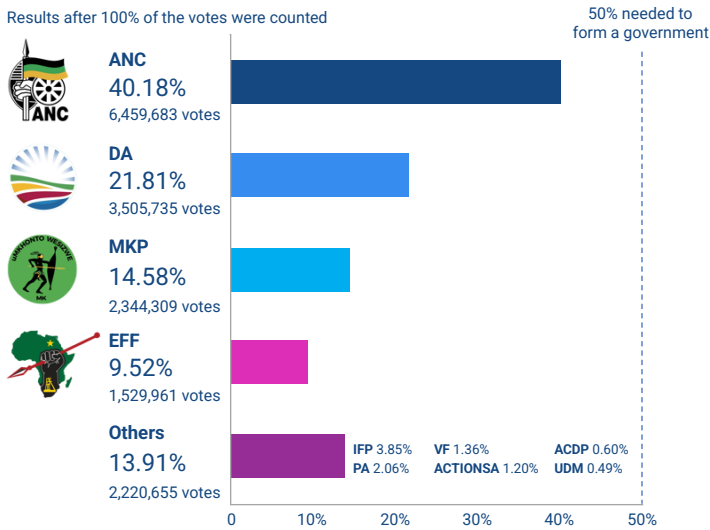


ANC seeks coalition partners

Final results for national elections – South Africa 2024

Results after 100% of the votes were counted



Source: election.org

With the ANC losing its parliamentary majority in the 2024 national elections, it will need to form coalitions with other parties to establish a government.

The choice of coalition partners will shape policy in the new administration, potentially leading to divergent outcomes dependant on the composition of government.

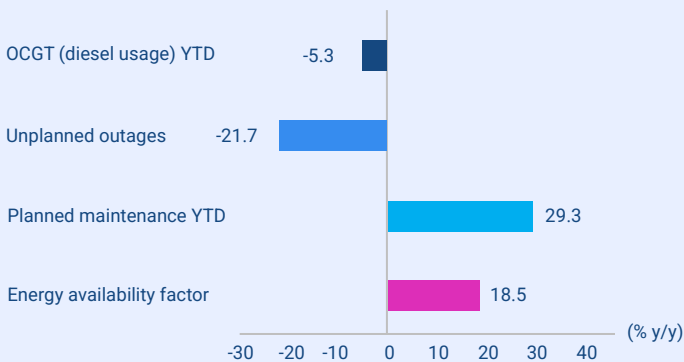
Not only does the choice of coalition partners influence policy, but it also has the potential to alter the balance of power within the ANC, a delicate issue for Cyril Ramaphosa.

The outcome of these negotiations will be pivotal in determining South Africa's trajectory post-ANC majority rule.

Structural reforms bearing fruit

Year-on-year performance of Eskom KPI's

Fig.1: Eskom performance year-to-date is the strongest reflection yet of structural and institutional reforms beginning to bear fruit



Source: Eskom, BNP Paribas

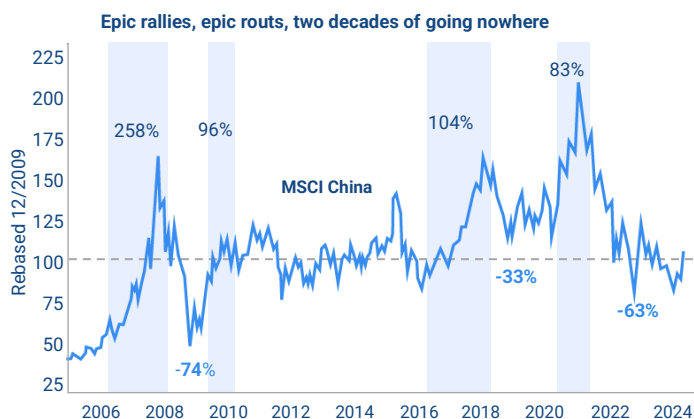
Eskom's year-to-date performance has significantly improved across four key KPIs, indicating that reduced load-shedding reflects the success of recent structural and institutional reforms.

Contrary to rumours of increased diesel use before elections, the energy availability factor has risen with lower reliance on open-cycle gas turbines. Unplanned outages have decreased by over 20%, while planned maintenance has increased by nearly 30% year on year.

These positive changes are part of Operation Vulindlela, driven by the Presidency together with National Treasury. Continued momentum in structural reforms depends on the policy continuity that would come from a second term for Cyril Ramaphosa as President of South Africa.

Epic rallies and epic routs

MSCI China rebased to 100 on 12/2009



Source: Gavekal Dragonomics/Macrobond

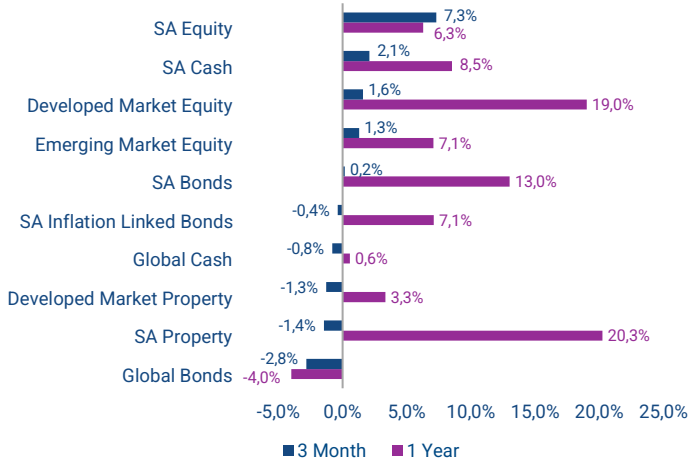
China has not been a buy-and-hold market. It has gone sideways for more than 15 years with current levels no higher than in 2007.

