

MONTHLY

Wrap-up



NEW ROAD CAPITAL
INVESTMENT MANAGEMENT

April 2025

April saw a sharp turnaround in global markets, with equities rebounding strongly after an early selloff triggered by tariff concerns—local and global indices ended the month in positive territory, led by the All Share Index up over 4%. Inflation remained well-contained both globally and locally, with declining oil prices and softening data raising the likelihood of interest rate cuts. Bonds also played their part, offering defensive support through the volatility, particularly developed market bonds, which delivered strong returns as safe-haven assets.



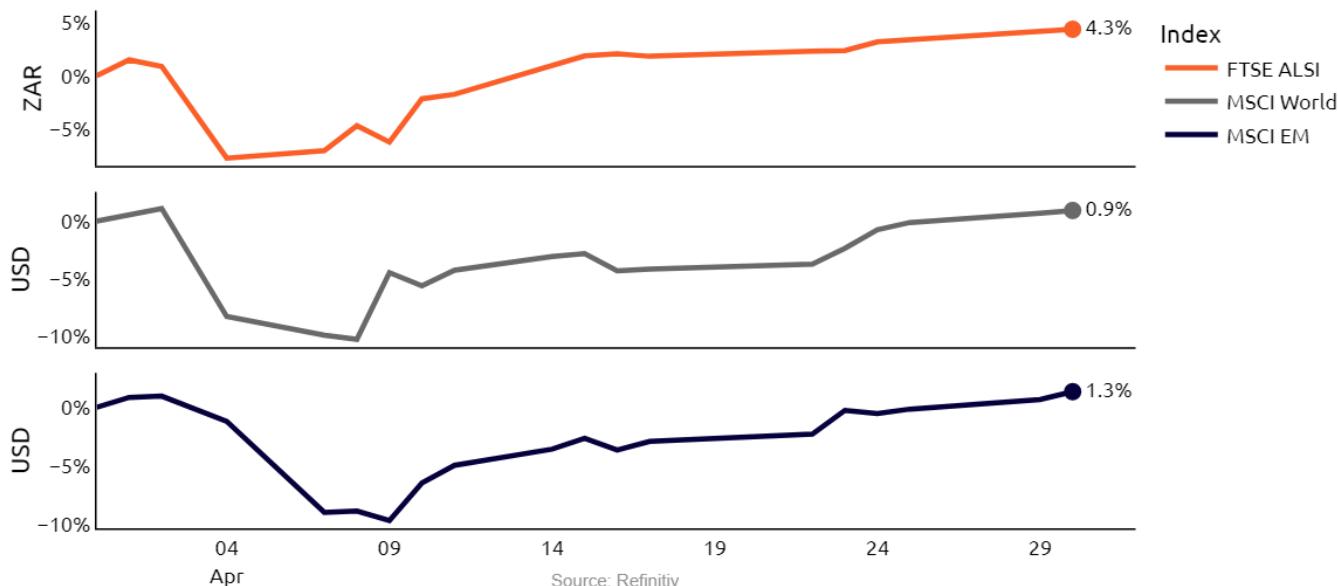
NEW ROAD CAPITAL
INVESTMENT MANAGEMENT



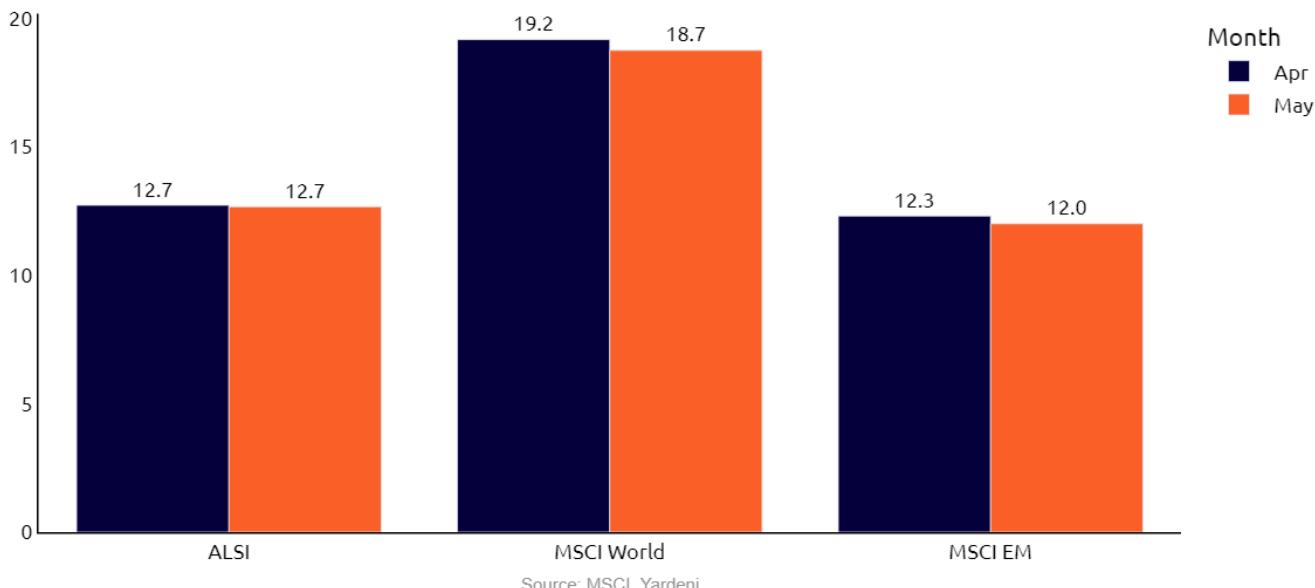
EQUITIES



Total Return



Forward P/E

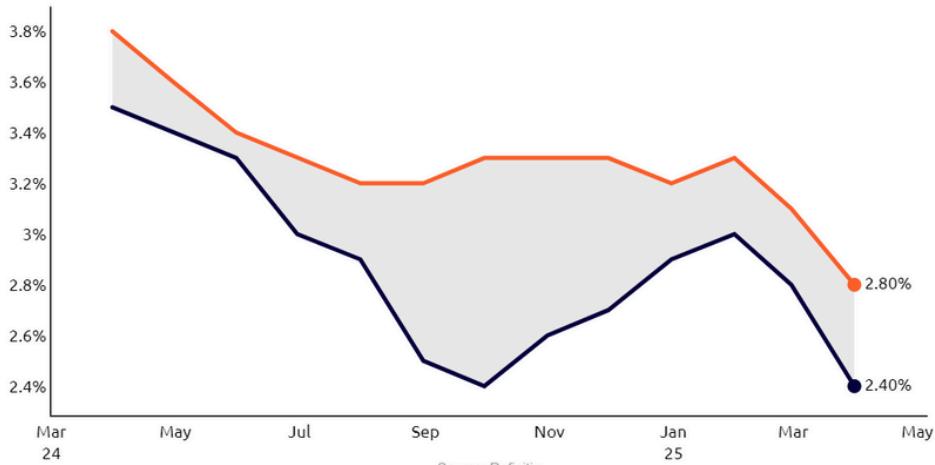


- April was a month of sharp swings in global equity markets. Markets initially sold off following surprise tariff announcements from President Trump, with the local All Share Index down as much as 7-8% and developed and emerging markets off nearly 10%.
- Sentiment turned mid-month after a 90-day pause on the tariffs was announced, sparking a broad recovery across equities.
- By month-end, equity markets had not only recovered but finished in positive territory, with the ALSI leading the pack at a final return above 4% for the month.
- This market behaviour underscores the value of long-term investing and the dangers of reacting to short-term headlines.
- During the dip, attractive entry points were presented for savvy investors with long term returns in mind.
- While tariff rhetoric may continue, we believe the policy pivot was driven by market response—something we view as a constructive sign.
- Overall, we remain constructive on equities, with valuations offering opportunity and much of the uncertainty now priced in.

