MONTHLY Wrap-up

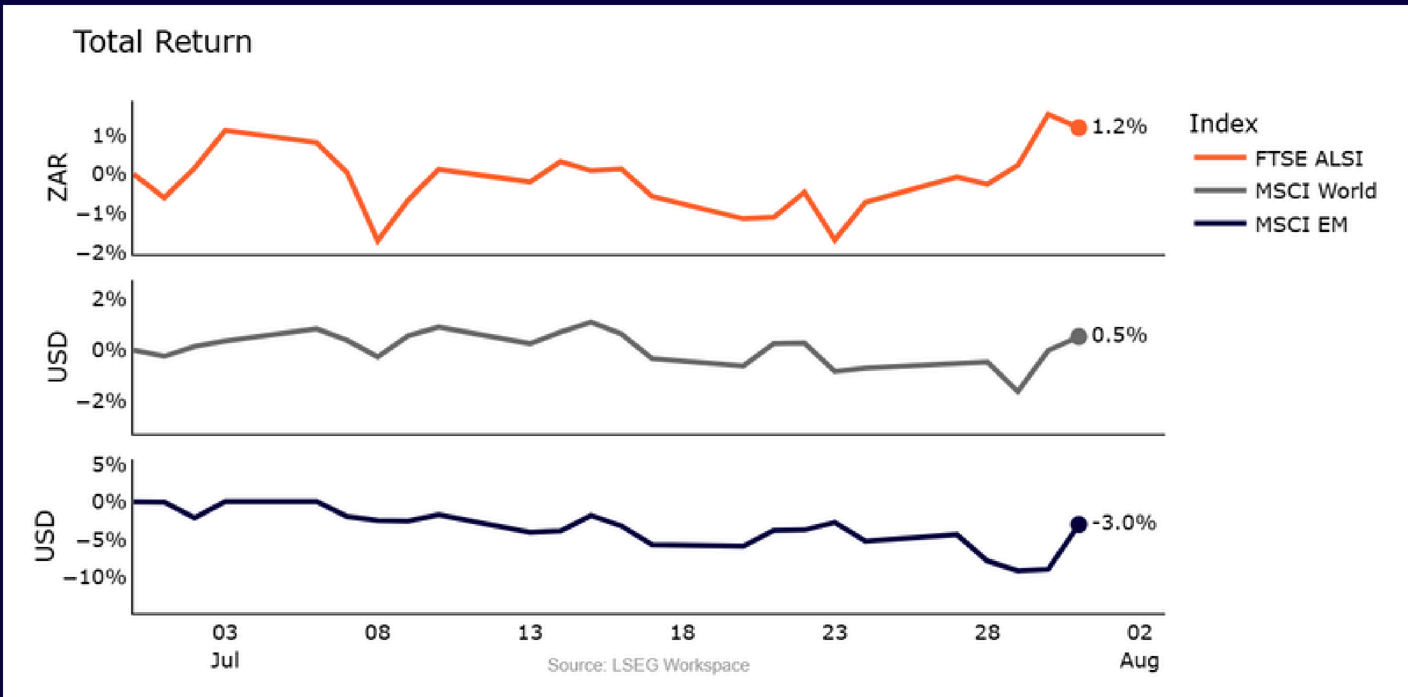
NEW ROAD CAPITAL
INVESTMENT MANAGEMENT

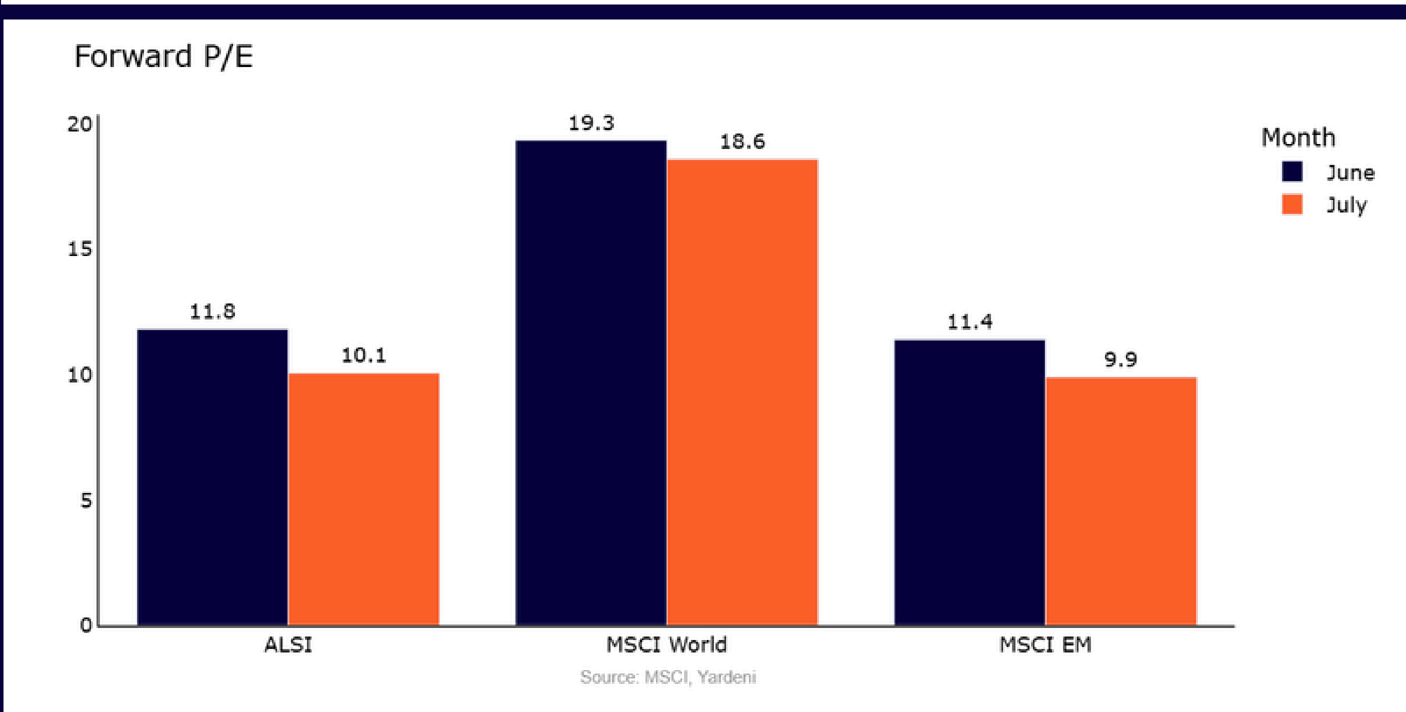
July 2026

July delivered mixed returns across global markets, with South African equities outperforming while emerging markets came under pressure from a stronger US dollar and weaker commodity prices. Inflation continued to moderate, particularly in the United States, reinforcing the view that recent inflationary pressures remain cyclical rather than structural. Although bond markets experienced short-term weakness, higher yields have improved long-term value, supporting our constructive outlook across both equities and fixed income.

