



ASSA Investment Seminar 2025

Reasons to be optimistic on SA equities

Samantha Hartard

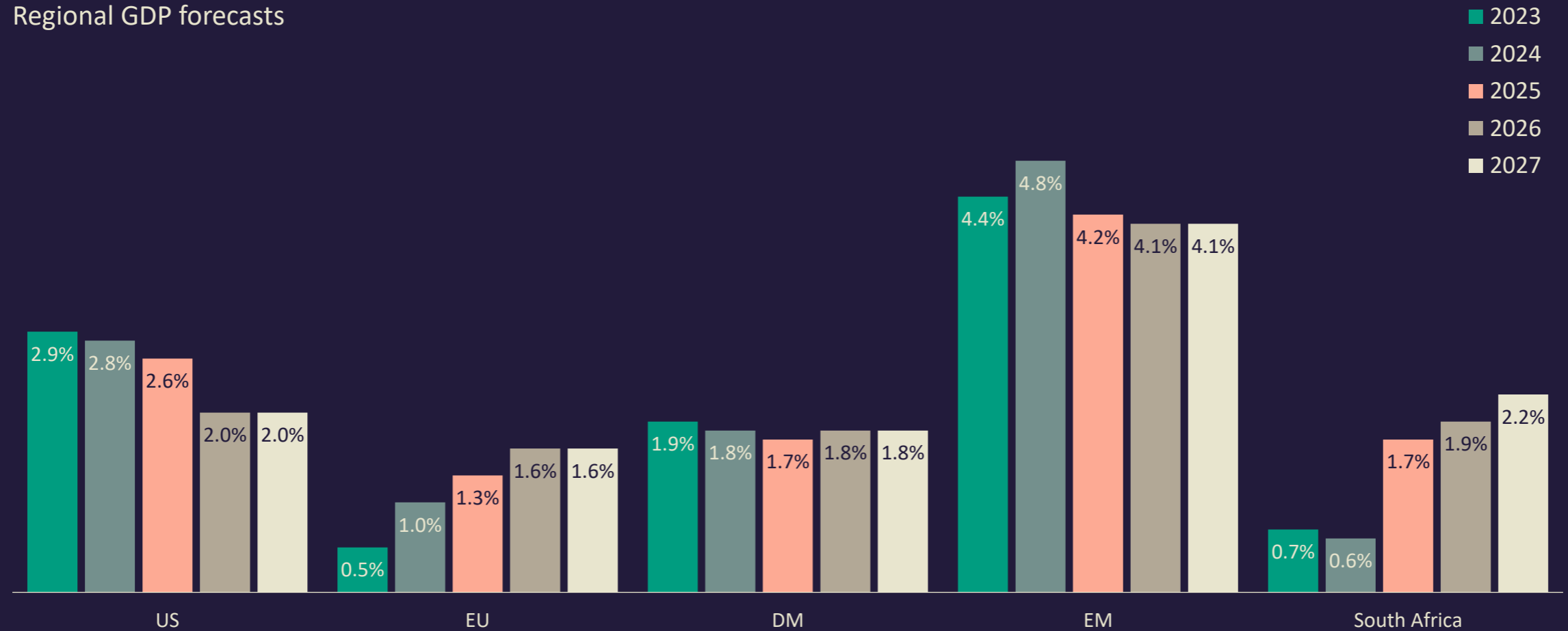
March 2025



Global growth

Clear shifting dynamics

Regional GDP forecasts



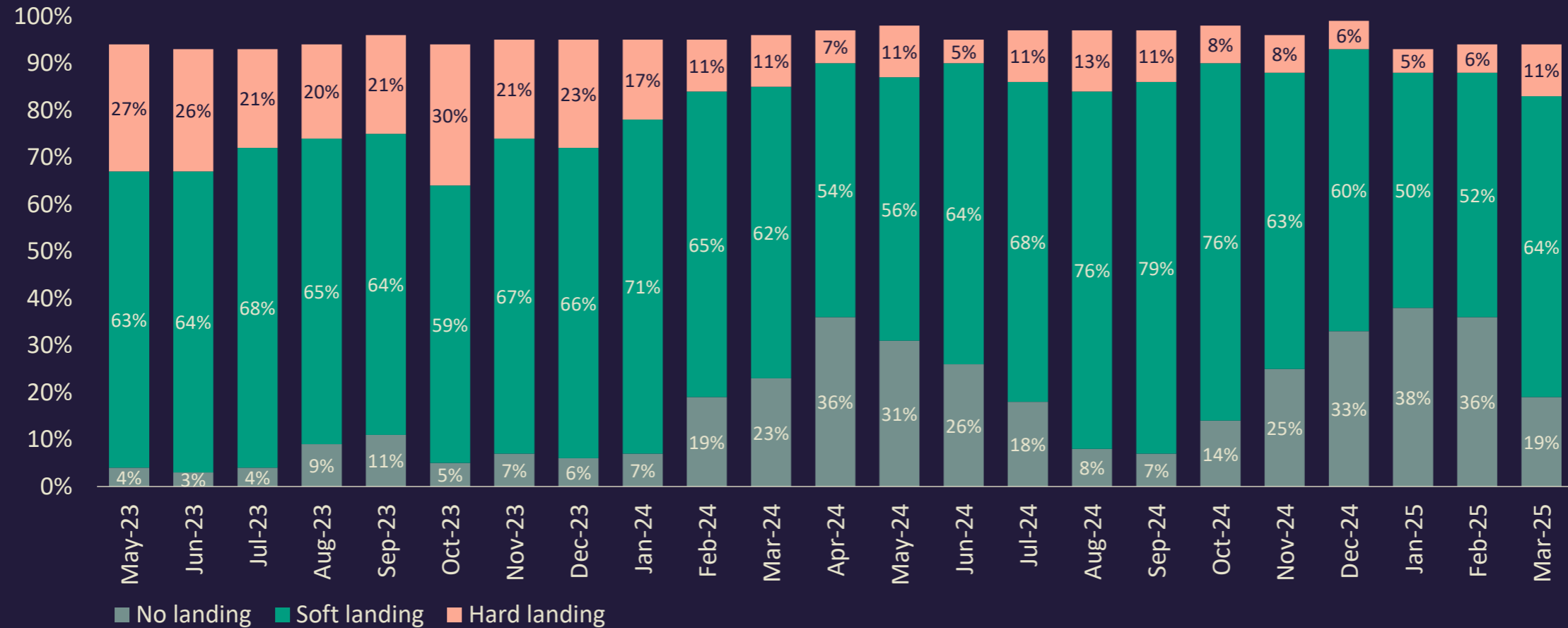


BAML investor survey

Investor confidence waning

64% say “soft landing”, 19% “no landing”, 11% “hard landing”

