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QUARTERLY REVIEW
1 July 2024 – 30 September 2024

INVEST WITH SA'S
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Brenthurst Wealth Management (Pty) Ltd FSP No. 7833

Macro overview – Q3 2024

In our October report, we reviewed the degree to which the US Federal Reserve was too restrictive in its monetary policy. It should have come as no surprise that the Fed cut by 50 bp at its September meeting and will probably cut by another 25 bp in November before entering a holding period. Whether these cuts will be enough to stave off a recession in 2025 [chart 1 | page 4] has evoked a great deal of debate.

The "no-recession" proponents point to the strength of the labour market, healthy consumer spending, low inflation forecasts, high real yields, and continued productivity gains from technological innovation and capital investment in the US.

Conversely, the "pro-recession" camp highlights the lagged effect of tight monetary policy on the broader economy, some softening of the jobs market, and the decline in personal savings as potential precursors of future consumer expenditure.

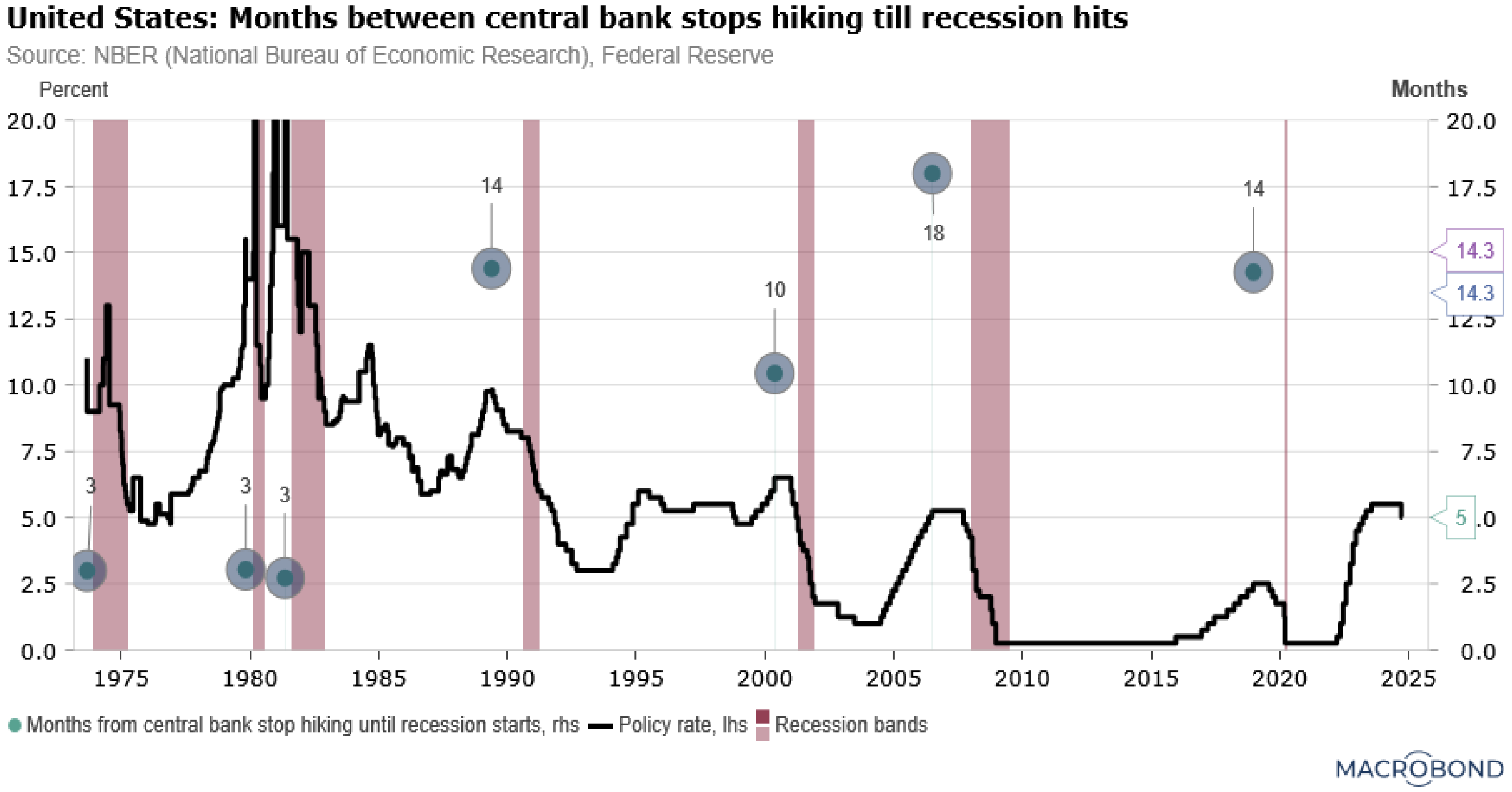
Macro overview – Q3 2024

The latest escalation in conflict in the Middle East has the potential to unsettle volatility, strengthen the dollar, and increase oil prices. Any supply-side shock of this nature could further alter the market’s current expectation of low inflation and sustained growth for the US in 2025.

Our concern at this stage of the cycle is for a higher inflation outcome in 2025 as underlying consumer demand in the US is still relatively strong and pricing power at the corporate level evident. As mentioned in last month’s report, the US still has some 7m job openings, concentrated mostly in companies employing 1k people or less. Bond yields in the US are not pricing in a meaningful rise in inflation.

