PORTFOLIOMETRIX QUARTERLY INSIGHTS

SOUTH AFRICAN PORTFOLIOS
JUNE 2025

PORTFOLIOMETRIX

CONTENTS

MARKET COMMENTARY

Despite heightened geopolitical tensions and abrupt shifts in trade policy—particularly the implementation and subsequent pause of "Liberation Day" tariffs—global markets demonstrated surprising resilience. US Equities experienced notable volatility, briefly entering bear market territory before rebounding sharply. Overall, both Developed and Emerging Market equities exhibited strong performance, supported by a weaker US dollar. Nonetheless diversified portfolios continue to prove their worth as fixed income provided stability in portfolios.

South African investors benefitted from robust performance of domestic asset classes, which outperformed their global counterparts. Specifically, SA Equities and SA Property generated returns exceeding 9.0% for the quarter, while SA bonds strengthened following the SARB's latest interest rate cut, indications of a lower inflation target, as well as subsiding concerns regarding the GNU and related issues.

Developed Equity

In the second quarter of 2025, developed market regions recorded robust returns as markets recovered from post–Liberation Day lows. Pacific ex-Japan equities outperformed, with notable contributions from Australia and Hong Kong, reflecting increased optimism regarding monetary policy easing. European equities sustained their positive momentum, benefitting from a continued investor shift away from U.S. markets and support from both fiscal and monetary measures, maintaining their position as the leading equity region year-to-date. Despite ongoing volatility in the U.S., North American equities have continued to generate significant returns.

Emerging Equity

Emerging market equities kept pace with their developed market counterparts in the second quarter. While Asian equities delivered strong absolute returns, performance was led by another robust quarter from emerging Europe and Latin America.

Global Fixed Income

Despite interest rate volatility, global fixed income delivered another solid quarter of returns, supported by attractive income levels across the asset class. Global high yield once again outperformed, benefitting from elevated carry, lower interest rate sensitivity, and a risk-on tone that gathered momentum over the rest of the quarter. Emerging market debt (hard currency) also performed well, supported by both the improving risk environment and a weaker U.S. dollar, which eased the repayment burden for issuers of dollar-denominated debt.

Global sovereign bonds remain a focal point for investors, as major developed economies continue to grapple with elevated debt levels and stubbornly high interest rates. However, higher yields are offering a meaningful source of income, which is anchoring total returns.

Global Real Assets

Following a strong first quarter, real assets saw more mixed performance in Q2. Oil prices fell sharply, dragging down the Bloomberg Commodity Index, in a perfect storm of increased supply from OPEC+ and softening global demand—particularly from China. Gold reached new record highs, briefly surpassing $3,500/oz in April, with silver and platinum prices also soaring- ultimately buoying the SA resources sector. Although, a weaker U.S. dollar reduced the benefit for international investors.

Looking Ahead

As we move into the second half of 2025, investors are still navigating a world shaped more by political noise than economic signal. Across developed markets, governments continue to support growth through targeted fiscal measures—most notably expansive tax-and-spend policies in the US and infrastructure-led investment in Europe. In the UK, on the contrary, fiscal policy has remained cautious, with modest increases in public investment balanced against a commitment to broader budgetary discipline. Meanwhile, the US has again delayed the implementation of its latest tariffs, prolonging trade negotiations and keeping global uncertainty elevated, with all eyes now on August 1st.

With equity valuations elevated, U.S. policy direction still evolving, and long-term bond yields drifting higher, the second half of the year may bring more surprises—along with periodic bouts of volatility. But this is not a time for overreaction or outsized thematic bets. Instead, it's a moment to stay focused on the basics: robust diversification, composure in the face of noise, and a long-term mindset. Historically, periods of uncertainty have often laid the groundwork for future opportunity—provided investors stay the course.

