1% to 1.5% p.a. which represents a premium for volatility and illiquidity. The reading of 2.3% p.a. reflects increasing investor aversion to allocating capital to South Africa over more recent periods.



LONG TERM CAPITAL PORTFOLIO

Strategic Asset Allocation

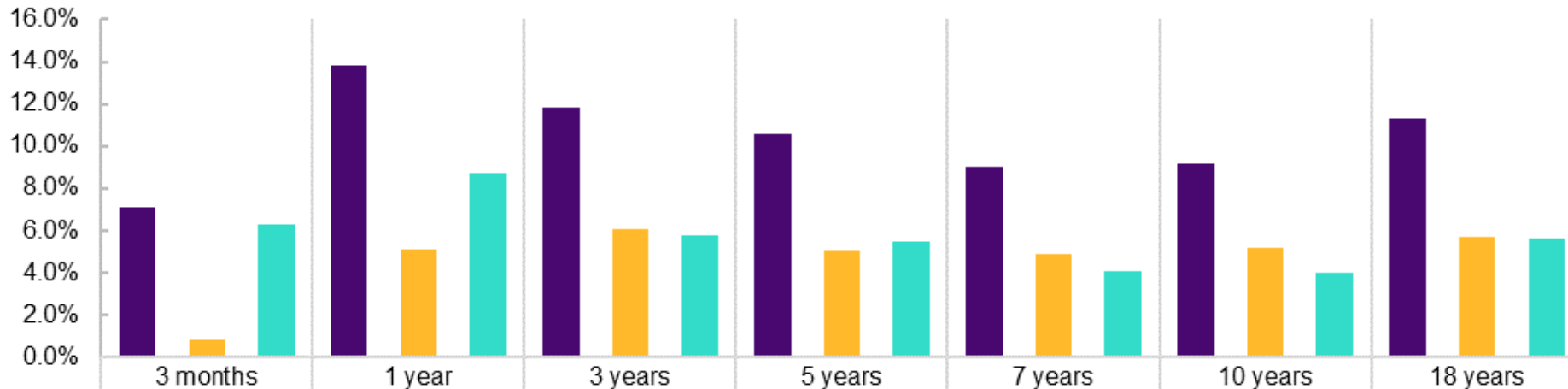




Visit the Fund
Website TODAY!

LONG TERM CAPITAL PORTFOLIO

Long Term Capital Portfolio (net) versus inflation



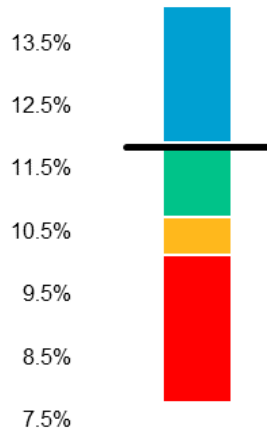
	3 months	1 year	3 years	5 years	7 years	10 years	18 years
■ Long Term	7.1%	13.8%	11.8%	10.5%	9.0%	9.2%	11.3%
■ Inflation	0.8%	5.1%	6.1%	5.1%	4.9%	5.2%	5.7%
■ Real return	6.3%	8.7%	5.8%	5.5%	4.1%	4.0%	5.6%



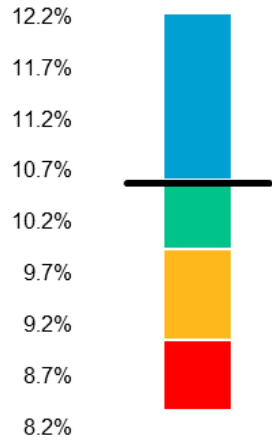


LONG TERM CAPITAL PORTFOLIO

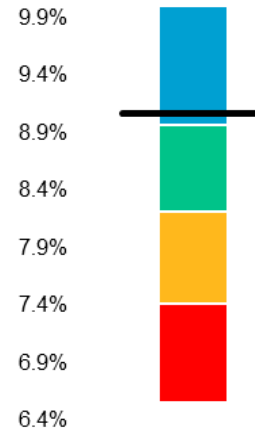
Long Term Portfolio - Peer relative 3 years



Long Term Portfolio - Peer relative 5 years



Long Term Portfolio - Peer relative 7 years





LONG TERM CAPITAL PORTFOLIO

- There have been negative years:
 - 2008 (-7.5%)
 - 2018 (-1.1%)
 - 2022 (-1.4%)
- There have been high return years:
 - 2006 (29.8%)
 - 2013 (24.0%)
 - 2021 (24.6%)



