



WHAT'S INSIDE

- >> GLOBAL MARKET OVERVIEW AND MARKET OUTLOOK FOR 2025
- >> SOUTH AFRICA
- >> THE IZA PORTFOLIOS
- >> FUNDS' PERFORMANCE SUMMARY
- >> ASSET CLASS PERFORMANCE (BASE CURRENCY)

OUR

MONTHLY REPORT

August 2025 Market Commentary

August 2025



Market Insights

GLOBAL MARKET OVERVIEW – AUGUST 2025

August 2025 was a strong month for the U.S. stock market, with the S&P 500 rising approximately 1.9% and hitting multiple record highs. The Dow Jones Industrial Average outperformed with a 3.2% gain, while the NASDAQ also posted gains and reached all-time highs. The S&P 500's year-to-date return stood near 9.84% at the end of August, supported by solid earnings growth and record sales. Materials led the sectors with a 5.59% gain, while communication services and consumer discretionary also showed strength. Utilities was the weakest sector for the month but still recorded positive returns year-to-date. Overall, nine of the eleven S&P 500 sectors prospered in August. Mega-cap tech stocks were pivotal in driving this market rally, especially the "Magnificent Seven" — Alphabet, Amazon, Apple, Broadcom, Meta, Microsoft, and Nvidia. These giants contributed between one-third and nearly half of the S&P 500's overall gain for August. Nvidia's market cap alone surged by about \$900 billion after expanded AI-related sales approvals. Their robust earnings, AI innovation leadership, and positive trade developments overshadowed weaker sectors, maintaining momentum for tech-heavy indexes like the NASDAQ. Despite some volatility days, mega-cap tech remained the dominant force lifting the market.

Emerging markets showed resilience with modest gains of about 1.5% in August. China's strong performance—boosted by economic stimulus and plans to expand chip supply—was a major support alongside gains in Latin America. Other EM markets faced headwinds from tariffs and tax reforms but benefited from expectations for Fed rate cuts, a weakening US dollar, and attractive valuations, encouraging investor inflows. China's stock market surged, with indices like the Shanghai Composite gaining 8% and the ChiNext Index soaring about 24%. Key sectors included computing power and semiconductors, amid strong institutional buying and policy support. However, concerns about market bubbles linger due to speculative buying beyond economic fundamentals.

Trade tensions escalated as the US imposed tariffs up to 50% on many Indian imports effective August 27, 2025. This targeted India due to its energy ties with Russia, affecting a wide range of Indian export sectors and complicating bilateral relations. India is exploring measures to mitigate economic impact.

Geopolitical tensions such as the protracted Russia-Ukraine war, US-China competition, and North Korean actions continued to inject uncertainty and volatility into global markets. Energy prices fluctuated, precious metals gained as safe havens, and supply chain disruptions pressured agricultural commodities. This fragile backdrop suggests cautious market sentiment going into September.

Interest rates were mostly steady across major economies in August. The U.S. Federal Reserve held rates at 4.25%-4.50%, with some dissent for cuts. The Bank of England maintained 5.25%, Japan continued its ultra-loose policy near zero or negative rates, and China kept benchmark rates steady. Emerging markets mostly paused hikes or cut modestly, while the European Central Bank held at 4.00%.

August 2025 presented robust equity market gains powered by mega-cap tech and solid earnings, steady interest rates, persistent geopolitical risks, and mixed trade dynamics. As markets move into historically challenging September territory, cautious optimism prevails, anchored by strong fundamentals but shadowed by potential volatility and trade uncertainties.

South Africa



Global markets moved higher in August, though the undercurrents were far from calm. Wall Street advanced on the back of robust corporate earnings and fading inflationary pressures, while European equities outperformed their US counterparts, driven by strong banking profits, though political tension in France weighed on sentiment. In Asia, Chinese markets extended their rally as Beijing reiterated growth pledges and the tariff truce with Washington held.

Washington provided the month's most disruptive news. President Donald Trump's dismissal of Federal Reserve Governor Lisa Cook challenged the central bank's independence and triggered a legal test case over institutional integrity. Markets interpreted the firing as political pressure for looser policy. The US dollar weakened to multi-month lows, Treasuries rallied on expectations of imminent rate cuts, and gold surged to fresh highs as investors sought cover from political risk. Oil drifted lower on softer demand signals despite new tariffs on imported fuels, while copper swung sharply after raw ore was spared from new US duties, but semi-finished products were taxed, prompting heavy selling before prices stabilized.

