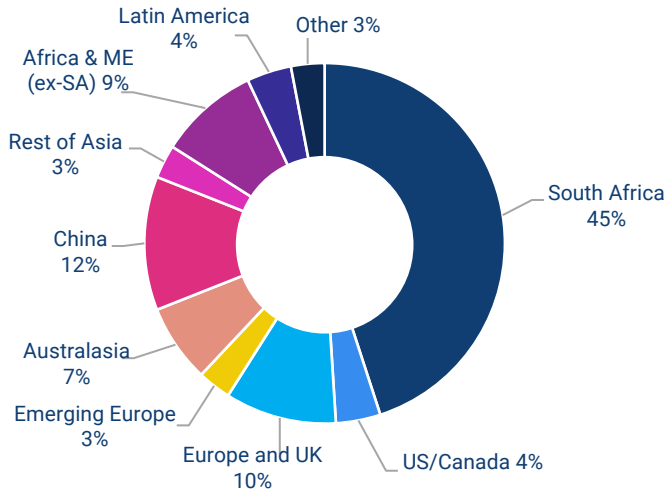


Lower SA Inc. risk in SA Equities

FTSE/JSE Swix Geographic Exposure – March 2024



Source: JSE, RMB Morgan Stanley, 10X Investments

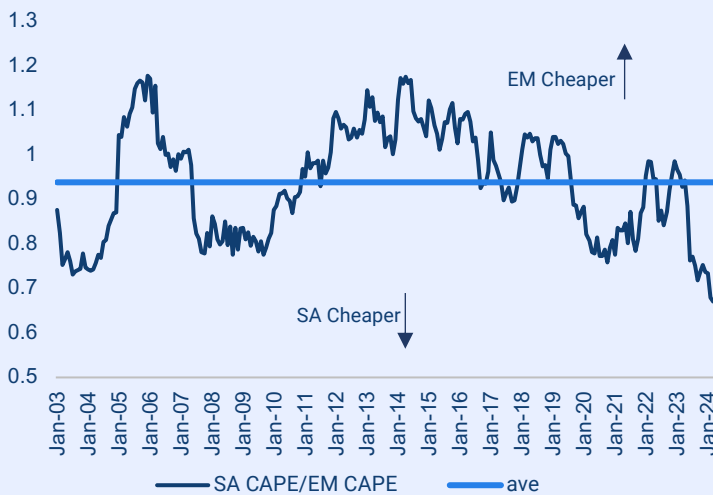
In March, the weighting schemes of the FTSE/JSE All Share and Swix indices were harmonised, shifting away from a bias towards Rand Hedge shares in the All-Share Index. Both indices now follow the Swix weighting scheme, increasing their sensitivity to SA Inc.

Despite this change, there's still only a 45% look-through exposure to SA in these headline indices. This means that SA equities are less affected by SA-specific risks compared to other asset classes like the Rand or SA Bonds.

This is an important consideration for SA multi-asset portfolios, when thinking about SA specific risks across a range of scenarios including the upcoming local elections.

SA Equities continue to derate relative to EM equity

FTSE/JSE All Share CAPE Ratio vs MSCI EM CAPE Ratio: Jan 2003 – April 2024



Source: 10X Investments, Bloomberg

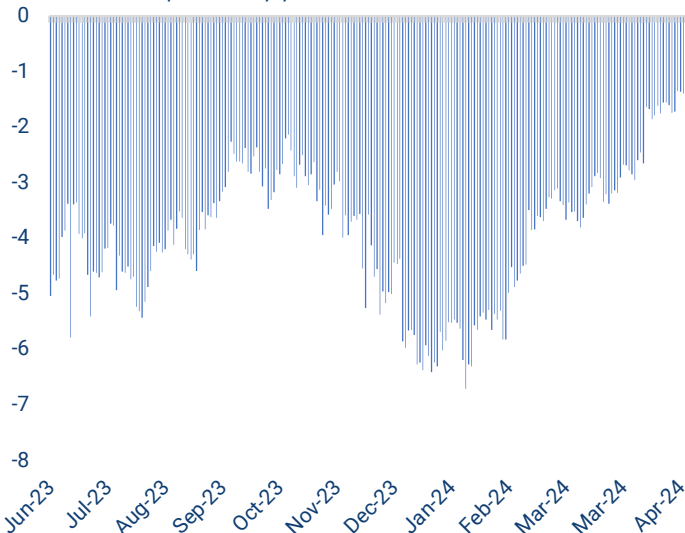
SA Equities have faced ongoing selling pressure from both foreign and local investors (who have been gradually adjusting to the new offshore limits). This selling pressure, coupled with declining liquidity, has led to significant de-rating of SA Equities compared to emerging market peers.

