

## **FUND INFORMATION**

Fund Structure:

Portfolio Manager: Kelebogile Moloko, Jacques Simpson Inception date: May 2020

Fund size R'millions: R259.87

Benchmark: Short Term Fixed Interest ("STEFI") Composite Index

Performance Target: STEFI + 1.00% p.a.

Minimum Credit

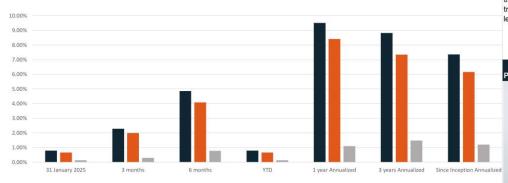
Segregated

#### INVESTMENT OBJECTIVE

The Fund seeks to produce returns that are superior to the Short Term Fixed Interest ("STEFI") Composite Index by seeking investment opportunities in the fixed income market that offer value on a relative basis. The Fund's strategy is to build a diversified portfolio that achieves a higher weighted average yield over risk free rates while minimising volatility.

The Fund is suitable for institutional clients with various risk profiles and can be allocated in a retirement fund's investment strategy as a portion of the money market allocation in a balanced portfolio.

# **FUND PERFORMANCE**



■ Portfolio ■ STEFI ■ Difference

# MONEY MARKET VIEW AND PORTFOLIO STRATEGY

South Africa's inflation rate increased marginally to 3% in December, up from 2.9% in November. Inflation continues to print below the 4.5% mid-point target set by the SARB for a fifth month in a row. In January the FOMC kept the target range of the fed funds rate at 4.25% to 4.5% and reiterated that they will employ a wait-and-see approach to cutting rates as they digest incoming inflation data and the impact of the Trump administration's changes to trade and immigration policy. Locally, the SARB delivered a hawkish 25 basis points cut to the repo rate citing concerns to inflation in the medium term. Given developments in global trade and trade tariffs, we expect the SARB to leave the repo rate unchanged at the next meeting in March.

#### PORTFOLIO MANAGERS



#### Kelebogile Moloko Chief Investment Officer

# Qualifications

B.Com (Economics & Finance) B.Com Honours (FAPM)



# Senior Fixed Income Portfolio

Manager

## Qualifications

Jacques Simpson

B.Econ (Economics & Transport Economics)

Masters of Economics

PHYSICAL ADDRESS

**Prowess Investment Managers** The ICON Building 24 Hans Strijdon Avenue Foreshore Cape Town, 8000





31 January 2025

1 year Annualized

2 years Annualized 3 years Annualized

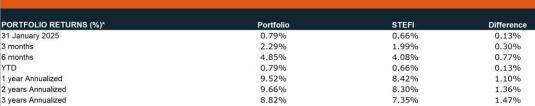
Since Inception Annualized

\*Time Weighted Rate of Return

3 months

6 months

YTD



6.16%

PERFORMANCE COMMENTARY South African bonds experienced a sell-off primarily due to global market volatility and investor risk aversion. A significant factor was the sharp global sell-off linked to advances by Chinese artificial intelligence startup DeepSeek, which led investors to question the high valuations of major U.S. technology and Al companies. A hawkish hold by the FOMC at the January meeting and strong U.S. economic indicators, strengthened the U.S. dollar which in turn exerted pressure on risk-sensitive currencies like the South African rand. These combined factors led to increased yields on South African government bonds. For the money market curve, the 3-month and 6-month Jibar rates rallied by 19 and 13 basis points respectively, while the 12-month Jibar rates rallied by 1 basis points in January. The spread between 12x15 FRA rates and 3m Jibar rates widened by 28 basis points during this period. At the last MPC meeting in January, policymakers opted for a 25 basis point cut to the reporate. The 3-month Jibar rate being higher than the 12x15 FRA by 22 basis points meant that the derivatives market ended the month expecting the monetary policy committee to cut rates by a 25 basis points over the next 12 months. Our portfolio positioning continued producing positive alpha for the month.

### ASSET CLASS RETURNS

1.20%

Equities were the best performing asset class during the month with a return of 2.32% followed closely by Cash at 0.66%. Nominal Bonds yielded a return of 0.44% while Inflation Linked Bonds (ILBs) had the lowest return of -0.32% for the month.