South African markets performed well in the improved global risk environment. The JSE advanced, with mining counters benefiting from firmer precious metal prices and stable industrial demand. Bonds extended their rally as moderating inflation and attractive real yields encouraged both local and offshore buyers. The rand recouped July's losses against the US dollar, defying ongoing tariff threats, supported by stronger commodity revenues and a generally more constructive tone across emerging markets.

On the monetary policy front, the South African Reserve Bank cut the repo rate by 25 basis points earlier in the quarter, to 7.00%, in a move aimed at supporting growth amid subdued domestic demand. The bank reaffirmed its long-run preference for inflation around the midpoint of its 3–6% target band and signaled that policy would remain data-dependent. Inflation printed at 3.0% year-on-year in June but is expected to accelerate toward 3.7% in July, driven by fading fuel price relief and a slight pick-up in food inflation. Rising price pressures through the remainder of 2025 could complicate the SARB's path to securing a lower inflation anchor, even as global monetary conditions turn more accommodative.

Asset class returns reflected this recovery:

- SA Bonds delivered the strongest local performance, returning +3.5% for the month and an impressive +23.6% year-to-date, as yields compressed alongside stabilizing inflation expectations.
- SA Equities followed closely, adding +2.8% for the month and +13.4% year-to-date, supported by resources and a gradual improvement in growth-sensitive counters.
- Property lagged, declining –0.7% in August but remaining marginally positive (+0.5% YTD) as investors remained cautious on structural and funding challenges in the sector.
- Globally, equities and bonds were both positive in ZAR terms (+0.5% and +0.8%, respectively), while global property slipped (–2.3%) on higher funding costs and weaker occupancy trends.
- The rand strengthened against major trading partners in August, with the USD and EUR both losing over 2% versus the ZAR.

Incoming domestic data for Q2 painted a cautiously optimistic picture. Retail sales moderated but remained solid for the quarter, while manufacturing and mining production surprised to the upside, suggesting GDP growth could outperform earlier forecasts. The labor market, however, remained a concern as unemployment edged higher, underscoring the fragility of the recovery.

Looking ahead, local markets enter September on firmer footing, but global monetary policy shifts, trade tensions, and local policy execution remain key risks. The supportive backdrop of softer global yields, stronger commodities, and rand resilience provides a near-term buffer, but structural reforms and sustained investment will be essential for translating these market gains into lasting economic momentum.

The Iza Portfolios

Iza Global Balanced Fund

IZA Global Balanced Fund was slightly down 0.05% in GBP in August and up 2.20% in USD outperforming its benchmark. The fund has been consistently ranking in the top two quartiles. While the USD class has been outperforming, the GBP class has been struggling due to the extreme currency movements. The US dollar continued its weakening trend against the British pound, driven by a notable divergence in monetary policy approaches between the Federal Reserve and the Bank of England. The Fed's indication of a pause or slowing in further rate hikes, prompted by easing inflation and slower US growth, contrasted with the Bank of England's maintained hawkish stance, providing ongoing support for sterling. However, the pound's momentum against the dollar is expected to persist near current levels, trading within a range roughly between 1.34 and 1.36. While we are closely monitoring the currency shifts, we also remain proactive on the active management of the currency risk. Overall, the underlying's have delivered some fair performance amidst the geopolitical tensions, tariff wars and the anticipation of rate cuts. The portfolio has gained some significant performance from our Prescient China Balanced Fund holding and Gold where we still maintain a bullish view while some analysts have started putting forth some bearish cases with some potential retraction in gold prices as markets start to stabilize and investor risk appetite start to shift. We believe that the IZA Global Balanced Fund is well diversified both sector and allocation wise to face any market headwinds.

