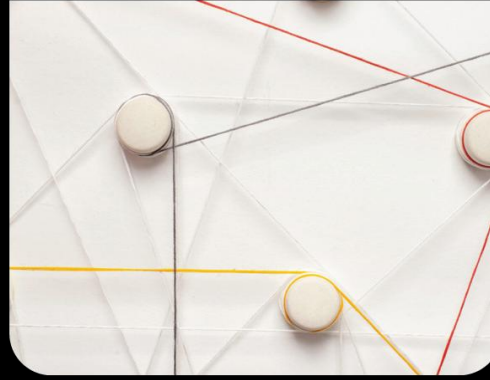


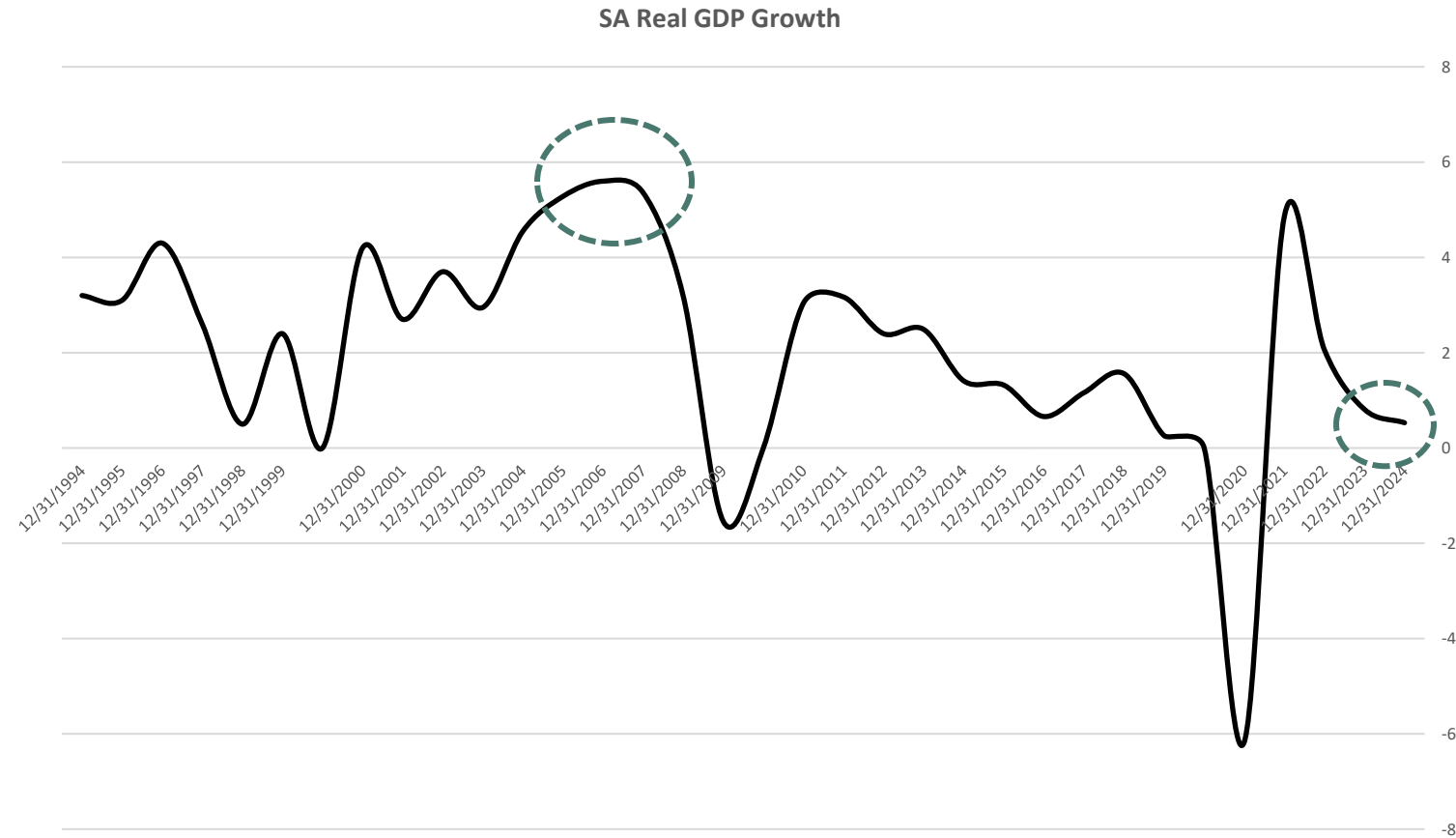
# Reform. Recovery. Re-rating?