LONG TERM CAPITAL PORTFOLIO

- There are also short term “swings”:
- September 2023 : -3.3%
- October 2023 : - 2.5%
- November 2023 : +7.9%



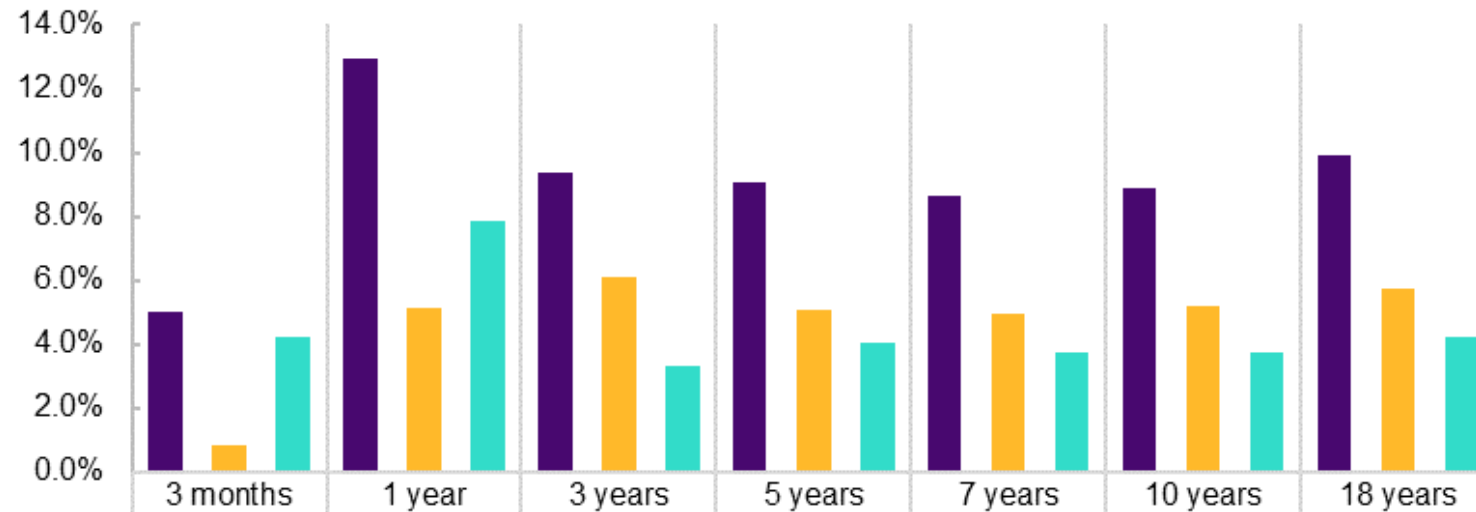
LONG TERM CAPITAL PORTFOLIO

- Consider index returns for year to date to 22 February 2024:
 - JSE All Share: -3.51%
 - JSE Resources: -12.74%
 - MSCI World (in USD): +5.23%