Iza Global Equity Fund

IZA Global Equity Fund was down 0.32% in GBP and up 1.92% in USD slightly lagging the benchmark. Our balanced exposure to different styles has limited the drawdowns during distress periods. Our recent addition, Ranmore global Equity has contributed significant boost (14 bps) to the portfolio performance in August. The fund's lower exposure to US stocks—around 21% helped to mitigate risks associated with the heavy concentration in US technology stocks that dominated the broader market. Ranmore's consistent long-term outperformance, with 1-, 3-, and 5-year returns substantially above global equity income sector averages, attracted investor interest and sustained buying momentum. Global equities delivered solid gains amid resilient economic data and an easing of inflation concerns. Some lagging equities were largely influenced by political instability, trade tensions, and sector rotation away from growth stocks. Sector performance favoured materials and value stocks, with the MSCI World Value Index outperforming the Growth Index. While the GBP share class was impacted by the currency, we believe that the fund is well positioned in terms of geography and asset allocation and are looking to add some more exposure to the emerging markets.

Key Performance Highlights across both funds

Contributors across both funds:

Prescient China Balanced Fund was up 3.06% in GBP in August. China contributed an aggregate of 25 -27bps to the fund performance. This positive performance from China was hugely driven by the signs of growth, especially in manufacturing and services. Manufacturing activity grew faster than expected due to higher new orders and exports, helped by a trade truce with the U.S. The services sector saw its fastest growth in over a year, supported by stronger demand both domestically and abroad. China's tech sector was up in August 2025 mainly due to strong investor confidence fueled by government policies supporting innovation and technology. The Shanghai stock market reached a decade high, driven by gains in semiconductor, artificial intelligence (AI), and computing power stocks. High growth in AI and semiconductor industries, along with strong financial results from key tech firms, helped push the market up. Investor optimism was also boosted by expectations for continued policy support and the role of high-tech industries as key drivers of economic growth in China's second half of 2025.

Dodge & Cox Stock Fund contributed 8bps to the fund performance and was up 9.01% on a year-to-date basis.

The SMT LN Trust delivered a neutral performance in August 2025 with its share price hovering near the upper end of its 52-week range. This steady upward trend reflects robust investor confidence amid a volatile market environment. The trust's focus on high-growth, innovative global companies—particularly leading technology giants linked to artificial intelligence and innovation—has been a key driver of its success. While Scottish Mortgage has been trading at a discount since May 2023, we have seen the discount becoming narrower with the active management, including strategic trimming of overvalued positions and a large-scale share buyback program started in 2024.

Detractors across both funds:

Guinness Global Equity was slightly down - 0.68% in August amid a broader market environment marked by sector rotation and economic concerns. The fund's exposure to European and emerging markets, regions facing heightened uncertainty, contributed to the softness in returns. We still believe that the fund remains well positioned to navigate ongoing macroeconomic challenges, with a portfolio structured to provide both defensive characteristics and long-term capital growth potential to add further upside to our portfolio.

Contributors in the IZA Global Balanced Fund:

iShares Core MSCI World GBP Hedged showcased a solid performance in August 2025, returning approx. 20.30% for the year while contributing 9bps to the fund performance in August. This result mirrored the gradual recovery and broad strength seen across developed markets, including the U.S., Europe, and Asia-Pacific, making the ETF a reliable indicator of global equity health. With diversified exposure to over 1,300 companies from 23 developed countries, IWDA continues to be favored by investors seeking comprehensive and stable long-term growth in developed equities. Its integration of ESG principles resonates with the growing demand for sustainable investments, contributing to its appeal. The SPDR Gold Shares ETF (GLD) delivered a positive return of approximately 2.68% in GBP, contributing 9bps to the fund performance and 21.75% on a year-to-date basis in GBP. The ETF benefitted from a weakening US dollar, low US Treasury yields, and safe-haven demand amid macroeconomic uncertainties and geopolitical risks. Investor inflows into gold-backed ETFs remained steady, supported by gold's role as a hedge against inflation and currency risk. Gold is positioned to continue benefiting from gold's traditional safe-haven status, balancing volatility with the hedging appeal of the metal in diversified portfolios

One of our structured products based on gold miners contributed 13bps to the fund performance. The VanEck Gold Miners ETF (GDX) delivered strong performance in August 2025, continuing its remarkable rally fuelled by multiple positive tailwinds in the gold sector. The ETF, which tracks the NYSE Arca Gold Miners Index, gained significantly as the gold mining industry benefited from rising gold prices and improving mining economics. GDX is expected to remain attractive due to ongoing macroeconomic uncertainties, potential monetary easing, and continued geopolitical risks supporting gold prices.

