



PORTFOLIOMETRIX QUARTERLY INSIGHTS

SOUTH AFRICAN PORTFOLIOS
MARCH 2025

PORTFOLIOMETRIX

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MARKET COMMENTARY

The first quarter of 2025 in global markets was marked by great uncertainty. Gold broke through the \$3,000/oz level, and US equities lagged European equities by the most in over a decade. Global bonds provided some comfort to investors. The markets concern centres primarily around escalating U.S. tariffs, worries around slower growth and rising inflation (stagflation), and doubts over tech valuations as the cost of the AI-race intensifies. Interestingly, over the quarter the US Dollar weakened, a typical safe-haven asset responding atypically identifies additional risk in the US and calls for robust diversification and steady investor composure.

Despite this SA equity performed well during the quarter (+5.8%), led by Resources super-sector (+27.9%). SA Bonds reflected rising concern around the GNU coalition government which was unable to reach consensus on the National Budget. This dent to confidence is justified however it must not be forgotten the Operation Vulindlela continues to implement the desperately needed policy reform in the local economy. Should global investor sentiment turn towards risk-on then SA assets are expected to perform well.

Developed Equity

European and UK equities displayed a healthy outperformance of US equities. This outperformance was largely catalysed by DeepSeek's AI model causing a review of a deep-seated belief that US technology companies were miles ahead in the AI-race. Further driving the wedge between the two regions was Donald Trump's tariffs and hostile foreign policy which has led international investors to review their exposure to US assets, even if just at the margin. European equities benefitted from E.U. announcements of higher defence-spend, in addition to easier expected policy rates.

Emerging Equity

In the five-years since Covid-19 drew markets to their lowest Emerging Market equities have lagged US equities by 10.1% p.a. (7.9% versus 18% p.a.), this has been exacerbated as China went through the painful reconfiguration of its economy. During the quarter it was Latin America and EM Europe that outperformed (EM Europe was in fact the best performing region across Developed and Emerging markets).

Global Fixed Income

Global Sovereign and Emerging Market debt (hard currency) had a decent quarter, rewarding investors with +2.6% (USD). Investment-grade corporate bonds provided similar support, but more interestingly the High Yield sector provided a steady return of +1.8% (USD) despite the potential threat of higher tariffs and the late-stage business-cycle we find ourselves in.

Global sovereign bonds are the place to watch as the European Union requires greater funding for their anticipated spending programmes, the US potentially undermines its assumed risk-free status, and global growth may slow whilst inflation rises.

Global Real Assets

Commodities reflected the turning sentiment over the quarter, but none more-so than gold (+19.3% in ZAR) which pushed above \$3000 per troy oz. Driven mostly by uncertainty around global trade and the impact this will have as the US turns more inward. Typically, US treasuries provide this safe haven.

Global Real Estate has closer links to the real economy and thus lagged other real assets over the quarter (-0.8%), whereas infrastructure displayed a more robust response as it returned +2.4% (ZAR).

Looking Ahead

Five-years on from the market lows of the Covid-19 pandemic and the world faces a new challenge as Trump 2.0 gains momentum. At the time of writing Trump had announced the various "Liberation Day" tariffs on all trade partners, he then subsequently paused these reciprocal tariffs, but then locked horns with China in a fully-fledged trade war. Rag-dolling the global economy is not wise and often the market provides "guard-rails" for politicians through its quick-response volatility. This is not a time for outsized thematic investment positions since the outcome of these policies, let alone the policies themselves, are hard to predict.

A potent cocktail of high equity valuations, uncertain US foreign and trade policy, waning growth and rising inflation expectations all threaten to provide a bumpy road ahead, but investors need to prepare for such outcomes by remaining invested. There is an expectation that markets will continue to test investors' resolve but this serves as a strong justification for robust portfolio diversification and investor composure. Historically, investing during a crisis has typically rewarded investors handsomely.

INDEX RETURNS & MARKET INDICATORS

As of 31/03/2025

South African Asset Returns (Rand)

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
SA Equity	5.8	5.8	22.9	8.2	18.7	6.8
SA Bonds	0.7	0.7	20.2	9.8	11.7	8.4
SA Property	-3.5	-3.5	19.8	11.7	19.0	1.4
SA Cash	1.9	1.9	8.3	7.5	6.2	6.7

SA Equity Sector Returns (Rand)

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
SA Financials	-2.0	-2.0	28.3	9.9	21.7	5.8
SA Industrials	3.1	3.1	21.4	16.4	16.2	8.1
SA Resources	27.9	27.9	18.8	-2.0	19.1	10.3

SA Equity Segment Returns (Rand)

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
SA Large Cap	8.5	8.5	22.8	9.6	19.0	9.4
SA Mid Cap	0.1	0.1	19.7	6.4	17.1	5.7
SA Small Cap	-7.1	-7.1	27.3	13.1	28.8	8.5

Global Asset Returns (Rand)

