



COLLABORATING FOR
INVESTMENT RESULTS





CONTENTS

ECONOMIC OVERVIEW	3
AFFINITY INVESTMENT APPROACH	8
PERFORMANCE	9
Key indices and portfolios	9
Portfolio commentary	10
Asset allocation across solutions	11
CONTACT	12

ECONOMIC OVERVIEW

The electricity situation looks dire for most of 2024 and early 2025

November in Review

The enduring conflict in Israel and the Gaza Strip continued to dominate global news headlines during November. Seven weeks into the conflict a temporary ceasefire was negotiated between the two factions, which allowed for the exchange of dozens of prisoners and hostages on either side. The war has yet to move global markets in any meaningful direction, however the humanitarian impact cannot be overstated, and the regional economies will take years to recover.

The 28th edition of the Conference of the Parties (COP28), an annual climate change conference, started in Dubai on 30 November. Over the two weeks of the gathering, governments will discuss how to limit and prepare for future climate change. Bill Gates has stated that it's very unlikely that the current actions by the parties will limit global temperature rising by less than 1.5 degrees (the current target) and that discussions will be around the impact of temperature rises of between 2 and 3 degrees Celsius. Such an increase may radically affect the lives of at least 500 million people around the world.

American politics continue to have a global impact. A recent theme is being questioned is just how long will America stand by as the most powerful supplier of arms and other aid to Ukraine? The conventional wisdom is to say that, as long as Joe Biden can keep Donald Trump out of the White House, then Ukraine should remain funded. However, the situation is much more delicate than that. Many in the Republican Party appear ready to cut support for Ukraine and it is proving ever harder to get Congress to agree to keep supplies to their ally flowing. A vote in the Democrat-controlled Senate in the coming days to approve aid to Ukraine will further highlight the problem – even if the package passes, it may not clear the Republican-led House of Representatives.

In South Africa, Eskom officials forecasted that there will be rolling blackouts (between stages 1 and 3) every day during December and January — except for six days. And that is the best-case scenario. The electricity situation looks dire for most of 2024 and early 2025, with demand on the rise and uncomfortable levels of unplanned blackouts. This contradicts statements by the minister of electricity who painted a much brighter picture. Either way load shedding continues to hit small to medium enterprises very hard – the area of the economy which should act as the training ground for entrepreneurs and drive of long-term economic growth.

The governor of the South African Reserve Bank, Lesetja Kganyago, has announced that the official interest rate will remain unchanged. This follows a unanimous decision by the members of the Bank's Monetary Policy Committee (MPC) to leave the repo rate at 8.25% per annum. The MPC's economic growth forecast for 2024 and 2025 are 1.2% and 1.3%, respectively. This is in stark contrast with the International Monetary Fund's expectation for growth in other sub-Saharan countries of closer to 4% for next year.

November brought welcome respite after October's riot in markets. Global markets rallied on the back of a slew of economic signals, which drove positive sentiment. US GDP growth was revised higher, consumer spending was moderated slightly, and the core personal consumption expenditures price index came in lower than expected.

US Treasuries rallied hard as, after 6 consecutive months of rising ten year bond yields, last month saw the largest one month decline since the end of 2008. Receding bond yields leads to an increase in capital value, which pushed global bonds to end the month about 3% higher. In South Africa the bond market followed suit, ending the month 4.7% in the green, as foreign buyers returned to our market.



Global markets rallied on the back of a slew of economic signals

ECONOMIC OVERVIEW

CONTINUED



Equities around the globe and in South Africa lead the charge though, as the higher risk-on sentiment lured investors back into growth assets. Developed market equities added 9.4% (in USD) for the month and the JSE's All Share Index ended 8.6% higher. Prosus and Naspers both increased by about 20% during the month, as gold stocks also enjoyed a purple patch. Notable laggards who ended the month in the red were Woolworths, Momentum/Metropolitan and Sasol.