Domestic equities remain priced for disappointment despite improving fundamentals



# Growth was strong then. Foundations may be better now.

The headline suggests weakness — but the underlying conditions tell a different story



- 2005–07: sustained 5%+ GDP growth
- Today: growth closer to 1–2%
- On the surface, the economy appears weaker
- But GDP reflects outcomes, not underlying conditions

Source: Bloomberg and Vunani Fund Managers. Data as at 31-Dec-25.

# Stronger foundations — but growth has not followed

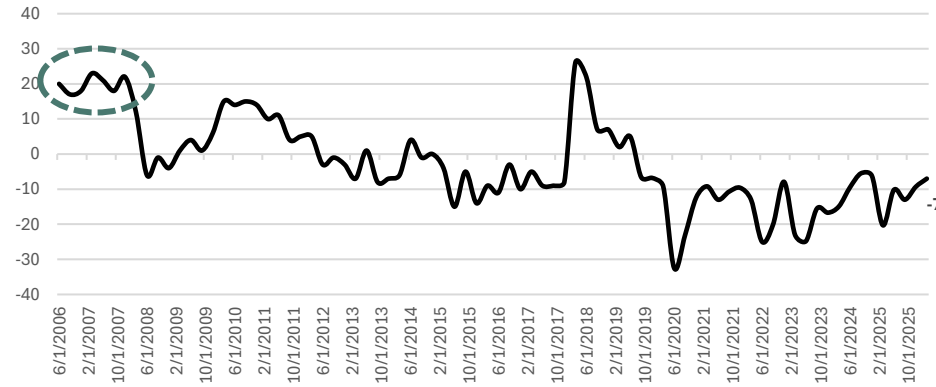
Stability has improved, but demand, confidence and employment remain constrained

South Africa Inflation Rate (%)



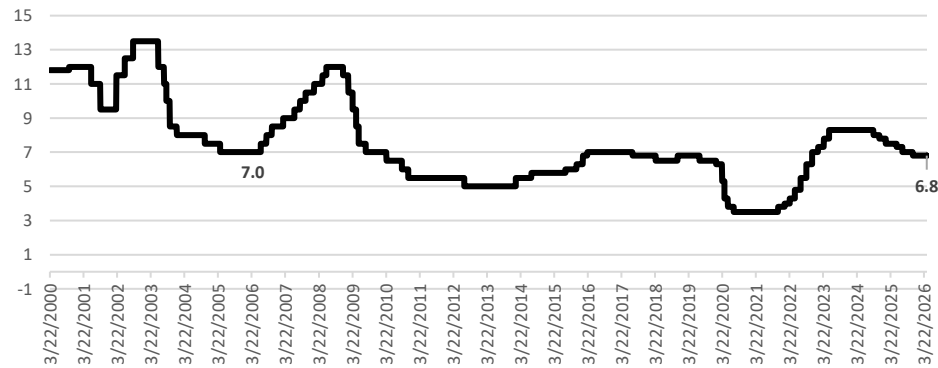
Source: Bloomberg and Vunani Fund Managers. Data as at 31-Mar-26.