Measured using the CAPE Ratio, SA equities are the cheapest they have been relative to EM equities in over 20 years.

Part of this relative attractiveness can be attributed to elevated SA risk premiums, with real yields exceeding 5%. However, since only 45% of the SA Equity market reflects the SA economy, many of these well-known risks have already been discounted in pricing.

Expectations for Fed cuts back to new low

Number of 25bps cuts by year-end 2024



Source: Bloomberg, 10X Investments

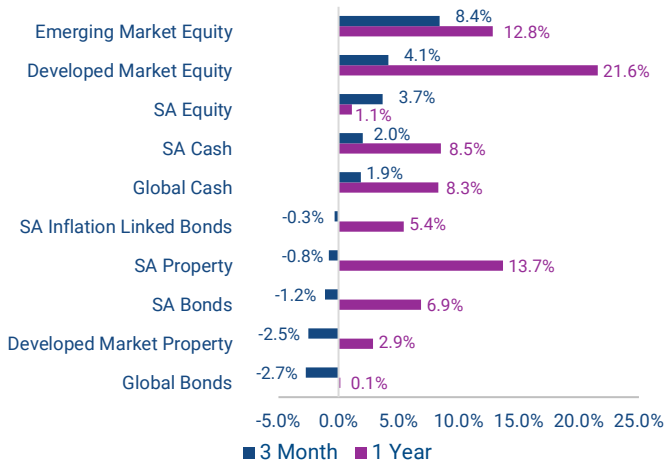
The bond market sentiment for expected Fed cuts in 2024 has gone from one extreme in January to the other in April. Over this period, the market expectation has gone from nearly 7 to just over 1.

Stronger US economic growth and sticky inflation data have prompted the pricing out of these cuts, leading to higher US real yields and resulting in losses from US bonds.

US Equities remained stable despite higher bond yields, thanks to improved earnings expectations offsetting the impact of higher discount rates. However, it's important to note that valuations based on actual earnings are now considerably more expensive compared to the last time US real rates were above 2.25%.

Asset class returns to 30 April 2024

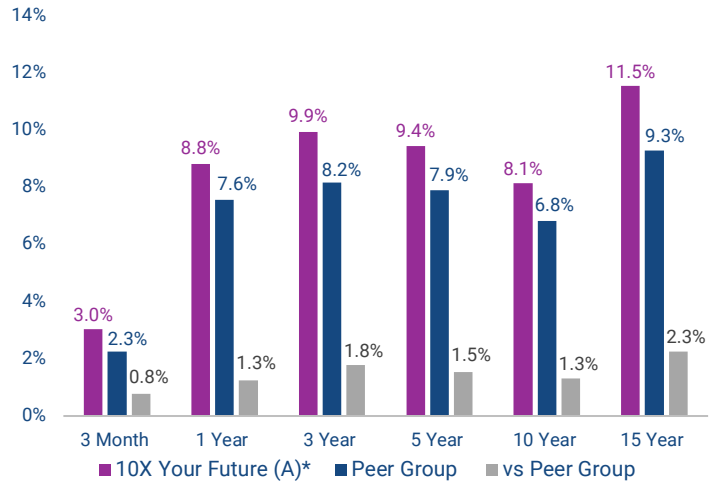
Interest-rate sensitive assets lagging



Source: 10X Investments Bloomberg

Portfolio returns to 30 April 2024

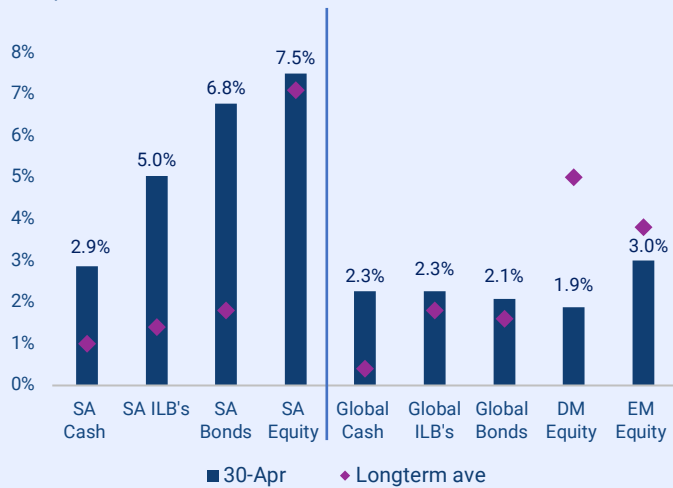
Consistent performance



Source: 10X Investments Morningstar; CPI lagged by 1 month; * returns prior to March 2019 are those of 10X Umbrella Pension Fund adjusted for Class A fee

5-10 year expected asset class return

30 April 2024



Source: 10X Investments, Bloomberg

Real (after-inflation) return expectations

The long-term expected returns for global fixed income have improved due to rising real yields, as markets have priced out rate cut expectations this year.