The rand remained stable against the greenback in November. Gold rallied nearly 3% in US Dollar terms while the Brent Crude oil price gave up a little over 5%.

higher risk-on
sentiment lured
investors back into
growth assets

MARKET INDICES 1 (All returns in Rand)	30 November 2023		
	3 months	12 months	5 years ²
SA equities (JSE All Share Index)	2.2%	4.7%	12.4%
SA property (S&P SA Reit Index)	-0.3%	-8.5%	-5.8%
SA bonds (SA All Bond Index)	4.0%	8.8%	8.1%
SA cash (STeFI)	2.1%	7.8%	5.9%
Global developed equities (MSCI World Index)	1.8%	26.6%	17.7%
Emerging market equities (MSCI Emerging Markets Index)	1.2%	16.7%	9.4%
Global bonds (Bloomberg Barclays Global Aggregate)	0.8%	13.8%	5.7%
Rand/dollar ³	0.1%	11.5%	6.4%
Rand/sterling	0.0%	18.5%	6.3%
Rand/euro	0.6%	18.1%	5.7%
Gold Price (USD)	5.2%	16.7%	10.8%
Oil Price (Brent Crude, USD)	-4.6%	-3.0%	7.1%

¹ Source: Factset

² All performance numbers in excess of 12 months are annualized

³ A negative number implies fewer rands are being paid per US dollar, so it implies a strengthening of the rand

AFFINITY INVESTMENT APPROACH

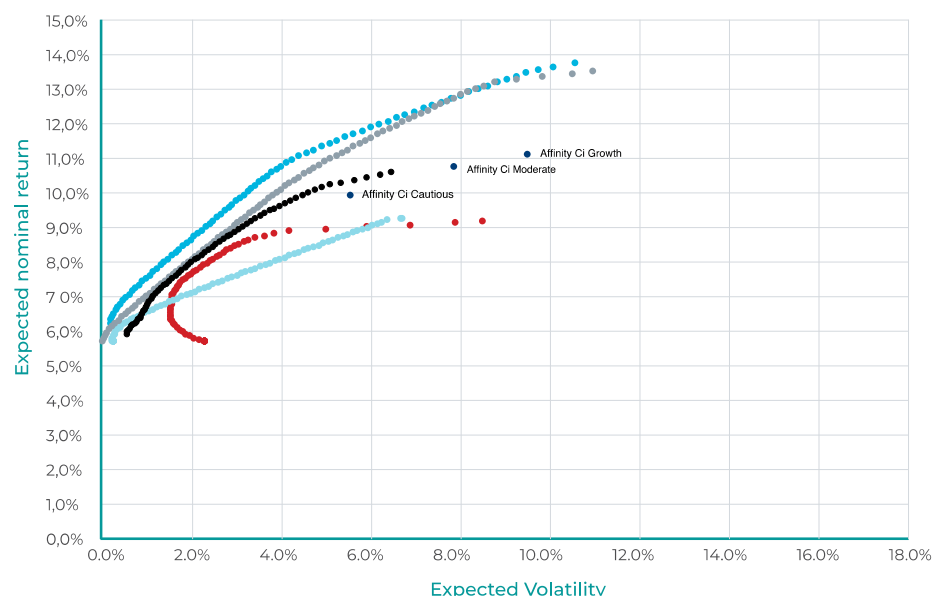
Affinity Capital Management has been established as a collaborative business that works hand in hand with financial advisors and their clients. We believe that investment solutions should not be created in isolation. A collaboration between advice and asset management ensures that investment products are designed solely with the clients' needs in mind. Our investment approach primarily focuses on balancing client return outcomes with risk management.

We have adopted a long-term strategic asset allocation framework as a basis for our investment solutions. Over long investment time horizons comparisons between active managers and passive strategies show that very few active managers outperform an efficient frontier and thus a core component of our solutions utilises passive and rules-based strategies to access the market optimally. Active managers are included in our solutions where they have a proven track record of generating excess returns. Since asset allocation is the greatest predictor of portfolio volatility, we construct our portfolios with a clear mindset to risk mandates using a building block approach. This allows us to increase risk and returns in a predictable and measurable manner, creating distinct portfolios by simply increasing or decreasing the weightings of asset classes. An additional layer of portfolio risk management is introduced through diversification both across asset classes and within asset classes. We devote a great deal of time and resources aimed at identifying and extending our asset class categories and how best to access them.

Finally, we believe that a dynamic asset allocation framework can add value to portfolio returns when asset class return profiles and correlation behaviours are understood in different market regimes. Ongoing management of our investment solutions thus centres on understanding market regimes and the behaviours of asset classes in different market cycles. Through our proprietary models we assess certain lead indicators of market cycles and use this to position portfolios optimally for the expected market environment. Based on the signal strength of the lead indicators we will then implement appropriate tilts to the long-term Strategic Asset Allocation weightings.