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Global Equity	-3.8	-3.8	4.1	15.4	15.9	13.5
Global Bonds	0.0	0.0	0.1	6.2	-0.8	4.9
Global Property	-0.8	-0.8	3.4	4.1	8.1	7.6
Global Infrastructure	2.4	2.4	10.7	11.6	10.9	11.5

Global Asset Returns (USD)

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Global Equity	-1.3	-1.3	7.2	6.9	15.2	8.8
Global Bonds	2.6	2.6	3.0	-1.6	-1.4	0.6
Global Property	1.8	1.8	6.4	-3.6	7.5	3.2
Global Infrastructure	5.0	5.0	14.0	3.3	10.2	6.9

Global Equity Regional Returns (USD)

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
North America Equity	-4.4	-4.4	7.8	8.1	18.0	11.5
UK Equity	7.7	7.7	12.9	6.5	12.9	4.7
Europe Ex UK Equity	10.7	10.7	4.7	7.1	13.0	6.0
Japan Equity	0.3	0.3	-2.1	5.3	8.8	5.3
Pacific Ex Japan Equity	0.3	0.3	6.8	0.4	10.1	4.1
EM Equity	2.9	2.9	8.1	1.4	7.9	3.7

Currency Returns

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
ZAR/USD	2.6	2.6	3.0	-7.4	-0.6	-4.1
ZAR/GBP	-0.4	-0.4	0.8	-6.8	-1.4	-2.7
ZAR/EUR	-1.6	-1.6	2.9	-6.5	-0.3	-4.1

Commodity Returns (USD)

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Brent Crude	-0.9	-0.9	-16.3	-12.1	26.3	2.9
Gold Spot	19.3	19.3	40.7	17.3	14.6	10.3

Source: Morningstar Direct

ASSET CLASS PERIODIC TABLE

Best	Global Prop-erty 36.6	SA Bonds 15.4	SA Property 17.2	Global Bonds 14.8	Global Equity 22.9	Global Equity 21.7	Global Prop-erty 41.3	SA Cash 5.2	Global Equity 31.3	SA Property 29.0	SA Equity 5.8	SA Equity 5.8
	Global Equity 30.6	SA Property 10.2	SA Equity 16.5	Global Prop-erty 10.7	Global Prop-erty 20.6	Global Bonds 14.7	SA Property 36.9	SA Equity 4.4	Global Prop-erty 19.3	Global Equity 20.9	SA Cash 1.9	SA Cash 1.9
	Global Bonds 29.7	SA Cash 7.4	Global Equity 12.1	SA Bonds 7.7	SA Bonds 10.3	SA Bonds 8.7	Global Equity 28.8	SA Bonds 4.3	Global Bonds 13.6	SA Bonds 17.2	SA Bonds 0.7	SA Bonds 0.7
	SA Property 8.0	SA Equity 5.2	SA Bonds 10.2	SA Cash 7.2	SA Cash 7.3	SA Cash 5.4	SA Equity 27.1	SA Property 0.5	SA Property 10.1	SA Equity 13.4	Global Bonds 0.0	Global Bonds 0.0
	SA Cash 6.5	Global Equity -4.7	SA Cash 7.5	Global Equity 5.6	SA Equity 6.8	SA Equity 0.6	SA Bonds 8.4	Global Bonds -10.7	SA Bonds 9.7	SA Cash 8.5	Global Prop-erty -0.8	Global Prop-erty -0.8
	SA Equity 2.8	Global Prop-erty -6.7	Global Prop-erty -1.0	SA Equity -10.9	Global Bonds 3.9	Global Prop-erty -3.3	SA Cash 3.8	Global Equity -12.6	SA Cash 8.1	Global Prop-erty 5.7	SA Property -3.5	SA Property -3.5
Worst	SA Bonds -3.9	Global Bonds -9.9	Global Bonds -2.8	SA Property -25.3	SA Property 1.9	SA Property -34.5	Global Bonds 3.5	Global Prop-erty -20.9	SA Equity 7.9	Global Bonds 1.4	Global Equity -3.9	Global Equity -3.9
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD	QTD

SA Bonds

SA Equity

SA Property

SA Cash

Global Bonds

Global Property

Global Equity

Source: Morningstar Direct

PORTFOLIO PERFORMANCE

PMX Building Block Performance

PMX Fund and Benchmark Performance (Rand)						
	QTD	YTD	1 Year	3 Years	5 Years	10 Years
PMX BCI Income Fund	2.2	2.2	10.7	9.7	9.0	—
STeFI +1%	2.1	2.1	9.4	8.6	7.3	7.8
PMX BCI SA Bond Fund	0.6	0.6	21.2	10.2	12.2	—
SA Bonds	0.7	0.7	20.2	9.8	11.7	8.4
PMX BCI SA Property	-3.6	-3.6	22.6	12.3	19.3	—
SA Property	-3.5	-3.5	19.8	11.7	19.0	1.4
PMX BCI SA Equity Fund	4.8	4.8	23.7	8.7	20.2	8.3
SA Equity - CSWIX	5.8	5.8	22.9	8.2	18.7	6.8
PMX BCI Global Equity FoF	-4.6	-4.6	1.5	13.3	14.0	12.0
Global Equity	-3.8	-3.8	4.1	15.4	15.9	13.5
PMX BCI Gbl Property FoF	-0.4	-0.4	2.4	2.0	6.4	—
Global Property	-0.8	-0.8	3.4	4.1	8.1	7.6
PMX BCI Global Bond FoF	-0.3	-0.3	-1.1	5.5	-0.9	—
Global Bonds	0.0	0.0	0.1	6.2	-0.8	4.9

