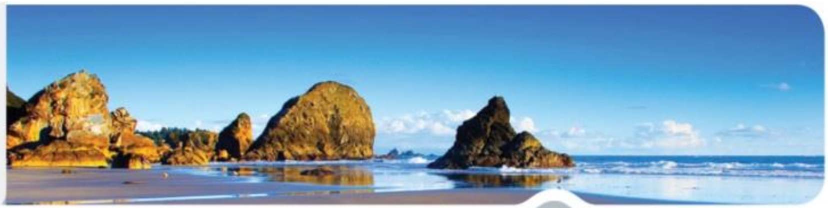
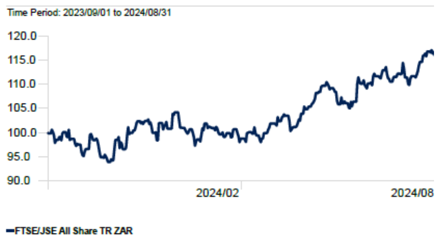


Perspectives | Monthly Market Review

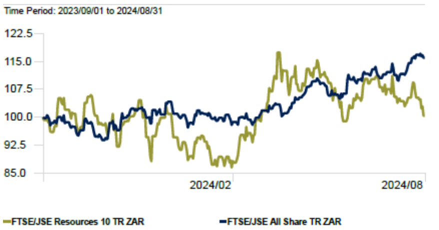
September 2024

CONTENTS: Market Report | Company Results | Snippets | CCM Rates | Dividends Payable

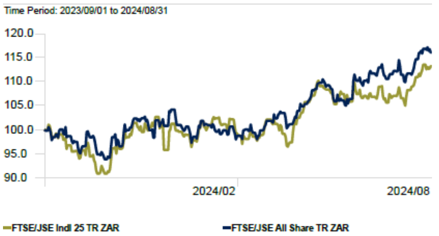
All Share



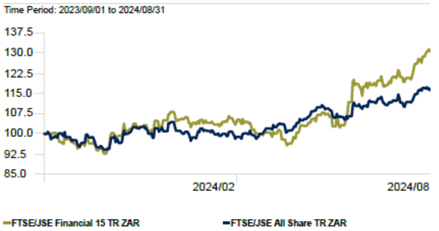
Resources



Industrials



Financials



Index	Value	Aug (%)	YTD (%)
All Share	83,750	▲ 1.4%	▲ 11.4%
S&P 500	5,648	▲ 2.4%	▲ 19.5%
FTSE 100	8,377	▲ 0.9%	▲ 11.6%
Rand/USD	17.76	▼ 2.4%	▼ 2.9%
Rand/GBP	23.33	▼ 0.1%	▲ 0.1%
Gold ($)	2,494	▲ 2.8%	▲ 20.9%
Plat ($)	928	▼ 5.5%	▼ 6.8%
Brent ($)	78.80	▼ 2.4%	▲ 2.3%

Local bourse continues its streak for a 5th consecutive month

The JSE extended its rally for the fifth consecutive month as the All Share (+1.38%) and Capped SWIX (+1.29%) climbed impressively on sustained optimism surrounding the formation of the GNU. Retailers (+8.98%) continued their electric streak as market participants' bullishness on SA Inc. stocks served as a boost for companies geared towards the local economy. Other strong performing sectors that contributed to the solid performance seen on the bourse include property (+8.25%), financials (+5.30%), technology (+4.23%), and industrials (+2.98). Miners (-10%) were the biggest drag on the local bourse as precious metal commodity prices experienced mixed fortunes this month with platinum (-5.54%) prices coming under pressure while gold prices rose 2.77%. Rising gold prices were enough to stave off the sell-off seen amongst the precious metal miners as both gold and platinum miners endured a torrid month. Platinum miners in particular were the most adversely affected amongst the miners as Northam Platinum (-26.1%), Impala Platinum (-17.4%), and Anglo American Platinum (-11.7%) all delivered negative double-digit returns. The local currency (+2.4%) put on a robust display against the dollar as the greenback softened on broad-based dollar weakness.

In the second quarter of 2024, the local economy grew by 0.4% quarter-on-quarter, driven by key sectors such as finance, manufacturing, trade, and utilities. On the demand side, household and government spending, along with rising inventories, contributed to the growth. However, uncertainty loomed due to potential El Niño effects on agriculture. Finance and real estate were the biggest growth drivers, followed by manufacturing, trade, and utilities. Manufacturing saw a 1.1% rebound after a previous contraction, with motor vehicles and food production being strong areas.