NEW ROAD CAPITAL
INVESTMENT MANAGEMENT

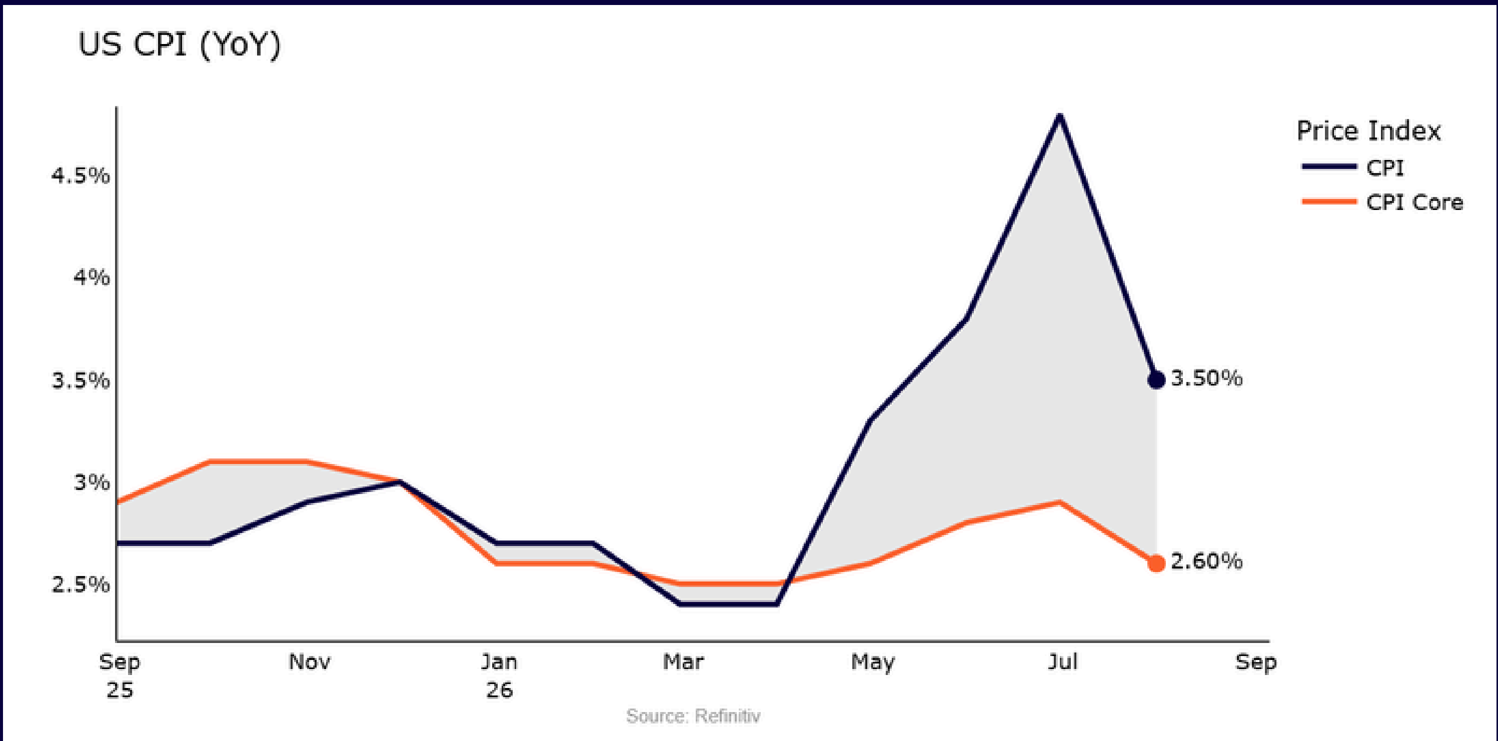
EQUITIES

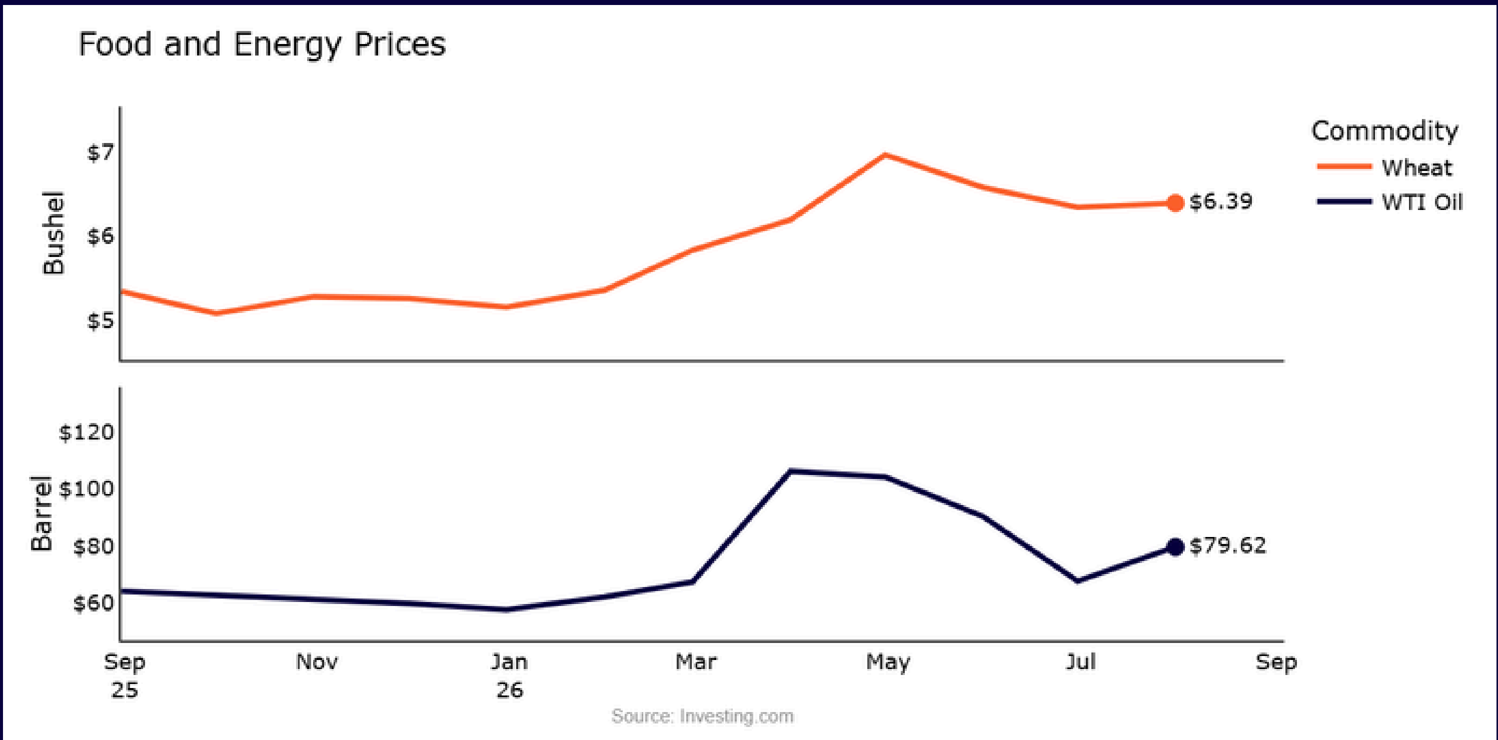




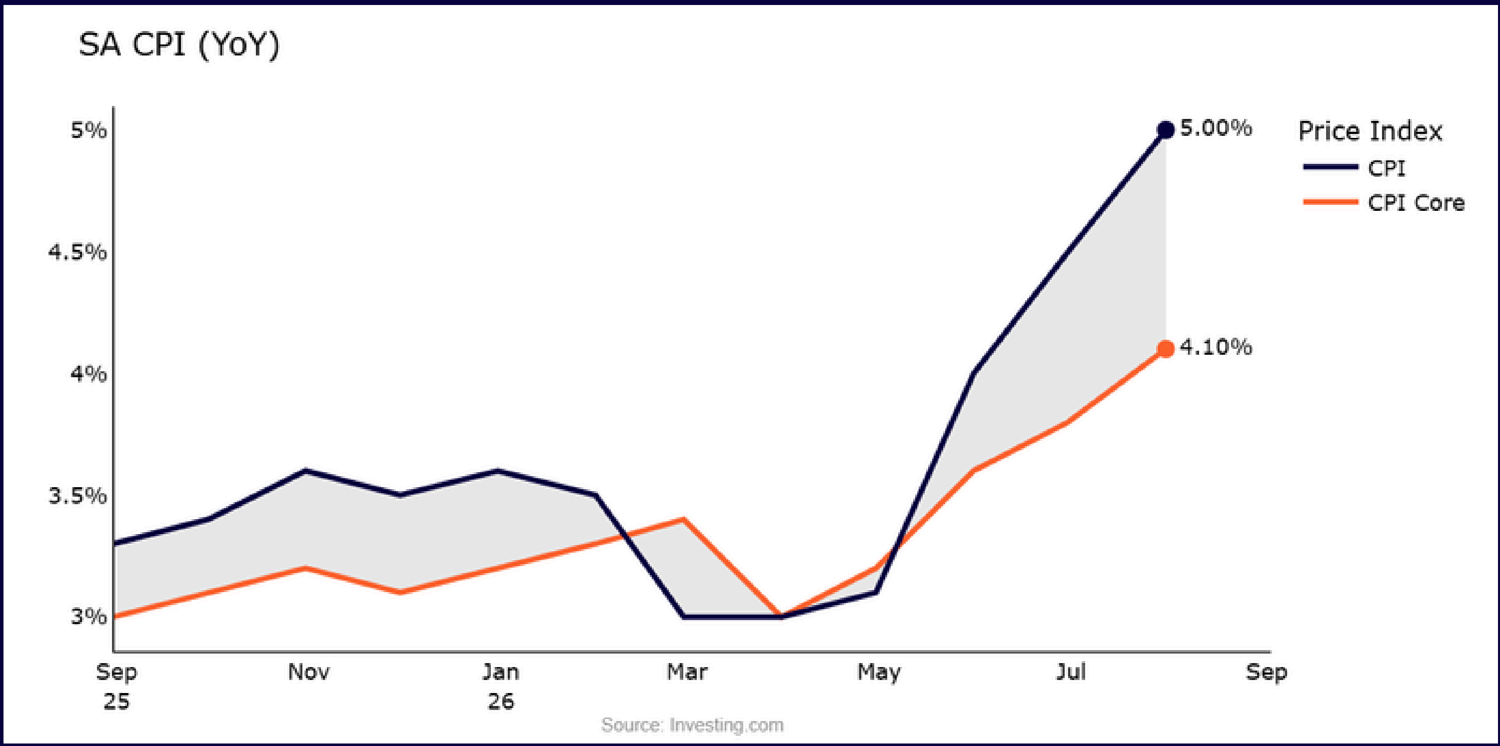
- Global equity markets delivered mixed returns during July, with South African equities outperforming developed and emerging markets.
- The JSE All Share Index gained approximately 1.2%, while the MSCI World Index advanced 0.5%. Emerging markets declined around 3.0%, reflecting a stronger US dollar and softer commodity prices.
- Equity valuations across major markets became more attractive during the month as price multiples compressed.
- Despite short-term market volatility, we remain constructive on the long-term outlook for equities, with current valuations continuing to present attractive opportunities.