STABLE PORTFOLIO

Stable Portfolio net returns versus Inflation

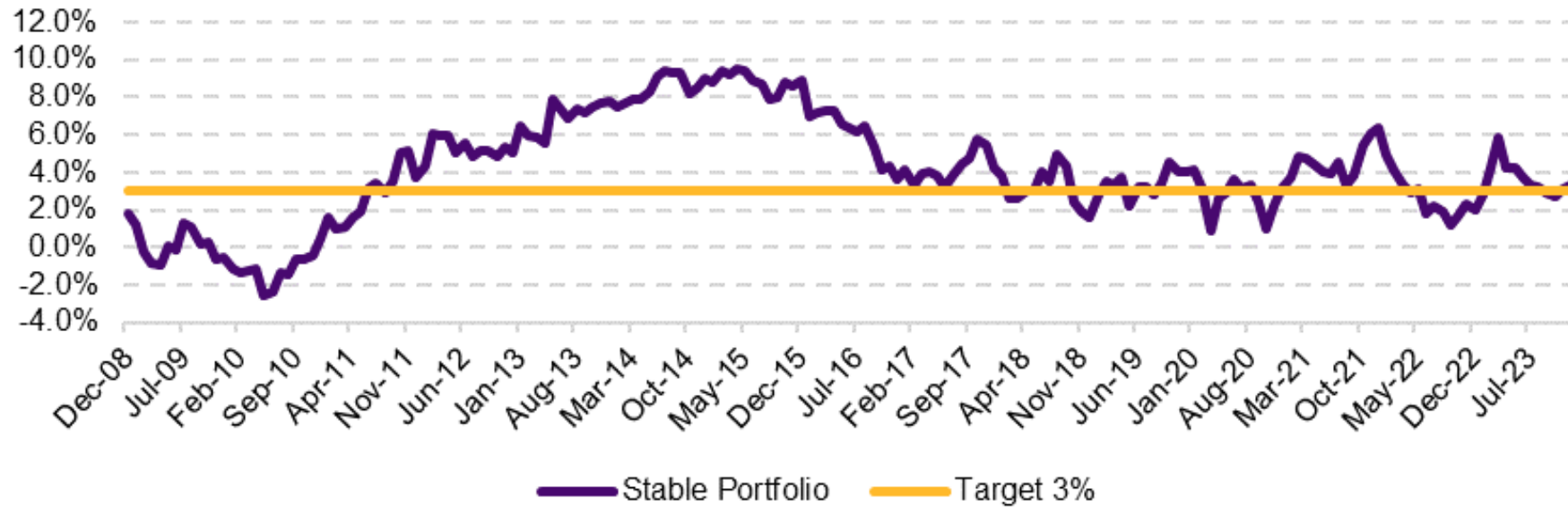


	3 months	1 year	3 years	5 years	7 years	10 years	18 years
■ Stable Portfolio	5.0%	13.0%	9.4%	9.1%	8.6%	8.9%	9.9%
■ Inflation	0.8%	5.1%	6.1%	5.1%	4.9%	5.2%	5.7%
■ Real return	4.2%	7.8%	3.3%	4.0%	3.7%	3.7%	4.2%



STABLE PORTFOLIO

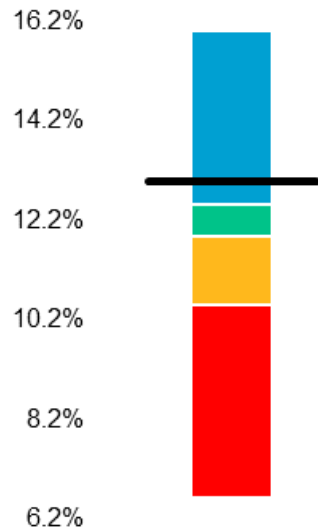
Stable Portfolio (net) rolling 3-year real return



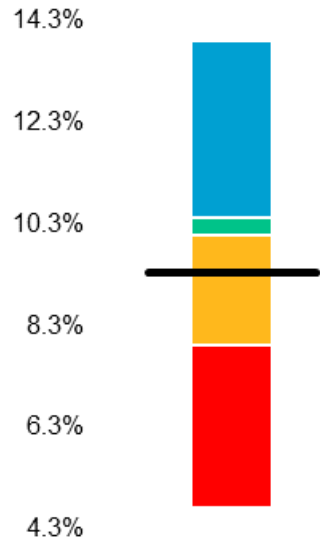


STABLE PORTFOLIO

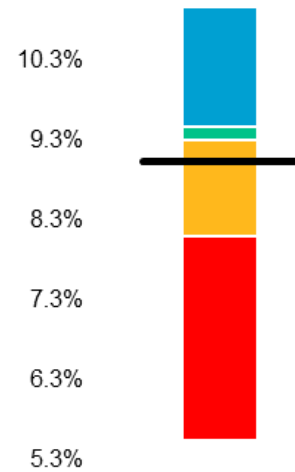
Stable Portfolio - Peer relative 1 year



Stable Portfolio - Peer relative 3 years



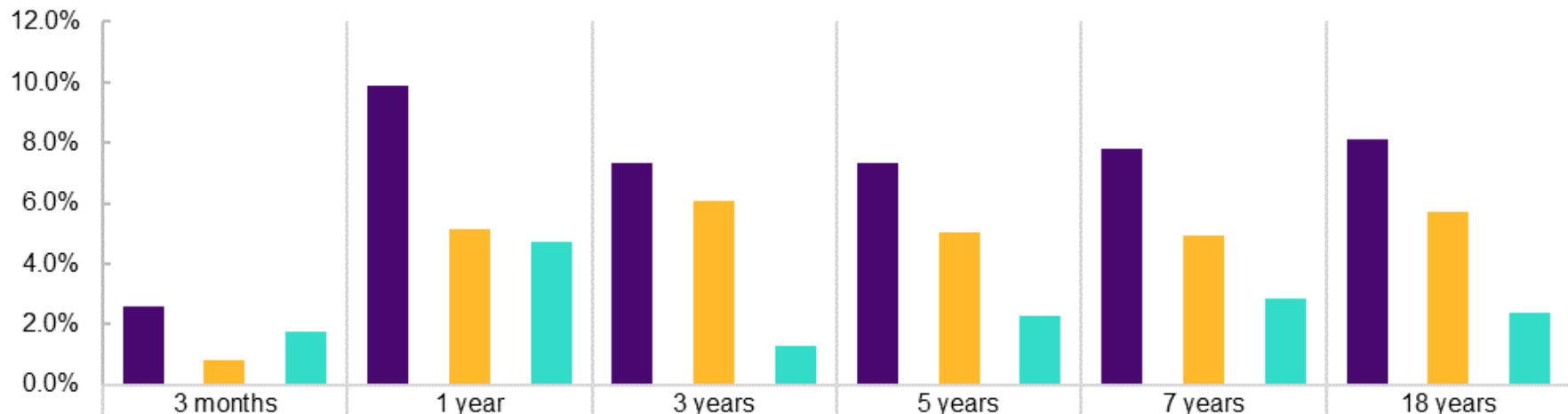
Stable Portfolio - Peer relative 5 years





