

Consider this

CEO Letter

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Marius Botha
Interim CEO

As we reflect on the third quarter, it's important to consider the shifting economic and investment landscape. Recent trends indicate a global slowdown in inflation, prompting central banks like the European Central Bank, the Bank of England, and the US Federal Reserve to lower interest rates.

In Asia, substantial stimulus measures from the Chinese central bank resulted in a remarkable 23.6% increase in the MSCI China Index, while the Hang Seng Index rose by 22.3%. However, an unexpected rate hike from the Bank of Japan introduced significant volatility in Japanese equities and high-carry currencies.

Election outcomes have also influenced market sentiment. Positive results in South Africa and India boosted confidence, while the UK witnessed the Labour Party unseating the Conservatives after 14 years. Conversely, uncertainty surrounding the upcoming US elections has created some unease among investors.

The International Monetary Fund projects global economic growth to stabilise at 3.2% for 2024. However, challenges remain, particularly due to escalating tensions in the Middle East, which may lead to a more cautious investment climate.

In South Africa, the economy grew by 0.4% in Q2 2024, recovering from stagnation in Q1, driven by increased household consumption and renewed consumer confidence. Inflation fell to a three-year low of 4.4% in August, leading to a 25-basis point rate cut. This positive sentiment has resulted in a re-rating of various asset classes. From a positioning perspective, we continue to prefer local over offshore assets. We are particularly optimistic about the banking and retail sectors, while adjusting our stance on listed property. We have locked in gains from nominal bonds but maintain an overweight position due to their attractive real yields.

Globally, equity markets performed well, with the MSCI All Country World Index returning 6.6% and emerging markets rising by 8.7%. Our global holdings reflect a slight underweight in US equities, while we have increased exposure to attractively priced markets in Korea and Latin America.

The past quarter has underscored the interconnectedness of global markets and the importance of strategic positioning. As we look ahead, we invite you to explore our UK team's latest insights in the [Quarterly Equities and Multi-Asset Outlook for Q4 2024](#). I would also like to congratulate Fabiana Fedeli, our UK CIO for Equities, Multi-Asset, and Sustainability, on being recognised for 'Excellence in Asset Management' at the European Women in Finance Awards for her significant contributions to the industry.

Business update

National Heritage Day gave us an opportunity to celebrate the rich diversity of our nation as well as our people at M&G Investments. It was also a chance to lend community support and strengthen ties with our UK office. For each traditional dish prepared and brought to work by our staff to share, M&G Investments Southern Africa and M&G plc donated to U-Turn, an organisation combating homelessness.

Locally, we are purposefully implementing our strategy of remaining a resilient business while deepening global connections and integration with our more than 6000 colleagues located in 37 offices worldwide. It means that we can bring you the best of our global capabilities while staying true to our South African soul.

We take our responsibility in managing your investments seriously and remain committed to seizing opportunities while managing risks in an evolving landscape. Thank you for your trust and continued support.

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