South Africa Consumer Confidence



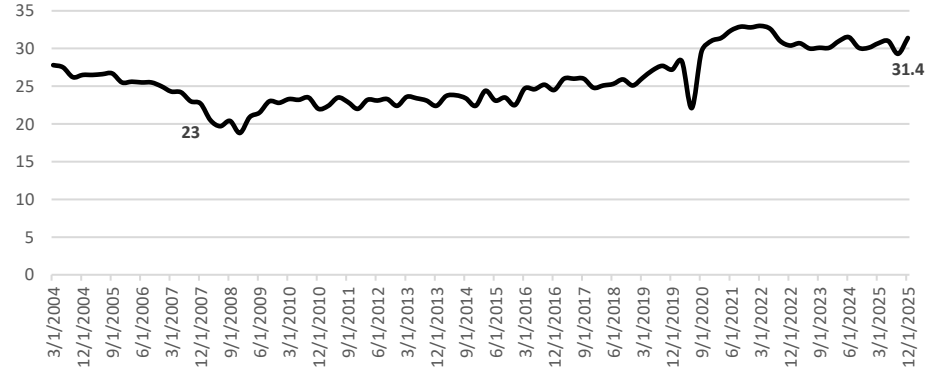
Source: Bloomberg and Vunani Fund Managers. Data as at 31-Mar-26.

South Africa Repo Avg Rate (%)



Source: Bloomberg and Vunani Fund Managers. Data as at 22-Apr-26.

South Africa Unemployment Rate



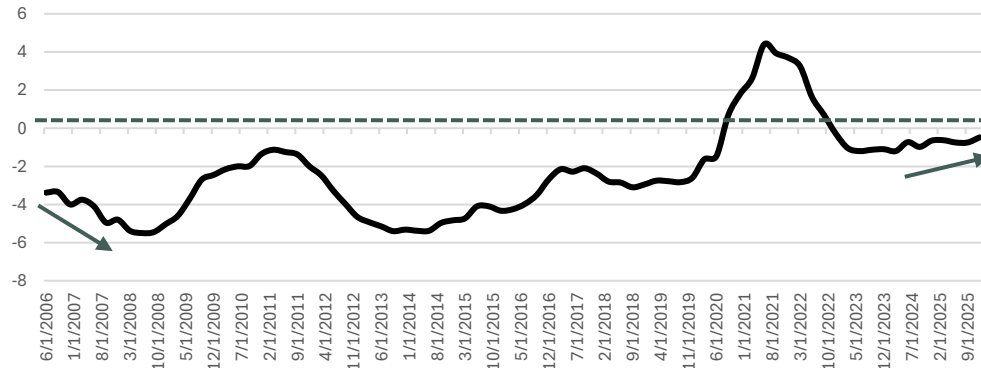
Source: Bloomberg and Vunani Fund Managers. Data as at 31-Dec-25.

- Inflation structurally lower vs 2005–07
- Policy credibility improved
- Confidence remains subdued
- Unemployment is structurally high
- Household balance sheets are healthier — but consumers remain cautious

# Macro risk has shifted from external to fiscal

External vulnerabilities have improved — fiscal risks have increased

South Africa Current Account Percent GDP



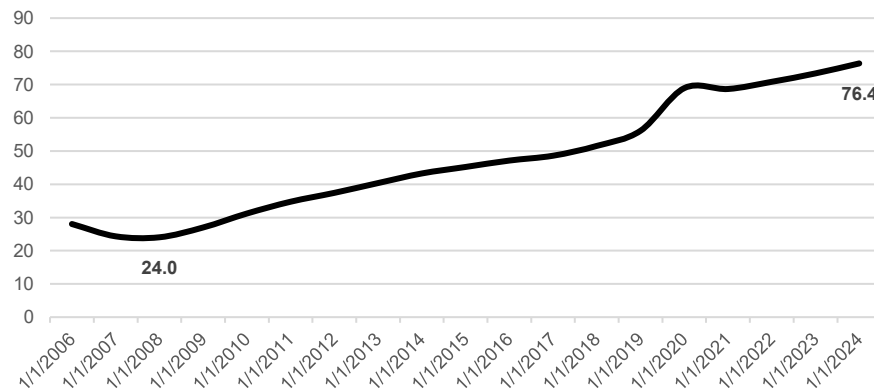
Source: Bloomberg and Vunani Fund Managers. Data as at 31-Dec-25.

