

**Please note that the commentary is for the retail class of the Fund.**

### Performance

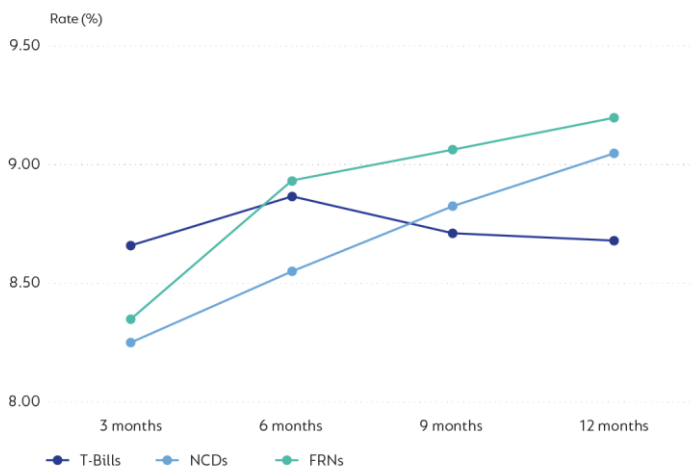
The Fund generated a return (net of management fees) of 2.13% for the first quarter of 2024 (Q1-24) and 8.85% over a rolling 12-month period. This return is ahead of the three-month Short-Term Fixed Interest (StefI) benchmark return of 8.15% over the one-year period.

### Positioning and outlook

The South African Reserve Bank (SARB) unanimously voted to leave the repo rate unchanged at 8.25% at the March MPC meeting. The MPC cited sticky inflation and elevated inflation expectations as the main reasons for keeping the repo rate unchanged. Food inflation has been declining, but there is concern that prices could rebound following reports of damage to the summer crops due to dry and hot weather conditions. The SARB slightly updated headline inflation to 5.1% from 5.0% for 2024 and left its projections unchanged for 2025 and 2026 at 4.6% and 4.5%, respectively.

During the last quarter, the 3-month Johannesburg Interbank Average Rate (Jibar) decreased by a marginal 0.05% to 8.35%, reflecting the market's view of higher policy rates for longer. The Fund increased its exposure to one-year fixed rate NCDs (negotiable certificate of deposits) following a 15 basis points increase in yields. T-Bill yields no longer offer attractive returns relative to money market instruments beyond the six-months tenor.

### T-BILLS VS NCDs VS FRNs



Source: Bloomberg, SARB

Several corporates and banks accessed the debt capital markets in Q1-24, with R31.7 billion gross issuance placed in the market. Corporate issuers still enjoyed tighter clearing spreads, while there was a shift in bank paper auctions, with most auctions clearing at the mid-point of price guidance. Most of the credit holdings in the Fund were sourced in the secondary market. We remain cautious by investing only in instruments that are attractively priced relative to their underlying risk profiles. Capital preservation and liquidity remain a key focus for this Fund.

### Portfolio managers

**Nishan Maharaj, Mauro Longano and Sinovuyo Ndleni**  
as at 31 March 2024