BALONDOLOZI
— INVESTMENT LEADERSHIP —

BALONDOLOZI MONEY MARKET FUND **July 31, 2025**

FACT SHEET

INVESTMENT OBJECTIVE

The fund seeks to outperform the STeFI Composite Index by 0.5% per annum without taking on excessive market risk.

INVESTMENT STRATEGY

This fund aims to outperform the STeFi Composite Index, through active and quantitatively managed exposure via diverse securities from South Africa's Big 4 banks and short-dated investment. Disciplined portfolio construction along with rigorous risk mitigating controls seek out high yield opportunities andgrade stock.capital appreciation while maintaining a strong credit rating of A1/F1.

FUND INFORMATION

Fund Classification	South African - Interest Bearing - Money Market
Benchmark	STeFI Composite Index
Risk Profile	Conservative
Fund Managers	Fannuel Tigere, Karabo Matsepe
Inception Date	01 February 2016
Fund Size	R459 million
Currency	SA Rands
Administration	Prescient Management Company (RF) (Pty) Ltd
Trustees	Standard Bank
Regulator	Financial Sector Conduct Authority (FSCA)
Regulation 28	Compliant

FEES

Initial & Exit Fees	Nil
Total Investement Charge	0.18%
Portfolio TER	0.18%
Management Fees	*0.15%*
Transaction Costs	*0.00%*
Audit Fees	*0.00%*
Other Costs	*0.01%*
Vat	*15.00%*
Pricing	Daily at 17:00

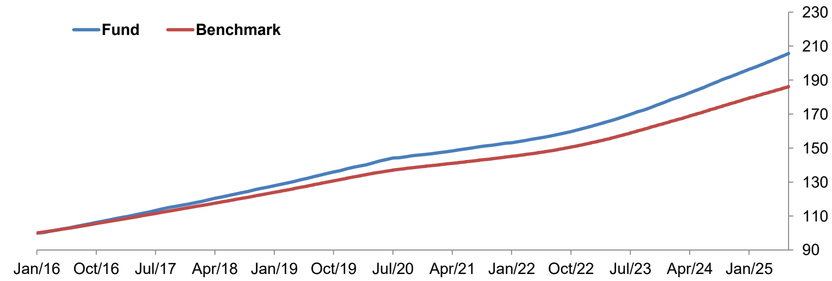
RISK RATIOS

	Fund	***Benchmark***
Annualised Return	7.86%	6.72%
Sharpe Ratio	3.17	1.92
Sortino Ratio	N/A	N/A
Max Drawdown	N/A	N/A
Drawdowns	0	0

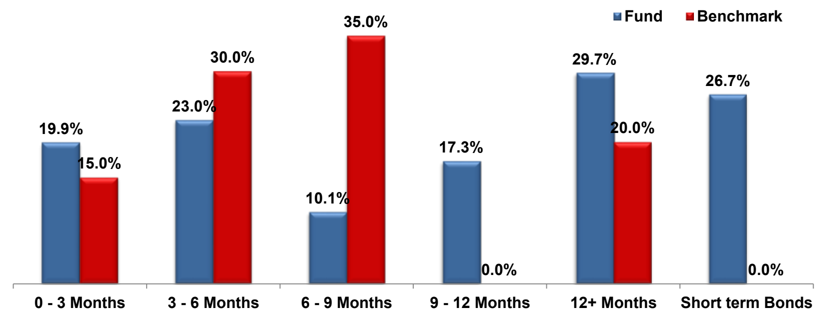
PERFORMANCE (Gross of fees)

	Fund	***Benchmark***
Jul-25	0.79%	0.62%
Year to Date	5.56%	4.43%
Rolling 12 months	9.86%	7.98%
Return p.a. since inception	7.86%	6.72%
Return since inception	292.56%	224.26%
Highest Rolling 1-year Return	106.77%	86.38%
Lowest Rolling 1-year Return	3.73%	3.44%

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.

The STeFi Call Index returned 0.60%; short-term nominal bonds delivered 0.08% (ALBI 1-3 years) and cash returned 0.62% as indicated by the STeFi Composite Index in July 2025.

During the same period, yields for 12-month negotiable certificates of deposits rose by 8.3 bps to close the month at 7.48% and the level of the 12 x 15 FRAs fell by -7.25 basis points to end the month at 6.81%. Concurrently, the 12 x 15 FRA/3 x 6 FRA gap ticked down by 0 basis points to -17 bps whilst medium-term break-evens tightened by -0.14% to 3.69%. Foreigners sold local assets worth -R1.3 billion as yields sold-off during the month of July 2025.

The fund returned 0.79%, higher than the returns of the STeFi Composite Index of 0.62%. Holdings in higher yielding fixed instruments and non-bank credit led to the outperformance. The yield of the fund is 8.42% higher than benchmark at 7.24%, due to holdings in non-bank credit and longer dated fixed instruments. The duration of the fund is 106 days lower than the benchmark at 165 days.

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.

On the final day of July, the National Council of Provinces (NCOP) approved the Eskom Debt Relief Amendment Bill, increasing the allocation by over 50% to stabilise the utility's finances and improve energy security. The ANC supports the bill, citing progress in reducing load shedding and Eskom's ongoing recovery. In contrast, the EFF opposes it, advocating for a coal-based, state-led energy approach. Amid ongoing disputes over the Regulatory Clearing Account (RCA) between the National Energy Regulator of South Africa (Nersa) and Eskom, a pending settlement would be credit positive for Eskom bondholders, given upcoming debt maturities, tight tariffs and looming debt maturities.

Transnet has submitted a request for R16 billion under the July window of the Budget Facility for Infrastructure (BFI), with further plans to seek additional funding in October. It recently secured R94.8 billion in new government guarantees, supplementing the R51 billion announced in May, to cover debt redemptions and buffer against credit risks. Despite this support, S&P downgraded Transnet's credit rating, citing its heavy reliance on government backing and weak financial fundamentals, with limited prospects for near-term improvement. However, the injection of new funding and guarantees may create a pathway for Transnet to strengthen its operations and enhance future creditworthiness.

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.

Global monetary policy decisions in July reflect a cautious and adaptive approach by central banks. The Federal Reserve, European Central Bank, and People's Bank of China all held interest rates steady, signalling a wait-and-see stance amid varying economic conditions. However, the SARB took a more accommodative step, cutting its interest rate by 25 basis points to 7% to stimulate domestic growth. This move aligned with the local FRA curve, which had already priced in the cut, and the stabilization of the long end of the curve suggests that the SARB may now pause, potentially signalling the end of the rate-cutting cycle. However, breakeven rates for short-term bonds have remained quite low. Therefore, the fund will seek for opportunities to invest in more inflation linked bonds, where pricing allows. Since credit spreads are tightening, the fund will maintain exposure in high quality names to benefit from the yield pick-up whilst minimizing the risk noticed in lower rated credits.