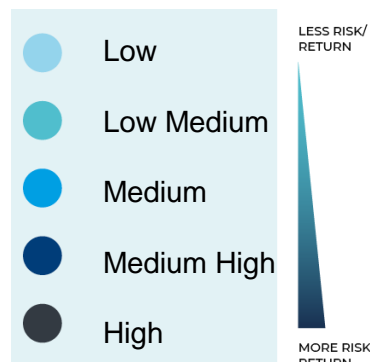
Asset class return expectations and correlations change in different market cycles. We have thus adopted a dynamic asset allocation approach, which allows us to tilt away from our long term strategic asset allocations through different market cycles. The size of these tilts is informed by the signal strength of various lead indicators. We are currently positioning our portfolios between a contraction and recovery cycle.

**Comparison of efficient frontiers through market cycles.
Forward looking Affinity fund positioning**



PERFORMANCE

Indices	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	10 Years	YTD
SA Equities (JSE All Share Index)	8.6%	2.2%	2.5%	4.7%	7.8%	14.3%	12.4%	8.9%	7.1%
JSE Preference Shares (J251)	0.1%	3.0%	4.7%	1.0%	10.5%	21.2%	12.2%		1.7%
SA Property (South African Listed Property Index)	9.1%	1.6%	5.8%	1.4%	4.2%	16.2%	-1.8%	2.1%	0.2%
SA Bonds (SA All Bond Index)	4.7%	4.0%	11.0%	8.8%	7.6%	7.8%	8.1%	7.9%	8.1%
ILBs (Barclays South Africa Government Inflation Linked Bond)	4.2%	2.5%	5.4%	6.9%	6.9%	8.8%	6.1%	5.4%	4.4%
SA Cash (STeFI)	0.7%	2.1%	4.2%	7.8%	6.3%	5.5%	5.9%	6.4%	7.3%
Global Equities (MSCI All Countries World Index, \$)	10.5%	1.8%	3.8%	25.5%	8.7%	13.6%	16.7%	15.1%	30.5%
Developed Market Equities (MSCI World Index, \$)	10.6%	1.8%	4.2%	26.6%	9.7%	15.1%	17.7%	15.9%	32.0%
Emerging Market Equities (MSCI Emerging Market Index, \$)	9.2%	1.2%	0.3%	16.7%	1.3%	3.1%	9.4%	9.1%	18.1%
Global Bonds (Bloomberg Barclays Global Aggregate,\$)	6.2%	0.8%	-4.3%	13.8%	0.2%	0.2%	5.7%	6.3%	13.0%
RAND/DOLLAR	1.1%	0.1%	-4.4%	11.5%	8.7%	7.0%	6.4%	6.4%	11.4%
RAND/STERLING	5.5%	0.0%	-2.3%	18.5%	6.4%	5.1%	6.3%	3.7%	17.2%
RAND/EURO	4.3%	0.6%	-2.1%	18.1%	7.1%	3.8%	5.7%	4.1%	13.9%
Solutions	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	10 Years	YTD
• Affinity Income Solution	1.9%	2.8%	6.6%	9.9%	8.3%	7.5%	7.5%	6.8%	3.7%
• Affinity Ci Cautious Fund	6.1%	3.0%	6.7%	10.9%	5.4%	7.4%	6.8%	5.9%	3.3%
• Affinity Ci Moderate Fund	7.4%	3.0%	5.9%	10.7%	5.5%	8.5%	7.3%	6.5%	2.9%
• Affinity Moderate Solution (Non Reg 28)	8.3%	2.3%	4.3%	14.4%	3.5%	7.8%	6.7%	6.3%	3.8%
• Affinity Ci Growth Fund	8.2%	2.9%	5.3%	10.7%	5.0%	8.5%	7.2%	6.7%	2.5%
• Affinity Growth Solution (Non Reg 28)	9.1%	2.3%	3.8%	14.3%	3.5%	8.4%	9.2%	8.2%	3.5%
• Affinity High Growth Solution (Non Reg 28)	10.6%	1.7%	2.0%	16.8%	1.7%	8.2%	11.3%	8.5%	3.8%
• Affinity Global Cautious Solution	5.2%	1.4%	3.8%	5.2%	-2.8%	-0.2%	3.3%	2.4%	0.2%
• Affinity Global Cautious Restricted	3.8%	1.6%	3.7%	4.6%	-0.6%	1.6%	4.4%	2.7%	1.1%
• Affinity Global Moderate Solution	7.0%	1.4%	4.4%	5.3%	-4.9%	-0.8%	4.0%	3.2%	-0.5%
• Affinity Global Moderate Restricted	6.3%	1.6%	4.7%	5.0%	-3.0%	0.9%	5.2%	3.6%	0.0%
• Affinity Global Growth Solution	8.5%	1.4%	5.2%	5.3%	-5.7%	-0.4%	5.0%	4.1%	-1.3%
• Affinity Global Growth Restricted	8.4%	1.6%	5.9%	5.0%	-4.3%	1.4%	6.6%	5.0%	-1.1%