South African Rand (ZAR)



Source: Bloomberg and Vunani Fund Managers. Data as at 22-Apr-26.

South Africa Government Debt Percent GDP



Source: Bloomberg and Vunani Fund Managers. Data as at 31-Dec-25.

- Prior cycle relied on a wide current account deficit
- Today the external position is more contained
- The rand remains volatile but supported by fundamentals
- Government debt has risen materially vs the mid-2000s
- Lower rates can help ease debt-service pressure

# Better macro quality now, still waiting for momentum

The gap between stability and growth is where the opportunity lies.

Metric	2005–2007	Current SA
GDP Growth	5.3 / 5.6 / 5.4%	1.1% in 2025
Inflation	Rising; above target by 2007	3.1% CPI (Mar 2026)
Repo Rate	7.0% → 11.0%	6.75%
Household debt	~77.6% peak	61.8%
Confidence	Record highs	-7 in Q1 2026
Unemployment	23.0%	31.4%
Fixed investment	Strong capex cycle	-2.7% YTD to 3Q-2025

Source: Stats SA, SARB, Bureau of Economic Research and Vunani Fund Managers. Data as at 22-Apr-26.

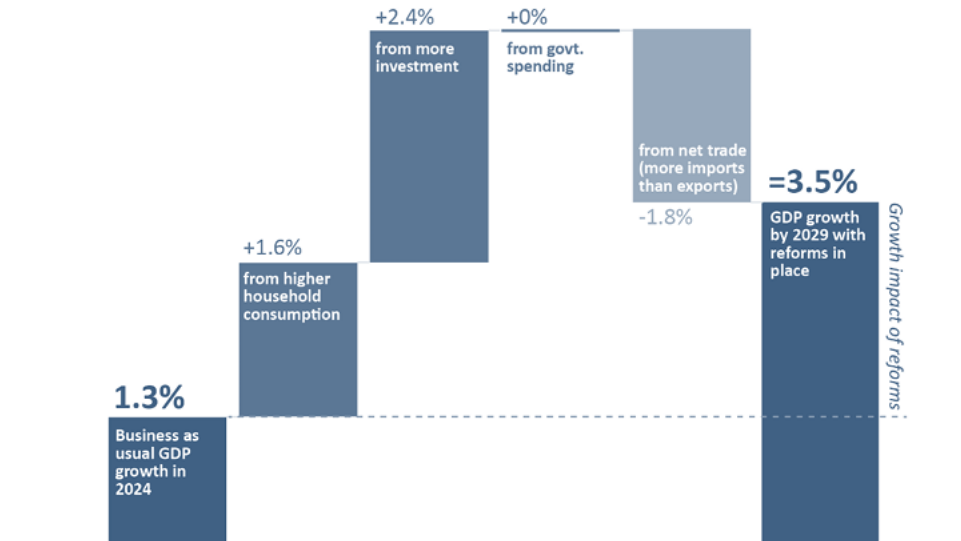
**2005-2007: SA had growth without stability; Today: SA has stability before growth**

# Investment is the missing link — reform is the catalyst

Structural reform is required to unlock capital and lift potential growth.

