




**Investment
Market Report
Week Ended 30
September 2022**

 **Noble Private
Portfolios**
Independent Asset Managers

Stability | Strength | Safety

Market Highlights 30 September 2022		Bi-Weekly Move
JSE ALSI	63,726.37	-4.29%
JSE Top 40	57,389.70	-4.37%
SA Inflation (y/y)	7.60%	↓
Prime Rate	9.75%	↑
Dollar/Rand	18.07	+2.61%
Euro/Rand	17.71	+0.45%
Pound/Rand	20.17	+0.30%
Gold Price (\$/oz)	1,675.40	-0.86%

Domestic Market

The repo rate was once more raised by the South African Reserve Bank by 75 basis points to 6.25%, making this the sixth straight increase since last November. The SARB is still working to contain inflation expectations in hopes of hitting the target by 2024. While the core inflation rate dropped to 4.4 percent, the annual inflation rate decreased to 7.6 percent from 7.8 percent, which is still above the inflation target. Private lending increased by 7.86 percent in August, exceeding market estimates of 6.8 percent and marking the 14th straight increase, despite the rising interest rate.

Domestic Asset Classes Performance week ended 30 September 2022

	1 Week	1 Month	YTD	1 year
SA Property	-7.5%	-11.2%	-22.2%	-18.0%
Equity	-3.1%	-8.6%	-14.2%	-1.7%
SA Int. Bearing	-0.6%	-0.5%	2.6%	4.4%
Inflation	-	-	5.8%	7.4%

Market Expectations

Interest Bearing securities Considering the inflation outlook and guidance from the SARB, the outlook of interest rate shows that there is an expectation that the Monetary Policy Committee (MPC) will further raise the repo rate in September by about 50bps for the rest of 2022 and 75bps for 2023 considering the inflation risk is currently to the upside. However, the MPC policy decisions are often data driven which means, depending on inflation outcome, the SARB might increase the interest rate significantly on the short term if inflation risk worsens; in this case the interest rate might rise to more than 50bps for the next six months of 2022.

Inflation is expected to continue to increase as rising food and petrol costs continue to put a strain on consumer

spending. Inflationary pressure is also driving up household debt servicing costs. According to PWC, 38 percent of South Africa's credit consumers have their credit accounts either in arrears or in an adverse status. Debt service cost is also expected to increase from 8.5 percent of household income in 2022, up one percentage point from 2021.

Data on the leading business cycle indicator as well as the inflation data are expected to be released this week.

Domestic Equity Sector Performance week ended 30 September 2022

	1 Week	1 Month	YTD	1 year
Industrial*	-3.3%	-9.3%	-19.6%	-7.8%
Financials**	-4.6%	-11.5%	-7.4%	-6.4%
Resources***	-1.2%	-5.3%	-15.8%	4.5%
JSE ALSI****	-3.1%	-8.6%	-14.2%	-1.7%
SA Property	-7.5%	-11.2%	-22.2%	-18.0%

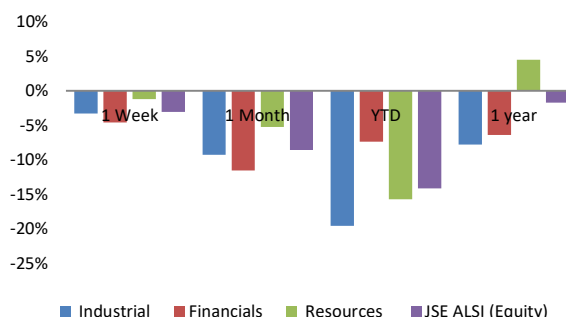
*25 largest industrial companies in the ALSI.

**15 largest financial companies in the ALSI.

***20 largest basic resources and energy companies in the ALSI.

**** Companies with 99% market value in the main board of JSE

Domestic Equity Sector



Domestic Equity Investment Style Performance week ended 30 September 2022

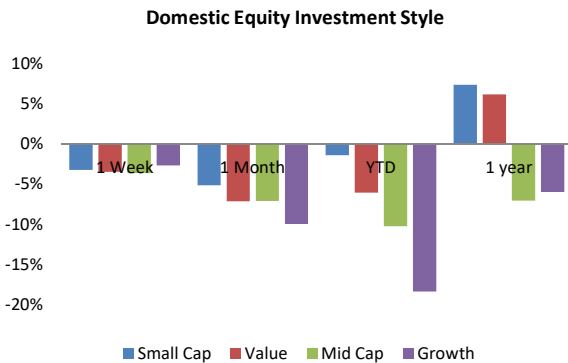
	1 Week	1 Month	YTD	1 year
Small Cap*	-3.3%	-5.2%	-1.4%	7.3%
Value**	-3.5%	-7.2%	-6.1%	6.2%
Mid Cap***	-3.6%	-7.1%	-10.3%	-7.1%
Growth****	-2.7%	-10.0%	-18.4%	-6.0%

*Market cap is below R 1 Billion.