Chart 1: Fed Fund Rate vs US Recessions

Another aspect of Fed policy that is often overlooked is its impact on the dollar [chart 2]. In his 2013 book "Currency Wars," James Rickards outlined the roadmap for dollar hegemony. He argued that while geopolitical events may ebb and flow, dollar hegemony was likely to stay constant.



A strong dollar attracts capital, creates growth, imports deflation while exporting inflation, and weakens the economies of major competitors such as China.

There is ample evidence to support this position, as the US has attracted more capital flow than any other region over the past ten years. These capital flows, coupled with major stimulus packages introduced by President Biden over the past four years, have provided a solid impetus for growth in the US.

Chart 2: US 2Yr Yield vs Dollar Index (DXY)

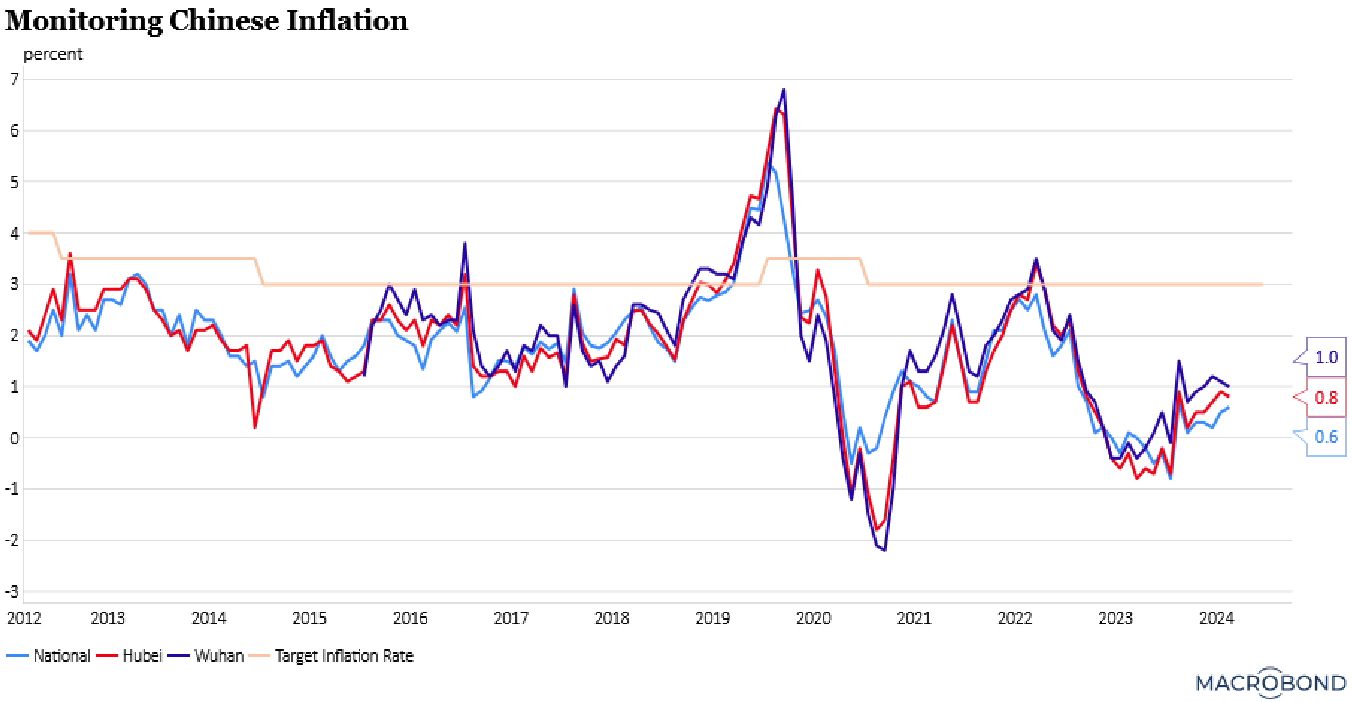
Conversely, China is suffering from a major deflationary pulse [chart 3], as overinvestment in property, high debt levels, and weak consumer demand push prices lower. The recent announcement by the PBoC to decrease reserve requirements, support the housing market, and allow non-banking institutions to use their equity holdings as collateral for bank loans are all positive steps.

Chinese equities have rallied strongly on news of the stimulus package, a welcome change from the hardline economic policy that Beijing had followed.

Our assessment of the impact of these two key drivers on global financial markets is that US bond yields have probably fulfilled the bulk of its move in recent months, with fair value estimated at around 3.5% for 10yr yields. We expect that the US jobs market will not falter to the extent that will push the US into a recession.

Chart 3: Chinese Inflation

If anything, inflation may begin to nudge up again in 2025 as pricing power in the underlying economy stays strong and any increase in the oil price could add further momentum. Current estimates by the Atlanta Fed project real growth in the US at 2.5% next year, with earnings on the S&P 500 currently estimated to grow at just under 10% in 2025 and 13% in 2026. With bond yields likely having fulfilled their target, it seems unlikely that lower bond yields will drive equity valuations higher. Growth in equities will be driven by earnings and any associated rating change.



