

Market Commentary

August 2025

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South African market themes



FTSE/JSE Capped SWIX rose 3.5%, marking a sixth consecutive monthly increase



Gold miners dominated in August (Gold Fields, DRDGold, and AngloGold Ashanti drove JSE returns)



The Rand strengthened, gaining 2.2% against a weaker dollar, and closing at R17.69



Inflation picked up this month with headline CPI rising to 3.5%, driven by food (particularly meat)

The South African equity market extended its positive momentum in August, recording a sixth consecutive monthly advance. The FTSE/JSE Capped SWIX Index gained 3.5%, bringing its year-to-date return to 22.9%. This performance was driven primarily by resource stocks, particularly gold miners, which contributed around three-quarters of the JSE's return for the month. The broader FTSE/JSE All Share Index (ALSI) also rose 3.5%, up 23.6% year-to-date. Sector performance was mixed, with the Resources Index surging 11.4% for the month, while Industrials and Financials posted more modest gains of 1.2% and 0.8% respectively. The rally in commodity-linked shares coincided with rising precious metal prices, particularly gold, which gained 4.8% in August to close at \$3,447.95 per ounce.

Among individual stocks, education company Curro was the standout performer, gaining 33.7% following a R7.2 billion buyout offer from the charitable foundation established by PSG Group founder Jannie Mouton. The proposal aims to delist Curro and convert it into a non-profit organisation to expand access to quality education. Gold miners also featured prominently among the top performers, with DRDGold and Gold Fields both rising more than 30% during the month. Gold Fields' share price surged 31.5% after declaring a dividend of R7 per share for the first half of 2025, up from R3 per share in the comparable period, as its net profit increased substantially. Energy and chemicals company, Sasol, gained 27.2% after reporting a 93% year-on-year increase in headline earnings per share to R35.13, despite a 9.5% decline in turnover. On the downside, Blue Label Telecoms was the weakest performer, falling 24.5% despite reporting strong earnings growth. Clothing retailers Truworths and Foschini Group declined 14.9% and 11.5% respectively, following disappointing results.

In the fixed income market, the FTSE/JSE All Bond Index (ALBI) gained 0.7% in August, extending its year-to-date return to 10.3%. The Composite Inflation-Linked Index (CILI) rose 1.5% for the month, up 3.7% year-to-date. The STeFI Composite Index, reflecting money market returns, added 0.6% in August and 5.0% year-to-date. The SA Listed Property Index (ALPI) continued its recovery with a 2.0% gain for the month, bringing its year-to-date return to 13.0%. On the currency front, the rand strengthened against a broadly weaker US dollar, appreciating by 2.2% to close at R17.69/USD. This improvement in the local currency was accompanied by mixed movements in commodity prices, with gold rising 4.8%, platinum gaining 6.1%, and palladium declining 7.9% for the month.

South Africa's headline inflation accelerated to 3.5% year-on-year in July, up from 3.0% in June, marking its highest level since September 2024. The increase was mainly driven by food and non-alcoholic beverages, which contributed one percentage point to the headline figure as food inflation rose from 4.7% to 5.5% year-on-year. Meat prices jumped significantly from 6.6% to 10.5% year-on-year, reflecting the worsening impact of the foot-and-mouth outbreak. Vegetable prices also increased, rising 14.6% compared to 13.6% in the previous month. Housing and utilities inflation remained elevated at 4.3%, with water services rising to 7.1% and electricity costs up 8.9% year-on-year, reflecting the high annual increases in administered prices. Core inflation, which excludes food and fuel, edged up slightly from 2.9% to 3.0% year-on-year. Producer price inflation (PPI) also increased from 0.6% in June to 1.5% in July, with food products remaining a key driver.

The labour market showed signs of strain as South Africa's unemployment rate rose to 33.2% in the second quarter of 2025.

