31 December 2023 — Octagon Global Cautious

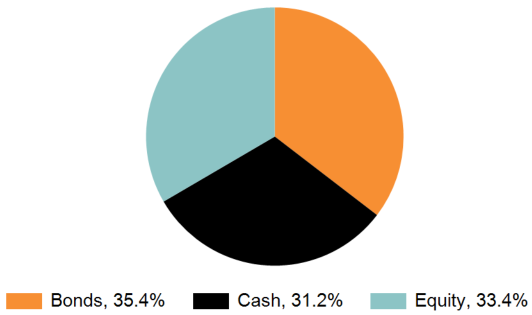
Fund Details

Currency	USD($)
Risk profile	Cautious
Investment period	5 years
Launch date	01 August 2013

Fund Objectives

The investment objective of the Fund is to provide capital growth through low levels of exposure to equity markets over a market cycle. This Fund is suitable for investors who require low capital growth over a 5-year or longer timeframe. Equity exposure limited to 50%.

Global Asset Allocation



Holdings as at Month End

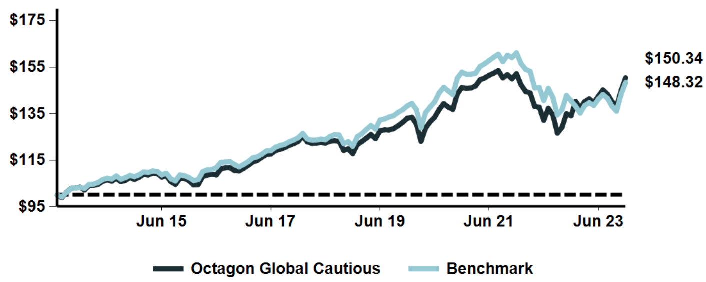
Holdings as at Month End	%
Amplify SCI Global Equity FF (Sarofim&Co)	3.00
Baillie Gifford WW Long Term Global Growth	2.00
Dodge & Cox Worldwide - Global	12.00
Dodge & Cox Worldwide Global Stock	4.20
Fundsmith Equity	1.80
Goldman Sachs Global Core Equity Portfolio	2.20
iShares World Equity Index	6.20
Legg Mason Brandywine Global	2.50
Nedgroup Inv Global Equity	2.40
Ninety One Global Franchise	3.00
Payden US Dollar Liquidity	6.00
PIMCO GIS Global Bond	17.00
PIMCO GIS Low Average Duration	18.00
PIMCO GIS Total Return Bond	2.50
Sands Capital Funds PLC - Sand	2.00
Schroder ISF Global Recovery	4.20
T Rowe Price Global Focused Growth Equity	2.00
Vontobel - TwentyFour Absolute Return Credit	9.00

Key Information

Key Information	%
Benchmark	
MSCI AC World	35.00
Barclays Global Aggregate US Government Bond Index	25.00
Barclays Global Aggregate Corporate Bond Index USD Hedged	25.00
USD Cash	15.00
Fees (incl. VAT)	
Annual Wrap fee	0.46
Underlying Manager TER's	0.55

Cumulative performance since launch*

Growth of $100 investment



Performance (%)	Fund*	Benchmark
1 Month	3.81	3.54
3 Months	7.29	7.38
6 Months	5.57	5.07
YTD	12.19	5.63
1 Year	12.19	5.63
2 Years (annualised)	-0.57	-4.03
3 Years (annualised)	0.94	-0.98
5 Years (annualised)	5.01	4.17
Since Launch (annualised)	3.99	3.86

Risk statistics (since launch)	Fund*	Benchmark
Returns (annualised)	3.99%	3.86%
Standard deviation (annualised)	6.52%	6.35%
% Positive months	63.20%	64.80%
Maximum drawdown	-17.52%	-16.58%
Sharpe ratio	0.57	0.56