However, not all sectors thrived. Transport, storage, and communications dropped by 2.2% due to strikes and reduced freight volumes. Agriculture struggled with poor weather and disease, while mining experienced another decline due to lower production of key resources like iron ore and coal. Household consumption, a major contributor to GDP, rose by 1.4%, supported by increased consumer spending across various categories, particularly insurance. Despite this, fixed investment fell for the fourth consecutive quarter, driven by reduced spending on infrastructure and equipment.

After 10 months of holding steady between the 5-6% range, local year-on-year headline inflation cooled to 4.6% in July from 5.1% in June. This represents the lowest inflation print since July 2021, where headline inflation was also 4.6%. Year-on-year core inflation, which strips out sticky food and energy prices, also cooled to 4.3% in July from 4.5% in June. The Monetary Policy Committee opted to keep both the prime lending rate and the repo rate unchanged at 11.75% and 8.25% respectively. Four members opted to take the stance of keeping rates unchanged, with 2 members preferring a 25 basis points rate cut. In discussing their stance, MPC members were of the view that restrictive policy remains appropriate to stabilise inflation at 4.5%. The Monetary Policy Committee is widely expected to opt for a 25 basis point rate cut at their next meeting which will take place on Thursday the 19th of September 2024.

Global markets rise as Fed prepares to pivot

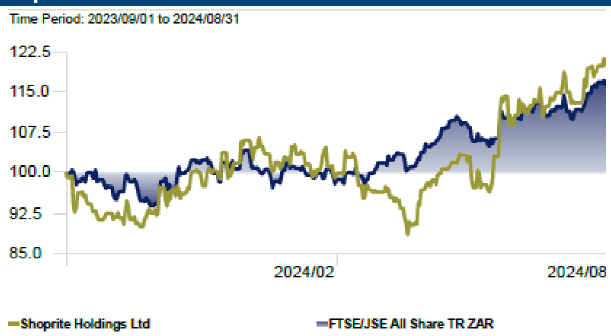
Global equity markets displayed their resilience in August as the MSCI ACWI (+2.57%) and MSCI World (+2.68%) rose despite market volatility reaching pre-pandemic levels. The CBOE Volatility index, which is a measure of implied S&P 500 volatility, spiked to levels only observed during the advent of the COVID-19 pandemic as well as the Global Financial Crisis. Several notable events contributed to the volatility seen in August, namely concerns surrounding the health and state of the US labour market as well as the unwinding of the Yen carry trade. The July labour market data suggests that the health of the labour market is emerging more as a primary concern than inflation. The July figure for non-farm payrolls fell short of expectations, with a figure of 114,00 while unemployment rose for the fourth straight month triggering the “Sahm Rule”, which typically coincides with recessions. Much of the surprising labour market data has urged the Fed to be clear in its intentions to cut rates.

Speaking at this year's Jackson Hole symposium, Fed Chair, Jerome Powell, stated: "The time has come for policy to adjust." While the pace and magnitude of the cuts may vary, the Fed's direction and intentions are now clear surrounding policy rates heading lower. Year-on-year US Headline inflation dove further below 3%, settling at 2.89% in July, whilst year-on-year core inflation came in at 3.17%. The Fed held its key policy rate at 5.5%, marking the 8th consecutive meeting where the Fed has opted to hold its key policy rate at 5.5%. Market participants have all but pencilled in a rate cut for the Fed's September meeting with the debate now firmly shifting to whether we will see a 25 or 50 basis point cut. US Equities fared soundly despite heightened volatility. US small caps didn't fare as well as they did in July, with the Russel 2000 (-1.5%) forfeiting a small portion of the phenomenal gains they experienced in July. US mid and large caps experienced greater fortunes as the Dow Jones Industrial Average (+2%), S&P 500 (+2.4%), and Russel 1000 (+2.4%) indices posted robust returns. The US tech sector managed to reverse the 70 basis points decline it suffered last month, as the tech-heavy Nasdaq Composite climbed by 70 basis points.

European equity markets climbed steadily with gains across Europe's largest bourses being widely broad-based. The Euro Stoxx 50 (+1.8%), CAC 40 (+1.3%), and the Dax (+2.1%) rose admirably whilst the FTSE 100 climbed by a respectable 87 basis points. Equity markets in Asia experienced a turbulent month, as the Bank of Japan largely shocked markets as they unexpectedly raised rates for just the second time since 2007. The unexpected rate hike led to the unwinding of the famous Yen 'carry trade". The Yen carry trade would allow investors to borrow in a low-interest-rate country (Japan) to fund investment in other assets that would offer higher returns. The Nikkei experienced its biggest single-day drop since October 1987, as Tokyo's largest bourse sank 12% following the surprise rate increase which led to the unwinding of the carry trade. The Nikkei did bounce back, but still ended the month in negative territory finishing the month 1.09% lower. The Hang Seng recovered soundly climbing 3.72% following recent months of disappointing returns.

