

BALONDOLOZI

— INVESTMENT LEADERSHIP —

BALONDOLOZI EQUITY FUND

July 31, 2025

FACT SHEET

INVESTMENT OBJECTIVE

The fund seeks to outperform the FTSE/JSE Capped SWIX All Share Index by 1% per annum over a rolling 3 year period.

INVESTMENT STRATEGY

The fund aims to generate in excess of 1% above the benchmark returns on a consistent long-term basis through both top down and bottom up analysis. The Fund uses a four factor model, namely; Macro-Economic Model, a Fundamental Accounting Value Model, a Behavioural Model, and a Technical Analysis Model. The models are blended to ensure consistency of performance and lower fund volatility versus the benchmark.

FUND INFORMATION

Fund Classification	South African - Equity - General
Benchmark	FTSE/JSE Capped SWIX All Share Index
Risk Profile	Aggressive
Fund Managers	Fannuel Tigere, Sandelee Van Wyk
Inception Date	01 November 2018
Fund Size	R832 million
Currency	ZAR
Administration	Balondolozzi Investement Services (Pty) Ltd
Trustees	Nedbank
Regulator	Financial Sector Conduct Authority (FSCA)
Regulation 28	Compliant

FEES

Initial & Exit Fees	Nil
Total Investment Charge	0.67%
Portfolio TER	0.58%
Management Fees	0.50%
Transaction Costs	0.09%
Audit Fees	0.00%
Other Costs	0.01%
Vat	15.00%
Pricing	Daily at 17:00

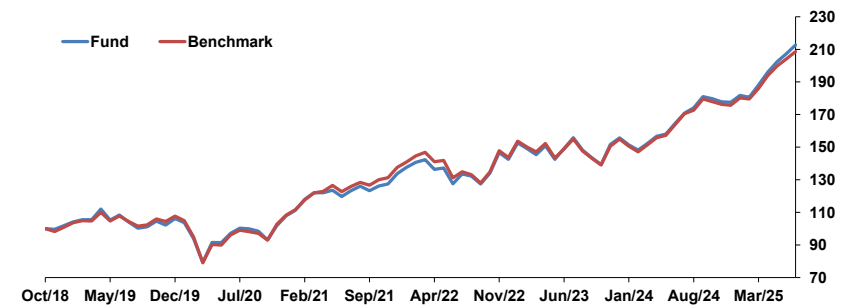
RISK RATIOS

	<i>Fund</i>	<i>Benchmark</i>
Annualised Return	11.83%	11.51%
Sharpe Ratio	0.35	0.38
Sortino Ratio	0.50	0.53
Max Drawdown	-15.57%	-16.69%
Drawdowns	33	32

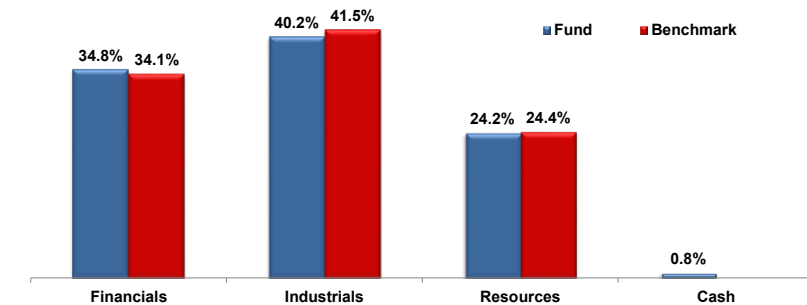
PERFORMANCE (Gross of fees)

	<i>Fund</i>	<i>Benchmark</i>
Jul-25	2.62%	2.24%
Year to Date	19.79%	18.71%
Rolling 12 months	24.40%	22.33%
Return p.a. since inception	11.83%	11.51%
Return since inception	112.65%	108.63%
Highest Rolling 1-year Return	28.66%	31.92%
Lowest Rolling 1-year Return	-23.79%	-24.29%

GROWTH OF R100 INVESTED AT INCEPTION



SECTOR ANALYSIS



FUND COMMENTARY

Global central banks have largely opted to hold interest rates steady amid growing uncertainty over trade dynamics and geopolitical tensions. At the center of this caution is the United States, where renewed tariff threats by the Trump administration, targeting key trading partners including the Euro Area, China, and South Africa, which are disrupting trade flows and complicating monetary policy decisions.