<b>Electricity</b>	More grid access, private generation pipeline, lower outage risk
<b>Logistics</b>	Port and rail concessions can unlock capex and throughput
<b>Visas &amp; tourism</b>	Faster entry supports services earnings and jobs
<b>Water &amp; digital</b>	Lower friction for industry, municipalities and telecom productivity

## Vulindlela reforms could boost growth to 3.5% by 2029

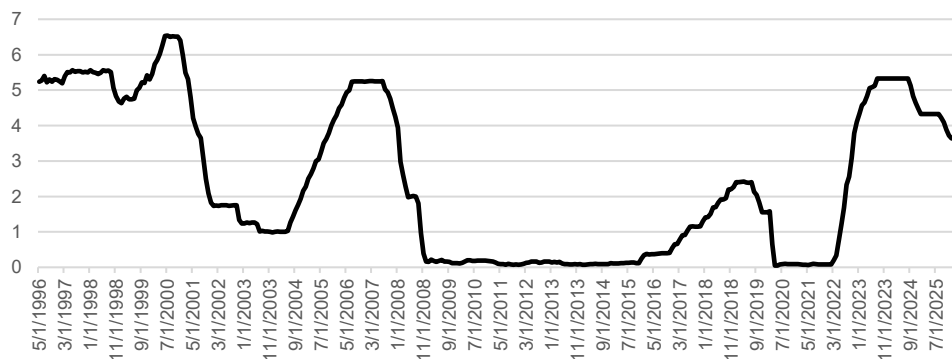


Source: National Treasury

# What US conditions would support a stronger SA cycle?

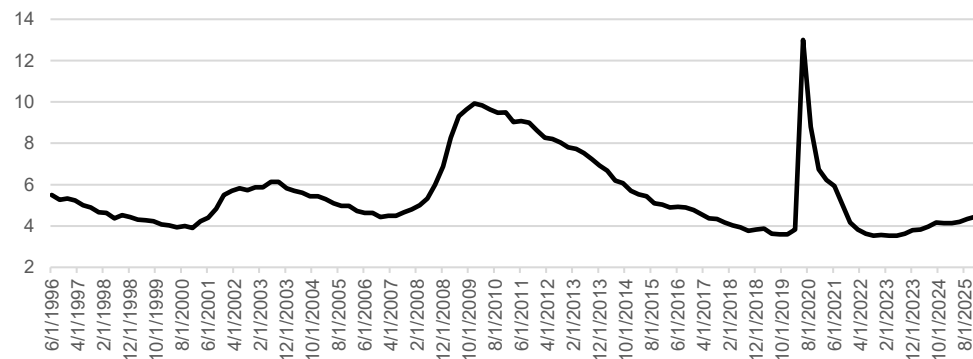
South Africa's domestic opportunity improves if external pressure eases

US Federal Funds Effective Rate



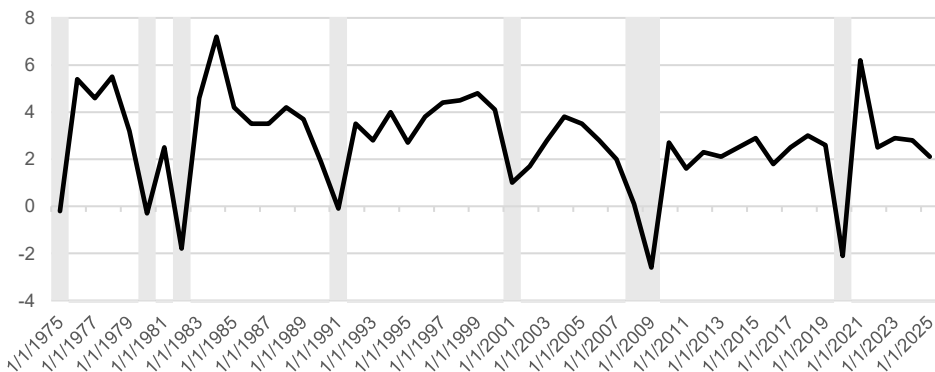
Source: Bloomberg and Vunani Fund Managers. Data as at 31-Mar-26.

