



FEBRUARY 2025

Dear CRF Member,

The 2025 calendar year started on a positive (albeit volatile) note. Offshore equity and local equity were positive and delivered over 2% in Rand terms in January 2025. After a strong run in local listed property in 2024, there was bound to be some profit taking. Listed property, as measured by the ALPI, delivered -3% in January 2025 and was the worst performing major asset class. The returns for the major asset classes to the end of January 2025 are shown below:

	1 month	3 months	6 months	1 year
SA Equity (Capped SWIX)	2.6%	1.3%	5.7%	19.7%
SA Bonds (ALBI)	0.4%	3.1%	7.3%	16.9%
SA Property (ALPI)	-3.0%	-0.7%	10.1%	20.6%
SA Cash (STeFI)	0.7%	2.0%	4.1%	8.4%
SA Inflation Linked Bonds (CILI)	-0.3%	1.5%	3.5%	7.4%
Global Equity (MSCI World (\$))	3.5%	5.5%	8.0%	21.4%
Global Equity (MSCI World (R))	2.4%	11.4%	10.9%	21.9%
Global Bonds (WGBI (\$))	0.5%	-1.6%	-1.2%	-0.9%
Global Bonds (WGBI (R))	-0.6%	3.9%	1.4%	-0.5%

The returns of the CRF portfolios (net of all fees) up to the end of January 2025 were as follows:

Portfolio	1 month	3 months	6 months	1 year
CRF Aggressive Portfolio	2.0%	3.7%	7.1%	17.1%
CRF Growth Portfolio	1.4%	3.3%	6.3%	16.0%
CRF Moderate Portfolio	1.8%	4.0%	6.4%	12.9%
CRF In-Fund Pension Portfolio	0.7%	2.5%	5.0%	10.4%
CRF Money Market Portfolio	0.8%	2.3%	4.6%	9.6%
CRF Shari'ah Portfolio	1.9%	3.4%	4.9%	10.9%
CRF Children's Benefit Portfolio	1.6%	3.8%	5.9%	12.9%

The CRF Aggressive Portfolio delivered 2% in January 2025, followed by the CRF Shari'ah Portfolio and CRF Moderate Portfolio. All the other CRF Portfolios delivered respectable returns. Over the year ended January 2025, the CRF Aggressive Portfolio has delivered the highest return of 17.1% and the CRF Growth portfolio has delivered 16.0%. All the other CRF Portfolios, excluding the CRF Money Market Portfolio, have delivered double digit returns over the past year ended June 2025.

The relatively good returns in January 2025 as discussed above, masked some of the day-to-day volatility that took place during the month. Following the inauguration of Donald Trump as the 47th US President, several executive orders were signed and Mr Trump threatened additional tariffs against China, Canada and Mexico. In his virtual address to global leaders at the World Economic Forum in Davos, he promised that he would implement tariffs on products made outside of the US and that the US would become the “world capital of artificial intelligence and cryptocurrency”. He also stated that he would request Saudia Arabia and OPEC to “cut the price of oil”. Later in the month, Mr. Trump also indicated his willingness to obtain ownership of Greenland and to annex Canada and make it the 51st US state. While some believe that such comments by Trump is a negotiating tactic aimed at winning concessions from other countries, others believe that he should be taken seriously and will ultimately implement what he says in public. The jury is still out but what is certain is that uncertainty in financial markets will continue.

China's economy expanded at 5% in 2024, slower than in 2023, but in line with Beijing’s target of 5% growth. Growth was supported by strong exports and economic stimulus measures announced in late 2024. Chinese authorities have vowed further monetary easing and stronger public spending in 2025 as it prepares for “Trump tariffs” as high as 60% on Chinese goods. Such tariffs would affect China’s trade and economic growth negatively.

The South African Reserve Bank (SARB) cut interest rates by 0.25% in January 2025. The SARB expects inflation to average 3.9% in 2025 but sees material risks emanating from the global environment. The SARB provided a risk scenario showing that a 10% US tariff on goods could result in higher inflation and interest rates globally. It would also trigger greater risk aversion from investors and weakness in emerging market currencies.