Equities returned 2.27% (FTSE/JSE Shareholder Weighted All Share); nominal bonds delivered 2.73% (ALBI); inflation linked bonds returned 0.59% (CILI) and cash returned 0.6% as indicated by the STeFi Call Index in July 2025. Within equities, the financial services sector delivered 1.44% (FINI 15), the industrial sector 1.26% (INDI 25) and the resources sector 5.15% (RESI 20).

During the same period, near term volatilities ticked down by -0.56% (SAVI) to 16.44% whilst the historic price to earnings (P/E) ratio for the FTSE/JSE SWIX Top 40 drifted higher by +1.85 points to close at 18.8. Yields for 12-month negotiable certificates of deposits rose by +8.3 bps to close the month at 7.48%.

The fund returned 2.62% against the benchmark 2.24% (JSE Capped Swix All Share) resulting in a positive alpha of 0.38% for the month.

Local equity markets inched higher during the month of July, supported by signs of progress in trade negotiations between the United States and its trading partners. Additionally, lower inflation data contributed to a more accommodative monetary policy stance, with the South African Reserve Bank cutting the repo rate by 25 basis points to 7%. The JSE Capped SWIX All Share Index ended the month up 2.24%, with the resources sector leading the gains. Both the industrial and financial sectors also closed in positive territory, contributing to overall market strength. Among the top contributors to portfolio performance was an overweight position in the global consumer internet group, Naspers, which delivered a solid uplift during the month. Gold Fields also contributed positively to performance, supported by firm commodity prices. Telecoms' counter, MTN, also added further gains, with marginal gains from overweight positions in banking counter Standard Bank and diversified miner South32. Overweight positions in retailers, Shoprite and Mr Price came under pressure during the month. An underweight position in the luxury goods company Richemont was the largest positive contributor to performance. Additional gains in performance were realised through underweight positions in diversified and apparel retailers Woolworths and The Foschini Group, both of which contributed positively to performance for the month. Underweight positions in resource counters, Glencore and Harmony Gold detracted as well as underweight exposure in rand hedge counters, Bidvest and Mondi detracted from performance for the month. During the month of July, profits were taken in active positions.

Balondolzi submitted proxies for nine annual general meetings across companies in various sectors. In the financial sector, these included Ninety-One (NY1/N91), PSG Financial Services (KST), and Capitec (CPI). We voted on 162 resolutions, supporting 87%. Of the resolutions not supported, 38.09% related to the election or re-election of directors and committee member appointments. We also participated in an extraordinary general meeting held by MAS plc (MSP), where we supported a commercially driven realisation of the group's assets. This aligns with independent valuations over a five-year horizon, with proceeds to be returned to shareholders via special dividends. On the corporate action front, MSP launched a tender offer under Hyprop's (HYP) voluntary bid, offering shareholders several options. We selected the fourth option; to take no action and retain our MSP shares. However, the corporate action was later withdrawn due to a non-negotiable condition not being met. Lastly, Datatec (DTC) declared a R2.00 special dividend with a dividend-with-option event. We selected the default option and received the dividend, subject to a 20% withholding tax.

After registering a value of 2.8% in May 2025, headline inflation for June 2025 was 3% (consensus 2.8%). On the same note, the price for Brent crude oil rose by 7.28%, to end the month at \$72.53 per barrel and the Rand depreciated against the Dollar by -2.82% to close at R18.21 per dollar. The seasonally adjusted Kagiso Purchasing Managers' Index (PMI) nudged up by 5.4 index points to reach 48.5 in June 2025.

