



News from Paul's Desk

Nail biting stuff these elections. ANC throwing in NHI (which is never going to fly) to garner a few more votes. I'm surprised they did it so late, they would have got much more milage had they done it at the end of last year. Shows you how desperate they are.

Who says that the dead can't rise? JZ is on the political trail, and the polls say he could get as much as 15% of the national vote.

Poll on ANC is around 43%

Poll on EFF is around 6%

Poll on DA is around 26%

Scenario 1 – ANC get under 50%. Party and Rand strengthen. ANC announce co-alition with EFF (might need more than EFF) Cork goes back in the champagne bottle and Rand goes through the floor.

Scenario 2 – ANC get under 50% and join with the DA. Party for years to come and Rand goes to R10.00 to the Dollar (very unlikely) land of milk and honey.

Scenario 3 - ANC get more than 50%. No party, Rand through the floor. Get all your money out and follow when ready.

The Rand has strengthened these past weeks because of some large Trade surpluses and the international view that the ANC is not going to get 50% of the votes.



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News from Paul's Desk

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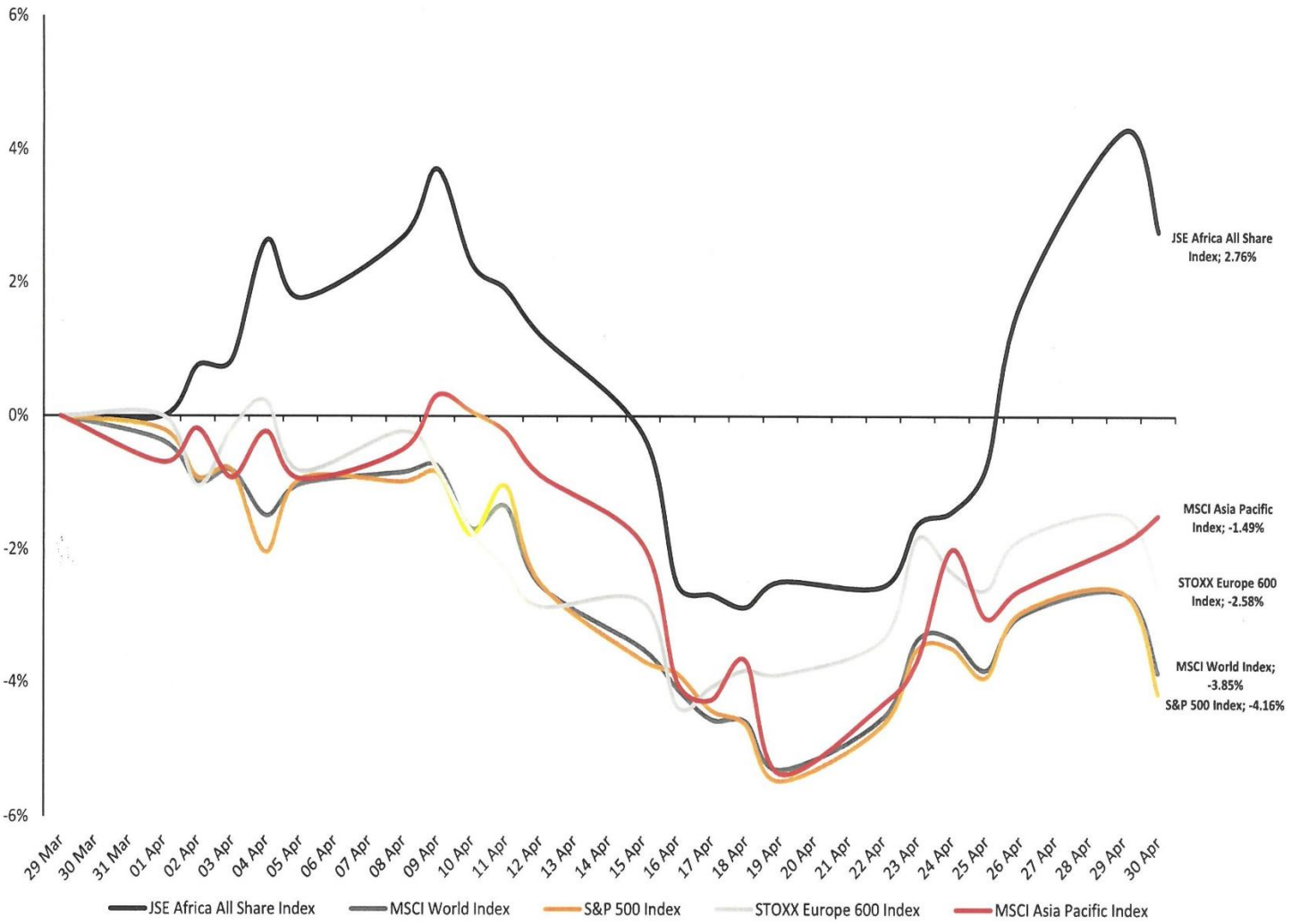
WHAT A JOKE

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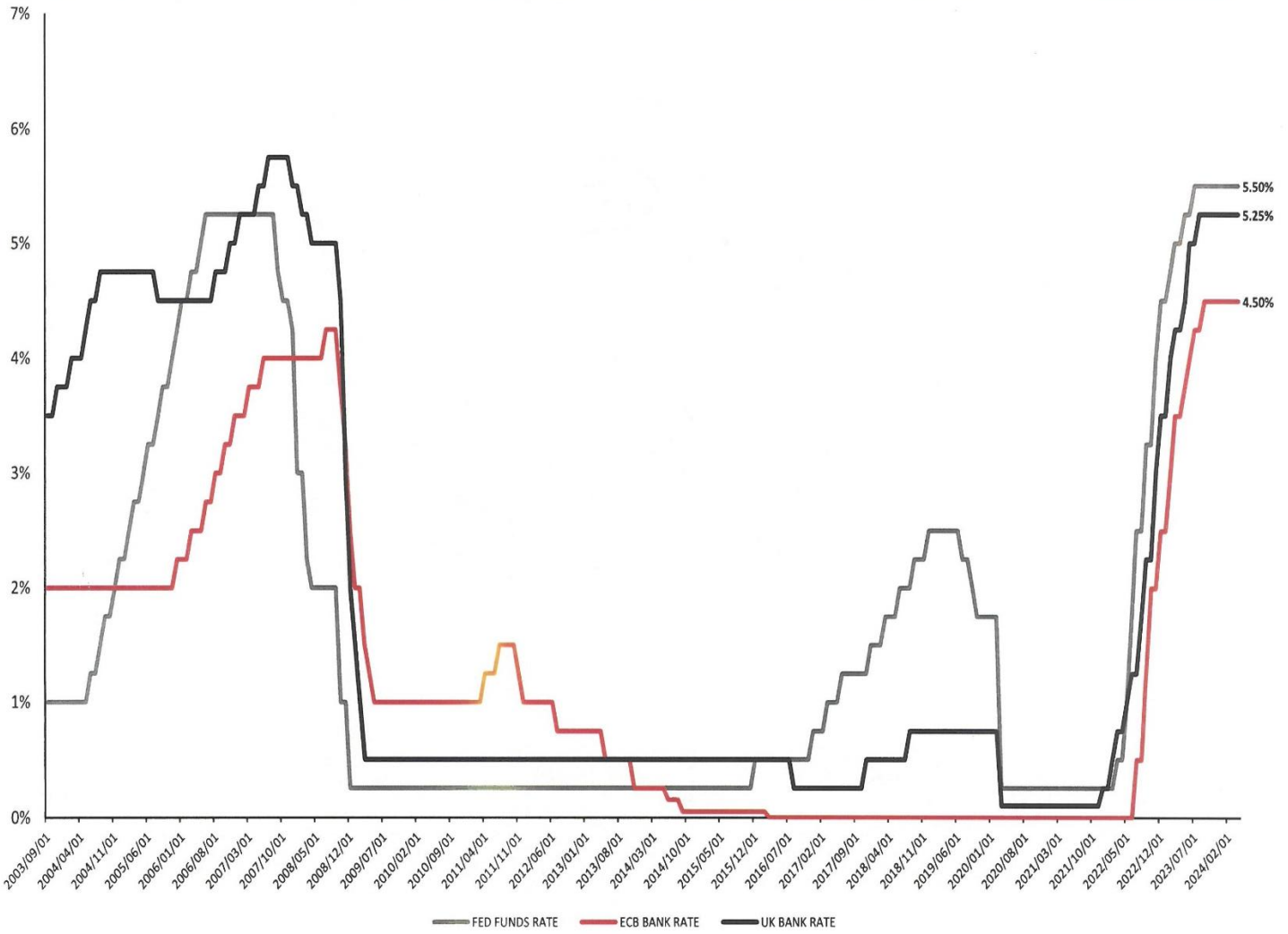
MONTHLY REVIEW | GLOBAL OVERVIEW

