

PCAM Perspectives: Monthly market review

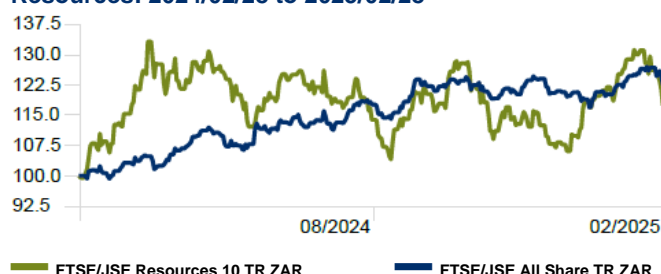
March 2025

by PCAM Investment Team

All Share: 2024/02/28 to 2025/02/28



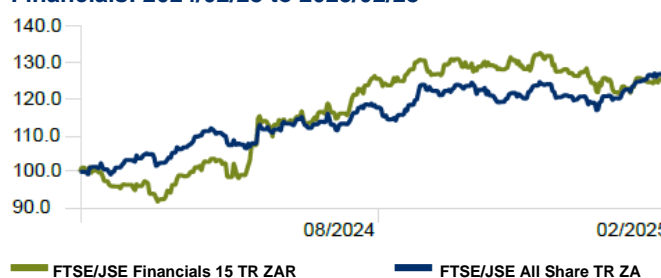
Resources: 2024/02/28 to 2025/02/28



Industrials: 2024/02/28 to 2025/02/28



Financials: 2024/02/28 to 2025/02/28



Local market: February insights

The JSE All Share Index (ALSI) remained mostly flat in February, rising just 0.01% MoM. The JSE Industrials Index was the top performer, gaining 3.4%, driven by strong returns from Anheuser-Busch InBev (+20.9%), Naspers (+12.3%), and Prosus (+11.6%). In contrast, the JSE Resources Index fell 6.2%, making it the biggest detractor for the month. This decline was primarily due to weaker platinum prices, which dropped 9.8%, closing the month at \$932 an ounce. As a result, local platinum miners faced steep losses, with Northam falling 23.6%, Anglo American down 14.3%, and Impala declining 14.1%.

The Financials Index saw a modest gain of 0.8%, supported by standout performances from Discovery and Sanlam, which rose 14.3% and 6%, respectively. Discovery's strong performance followed a trading update, released in late February, which projected a 25 - 30% increase in normalized operating profit and a 30 - 35% rise in headline earnings per share (HEPS). This positive momentum carried through into their earnings release in early March.

South Africa's Economic Performance: Mixed signals with some positive developments in February

In February, South Africa's economy showed a mix of positive and negative trends. On the positive side, new vehicle sales increased by 7.3% year-on-year, with 84% of sales made through dealers and 11.1% through rental agents. Tourism also showed a strong recovery, with air passenger arrivals up 13%, including a notable 34% rise from China. This growth aligns with the launch of the Trusted Tour Operator Scheme and ongoing policy reforms aimed at boosting the sector.

However, some challenges remained. Factory activity weakened shown by the drop in the Purchasing Managers' Index (PMI) to 44.7. This marked the fifth consecutive month of decline, largely driven by global trade uncertainties and ongoing power issues. Additionally, Producer Price Inflation (PPI) rose by 1.1%, fuelled by price increases in basic

metals, chemicals, and rubber. The trade balance recorded a R16.4 billion deficit in January, with imports exceeding exports. This imbalance could put pressure on inflation and the rand, especially as global tariffs are implemented. Despite these hurdles, South Africa made progress in addressing concerns raised by the Financial Action Task Force (FATF). The country successfully resolved 20 out of 22 action items, and there is a possibility that South Africa could be removed from the FATF grey list as early as October 2025, signalling further positive steps for the economy.

