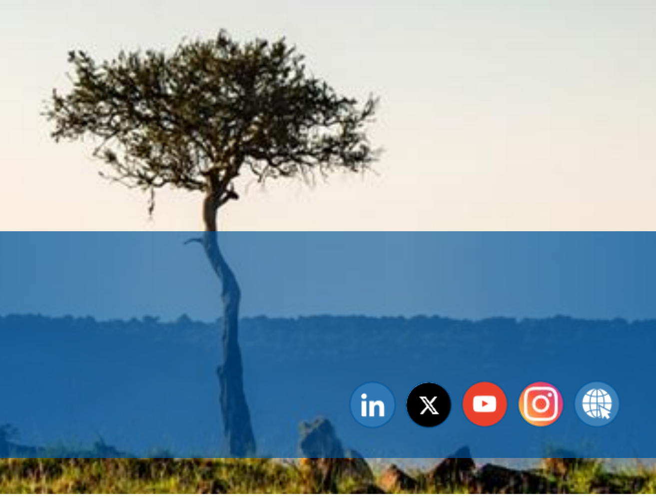


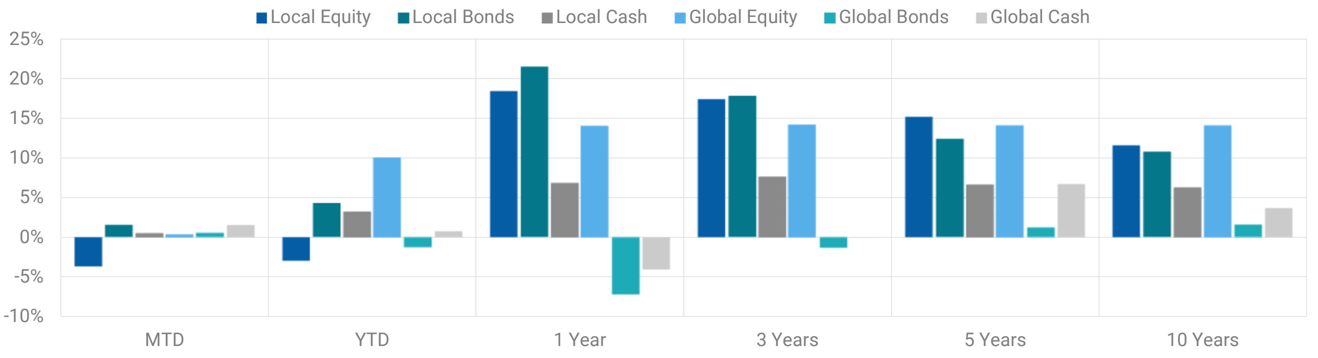
Investor Market Overview

June 2026

Market Commentary

- Local equities weakened for a second straight month in June, with the FTSE/JSE All Share Index declining 3.7%. This left the domestic equity market down 3.0% for the first half of 2026.
- South Africa's 10-year government bond yield finished June at approximately 8.4% per annum, in contrast to the broader global trend of rising sovereign bond yields. The decline in local yields supported fixed income returns, with the FTSE/JSE All Bond Index gaining around 1.5% in June to lift its first-half return to 4.2%.
- South Africa's headline inflation rate accelerated to 4.5% year-on-year in May, largely reflecting the earlier surge in fuel and energy costs. Looking ahead, inflationary pressures could ease should lower oil prices persist and gradually feed through into future inflation data.
- The rand surrendered some of its recent strength during June, weakening by roughly 1% against the US dollar to finish the month near R16.40/US$. Even so, it remained one of the relatively few major currencies to have appreciated against the dollar since the start of 2026, up around 1% year to date.
- Global equities edged lower in June, with the MSCI All Country World Index (ACWI) declining 0.8% as both developed and emerging markets finished the month in negative territory.
- European equities (+1.6%) helped cushion losses across developed equity markets in June, benefiting from lower exposure to the technology sector. Even so, the MSCI World Index declined 0.7% for the month.
- Emerging market equities underperformed, falling 1.4%, as weaker-than-expected economic data from China weighed on investor sentiment.
- The US 10-year Treasury yields moved higher during June, supported by a more hawkish tone from the new Federal Reserve Chair, Kevin Warsh, at his first press conference following the Fed's decision to hold rates unchanged.
- The ceasefire with Iran eased concerns over global oil supply disruptions, pushing Brent crude oil down to around US$73 per barrel by month-end, near pre-conflict levels.

Asset Class Returns (ZAR)



Source: Morningstar (30 June 2026)

Asset Class Views

Over the past month, we made one change to our asset class rankings, downgrading local cash from slightly overweight to neutral; its second consecutive downgrade. Domestic inflation rising to 4.5% has compressed the real cash yield to approximately 2.5%, eroding its return advantage. It nonetheless remains a useful defensive allocation given the SARB's relatively hawkish stance. With the SA 10-year bond yield easing to approximately 8.4%, prospective bond returns remain well below our expectations for what local equities could deliver. While local equities may face headwinds due to inflationary pressure, we remain constructive on SA equities.

Our third-party research continues to favour emerging markets, Japan and the euro area over the US within a global equity allocation. We maintain a neutral view on global equities. While the top-down growth outlook is supportive, valuations already reflect considerable optimism and concentration in technology stocks remains a meaningful risk. Global bonds remain unattractive. Real yields have improved modestly but are not yet compelling enough to offset the ongoing risk of further yield rises in a persistently above-target inflation environment. Gold has retraced some of its recent gains, but the near-term catalyst for a re-rating is unclear.