



—
Investing for a
world of change

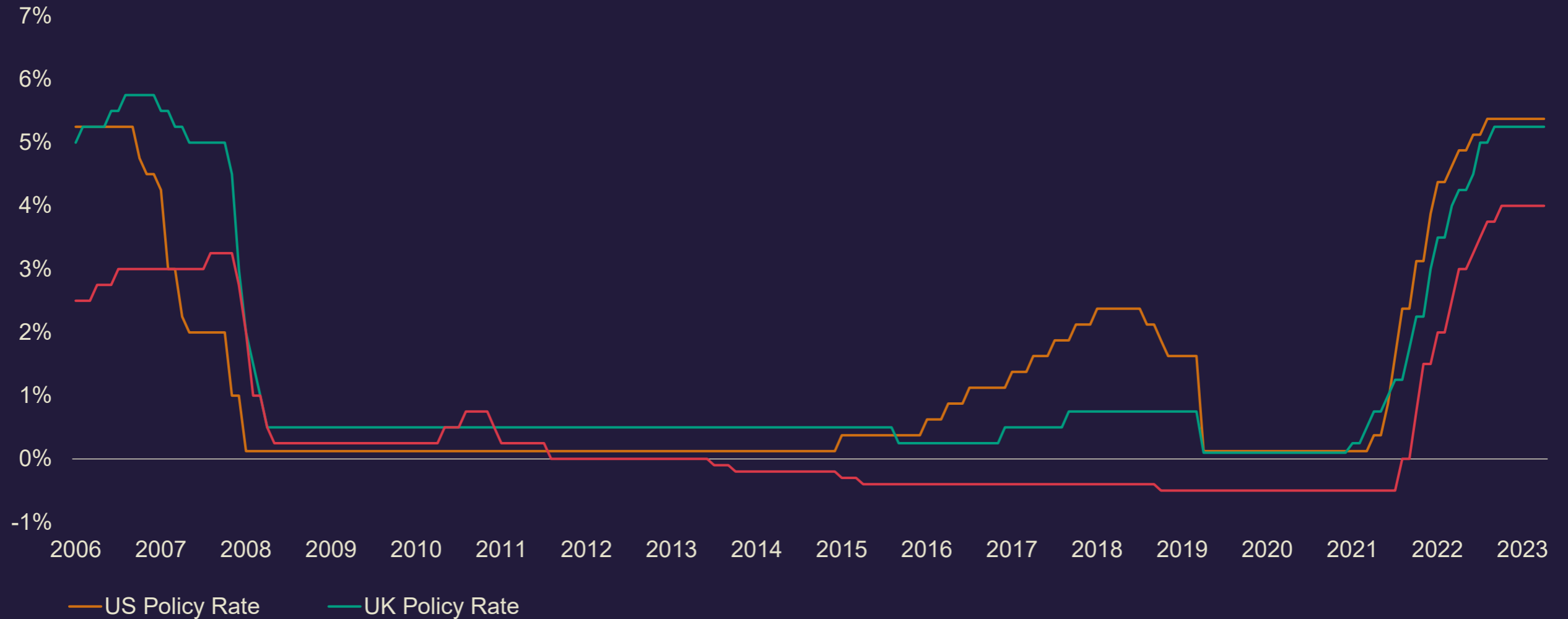
Global interest rates - Where are they likely to settle and what are the implications?

Paul Carr
Portfolio Manager
April 2024



The fastest major hiking cycle in decades...