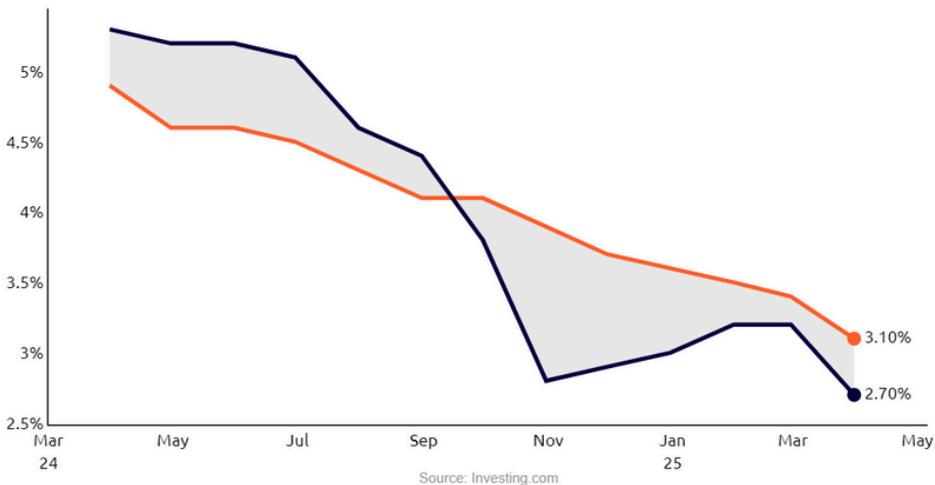
INFLATION



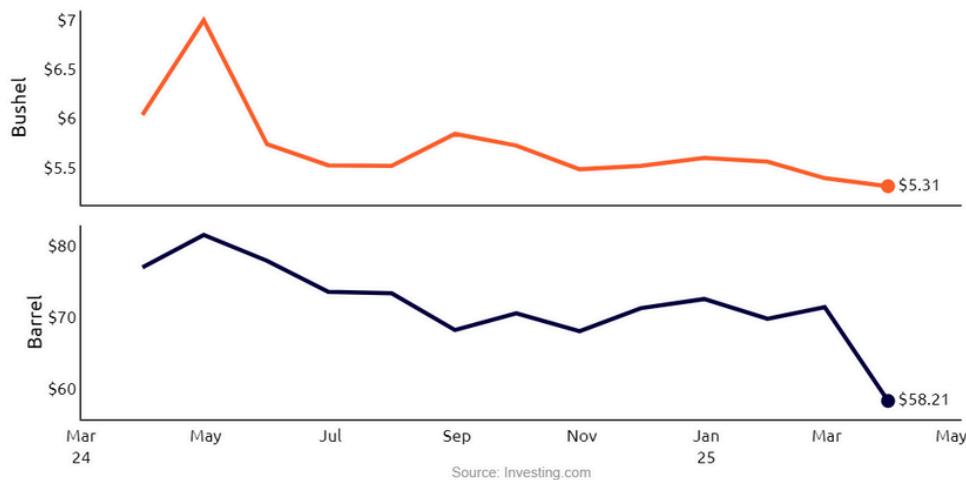
US CPI (YoY)



SA CPI (YoY)