INDEX RETURNS & MARKET INDICATORS

As of 2025/06/30

South African Asset Returns (Rand)

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
SA Equity	9.7	16.1	24.6	15.9	16.2	7.9
SA Bonds	5.9	6.6	18.4	13.4	10.9	9.2
SA Property	9.1	5.3	23.9	19.8	16.6	3.0
SA Cash	1.9	3.8	8.1	7.8	6.3	6.7

SA Equity Sector Returns (Rand)

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
SA Financials	8.7	6.5	20.3	19.4	20.7	7.0
SA Industrials	11.8	15.3	29.0	22.1	15.3	9.1
SA Resources	9.2	39.6	25.1	9.0	13.2	11.8

SA Equity Segment Returns (Rand)

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
SA Large Cap	10.3	19.7	25.5	18.0	16.2	10.4
SA Mid Cap	10.0	10.1	20.3	14.9	16.0	7.4
SA Small Cap	9.5	1.8	26.0	18.8	27.1	9.4

Global Asset Returns (Rand)

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Global Equity	7.8	3.6	13.1	20.6	14.2	14.3
Global Bonds	1.0	1.0	6.0	5.6	-0.7	5.1
Global Property	0.2	-0.6	9.0	7.2	6.6	8.5
Global Infrastructure	1.0	3.4	14.8	10.5	9.5	11.8

Global Asset Returns (USD)

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Global Equity	11.5	10.0	16.2	17.3	13.7	10.0
Global Bonds	4.5	7.3	8.9	2.7	-1.2	1.2
Global Property	3.7	5.5	11.9	4.4	6.1	4.4
Global Infrastructure	4.6	9.8	18.0	7.6	9.0	7.7

Global Equity Regional Returns (USD)

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
North America Equity	11.4	6.5	15.8	19.2	15.9	12.7
UK Equity	10.8	19.4	20.5	15.2	13.2	5.3
Europe Ex UK Equity	12.2	24.2	17.9	17.9	11.9	7.3
Japan Equity	11.4	11.7	13.9	15.0	8.8	6.1
Pacific Ex Japan Equity	14.2	14.6	19.1	10.4	9.0	5.8
EM Equity	12.0	15.3	15.3	9.7	6.8	4.8

Currency Returns

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
ZAR/USD	1.1	2.2	4.7	4.9	3.0	2.1
ZAR/GBP	-4.8	-6.6	-3.4	0.8	0.9	3.5
ZAR/EUR	-7.0	-9.8	-4.4	0.9	2.1	1.6

Commodity Returns (USD)

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Brent Crude	-7.6	-8.4	-21.8	-16.2	10.4	0.6
Gold Spot	5.0	25.2	41.4	22.3	12.9	10.9

Source: Morningstar Direct

ASSET CLASS PERIODIC TABLE

Asset Class Performance (ZAR)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD	QTD
Best	Global Property 36.6	SA Bonds 15.4	SA Property 17.2	Global Bonds 14.8	Global Equity 22.9	Global Equity 21.7	Global Property 41.3	SA Cash 5.2	Global Equity 31.3	SA Property 29.0	SA Equity 16.1	SA Equity 9.7
	Global Equity 30.6	SA Property 10.2	SA Equity 16.5	Global Property 10.7	Global Property 20.6	Global Bonds 14.7	SA Property 36.9	SA Equity 4.4	Global Property 19.3	Global Equity 20.9	SA Bonds 6.6	SA Property 9.1
	Global Bonds 29.7	SA Cash 7.4	Global Equity 12.1	SA Bonds 7.7	SA Bonds 10.3	SA Bonds 8.7	Global Equity 28.8	SA Bonds 4.3	Global Bonds 13.6	SA Bonds 17.2	SA Property 5.3	Global Equity 7.7
	SA Property 8.0	SA Equity 5.2	SA Bonds 10.2	SA Cash 7.2	SA Cash 7.3	SA Cash 5.4	SA Equity 27.1	SA Property 0.5	SA Property 10.1	SA Equity 13.4	SA Cash 3.8	SA Bonds 5.9
	SA Cash 6.5	Global Equity -4.7	SA Cash 7.5	Global Equity 5.6	SA Equity 6.8	SA Equity 0.6	SA Bonds 8.4	Global Bonds -10.7	SA Bonds 9.7	SA Cash 8.5	Global Equity 3.5	SA Cash 1.9
	SA Equity 2.8	Global Property -6.7	Global Property -1.0	SA Equity -10.9	Global Bonds 3.9	Global Property -3.3	SA Cash 3.8	Global Equity -12.6	SA Cash 8.1	Global Property 5.7	Global Bonds 1.0	Global Bonds 1.0
Worst	SA Bonds -3.9	Global Bonds -9.9	Global Bonds -2.8	SA Property -25.3	SA Property 1.9	SA Property -34.5	Global Bonds 3.5	Global Property -20.9	SA Equity 7.9	Global Bonds 1.4	Global Property -0.6	Global Property 0.2