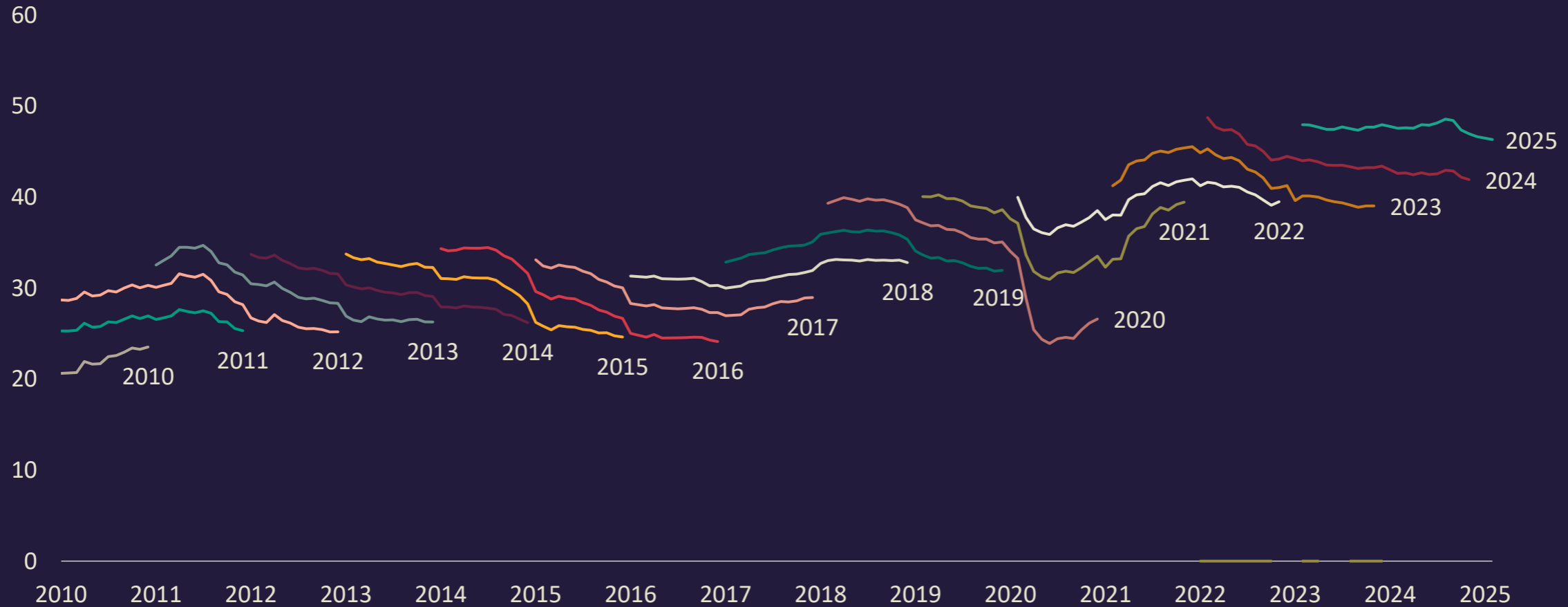
What is the most likely outcome for the global economy in the next 12 months?





Global earnings forecasts have tempered

MSCI ACWI consensus EPS forecasts

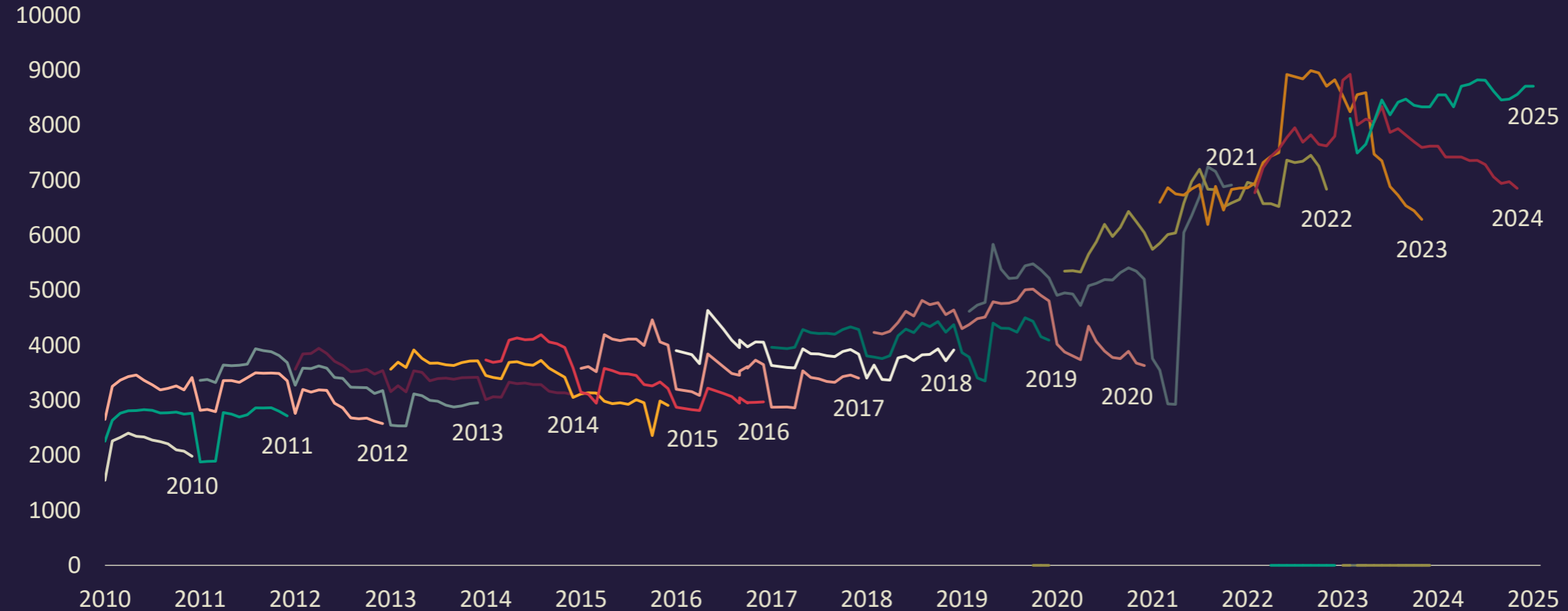


Forecasts are inherently limited and are not a reliable indicator of future results.
Source: Ninety One, Bloomberg, 28 February 2025
For further information on indices, please see the important information section



