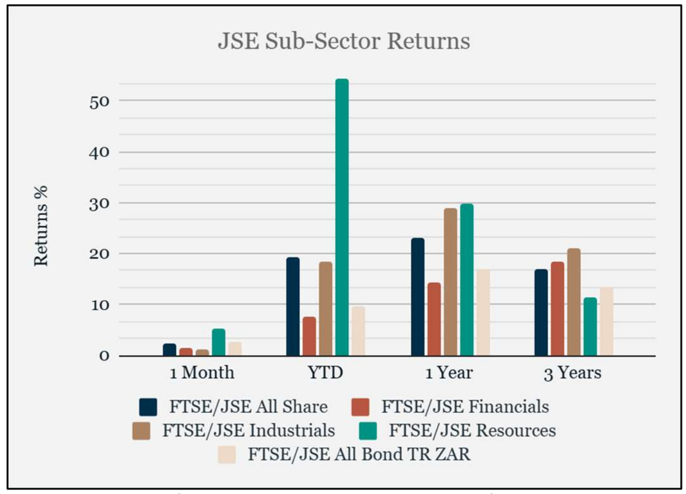
Monthly Review July 2025

South African Market

July marked a milestone month for South African equities, with the FTSE/JSE All Share Index (ALSI) extending its winning streak to five consecutive months of positive returns, closing 2.27% higher and momentarily breaching the 100,000-point level for the first time. The rally lifted the index's year-to-date return to 19.35%, supported by robust corporate earnings, rising commodity valuations, and improved investor sentiment. Resources shares provided the lion's share of July's upside, surging 5.15% on the back of a sharp rebound in platinum-group metals and gold prices, together contributing more than half of the month's total index gain. Overall, July's performance underscored the market's constructive tone, even as valuations in resource counters edge back toward their long-term averages and macro risk – including commodity-price volatility – remains a watch-point for the remainder of the year.

July data showed domestic inflation creeping higher but still anchored at the lower end of the SARB's 3%-6% target band. Headline CPI edged up to 3.0% y/y from 2.8%, matching expectations. Food and non-alcoholic beverages were the main contributors, accelerating to a 15-month peak of 5.1 %, with meat prices adding to the advance, and rising rentals and utilities added further pressure. Fuel prices continued a downward trajectory, declining for a fourth straight month and is 11.2% below last year's level.



Source: Morningstar (Returns more than 1 year are annualized)

The SARB's Monetary Policy Committee delivered a 25-bps reduction to the repo rate in late July, bringing the benchmark rate down to 7%. The July cut marks the fifth in the current cutting cycle (third this year), which has seen rates decrease by a cumulative 125 basis points. despite expectations from some market participants that the committee might pause rate cuts due to the implementation of a 30% US tariff on South African exports from August, the MPC proceeded with the accommodative stance. Governor Kganyago highlighted that recent months have seen the Rand strengthen and long-term borrowing costs decline. In a notable policy shift, the MPC explicitly expressed its preference for inflation to converge toward 3% for the first time, indicating that future monetary policy decisions will incorporate forecasting models anchored at this lower inflation target.

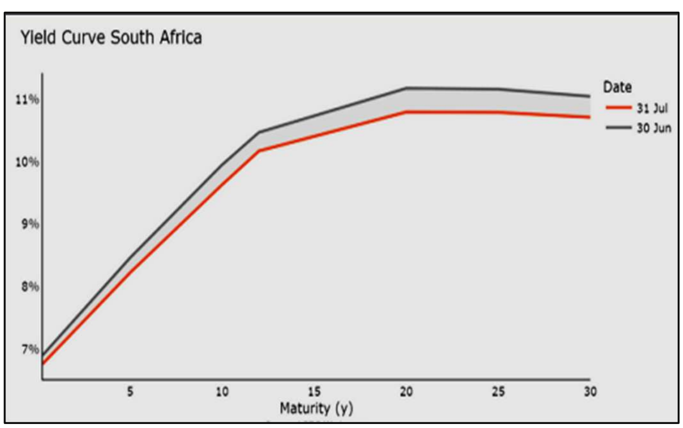
Asset Class Performance (ZAR):