ZAR returns

USD returns

AFFINITY PERFORMANCE

NOVEMBER UPDATE

Global markets bounced back hard and fast after having fallen over the past three months. US markets reported their second-best November in over 40 years. Economic signals indicated that the rate hiking cycle had reached its peak, as the ECB and the FED kept rates unchanged. Furthermore, after six consecutive months of rising US 10yr bond yields, last month saw the largest one month decline since the end of 2008. It is no surprise then that global risk-on sentiment spurred strong positive results across the asset classes, with global property reporting the largest growth US dollar terms.

South African markets followed the global trend as SA property cinched the top spot for the month, followed closely by equities and then bonds. Although the rand performed weaker than most other currencies, foreign investors were net buyers of SA bonds for the first time since April. However it wasn't all good news locally, South Africa's recorded a trade deficit as exporting woes continue to be an economic headwind.

AFFINITY PORTFOLIOS

The Affinity strategies invest in strategic asset allocations that have high probabilities of achieving the respective return targets of the various portfolios on a risk adjusted basis. The asset allocation process allows for dynamic asset allocation based on various leading indicators of macro economic regimes. As of late, the OECD indicator suggests that the global economy moved towards an economic slowdown regime and the Affinity portfolios are positioned to mitigate any volatility and allocate to asset classes that are expected to perform well in this regime and underweight the other asset classes that are expected to underperform (within certain limitations). This framework is designed to work (and is best evaluated) over longer investment periods (typically longer than a quarter, a year or even 3 years).

In September and October, the Affinity Ci Cautious, Affinity Ci Moderate and Affinity Ci Growth repositioned the local equity strategies. The 36One SA Equity Fund was introduced as well as a S&P DSW 100 Index. The S&P DSW 100 is a custom-built index to access the local equity market. The Affinity investment committee believes the inclusion of new strategies have a high probability to capture upside when the local equity market recover. The allocation to asset classes did not change.

Source: Morningstar Direct & Analytics Consulting

The information provided is of a general nature only and does not take into account investor's objectives, financial situations or needs. The information does not constitute financial product advice and it should not be used, relied upon or treated as a substitute for specific, professional advice. It is, therefore, recommended that investors obtain the appropriate legal, tax, investment and/or other professional advice and formulate an investment strategy that would suit the investor's risk profile prior to acting on such information and to consider whether any recommendation is appropriate considering the investor's own objectives and particular needs. Although the information provided and statements of fact are obtained from sources that Portfolio Analytics Consulting ("Analytics Consulting") considers reliable, we do not guarantee their accuracy, completeness or currency and any such information may be incomplete or condensed.

Any opinions, statements and information made available, whether written, oral or implied are expressed in good faith. Views are subject to change on the basis of additional or new research, new facts or developments. All data is in base currency terms unless otherwise indicated and are sourced from Factset or Morningstar Direct.

Financial Services Provider: Portfolio Analytics Consulting; FSP No 18490;
Tel: (021) 936 9500; Website: www.analyticsconsulting.co.za.



...Currently the Affinity funds move towards a neutral to underweight these growth asset classes to ultimately minimize market volatility through this period...