Industry analysts, in aggregate, predict that the S&P 500 will see a price increase of 9.4% over the next twelve months. This percentage is based on the difference between the bottom-up target price and the closing price for the index as of the end of September. The bottom-up target price is calculated by aggregating the median target price estimates (based on company-level estimates gave by industry analysts) for all the companies in the index. This translates into a target price for the S&P 500 of 6,287.88 in 12 months' time. At the sector level, the Energy (+20.5%),

Communication Services (+13.5%), and Information Technology (+13.2%) sectors are expected to see the largest price increases, as these three sectors had the largest upside differences between the bottom-up target price and the closing price on September 26. On the other hand, the Utilities (+3.2%) and Consumer Staples (+3.4%) sectors are expected to see the smallest price increases.

BRENTHURST
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BRENTHURST FOF PERFORMANCE

MiPlan DFM started advising 1 December 2022

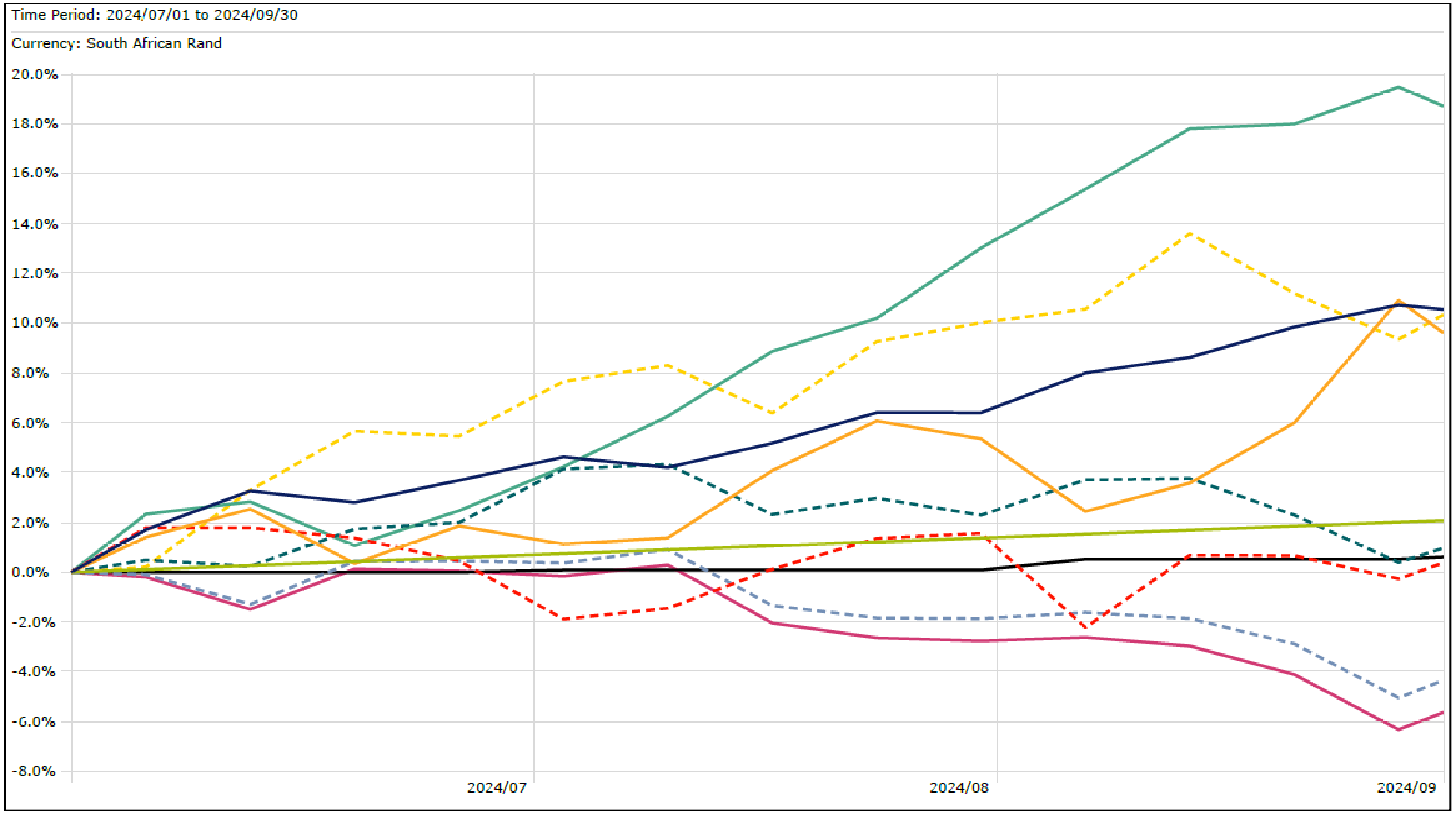
QUARTERLY PERFOMANCE FEEDBACK

1 July 2024 – 30 September 2024

Brenthurst Wealth Management (Pty) Ltd FSP No. 7833

Asset Class Returns – 2024 Q3

MI-PLAN
Asset Management
Retirement Partners | Analytics