As of 31st July 2025	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity	3.14	6.97	14.90	18.33	14.41	14.33
Global Property	0.51	(0.12)	3.61	3.98	6.42	7.68
Global Bond	(0.22)	0.93	3.04	3.25	(1.80)	4.17
Global Cash	2.13	(1.70)	4.12	7.74	4.20	5.81
SA Equity	2.27	19.35	23.20	17.04	16.36	10.31
SA Property	4.75	10.30	24.37	18.34	18.50	2.96
SA Bond	2.73	9.53	16.97	13.47	11.36	9.36
SA Cash	0.60	4.27	7.71	7.59	6.03	6.26
ZAR/USD (negative = Rand strength)	2.52	(3.80)	(0.24)	2.99	1.32	3.71
Gold	1.32	16.19	27.54	19.92	7.99	12.37
Brent Crude Oil	9.16	(5.87)	(8.76)	(10.55)	12.21	7.13

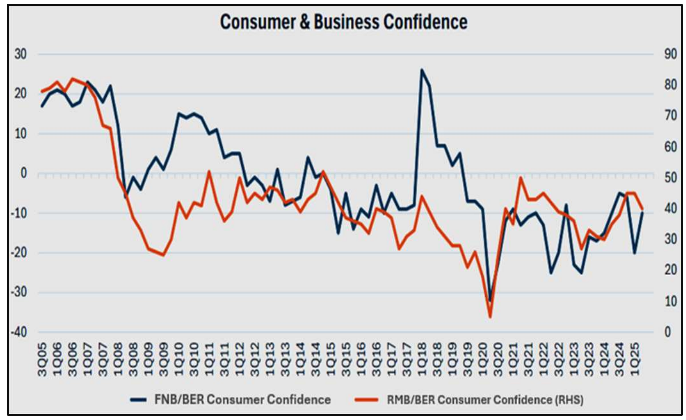
*Returns more than 1 year are annualized.

July saw the Rand surrender part of June's gains, against a strong US Dollar. The currency initially strengthened to a YTD best level of R17.51/USD at the beginning of the month, supported by a softer Dollar and gold's climb back above $3 350/oz as safe-haven demand picked up. However, momentum faded in the second half of the month as the US Dollar regained strength, eroding the Rand's earlier advantage; Washington's warning of a 30 % tariff on South African imports and the South African Reserve Bank's recent 25 bp rate cut, accompanied by a lower 3 % inflation anchor, prompted investors to trim Rand exposure. As a result, the Rand slipped to end the month at R18.21/USD, weakening by (2.52)%, its weakest level in six weeks. Even after the pull-back, the currency remains broadly range-bound and cushioned by elevated commodity terms of trade, but trade-policy uncertainty and a narrower interest-rate differential have put a damper on the Rand's shorter term appeal.

South African bonds extended their rally into July, lifting the FTSE/JSE All Bond Index (ALBI) by 2.73% as yields eased across the curve in the wake of the South African Reserve Bank's 25 bp cut. The Monetary Policy Committee reinforced the bid by signalling a new ambition to anchor inflation closer to 3%, the lower end of its 3-6% mandate, versus the long-held 4.5% midpoint. That guidance, coupled with expectations of sustainably lower price growth, pushed the 10-year government yield down from 9.96% to 9.61% (the lowest level since 2022) underscoring stronger risk appetite for Rand-denominated debt. While periodic shocks remain likely, market consensus that a firmer 3% target will endure should help South Africa recover more quickly from setbacks and pave the way for a structurally lower interest-rate environment.



Source: LSEG



Source: Anchor Capital

Confidence levels have taken a knock after a relatively good start to the year. In the second quarter, the FNB/BER Consumer Confidence Index improved to -10 from -20 in the prior quarter, a modest but meaningful recovery that reflects easing concerns around household finances and future prospects. Although still below the historical norm, the improvement across key sub-indices offers a welcome sign of progress. By contrast, the RMB/BER Business Confidence Index slipped to 40, with only four out of ten businesses satisfied with current conditions amid persistent structural challenges and global uncertainty.