US Unemployment Rate (%)



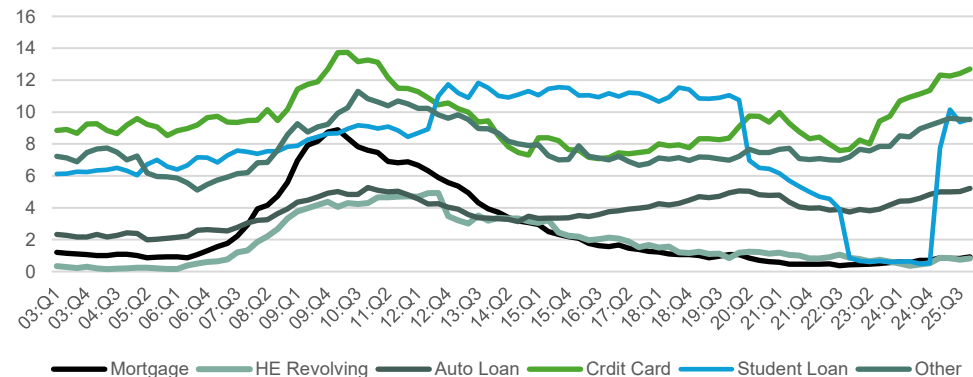
Source: Bloomberg and Vunani Fund Managers. Data as at 31-Mar-26.

US GDP Growth (y/y)



Source: Bloomberg and Vunani Fund Managers. Data as at 31-Dec-25.

Percent of Balance 90+ Days Delinquent by Loan Type



Source: Federal Reserve Bank of New York. Data as at 31-Dec-25.

- The Fed still anchors global liquidity conditions
- Lower yields would ease pressure on emerging markets
- Employment slowing whilst cost of living increasing
- Longest expansion period
- Some credit stresses are starting to emerge

# External shocks affect timing — not direction

Same reform story, different inflation outcomes will determine how quickly recovery can unfold

## With conflict shock impact for longer

- Oil elevated; inflation drifts higher
- SARB on hold / hike risk
- Confidence recovery delayed
- Consumer spending softer
- Multiples stay compressed