INFLATION


US CPI (YoY)
Price Index
CPI
CPI Core
4.5%
4%
3.5%
3%
2.5%
3.50%
2.60%
Sep 25
Nov
Jan 26
Mar
May
Jul
Sep
Source: Refinitiv

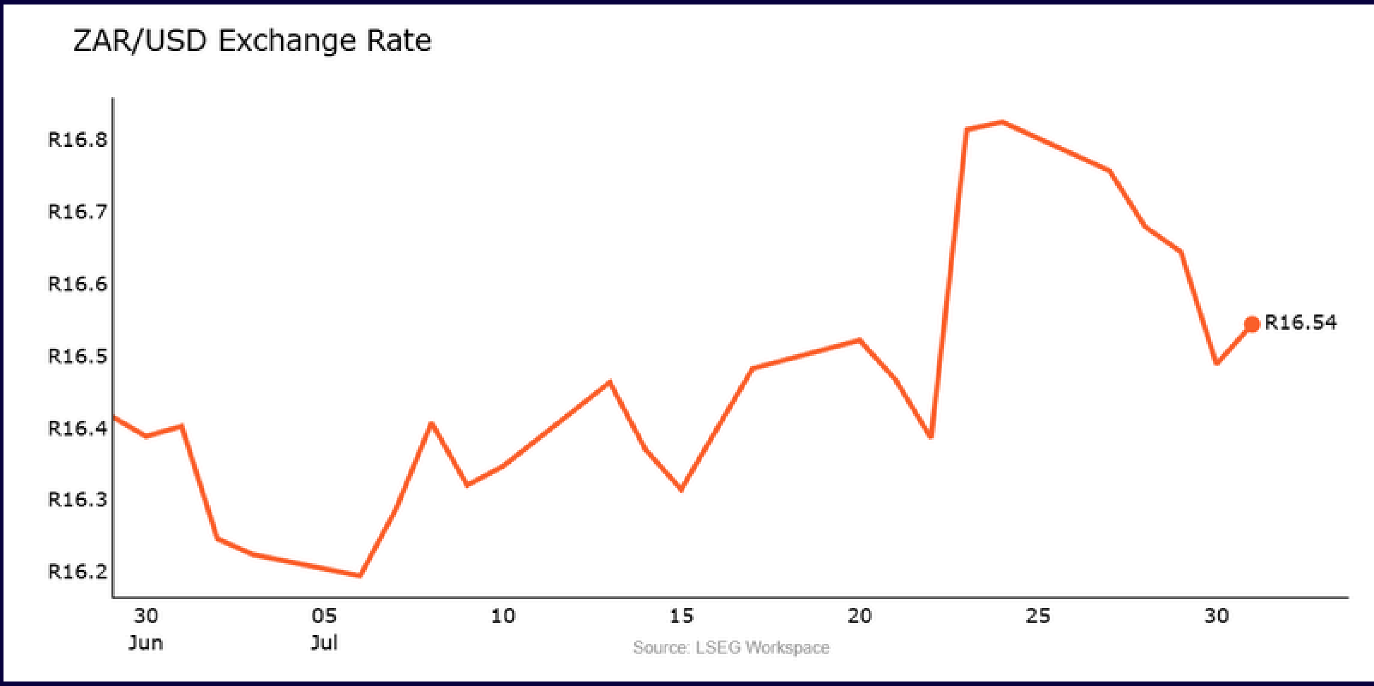

Food and Energy Prices
Commodity
Wheat
WTI Oil
Bushel
$7
$6
$5
$6.39
Barrel
$120
$100
$80
$60
$79.62
Sep 25
Nov
Jan 26
Mar
May
Jul
Sep
Source: Investing.com

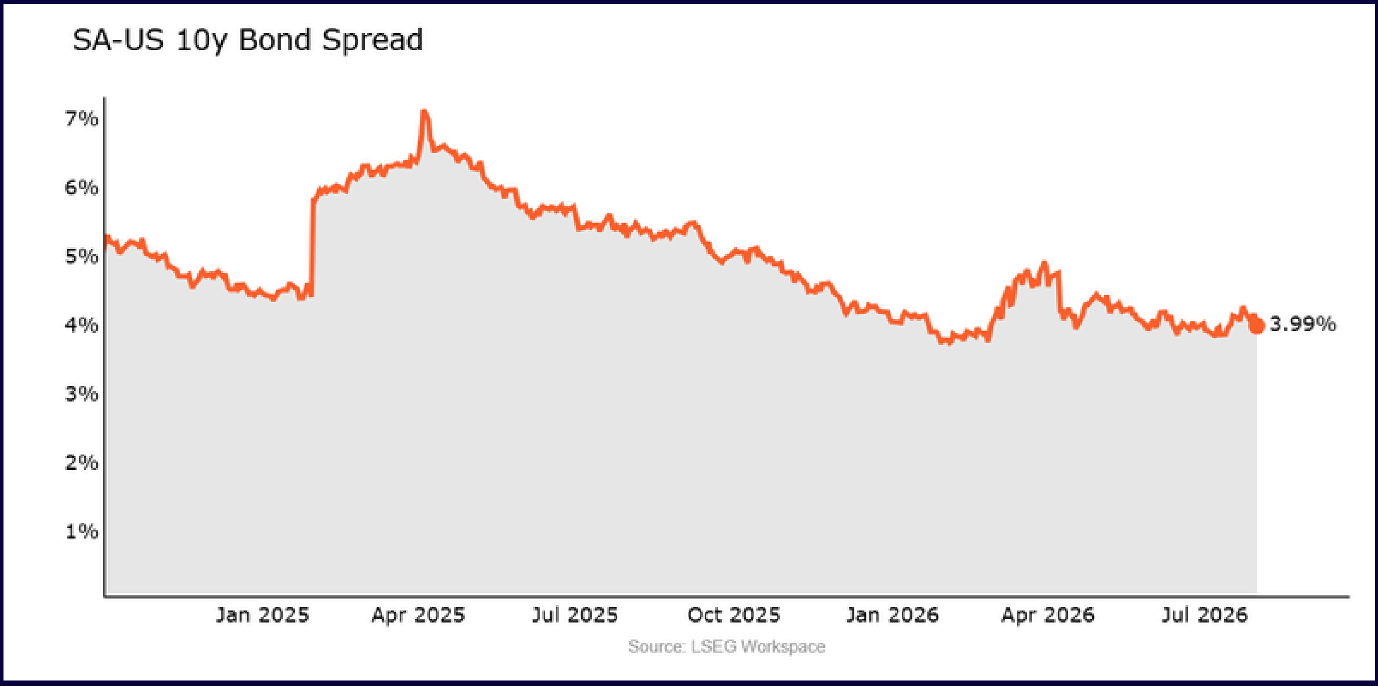
INFLATION



- US inflation moderated further to approximately 3.5%, continuing its downward trend despite elevated oil prices.
- The resilience of the disinflation trend suggests underlying inflationary pressures remain well contained.
- We expect oil prices to gradually normalise as global supply chains adjust, providing additional support for lower inflation over time.
- South African inflation increased to around 5.0%, primarily due to higher fuel prices, although these pressures are expected to ease as oil prices retreat.
- The South African Reserve Bank left interest rates unchanged in July, reflecting the view that current inflationary pressures are cyclical rather than structural.