Shoprite Holdings Limited – Annual financial results for the period ended 31 December 2023

Earnings per share	**R11.40**
Historical PE	**24.13**
EPS growth	**4.59%**
Turnover growth	**15.32%**
ROE	**25.03%**
Debt/Equity	**184.74%**
NAV per share	**R48.12**
Dividend yield	**2.48%**
Share price	**R275.05**



Nature of business

Shoprite Holdings Ltd. is an investment company, which engages in the management of retail stores. It operates through the following segments: Supermarkets RSA, Supermarkets Non-RSA, Furniture, and Other Operating Segment. The Supermarkets RSA segment includes Shoprite, Checkers, Checkers Hyper, and Usave brands in South Africa. The Supermarkets Non-RSA consists of Shoprite, Checkers, and Usave brands outside of South Africa. The Furniture segment involves the OK Furniture, OK Power Express, and House and Home brands trading in RSA and Non-RSA. The Other segment offers trading in RSA and Non-RSA, including franchise operations, and retail and wholesale of pharmaceutical products. The company was founded in November 1979 and is headquartered in Brackenfell, South Africa.

Latest results

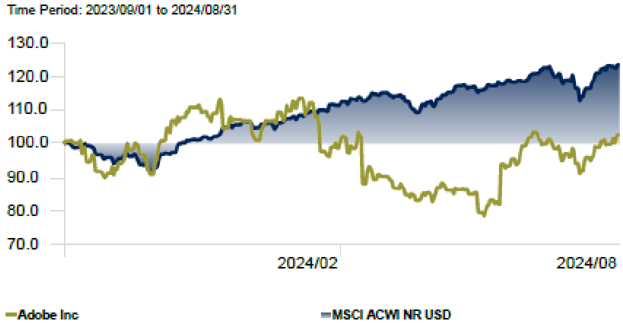
Shoprite reported strong half-year results, with group sales rising by 13.9%, driven primarily by its South African supermarkets, which grew sales by 14.6%. Checkers and Checkers Hyper saw impressive growth of 13.7%, while the online platform Sixty60 delivered standout performance with sales surging by 63.1%. Checkers remains the fastest-growing grocer in the premium food segment in South Africa, while Shoprite and USave focused on keeping prices low, achieving sales growth of 13.1%. The group successfully kept internal retail price inflation at 7.7% within its RSA supermarket segment. Liquorshop also delivered robust growth, with sales up 25.2%, and Shoprite marked its 58th consecutive month of market share gains. Gross margins edged up to 23.6% from 23.5% in the prior period, with trading profit increasing by 10.7%. However, trading margins slipped to 5.5%, largely due to increased diesel costs associated with loadshedding in South Africa, which cost the group R500 million during the period. The board declared an interim dividend of 267 cents per share, reflecting year-on-year growth of 7.7%.

Dividend

On 3 September 2024, the board of directors declared a final gross dividend of 445 cents per share to ordinary shareholders, which was payable on 30 September 2024.

Adobe Inc. – Financial results for the third quarter ended 31 August 2024

Earnings per share	**$11.84**
Historical PE	**48.51**
EPS growth	**6.19%**
Turnover growth	**11.50%**
ROE	**35.07%**
Debt/Equity	**24.70%**
NAV per share	**$36.30**
Dividend yield	**0.00%**
Share price	**$574.41**



Nature of business

Adobe, Inc. engages in the provision of digital marketing and media solutions. It operates through the following segments: Digital Media, Digital Experience, and Publishing and Advertising. The Digital Media segment offers creative cloud services, which allow members to download and install the latest versions of products, such as Adobe Photoshop, Adobe Illustrator, Adobe Premiere Pro, Adobe Photoshop Lightroom and Adobe InDesign, as well as utilize other tools, such as Adobe Acrobat. The Digital Experience segment provides solutions, including analytics, social marketing, targeting, media optimization, digital experience management, and cross-channel campaign management, as well as premium video delivery and monetization. The Publishing and Advertising segment includes legacy products and services for eLearning solutions, technical document publishing, web application development, and high-end printing. The company was founded by Charles M. Geschke and John E. Warnock in December 1982 and is headquartered in San Jose, CA.

Latest results

Adobe reported strong third-quarter results for fiscal year 2024, with revenue reaching $5.41 billion, up 11% year-over-year, and diluted earnings per share of $3.76 on a GAAP basis and $4.65 on a non-GAAP basis. The company's Digital Media segment, which includes Document Cloud and Creative, generated $4.00 billion in revenue, growing 11% year-over-year, while the Digital Experience segment contributed $1.35 billion, up 10%. Adobe’s operating cash flow for the quarter was $2.02 billion, and it repurchased 5.2 million shares. The company’s total remaining performance obligations stood at $18.14 billion by the quarter's end.