INTERNATIONAL INDICATORS							ASIA						
	CLOSE	APR 2024	MAR 2024	YTD	12 MONTHS	2023		CLOSE	APR 2024	MAR 2024	YTD	12 MONTHS	2023
MSCI World	3305.30	-3.85%	3.01%	4.30%	16.55%	21.77%	Nikkei 225	38405.66	-4.86%	3.07%	14.77%	33.09%	28.24%
MSCI Emerging Market	1045.95	0.26%	2.18%	2.17%	7.05%	7.04%	S&P/ASX 200	7664.08	-2.95%	2.57%	0.97%	4.86%	7.84%
JP Morgan EMBI	843.13	-2.01%	1.90%	-0.64%	6.79%	10.45%	Hang Seng	17763.03	7.39%	0.18%	4.20%	-10.71%	-13.82%
Bloomberg Global Aggregate	449.93	-2.52%	0.55%	-4.55%	-2.47%	5.72%	CSI 300	3604.39	1.89%	0.61%	5.05%	-10.54%	-11.38%
UNITED STATES							SOUTH AFRICA						
S&P 500	5035.69	-4.16%	3.10%	5.57%	20.78%	24.23%	All Share	76076.17	2.07%	2.48%	-1.06%	-2.74%	5.26%
Dow Jones	37815.92	-5.00%	2.08%	0.34%	10.90%	13.70%	Africa Resource 20	61271.02	7.02%	13.86%	6.50%	-11.20%	-18.74%
Nasdaq Composite	15657.82	-4.41%	1.79%	4.31%	28.06%	43.42%	Africa Industrial 25	105021.50	1.04%	2.39%	1.26%	-0.96%	14.85%
Russell 2000	1973.91	-7.09%	3.39%	-2.62%	11.58%	15.09%	Africa Finance 15	16591.48	0.54%	-4.11%	-7.17%	5.71%	15.12%
EUROPE							CURRENCIES						
Stoxx Euro 50	4921.22	-3.19%	4.22%	8.84%	12.89%	19.19%	GBP/USD	1.25	-1.04%	-0.02%	-1.88%	-0.60%	5.36%
FTSE 100	8144.13	2.41%	4.23%	5.31%	3.48%	3.78%	EUR/USD	1.07	-1.15%	-0.14%	-3.38%	-3.20%	3.12%
DAX 30	17932.17	-3.03%	4.61%	7.05%	12.62%	20.31%	AUD/USD	0.65	-0.73%	0.35%	-4.97%	-2.15%	-0.02%
CAC 40	7984.93	-2.69%	3.51%	5.86%	6.59%	16.52%	USD/JPY	157.81	4.27%	0.91%	11.89%	15.78%	7.56%

1 MONTH NORMALISED % PERFORMANCE (USD)

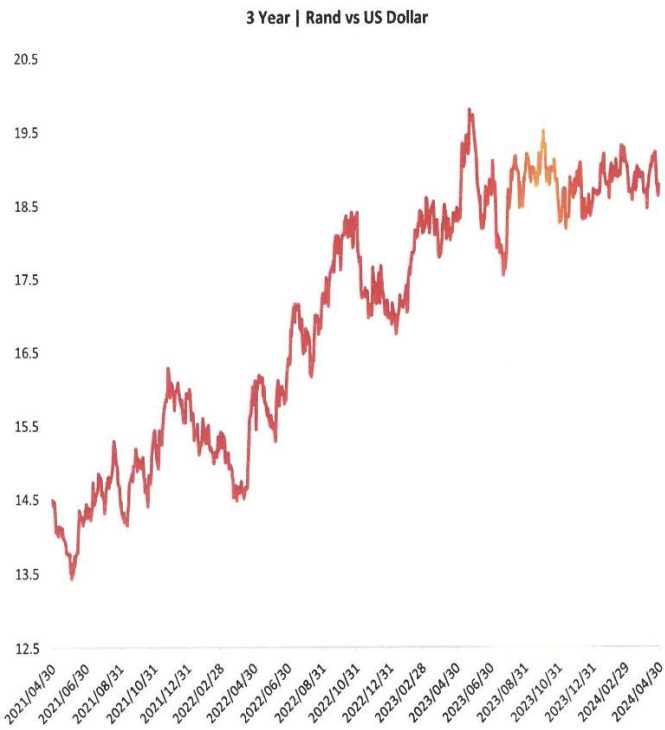
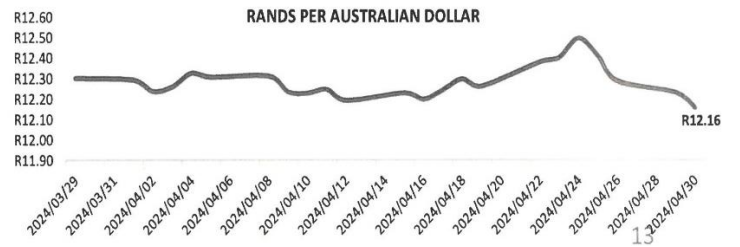
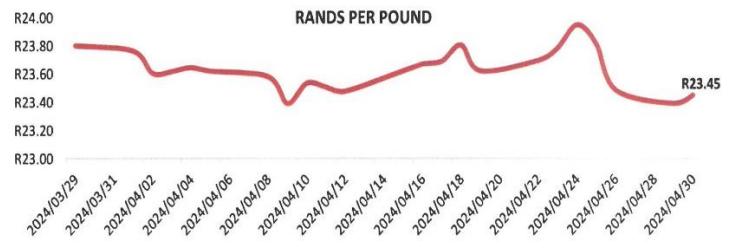
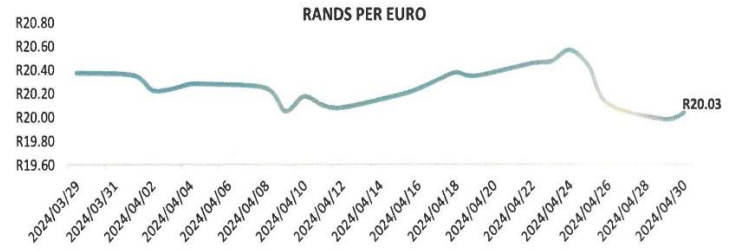
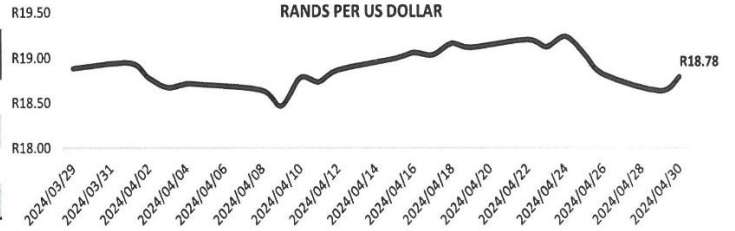


