AUGUST 2024

Dear CRF Member,

Local asset classes continued to perform well during July 2024, resuming its upward momentum from the second quarter of 2024. Local equity, bonds and property delivered more than 4% in July 2024, once again out-performing offshore asset classes in Rand and USD terms. The Rand appreciated very slightly by 0.4% over the month. Over the past 12 months, most risky asset classes have delivered strong double-digit returns. The returns for the major asset classes to the end of July 2024 are shown below:

	1 month	3 months	6 months	1 year
SA Equity (Capped SWIX)	4.1%	9.4%	13.3%	10.0%
SA Bonds (ALBI)	4.0%	10.2%	9.0%	15.6%
SA Property (ALPI)	4.5%	11.0%	9.5%	28.5%
SA Cash (STeFI)	0.7%	2.1%	4.2%	8.6%
SA Inflation Linked Bonds (CILI)	1.7%	3.9%	3.8%	9.4%
Global Equity (MSCI World ($))	1.8%	8.5%	12.4%	18.3%
Global Equity (MSCI World (R))	1.4%	4.8%	9.9%	21.0%
Global Bonds (WGBI ($))	2.9%	3.9%	0.3%	1.9%
Global Bonds (WGBI (R))	2.5%	0.4%	-1.9%	4.2%

The returns of the CRF portfolios (net of all fees) up to the end of July 2024 were as follows:

Portfolio	1 month	3 months	6 months	1 year
CRF Aggressive Portfolio	2.6%	6.1%	9.4%	11.1%
CRF Growth Portfolio	2.6%	5.8%	9.1%	11.3%
CRF Moderate Portfolio	1.8%	4.3%	6.1%	11.2%
CRF In-Fund Pension Portfolio	1.8%	4.5%	5.1%	10.5%
CRF Money Market Portfolio	1.0%	2.7%	4.8%	9.7%
CRF Shari'ah Portfolio	1.5%	3.5%	5.7%	9.0%
CRF Children's Benefit Portfolio	2.0%	5.4%	6.6%	12.1%

The CRF portfolios all performed well in July 2024. The CRF Aggressive, Growth, Moderate, Children's Benefit and even In-Fund Pension portfolios have all managed to deliver returns above the local equity market over a one-year period, despite being much more diversified and not being invested exclusivity in local equity. Only the CRF Shari'ah portfolio is outsourced to an external multi-manager while the remaining CRF portfolios are managed by the CRF Trustees and the appointed asset consultant.

In the US, the housing market surprised on the upside with a 10.6% rise in new home sales despite falling mortgage applications. The US jobs market data was weaker than expected with a downward revision of 818 000 jobs for the year ending March 2024 and increased unemployment claims. These trends indicate that the US Fed will most likely cut interest rates in September and some market participants are expecting a 0.5% interest rate cut, especially if the US Fed is concerned about rising unemployment.

In previous financial bulletins, we have commented on the relatively expensive US technology sector and July 2024 highlighted how quickly the technology sector can re-rate. The Dow Jones and S&P 500 posted gains of 4.4% and 1.1% respectively in July while the NASDAQ 100 produced a loss of -1.6% during the month.

In the Euro area, core inflation held steady at 2.9% in July 2024 for the third consecutive month. China's central bank held its key rates steady, highlighting a cautious approach to economic policy, amidst ongoing weakness in the property sector. China may need to stimulate its economy further to avoid further weakness and missing its economic growth target of 5% for the year.

South Africa's inflation data for July 2024 dropped to 4.6% y-o-y, the lowest in three years, nearing the South African Reserve Bank's (SARB) target of 4.5%. The downward trajectory of core inflation reflects reduced inflationary pressures in key categories such as food, transport and housing. With inflation softening and nearing the SARB's target and the oil price remaining largely steady, its increasingly likely that the SARB will cut rates in September 2024.

SA Bonds have recovered strongly with the yield on the SA 10-year government bond dropping significantly to its lowest since February 2022. This is due to a host of positive factors including falling local inflation, interest rate cuts overseas, a strong Rand relative to the US dollar, no load-shedding for about 100 days, adherence to fiscal restraint and the initial success of the Government of National Unity. We anticipate this to continue over the short term.

Kind regards,

Mr Raymond Wentworth
Principal Executive Officer

Head Office Cape Town Office: CRF Building, 3rd Floor, 4 Bridal Close, Tyger Falls, Bellville, 7530
Regional Offices: **East London Office:** The Quarry, Pilot Mill House, Ground Floor, Selborne, East London, 5201
George Office: Block B, Eden Office Park, Platinum Drive, George, 6530
Gqeberha Office: Waterfront Business Park, Pommern Street, Unit 1, Humerail, Gqeberha 6001
Kimberley Office: Unit 5, Royalyard Park, 1-9 Jacobus Street, Royal Glen, Kimberley, 8301
Postal Address: P.O. Box 4740, Tygervalley, 7536
Tel: 0861 CRFUND (273863) Fax: 086 539 0808
Email: support@crfund.co.za WhatsApp: 021 9153500
Website: www.crfund.co.za
Consolidated Retirement Fund for Local Government Registration Number 12/8/32689/2