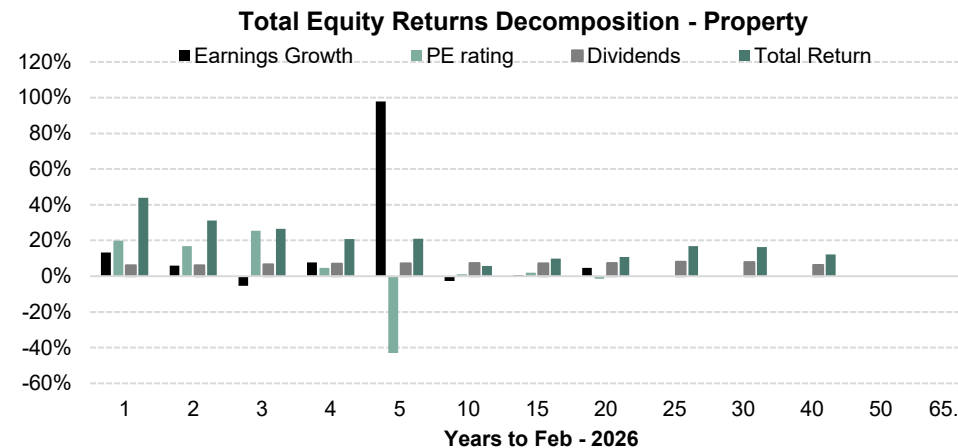
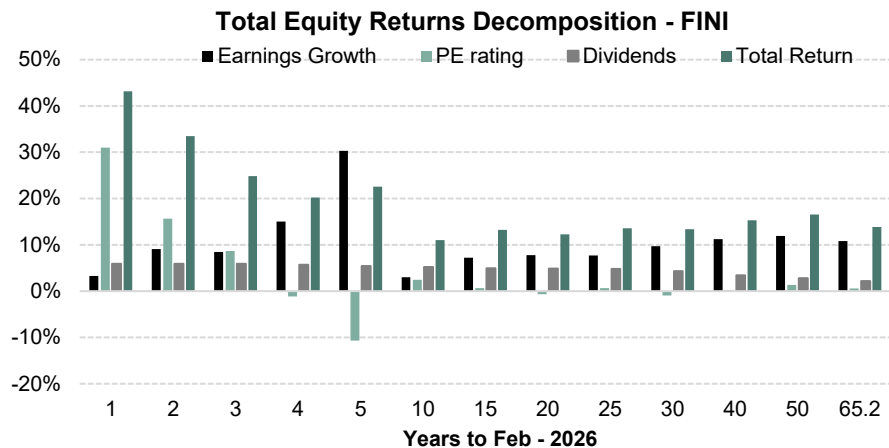
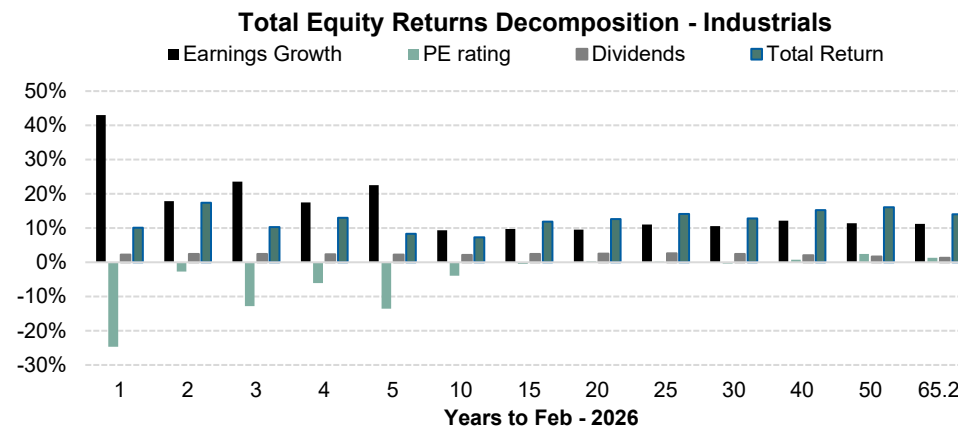
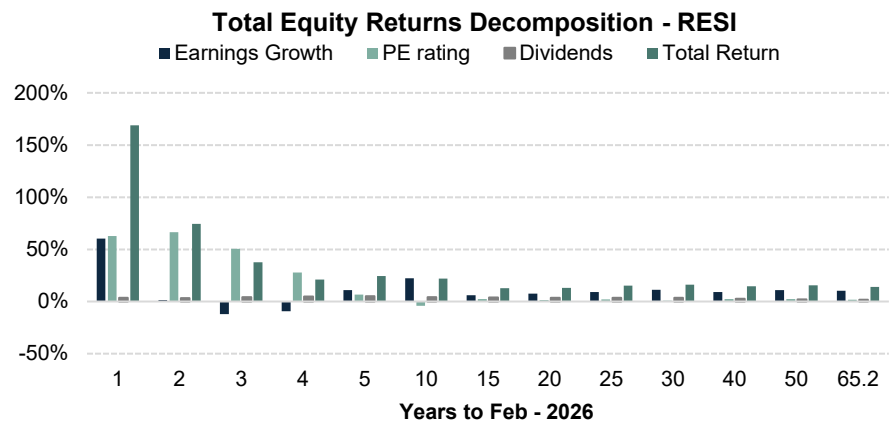
## Without shorter shock impact

- Oil stable; inflation stays near 3%
- Gradual easing possible
- Confidence recovery broadens
- Retail and housing improve
- SA Inc rerates first, earnings follow