Food and Energy Prices

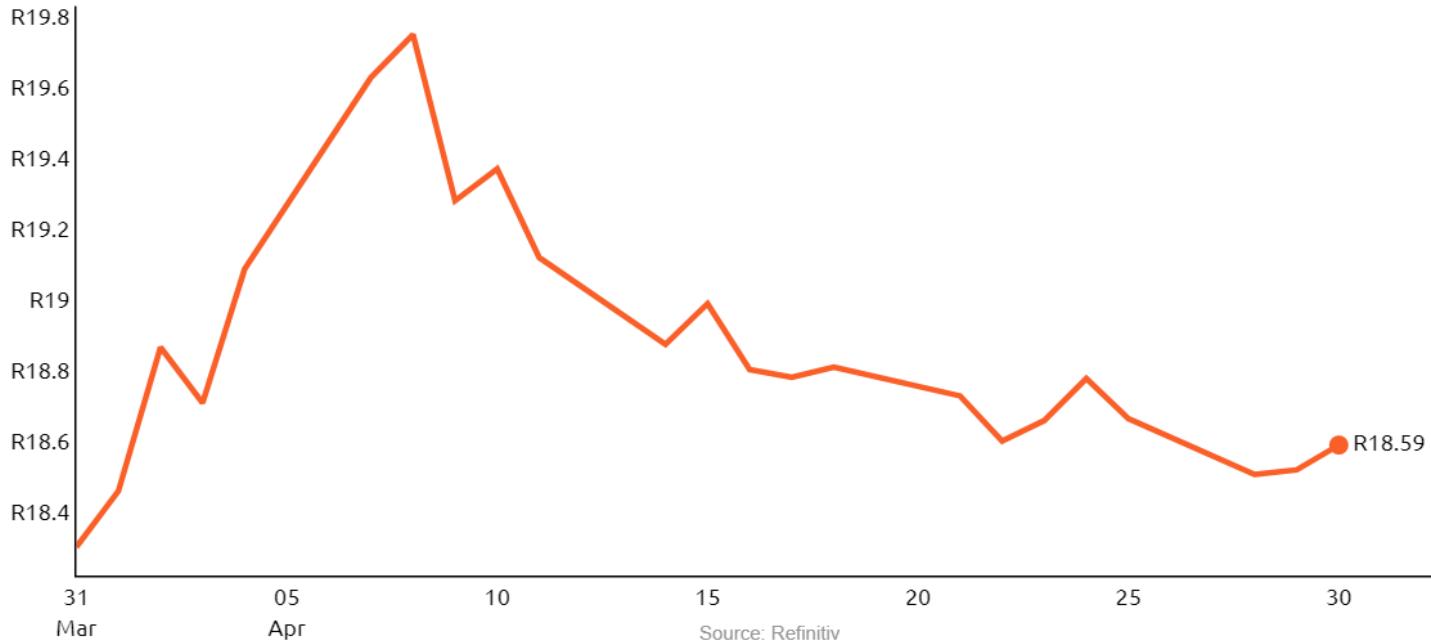


- Inflation trends remain supportive for markets, both globally and locally.
- In the US, headline inflation came in very close to the 2% target at 2.4%, while core inflation, although slightly higher, still continued its downward trajectory.
- A key driver has been the sharp decline in oil prices, which ended April at \$58.21/barrel, down significantly from where it was a year ago.
- These figures point to a continued low-inflation environment, easing pressure on interest rates and providing a supportive backdrop for risk assets going forward.