INTEREST RATES



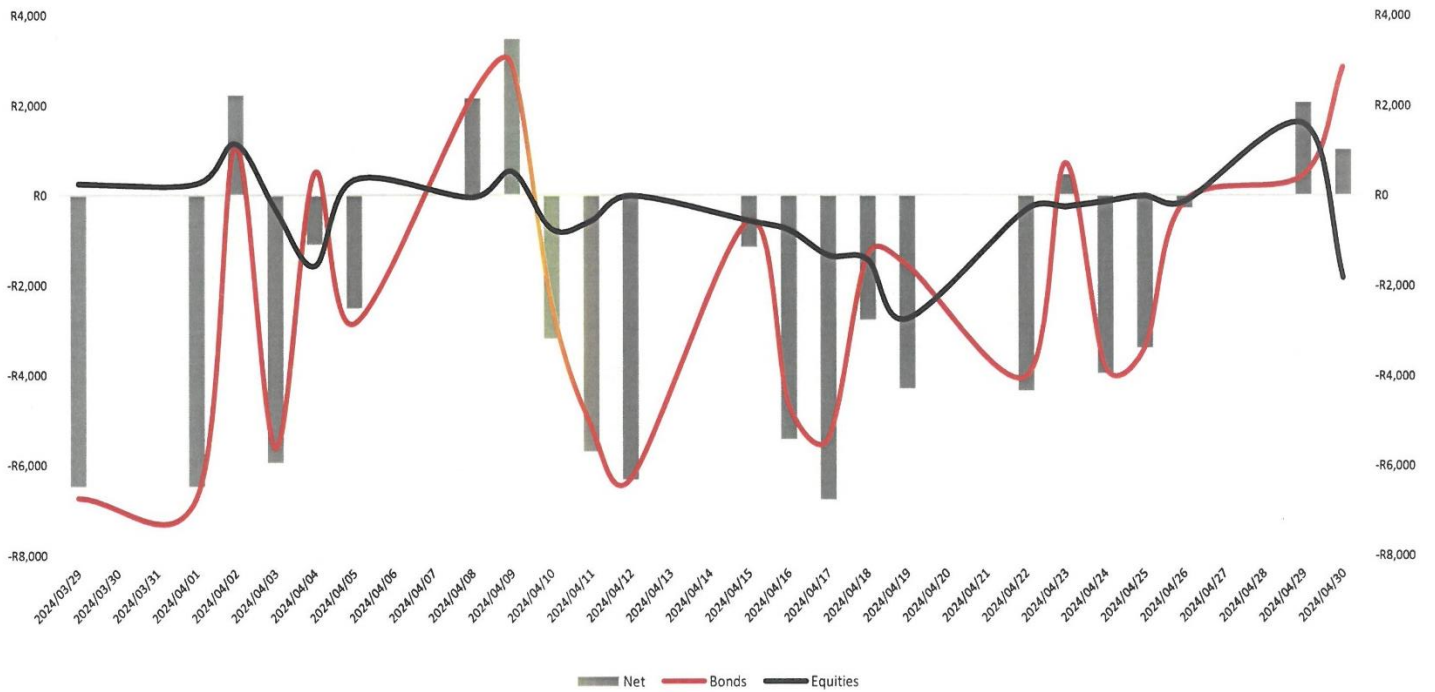
SOUTH AFRICAN RAND

	CLOSING PRICE	APR 2024	MAR 2024	YTD	2023
US Dollar / ZAR	R18.78	0.52%	1.66%	-2.29%	-7.78%
Euro / ZAR	R20.03	1.65%	1.77%	0.72%	-10.64%
Pound / ZAR	R23.45	1.47%	1.68%	-0.71%	-12.98%
AU Dollar / ZAR	R12.16	1.17%	1.33%	2.50%	-7.36%

