

MONTHLY

Wrap-up



NEW ROAD CAPITAL
INVESTMENT MANAGEMENT

May 2025

May was a strong month for global markets, with equities rallying across the board—led by the US and supported by emerging markets, including South Africa. Inflation continued to ease both locally and globally, reinforcing a positive outlook and creating room for further interest rate cuts. The rand strengthened meaningfully, bonds performed well, and multi-asset portfolios benefited from broad-based gains across asset classes.

LISTEN NOW



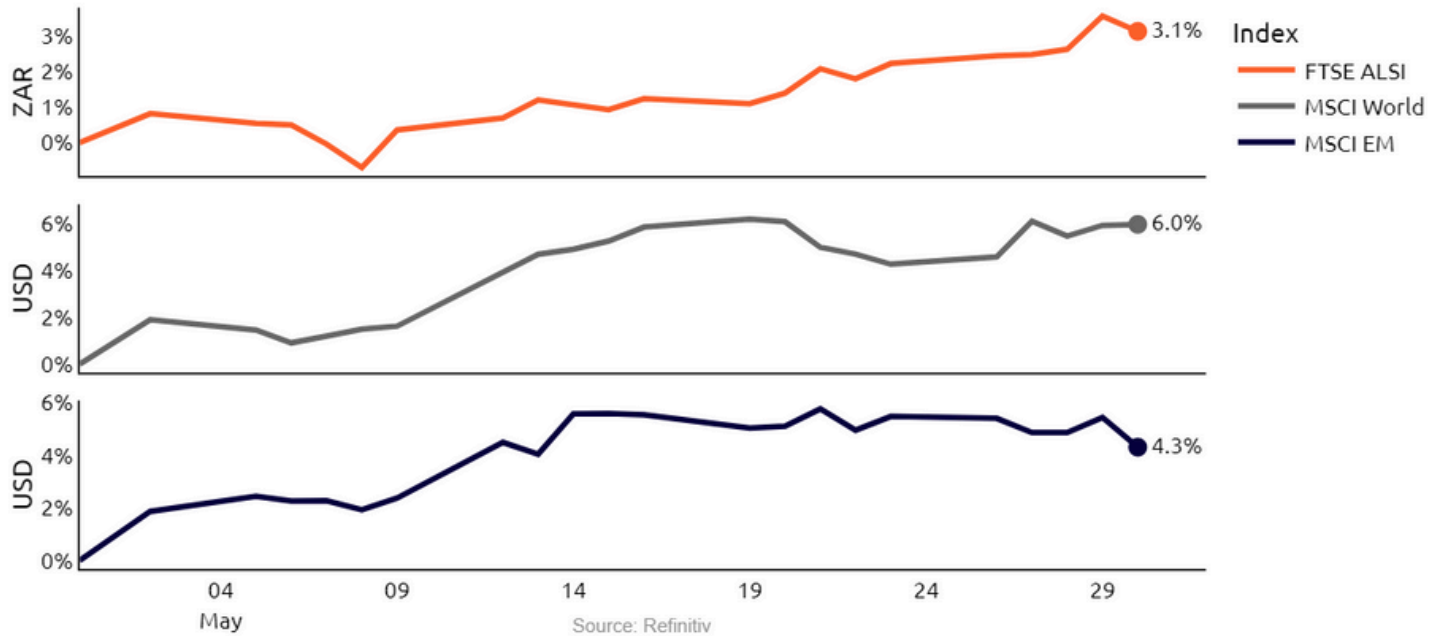
NEW ROAD CAPITAL
INVESTMENT MANAGEMENT



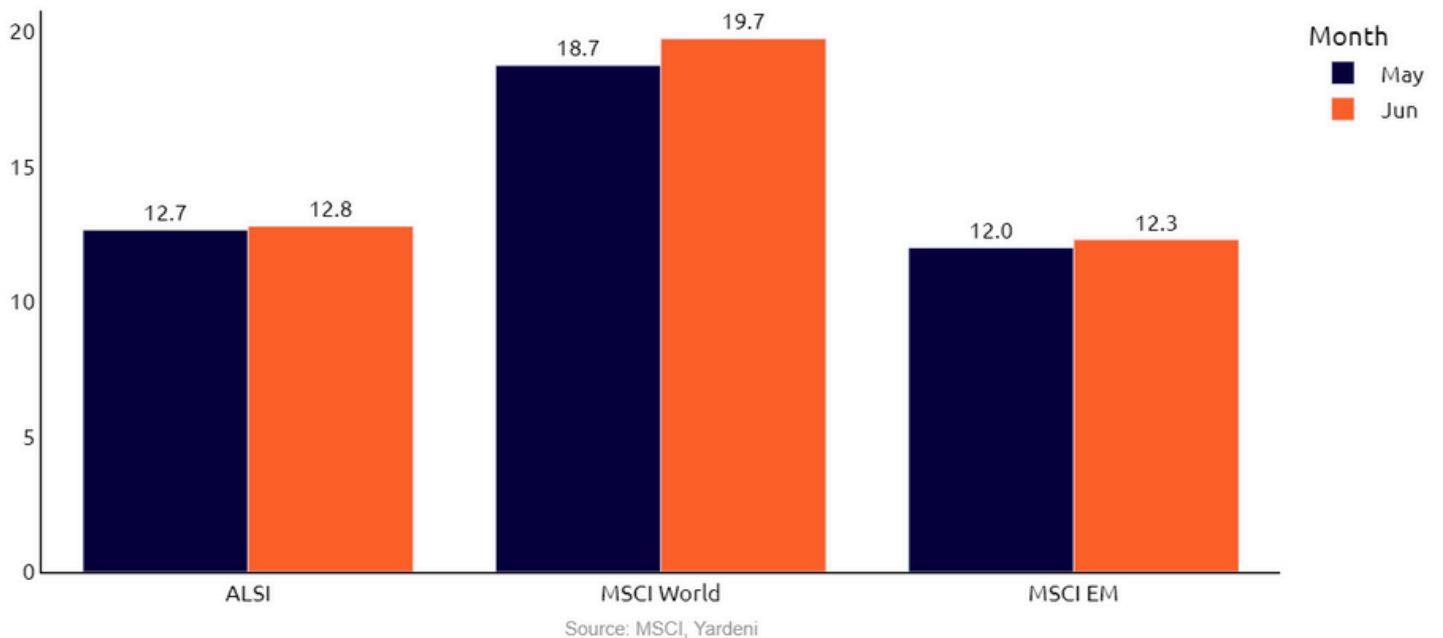
EQUITIES



Total Return

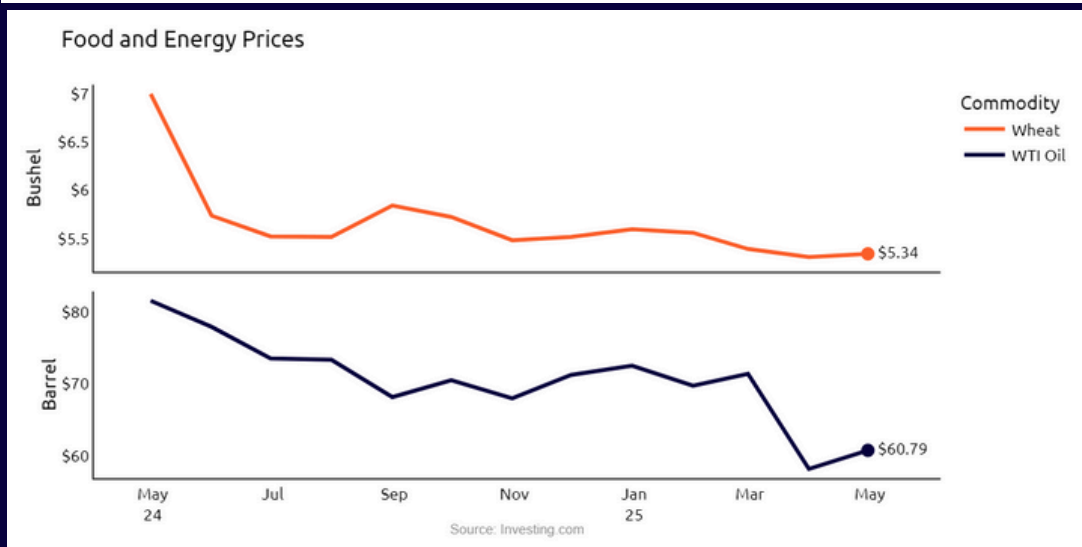
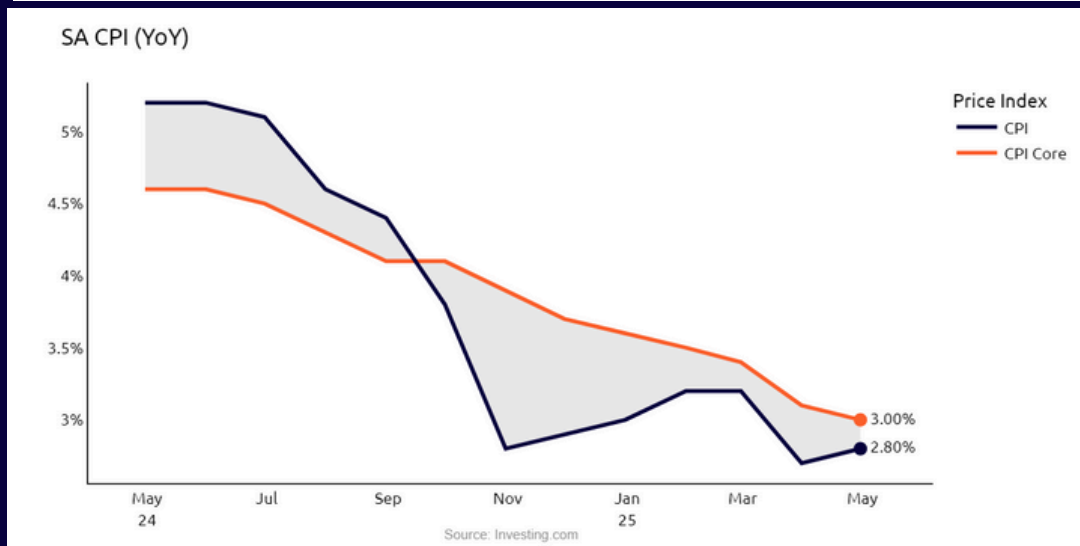
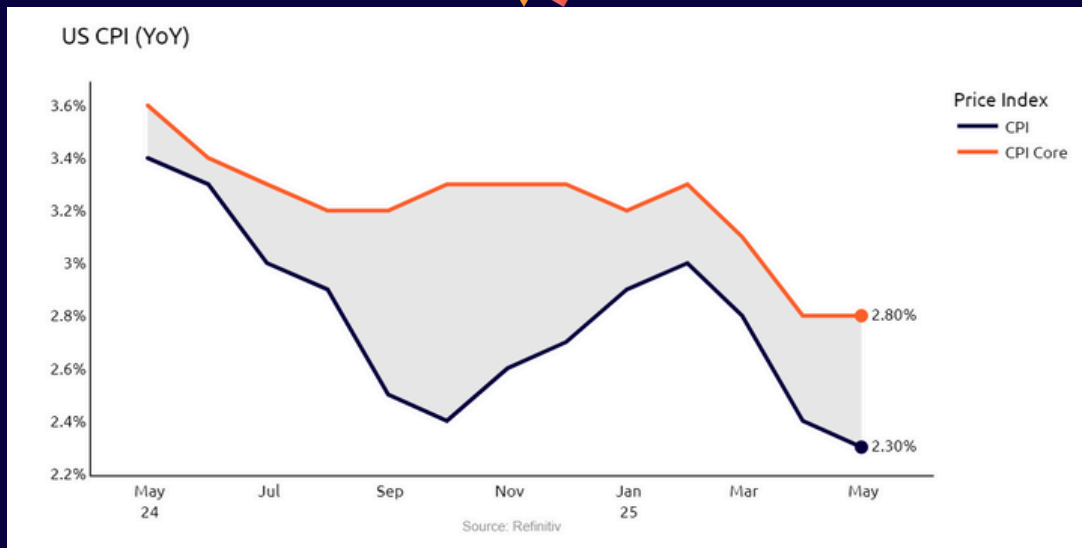


Forward P/E



- May was a strong month across global equity markets, building on the recovery that started in late April.
- US equities led the rally after the noise around tariffs and inflation settled down – this once again illustrates the importance of not overreacting to short term negativity and staying committed to your long term investment strategy.
- Emerging markets, including South African equities, also performed well as risk-on sentiment returned.