Money Market portfolio

Money Market Portfolio net returns versus Inflation

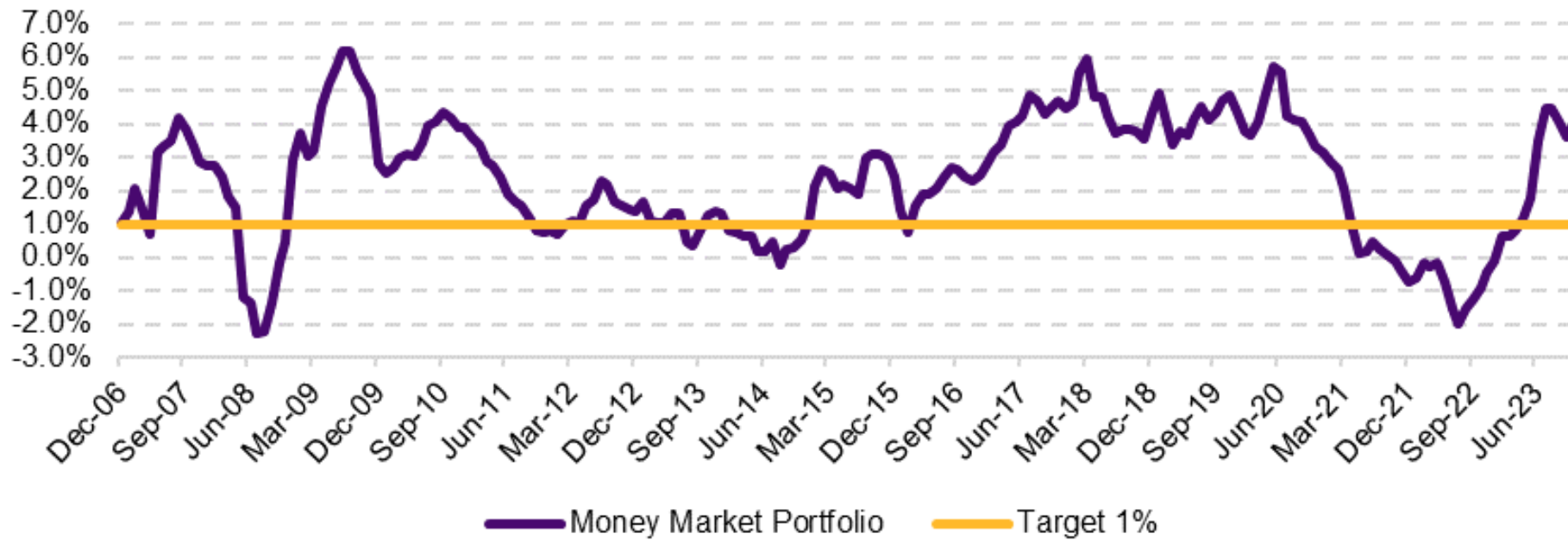


	3 months	1 year	3 years	5 years	7 years	18 years
■ Money Market Portfolio	2.6%	9.9%	7.3%	7.3%	7.8%	8.1%
■ Inflation	0.8%	5.1%	6.1%	5.1%	4.9%	5.7%
■ Real return: Money Market Portfolio	1.8%	4.8%	1.3%	2.3%	2.9%	2.4%