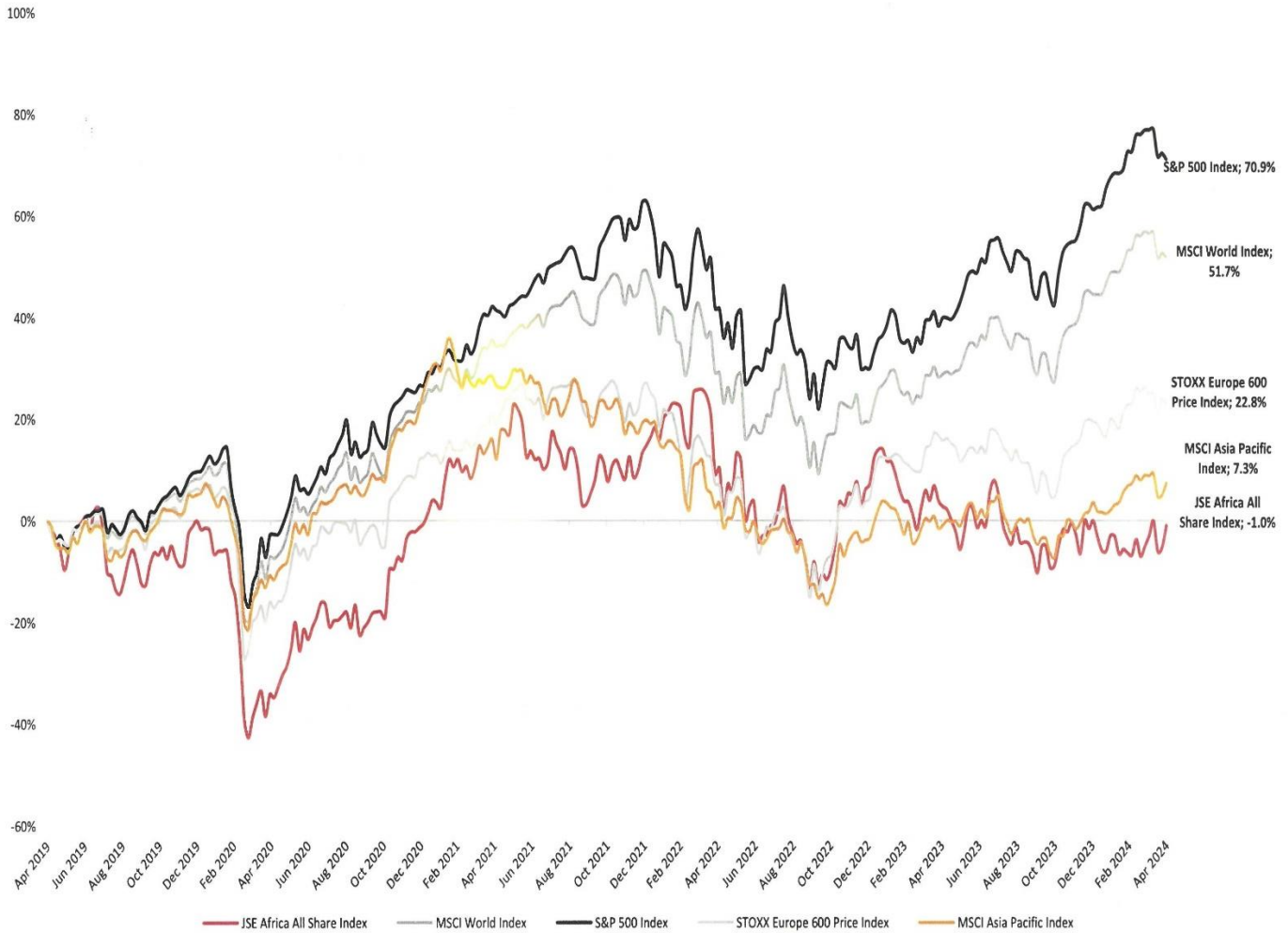


INTERNATIONAL FLOWS (MILLIONS ZAR)

	LAST PRICE	1 MONTH	YEAR-TO-DATE	1 YEAR
SA Equity Sales to Foreigners	-1,826.98	-9,192.55	-41,083.14	-167,298.23
SA Bond Sales to Foreigners	2,196.26	-36,537.03	-103,163.94	-282,015.48
Net	369.29	-45,729.58	-144,247.08	-449,313.71

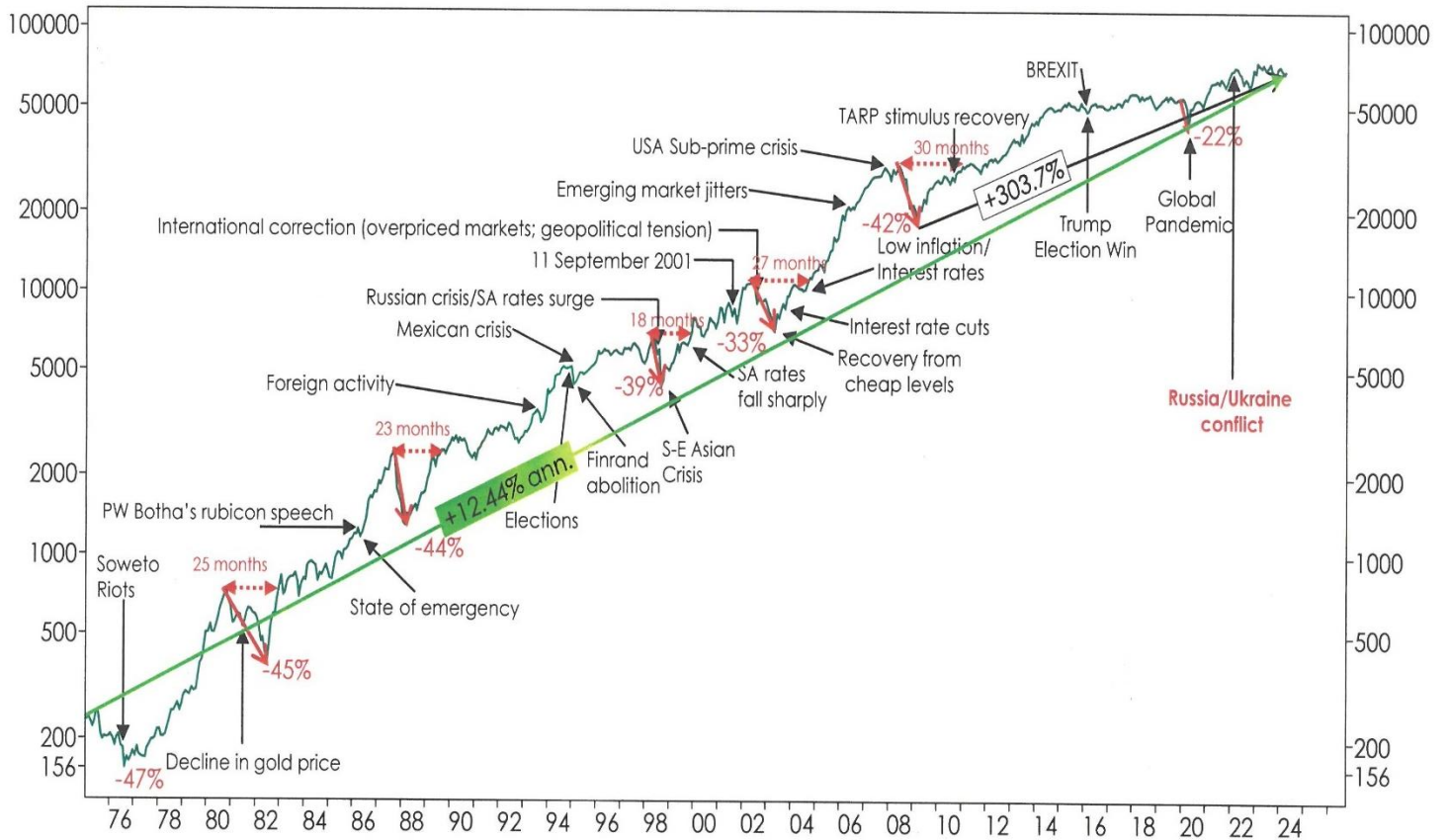


5-YEAR JSE vs LEADING GLOBAL INDICATORS (USD)