INFLATION

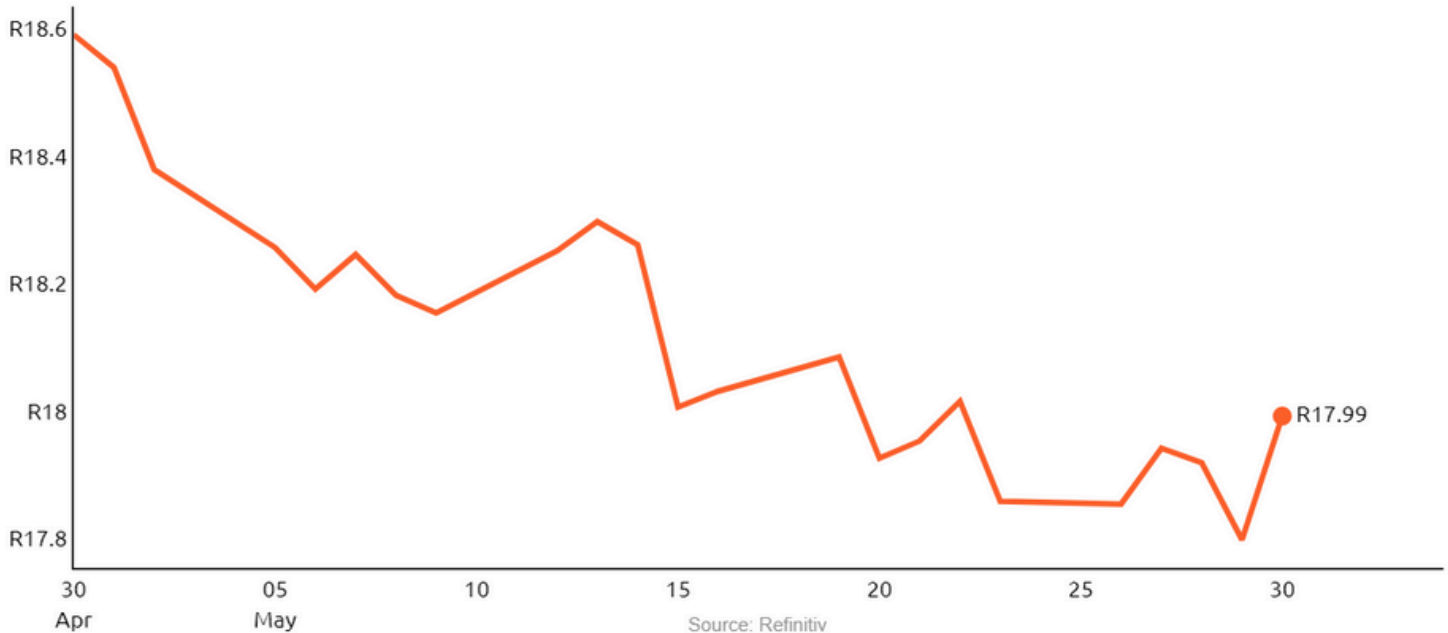


- US headline inflation dropped to 2.3%, with core inflation at 2.8%. Notably, food and energy remain deflationary as the two price indices continue approaching the 2% target.
- These numbers counter previous expectations of a renewed inflation impulse, supporting the thesis that sustained inflation is unlikely.
- South African inflation also declined, with the headline figure coming in at 2.8%, below the SARB's lower target range. Core inflation sits at 3% – the lower bound of the SARB's target range.
- Although the SARB did cut rates by 25 bps at their latest meeting, given the low inflation prints, they have room to continue cutting going forward.
- Low inflation locally and globally is a positive sign for consumers and company input costs.