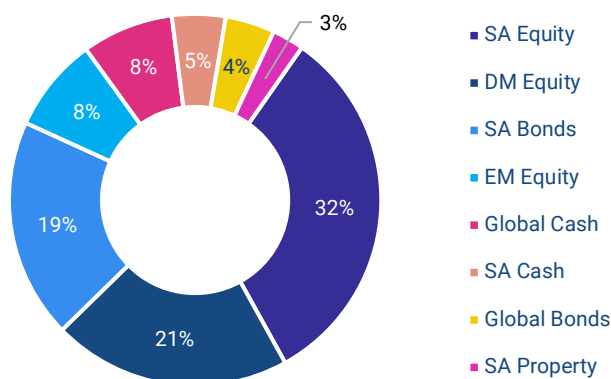
This shift has enhanced the relative attractiveness of global bonds as a defensive asset class compared to global cash.

With global defensive asset class real yields above 2%, the risk-adjusted return outlook for developed market equities is poor.

Market pricing remained relatively unchanged for SA assets over the month, leading to no major changes in return expectations.

10X Your Future Fund Asset Allocation

30 April 2024



Source: 10X Investment

Asset Allocation

The continued sell-off in SA Bonds saw the 10-year yield move above 12.5%, which provided an opportunity to increase exposure to this asset class at attractive levels.

The increased allocation to SA nominal bonds was funded from SA cash, reducing the overweight in this asset class.

Whilst the composition of SA defensive assets changed, the fund remains conservatively positioned with a 64% allocation to growth assets and 41% invested offshore.



Anton Eser
Chief Investment Officer



Chris Eddy
Head of Multi Asset Funds

Disclaimer

10X Investments (Pty) Ltd is an authorised Financial Services Provider (#28250) and an Investment Manager licenced under the Financial Advisory and Intermediary Services Act, 37 of 2002. 10X Index Fund Managers (RF) (Pty) Ltd ("10XIFM") is registered as a Management Company under the Collective Investment Schemes Control Act 45 of 2002, in terms of which it operates unit trust portfolios under the 10X Unit Trust Scheme, and is supervised by the Financial Sector Conduct Authority. 10X Investments (Pty) Ltd is the appointed investment manager of 10XIFM. 10X Investments (Pty) Ltd is an approved Benefit Administrator in terms of Section 13B of the Pension Funds Act, 24 of 1956. 10X Investments (Pty) Ltd has been mandated by the 10X Sponsored Retirement Funds ("Funds") (including the 10X Umbrella Provident Fund and the 10X Umbrella Pension Fund) to act as Investment Manager of the Funds' respective investment portfolios. The content and information contained in this presentation may not be reproduced or distributed without the prior written consent of 10X. 10X has taken, and will continue to take care, that all information provided, in so far as this is under its control, is true and correct. However, 10X shall not be responsible for, and therefore disclaims any liability for, any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever, which may be suffered as a result of, or which may be attributable, directly or indirectly, to the use of or reliance upon any information provided. The content and information provided in this presentation is provided by 10X as general information about the company and its products and services, and investment performance as at the time of the presentation. 10X does not guarantee the suitability of any information or the performance of a particular investment source. The information provided is not intended to be, nor does it constitute, financial, tax, legal, investment, or other advice. Nothing contained in this presentation constitutes a solicitation, recommendation, endorsement, or offer by 10X, but is merely an invitation to do business. Collective Investment Schemes in Securities (known as Unit Trusts) are generally medium- to long-term investments and the value of units may go down, as well as up. Past performance is not necessarily a guide to future performance. 10XIFM does not provide any guarantee regarding the capital or the performance of its Unit Trusts. Performance figures are for lump sum investments with income distributions reinvested. Where annualised performance is mentioned, this refers to the average return per year over the period. Actual investor performance may differ as a result of the investment date, the date of reinvestment and dividend withholding tax. Movements in exchange rates may also be the cause of the value of underlying international investments going up or down. The 10X FAIS Disclosure as well as the Unit Trust Funds' Minimum Disclosure Document is available on the 10X website: www.10x.co.za