Detractors in the IZA Global Balanced Fund:

The segregated bond portion was down 0.85% in August and down 0.58% on a year-to-date basis. Fixed income markets reflected a risk-on tone. Investment-grade credit spreads narrowed, and the Bloomberg Global Aggregate Corporate Index gained 1.2 percent. Strong second-quarter earnings and rate cut expectations provided support, particularly in longer-duration paper. U.S. high yield outperformed European high yield, helped by firm PMI readings and strong earnings delivery. U.S. Treasuries posted a 0.9 percent gain, helped by dovish signals from the Jackson Hole symposium and lower-than-expected inflation data. However, the yield curve steepened as concerns about fiscal discipline and central bank independence led to higher long-end yields. In Europe, sovereign bonds were mixed. French bonds underperformed sharply due to political instability and fiscal concerns. France's near 6 percent budget deficit and lack of a credible consolidation path made it an outlier among major economies. Elsewhere in the eurozone, economic resilience supported moderate upward pressure on yields. Spain and France beat second-quarter GDP forecasts, while manufacturing PMIs signaled a possible exit from multi-year stagnation. UK Gilts were under pressure. Following the upside surprise in July inflation, short-term yields jumped as investors priced out further near-term rate cuts.

August delivered another month of solid asset class performance, aided by stabilizing inflation, constructive earnings, and modest economic growth. However, political interference in the U.S. Federal Reserve, rising concerns around fiscal sustainability in the U.S., France, and the UK, and skepticism about the productivity impact of AI investment all pose latent risks. Valuations remain elevated. The MSCI World trades above its historical average forward earnings multiple, and equity risk premiums are compressed. While central bank dovishness and corporate resilience support current pricing, volatility should be expected. In the current environment, active management will be essential to navigate a market. The opportunity set remains attractive, but selectivity, risk control, and geographic flexibility will determine long-term success.

Funds' Performance Summary

Quote of the Month

"The best way to measure your investing success is not by whether you're beating the market but by whether you've put in place a financial plan and a behavioural discipline that are likely to get you where you want to go."