SA's earnings outlook differentiated to the global backdrop

JSE FTSE All Share Index consensus EPS forecasts



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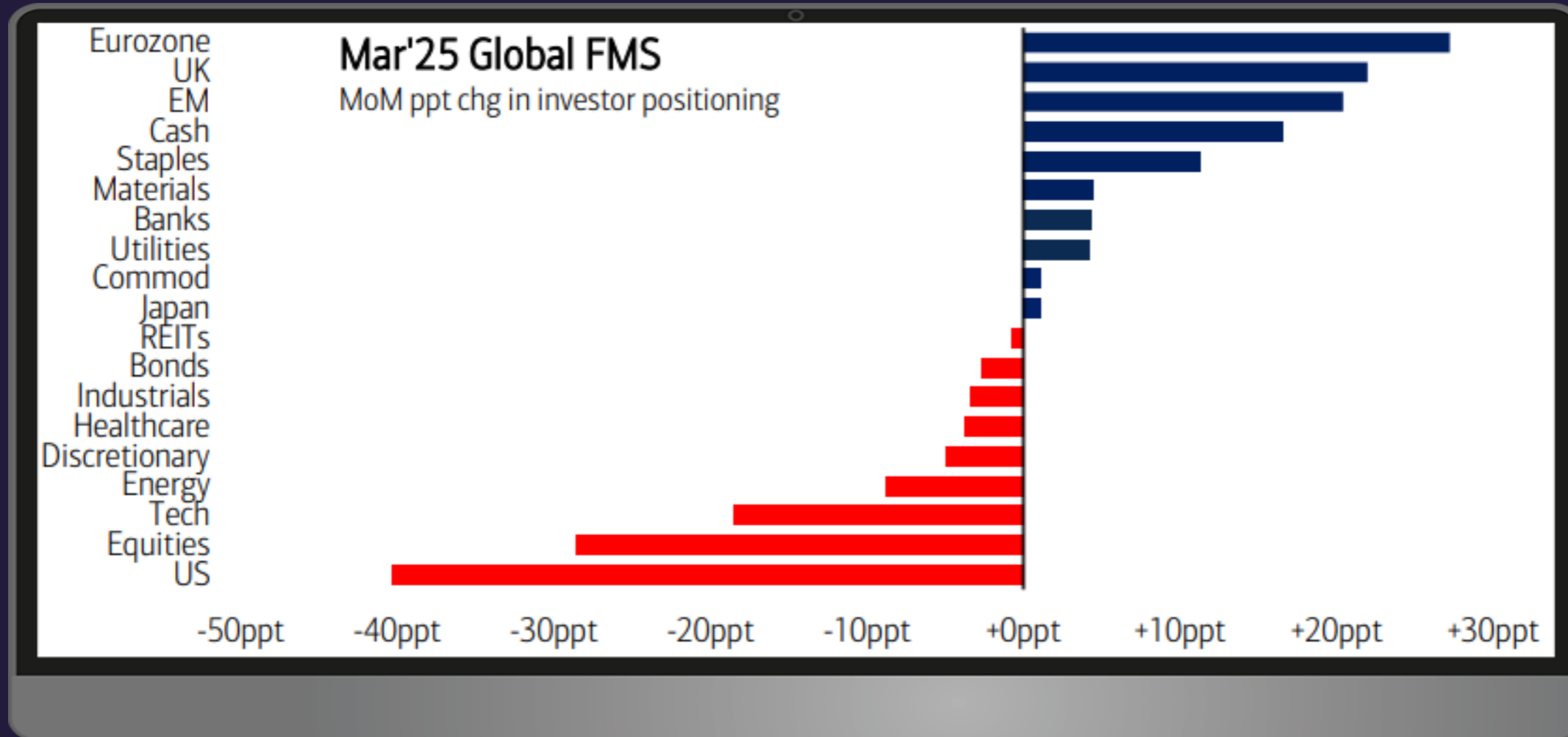