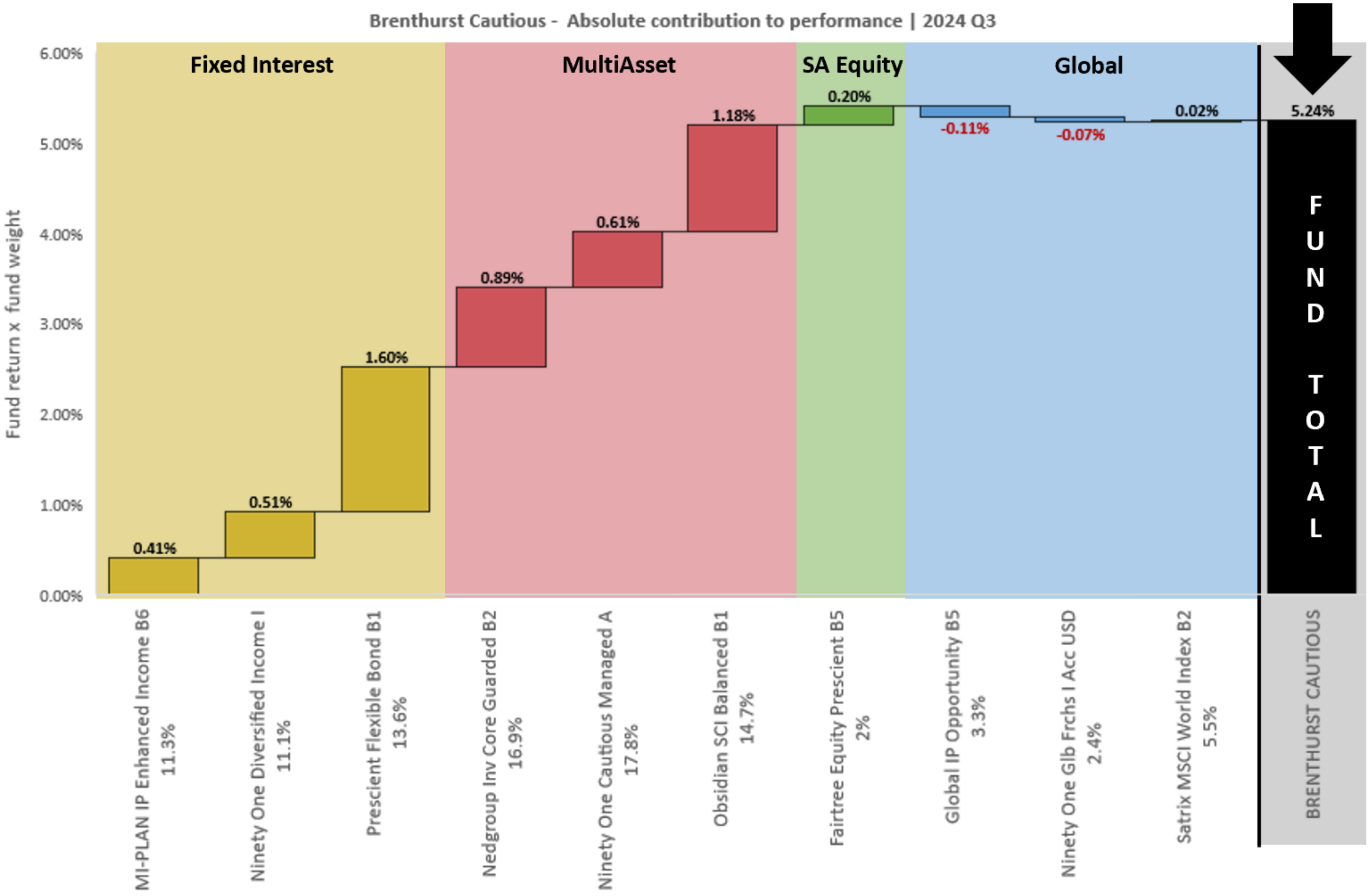


	Q3 2024	Q2 2024
Local Property	18.7%	8.2%
Local Bonds	10.5%	7.5%
Global Property	10.3%	-6.8%
Local Equity	9.6%	8.2%
Local Cash	2.1%	2%
Global Bonds	1.0%	-4.6%
CPI	0.6%	1.2%
Global Equity	0.4%	-1%
Global Cash	-4.3%	-2.3%
USD	-5.6%	-3.6%

Source: Morningstar

BRENTHURST BCI CAUTIOUS FOF – **ABSOLUTE CONTRIBUTION TO RETURN**

MI-PLAN
Asset Management
Retirement Partners | Analytics



The third quarter proved to be a strong one for both local and global markets. On the local front, the optimism surrounding the formation of the GNU together with the SARB's decision to begin rate cuts fueled performance. Accordingly, the Brenthurst BCI Cautious FoF posted positive gains, taking it's one year performance to 16.1%.

Strongest contributors to absolute performance included funds with large exposure to SA equities, bonds and property with both Prescient Flexible Bond and Obsidian contributing in excess of 1% to performance. Prescient benefitted from their exposure to government bonds, while the likes of Obsidian's large allocation to SA asset classes help bolster performance.

With the rand having appreciated significantly against the dollar over the quarter, the gains from global managers as were offset by the currency appreciation. However, over the longer-term these funds have added to performance.