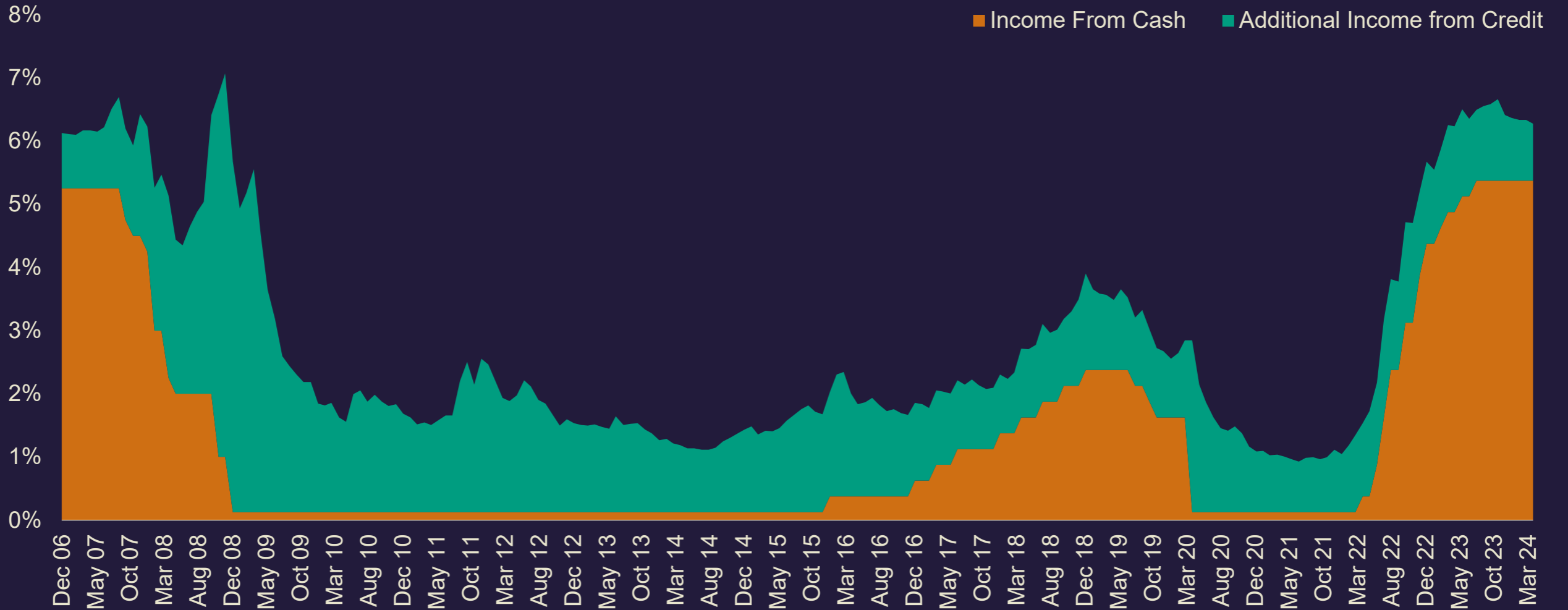
Suggests interest rates have peaked globally





Income is back on the table...

and we don't expect rates to return to zero!

