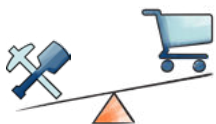


Market Commentary

May 2025

RISCURA

South African market themes



Mining and manufacturing contracted in May, but retail trade showed resilience



Ramaphosa's visit to the White House focused on revitalising bilateral economic ties



SARB cut repo rate by 25 bps and prime rate lowered to 10.75%



Unemployment rose to 32.9% and youth unemployment hit 46.1%

South Africa's annual consumer price inflation (CPI) rose to 2.8% year-on-year in April, up from 2.7% in March. Month-on-month, CPI was up by 0.3% for April 2025. Key contributing factors included higher prices of food and non-alcoholic beverages, particularly meat and coffee. The annual rate for food and non-alcoholic beverages (NAB) rose to 4.0% in April. Meat was a large contributor to this increase, with prices up 2.3% on average.

South Africa's GDP growth was marginal, expanding by just 0.1% in the first quarter of 2025. Agriculture, especially horticulture and animal products, drove most of the momentum due to good rainfall.

The South African 2025 budget was presented by the Minister of Finance, Enoch Godongwana, on 21 May 2025. Key takeaways from the budget included allocating more funds to infrastructure projects, creating a conducive environment for saving and job creation, fiscal consolidation, and spending reductions. Despite these aims, the debt-to-GDP ratio rose from 75.9% to 77.2%, as a result of lower nominal GDP growth. The VAT rate remained unchanged at 15%.

Following the Monetary Policy Committee (MPC) meeting in May, the South African Reserve Bank (SARB) governor Lesetja Kganyago announced a 25 basis point cut. This brought the repo rate to 7.25% with effect from 30 May 2025. Consequently, the prime lending rate will be reduced to 10.75%. It is also expected that a stronger rand and lower oil prices would help relieve pressure from the increased fuel levy.

Q1 2025 economic data highlighted several challenges. Mining output fell by 4.5% for the quarter, with platinum group metals contributing to the biggest drag. Consumer spending improved over the quarter, with retail trade sales rising higher. Six out of the seven major retail groups had positive Q1 results. Manufacturing shrank by 2.3% for the quarter, driven down by petroleum, food and beverages, and transport equipment prices.

The National Treasury reported a budget deficit of R17.13 billion for May, reflecting increased government spending and lower revenue streams. The budget deficit is expected to remain at around 3.8% of GDP in the medium-term framework. The Absa Purchasing Managers' Index (PMI) dipped to 43.1 in May, down from 44.7 in April, indicating contraction in the manufacturing sector, and showing slightly lower factory activity.

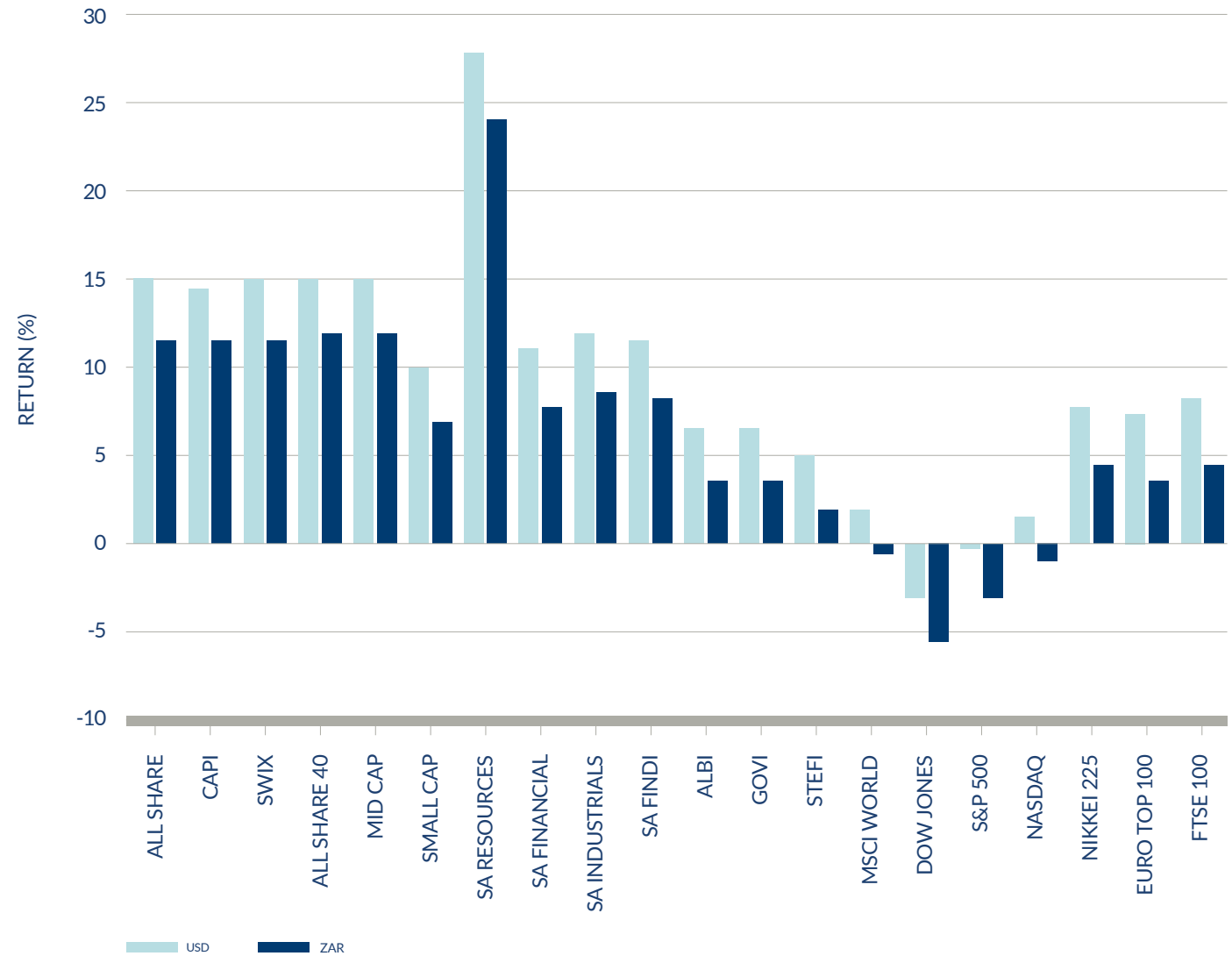
During May, President Ramaphosa travelled to the US to meet with President Donald Trump at the White House. Attendees alongside President Ramaphosa included the Minister of International Relations and Cooperation, the Minister in the Presidency, the Minister of Trade and Industry, the Minister of Agriculture, and the Special Envoy. The aim of the trip was to reset and discuss bilateral relations between the two countries, with the main focus on economic and commercial relations.