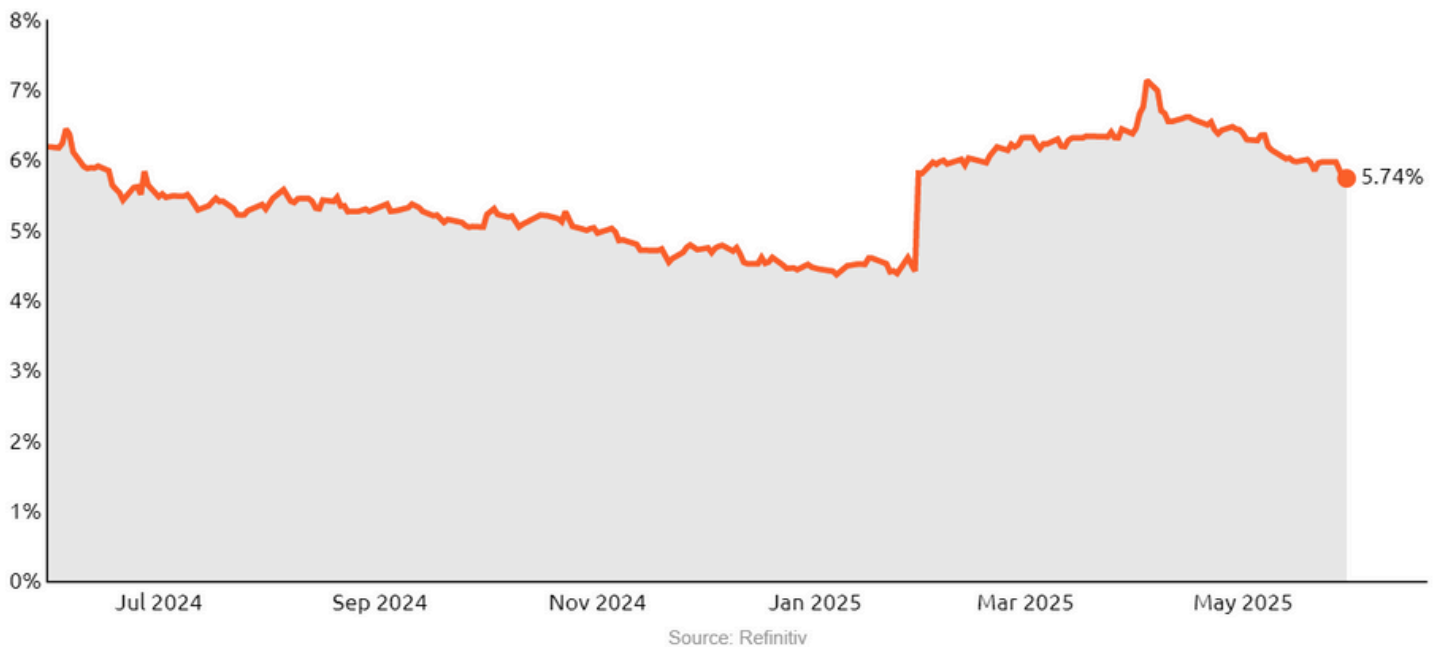
LOCAL vs ECONOMY



ZAR/USD Exchange Rate

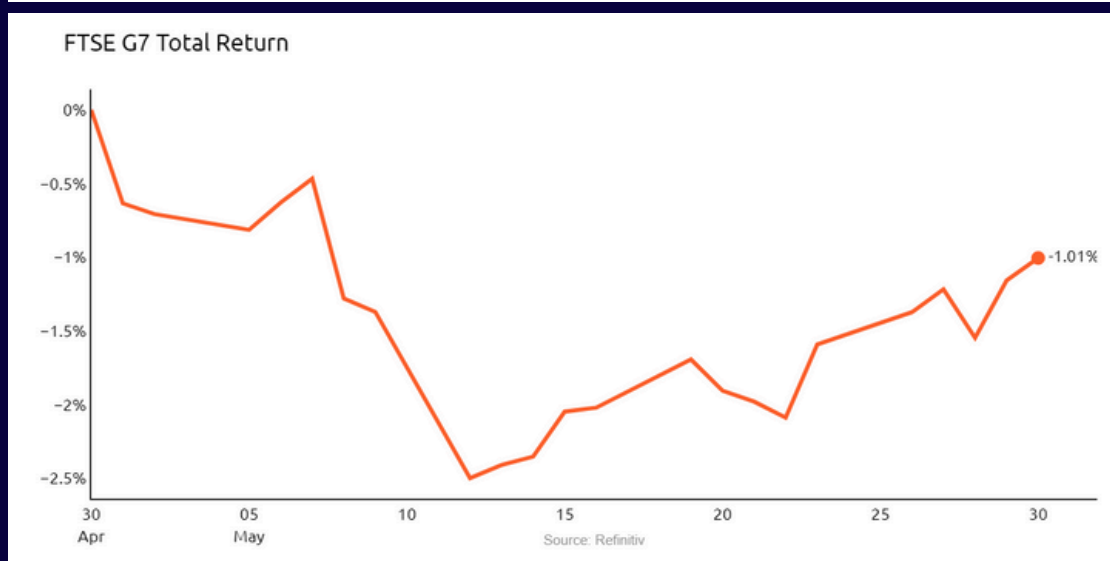
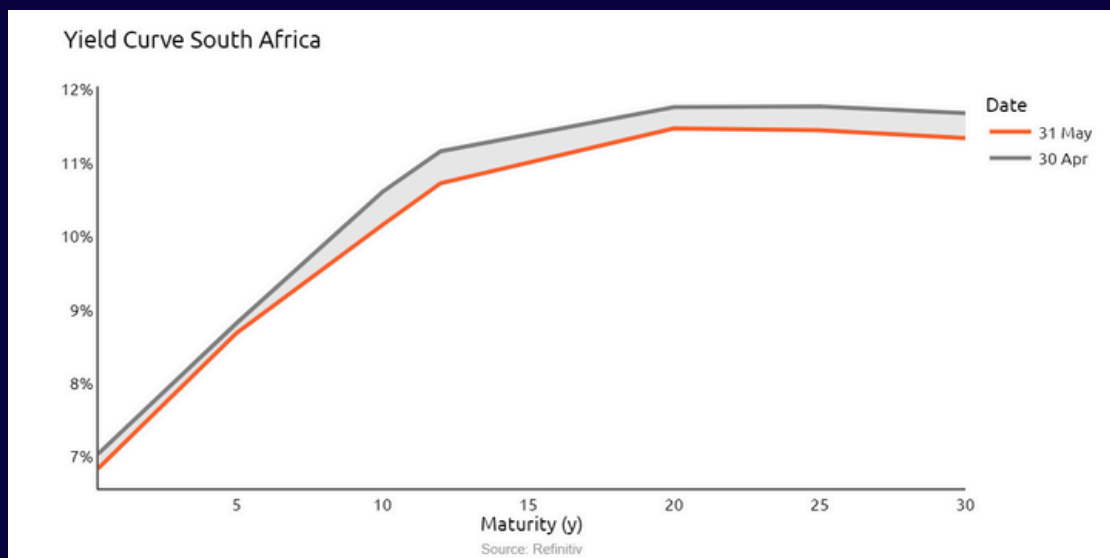
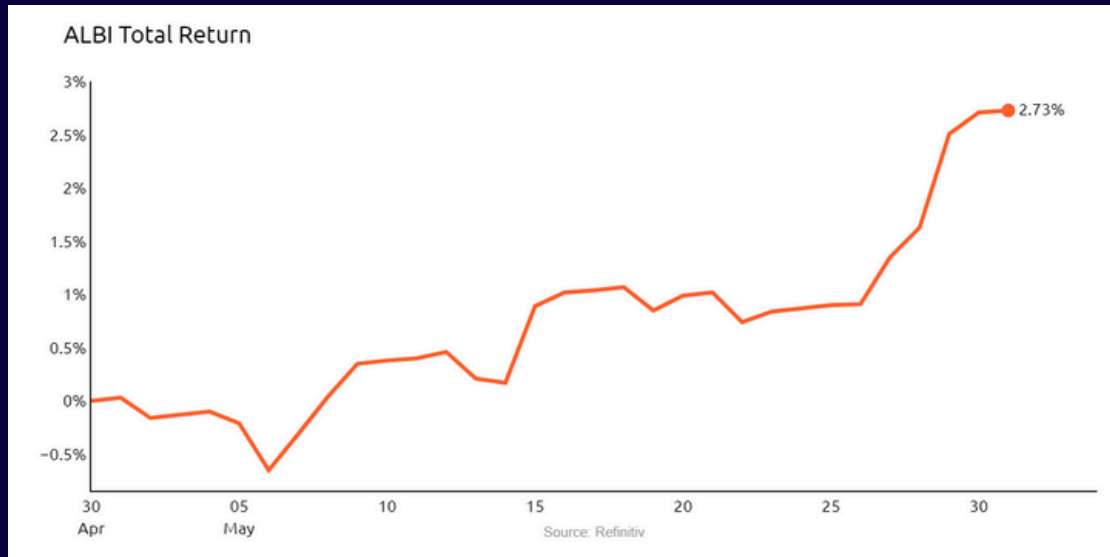


SA-US 10y Bond Spread



- The rand strengthened against the dollar, appreciating from R18.60 to R18.00 over the month, even briefly touching R17.80.
- The stronger exchange rate also helps to ease imported inflation pressures as the rand has a higher offshore buying power.

BONDS



- Local bonds had another great month, with the ALBI up 2.7% in May—helped by falling inflation and rate cuts.
- Developed market bonds were down around 1%, a typical inverse reaction during a risk-on environment with strong equity gains.
- Overall, multi-asset portfolios benefited from equity exposure in May, while bond allocations provided stable support.