Money Market portfolio

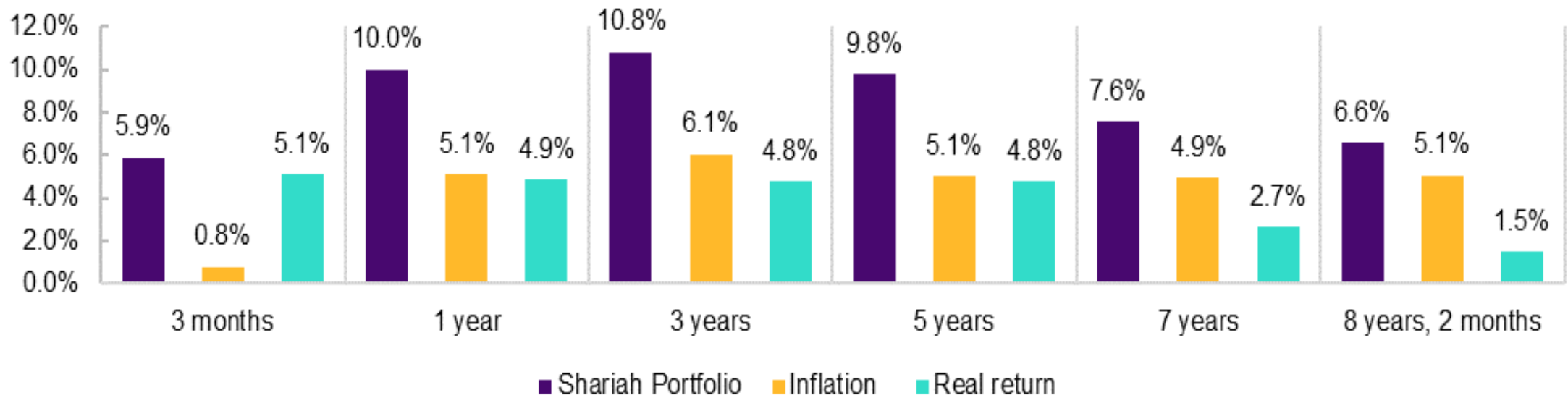
Money Market Portfolio rolling 1 year real return





Shar'iah portfolio

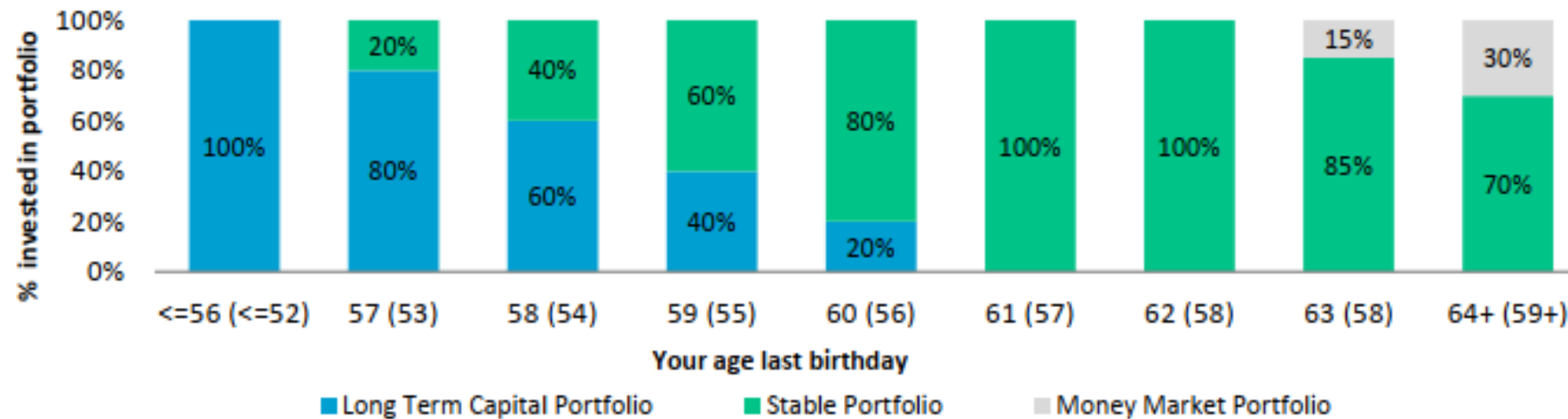
Shariah Portfolio net returns versus Inflation





Things to consider

- Does the lifestage model fit your needs?





Access to information

- Fund website: www.ntrf.co.za
- Monthly Investment Fund Fact sheets – published on Fund website
- Online Member Portal (secure website): <https://mra.momentum.co.za/>
- Newsletters and articles – published on Fund website
- Online Member Retirement Planning Tool – coming soon
- Annual Member Benefit Statements & monthly member values (available on Member Portal)
- Online Retirement Seminars



Questions





Fund Contact Information

Member Website: www.ntrf.co.za

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