



NOVEMBER 2023

Dear CRF Member,

Global equity markets fell for a third consecutive month in October 2023. The MSCI World index was down by 2.9% in dollar terms and down by 3.4% in Rand terms as the Rand strengthened against the US dollar in the month. South African equity markets followed suit and were also down for the month by 2.9% as measured by the capped SWIX. Defensive asset classes such as local bonds and local cash delivered positive returns in October 2023. The performance of the major asset classes to the end of October 2023, is shown below:

	1 month	3 months	6 Months	1 year
SA Equity (Capped SWIX)	-2.9%	-10.3%	-8.7%	3.1%
SA Bonds (ALBI)	1.7%	-0.9%	0.9%	7.9%
SA Property (ALPI)	-3.3%	-6.2%	-8.2%	-1.2%
SA Cash (STeFI)	0.7%	2.1%	4.1%	7.7%
SA Inflation Linked Bonds (CILI)	-1.0%	-1.6%	-1.3%	3.3%
Global Equity (MSCI World (\$))	-2.9%	-9.3%	-1.6%	10.5%
Global Equity (MSCI World (R))	-3.4%	-4.4%	0.9%	12.7%
Global Bonds (WGBI (\$))	-1.1%	-5.6%	-7.4%	0.5%
Global Bonds (WGBI (R))	-1.6%	-0.5%	-5.0%	2.5%

The returns of the CRF portfolios (net of all fees) to the end of October 2023 were as follows:

Portfolio	1 month	3 months	6 months	1 year
CRF Aggressive Portfolio	-2.4%	-5.3%	-4.8%	6.1%
CRF Growth Portfolio	-2.1%	-5.0%	-4.3%	6.1%
CRF Moderate Portfolio	-0.6%	-0.9%	1.5%	10.4%
CRF In-Fund Pension Portfolio	0.4%	-0.9%	0.3%	6.3%
CRF Money Market Portfolio	0.8%	2.2%	4.7%	8.7%
CRF Shari'ah Portfolio	-1.9%	-3.3%	-3.5%	2.9%
CRF Children's Benefit Portfolio	-0.2%	-0.6%	1.3%	9.5%

The last 3 months ended October 2023 have been tough for the riskier CRF portfolios such as the CRF Aggressive and CRF Growth portfolios. Only the CRF Money Market portfolio delivered a positive return over the 3 months ended October 2023. However, in such volatile times, financial markets can quickly reverse and can recover quickly.

Therefore, it is important that members do not react to short-term performance alone but take a long-term view on their retirement savings.

The three-month sell-off in offshore equities coincided with a 1% increase in US 10-year government bond yields, which touched 5% for the first time in over 16 years during October 2023. The rise in US yields means that the price of the bonds fall in value. Therefore, both offshore bonds and offshore equities fell in October, confirming the “risk off” sentiment. Many S&P 500 companies posted their third quarter earnings during October, reporting earnings growth of 3% on average. This was vastly ahead of expectations albeit relatively low, however the positive earnings surprise could not overcome negative investor sentiment. Meanwhile, China’s recovery remains weak although authorities have announced fiscal stimulus of roughly RMB 2 trillion, which will hopefully filter through to the economy in the coming months.

Geopolitical risk added to negative sentiment in October with the outbreak of war in the Middle East. Tensions between the US and China remain high while Russia and China re-affirmed their solidarity. It seems that the creation of a new world order is already under way.

In South Africa, the Medium-Term Budget Policy Statement (MTBPS) was released on 1 November to reveal lower than budgeted tax revenue collections. The market was however expecting a far worse fiscal deficit and debt ratio than what National Treasury tabled. One of the positives from the MTBPS for the bond markets is that there is likely to be less bond issuance than anticipated. The reduction in government spending over the medium term will be negative for infrastructure and speaks to the massive need for private public partnerships.

Annual headline inflation ticked up to 5.4% in September from 4.8% in the previous month but the South African Reserve Bank (SARB) is likely to keep rates on hold given that inflation is within the 3% to 6% target band. The SARB may possibly start interest rate cuts towards the middle of 2024.

The CRF remains committed to providing members with inflation beating long term returns and members should take a long-term view with their retirement savings amidst the short-term volatility and uncertainty in financial markets.

Kind regards,



Mr Raymond Wentworth
Principal Executive Officer

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