DECODING THE MONTH

December 2023

Global ($)

MSCI SA	6.5%
Nasdaq	5.5%
MSCI ACWI	4.8%
Bonds	4.2%
MSCI EM	3.9%

Local

Property	9.9%
Financials	5.5%
All Share	2.0%
Bonds	1.5%
Resources	-1.3%

Best Shares

Amplats	20.9%
Sibanye	19.7%
Implats	19.1%
Northam Platinum	15.4%
Old Mutual	13.6%

Worst Shares

Sasol	-11.6%
Prosus	-10.6%
Naspers	-9.7%
BAT	-7.7%
Anglo American	-1.3%

Worth Noting

- There were 284 listed companies by end-2023, down from 304 at end-2022.
- The Nasdaq Composite recorded its sixth-biggest annual gain since 1971.
- Nvidia Corp (up 254%), was the best performer in the S&P 500 in 2023.

Data Source: Morningstar, FTSE/JSE Indices

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Commentary

As we reflect on the financial markets of 2023, it becomes evident that the year has been a voyage filled with both challenges and opportunities. Like a skilled captain navigating a ship through unpredictable waters, investors have witnessed the ebb and flow of global equity markets.

As the curtain closed on 2023, international markets found themselves riding the wave of a rally in global risk assets. The once looming concerns about imminent recessions and inflation have eased, creating a favourable environment for central banks to consider trimming interest rates. However, amidst the optimism, cautionary flags fly high, with ongoing conflicts in Europe and the Middle East casting shadows over the global economic horizon.

The performance of international stocks, exemplified by the MSCI ACWI USD Index, showcased commendable performance for the year with an increase of +22.2%. Yet, beneath the surface, the currents of individual country stock markets revealed a nuanced narrative. Developed economies outpaced their emerging counterparts over the year with the MSCI World USD Index (i.e. Developed Markets equities) outperforming the MSCI Emerging Market USD Index by c. 14% over the year, with the indices producing YTD returns of +23.8% and +9.8%, respectively.

In the US, the tech-heavy NASDAQ Composite Index increased by +55.1% in 2023, marking its best showing in 20 years. The S&P 500 Index gained +26.3%, ending the year at near all-time highs. A good part of the end-of-year run-up was fuelled by growing confidence that the Federal Reserve was likely done raising its benchmark overnight lending rate. Indeed, at its last meeting for the year, the Central Bank even went so far as to hint that there would be at least three rate cuts in 2024.

Within the vast expanse of European markets, resilience was evident despite various economic headwinds. Equities, particularly in Spain, defied expectations, propelled by robust service sector growth. The MSCI Europe USD Index increased by +20.0% YTD, illustrating the region's ability to weather the economic adversity that was thrown its way during 2023.

Emerging markets tell a tale of stark contrasts. China grappled with housing and debt challenges, resulting in a downturn reflected in the -11.2% YTD performance of the MSCI China USD Index. Conversely, India, Korea, and Taiwan shined as beacons of growth within the diverse emerging market landscape with the various related MSCI USD Indices increasing by +21.5%, +25.4% and 30.2%, respectively for the year.

Locally, both political and economic instability continued to plague the South African landscape. Although some steps have been made in turning around the negative outlook, significant reform still needs to come to fruition. As a result, the FTSE/JSE All share Index unperformed global equity markets, increasing by +9.3% for the year. The Financials sector performed well, concluding the year with a notable +21.8% increase, whilst the Resources sector negated these gains ending the year down -15.4%.

As we set sail into 2024, uncertainty again looms on the horizon. Diversification emerges as a prudent strategy in these unpredictable waters. Global economic growth is anticipated to taper, especially in the first half of the year, as central banks contemplate interest rate reductions. The recent rally in equity markets suggests a collective optimism, yet the extent to which future gains are already priced into the markets remains an enigma.

The financial markets, much like the seas, demand astute navigation and adaptability. As we embark on a new year, the lessons learned in 2023 serve as valuable charts, guiding us through the ever-changing currents of the global economy.

House View

Large Underweight	Mild Underweight	Neutral Weight	Mild Overweight	Large Overweight
Global Income	Local Income & Global Equity	Global Bonds	Local Equity	Local Bonds

Data: Reuters. Indices are the FTSE/JSE , the MSCI and the WGBI.