**with price lower than that of companies in the same industry

***Market cap of between R 1 Billion and R 10 Billion.

**** Companies with strong anticipated growth potential



Global Markets

Global Equity Performance week ended 30 September (USD)

	1 Week	1 Month	YTD	1 year
MSCI South Africa	-5.2%	-15.5%	-22.2%	-21.9%
MSCI Europe	-4.5%	-11.1%	-31.5%	-28.1%
MSCI USA	-3.1%	-9.8%	-24.6%	-18.2%
MSCI Emerging Markets	-5.3%	-11.9%	-29.1%	-30.2%
MSCI World	-3.7%	-10.2%	-26.1%	-21.9%

Global Equity Risk comparison week ended 30 September 2022 (Standard Deviation)

	1 Week	1 Month	YTD	1 year
MSCI South Africa	-	4.1	4.1	3.5
MSCI Europe	-	5.1	3.2	2.7
MSCI USA	-	4.4	3.3	3.2
MSCI Emerging Markets	-	2.4	2.4	3.1
MSCI World	-	4.1	2.8	2.8

- MSCI is a global provider of securities and portfolio analysis tools.
- Standard deviation is a measure of risk or market volatility

United States The US Federal Reserve raised key rates by 75 bps in its September meeting, this is a third meeting in which the Fed has raised rates by three-quarter points pushing borrowing costs to the 3%-3.25% range. Also, the jobless claims rose in September pointing to a tight labour market.

Europe Unemployment rate was unchanged at 6.6 percent for another straight month in August lower than a year earlier which was at 7.5 percent. However, the annual inflation rate rose by 0.9 percentage points to 10 percent in September, the first time ever to reach double digit as energy price pressures continue to mount.

Asia The People's Bank of China (PBOC) raises the foreign exchange risk reserves, the second time the country will be raising reserves in four years. Elsewhere in Hong Kong, the annual inflation rate in August was at a 7-month high of 1.9 percent.

Brent Crude Since June, oil prices have fallen due to tightening financial circumstances that have raised fears of a worldwide recession and declining energy demand. Additionally, a rising dollar added to the negative sentiment.

Gold The strong dollar and high treasury yield continue to weigh down on the gold price as the Fed continues to be aggressive in its monetary policy plan. Higher interest rates reduce the appeal of holding non-yielding bullion by increasing the opportunity cost.

Market Expectations and Impact

We outline expectations of data to be released for the new week and their impact and implications to enable our investors make informed decisions.

Data coming out next week will be the initial jobless claims from the US. Also, investors will await flash services and manufacturing PMI figures for the US and the Euro area.

Managing Your Investments in Volatile times

We understand the uncertainty of these times therefore we are providing our clients with some tips that can help them navigate tough times.

- **Keep capital in tact.** Investors should be more geared towards investment that protects and preserves capital as uncertainty drives performance of asset classes.
- **Spend responsibly.** Budgeting and priority spending help to stay on course with expenses. There might be some spending that needs to be postponed after careful consideration of the economy and revisited at a later stage.
- **Conservative asset class framework.** Keep the basket of investments within a conservative asset class structure to help reduce downside risk and of course to stay in line with the investor's risk tolerance and capacity.
- **Be focused on your strategy.** Investors should maintain their long term strategic allocation and avoid panic. The market is characterised by fluctuations and therefore should not pose a significant threat to the investor.

- **Be wary of News.** Volatility is mainly driven by events, as news on a particular asset is factored into the asset so does the movement. An investor that is constantly watching the market will have their emotions fluctuating with the volatility and may result in irrational decisions that will influence the outcome of their investments.
- **Seek advice.** In situations where an investor may not know what to do or is unsure of the impact of any event on their investments. It is advisable for the investors to engage with their financial advisors for guidance.

Pensioners

Due to the investment nature of our pension clients, we recommend the following;

- Low equity exposure and higher exposure on interest bearing securities.
- Stick to 20 percent exposure on foreign investments.

TERM OF THE WEEK

Stagflation

Stagflation is the combination of weak growth, a high unemployment rate, and inflation. Its often challenging to manage because trying to address one of the issues can make another worse.

Noble PP BCI Fund Ranking

Fund Name	Fund Classification	Fund Ranking as at 13/09/22	Fund Ranking as at 20/09/22
Noble PP BCI Strategic Income FoF	SA Multi Asset Low Equity	59 / 158	13 / 153
Noble PP BCI Balanced FoF	SA Multi Asset Medium Equity	29 / 98	9 / 97
Noble PP BCI Wealth Creator FoF	SA Multi Asset High Equity	110 / 203	41 / 212
Noble PP BCI All Weather FoF	SA Multi Asset Flexible	41 / 53	26 / 53
Noble PP BCI Flexible Fund	SA Multi Asset Flexible	10 / 53	8 / 53
Noble PP BCI Worldwide Flexible FoF	Global Multi Asset Flexible	17 / 52	21 / 51

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