- SA Bonds
- SA Equity
- SA Property
- SA Cash
- Global Bonds
- Global Property
- Global Equity

Source: Morningstar Direct

PORTFOLIO PERFORMANCE

PMX Building Block Performance

PMX Fund and Benchmark Performance (Rand)

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
PMX BCI Income Fund	2.6	4.9	10.7	10.3	8.8	—
STeFI +1%	2.1	4.3	9.1	8.9	7.4	7.8
PMX BCI SA Bond Fund	6.1	6.7	19.1	13.6	11.5	—
SA Bonds	5.9	6.6	18.4	13.4	10.9	9.2
PMX BCI SA Property	10.3	6.4	27.3	21.4	16.8	—
SA Property	9.1	5.3	23.9	19.8	16.6	3.0
PMX BCI SA Equity Fund	7.6	12.8	21.0	14.2	16.6	9.0
SA Equity - CSWIX	9.7	16.1	24.6	15.9	16.2	7.9
PMX BCI Global Equity FoF	6.6	1.7	10.3	18.0	12.3	12.5
Global Equity	7.8	3.6	13.1	20.6	14.2	14.3
PMX BCI Glbl Property FoF	-0.6	-1.0	7.1	4.9	4.7	—
Global Property	0.2	-0.6	9.0	7.2	6.6	8.5
PMX BCI Global Bond FoF	1.0	0.7	5.2	5.0	-1.5	—
Global Bonds	1.0	1.0	6.0	5.6	-0.7	5.1

Excess Returns over Funds' Benchmark

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
PMX BCI Income Fund	0.5	0.6	1.6	1.4	1.5	—
PMX BCI SA Bond Fund	0.2	0.1	0.7	0.2	0.6	—
PMX BCI SA Property	1.2	1.1	3.3	1.6	0.2	—
PMX BCI SA Equity Fund	-2.1	-3.3	-3.6	-1.6	0.3	1.2
PMX BCI Global Equity FoF	-1.2	-1.9	-2.7	-2.5	-1.9	-1.8
PMX BCI Glbl Property FoF	-0.8	-0.4	-1.9	-2.3	-2.0	—
PMX BCI Global Bond FoF	0.0	-0.4	-0.8	-0.6	-0.8	—

Source: Morningstar Direct

Regulation 28 Portfolios

PMX Reg 28 Profile Performance

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
PMX Reg 28 Profile 1	3.6	4.9	12.1	11.1	9.3	8.5
PMX Reg 28 Profile 2	4.2	5.1	13.1	11.9	10.0	8.6
PMX Reg 28 Profile 3	5.0	5.4	14.2	12.8	10.9	8.9
(ASISA) South African MA Low	4.7	5.7	13.3	11.6	9.7	7.4
PMX Reg 28 Profile 4	5.7	5.8	15.2	13.7	11.9	9.2
PMX Reg 28 Profile 5	6.2	6.0	15.7	14.4	12.7	9.4
(ASISA) South African MA Med	5.7	6.5	14.2	12.4	10.7	7.4
PMX Reg 28 Profile 6	6.5	6.2	15.7	14.8	13.5	9.5
PMX Reg 28 Profile 7	6.6	6.4	15.6	15.0	14.2	9.4
(ASISA) South African MA High	6.4	7.1	15.2	13.4	11.9	7.6