Energy and Load Shedding

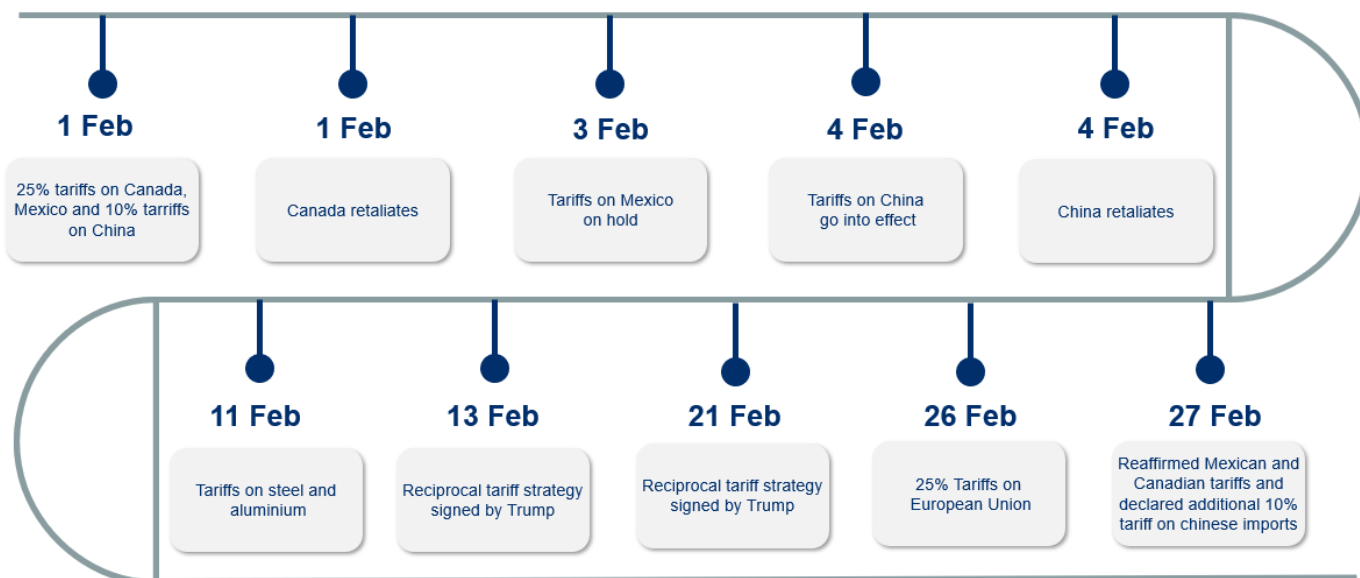
After an impressive 300-day stretch without power interruptions, South Africa experienced renewed incidents of load shedding, raising concerns about the country's energy generation capacity. However, private generation is playing a growing role in stabilizing supply. Since the 100MW cap on private generation was lifted in 2023, private facilities have steadily added capacity. In Q3 of the 2024/25 financial year, 143 new private generation facilities were registered, adding 1,107 MW to the grid - roughly equivalent to one full stage of load shedding. Most of these facilities were in the Western Cape (54) and Gauteng (35), primarily solar installations for both small- and large-scale generation. Eskom's new generation units, with more expected in March, further support efforts to reduce energy disruptions.

Global markets: A volatile start to the year

February: A month caught up between fear and greed

Offshore markets saw increased volatility throughout February, mainly due to ongoing global tariff news flow, which left investors feeling anxious as they struggled to gauge the impact it would have on growth and already unsteady geopolitical tensions. Tariff headlines pushed the Global Economic Policy Uncertainty Index (GEPUI) to an all-time high in February.

The graphic below illustrates the number of news releases related to tariffs during February.



Source: PCAM Investment Team, Jason Bader

The CNN Fear & Greed Index deteriorated into "extreme fear" territory, reflecting investor anxiety during the month. As a result, global markets delivered what was seen as a somewhat mixed performance in February with the MSCI World Index down 0.7% while the MSCI Emerging Market Index saw gains of 0.5%.

