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OUR

MONTHLY REPORT

July 2025 Market Commentary

July 2025

Market Insights

GLOBAL MARKET OVERVIEW – JULY 2025

In July 2025, global markets experienced notable activity influenced by trade developments, strong corporate earnings, and tariff policy changes across major economies such as the US, UK, and China. These factors combined to shape positive market movements and investor optimism.

The US stock market performed well, with the S&P 500 rising approximately 2.17%, marking its third consecutive month of gains and reaching new record highs. Technology and AI sectors were particularly strong drivers behind this growth. The Dow Jones Industrial Average also saw modest increases. Trade agreements with countries like Vietnam, Japan, and the European Union helped reduce trade tensions and uncertainty, supporting market rallies. Meanwhile, tariff adjustments involved raised duties on Canada, India, and Brazil, alongside temporary pauses on certain levies to facilitate ongoing negotiations. The Federal Reserve maintained steady interest rates during the month, while the US economy showed positive signs in employment and corporate earnings.

The UK witnessed solid gains as the FTSE 100 climbed nearly 4%, surpassing the 9,000 mark for the first time. Optimism around US-UK trade relations, along with strength in sectors such as aerospace, defense, and AI, contributed to the market's rise. However, overall business sentiment was cautious due to modest GDP growth projections and weak manufacturing output. Despite this, mining and financial sectors provided some positive momentum.

China's stock markets demonstrated resilience amid ongoing uncertainties in US-China trade talks. The Shanghai Composite Index increased approximately 3.57% during July and has risen more than 27% year-over-year, with technology stocks leading the rally. Consumer price inflation remained stable, though producer prices continued to fall. Trade negotiations with the US persisted, with hopes for easing export restrictions on AI technology. Other global markets in the Asia-Pacific region also posted gains following announcements of US tariff pauses, with indices like Japan's Nikkei and South Korea's KOSPI trending upward. Developed markets overall rose about 1.3%, with small-cap stocks performing well early in the month before large caps regained leadership.

In July 2025, inflation rose again in the US, reaching 2.7% annually in June, with higher prices for food, transport, and used cars. Tariffs made some goods like furniture and clothing more expensive. In the UK, inflation stayed steady but was still a concern due to energy and supply costs. Europe also faced ongoing inflation problems, mainly from energy prices and supply issues. The European Central Bank kept interest rates the same, being careful because of these inflation pressures and slower growth.

Emerging market equities advanced 2.0%, outperforming developed markets. Greater China and South Korea were particularly strong contributors. Taiwan continued to benefit from the ongoing AI infrastructure boom, while sentiment in mainland China improved due to better liquidity conditions, rising credit growth, and stronger-than-expected activity data. Meanwhile, commodities saw mixed performance. Steel and iron ore prices rose, supporting EM exporters. However, copper came under pressure after the U.S. proposed a 50% tariff on imports before later exempting refined metals. The broad Bloomberg Commodities Index declined 0.5% for the month.



South Africa



Global markets continued their strong performance in July, buoyed by surprising earnings results and persistent optimism on rate cuts—setting a supportive backdrop for local assets. Yet beneath headline equity gains, South Africa moved decisively on policy (notably a tighter inflation mandate), while economic indicators and external risks continued to temper expectations. South African equities rose 2.3% in July—outpacing developed markets (+2.0%) but slightly trailing other emerging markets. The resource sector led the charge (+5.1%), propelled by miners such as Sibanye, Northam, and Impala, as platinum prices held onto earlier gains. Key heavyweight counters also added value: BAT (+14.7%), Prosus (+5.0%), and MTN (+8.9%). Richemont, however, weighed on the index with a sharp -10.6% decline due to headwinds in its luxury portfolio.

July marked a landmark moment for monetary policy. The South African Reserve Bank (SARB) delivered a second straight 25 bps rate cut, bringing the repo rate to 7%, in a unanimous decision by all six MPC members. More strikingly, the SARB published only its projections under a 3% inflation target—effectively signaling a de facto shift away from the prior 3–6% band. Markets reacted strongly, with bond yields falling sharply—even during the statement’s release—marking the biggest bond-market move on MPC Day in over eight years.