***Source**: Morningstar. **Data** from 1 July 2024 up to 30 September 2024. Underlying constituent funds returns is net of fees.*
%'s below fund name = effective fund weight as at 31/08/2024

BRENTHURST BCI CAUTIOUS FOF – **PERFORMANCE**

MI-PLAN
Asset Management
Retirement Partners | Analytics

Data Point: Return As of Date: 2024/09/30 Currency: South African Rand Source Data: Total, Daily Return

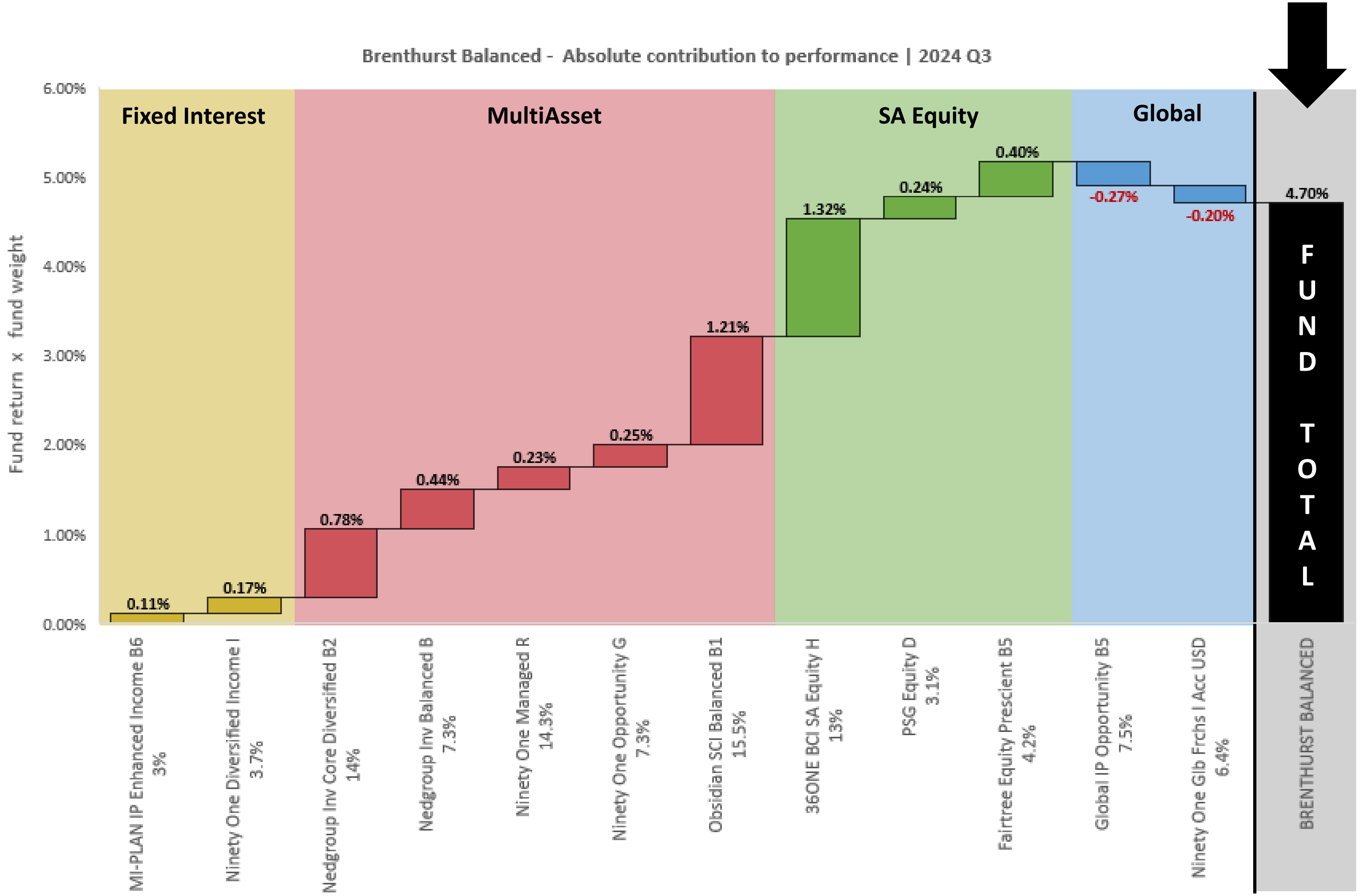
Best → Worst	2024/07	2024/08	2024/09	2024 Q3
1	Prescient Flexible Bond B1 4.3	Prescient Flexible Bond B1 2.6	Fairtree Equity Prescient B5 5.6	Prescient Flexible Bond B1 11.8
2	Fairtree Equity Prescient B5 3.2	Obsidian SCI Balanced B1 2.2	Prescient Flexible Bond B1 4.4	Fairtree Equity Prescient B5 10.1
3	(ASISA) South African MA Low Equity 2.2	Brenthurst BCI Cautious FoF A 1.5	Obsidian SCI Balanced B1 3.6	Obsidian SCI Balanced B1 8.0
4	Nedgroup Inv Core Guarded B2 2.1	Ninety One Diversified Income I 1.4	Nedgroup Inv Core Guarded B2 1.8	(ASISA) South African MA Low Equity 5.5
5	Obsidian SCI Balanced B1 2.0	(ASISA) South African MA Low Equity 1.3	(ASISA) South African MA Low Equity 1.8	Nedgroup Inv Core Guarded B2 5.3
6	MI-PLAN IP Enhanced Income B6 1.7	Nedgroup Inv Core Guarded B2 1.3	Brenthurst BCI Cautious FoF A 1.8	Brenthurst BCI Cautious FoF A 4.9
7	Brenthurst BCI Cautious FoF A 1.6	Ninety One Cautious Managed A 1.1	Ninety One Diversified Income I 1.8	Ninety One Diversified Income I 4.6
8	Ninety One Diversified Income I 1.4	Fairtree Equity Prescient B5 1.1	Ninety One Cautious Managed A 1.1	MI-PLAN IP Enhanced Income B6 3.6
9	Satrix MSCI World Index B2 1.4	MI-PLAN IP Enhanced Income B6 1.0	MI-PLAN IP Enhanced Income B6 0.9	Ninety One Cautious Managed A 3.4
10	Ninety One Cautious Managed A 1.2	Satrix MSCI World Index B2 0.2	Global IP Opportunity B5 -1.0	Satrix MSCI World Index B2 0.3
11	Ninety One GSF Glb Frchs I 0.8	Global IP Opportunity B5 0.1	Satrix MSCI World Index B2 -1.2	Ninety One GSF Glb Frchs I -2.9
12	Global IP Opportunity B5 -2.5	Ninety One GSF Glb Frchs I -0.8	Ninety One GSF Glb Frchs I -2.9	Global IP Opportunity B5 -3.3

