

As of 2019/05/31

MARKET INDICES

	1 month	3 months	1 year	3 years*	4 years*	5 years*
FTSE/JSE All Share	-4.84	0.73	2.43	4.17	4.69	5.44
FTSE/JSE Capped SWIX All Share	-4.75	-0.17	-1.08	1.40	2.38	4.31
FTSE/JSE SA Listed Property	-0.87	0.77	-4.78	-2.60	0.26	5.89
All Bond Index	0.64	2.74	7.75	10.49	8.04	8.31
STeFI (Cash)	0.61	1.82	7.29	7.43	7.27	7.06
MSCI World	-4.63	1.57	12.38	4.19	8.30	10.41
MSCI EM	-6.10	-1.68	2.36	4.59	4.42	5.96
Oil Price	-10.05	1.12	-4.46	6.30	4.16	-4.15
Gold Price	2.59	1.69	14.08	-0.36	6.80	7.34

MARKET COMMENTARY

South African equities were not spared from concerns around slowing global growth, despite the outcome of elections appearing to hand President Cyril Ramaphosa with a mandate to continue reforms. The asset class ended with a negative monthly return for the first time in six months. The local listed property space also sold off, in line with the risk off environment and continues to face headwinds from the weak South African economy. Local bonds managed to deliver positive performance for the month, despite the rand coming under pressure and concerns around the strain placed on government finances from Eskom's debt levels.

The South African Reserve Bank Monetary Policy Committee met towards the end of May and left the repo rate unchanged at 6.75%, which was largely in line with consensus forecasts. Surprisingly, however, two of the five MPC members voted for an interest rate cut and the market is now pricing in a 100% chance of an interest rate cut of 25 basis points by the end of the year. Headline inflation slowed slightly to a year-on-year figure of 4.4% for April (moderating slightly from the March release of 4.5%) as low food price inflation and the removal of the 1% VAT increase in March 2018 from the base offset the increase from higher petrol prices. GDP growth remains sluggish, with data confirming that the economy contracted in the first quarter of the year. Growth for 2019 is unlikely to be significantly higher than the rate achieved in 2018 of 0.8%.

The **JSE All Share Index** (-4.8%) posted a negative return for the month, however, local equities are still the best performing local asset class this year with a return of 7.1%. The top performing shares in May amongst the largest 60 companies on the JSE were Gold Fields (+21.3%), AngloGold Ashanti (+13.0%) and Telkom (+8.2%). The worst performing shares in May were Sasol (-22.7%), Netcare (-22.4%) and Sappi (-19.2%). All local sectors ended the month lower, with **Financials** (-2.3%) faring slightly better than **Resources** (-5.1%) and **Industrials** (-6.0%).

Listed property (-0.9%) had a disappointing month, with many companies continuing to cut distributions, reflecting the difficult operating environment for local property companies. **Local bonds** (+0.6%) were the best performing local asset class in May, in line with outperformance from global bond markets. **Cash** delivered a stable return of +0.6% for the month.

The **rand** had mixed fortunes against major currencies in May. The rand depreciated against the **US dollar** (1.5%) and the **euro** (1.0%), however, the local currency was stronger against the **pound sterling** (1.9%) during the month.

*All data is sourced from Morningstar Direct as at 31/05/2019. The performance of South African asset classes is quoted in rands.

*Returns are simulated and based on the underlying funds at the initial weightings and are net of published asset manager fees. Returns greater than a year have been annualised.

**Please note: the average weighted cost of the underlying funds is merely an indication as the underlying fund fees may vary from one platform to another. The average weighted cost varies daily as the weightings of the funds vary. The weighted average cost shown is not the same as the Total Investment Charge (TIC). Where applicable, performance fees are included at benchmark. The abovementioned fees exclude Financial Advisor fees, platform fees and VAT.

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