After three consecutive months below the SARB’s target band, headline inflation edged up to 3.0% in June, slightly below consensus of 3.1%. Core inflation remained an impressive 2.9%. Food inflation, particularly meat prices, continued to exert upward pressure, contributing 0.8% to headline inflation. With July’s data to include once-off costs like electricity and water, a modest uptick is anticipated, signaling a potential shift in the inflation cycle. Apart from resource strength, notable moves included high performers such as BAT, driven by consumer resilience, Prosus, buoyed by tech appetite, and MTN. On the downside, luxury brand Richemont declined amid currency and spending pressures.

The All-Bond Index delivered a 2.7% return in July, bucking the global trend of rising yields. Local bond yields declined as markets digested the SARB’s policy shift toward a lower inflation anchor. The move also sparked a lowering of long-term rate expectations: markets now price the repo rate to fall to around 6% by late 2026—but the pace and timing remain subject to economic data and fiscal developments.

The rand was the worst-performing major EM currency, weakening 2.5% vs the U.S. dollar despite the inflation-target shift. Pressures included renewed global dollar strength and fragmented domestic sentiment. Commodity performance remained mixed: platinum retraced after its June surge (down ~3.1%) but retained strong YTD gains; Brent crude rose ~7% early in the month before easing.

While global equities generally shrugged off geopolitical storms, regional risk remains relevant. Israel’s Operation Rising Lion—an air and missile campaign targeting Iran’s nuclear sites—has rattled energy markets and investor risk appetite. Local markets have so far weathered the uncertainty, though prolonged instability remains a key external risk.

July delivered a mix of policy milestones and economic ambiguity. The SARB’s bold anchoring of expectations around a 3% inflation target—and backed by a rate cut—caught many by surprise, delivering relief to bond markets. That said, growth remains tempered by weak PMIs, constrained infrastructure, and structural inertia. With inflation poised to inch upward again, the central bank may pause—making execution of future cuts contingent on macro stability and fiscal reform. In this environment, active asset allocation, valuation discipline, and sectoral selectivity remain paramount.

The Iza Portfolios

Iza Global Balanced Fund

The IZA Global Balanced Fund had a strong month of rebound with the dollar strengthening against pounds during the last week of July. The fund finished with a 3.95% return in pounds outperforming the EAA Fund GBP Flexible Allocation and other global peers as compared to a flat return in dollar for the month. Our Strategic decision to split the iShares Core MSCI holdings between the dollar and pound class played well during this period of uncertainty contributing 48bps for the month. Our diversified positioning has helped the portfolio generate significant upside in July. China contributed 68bps to the fund’s return this month which was hugely attributable to the timely entry in February. The gain in the Chinese market was mainly driven by strong performance in technology stocks and optimism about easing US export restrictions on AI chips amid ongoing trade talks. Stable consumer inflation and increased mainland investment in Hong Kong stocks boosted IPO activity and market liquidity. The potential US-China summit contributed to elevated investor confidence.

While the outlook for China’s market is cautiously positive but uncertain, foreign investor interest and gains in some sectors like technology and infrastructure point to continued growth, domestic sentiment remains cautious due to slow economic growth and limited stimulus impact. We continue to maintain a cautious stance without any drastic changes to the portfolio positioning.

Iza Global Equity Fund

The IZA Global Equity fund was up 4.50% in pounds and up 0.50% in dollars in July. The iShares core MSCI World contributed 78bps to fund’s performance along with Scottish mortgage, 51 bps, Guinness Global Innovators contributing 48bps. The major performance was broadly from the technology and innovation sector. From the major underperformance since the start of year, Nomura has been catching up the last few months and has delivered an impressive 6.83% return contributing 68bps for the month demonstrating the core portfolio positioning selection. The global developed equities gained 1.3% in July, reaching new all-time highs. Small-cap stocks performed well early in the month, rising 1.2% on expectations that the fiscal package would benefit domestic businesses. Later, large-cap equities regained leadership as earnings from U.S. mega-cap firms surpassed expectations. Growth stocks outperformed value, with gains of 2.1% versus 0.5% respectively. The strong performance of technology and cyclical sectors reflected optimism about the economic impact of fiscal stimulus and a still-robust labor market backdrop.