LOCAL vs ECONOMY

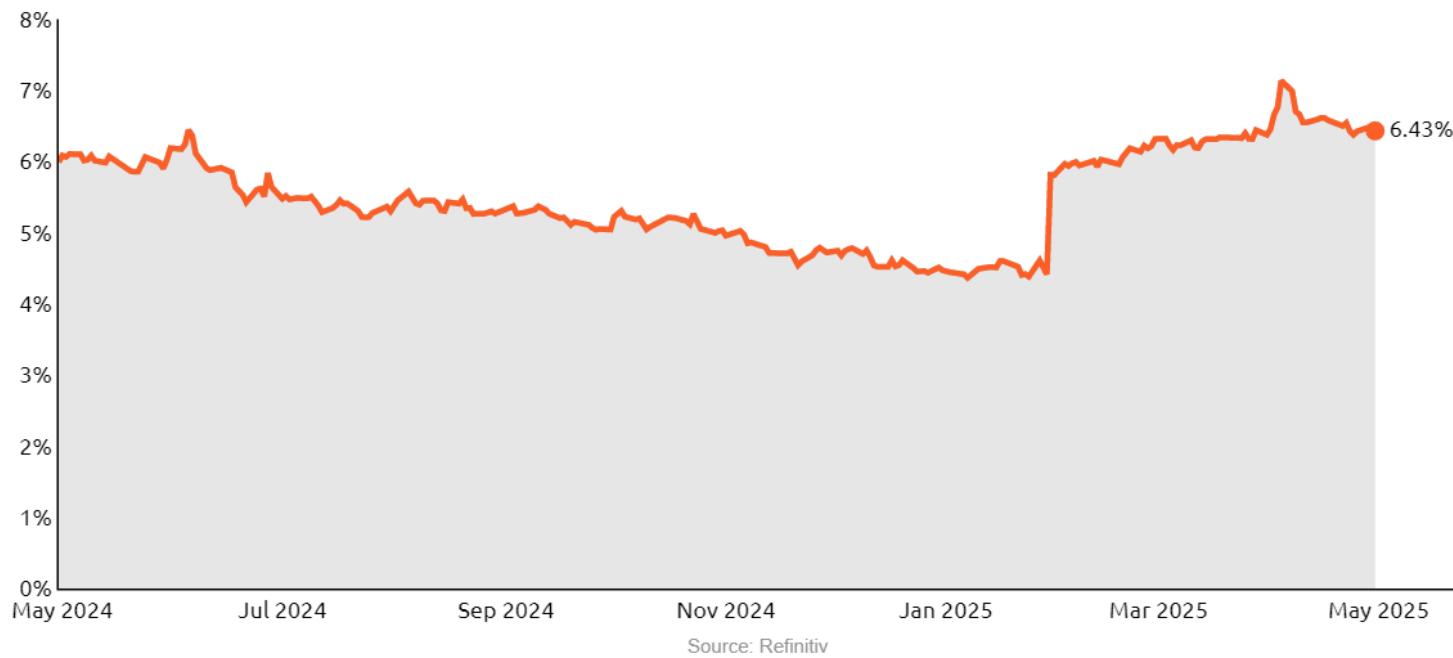


ZAR/USD Exchange Rate



Source: Refinitiv

SA-US 10y Bond Spread



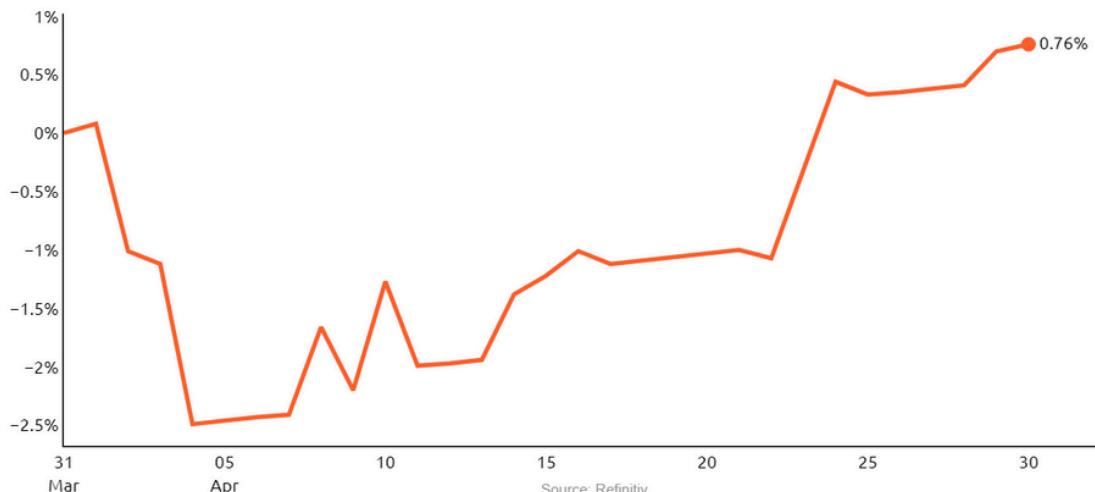
Source: Refinitiv

- South African inflation fell to 2.7%, now below the SARB's 3–6% target range, with core inflation at 3.1%.
- These low inflation readings increase the likelihood of interest rate cuts in the near term.
- In a positive policy shift, the previously proposed VAT increase was reversed, providing relief to consumers and supporting the credibility of the GNU.
- The rand experienced notable volatility through the month—weakening from 18.30 to 19.80 before recovering to end at 18.70—mirroring the broader improvement in market sentiment.