However, over this time, there have been four rallies where investors have gained over 100%. Unfortunately, three of these rallies were followed by significant downturns, the most painful for foreign investors being a 63% decline over the last three years.

Significant negative news has been discounted in current prices following the latest selloff. The current cyclically-adjusted PE (CAPE) ratio is in the bottom decile of this market's history, similar to the previous market troughs.

Asset class returns to 31 May 2024

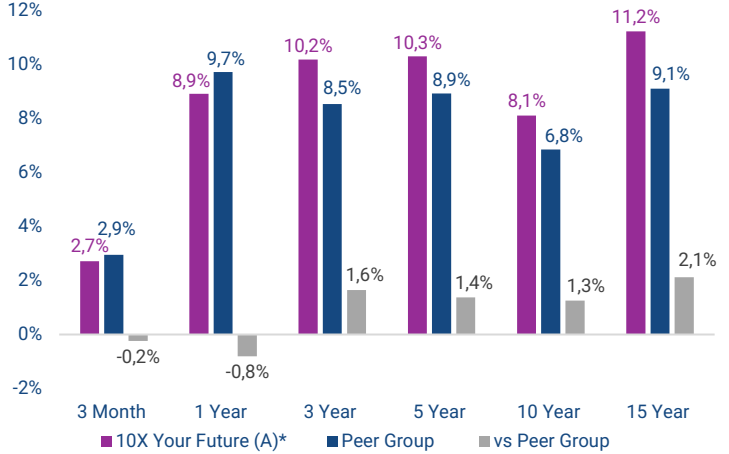
Interest-rate sensitive assets lagging



Source: 10X Investments Bloomberg

Portfolio returns to 31 May 2024

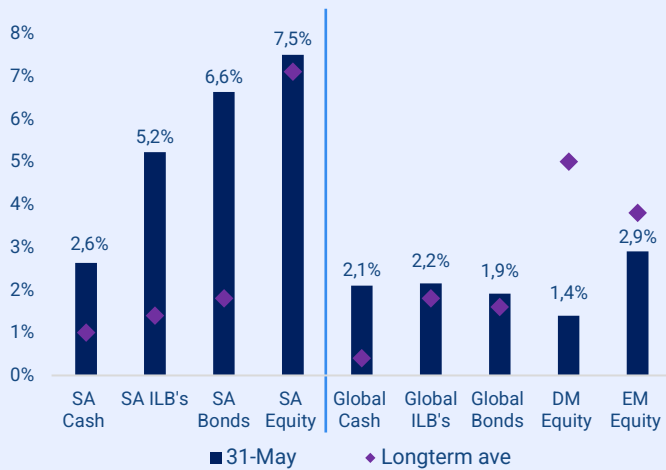
Strong long-term outperformance



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

31 May 2024



Source: 10X Investments, Bloomberg

Real (after-inflation) return expectations

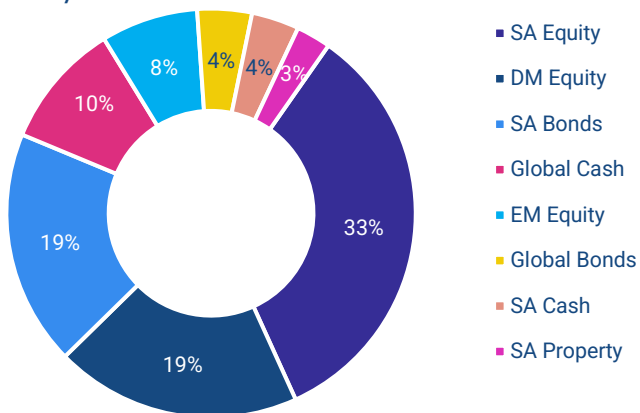
Long-term expected returns from DM equities moderated during the month as these markets re-rated higher, further impairing the relative attractiveness of global equity compared to global fixed income.

Locally, real yields for inflation-linked bonds shifted higher on the back on elevated risk around SA elections. Real yields of 5.2% are attractive, especially when considering that the 10X Your Future Fund targets CPI+5.5%.

Defensive assets remain attractively priced offering returns above the long-term average whilst growth assets remain expensive to fairly priced, set to deliver relatively softer returns over the next 5-10 years.

10X Your Future Fund Asset Allocation

31 May 2024



Source: 10X Investment

Asset Allocation

Our overall growth asset exposure remains low at 63%, reflecting the relatively better return expectations across defensive asset classes. We continue to ensure global diversification with 41% invested offshore.

During the month we reduced our developed market equity exposure leading to a higher allocation to global cash which is yielding real returns over 2%.

Locally we added to both our SA Equity and SA Bond exposure, which was funded out of SA Cash leading to an underweight in this asset class.



Anton Eser
Chief Investment Officer



Chris Eddy
Head of Multi Asset Funds

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