Developed markets take a dip: Geopolitics and weak economic data stir the pot

Developed market equities declined Month-on-Month (MoM), on the back of geopolitical uncertainty and weaker than expected U.S. economic data. U.S. consumer confidence fell for the third consecutive month, with the Conference Board index dropping to 98.3 from 105.3 in January, missing consensus estimates. Inflation concerns, particularly for essential goods, and worries about inflationary impacts of new tariffs continued to weigh on sentiment. The expectations index fell to an eight-month low of 72.9, signalling rising recession risks, although most respondents do not anticipate an imminent downturn.

February also saw a sell-off in mega-cap tech stocks, with Tesla dropping 28% MoM, Amazon falling 11% MoM, and Alphabet declining 16% MoM. Amazon's decline occurred mainly due to weaker US consumer sentiment, meanwhile Alphabet saw losses due to a poorer earnings release than what analysts were hoping for. Tesla's decline came despite a 37% rise in EV sales, as macroeconomic pressures and vehicle pricing continued to affect investor sentiment. As geopolitical tensions led to growing macroeconomic uncertainty, investors shifted towards consumer staples and defensive non-cyclical stocks, which saw the US sectors increase by 5.7% for the month.

The FTSE 100 faced some challenges early in February but ended the month on a high, thanks to the Bank of England's (BOE) interest rate cut from 4.75% to 4.5%, along with Prime Minister Keir Starmer's announcement to increase defence spending to 2.5% of GDP by 2027. This helped defence stocks close February on a good note, with Rolls-Royce climbing 15% MoM, which was also driven by strong revenue growth and the announcement of a share buyback plan.

Emerging markets: Riding the rollercoaster of risk and reward

The MSCI Emerging Markets Index rose 0.5% in February, driven by strong gains in China. The MSCI China Index jumped 11.5%, led by a surge in tech stocks. Alibaba climbed 34.1% MoM, fuelled by a regional recovery and optimism around AI innovation after the DeepSeek release in January. Positive sentiment grew further when Damo Academy, Alibaba's research arm, announced the development of custom server chips. These chips enhance cloud computing performance for AI and machine learning, claiming to be more energy-efficient, as well as having reduced data requirements for AI training - all of which could streamline operations. Tencent also boosted the sector's gains, rising 19.3% as investor confidence in Chinese tech stocks strengthened. As a result, Hong Kong's HSTECH Index posted strong returns, particularly in e-commerce and electric vehicle stocks, while sectors like healthcare, oil, and telecommunications lagged.

Walking on eggshells: Rising trade tensions

The U.S. proposed additional limits on American pension and endowment investments in China's high-tech sectors, adding further strain to already tense trade negotiations. In response, China filed a WTO lawsuit challenging the U.S.'s 10% tariff increase, arguing it breached international trade rules. Despite escalating tensions, early signs of success in AI innovation, supportive macroeconomic policies, and improving market fundamentals suggest that China's internet sector may continue to outperform.

Meanwhile, US-UK trade negotiations showed signs of progress, with President Trump announcing ongoing discussions with UK Prime Minister, Keir Starmer. The proposed phased deal focused on advanced technology collaboration. The focus on advanced technology aligns with both nations' goals to bolster their positions in the global tech landscape to drive economic growth and maintain a global competitive edge in these industries.

In the latter part of February, further negotiations around a potential mineral and peace deal between Ukrainian president Zelenskyy and US President Donald Trump took place, resulting in a heated discussion and Zelenskyy leaving the White House with an unsigned deal. The proposed Trump deal of gaining access to Ukraine's natural resources was met with resistance from Zelensky who expressed concerns over the potential economic impact on Ukraine's post war recovery and the lack of security guarantees against future Russian aggression. As a result, Zelenskyy left the White House without signing the agreement, stating that he was not prepared to "sell Ukraine away" and emphasizing the need for a deal that balanced both economic and security considerations.

Fun fact for the month of February

A US penny costs more money to make than it is worth. A report released in 2023 showed that it cost almost 3.1 cents to make a penny. Why the increase? Part of the rise could be the higher prices of copper and zinc, both of which are used to make pennies. So, next time you think about leaving pennies behind, consider keeping them for their metal content rather than their face value.