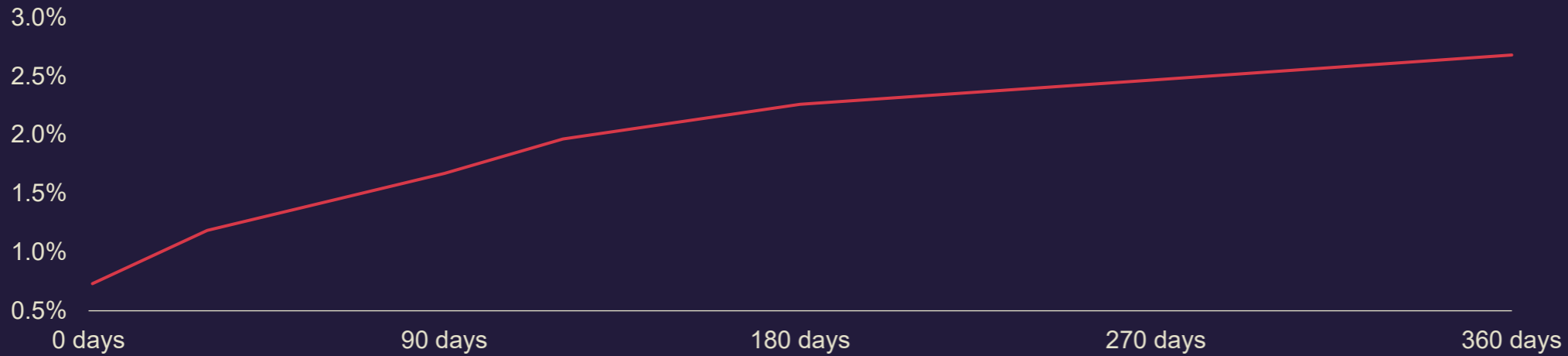




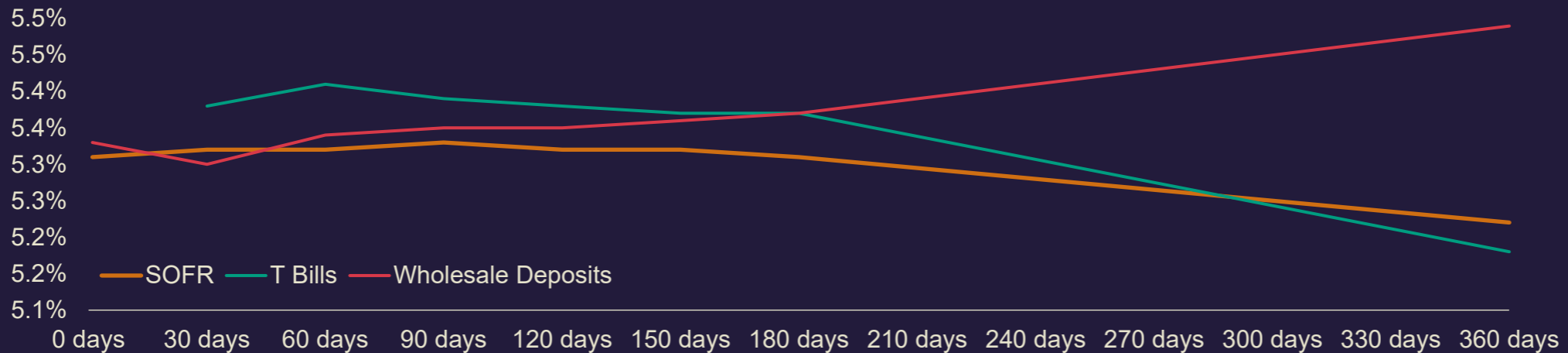
But you won't find this income available at the bank

Banks won't pass on these high rates of interest to retail customers...