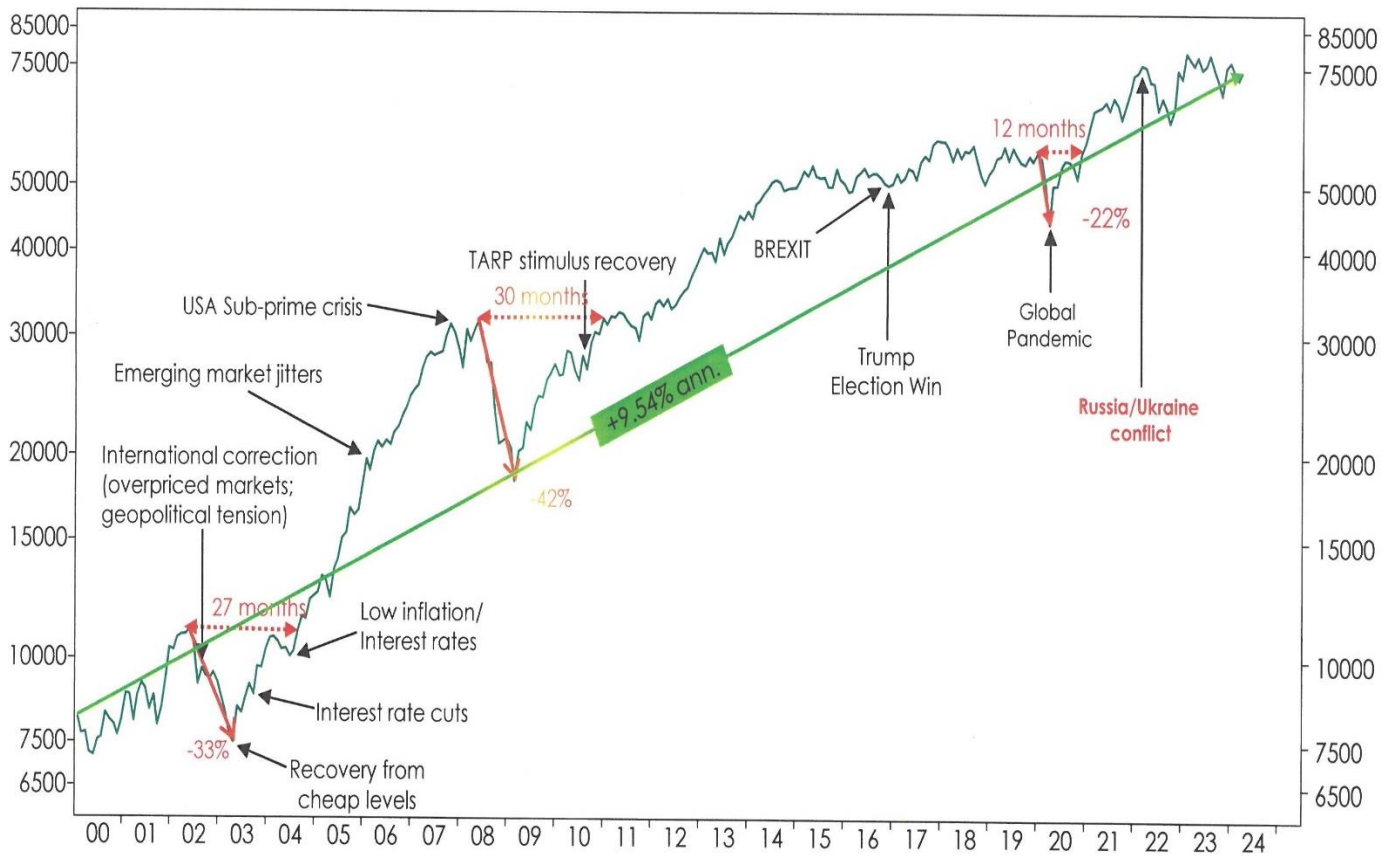
WE HAVE BEEN HERE BEFORE



: Old Mutual Investment Group, I-Net | Updated: 09.04.2024 | Data ending 31.03.2024 | FTSE/JSE All Share Price Index



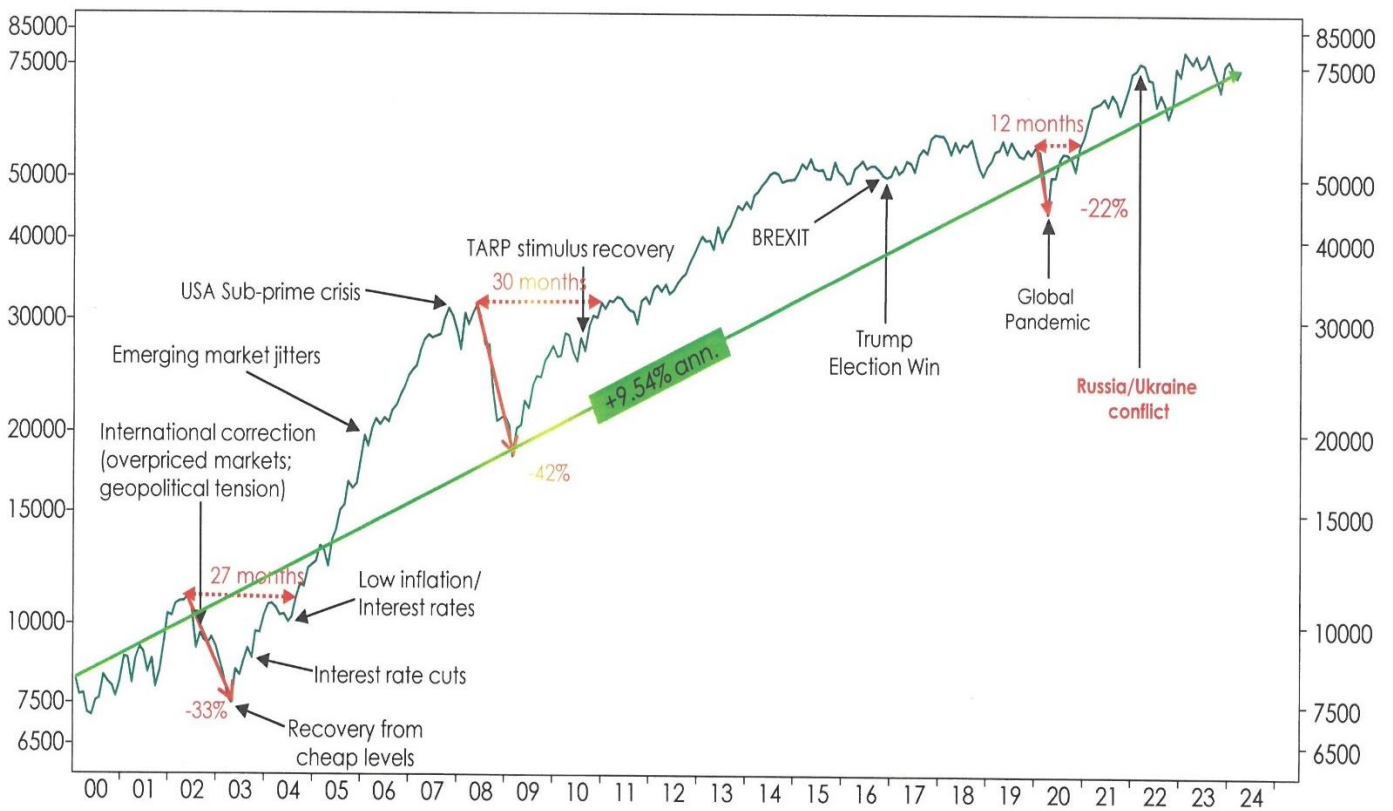
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DIVERSIFICATION IS KEY

OLDMUTUAL

INVESTMENT GROUP

Diversification is the one free lunch in investments; use it. That's because it pays to invest across different asset classes, geographies and economies. After time in the market, diversification is the second most valuable tool you can use to manage risk, as it reduces the impact that a single poorly performing asset has on your overall portfolio. Not putting all your eggs in one basket is one of the lessons in our Long-Term Perspectives publication downloadable [here](#).