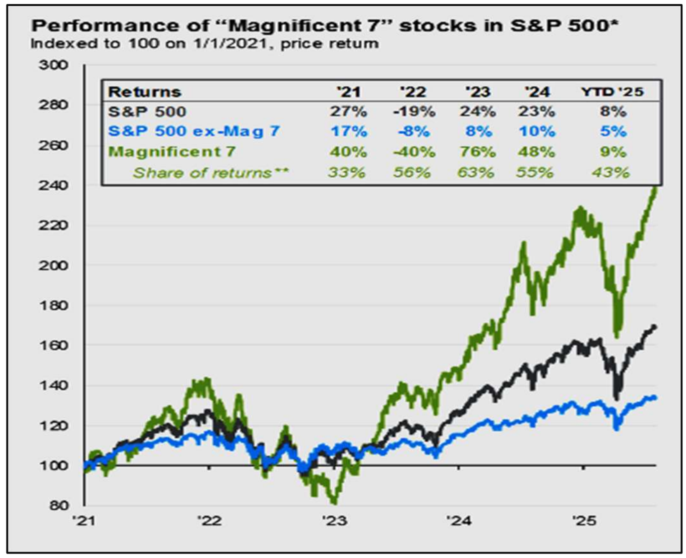
US President Trump announced during July, that imports from South Africa will be subjected to 30% duties, among a slew of levies that will be imposed from the 7th of August as part of his drive to "reciprocate" partners' tariff schedules. The executive order confirms a blanket 30% surcharge on virtually all South-African goods, replacing the 10% interim rate in place since. There are, however, crucial exemptions on these tariffs, including electricity, petroleum products, copper and a broader set of precious and base metals and strategic minerals. Importantly for South Africa, gold, PGMs and coal fall outside the tariff, and selected pharmaceuticals and wood products are also excluded. Affected sectors include the manufacturing and agricultural sectors, which together account for nearly 40% of South Africa's goods exports to the US. Agriculture is set to bear the brunt, effectively nullifying AGOA preferences, which are slated to be cancelled in September. Steel and automotive products also remain subject to their existing 25% tariffs (which do not stack with the 30%).

STAR INVESTMENT PARTNERS

Global Markets

Global equity markets delivered positive returns in July, with the MSCI ACWI advancing 1.36% despite a weaker finish to the month. Second-quarter corporate earnings results provided support for risk assets throughout the period, with approximately 80% of S&P 500 companies that reported beating both consensus earnings and revenue estimates – well above the historical average – helping the index notch fresh record highs. Mega-cap tech stocks emerged as the month's leading performers, benefiting from the US decision to allow semiconductor companies to resume shipments of certain advanced processors to Chinese markets. Emerging market equities outpaced their developed market counterparts, generating returns of 2.02% compared to 1.30% for developed markets. Chinese equities led the emerging market rally, demonstrating continued resilience as investor sentiment improved and market liquidity conditions showed ongoing signs of normalization.

US consumer prices climbed for a third straight month in July, reflecting the gradual pass-through of President Trump's tariffs into the broader economy. Headline inflation accelerated to 2.7% y/y from 2.4%, the quickest pace since February. The uptick was led by firmer energy and housing costs, particularly rents, while early signs show some companies beginning to pass import-tariff costs onto consumers. With the final tariff levels still being considered by President Trump, and steeper levies threatened as of the first of August, the inflation outlook remains unsettled for the coming months.



Source: JP Morgan Guide to the markets

The Federal Reserve maintained its benchmark interest rate within the 4.25%-4.5% target range at its July policy meeting, a decision that aligned with expectations despite significant pressure from the administration to pursue rate reductions. In its statement, the Fed noted that economic growth had cooled in the first half of the year, while inflation remained elevated. With the next FOMC meeting scheduled for September, the central bank has adopted a cautious stance as policymakers work to assess the economic implications of tariff reforms and broader policy initiatives on inflation dynamics. This wait-and-see approach has led market observers to reduce expectations for monetary easing, with projections now pointing to potentially just one-two rate cuts for the remainder of the year.