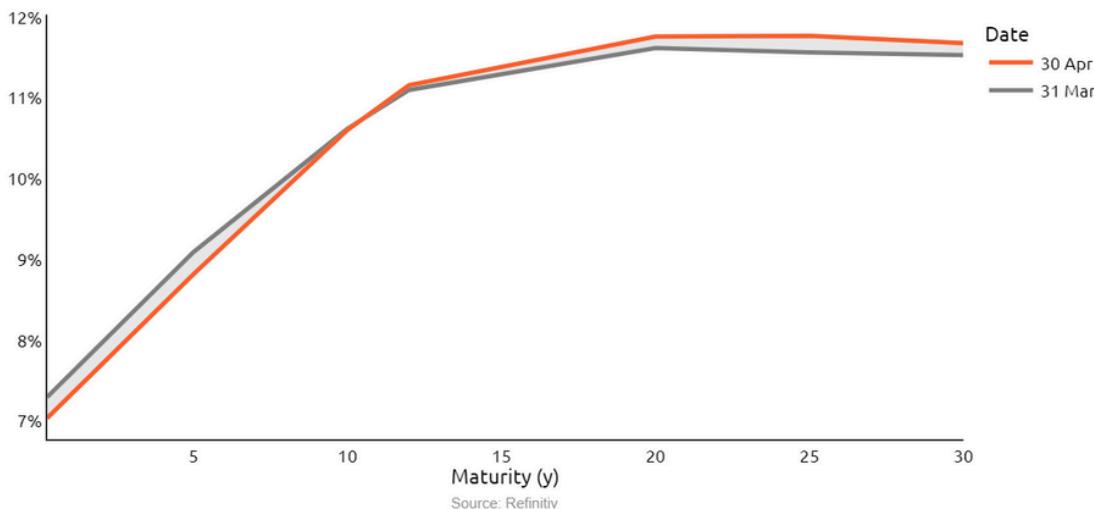
BONDS



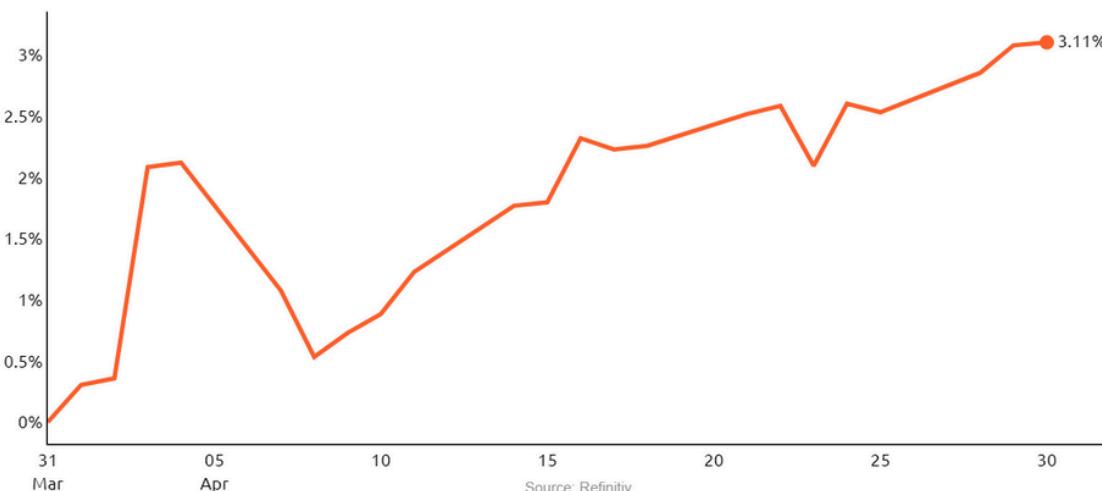
ALBI Total Return



Yield Curve South Africa



FTSE G7 Total Return



- Fixed income markets held up well in April, with the local ALBI up close to a percent for the month.
- However, developed market bonds really shined through the month's volatility as they provided valuable diversification and downside protection to return more than 3%.
- As expected, bond exposures continue to play a defensive role in portfolios, offering stability in times of elevated market noise as developed market bonds are seen as a safe haven in times of uncertainty.