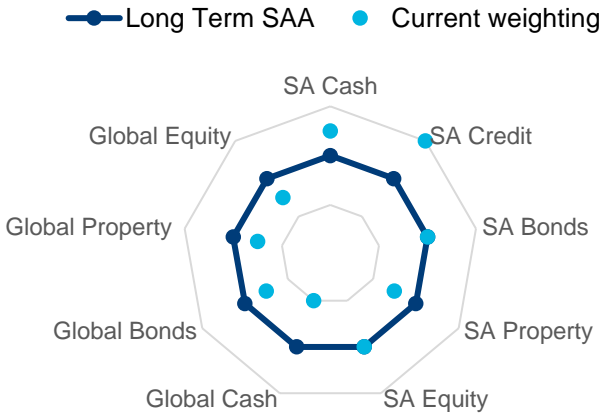
ATTRIBUTION OF PERFORMANCE

CONTINUED

Weighting of asset classes

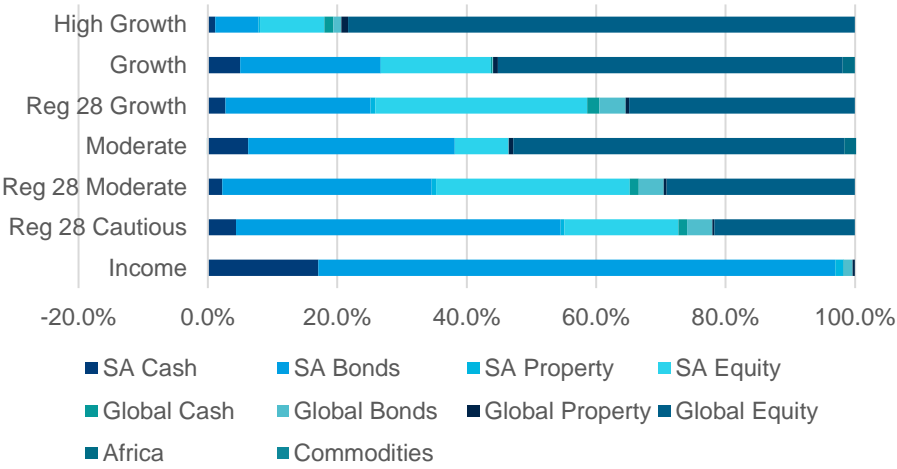
Our asset allocation models indicate that we fall within an economic expansionary regime, thus local government bonds have been increased and within local equities, the level of protection should be reduced in favour of direct equity market exposure and thus the weighting of Methodical (a protected equity manager) was reduce further. With regards to the portfolio's offshore exposure, the expansionary regime supports our portfolios holding more global equities.

Changes to portfolio asset class weightings

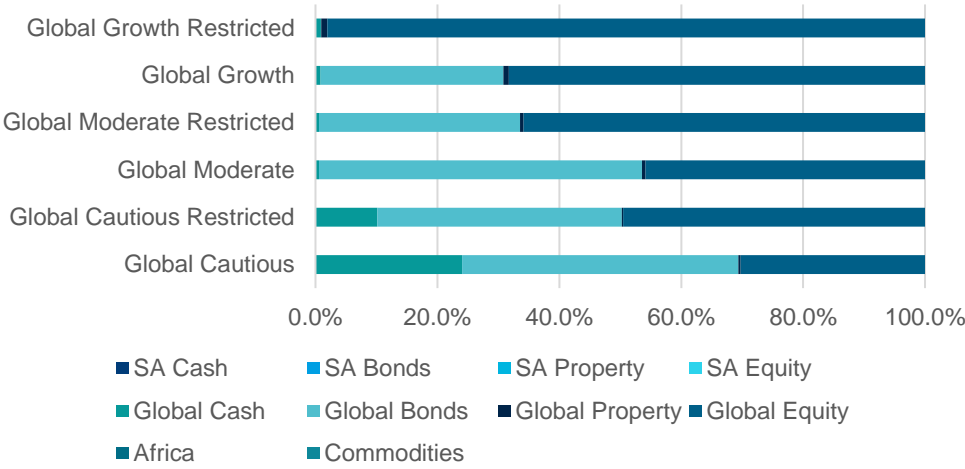


ASSET ALLOCATION ACROSS SOLUTIONS

Current Asset Allocation



Current Asset Allocation





CONTACT

For more information please feel free to contact us directly:

011 262 2740 | admin@affinitycapital.co.za
Block G, Pin Mill Farm, 164 Katherine Street, Sandton, 2196

Authorised Financial Services Provider FSP 47878