By having a diversified portfolio, you don't remove the volatility, but you can drastically reduce it by spreading your risk across different asset classes. As shown below by the performance of the various unit trust categories from year to year, a diversified portfolio is not without volatility. Yet over time it has a more stable return path than many of the riskier asset classes. A diversified portfolio also has the potential to provide returns, which are in line or above inflation, when invested for the long-term.

AVERAGE UNIT TRUST CATEGORY RETURNS TO END APRIL 2024

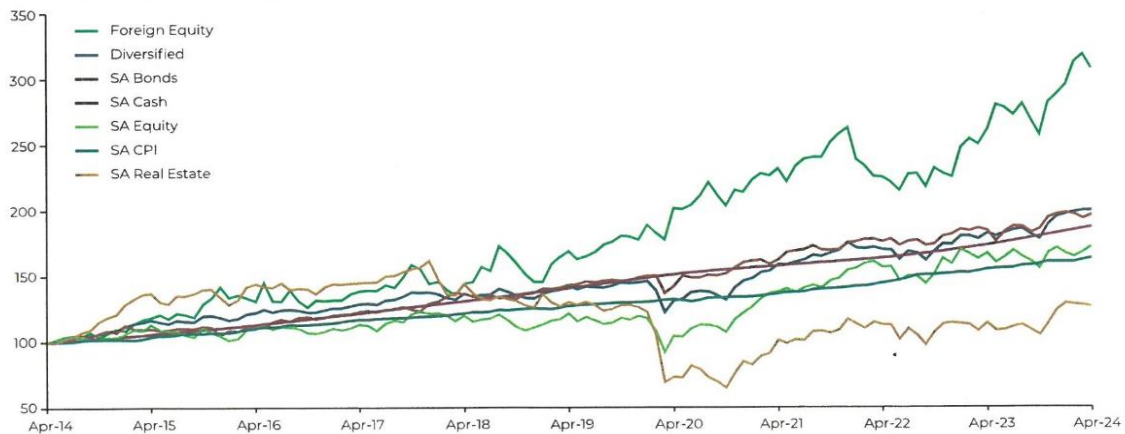
1 Year Returns															5 Year Return	10 Year Return	15 Year Return
Apr-10	Apr-11	Apr-12	Apr-13	Apr-14	Apr-15	Apr-16	Apr-17	Apr-18	Apr-19	Apr-20	Apr-21	Apr-22	Apr-23	Apr-24			
SA Equity 37.9%	SA Equity 15.4%	SA Real Estate 16.1%	SA Real Estate 38.6%	Foreign Equity 32.9%	SA Real Estate 37.4%	Foreign Equity 10.7%	SA Bonds 8.9%	SA Bonds 11.2%	Foreign Equity 17.1%	Foreign Equity 19.1%	SA Real Estate 38.2%	SA Equity 13.9%	Foreign Equity 15.7%	Foreign Equity 17.9%	Foreign Equity 12.7%	Foreign Equity 11.9%	Foreign Equity 14.1%
SA Real Estate 21.2%	SA Real Estate 14.3%	SA Bonds 12.1%	Foreign Equity 30.3%	SA Equity 26.2%	Foreign Equity 18.4%	SA Cash 6.7%	SA Cash 7.8%	SA Cash 7.6%	SA Cash 7.5%	SA Cash 7.3%	SA Equity 32.2%	SA Real Estate 11.8%	SA CPI 7.1%	SA Real Estate 11.0%	SA Equity 7.1%	Diversified 7.2%	SA Equity 10.1%
Foreign Equity 19.6%	Diversified 9.8%	Diversified 10.8%	Diversified 20.0%	Diversified 11.8%	Diversified 16.8%	SA CPI 6.3%	SA CPI 6.2%	Diversified 6.0%	SA Bonds 4.9%	SA CPI 4.1%	Diversified 21.0%	SA Bonds 8.7%	Diversified 7.0%	Diversified 9.5%	Diversified 6.9%	SA Bonds 7.0%	Diversified 9.5%
Diversified 18.9%	SA Bonds 9.5%	Foreign Equity 10.1%	SA Bonds 16.0%	SA CPI 6.0%	SA Equity 13.4%	SA Real Estate 5.1%	Foreign Equity 5.9%	SA Equity 6.0%	SA CPI 4.6%	SA Bonds -0.7%	Foreign Equity 14.9%	Diversified 7.3%	SA Equity 6.5%	SA Cash 7.9%	SA Bonds 6.5%	SA Cash 6.5%	SA Bonds 7.6%
SA Bonds 9.1%	SA Cash 6.3%	SA Equity 9.7%	SA Equity 11.1%	SA Cash 5.2%	SA Bonds 10.2%	Diversified 4.8%	Diversified 5.4%	Foreign Equity 4.1%	Diversified 4.3%	Diversified -8.0%	SA Bonds 14.2%	SA CPI 5.9%	SA Cash 5.8%	SA Bonds 6.4%	SA Cash 5.8%	SA Equity 5.6%	SA Real Estate 7.0%
SA Cash 7.8%	SA CPI 4.1%	SA CPI 6.1%	SA CPI 5.9%	SA Real Estate -1.9%	SA Cash 6.1%	SA Bonds 2.4%	SA Equity 2.3%	SA CPI 3.8%	SA Equity 1.3%	SA Equity -14.5%	SA Cash 4.3%	SA Cash 3.8%	SA Bonds 4.6%	SA CPI 5.3%	SA CPI 5.1%	SA CPI 5.0%	SA Cash 6.3%
SA CPI 5.2%	Foreign Equity 2.5%	SA Cash 5.5%	SA Cash 5.3%	SA Bonds -2.1%	SA CPI 4.0%	SA Equity -2.2%	SA Real Estate 0.5%	SA Real Estate -0.5%	SA Real Estate -9.8%	SA Real Estate -43.8%	SA CPI 3.2%	Foreign Equity -2.7%	SA Real Estate 0.8%	SA Equity 2.9%	SA Real Estate -0.6%	SA Real Estate 2.4%	SA CPI 5.2%

Diversified returns are calculated using the sectors* weighted evenly at 20%.

Source: Morningstar

* Sectors used are: SA Equity – ASISA SA Equity General, SA Real Estate – ASISA SA Real Estate General, Foreign Equity – ASISA Global Equity General, SA Bonds ASISA – SA Interest Bearing Variable Term, SA Cash ASISA – SA Interest Bearing Money Market

ASSET CLASS RETURNS: 10 YEARS TO 30 APRIL 2024



WHAT DOES THE BIGGEST ELECTION YEAR IN HISTORY MEAN FOR MARKETS?

Are elections really the market movers that people believe them to be? Sangeeth Sewnath, Deputy MD at Ninety One, explores the impact of elections on markets, and why you shouldn't get emotional with your money.