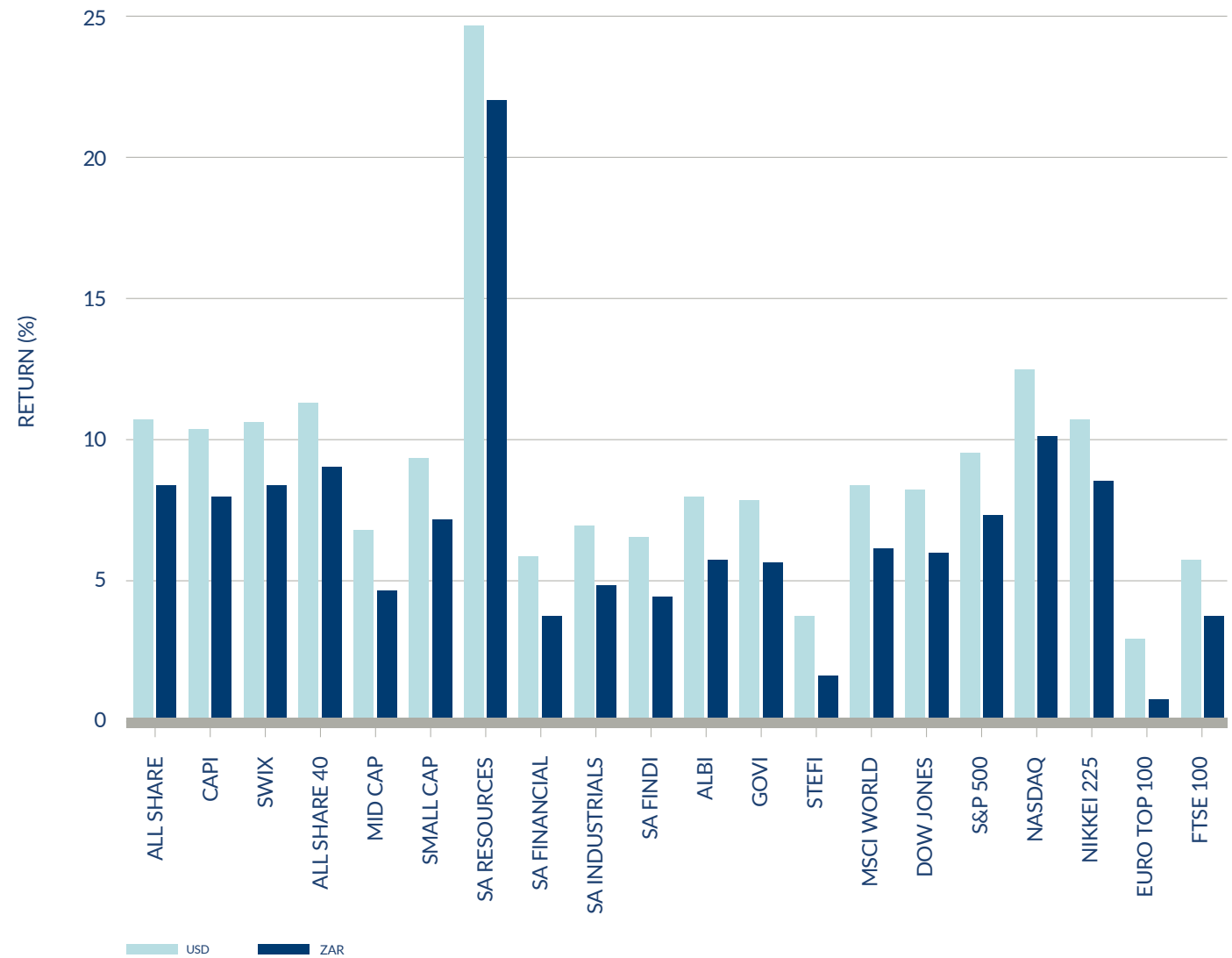


The SA unemployment rate climbed to 33.2%, with 19 000 informal sector job losses