Excess Returns over Funds' Benchmark

	QTD	YTD	1 Year	3 Years	5 Years	10 Years
PMX BCI Income Fund	0.0	0.0	1.3	1.1	1.7	—
PMX BCI SA Bond Fund	-0.1	-0.1	1.1	0.3	0.5	—
PMX BCI SA Property	-0.1	-0.1	2.8	0.6	0.3	—
PMX BCI SA Equity Fund	-1.1	-1.1	0.8	0.4	1.5	1.4
PMX BCI Global Equity FoF	-0.7	-0.7	-2.6	-2.2	-1.9	-1.5
PMX BCI Gbl Property FoF	0.4	0.4	-1.0	-2.1	-1.8	—
PMX BCI Global Bond FoF	-0.4	-0.4	-1.2	-0.7	-0.1	—

Regulation 28 Portfolios

PMX Reg 28 Profile Performance						
	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Reg 28 Profile 1	1.3	1.3	11.5	9.5	9.7	8.3
Reg 28 Profile 2	0.9	0.9	12.2	9.6	10.7	8.3
Reg 28 Profile 3	0.4	0.4	12.9	9.8	11.9	8.4
(ASISA) South African MA Low	1.0	1.0	11.8	8.8	10.4	6.9
Reg 28 Profile 4	0.0	0.0	13.5	10.0	13.2	8.6
Reg 28 Profile 5	-0.2	-0.2	13.6	10.2	14.4	8.8
(ASISA) South African MA Med	0.8	0.8	11.9	8.7	11.9	6.8
Reg 28 Profile 6	-0.3	-0.3	13.1	10.3	15.6	8.8
Reg 28 Profile 7	-0.2	-0.2	12.7	10.3	16.7	8.7
(ASISA) South African MA High	0.7	0.7	12.4	8.9	13.4	7.0

Discretionary Portfolios

PMX Discretionary Profile Performance						
	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Disc Profile 1	1.2	1.2	11.7	9.5	10.0	8.2
Disc Profile 2	0.7	0.7	12.5	9.7	11.0	8.2
Disc Profile 3	0.3	0.3	13.1	9.9	12.2	8.4
(ASISA) South African MA Low	1.0	1.0	11.8	8.8	10.4	6.9
Disc Profile 4	-0.1	-0.1	13.3	10.1	13.6	8.5
Disc Profile 5	-0.3	-0.3	12.8	10.3	14.8	8.6
(ASISA) South African MA Med	0.8	0.8	11.9	8.7	11.9	6.8
Disc Profile 6	-0.3	-0.3	12.2	10.5	15.8	8.5
Disc Profile 7	-0.5	-0.5	10.8	10.6	16.9	8.4
(ASISA) South African MA High	0.7	0.7	12.4	8.9	13.4	7.0

Contributors & Detractors

Over the quarter, South African equities provided strong performance. The 36One BCI SA Equity fund was particularly noteworthy, yielding a return of 5.4%. Similarly, Coronation Top 20 and Fairtree Equity Prescient delivered robust returns of 5.2% and 4.4%, respectively.

Conversely, South African listed property faced challenges as evidenced by our implementation: Amplify SCI Property Equity fell by 2.9%, while Sesfikile BCI Property declined by 3.6%. Nevertheless, the most significant detractor in portfolios has been the global equity asset class, with US equities predominantly contributing to the underperformance.

It is worth noting that the significant market volatility experienced post-quarter end is not reflected in these numbers which report to the end of March 2025

PORTFOLIO CHANGES

Strategic Asset Allocation

Despite the political and economic instability that persists in 2025, we have maintained our strategic asset allocation in the last quarter. We continue to evaluate our exposures to ensure they aligned with our long-term views, reflecting our commitment to preserving the integrity of our strategic asset allocations during volatile financial markets.

Equity Portfolio Changes

PortfolioMetrix transitioned the PortfolioMetrix BCI Global Equity Fund of Funds (FoF) to a Feeder Fund structure, utilising the scale and efficiency of our Irish UCITS fund to the benefit of investors. This strategic shift offers operational efficiencies and further safeguards investor interests. Notably, the UCITS fund facilitates broader investment opportunities and aligns with international benchmarks. Following this transition, we are aligning our holdings to our best house view fund implementations.

Please refer to the Global Portfolio Series (USD) Quarterly Insights for up to date information on portfolio changes within the PMX Global Equity UCITS Fund.

Fixed Income Portfolio Changes

There were no changes made within this asset class over the quarter.

Real Asset Changes

There were no changes made within this asset class over the quarter.

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