Asset Class Performance (USD):

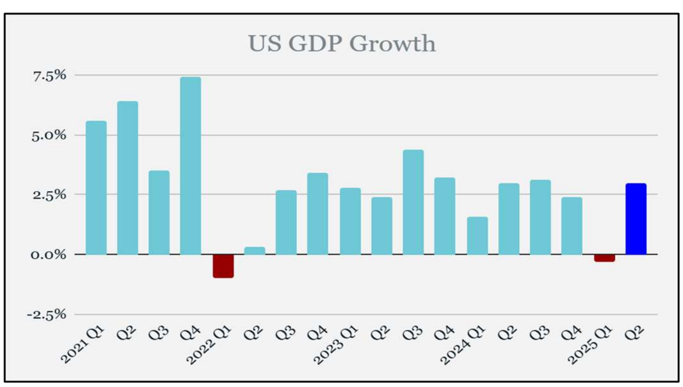
As of 31st July 2025	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity	1.36	11.63	15.59	15.14	13.04	10.29
Global Property	(1.22)	4.23	4.23	1.18	5.15	3.87
Global Bond	(1.94)	5.33	3.66	0.47	(2.97)	0.49
Global Cash	0.37	2.58	4.75	4.84	2.96	2.07
SA Equity	0.51	24.55	23.94	13.88	14.97	6.41
SA Property	2.95	15.10	25.12	15.15	17.08	(0.68)
SA Bond	0.96	14.30	17.67	10.41	10.03	5.50
SA Cash	(1.14)	8.81	8.35	4.69	4.76	2.50

ZAR/USD (negative = Dollar strength)	(2.46)	3.95	0.24	(2.90)	(1.31)	(3.57)
Gold	(0.42)	21.25	28.30	16.69	6.70	8.40
Brent Crude Oil	7.28	(1.77)	(8.21)	(12.96)	10.87	3.34

*Returns more than 1 year are annualized.

UK consumer price inflation climbed to 3.6% in the latest reading, marking the highest level in over twelve months and exceeding the prior month's 3.4% figure. The acceleration was primarily attributed to motor fuel costs, which declined marginally compared to the substantial decreases recorded in the corresponding period last year, while food prices extended their upward trajectory for a third consecutive month. Core CPI, excluding the more volatile food and energy categories, quickened to 3.7%, underscoring the breadth of price pressures. These developments have heightened concerns that the UK's disinflationary momentum may be losing steam, creating challenges for the BoE ahead of its anticipated August rate reduction. Although financial markets continue to price in one rate cut during the current quarter, the monetary easing case has been considerably weakened.

The US Dollar Index, which measures the greenback against a basket of six major currencies, staged a strong rebound in July, rising 3.19%, snapping a six-month losing streak. The rebound was underpinned by a resolutely hawkish Federal Reserve (banker) and a run of sturdy US macro data, which together widened interest-rate differentials in the Dollar's favour. Market anxiety over President Trump's erratic tariff policy also eased after several partial trade accords were struck, while word of a late-month agreement with the European Union provided an additional tailwind for the greenback. This currency rally has triggered significant capital flow shifts, with market participants unwinding heavily positioned Dollar short positions, creating headwinds for some of the year's top-performing assets. In commodities, oil and gas prices advanced 7.28% on the month as the White House hardened its stance toward Russia, threatening fresh restrictions and tariffs on the country's energy exports and, on those countries, buying Russian oil such as China and India



Source: trading economics

Source: Morningstar (Returns more than 1 year are annualized)

In July, the market's focus was on trade negotiations and on renewed fiscal discipline concerns, which caused global government bond yields to rise, with the US 10-year Treasury yield ending the month at 4.38%. Expectations for continued fiscal largesse were also a headwind for bond markets during the month, with the global aggregate bond index losing (1.94%). International government bond markets experienced similar pressures as investors questioned the long-term fiscal trajectories of major economies, while central bank communication regarding future monetary policy paths added to market volatility. The combination of persistent inflationary concerns, robust economic growth expectations, and mounting fiscal deficits created a challenging environment for fixed income investors, with duration risk becoming increasingly pronounced across the yield curve.