2024 Q3:
SA Equity
SA Fixed Interest

2024 Q3:
Global Equity

***Source**: Morningstar. Fund returns is net of fees.*

BRENTHURST BCI BALANCED FOF – **ABSOLUTE CONTRIBUTION TO RETURN**



The **Brenthurst BCI Balanced FoF** posted positive returns for the quarter, taking the one-year return to 17%.

Top contributors to absolute performance were once again funds with large exposure to the SA market, specifically equities and bonds. With that said, the large position in Obsidian and 36One aided performance, while remaining SA centric mangers also contributed positively to performance but to a lesser extent.

This in combination with the fixed interest funds helped offset underperformance from the global counters.

***Source**: Morningstar. **Data** from 1 July 2024 up to 30 September 2024. Underlying constituent funds returns is net of fees.*
%'s below fund name = effective fund weight as at 31/08/2024

BRENTHURST BCI BALANCED FOF – **PERFORMANCE**

MI-PLAN
Asset Management
Retirement Partners | Analytics

Data Point: Return As of Date: 2024/09/30 Currency: South African Rand Source Data: Total, Daily Return

	2024/07	2024/08	2024/09	2024 Q3
Best	PSG Equity D 4.3	Obsidian SCI Balanced B1 2.2	Fairtree Equity Prescient B5 5.6	36ONE BCI SA Equity H 10.7
	Nedgroup Inv Balanced B 3.8	36ONE BCI SA Equity H 2.1	36ONE BCI SA Equity H 4.5	Fairtree Equity Prescient B5 10.1
	36ONE BCI SA Equity H 3.7	Ninety One Diversified Income I 1.4	Obsidian SCI Balanced B1 3.6	Obsidian SCI Balanced B1 8.0
	Fairtree Equity Prescient B5 3.2	(ASISA) South African MA High Equity 1.2	PSG Equity D 3.1	PSG Equity D 7.8
	(ASISA) South African MA High Equity 2.3	Ninety One Opportunity A 1.2	Nedgroup Inv Balanced B 2.5	Nedgroup Inv Balanced B 6.2
	Nedgroup Inv Core Diversified B2 2.3	Fairtree Equity Prescient B5 1.1	(ASISA) South African MA High Equity 2.4	(ASISA) South African MA High Equity 6.0
	Obsidian SCI Balanced B1 2.0	Nedgroup Inv Core Diversified B2 1.1	Nedgroup Inv Core Diversified B2 2.1	Nedgroup Inv Core Diversified B2 5.6
	MI-PLAN IP Enhanced Income B6 1.7	Ninety One Managed A 1.0	Brenthurst BCI Balanced FoF A 1.9	Ninety One Diversified Income I 4.6
	Brenthurst BCI Balanced FoF A 1.5	Brenthurst BCI Balanced FoF A 1.0	Ninety One Diversified Income I 1.8	Brenthurst BCI Balanced FoF A 4.5
	Ninety One Diversified Income I 1.4	MI-PLAN IP Enhanced Income B6 1.0	Ninety One Opportunity A 1.2	MI-PLAN IP Enhanced Income B6 3.6
	Ninety One Opportunity A 0.9	PSG Equity D 0.2	MI-PLAN IP Enhanced Income B6 0.9	Ninety One Opportunity A 3.4
	Ninety One GSF Glb Frchs I 0.8	Global IP Opportunity B5 0.1	Ninety One Managed A 0.5	Ninety One Managed A 1.6
	Ninety One Managed A 0.1	Nedgroup Inv Balanced B -0.2	Global IP Opportunity B5 -1.0	Ninety One GSF Glb Frchs I -2.9
Worst	Global IP Opportunity B5 -2.5	Ninety One GSF Glb Frchs I -0.8	Ninety One GSF Glb Frchs I -2.9	Global IP Opportunity B5 -3.3

2024 Q3

SA Equity

MultiAsset

The Investment Committee was held towards the end of September. The proposed changes are detailed below. These changes will be reflective in the next quarter's commentary.