* The investor is liable for CGT on any transactions in the units of the underlying unit trusts within the wrap funds. Compulsory investments are not subject to CGT. Performance is calculated using net returns (after fees) of the underlying uni trusts, and quoted excluding wrap fund fees. Performance quoted is pre-tax. Fund performance numbers shown are for a notional portfolio and does not reflect the actual performance of the client invested in the wrap fund due to timing differences of investments or disinvestments of the client. The information contained in this document has been recorded and arrived at by Octagon Asset Managers (Pty) Ltd (FSP) Licence No. 45236 in good faith and from sources believed to be reliable, but no representation or warranty, expressed or implied, is made as to the accuracy, completeness or correctness. Performance figures are calculated using net returns (after-fee) of underlying managers but are quoted gross of wrap fund fee. Performance figures for periods greater than 12 months are annualised. All data shown is at the month end. Changes in currency rates of exchange may cause the value of your investment to fluctuate. Past performance is not necessarily a guide to the future returns. The value of investments and the income from them may go down as well as up and are not guaranteed. You may not get back the amount you invest.

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Commentary

Market Review

In December, global equities rose alongside government bonds due to signs of continuing softening inflation and ongoing economic resilience. The December announcement from the US Federal Reserve (Fed) that interest rates would remain unchanged for the time being, alongside other dovish post-meeting comments from Fed Chairman Powell, helped lower bond yields and drove equities higher at year-end. The market was pricing in approximately 70 basis points (bps) of cuts from the Fed in 2024 at the end of October, but by the end of December this had moved to approximately 160 bps of cuts, with similar moves in market expectations for both the European Central Bank and the Bank of England. Over December, the US 10-year Treasury yield fell 45 bps to 3.88%, the German 10-year Bund yield fell 42 bps to 2.02%, and the UK 10-year Gilt yield fell 64 bps to 3.54%. In Japan, the 10-year JGB yield fell by a more modest 6 bps to 0.61% as the Bank of Japan weighed a potential exit to its accommodative monetary policy.

US economic momentum continued accelerating after November's robust core retail sales and industrial production prints, as US employers both hired more workers than expected and raised wages in December. In addition, there was an acceleration in real personal spending. Declining inflation prints through the last quarter of the year, in the face of growth data that remained above expectation, helped build the narrative that developed market central banks might actually engineer a soft landing.

In the US, investors poured $14.6 billion into US equity funds, the largest inflow since June. While the so-called Magnificent Seven large-cap tech stocks accounted for nearly two-thirds of the S&P 500's gain, other segments also enjoyed a strong finish to the year. The Dow Jones Industrial Index hit a new all-time high and US small-cap equities entered a bull market as the Russell 2000 Index posted strong positive performance. European equities also rose in December and finished the year with strong positive performance, led by the technology and retail sectors. Despite modest gains in December, Japanese equities posted their best annual performance in a decade, finishing the year solidly higher.

The MSCI World Index ended up 4.91% for the month and 23.79% for the calendar year. Emerging Market (EM) equities underperformed their Developed Market (DM) counterparts by 0.96%. The MSCI EM Index posted a return of 3.95% for December and 10.27% for the year.

The Bloomberg Global Aggregate Bond Index achieved a return of 4.16% for the month and 5.72% for 2023.

Property, as measured by the FTSE/EPRA Nareit Developed Market Property Index, rallied strongly to produce a return of 9.64% for the month and 10.71% for the full year.

Positioning and Outlook

While resilient economic conditions and easing price pressures could continue to boost the performance of financial markets over the near term, investors' expectations of a soft landing are such that there is little room for disappointment, and risky assets may face downside pressure over the coming year if recession fears become more prevalent. Furthermore, with developed market central banks poised to ease, the market will continue to remain laser focused on any data that will guide towards that first cut, and the ongoing strength of the labour market may put some pressure on the Fed to keep financial conditions tighter, which would also disappoint the market.

We therefore currently maintain a balanced and broadly neutral stance to growth assets (such as equities and property), but with a more defensive bias. Similarly, while we retain a neutral approach to fixed income, we recognise that the risks and rewards for duration assets are finely balanced, and a dynamic and flexible attitude is warranted.