MARKET SUMMARY

As of 2022/02/28

PROVIDENCE WEALTH

MARKET INDICES

	1 month	3 months	1 year	3 years	4 years	5 years
FTSE/JSE All Share	2.95	8.82	20.47	14.80	10.66	11.98
FTSE/JSE Capped SWIX All Share	2.69	10.25	23.06	11.30	6.65	8.11
FTSE/JSE SA Listed Property	-3.26	1.38	22.43	-5.85	-5.69	-5.77
All Bond Index	0.54	4.12	9.02	8.75	7.60	8.91
STeFI (Cash)	0.32	1.00	3.89	5.32	5.80	6.13
MSCI World	-2.76	-7.42	11.41	16.20	16.48	13.86
MSCI EM	-3.17	-6.83	-10.77	7.00	6.43	8.12
Oil Price	10.60	38.00	55.80	18.90	19.07	16.50
Gold Price	6.26	2.07	11.80	16.75	17.36	12.44

MARKET COMMENTARY

Global equity markets continued to struggle in February as market jitters around US inflation continued to drag markets lower in the first two weeks of February. As concerns of Russia invading Ukraine became a reality in the third week of February, markets moved into a sharp risk-off mood. This meant that money flowed out of emerging markets (EM) and into perceived safe-haven assets such as US treasuries and gold. This pushed developed market bond yields lower towards the end of the month and led to EM currencies weakening. Despite the recovery in developed market bonds towards the end of the month, global bonds ended the month lower.

The US Federal Reserve (Fed) released the minutes of their January meeting during the month. Fed officials acknowledged that it was time to raise interest rates given the current pace of inflation and the level of employment. The minutes stated that although the Fed expects inflation to subside, it would be appropriate for them to remove policy accommodation at a faster pace than anticipated if inflation does not decline as they expect.

SA equities bucked the trend by posting a solid positive return in February, outperforming their developed and emerging market counterparts. Resources and Financials were once again the largest contributors to performance. Local bonds had a positive month despite experiencing a sharp sell-off during the last week of the month. The high yields on offer provided enough support to keep the asset class in positive territory. Local listed property had negative performance in the month of February. Sentiment around the asset class was negatively impacted by the conflict in Ukraine as local property counters have significant exposure to Eastern European markets bordering Ukraine. Despite the risk-off sentiment towards the end of the month, the rand held up well against the major developed market currencies, remaining largely flat against the US dollar, the euro and the pound sterling.

The SA finance minister delivered a largely consumer-oriented annual budget in February. Tax revenue for 2021/22 is estimated to be R1.55 trillion, exceeding the original budget estimate by about R182 billion. These higher income levels have been primarily driven by the Resources sector due to increases in commodity prices. Several tax rates were left unchanged, and the Treasury stated that these tax proposals are intended to "keep money in the pockets of South Africans, and to create conditions for greater investment in the economy."

The **JSE All Share Index** (+3.0%) ended the month stronger, outperforming other major global equity indices. Local equity sectors were led by strong performance from **Resources** (+16.1%) and **Financials** (+3.8%), while **Industrials** (-7.4%) ended the month lower. The top performing shares amongst the largest 60 companies on the JSE in February were Gold Fields (+33.3%), Anglo American Platinum (+29.5%) and Anglogold Ashanti (+26.8%). The worst performing shares in February were Prosus (-26.0%), Naspers (-21.7%) and Mondi (-14.6%).

Listed property (-3.3%) continued its decline in February, bringing the year-to-date price performance in this sector to -6.0%. **Local bonds** (+0.5%) held up well for the month despite experiencing a sharp sell-off towards the end of the month in response to risk-off positioning that hurt emerging market assets. **Cash** delivered a stable return of +0.3% for the month.

The rand held up well against developed market currencies for the month and was largely flat against the **US dollar** (+0.1%), the **euro** (-0.1%) and the **pound sterling** (+0.1%) over the month.

*All data is sourced from Morningstar Direct as at 28/02/2022. The performance of South African asset classes is quoted in rands.

Returns greater than a year have been annualised. Returns prior to launch date are simulated and are based on the underlying funds at the initial weightings. Returns are net of TIC.
The average weighted Total Investment Charge (TIC) shown is equal to the sum of the unit trust's total expense ratio (TER) and transaction costs (TC). This is merely an indication as the underlying fund weightings vary daily and share classes may differ from one platform to another. TIC is inclusive of VAT. TIC excludes the Discretionary Management fee, Financial Advisor and Platform fees.
The SA CPI benchmark figure is lagged by one month as it gets calculated before the current month's inflation rate has been released.
Underlying asset allocations are lagged by one month. Share classes may differ depending on the platform the portfolio is loaded onto.

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