Market indicators

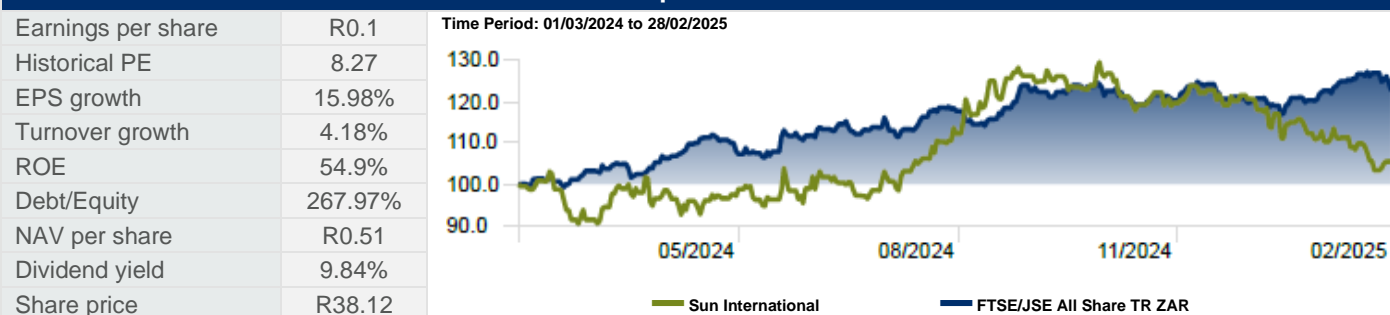
Index	Value		Feb (%)		YTD (%)
All Share	85,943	▼	0.0%	▲	2.3%
S&P 500	5,955	▼	1.3%	▲	1.4%
FTSE 100	8,810	▲	2.0%	▲	8.3%
Rand/USD	19	▼	0.5%	▼	1.6%
Rand/GBP	23	▲	0.8%	▼	1.0%
Gold (\$)	2,837	▲	0.9%	▲	7.9%
Plat (\$)	932	▼	9.8%	▲	4.3%
Brent (\$)	73	▼	4.7%	▼	2.0%

CCM rates

Fund	Balance	Rate
CALL ACCOUNT	0.00 – 9 999.99	7.15%
	10 000 – 24 999.99	7.15%
	25 000 – 49 999.99	7.15%
	50 000 – 99 999.99	7.15%
	100 000 – 249 999.99	7.15%
CALL MONEY FUND: <i>Individuals</i>	250 000 – 999 999.99	7.43%
	1 000 000 – 9 999 999.99	7.43%
	10 000 000 upwards	7.43%
CALL MONEY FUND: <i>Non-individuals</i>	250 000 – 999 999.99	7.13%
	1 000 000 – 9 999 999.99	7.13%
	10 000 000 upwards	7.13%

Company results

Sun International – Interim financial results for the period ended 30 June 24



Nature of business

Sun International Ltd. engages in the investment and management of hotel, casino, and entertainment properties. It operates through the net gaming wins and revenue from contracts with customers segments. The company was founded on July 11, 1967 and is headquartered in Johannesburg, South Africa.

Latest results

Sun International reported revenue of ZAR 6 billion for the interim period end of June 2024, reflecting a 4% increase from the previous interim period. Adjusted EBITDA rose 2% year-over-year (YoY), climbing from ZAR 1.57 billion to ZAR 1.6 billion. During this period, the company expressed plans to expand its customer base in the gaming industry through Sunbet, leveraging its strong brand and market presence. Online gambling is a capital light and easily scalable industry. The segment can be a strong contributor to returns for Sun International in the years to come if they manage to appeal to customers in a very competitive space.