Diversify MultiAsset Managers:

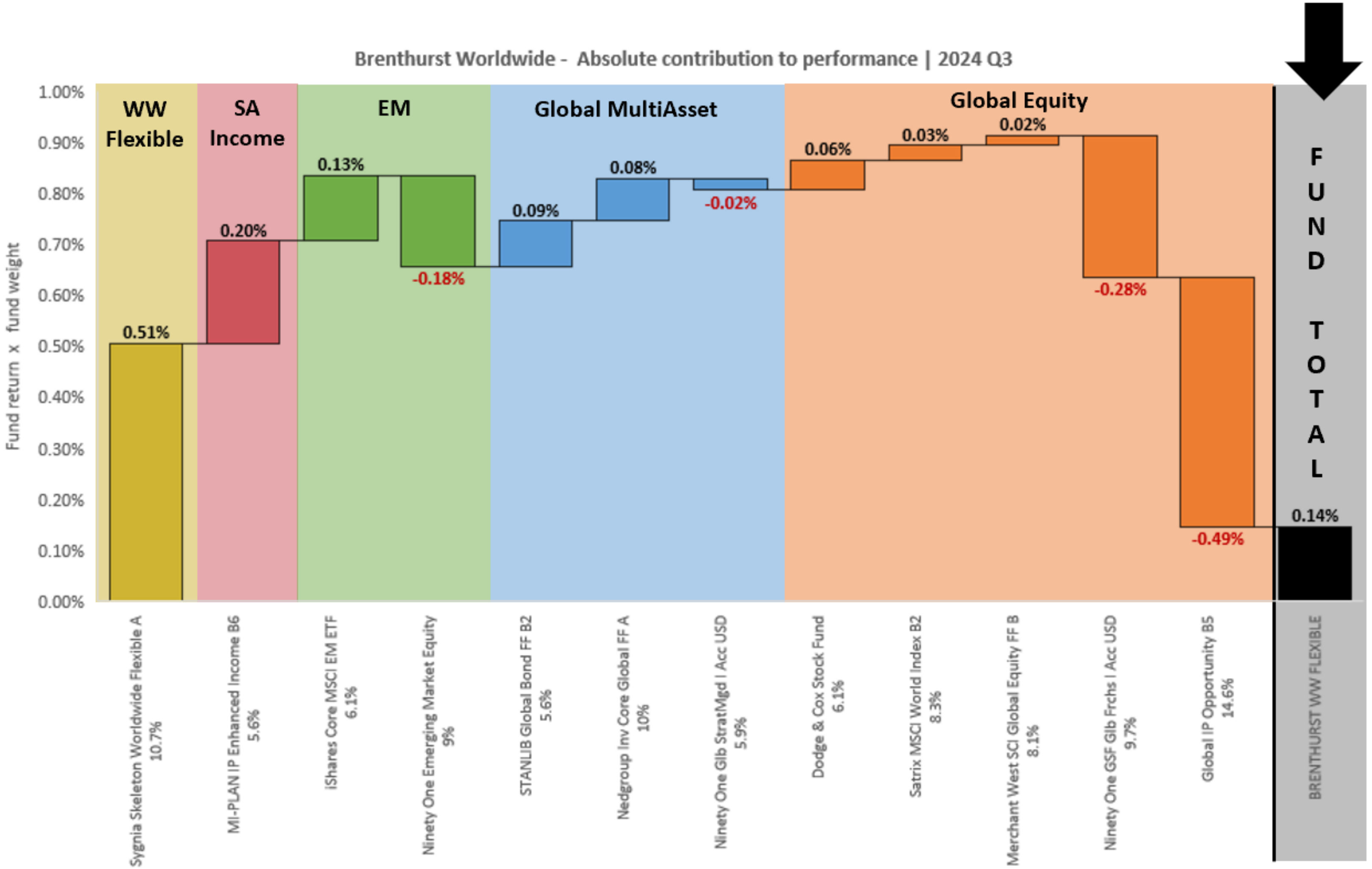
↓ **Trim** Ninety One Managed (-6%)
↓ **Trim** Ninety One Opportunity (-0.5%)
\+ **Introduce** Prescient Balanced (+6.5%)

Ninety One Opp & Managed

Global Equity

Source*: Morningstar. Fund returns is net of fees.*

BRENTHURST BCI WORLDWIDE FOF – **ABSOLUTE CONTRIBUTION TO RETURN**



Similar to the previous quarter, SA asset classes outperformed global asset classes (in Rands). With that said, the overall fund has a larger tilt to global assets relative to peers, this dampened returns on the fund level.

In this environment, top contributors to absolute performance were Sygnia Skeleton WW Flexible and MiPlan IP Enhanced Income as they benefitted from their exposure to SA asset classes.

On the global equity front, exposure to value orientated funds (Dodge & Cox and Merchant West) managed to delivered positive, but muted returns.

