APRIL 2025

MARKET UPDATE

7 April 2025

Dear Client

Navigating Market Volatility with a Risk Management and Opportunity mindset.

Last week US President Trump reignited global trade tensions by announcing a sweeping set of new tariffs - South Africa included. The 30% tariff on South African exports to the U.S. came as a surprise, rattling markets already sensitive to signs of deglobalisation.

Global indices responded with sharp pullbacks, reflecting renewed concerns about growth, trade wars and inflationary risks. Closer to home, the ongoing GNU and budget uncertainty has added to the volatility. South Africa's political outlook remains murky, and this instability has weighed on investor confidence and contributed to the recent depreciation in the Rand.

Implications for client portfolios

While unsettling, these developments are not uncommon in long-term investing. Markets often overreact to political and geopolitical noise. However, history consistently shows that staying invested during uncertain times is key to achieving long-term financial success.

In periods like this, it's critical to separate headlines from fundamentals. Not all companies or countries will be affected equally - and those with resilient business models, strong balance sheets, and global reach are often best placed to weather these storms.

Our investment portfolios are intentionally diversified across multiple asset classes, with different fund managers applying a range of investment styles, philosophies, and processes.

We have not made any changes to the longer-term portfolios (with investment horizons of five years or more), as these are built to capture long-term growth opportunities. Short-term market fluctuations, while sometimes unsettling, are unlikely to have a meaningful impact on the outcomes these portfolios are designed to deliver.

For shorter-term portfolios (with horizons of three years or less), we've reviewed the positioning and remain comfortable with a conservative approach. These portfolios currently have below-average exposure to risk assets, and above-average allocations to local cash and offshore holdings - an allocation well suited to navigate near-term market volatility.

Suggestions to clients

- Avoid emotional decisions: Reacting to volatility can result in locking in losses and missing out on recoveries.
- Stay diversified: A well-diversified portfolio remains your best defence in uncertain times.
- Focus on the long term: Enduring wealth is built over time, not in reaction to headlines.

We are actively monitoring developments both globally and locally and continue to manage portfolios with a focus on risk management and long-term opportunities.

Should you have any questions or concerns, please do not hesitate to contact us.