2024 is billed to be democracy's biggest year ever, with more than half of the world's voting-age population eligible to vote. This could make for a jittery year all round, not least for global financial markets. History shows us, however, that there is little correlation between elections and market performance. In fact, the evidence supports the theory that markets perform better after elections given the risk aversion beforehand.

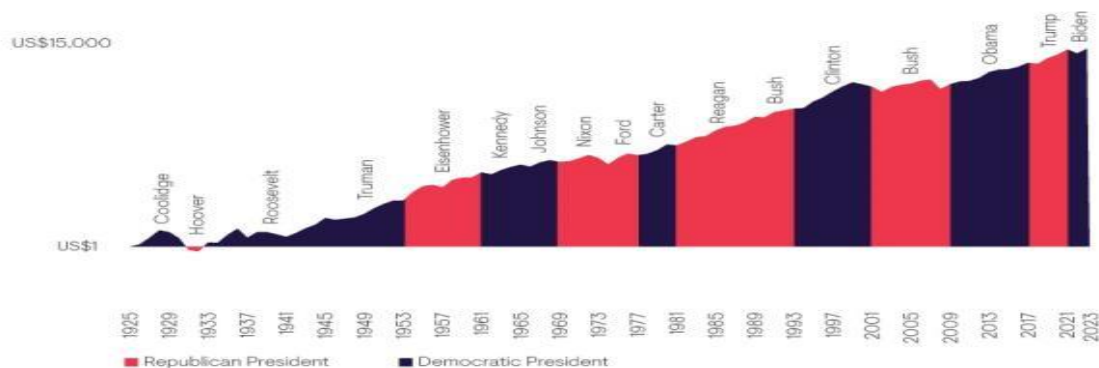
What does this mean for investors? In short, keep a cool head and avoid letting the headlines influence your investment decisions.

Markets are fundamentally forward-looking, in part driven by the analysis of key events and their potential impact. In an election year – with more than 70 countries including the US, the UK, India and South Africa heading to the polls – markets will build in at least some level of political risk. Investors are renowned for loathing uncertainty, which is why negative political news flow may upset markets as they attempt to discern what this risk means for asset prices.

While uncertainty around election outcomes and potential policy changes can lead to increased market fluctuations, we analysed historical returns to determine if elections really are the market movers that people believe them to be.

Starting with the US, Figure 1 below shows the growth in value of US\$1 invested in the S&P 500 from the 1920s to 2023. Looking at the overall picture, it becomes clear that shorter-term uncertainty emphasises volatility but longer term, markets go up.

Figure 1: Growth of a dollar invested in the S&P 500, January 1926 – December 2023



Source: Ben Wacek, LinkedIn, September 2020, How much do elections actually affect the stock market? Data source: www.slickcharts.com/sp500/returns, period January 1926 to December 2023.

Turning to South Africa, we compiled equity market returns (using the All-Share Index (ALSI)) and bond market returns (using the All-Bond Index (ALBI)) for the election years from 1966 to 2019. As Table 1 shows, we found that in 14 election years just 2 were negative for equities and 4 were negative for bonds. This suggests that elections may just create noise and uncertainty, but may not, in fact, be significant market movers.

But if this is the case, what actually causes bear markets in SA?

Table 1: More often than not, election years have been good for SA markets

Election year	ALSI calendar year return	ALBI calendar year return
1966	20.7%	0.5%
1970	-26.4%	-6.3%
1974	14.8%	-5.3%
1977	31.1%	14.2%
1981	0.8%	2.2%
1984	9.4%	1.8%
1987	-4.8%	14.8%
1989	55.5%	21.8%
1994	22.7%	-9.1%
1999	70.8%	29.9%
2004	25.4%	15.3%
2009	32.1%	-1.0%
2014	10.9%	10.2%
2019	12.0%	10.3%

Source: Bloomberg: ALSI 1966 to 1994, ALBI 1966 to 1999. Morningstar: ALSI 1999 to 2019, ALBI 2004 to 2019. South African Reserve Bank: USDZAR 1970 to 2019.

Recent bear markets have been driven by global factors and not elections

To answer this question, we analysed the South African All-Share Index (ALSI) from 1965 to end 2023 in Figure 2, which we then split into bear market and bull market periods. We analysed the bear market periods further to find the root causes, which are highlighted in the chart. What becomes evident is that SA bear markets have been mainly driven not by elections, but by global factors, such as global oil shocks, financial crises and the Covid-19 pandemic.

Figure 2: History of SA bear and bull markets since 1965



Source: Bloomberg, Deutsche Bank and Ninety One as at 31 December 2023.

Don't be emotional with your money

South Africans tend to attribute rand weakness to what's happening in South Africa, rather than exogenous factors. So, in an election year with pronounced political insecurity, local investors may interpret rand weakness as evidence that the country is heading for collapse because of an uncertain political environment. Meanwhile, the real reason the rand is weak may be because the US Federal Reserve is not cutting rates and global markets have taken risk off the table as they seek further global stability.

It's easy to lose perspective when the world is in a state of flux, and feeling powerless to change external circumstances can drive you to 'want to do something'. But when it comes to your money, panic selling could cost you dearly.

The lesson here is: Don't get emotional with your money. Load-shedding and seemingly endless electioneering can leave you feeling drained, but when it comes to your money, our experience is that it's best to keep sentiment out of the equation. Fortunately, it's not all bad news, and there is some cause for optimism in SA too, with progress in rebuilding state institutions like SARS and the Special Investigations Unit, the improved financial stability of Eskom, and a more positive inflation and interest rate outlook over the longer term.

The reality is that volatility creates buying opportunities for active asset managers who are skilled in analysing the numbers to determine the right course of action and remaining unemotional. Sure, the potential for political change can leave you feeling vulnerable, but when it comes to investments, it's best to keep a cool head.

HOW TO WORRY EFFECTIVELY

Worry is a troublesome activity.

And we can often find ourselves practicing this ancient ritual at the least opportune times....

Like getting ready for an important presentation, trying to convince our boss of something we want or need, or dealing with any complex or high-pressure situation.

The outcomes for these scenarios may be out of our hands. But we at least have an element of control, which gives us the best chance at a positive outcome.

We can prepare diligently for our presentation. We can ask for what we want as clearly and respectfully as possible.

The thing is, we also tend to worry about the things we can't control.

Money is often at the top of the list. We can't control how our investments will perform. We also can't control politics, the Federal Reserve or future events.

Now, ideally, we would spend all our time focusing on only those things that we can control, and none of our time worrying about the things we can't control. But anyone with investments, dreams for the future or children knows that's just not possible.

So let's look instead at how we can worry more effectively.

Take Control of your Worries

We tend to have what we can and can't control mixed together in our minds. It can help to separate the two.

A simple but effective way to do this is to write them down. On some paper, draw a vertical line down the middle of the page, making two columns. Choose an issue or a facet of your life that is troubling you.

In one column, write down all the things regarding that issue that you can't control. In the other column write down the things regarding that issue that you can control.

Then take a good look at the column of things you can't control and acknowledge that, by definition, there's really nothing you can do here. Accept the truth of that as deeply as you can and bring most, if not all, of your attention to the other column.