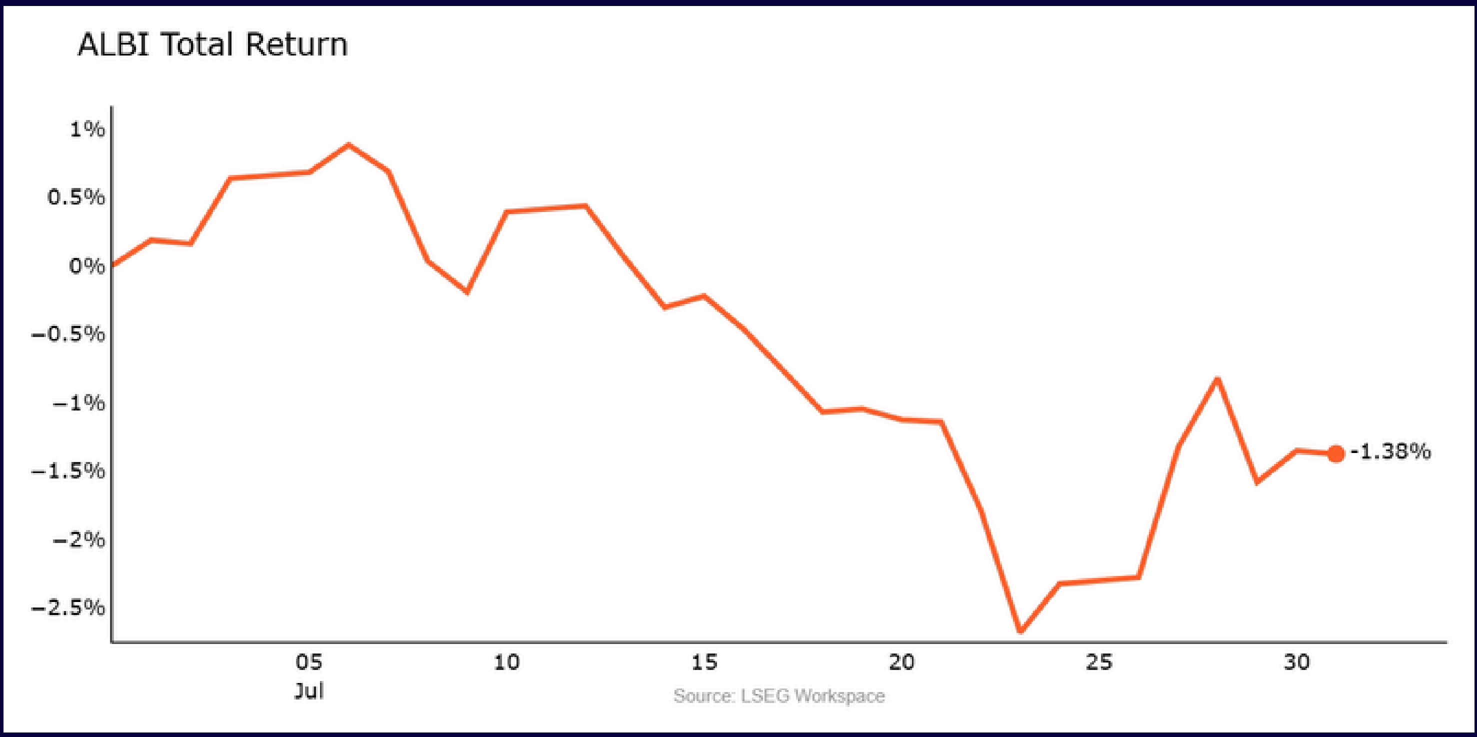
LOCAL vs ECONOMY

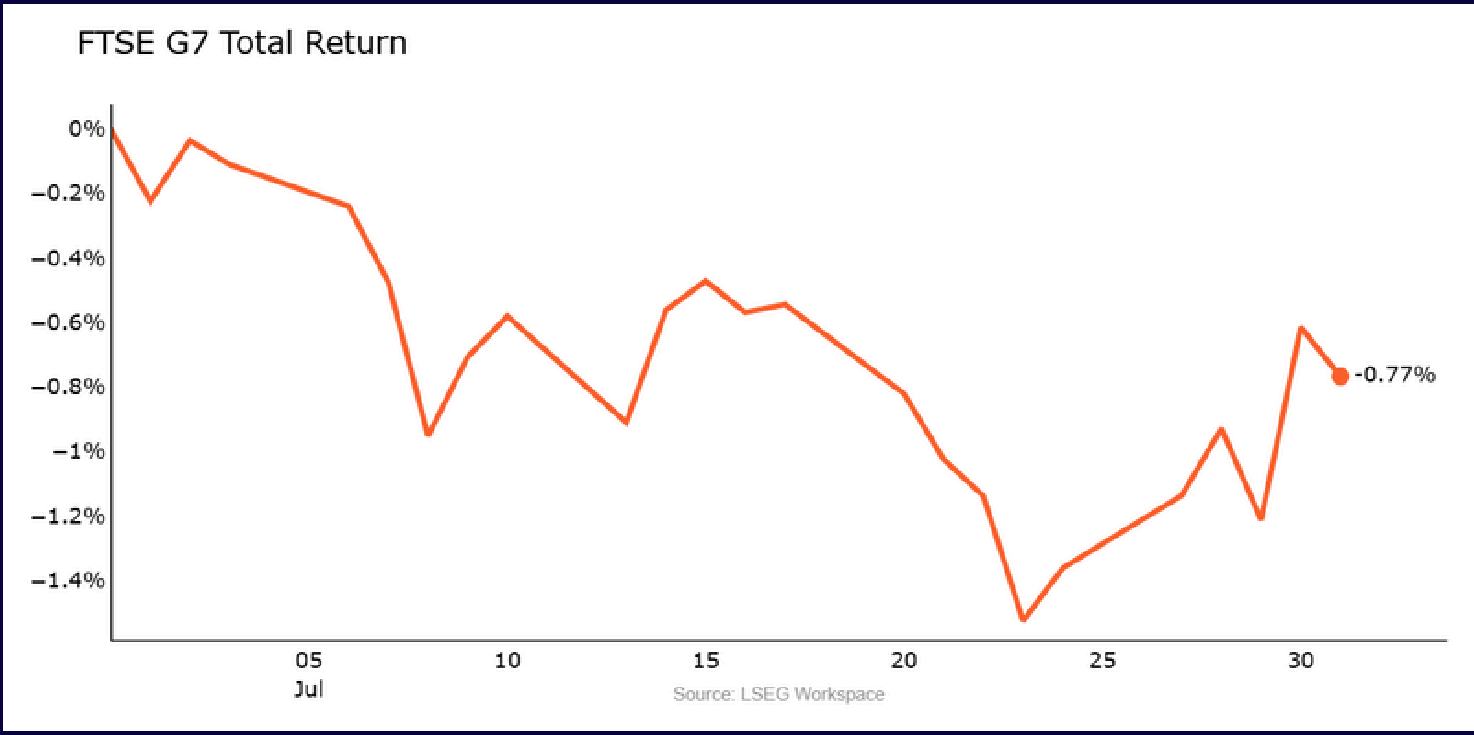




- The rand experienced volatility during the month but finished only marginally weaker against the US dollar, moving from approximately R16.40/USD to R16.54/USD.
- Inflation trends in South Africa are expected to broadly follow the moderation already evident in the United States.
- The yield spread between South African government bonds and US Treasuries remains attractive at approximately 4%, continuing to support the relative value proposition of local fixed income.

BONDS


ALBI Total Return
1%
0.5%
0%
−0.5%
−1%
−1.5%
−2%
−2.5%
-1.38%
05
Jul
10
15
20
25
30
Source: LSEG Workspace


FTSE G7 Total Return
0%
−0.2%
−0.4%
−0.6%
−0.8%
−1%
−1.2%
−1.4%
-0.77%
05
Jul
10
15
20
25
30
Source: LSEG Workspace

BONDS

- Bond markets weakened during July as investors responded to concerns that inflation could remain elevated for longer.
- South African government bonds declined approximately 1.38%, while US Treasury bonds fell around 4.5% during the month.
- The recent sell-off has improved bond valuations, with higher yields enhancing prospective long-term returns.
- We continue to view periods of market volatility as opportunities to reposition portfolios along the yield curve and selectively add exposure where valuations have improved.
- With inflation continuing to moderate, we remain constructive on the outlook for both South African and US bond markets over the medium to long term.