***Source**: Morningstar. **Data** from 1 July 2024 up to 30 September 2024. Underlying constituent funds returns is net of fees.*
%'s below fund name = effective fund weight as at 31/08/2024

BRENTHURST BCI WORLDWIDE FOF – **PERFORMANCE**

MI-PLAN
Asset Management
Retirement Partners | Analytics

Data Point: Return   As of Date: 2024/09/30   Currency: South African Rand   Source Data: Total, Daily Return

	2024/07	2024/08	2024/09	2024/07/01 - 2024/09/30
Best	Dodge & Cox Worldwide US Stock A USD 4.0	36ONE BCI SA Equity H 2.1	36ONE BCI SA Equity H 4.5	36ONE BCI SA Equity H 10.7
	36ONE BCI SA Equity H 3.7	Merchant West SCI Glb Equity FF B 1.4	iShares Core MSCI EM IMI ETF 3.1	Sygnia Skeleton WW Flexible A 4.7
	Sygnia Skeleton WW Flexible A 2.8	MI-PLAN IP Enhanced Income B6 1.0	Ninety One Emerging Markets Equity A 2.1	MI-PLAN IP Enhanced Income B6 3.6
	STANLIB Global Bond FF B2 2.1	(ASISA) Wwide MA Flexible 0.5	Sygnia Skeleton WW Flexible A 1.4	(ASISA) Wwide MA Flexible 2.6
	MI-PLAN IP Enhanced Income B6 1.7	Sygnia Skeleton WW Flexible A 0.5	(ASISA) Wwide MA Flexible 1.2	iShares Core MSCI EM IMI ETF 2.1
	Satrix MSCI World Index B2 1.4	Nedgroup Inv Core GlbFF A 0.2	MI-PLAN IP Enhanced Income B6 0.9	STANLIB Global Bond FF B2 1.6
	Ninety One GSF Glb StratMgd I Acc USD 1.1	Satrix MSCI World Index B2 0.2	Nedgroup Inv Core GlbFF A -0.1	Dodge & Cox Worldwide US Stock A USD 1.0
	(ASISA) Wwide MA Flexible 0.9	Global IP Opportunity B5 0.1	Brenthurst BCI Worldwide Flexible FoF A -0.2	Nedgroup Inv Core GlbFF A 0.8
	Ninety One GSF Glb Frchs I 0.8	STANLIB Global Bond FF B2 0.1	STANLIB Global Bond FF B2 -0.5	Satrix MSCI World Index B2 0.3
	Nedgroup Inv Core GlbFF A 0.7	Brenthurst BCI Worldwide Flexible FoF A -0.3	Ninety One GSF Glb StratMgd I Acc USD -0.9	Merchant West SCI Glb Equity FF B 0.2
	Brenthurst BCI Worldwide Flexible FoF A 0.4	Ninety One GSF Glb StratMgd I Acc USD -0.6	Global IP Opportunity B5 -1.0	Brenthurst BCI Worldwide Flexible FoF A -0.1
	Merchant West SCI Glb Equity FF B 0.2	Dodge & Cox Worldwide US Stock A USD -0.7	Satrix MSCI World Index B2 -1.2	Ninety One Emerging Markets Equity A -0.2
	iShares Core MSCI EM IMI ETF -0.1	iShares Core MSCI EM IMI ETF -0.8	Merchant West SCI Glb Equity FF B -1.3	Ninety One GSF Glb StratMgd I Acc USD -0.4
	Ninety One Emerging Markets Equity A -1.0	Ninety One GSF Glb Frchs I -0.8	Dodge & Cox Worldwide US Stock A USD -2.3	Ninety One GSF Glb Frchs I -2.9
Worst	Global IP Opportunity B5 -2.5	Ninety One Emerging Markets Equity A -1.3	Ninety One GSF Glb Frchs I -2.9	Global IP Opportunity B5 -3.3

2024 Q3

2024 Q3

SA Equity

SA Fixed Interest

The Investment Committee was held towards the end of September. The proposed changes are detailed below.

ROTATION: MOVE CLOSER TO PEERS (INCREASE SA EQUITY)

↓ **Trim** Ninety One Emerging Markets (-4%)

\+ **Introduce** 36One BCI SA Equity (+4%)

DIVERSIFY GLOBAL MANAGERS:

↓ **Trim** Ninety One Global Franchise (-2%)

↑ **Increase** Dodge & Cox (+2%)

Ninety One

Global Equity

***Source**: Morningstar. Fund returns is net of fees.*

BRENTHURST STRENGTHENS TIES WITH

TONY BELL & MI-PLAN

TONY BELL | AWARD-WINNING FUND MANAGER AND INVESTMENT OFFICER OF THINKCELL.
Brenthurst Wealth consulting investment advisor.

BRENTHURST WEALTH HAS APPOINTED MI PLAN AND THINKCELL TO PROVIDE JOINT ADVISORY SERVICES ON ITS RANGE OF FUNDS, EFFECTIVE NOVEMBER 2022

With his extensive expertise, Tony Bell, Chief Investment Officer at ThinkCell, will collaborate closely with our internal investment committee and the team at MiPlan to ensure optimal asset allocation and fund selection based on thorough research, benefiting the construction of client portfolios and delivering superior investment services and solutions to our valued clients.

The renowned Mi Plan / Bell Team will now provide advisory services to Brenthurst Wealth, specifically on fund selection within the Brenthurst fund of funds range. This includes the Brenthurst BCI Balanced Fund of Funds, Brenthurst BCI Cautious Fund of Funds and Brenthurst BCI Worldwide Flexible Fund of Funds.

Bell's successful management of the Global IP Opportunity Fund for Brenthurst clients via Mi Plan spans seven years, showcasing an exceptional track record, earning the prestigious Raging Bull Award in the Global Multi-Asset Flexible category in 2021.

Furthermore, their management of the Mi Plan IP Global Macro Fund has garnered nine awards, including seven consecutive Raging Bull Awards from 2016 to 2022, setting an industry milestone.

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