In the United States, the Federal Reserve left interest rates unchanged at 4.25%–4.50% for the fifth consecutive meeting, a move widely anticipated by markets. Policymakers cited lingering uncertainty around the economic outlook, with no clear guidance on future rate changes. Notably, two key members, Bowman and Waller frontrunners in the race for the next Fed Chair, dissented in favour of a rate cut. Inflation picked up again, with the annual rate climbing to 2.7% in June 2025 from 2.4% in May, the highest since February. The economy showed surprising strength, expanding at an annualized 3% in Q2 after contracting 0.5% in Q1, fuelled largely by a sharp 30.3% drop in imports. This plunge followed a front-loading of goods in Q1 due to tariff threats, particularly as President Trump imposed new levies on imports from India and Brazil. Despite solid GDP figures, manufacturing showed signs of weakening, with the S&P Global Manufacturing PMI falling to 49.5 in July, missing expectations. Meanwhile, the 10-year Treasury yield edged higher to 4.37%, as investors digested mixed signals from the Fed, strong GDP numbers, and renewed tariff risks across sectors including autos, lumber, and pharmaceuticals, raising concerns about future growth.

The European Central Bank kept interest rates unchanged in July, likely marking the end of its easing cycle after eight cuts over the past year. Inflation in the eurozone held steady at 2% in June, while GDP growth slowed sharply to just 0.1% in Q2, down from 0.6% in Q1, boosted previously by pre-tariff U.S. import activity. Despite the slowdown, recent PMI data showed stronger-than-expected business activity, particularly in services and manufacturing, hinting at resilience in the region. However, uncertainty over the incomplete US-EU trade deal continues to dampen business confidence, with investors sceptical of its terms, which appear to favour the U.S. Additional risks include potential deflation pressures from Chinese dumping of surplus goods, which could suppress European prices and force the ECB to consider renewed rate cuts. Markets are already pricing in a 25bps cut by March 2026. On a more positive note, the eurozone's services confidence index climbed to 4.1 in July, its highest level since February, offering some reassurance amid broader concerns.

In China, the central bank maintained key lending rates at record lows during the July fixing, in line with ongoing policy support to counteract economic headwinds. Consumer prices rose 0.1% year-on-year in June 2025, ending a three-month stretch of deflation and surpassing expectations. GDP grew by 1.1% quarter-on-quarter in Q2, a stronger-than-expected performance driven by Beijing's continued stimulus efforts, including rate cuts and liquidity injections. However, trade tensions with the U.S. persist, and no resolution has yet been reached. This fuel concerns that China may offload surplus goods onto global markets, depressing prices and exacerbating trade imbalances elsewhere. Despite the lack of concrete progress, recent US-China trade talks were described as "constructive," with both sides agreeing to extend the 90-day ceasefire on tariffs. Meanwhile, China's 10-year government bond yield rose to 1.74%, reflecting cautious investor optimism amid efforts to stabilize the economy and trade ties.

The South African Reserve Bank cut the policy rate by 25 basis points to 7%, effective 1 August, as inflation remains near the bottom of the 3–6% target range and expectations have eased. Despite weak first-quarter growth and global uncertainty ranging from volatile oil prices and stalled trade deals to potential tariff hikes, the domestic inflation outlook has improved, supported by a stronger rand. The MPC now aims for inflation to settle at 3%, allowing for future interest rate cuts while keeping inflation expectations anchored. Low inflation could support a gradual recovery, but risks remain. June inflation rose to 3%, its highest in four months, while the PMI edged up to 48.5, still indicating weak manufacturing activity. Investor sentiment is cautious, with 10-year bond yields steady around 9.8%. The looming 30% U.S. tariff on South African exports, due on 1 August, poses a major threat to trade and growth, especially with further tariff warnings against BRICS nations. Falling business confidence, persistent infrastructure challenges, and fiscal pressures despite Parliament passing the 2025/26 Appropriation Bill of ZAR 1.2 trillion add to the uncertainty. These factors could derail South Africa's fragile recovery if global and domestic conditions deteriorate.

The global economy remains fragile with uneven growth, policy uncertainty, and rising risks continuing to challenge the path to sustained recovery.