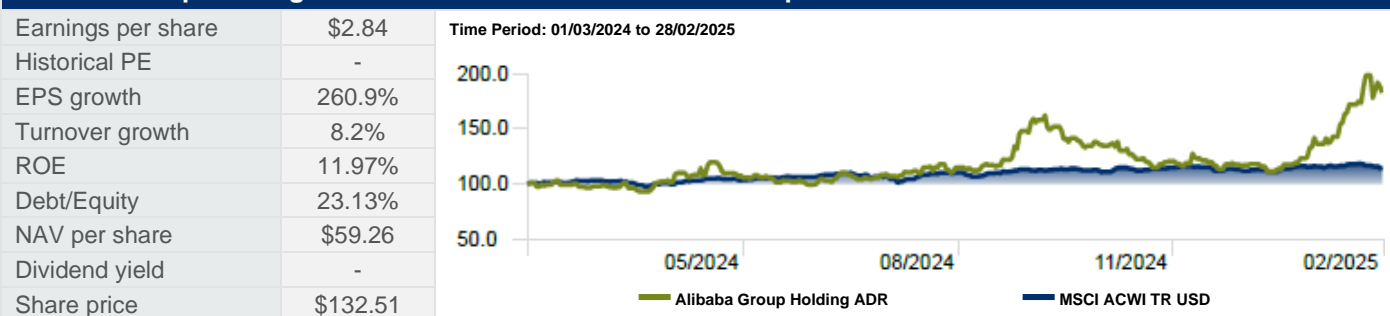
Ahead of the 31 December 2024 results release, Sun International has issued a trading statement projecting headline earnings per share (HEPS) growth of 14.1%–14.7%. They have also reaffirmed that Sunbet's growth trajectory looks to be on track to meet its ambitious 2028 EBITDA target of ZAR 900 million.

Looking ahead, we hope to see Sun International continue to deleverage their balance sheet alongside operational improvements, supported by reduced load shedding and a favourable interest rate environment which was seen in the latter part of the 2024 year and has continued in 2025.

Dividend

In 2024, Sun International declared an interim cash dividend of 161 ZARc per share. We are expecting a slightly higher final dividend, which will result in a dividend yield of roughly 10%. This reflects the company's commitment to returning value to shareholders.

Alibaba Group Holding ADR – Financial results for the third quarter end 31 Dec 2024



Nature of business

Alibaba Group Holding Ltd. engages in providing technology infrastructure and marketing reach. It operates through the following business segments: China Commerce, International Commerce, Local Consumer Services, Cainiao, Cloud, Digital Media and Entertainment, and Innovation Initiatives and other segments. The Core Commerce, the China Commerce, and the International Commerce segment focuses on international commerce retail and wholesale businesses. The Local Consumer Services segment is involved in "To-Home" businesses, which include Ele.me, local services and delivery platform, and Taoxianda, and "To-Destination" segment businesses which include Amap, the provider of mobile digital map, navigation and real-time traffic information, and restaurant and local services guide platform. The Cainiao segment has Cainiao Network and offers domestic and international one-stop-shop logistics services and supply chain management solutions. The Cloud segment includes Alibaba Cloud and DingTalk. The company was founded by Chung Tsai and Yun Ma on June 28, 1999 and is headquartered in Hangzhou, China.

Latest results

Alibaba's Q4 results demonstrated substantial progress in their user-first, AI-driven' strategies and the re-accelerated growth of their core businesses. During this quarter, customer management revenue at Taobao and Tmall Group grew 9% because of initiatives to enhance user experience and effective monetization. Their cloud revenue growth reignited to double digits at 13%, with AI-related product revenue achieving triple-digit growth for the sixth consecutive quarter. Looking ahead, we believe that the AI tailwinds and Alibaba's development of their own customary chips through their research arm, Damo academy, will enable them to streamline their operations and enhance their competitiveness within the global AI race.

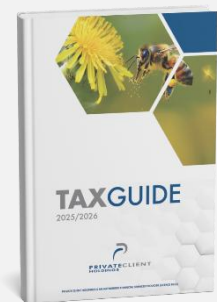
Dividend

Alibaba does not pay a dividend. Instead, it uses the capital to reinvest in the business for future growth. Much of this reinvestment goes into research and development.