Key Performance Highlights across both funds

The iShares Core MSCI World ETF had a strong month delivering a 6.11% return. Reflecting its popularity as a core global equity exposure, the iShares Core MSCI World UCITS ETF outperformed in July 2025 primarily due to strong inflows of investor capital and positive market sentiment towards global developed equities. People felt more confident about investing in global developed stock markets with eased trade tensions as the US made new trade deals with countries like Vietnam, Japan, and the EU, which reduced worries about a big trade war and made future trade policies clearer and more stable. Strong company profits, especially from big US tech firms, helped boost stock prices. Good job numbers and a steady economy also made investors feel positive, even with some ongoing world issues and inflation. The US passed a big stimulus bill called the "One Big Beautiful Bill Act" (OBBBA), which was expected to help the economy grow. Smaller companies saw gains early in the month based on hopes for lower interest rates and fewer geopolitical worries, before attention shifted back to bigger companies. We believe that this ETF provides us exposure to the vast majority of big names in the developing sectors and its performance has been up to the mark.

The Nomura High Conviction Fund bounced back in July 2025 due to the biggest stock holdings, especially in technology and industry. The fund was able to benefit more from these stocks concluding the month with a 6.83% return. The outperformance was driven by the diversified global stock gains, especially in key developed markets, and investor appetite for stable, core equity exposure amid geopolitical and economic uncertainties.

The Prescient China Balanced Fund had an incredible month delivering an 8.90% return in July 2025 due to strong performance in Chinese technology stocks fueled by optimism over eased export controls on AI chips, increased investor activity and government stimulus measures supporting key sectors. Stable consumer inflation and positive economic data added to investor confidence, while ongoing US-China trade talks raised hopes for reduced tensions. These combined factors drove the fund's positive results for the month.

Scottish Mortgage was up 6.19% and T. Rowe Price was up 5.55% respectively for the month. Both Scottish Mortgage and T. Rowe Price funds gained due to strong performance in technology and growth sectors. Scottish Mortgage benefited from key investments in innovative tech companies, while T. Rowe Price saw gains from solid corporate earnings and positive investor sentiment toward growth stocks. Both funds were boosted by a broad market rally and easing trade tensions.

Detractors in the Iza Global Balanced Fund:

The only detractor for the IZA Global Balanced Fund was Rubrics Enhanced Yield, down 0.28% for the month. The global aggregate bond index fell by 1.5 percent in July, pressured by rising yields and U.S. dollar strength. Bond markets began to factor in the implications of sustained fiscal expansion under the One Big Beautiful Bill Act, leading to a repricing of term premia across yield curves. In the U.S., the Federal Reserve kept policy rates unchanged, but Treasury yields rose as markets absorbed the higher-than-expected Treasury issuance outlook and better growth data.

In the eurozone, 10-year yields edged higher following a better-than-expected composite PMI reading of 51.0. The European Central Bank held its deposit rate steady, citing ongoing inflation uncertainties. In the United Kingdom, June CPI data came in hotter than forecast, with headline inflation rising to 3.6 percent year-over-year. This pushed 10-year gilt yields up to 4.6 percent by month-end. Japan posted the weakest major bond market performance. After the ruling party lost its upper house majority, investors became concerned about political stability and fiscal restraint. Japanese 10-year yields reached 1.6 percent, the highest level since 2008.

Detractors in the Iza Global Equity Fund:

Clearance Camino was down 2.48% in July largely due to investors' concerns about ongoing world uncertainties and inflation. European REITs fell 3.8%, US REITs dropped 0.8%, and the global REIT index was down 0.6%.

Investor sentiment in July benefited from a more coherent policy environment. With trade disputes giving way to structured agreements and fiscal policy taking center stage, markets appeared to regain some composure. However, the rally left equity valuations elevated, with global price-to-earnings ratios around 20 times, above the historical average of 16 times. Keeping in mind a large portion of this is distorted by large cap tech.