Retail deposits



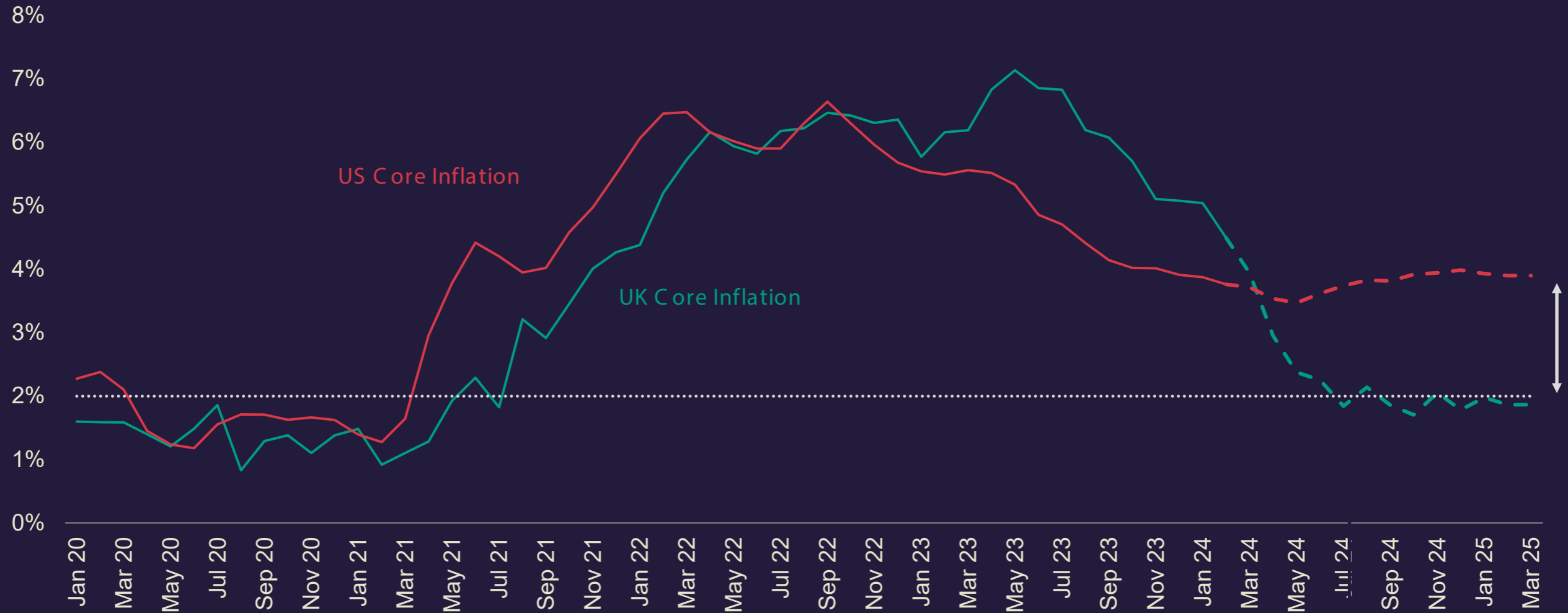
Wholesale deposits





Rate cuts don't necessarily mean recession

Inflation has given room to adjust policy, but divergence is creating opportunities

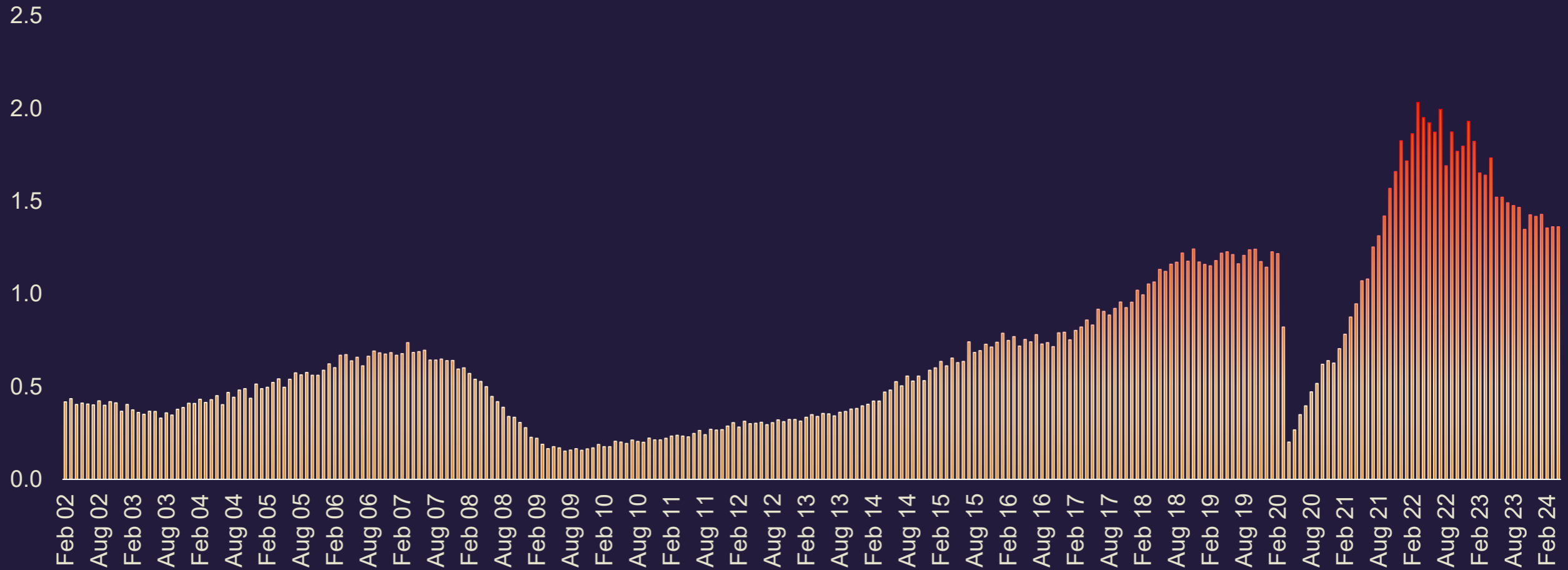




The US labour market remains hot!