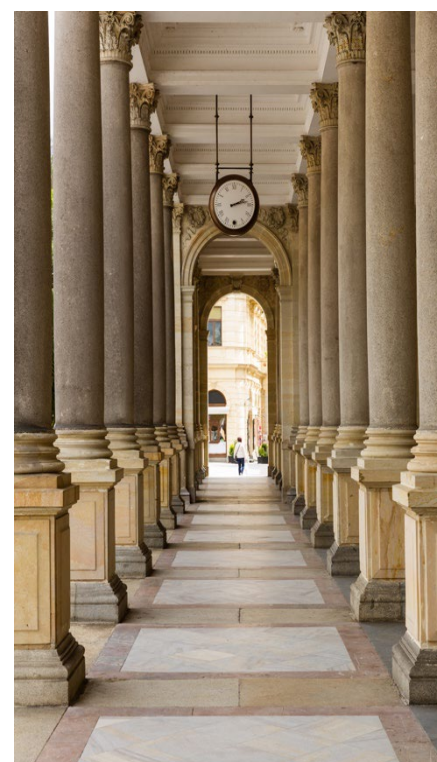
Benjamin Graham

| As of 31 August 2025 - GBP | 1 Month | 3 Months | YTD | 1 Year | *3 Years | *5 Years |
|---------------------------------------|---------|----------|-------|--------|----------|----------|
| IZA Global Stable Portfolio GBP | 0.00 | 3.56 | 3.02 | 4.71 | 6.12 | 2.62 |
| Iza Global Equity A GBP Acc | -0.32 | 6.10 | 3.22 | 5.50 | 6.78 | 1.93 |
| Iza Global Balanced A GBP Acc | -0.05 | 5.10 | 2.93 | 5.16 | 5.72 | 2.28 |
| EAA Fund GBP Flexible Allocation | 0.60 | 3.91 | 5.40 | 6.01 | 4.89 | 3.90 |
| EAA Fund GBP Allocation 20-40% Equity | 0.41 | 3.06 | 4.52 | 4.98 | 4.38 | 2.54 |
| As of 31 August 2025 - USD | | | | | | |
| Iza Global Equity A USD Acc | 1.92 | 6.45 | 11.37 | 8.53 | 12.25 | 1.31 |
| Iza Global Balanced A USD Acc | 2.20 | 5.48 | 11.08 | 8.20 | 11.07 | 2.34 |
| EAA Fund USD Flexible Allocation | 1.57 | 4.95 | 8.04 | 8.07 | 7.95 | 4.64 |
| EAA Fund USD Cautious Allocation | 1.11 | 3.20 | 5.90 | 5.95 | 5.69 | 2.66 |
| As of 31 August 2025 - ZAR | | | | | | |
| IZA Global Stable Portfolio GBP | -0.10 | 1.66 | 4.20 | 7.27 | 12.93 | 3.70 |
| Prime Iza Global Equity FF B | -0.22 | 4.16 | 3.64 | 6.75 | 12.13 | - |
| Prime Iza Global Balanced FF B | 0.06 | 3.49 | 3.56 | 6.31 | 11.00 | 2.16 |
| EAA Fund GBP Flexible Allocation | 0.50 | 2.01 | 6.62 | 8.60 | 11.63 | 5.00 |
| EAA Fund GBP Allocation 20-40% Equity | 0.30 | 1.17 | 5.72 | 7.55 | 11.09 | 3.62 |

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

Asset Class Performance (Base Currency)

| SA Indices | 1 Month | 3 Months | YTD | 1 Year | *3 Years | *5 Years |
|---|---------|----------|--------|---------|----------|----------|
| STeFI Call Deposit ZAR | 0.59 | 1.78 | 4.88 | 7.64 | 7.64 | 6.09 |
| FTSE/JSE All Share TR ZAR | 3.53 | 8.38 | 23.57 | 25.82 | 19.13 | 17.23 |
| FTSE/JSE All Share PR ZAR | 3.37 | 7.96 | 21.10 | 21.59 | 14.83 | 12.92 |
| FTSE/JSE All Bond TR ZAR | 0.75 | 5.87 | 10.35 | 15.11 | 13.64 | 11.33 |
| Major Equity Indices | | | | | | |
| S&P 500 NR USD | 1.99 | 9.52 | 10.50 | 15.43 | 19.01 | 14.23 |
| MSCI World NR USD | 2.61 | 8.41 | 13.78 | 15.68 | 18.50 | 12.89 |
| MSCI ACWI NR USD | 2.47 | 8.52 | 14.30 | 15.79 | 17.66 | 12.00 |
| Global REITS | | | | | | |
| FTSE EPRA Nareit Global NR USD | 4.22 | 4.34 | 9.70 | 2.46 | 4.14 | 3.88 |
| Global Fixed Income | | | | | | |
| NYSE US 10 Yr Treasury Futures PR USD | 1.24 | 1.52 | 3.32 | - 1.21 | - 2.50 | - 4.30 |
| Bloomberg 20-30Y Treasury Strips TR USD | - 1.30 | 0.71 | - 2.49 | - 13.05 | - 9.05 | - 13.83 |
| Commodities | | | | | | |
| DJ Cmmnty Silver TR USD | 9.87 | 21.92 | 37.54 | 38.25 | 30.77 | 6.46 |
| DJ Cmmnty Precious Metals TR USD | 6.10 | 8.61 | 32.80 | 38.52 | 26.83 | 10.66 |
| DJ Cmmnty Crude Oil TR USD | - 6.09 | 11.84 | - 0.12 | 1.74 | 0.84 | 20.29 |





Get in touch

Feel free to say hello or ask any questions

Address: JOHANNESBURG

Unit 23, 1 Melrose Boulevard, Melrose Arch,
Johannesburg 2076

CAPE TOWN

3rd Floor, Sable Corner, Conference Way,
Century City, Cape Town, 7441

Phone: +27 (0)10 615 0901

E-MAIL: info@izawealth.com



Iza Wealth

Iza Wealth is an Authorised Financial Services Provider
in terms of the FAIS Act (License No. 44013).

www.izawealth.com