Investors now appear to be pricing in a favorable macro scenario, fiscal expansion supporting growth, AI boosting productivity, and inflation remaining under control. But risks remain. A resurgence in inflation, Trump drama or delays in the economic impact of fiscal policy could disrupt this balance.

In this context, we maintain that diversification remains crucial. Portfolios should reflect both opportunity and caution, balancing exposure to U.S. growth sectors with allocations to regions and asset classes that offer more attractive valuations or defensive properties. Active management will be key in navigating a landscape shaped by policy flux, geopolitical tension, and evolving monetary conditions.

Funds' Performance Summary

Quote of the Month

"It's not whether you're right or wrong that's important, but how much money you make when you're right and how much you lose when you're wrong."

George Soros

As of 31 July 2025 - GBP	1 Month	3 Months	YTD	1 Year	3 Years	5 Years
IZA Global Stable Portfolio GBP	2.40	5.27	3.02	5.20	5.42	3.02
Iza Global Equity A GBP Acc	4.50	11.61	3.56	6.00	5.88	3.11
Iza Global Balanced A GBP Acc	3.95	8.14	2.98	5.65	4.98	3.06
EAA Fund GBP Flexible Allocation	1.63	5.42	4.77	5.90	4.32	4.15
EAA Fund GBP Allocation 20-40% Equity	1.35	3.93	4.10	5.41	3.78	2.59
As of 31 July 2025 - USD						
Iza Global Equity A USD Acc	0.50	9.93	9.27	8.89	8.79	2.43
Iza Global Balanced A USD Acc	0.00	6.54	8.69	8.55	7.80	3.04
EAA Fund USD Flexible Allocation	0.81	6.32	6.37	7.82	6.63	4.87
EAA Fund USD Cautious Allocation	0.48	3.50	4.74	6.18	4.72	2.65
As of 31 July 2025 - ZAR						
IZA Global Stable Portfolio GBP	0.62	1.36	4.31	7.74	11.41	4.44
Prime Iza Global Equity FF B	2.35	6.41	3.87	7.66	11.44	-
Prime Iza Global Balanced FF B	2.31	3.38	3.50	7.07	10.12	3.15
EAA Fund GBP Flexible Allocation	-0.13	1.50	6.09	8.45	10.24	5.59
EAA Fund GBP Allocation 20-40% Equity	-0.41	0.07	5.40	7.96	9.68	4.00

*The 5-Year performance information is based on back-tested performance of hypothetical investments.

Asset Class Performance (Base Currency)

As of 31 July 2025	1 Month	3 Months	YTD	1 Year	3 Years	5 Years
SA Indices						
STeFI Call Deposit ZAR	0.60	1.80	4.27	7.71	7.59	6.03
FTSE/JSE All Share TR ZAR	2.27	7.97	19.35	23.20	17.04	16.36
FTSE/JSE All Share PR ZAR	2.17	7.57	17.15	19.04	12.64	12.07
FTSE/JSE All Bond TR ZAR	2.73	7.95	9.53	16.97	13.47	11.36
Major Equity Indices						
S&P 500 NR USD	2.22	14.09	8.34	15.87	16.58	15.36
MSCI World NR USD	1.29	11.91	10.88	15.72	15.83	13.78
MSCI ACWI NR USD	1.36	11.99	11.54	15.87	15.25	12.79
Global REITS						
FTSE EPRA Nareit Global NR USD	-1.00	2.55	5.26	4.14	0.60	3.46
Global Fixed Income						
NYSE US 10 Yr Treasury Futures PR USD	-0.95	-1.07	2.05	-1.38	-4.06	-4.63
Bloomberg 20-30Y Treasury Strips TR USD	-1.67	-2.93	-1.20	-9.33	-10.13	-14.66
Commodities						
DJ Cmmnty Silver TR USD	1.87	12.05	25.18	25.46	21.49	7.84
DJ Cmmnty Precious Metals TR USD	0.24	2.19	25.16	33.34	22.48	9.95
DJ Cmmnty Crude Oil TR USD	8.86	25.64	6.35	4.49	0.10	23.04





Get in touch

Feel free to say hello or ask any questions

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