There are 1.4 US job vacancies for every unemployed worker...

Ratio of job vacancies per unemployed worker

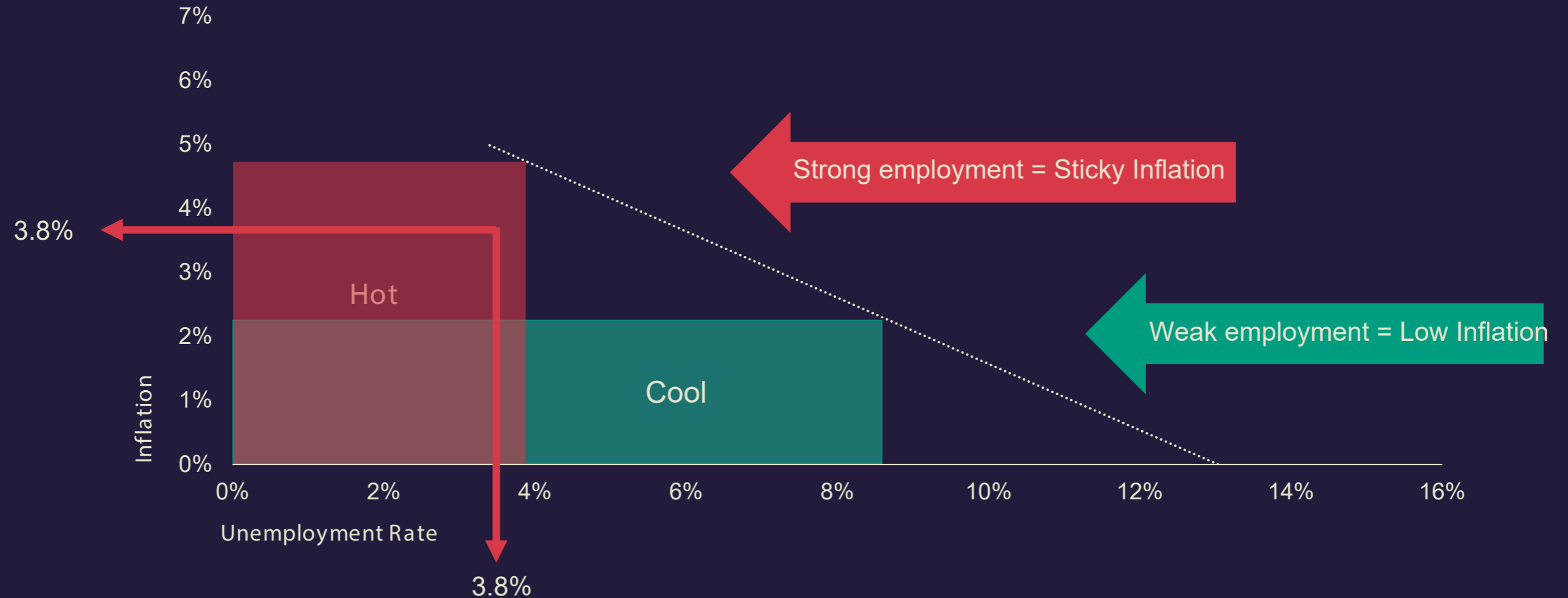




Strong employment has consequences...

Data suggests a close correlation between unemployment and inflation

US Inflation vs Unemployment





Strong US wage increases and falling inflation means...

US real wages are accelerating

US Wages Less Inflation





In an election year fiscal spending remains strong...

The US budget deficit is unlikely to fall and is supportive for growth...