CRF has provided consistent long-term returns during uncertain times. CRF members should stick to their long-term strategy and avoid reacting to short-term market developments and seek professional advice if unsure.

Current Affairs

US equities account for nearly 73% of the market capitalization of the developed world. In the commentary below, we review recent developments in this important asset market. After examining Wall Street’s estimates for market performance, the current economic landscape, and the recent short-term volatility, we conclude with a reminder of the benefits of maintaining a long-term investing mindset.

Wall Street banks each published forward guidance for the different global asset markets toward the end of last year. With respect to the US stock market, one thing was agreed upon across their analysis: that the S&P 500 would close higher by the end of this year. Their forecasts are shown below.



While the recent market turbulence has called these projections into question, it pays to remember that the S&P 500 has delivered consecutive returns of 24.5% and 25.7% in US dollar terms for the past two calendar years. This contrasts starkly with the performance of other developed markets, which have lagged US equities by an average of – 11.3% per year. The financial media have dubbed this relative outperformance “US exceptionalism,” an apt term to describe the historic rally that has occurred mostly in their corner of global capital markets.

The economy of the United States of America has confounded all expectations of a downturn, and at the time of writing, it is still running strong. It has emerged from the global pandemic benefiting from historic stimulus spending,

accelerated global adoption of technology (of which it is so well-endowed that it has near-monopoly power), and an overall robust economy that has shown few signs of slowing in the face of high interest rates.

The US labour market is still running near its highs, with unemployment at 4.2% and initial jobless claims hovering in the healthy 200–250k range. Inflation has been cooling, with the most recent print at 2.8%. Real GDP expanded by 2.3%, and personal incomes grew by 0.9%. There have been seven consecutive quarters of strong corporate earnings growth. In addition, oil prices are at lows, global conflicts appear to be deescalating, and there are signs of recovery in the world's second-largest economy (China).

Enter Donald Trump. The markets initially responded with jubilation, expecting that his second term in office would usher in looser competition regulation, more fiscal stimulus, and a general broadening of the US stock rally to non-tech sectors. Interestingly, there was also the view that protectionist trade policies would somehow benefit the US at the expense of the rest of the world. This assumption is now being challenged.

On 3 April, President Trump stunned markets by announcing sweeping 'reciprocal' tariffs against all US trading partners. The large scale of the announcement caught everyone off guard, and what followed were two consecutive days of market turmoil, where the S&P 500 lost -10.5% and wiped out nearly 5 trillion Dollars in market capitalization.

Trump's trade-war escalation is reshaping global supply chains and introducing fresh uncertainty. Consumer and business confidence have both dipped sharply amid tariff fears, while longer-run inflation expectations sit at three-decade highs. Wall Street now has a more cautious growth outlook for the U.S., and high interest rates may persist.

Investors would be well served to brace for some continued volatility over the short term in global equity markets, particularly in the US. There may be sharp reactions to follow-up announcements from the White House and from U.S. trading partners, and equity markets may endure higher-than-normal fluctuations for a while.

Although the near-term outlook has become more uncertain, history shows that volatility is an inevitable—and often healthy—feature of financial markets. Missing just a few of the market's best days can lead to significant opportunity costs over the long term. While short-term swings—often driven by policy shifts, trade tensions or macroeconomic data—can cause anxiety, the long-term performance of US equities has been strong. For this reason, discipline is key: staying invested, rather than trying to time the market, lets you participate in the eventual rebounds. Long-term investors typically reap the rewards of consistent exposure to growth, while short-term fluctuations are largely noise. The best days often come unexpectedly—and missing them can cost more than enduring a few choppy sessions.

Taking a long-term view, remaining diversified, and focusing on your financial goals are key strategies to navigate market volatility successfully.

Kind regards,



Mr Raymond Wentworth

Principal Executive Officer

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