Source: Morningstar Direct

Discretionary Portfolios

PMX Discretionary Profile Performance

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
PMX Discretionary Profile 1	3.8	5.0	12.4	11.4	9.5	8.5
PMX Discretionary Profile 2	4.5	5.3	13.5	12.3	10.2	8.6
PMX Discretionary Profile 3	5.4	5.7	14.6	13.3	11.1	8.9
(ASISA) South African MA Low	4.7	5.7	13.3	11.6	9.7	7.4
PMX Discretionary Profile 4	6.0	5.9	15.4	14.1	12.0	9.1
PMX Discretionary Profile 5	6.4	6.1	15.6	14.8	12.8	9.3
(ASISA) South African MA Med	5.7	6.5	14.2	12.4	10.7	7.4
PMX Discretionary Profile 6	6.7	6.4	15.4	15.4	13.4	9.2
PMX Discretionary Profile 7	6.8	6.3	14.9	15.7	14.0	9.1
(ASISA) South African MA High	6.4	7.1	15.2	13.4	11.9	7.6

Source: Morningstar Direct

Contributors & Detractors

This past quarter saw encouraging performance across most of our local asset class funds, with the exception of South African equities. The PortfolioMetrix BCI SA Property fund delivered particularly strong results, achieving double-digit total returns thanks to both underlying managers outperforming their benchmark. A supportive global credit environment also contributed to robust returns from Fairtree BCI Income Plus, a key component of the PortfolioMetrix BCI Income fund. South African bonds benefitted from falling yields and tighter credit spreads, with notable outperformance from the Ninety One Corporate Bond fund and our internally managed segregated mandate.

While South African equities faced headwinds, largely due to sharp sector rotations—especially in resources and platinum stocks—some resilience was evident. Although most managers lagged the benchmark, Ninety One SA Equity and the Satrix Mid Cap Index fund managed to outperform, offering a degree of balance within the equity allocation.

On the global front, performance was mixed when measured in rand terms. The PortfolioMetrix BCI Global Bond FoF held steady, delivering returns in line with its benchmark. Within global equities, Europe ex UK and Pacific ex Japan outperformed the broader market, while North American equities initially underperformed but staged a strong recovery by quarter-end. A key theme influencing global returns has been the weakening US dollar, which continues to play a significant role in shaping market dynamics.

PORTFOLIO CHANGES

Strategic Asset Allocation

While our strategic asset allocation has remained unchanged over the quarter, we continuously review our exposures to ensure they align with our long-term objectives, reflecting our commitment to preserving the integrity of our strategic asset allocations.

Equity Portfolio Changes

During the second quarter of 2025 we completed our disinvestment from Invesco European Focus in favour of Amundi European Europe ex-UK, which is a core active fund that provides the desired exposure to the European equity market. Additionally, we added a Japanese equity index to balance the stylistic exposure exhibited by the Ballie Gifford strategy in our Japanese allocation.

Fixed Income Portfolio Changes

There were no changes made within this asset class over the quarter.

Real Asset Changes

There were no changes made within this asset class over the quarter.

DISCLAIMER

This document is only for professional financial advisers, their clients and their prospective clients.
The information given here is for information purposes only and is not intended to constitute financial, legal, tax, investment or other professional advice. It should not be relied upon as such and PortfolioMetrix cannot accept any liability for loss for doing so. If you are a retail investor, your financial adviser can help explain the information provided. Any forecasts expected future returns or expected future volatilities are not guaranteed and should not be relied upon. The value of investments, and the income from them, can go down as well as up, and you may not recover the amount of your original investment. Past performance is not a reliable indicator of future performance. Portfolio holdings and asset allocation can change at any time without notice.

PortfolioMetrix Asset Management SA (Pty) Ltd is an Authorised Financial Services Provider in South Africa, regulated under the Financial Advisory and Intermediary Services Act 37 of 2022 (FSP No.: 42383). It is a limited liability company registered in South Africa under company number 2006/026054/07.
Full calculation methodology available on request.