from 32.9% in the first quarter. The number of unemployed increased by 140 000, while the number of discouraged jobseekers declined by more than 28 000, indicating more people actively looking for work. Total employment increased marginally by 19 000 (0.1%), with the formal sector creating 34 000 jobs while the informal sector lost 19 000 positions. By sector, the largest job losses were in community and social services (-42 000), agriculture (-24 000), and finance (-24 000), while trade added 88 000 jobs, followed by private households (28 000) and construction (20 000). The labour force participation rate increased slightly to 60.2% from 60.0% in the previous quarter. Economic outlook remains uncertain, with improved power supply and consumer spending providing some support, though this is partly offset by concerns about US trade policies toward South Africa, including the 30% reciprocal tariff imposed on South African exports effective from 7 August.

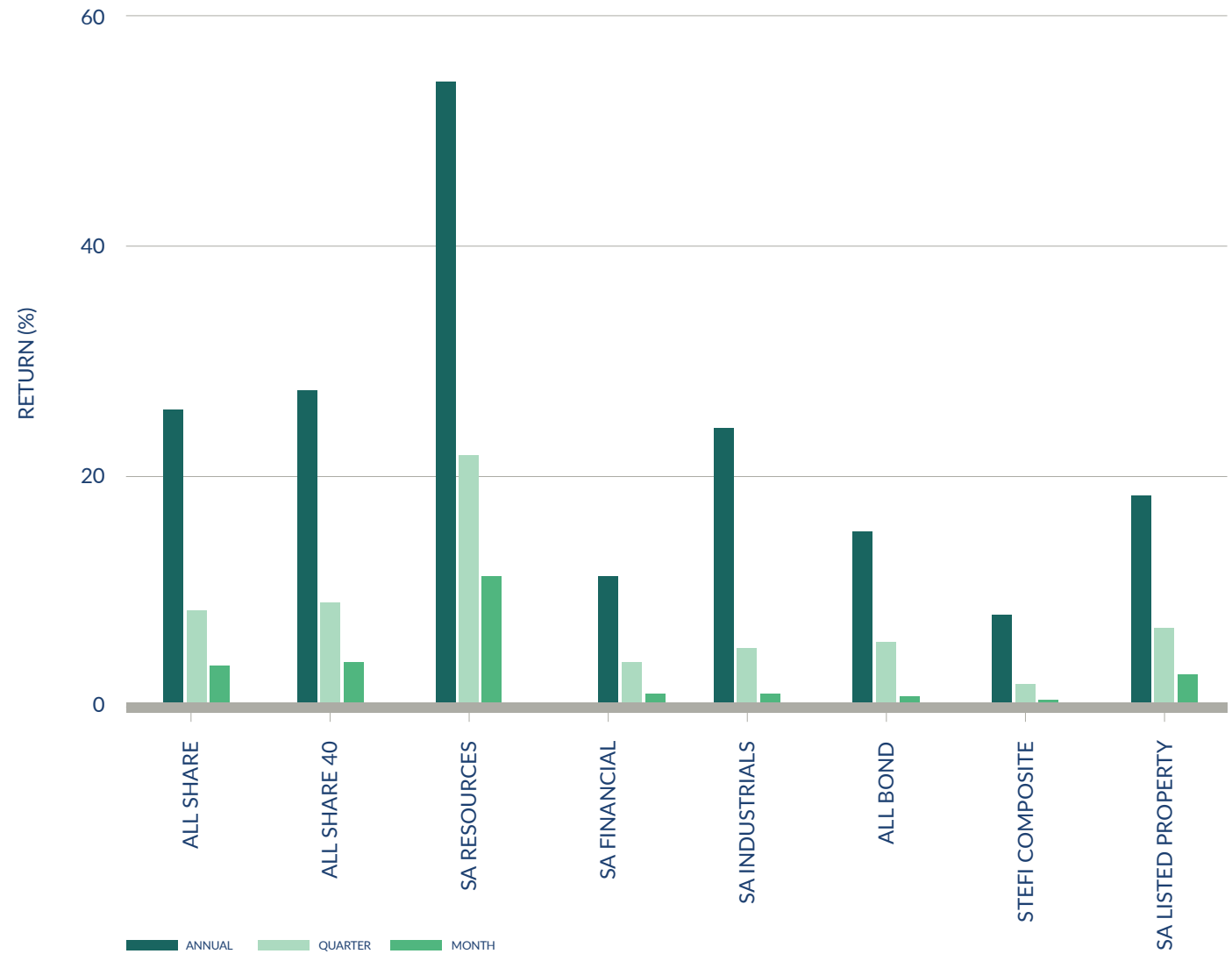
World Market Indices Performance

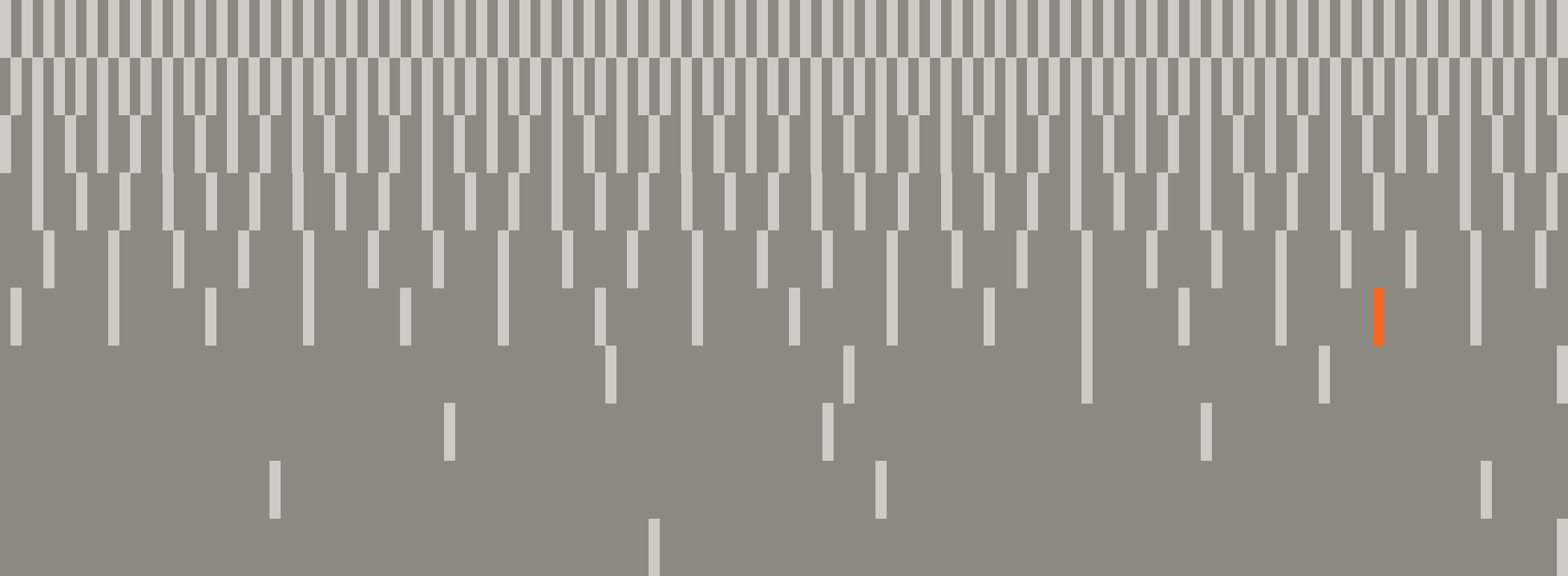
QUARTERLY RETURN OF MAJOR INDICES



South African Market Indices Performance

RETURNS OF THE FTSE/JSE SECTORS AND INDICES





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