Employment statistics for Q1 2025 reflected a rise in the unemployment rate to 32.9%. Job losses were recorded across the trade, construction, mining, and community and social services sectors. Youth unemployment increased to 46.1%. This reading has remained above the 40% mark since Q3 2020.

Equity markets performed well for the month: May saw an uptick of +3.0% in the Capped SWIX, +3.1% in the SWIX, and +2.7% in the ALBI, with the latter up +4.2% on a year-to-date basis. Financials, Industrials, and Resources all increased for the month, up +2.5%, +3.9%, and +2.6%, respectively. Mid-Caps and Large-Caps were also up by +5.5% and +2.9% respectively, while Small-Caps gained +3.3%.

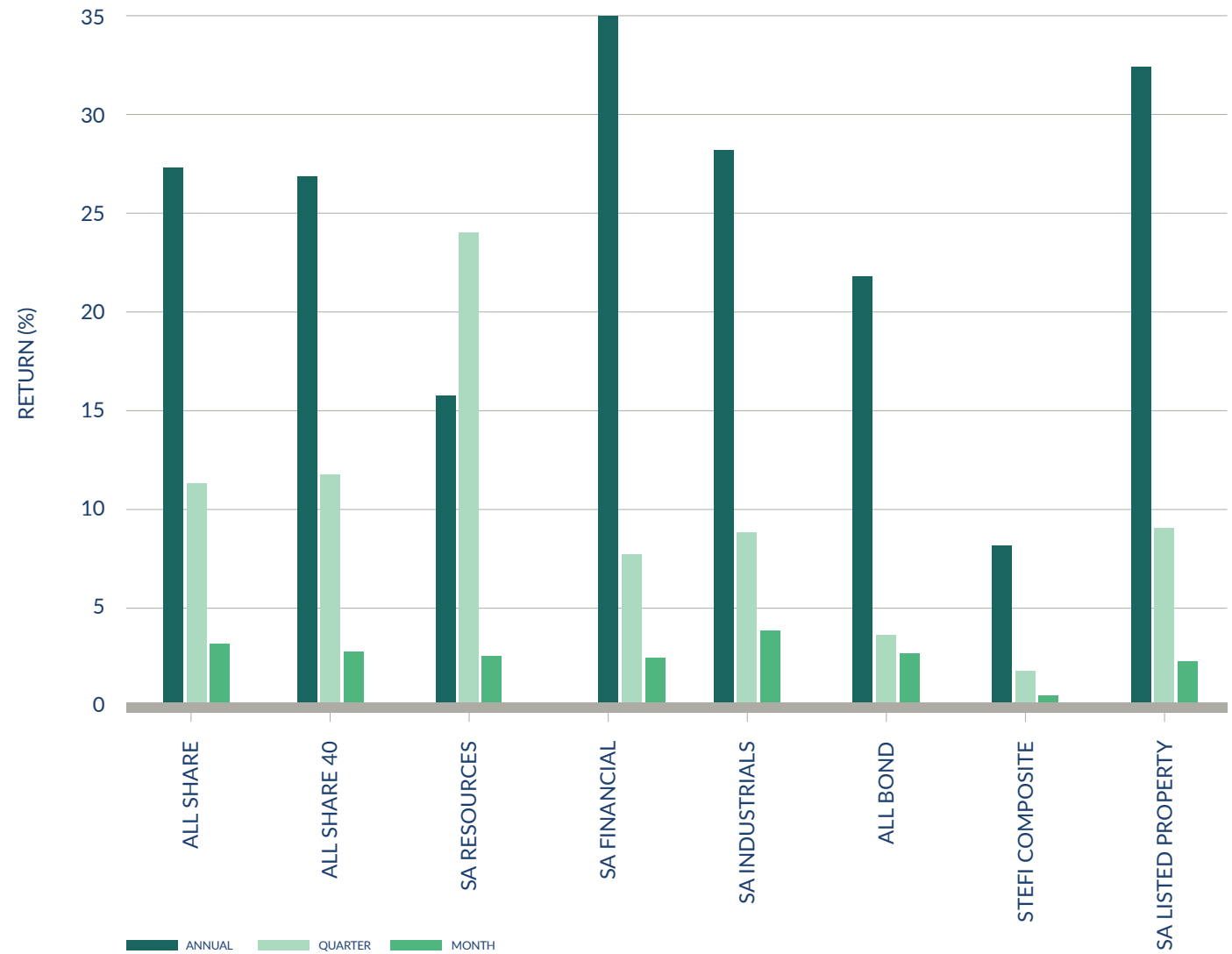
World Market Indices Performance

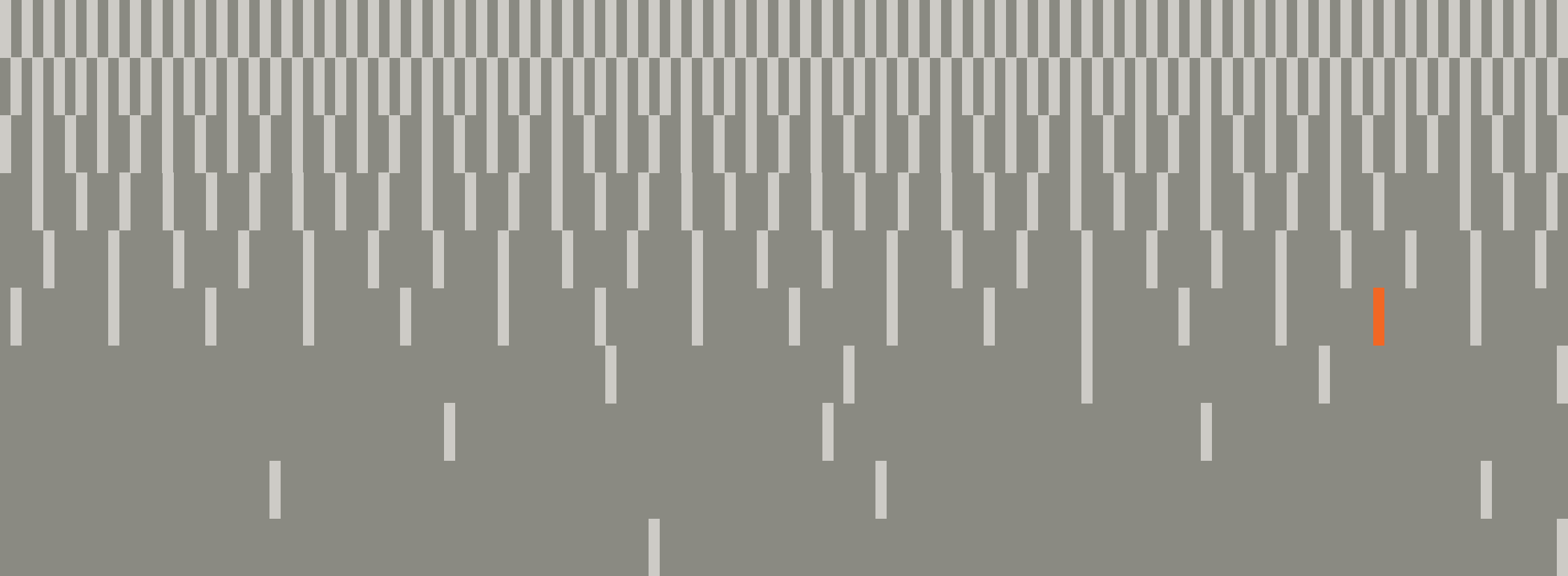
QUARTERLY RETURN OF MAJOR INDICES



South African Market Indices Performance

RETURNS OF THE FTSE/JSE SECTORS AND INDICES





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