Focus on the column of things you can control. Glean from that list tangible actions you can take that will help your situation. Be as specific as possible, identifying as many actions as you can. Make sure each of them is doable – preferably in small enough chunks, that you can imagine yourself accomplishing each one in a sitting.

Then choose something to do each day.

Now you have the beginning of positive momentum toward genuinely tackling what's troubling you.

The beauty of this is that now when you find yourself worrying about this, you can remind yourself that you already have an action plan sorted out. You can look at your list in the morning and take deliberate action.

Now, here's the truly essential part: Make sure that you're taking those actions.

Ignoring your action plan will cause stress (and rotten sleep as well).

Of course, even with a solid plan, we're still going to worry. It's a human thing. We can minimize it considerably with the above practice, among other things; but we will never completely let go of some of what we can't control.

What can we do about that? Set aside time each day to worry deliberately. Choose a time later in the day to worry on purpose, for 15 minutes.

When those 15 minutes are up, you move on to something else. Your worrying time is done for the day.

Practice this diligently. Over time, this will train your system to worry at the time you choose, instead of in the middle of the night.

The end result will be more serenity, less stress and more effectiveness.

MARKET INDICATORS

AS AT 30 September 2023

	DY %	P/E Ratio	1 Month %*	12 Months %*
FTSE/JSE All Share Index	4.3	10.4	-2.5	17.7
FTSE/JSE Resource Index	5.1	7.4	1.2	-0.6
FTSE/JSE Industrial Index	4.1	8.8	-4.1	27.4
FTSE/JSE Financial Index	5.4	9.9	-3.8	20.6
FTSE/JSE SA Quoted Property Index	8.9	11.2	-4.1	12.9
ALBI BEASSA Bond Index			-2.3	7.2
STeFI Money Market Index			0.7	7.5
MSCI World Emerging Markets (R)			-1.0	17.3
MSCI World Emerging Markets (\$)			3.8	1.7
MSCI World Index (R)			-4.8	28.5
MSCI World Index (US\$)			-4.3	22.6

*Total return index percentage change

Economic Indicators		Latest Data	Previous Year
Exchange Rates			
Rand/US\$	September- 23	18.84	17.97
Rand/UK Pound	September - 23	22.99	20.06
Rand/Euro	September- 23	19.95	17.61
Rand/Aus\$	September - 23	12.16	11.56
Commodity Prices			
Gold Price (US\$)	September - 23	1 870.5	1 671.8
Gold Price (R)	September - 23	35 239.10	30 045.5
Oil Price (US\$)	September- 23	95.9	88.9
Interest Rates			
Prime Overdraft	September- 23	11.8%	9.8%
3-Month NCD Rate	September- 23	8.3%	6.0%
R186 Long-bond Yield	September-23	9.4%	9.4%
Inflation			
CPI (y-o-y)	September- 23	5.4%	7.5%
Real Economy			
GDP Growth (y-o-y)	June - 23	1.7%	0.2%
HCE Growth (y-o-y) (Household Consumption Expenditure)	June - 23	0.7%	1.2%
Household Consumption Expenditure (HCE) Growth (y-oy)			
Gross Fixed Capital Formation (GFCF) Growth (Y-O-Y)	June - 23	7.8%	4.7%
Manufacturing Production (y-o-y) (seasonally adjusted)	August- 23	1.4%	1.3%
Balance of Payment			
Trade Balance (cumulative 12-month)	August- 23	\$13.3	\$6.2
Current Account (% of GDP)	June- 23	-2.3%	-1.7%
Forex Reserves (incl. gold)	September- 23	US\$1 152.5	US\$1 058.8

Sources: JSE, Iris, I-Net

Fund	Year To Date Performances 1st Jan to 31st December 2024	30 April 2024
Allan Gray Balanced	1.69%	1.79%
Allan Gray Stable	2.15%	0.98%
Coronation Balanced Plus	2.98%	1.00%
Ninety One Managed	4.36%	2.23%
M&G Balanced	0.44%	0.71%
M&G Inflation Plus	0.49%	0.03%

Skybound Capital Funds
South Africa

Fund	Year To Date Performances 1st Jan to 31st December 2024	Current Performances as at 31 March 2024
The Apello Fund	1.3 %	0.68%
The Azacus Fund	1.24%	0.66%

Skybound Capital Funds
INTERNATIONAL - GBP

	Year To Date Performances 1st Jan to 31st December 2024	Current Performances as at 31 March 2024
Prism Income	1.19%	0.59%
Prism Income Australian	1.19%	0.59%
The Willow Tree	1.22%	0.59%

WHAT A JOKE



**OLD AGE COMES AT A
BAD TIME!
WHEN YOU FINALLY
KNOW EVERYTHING,
YOU START TO FORGET
EVERYTHING YOU KNOW.**



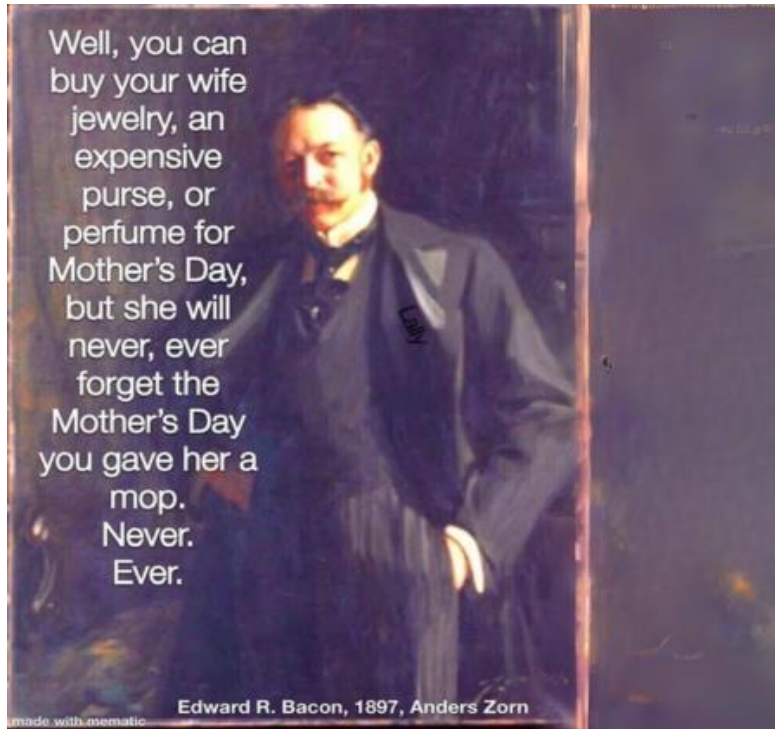


*“The charges are correct, sir.
The airline now charges for
emotional baggage as well.”*



95% of electric vehicles are still on the road.

The remaining 5% made it all the way home.



Paul Bekker

Contact Us

P.O. Box 839, Port Edward, 4295. Tel. 039 311 2100 email: admin@bekkerinvestments.co.za

Website: -

Crestlands Farm, Izingolweni Road D700, Port Edward Rural

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