Global backdrop has resulted in EM outflows in 2024

China the major 2025 beneficiary thus far

March FMS shows large investor rotation in 2025

Monthly change in FMS investor positioning

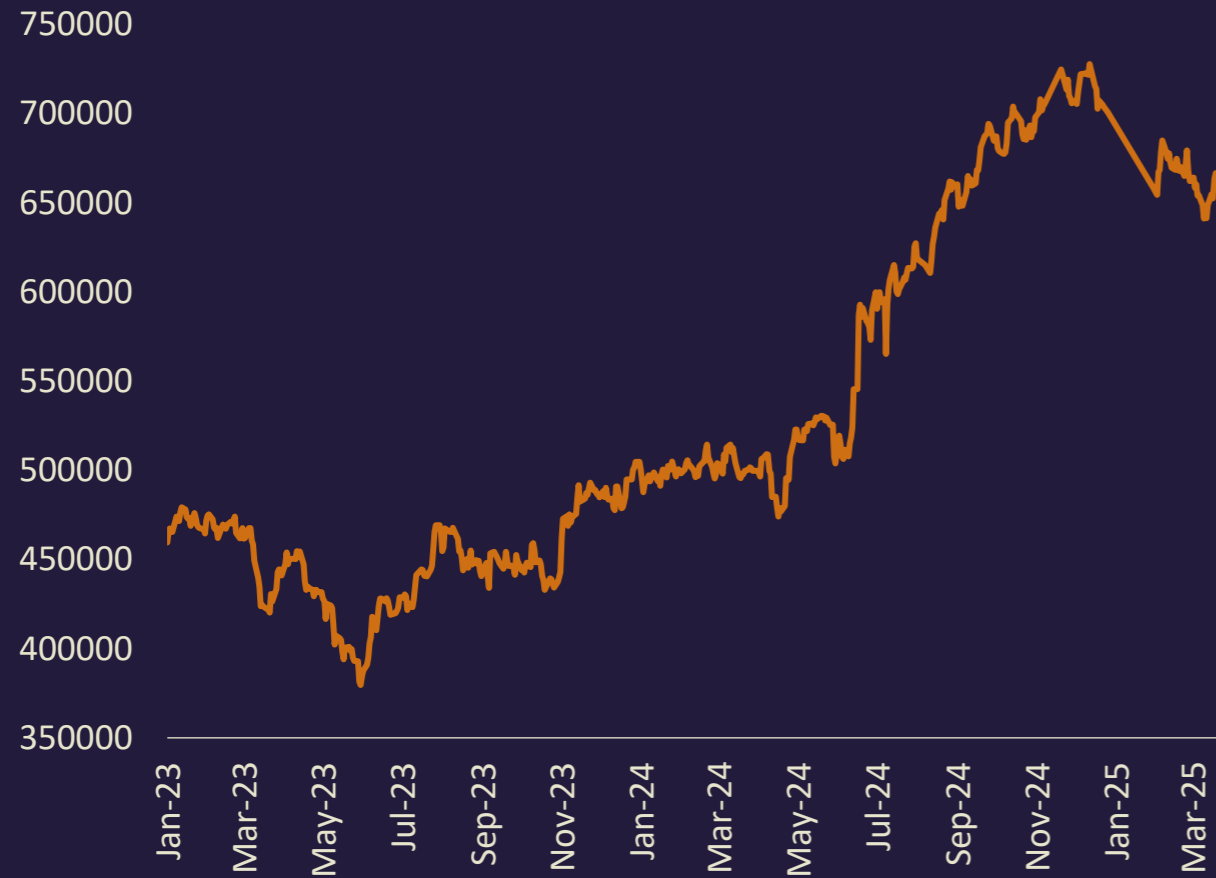




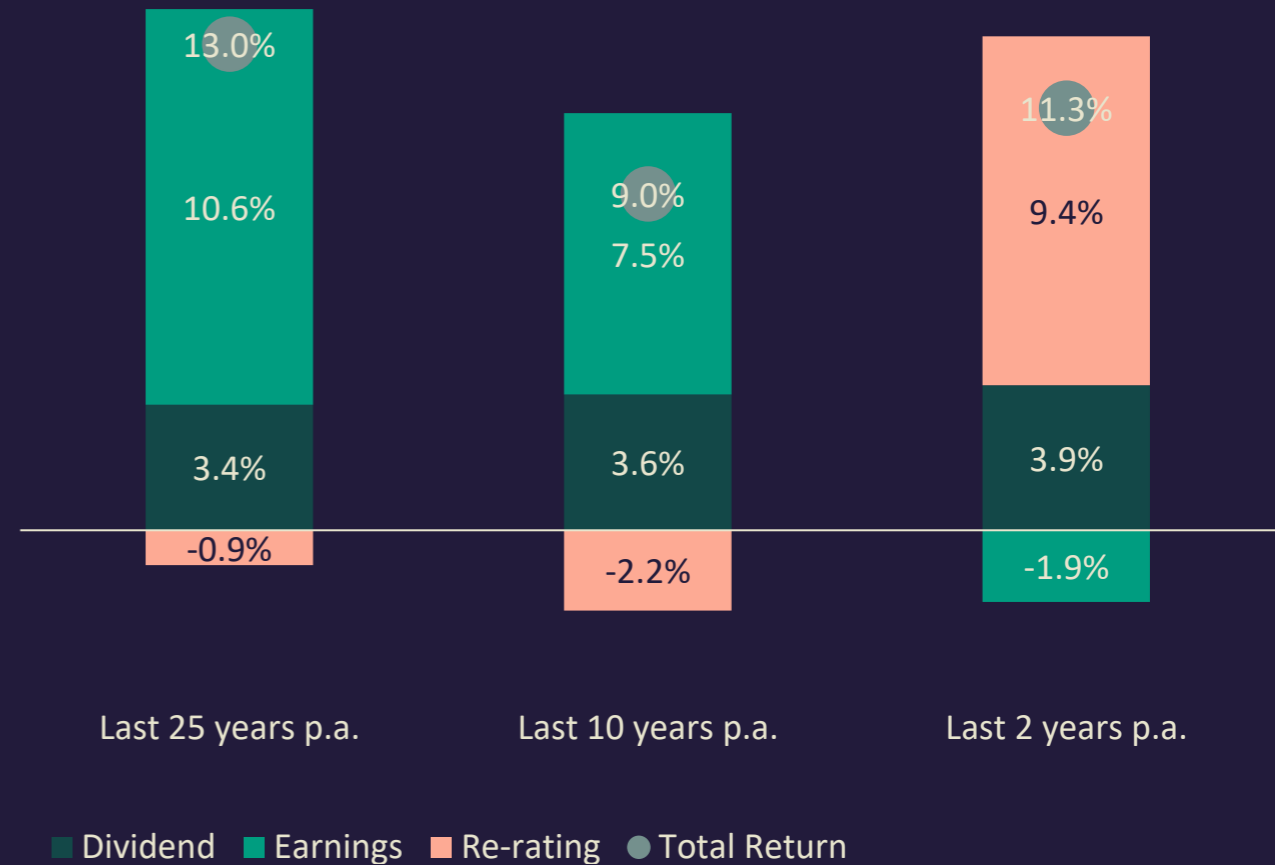
SA equity market behaviour different to history