#### INTEREST RATE RISK: DURATION AND YIELD

Modified duration as at: Friday, 31 January 2025 Portfolio 0.07

ALBI 5.73

Sector	ALBI	Fund Physical	Fund Equivalent	Difference					
Cash	0.00	0.00	0.00	0.00	Total				
Money Market	0.00	0.03	0.03	0.03	12+ years				
Inflation Linked Bonds	0.00	0.42	0.42	0.42	7 - 12 years				
Derivatives	0.00	-0.42	-0.42	-0.42	3 - 7 years				- 1
1 - 3 years	0.22	0.01	0.01	-0.21	1 - 3 years				
3 - 7 years	0.79	0.03	0.03	-0.76	Derivatives				
7 - 12 years	1.48	0.00	0.00	-1.48	Inflation Linked Bonds			8	
12+ years	3.24	0.00	0.00	-3.24	Money Market				
Total	5.73	0.07	0.07	-5.66	Cash	-0.90	-0.40	0.10	0.60

7.36%

ASSET CLASS RETURNS	MTD	QTD	YTD	12 months					
Cash#	0.66%	1.99%	0.66%	8.42%	60.00%				
ILBs*	-0.32%	1.54%	-0.32%	7.36%	50.00%				
Equities~	2.32%	1.06%	2.32%	19.58%	40.00%				
Nominal Bonds	0.44%	3.14%	0.44%	16.86%	30.00%				
source: RMB, INET					20.00%				
* JSE ASSA Total Index Return I	nflation Linked Series-I	GOV			10.00%	0000		20	
					0.00%				
					-10.00%				
					-20.00%	MTD	QTD	YTD	12 months
							Q1D	110	12 months

					■ ALBI ■ Fund Ph	ysical Fund Equivalent Difference
Sector exposure	ALBI	Fund Physical	Fund Equivalent	Difference		
Cash	0.00%	6.52%	6.52%	6.52%	NATIONAL PROPERTY.	
Money Market	0.00%	36.93%	36.93%	36.93%	Total 12+ years	
Inflation Linked Bonds	0.00%	4.50%	4.50%	4.50%	7 - 12 years	
Derivatives	0.00%	-3.87%	-3.87%	-3.87%	3 - 7 years	-
1 - 3 years	13.76%	14.03%	14.03%	0.27%	1 - 3 years	-
3 - 7 years	18.65%	41.89%	41.89%	23.25%	Derivatives	12
7 - 12 years	25.72%	0.00%	0.00%	-25.72%	Inflation Linked Bonds Money Market	
12+ years	41.87%	0.00%	0.00%	-41.87%	Cash	
Total	100.00%	100.00%	100.00%	0.00%		0.00% 90.00% 180.00% 270.00%

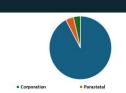






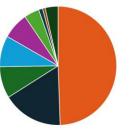
Approximately 0% of the portfolio is invested in NCD's.

Credit Exposure	% Holding			
Corporation	99.37%			
Parastatal	4.50%			
Government	-3.87%			
Total	100.00%			

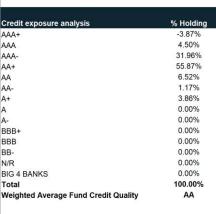


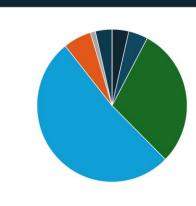
■ Government

% Holding Sector Analysis 53.27% Banking Financial Solutions 17.98% Automotive 9.29% Telecommunications 9.11% 7.77% General Industrials 4.50% Energy 1.17% Property 0.78% Logistics Public -3.87% Total 100.00%



■ Financial Solutions ■ Automotive ■ Telecommunications ■ General Industrials ■ Energy ■ Property ■ Logistics ■ Public ■ Total





■ AAA+ ■ AAA = AAA- ■ AA+ ■ AA = AA- ■ A+ ■ A ■ A- ■ BBB+ ■ BB- ■ BR- ■ N/R ■ BIG 4 BANKS