Budget Deficits as % GDP



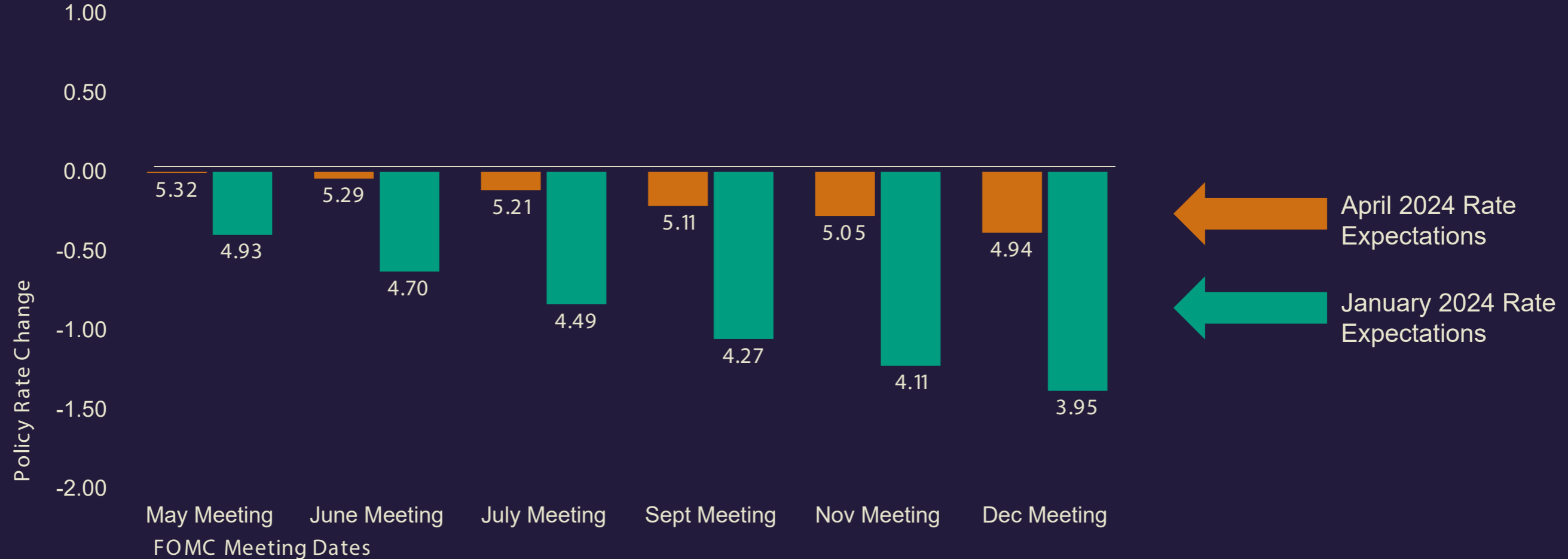
Source: Bloomberg and Ninety One, 31 March 2024
* Using Bloomberg forecasts



In January of this year markets expected significant US rate cuts...