Snippets

PCH Tax Guide - We are delighted to finally share our 2025 / 2026 Tax Guide

Finance Minister, Enoch Godongwana, finally delivered the 2025 Budget Speech on 12 March 2025, following a postponement from 19 February 2025. Intense negotiations, particularly with regards to the proposed 2% VAT increase has resulted in a slightly revised budget. To find out all the details from the budget speech, [read our PCH Tax Guide for 2025 / 2026 here.](#)



Some of the key points include:

- **VAT Increase.** As from 1 May 2025, the VAT rate will increase by 0,5% to 15,5%. As from 1 April 2026, this rate will be further increased by 0,5% to 16%.
- **Asset-for-Share Transactions with Collective Investment Schemes.** The tax treatment of CIS as part of corporate restructuring will be reviewed.
- **VAT Treatment of Temporary Letting of Residential Property.** The VAT consequences of temporary letting by developers will be reviewed.
- **Audit Certificate for Public Benefit Organisations.** Clarity will be provided in respect of audit certificates to be issued for PBO's to ensure the validity of section 18A certificates.
- **Transfer Duty Increase.** The thresholds for Transfer Duty are adjusted by 10% for inflation.

Dividends payable

Dividends in LDT order

Company	Decl	LDT	Pay	Amt	Curr
Capricorn Group Ltd. (CAP GROUP)	28-Feb	13-Mar	04-Apr	64	NADc
Capitec Bank Holdings Ltd. (CAPITEC-P)	28-Feb	17-Mar	24-Mar	468.99	ZARc
Northam Platinum Holdings Ltd. (NORTHAM)	28-Feb	17-Mar	24-Mar	15	ZARc
NEPI Rockcastle NV (NEPIROCK)	25-Feb	17-Mar	11-Apr	27.05	EURc
Safari Investments RSA Ltd. (SAFARI)	28-Feb	17-Mar	24-Mar	34	ZARc
Santam Ltd. (SANTAM)	03-Mar	17-Mar	24-Mar	985	ZARc
Truworths International Ltd. (TRUWTHS)	27-Feb	17-Mar	24-Mar	317	ZARc
FirstRand Namibia Ltd. (FNB HOLDINGS)	20-Feb	20-Mar	11-Apr	192.32	NADc
Oryx Properties Ltd. (ORYX)	04-Mar	20-Mar	11-Apr	52.5	NADc
Bowler Metcalf Ltd. (BOWCALF)	04-Feb	25-Mar	31-Mar	25	ZARc
Bid Corporation Ltd. (BIDCORP)	26-Feb	25-Mar	31-Mar	560	ZARc
British American Tobacco plc (BATS)	13-Feb	25-Mar	07-May	60.06	GBPp
The Bidvest Group Ltd. (BIDVEST)	03-Mar	25-Mar	31-Mar	470	ZARc
Cashbuild Ltd. (CASHBIL)	05-Mar	25-Mar	31-Mar	326	ZARc
Discovery Ltd. (DISCOVERY)	04-Mar	25-Mar	31-Mar	87	ZARc

Finbond Group Ltd. (FINBOND)	21-Feb	25-Mar	31-Mar	9.57	ZARc
Italtile Ltd. (ITLTILE)	03-Mar	25-Mar	31-Mar	28	ZARc
Primary Health Properties plc (PHP)	11-Mar	25-Mar	09-May	1.78	GBPp
Putprop Ltd. (PUTPROP)	07-Mar	25-Mar	31-Mar	7	ZARc
Shoprite Holdings Ltd. (SHOPRIT)	04-Mar	25-Mar	31-Mar	285	ZARc
Spur Corporation Ltd. (SPURCORP)	05-Mar	25-Mar	31-Mar	106	ZARc
Woolworths Holdings Ltd. (WOOLIES)	05-Mar	25-Mar	31-Mar	107	ZARc



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