Seen specifically cooler performance in SA Inc over the last 4 months

SA Inc Share price basket



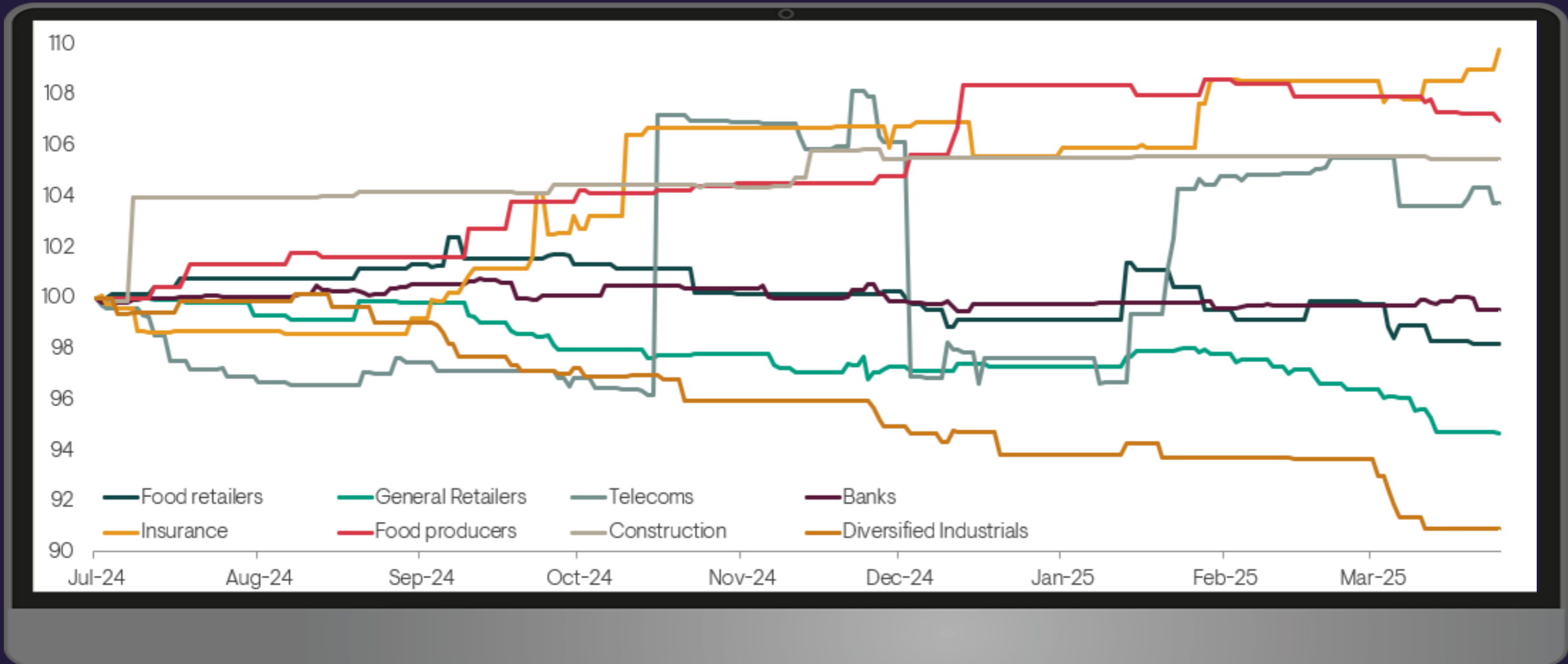
Breakdown of ALSI returns over time
As at 31 December 2024





Corporate earnings have got off to a slow start

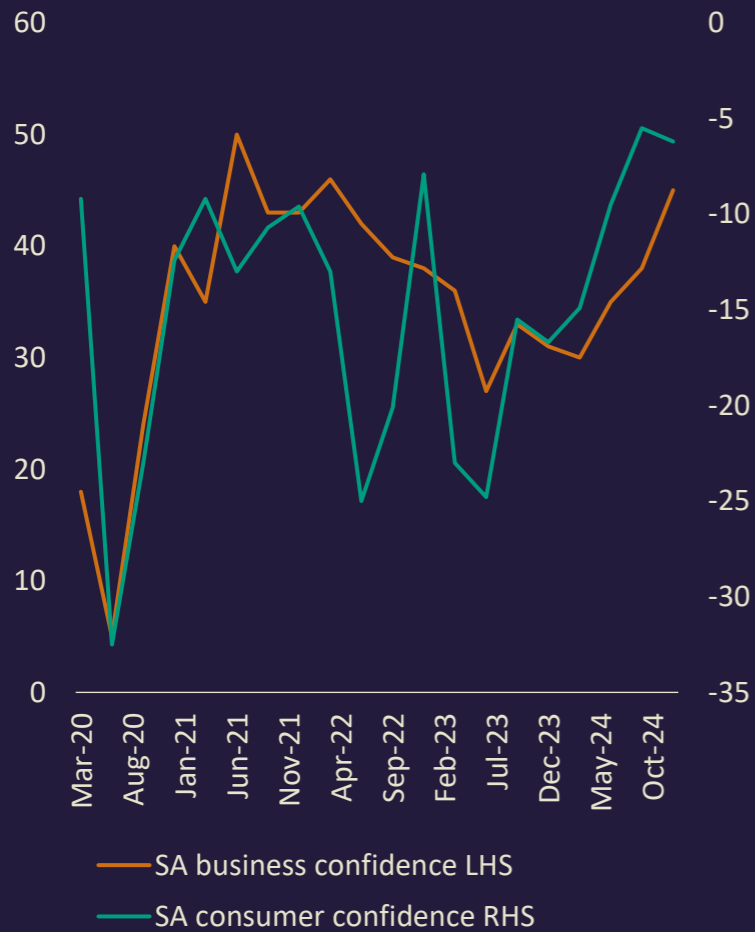
Earnings delivery: No resounding trend appearing