We believe the data suggests a much lower probability of cuts this year

2024 US Policy Rate Path

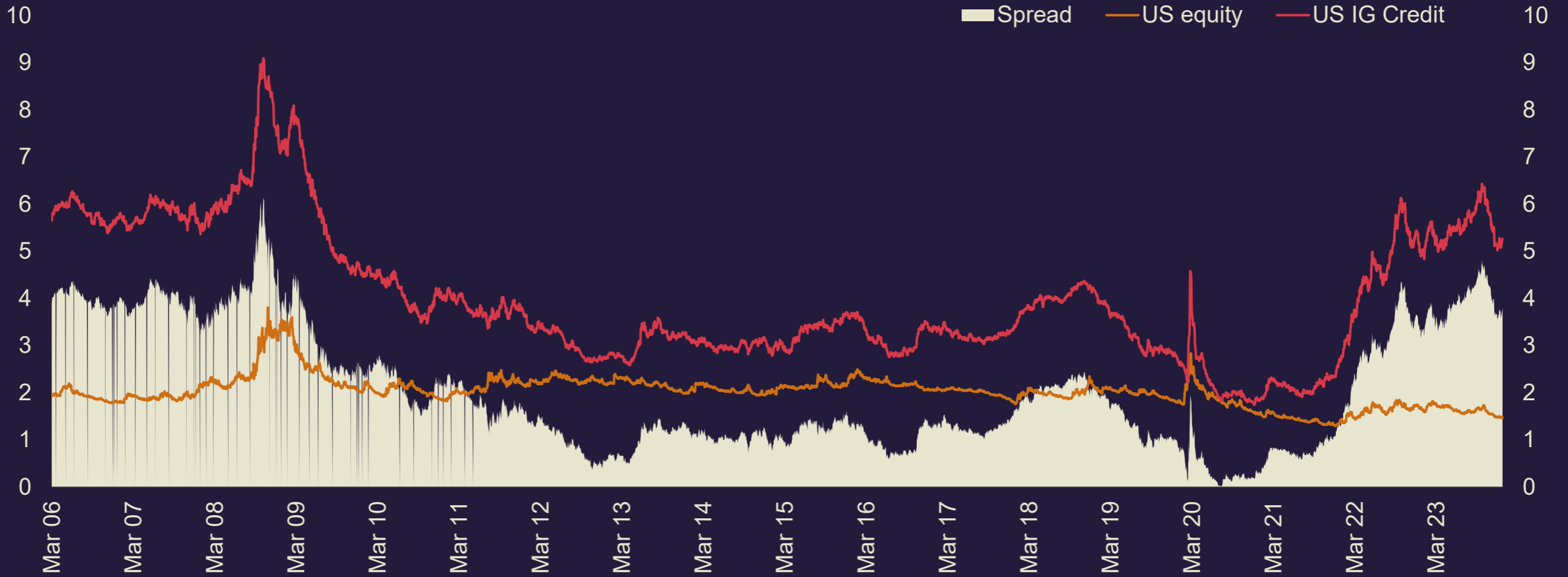




Developed market rates finally offer income again

IG Credit offers attractive risk adjusted yield

Yield differential between credit and equities

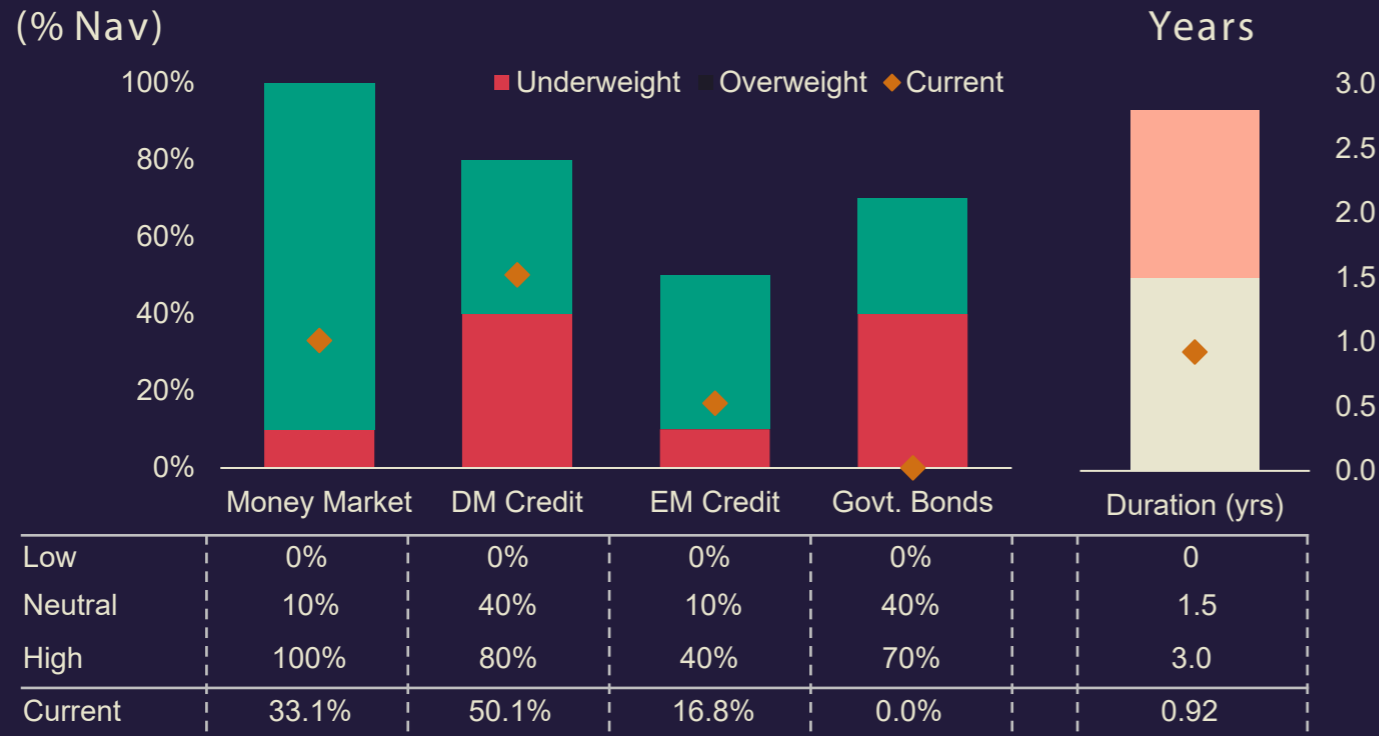


| Credit yield premium above equities is the most attractive in over a decade

Global Diversified Income Fund

Portfolio positioning

Positioning relative to Neutral Construct
(% Nav)



- Growth is **resilient**, but lower inflation leaves room to cut
- IG Credit offers **low risk income**
- **Divergent policy** creates opportunities
- Positioned for **yield and stability**

Portfolio yield **6.04%**

Duration risk (yrs) **0.92**

Credit spread **0.96%**

Average credit rating **BBB+**

FX exposure **106.8% US\$**

Conservative global income fund with enhanced income at its core



Thank you

—
Investing for a
world of change





Important information

All information and opinions provided are of a general nature and are not intended to address the circumstances of any particular individual or entity. We are not acting and do not purport to act in any way as an advisor or in a fiduciary capacity. No one should act upon such information or opinion without appropriate professional advice after a thorough examination of a particular situation. This is not a recommendation to buy, sell or hold any particular security.

Collective investment scheme funds are generally medium to long term investments and the manager gives no guarantee with respect to the capital or the return of the fund. Past performance is not necessarily a guide to future performance. The value of participants' interests (units) may go down as well as up. Funds are traded at ruling prices and can engage in borrowing and scrip lending. The fund may borrow up to 10% of its market value to bring sufficient liquidity. A schedule of charges, fees and advisor fees is available on request from the manager which is registered under the Collective Investment Schemes Control Act. Additional advisor fees may be paid and if so, are subject to the relevant FAIS disclosure requirements. Performance shown is that of the fund and individual investor performance may differ as a result of initial fees, actual investment date, date of any subsequent reinvestment and any dividend withholding tax. There are different fee classes of units on the fund and the information presented is for the most expensive class. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Where the fund invests in units of foreign collective investment schemes, these may levy additional charges which are included in the relevant TER. Additional information on the funds may be obtained, free of charge, at www.ninetyone.com. Ninety One SA (Pty) Ltd ("Ninety One SA") is an authorised financial services provider and a member of the Association for Savings and Investment SA (ASISA).

Investment Team: There is no assurance that the persons referenced herein will continue to be involved with investing for the Fund, or that other persons not identified herein will become involved with investing assets for the Manager or assets of the Fund at any time without notice.

Investment Process: Any description or information regarding investment process or strategies is provided for illustrative purposes only, may not be fully indicative of any present or future investments and may be changed at the discretion of the manager without notice. References to specific investments, strategies or investment vehicles are for illustrative purposes only and should not be relied upon as a recommendation to purchase or sell such investments or to engage in any particular strategy. Portfolio data is expected to change and there is no assurance that the actual portfolio will remain as described herein. There is no assurance that the investments presented will be available in the future at the levels presented, with the same characteristics or be available at all. Past performance is no guarantee of future results and has no bearing upon the ability of the Manager to construct the illustrative portfolio and implement its investment strategy or investment objective.

In the event that specific funds are mentioned please refer to the relevant minimum disclosure document in order to obtain the necessary information in regard to that fund.

This presentation is the copyright of Ninety One SA and its contents may not be used without Ninety One SA's prior permission