Dividend

Adobe Inc. does not pay a dividend as they retain all their earnings to reinvest into further growing the company.

Snippets

Your annual reminder to draft or update your Will.

At PCH we consider September “Wills Month”, and it is a good reminder to draft a valid Will if you don’t have one or to update it if your personal or family circumstances have changed.

- Dying without a Will can present of host of problem for loved ones, including:
- Your assets not being left to the person of your choice.
- Delays in the appointment of an executor, who may be somebody you may not have chosen.
- Unhappiness and conflict among members of your family as there are no clear instructions on how to distribute your assets.

Read More.

Corporate Cash Manager Rates

FUND	BALANCE	RATE
CALL ACCOUNT	0.00 – 9 999.99	7.90
	10 000 – 24 999.99	7.90
	25 000 – 49 999.99	7.90
	50 000 – 99 999.99	7.90
	100 000 – 249 999.99	7.90
CALL MONEY FUND: *Individuals*	250 000 – 999 999.99	8.05
	1 000 000 – 9 999 999.99	8.05
	10 000 000 upwards	8.05
CALL MONEY FUND: *Non-Individuals*	250 000 – 999 999.99	7.75
	1 000 000 – 9 999 999.99	7.75
	10 000 000 upwards	7.75

Dividends Payable

Dividends in LDT order					
Company	**Decl**	**LDT**	**Pay**	**Amt**	**Curr**
Lighthouse Properties plc (LIGHTPROP)	14-Aug	03-Sep	12-Sep	1.22	EURc
Nedbank Group Ltd. (NEDBANK)	06-Aug	03-Sep	09-Sep	971	ZARc
Resilient REIT Ltd. (RESILIENT)	15-Aug	03-Sep	09-Sep	218.97	ZARc
Absa Group Ltd. (ABSA)	19-Aug	10-Sep	16-Sep	685	ZARc
BHP Group Ltd. (BHP)	27-Aug	10-Sep	03-Oct	74	USDc
Coronation Fund Managers Ltd. (CORONAT)	19-Aug	10-Sep	16-Sep	153	ZARc
DRDGOLD Ltd. (DRDGOLD)	21-Aug	10-Sep	16-Sep	20	ZARc
Gold Fields Ltd. (GFIELDS)	23-Aug	10-Sep	16-Sep	300	ZARc
Reinet Investments SCA (REINET)	28-May	10-Sep	18-Sep	35	EURc
Spur Corporation Ltd. (SPURCORP)	20-Aug	10-Sep	16-Sep	118	ZARc
Standard Bank Group Ltd. (STANBANK)	15-Aug	10-Sep	16-Sep	744	ZARc
Aspen Pharmacare Holdings Ltd. (ASPEN)	03-Sep	17-Sep	23-Sep	359	ZARc
Capitec Bank Holdings Ltd. (CAPITEC-P)	30-Aug	17-Sep	23-Sep	493.59	ZARc
Grindrod Ltd. (GRINDROD)	23-Aug	17-Sep	23-Sep	23	ZARc
NEPI Rockcastle NV (NEPIROCK)	20-Aug	17-Sep	15-Oct	27.11	EURc
Northam Platinum Holdings Ltd. (NORTHAM)	30-Aug	17-Sep	23-Sep	70	ZARc
Santam Ltd. (SANTAM)	29-Aug	17-Sep	23-Sep	535	ZARc
Compagnie FinanciFre Richemont SA (RICHEMONT)	17-May	18-Sep	30-Sep	275	CHFc
Bid Corporation Ltd. (BIDCORP)	28-Aug	23-Sep	30-Sep	565	ZARc
British American Tobacco plc (BATS)	08-Feb	23-Sep	01-Nov	58.88	GBPp
City Lodge Hotels Ltd. (CITYLDG)	06-Sep	23-Sep	30-Sep	9	ZARc
Shoprite Holdings Ltd. (SHOPRIT)	03-Sep	23-Sep	30-Sep	445	ZARc
Sun International Ltd. (SUNINT)	09-Sep	23-Sep	30-Sep	161	ZARc
The Bidvest Group Ltd. (BIDVEST)	02-Sep	23-Sep	30-Sep	447	ZARc
Woolworths Holdings Ltd. (WOOLIES)	04-Sep	23-Sep	30-Sep	117.5	ZARc

Directors: GAJ Alexander BCom Hons (FAPM) (Tax) CA (SA) LLM / AS Ratcliffe BCom (HDip Tax) Professional Accountant (SA) CFP
Tel +27 21 671 1220, Fax +27 21 671 1149
46 Main Rd, Claremont, 7708 | PO Box 24033, Claremont, 7735
www.privateclient.co.za