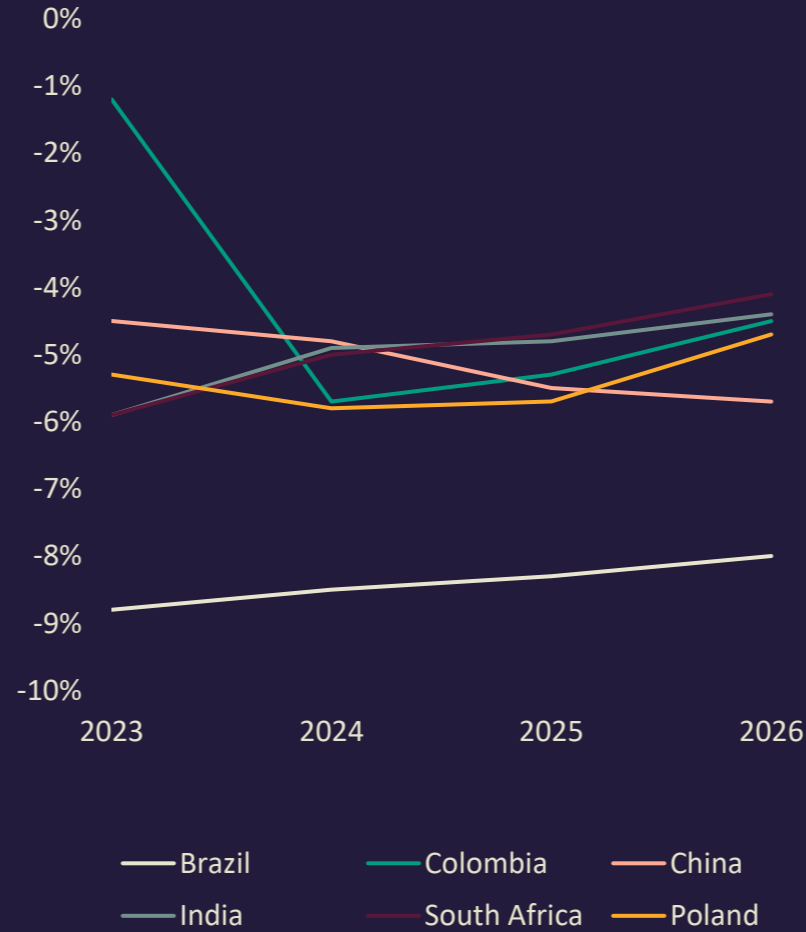
Macro position of SA stronger in absolute and relative terms