The US economy regained momentum in Q2 2025, expanding at an annualised 3.0% after a 0.5% contraction in Q1 and surpassing the 2.4% consensus forecast. Growth in consumer spending ticked up moderately across both goods and services, after almost braking in the first quarter as US President Donald Trump's tariffs created uncertainty. With the labour market slowing amid hesitancy by businesses to increase headcount, consumer spending could be sluggish for the remainder of the year. Higher prices from tariffs, which started showing in the June consumer inflation data, could also hamper consumer spending for the remainder of the year. Although the administration has struck several trade agreements, the nation's effective tariff rate remains near its highest since the 1930s, leading most economists to anticipate only modest growth in the second half of 2025.

Historic Asset Class Performance Matrix

The performance matrix below shows returns (colour coded) for the 4 main indicative sources of return per asset class and separated for SA and Global. **All performance figures here shown in ZAR.** The performances show the one-year performance of each asset class up to the displayed date (X-axis) except for the column showing YTD returns up to 31st July 2025.

	YTD	7/2025	7/2024	7/2023	7/2022	7/2021	7/2020	7/2019	7/2018	7/2017	7/2016	7/2015	7/2014
Best	SA Equity 19.3	SA Property 24.4	SA Property 28.8	Global Equity 20.6	Global Cash 14.3	SA Property 28.5	Global Fixed Income 29.1	Global Property 17.4	SA Fixed Income 11.2	Global Equity 12.1	Global Property 30.2	SA Property 31.0	SA Equity 28.3
	SA Property 10.3	SA Equity 23.2	Global Equity 19.5	SA Equity 19.3	SA Property 9.7	SA Equity 27.1	Global Equity 28.1	Global Fixed Income 13.9	Global Equity 10.9	SA Equity 7.6	Global Fixed Income 23.0	Global Property 24.5	Global Equity 25.9
	SA Fixed Income 9.5	SA Fixed Income 17.0	SA Fixed Income 15.6	Global Cash 11.2	SA Equity 4.7	Global Property 17.7	Global Cash 21.5	Global Equity 10.9	SA Equity 7.2	SA Fixed Income 7.2	Global Equity 10.3	Global Equity 21.8	Global Property 24.1
	Global Equity 7.0	Global Equity 14.9	Global Property 10.2	SA Fixed Income 8.1	SA Cash 3.9	Global Equity 16.3	SA Cash 5.8	Global Cash 10.7	SA Cash 6.7	SA Cash 7.0	Global Cash 10.2	Global Cash 17.9	Global Fixed Income 12.9
	SA Cash 4.3	SA Cash 7.7	SA Equity 9.0	SA Cash 6.8	Global Property 3.1	SA Fixed Income 13.9	Global Property 5.2	SA Fixed Income 8.1	Global Property 4.6	SA Property 3.3	SA Property 9.0	SA Fixed Income 8.2	SA Property 12.7
	Global Fixed Income 0.9	Global Cash 4.1	SA Cash 8.2	SA Property 3.4	SA Fixed Income 2.9	SA Cash 3.5	SA Fixed Income 4.2	SA Cash 6.6	Global Cash 0.8	Global Cash -4.1	SA Fixed Income 6.4	Global Fixed Income 7.9	Global Cash 8.3
	Global Property -0.1	Global Property 3.6	Global Cash 8.0	Global Fixed Income 3.0	Global Equity 1.7	Global Fixed Income -13.8	SA Equity 1.6	SA Equity 2.2	Global Fixed Income -1.2	Global Fixed Income -7.8	SA Cash 6.4	SA Cash 5.7	SA Fixed Income 7.2
Worst	Global Cash -1.7	Global Fixed Income 3.0	Global Fixed Income 3.7	Global Property -1.5	Global Fixed Income -3.8	Global Cash -14.0	SA Property -41.2	SA Property 0.1	SA Property -13.6	Global Property -8.7	SA Equity 4.5	SA Equity 4.4	SA Cash 5.1

Source: Morningstar Direct