SA Confidence is improving



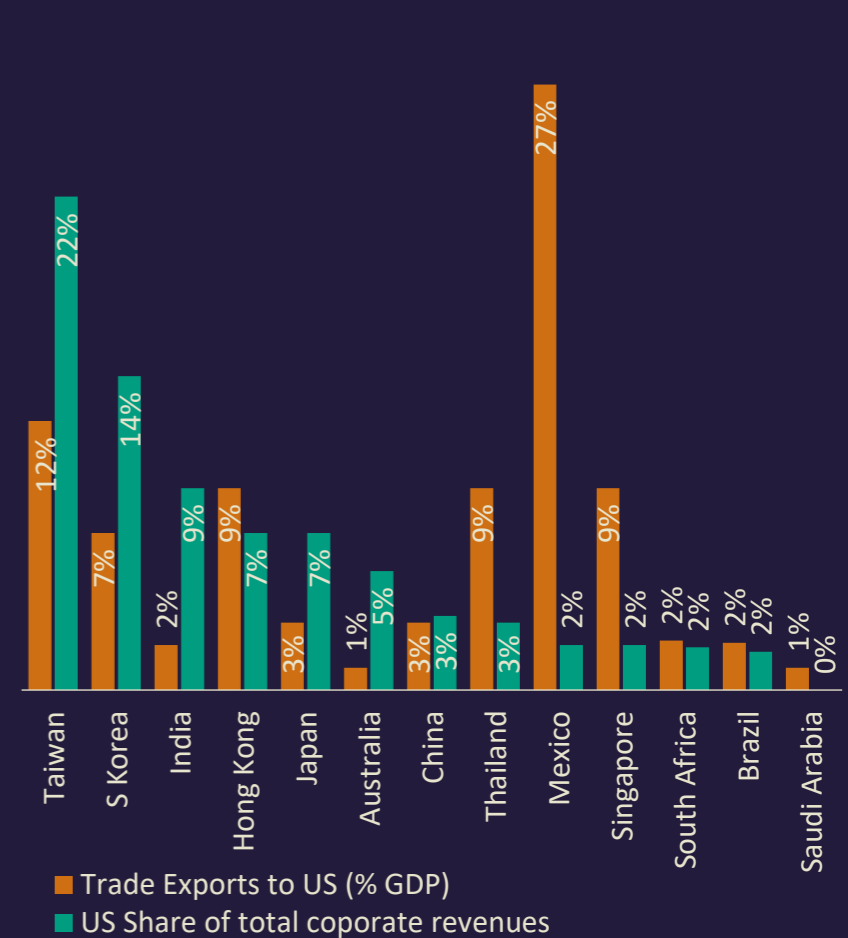
Source: Bloomberg March 2025

Budget deficit outlook for EM



Source: Bloomberg, March 2025

Trade exposure to the US

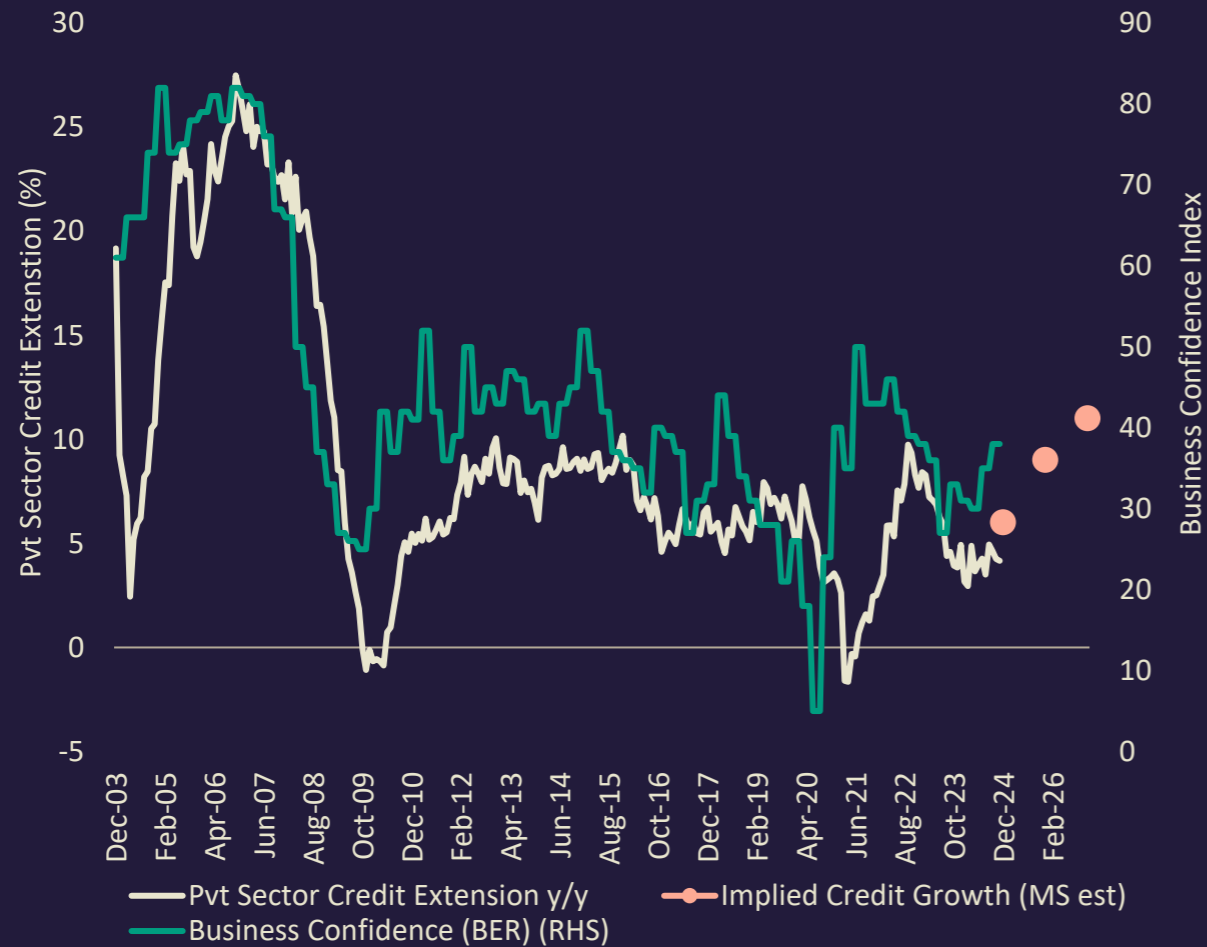


Source: Morgan Stanley Research, October 2024

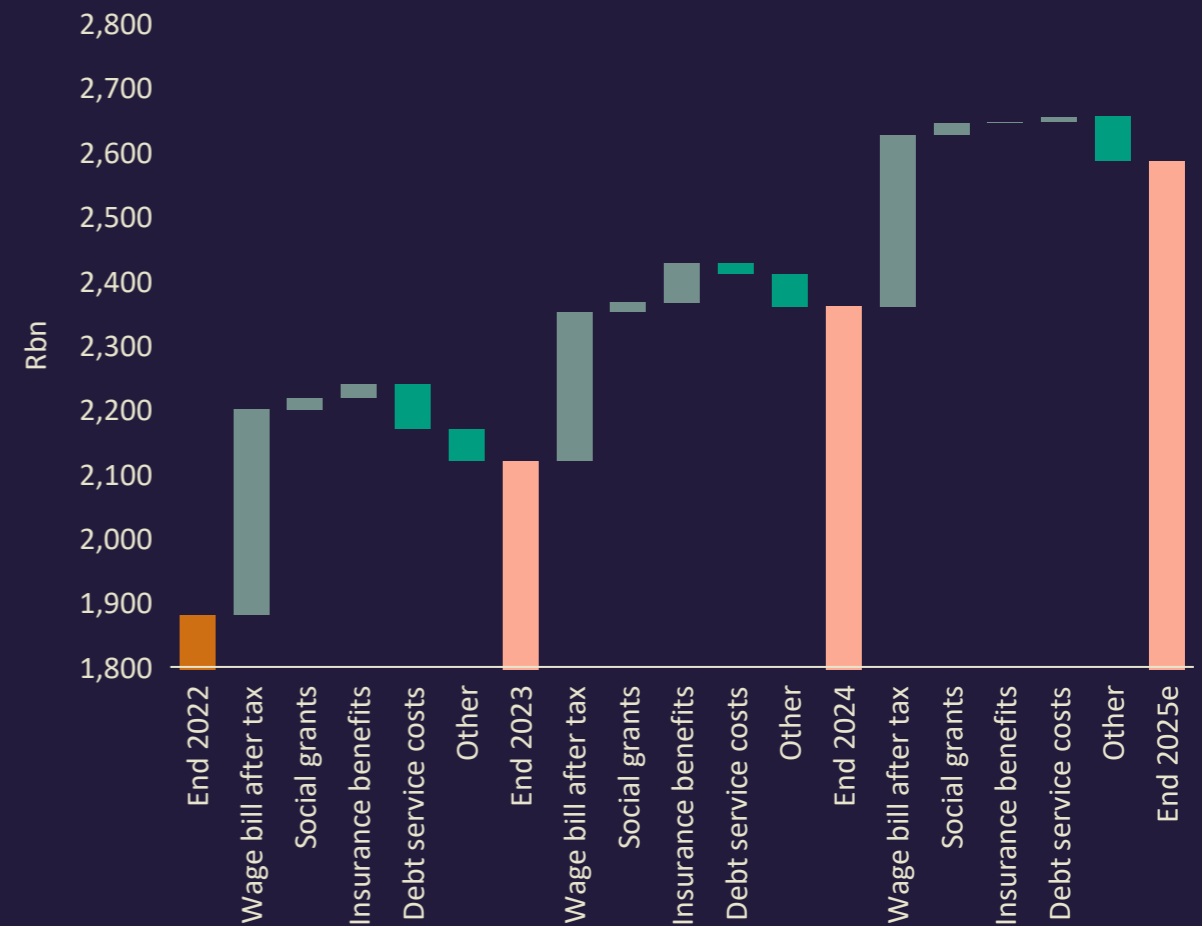


This will lead to a stronger earnings outlook

Credit growth expected to accelerate as confidence improves



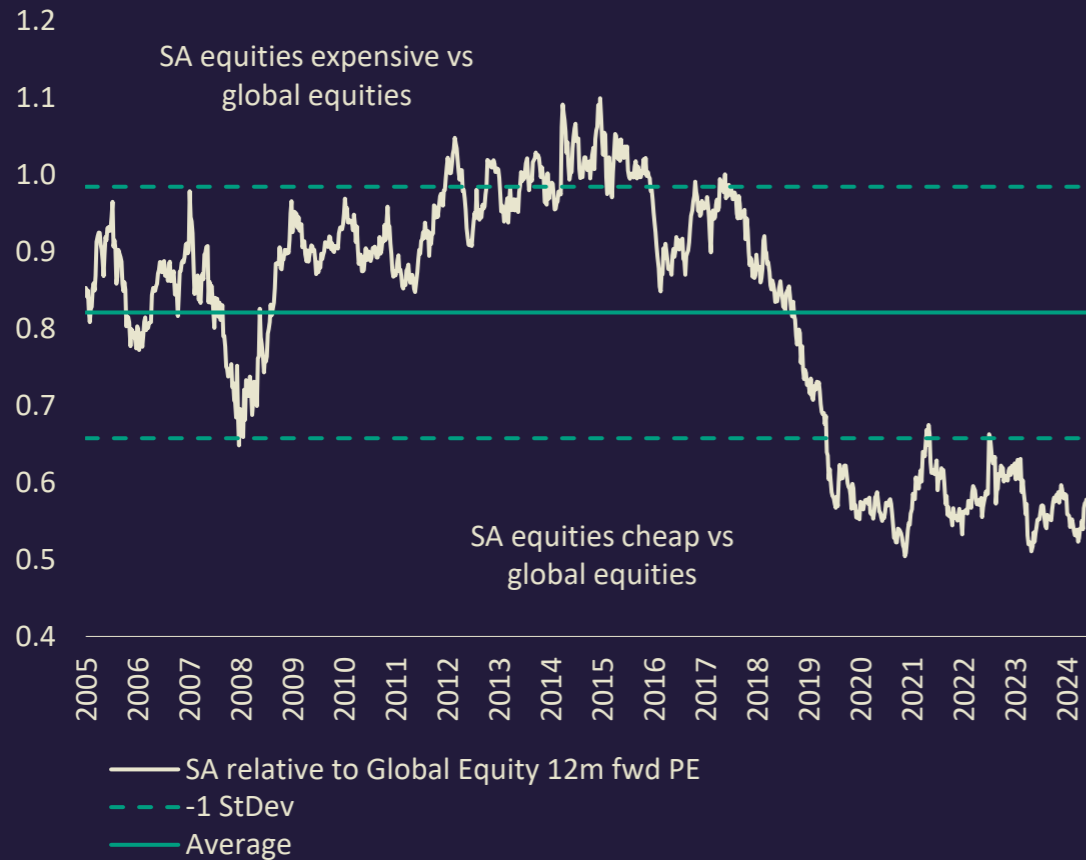
Cash available for retail and discretionary spend



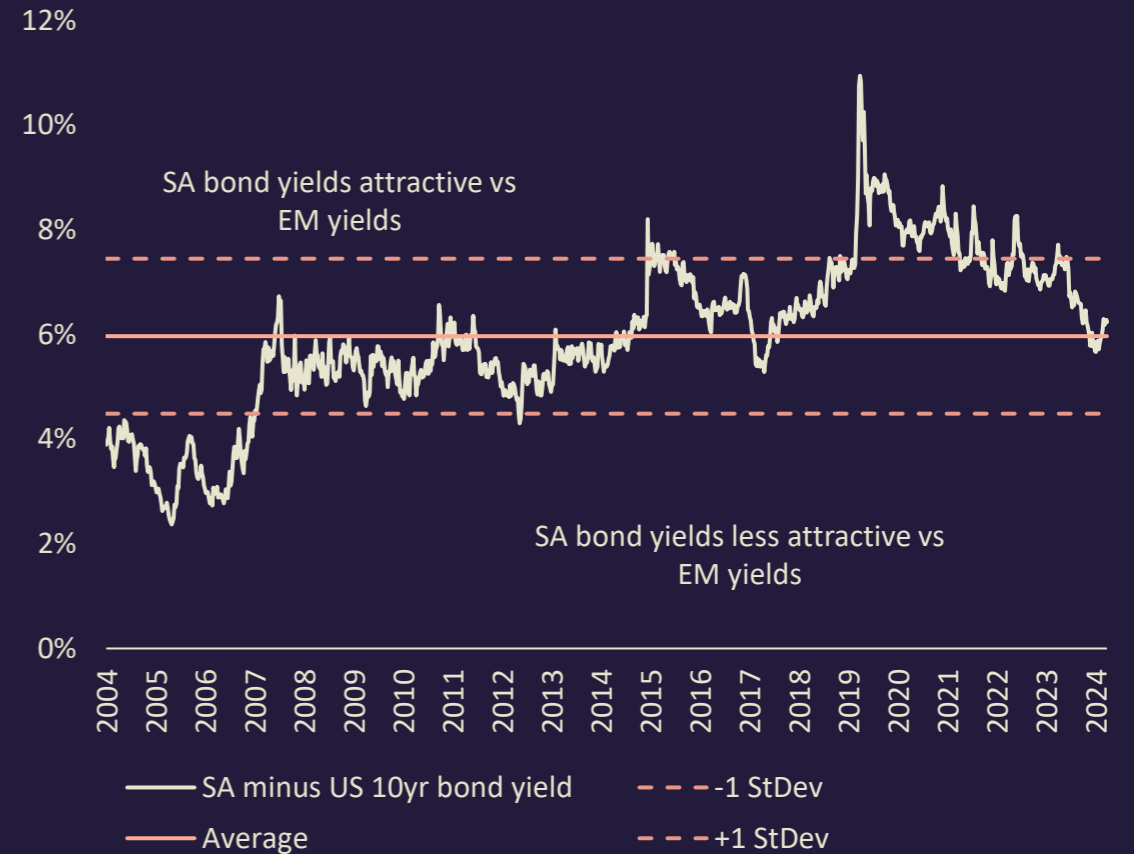
SA still attractive in a global basis

The time to buy into this is now... pullback an opportunity

Equities: SA relative to global
12-month forward relative PE ratios (SA relative to MSCI ACWI)



Bonds: SA relative to Emerging Markets
10-year government bond yield spread (SA Minus EM)





Conclusion

Tension between inflation & interest rates with growth & fiscal policy...

- We are at an interesting phase of the economic cycle... rates lower, growth higher...
- 2025 “Known unknowns”: Policy, growth & inflation vs tariffs & deportations
- It’s all about identifying fundamental growth opportunities. Keeping an eye on changing earnings per share expectations will be key
- Valuations are attractive in cyclical equities and domestic bonds



Thank you



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