**Downside case delays the re-rating; the upside case does not require a heroic macro-outcome.**

# Starting valuation matters

Valuations move ahead of earnings when expectations shift



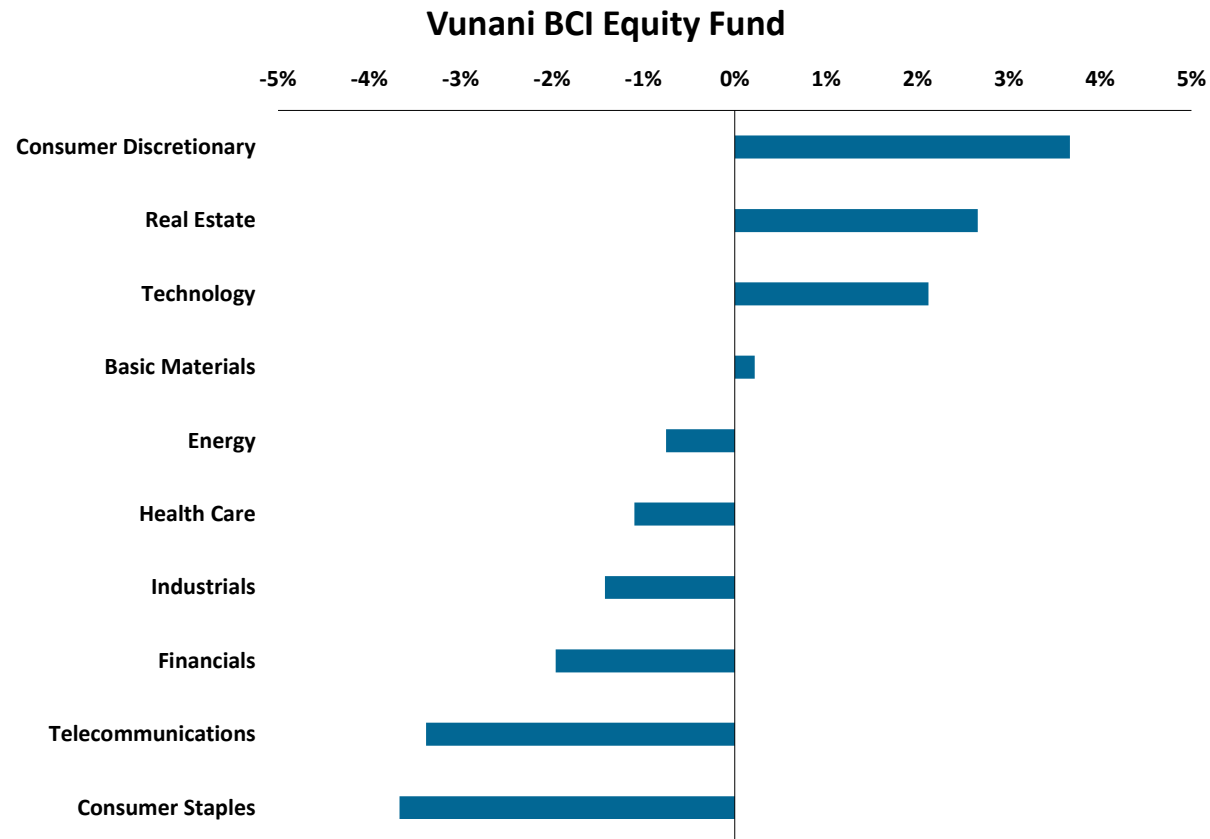
## Drivers of equity returns:

1. Earnings growth (10+ years)
2. Dividends
3. Multiple change (1-5 years)

Source: Bloomberg and Vunani Fund Managers. Data as at 28-Feb-26.

# Positioning for a domestic recovery

Combining domestic recovery with selective valuation opportunities



Source: Vunani Fund Managers. Data as at 22-Apr-26.

- **Banks:** leveraged to credit growth and the rate cycle
- **Retailers:** exposed to improving real income and rate cycle
- **Listed property:** highly sensitive to lower rates
- **Technology:** attractive valuations
- **Resources:** selective exposure to gold and PGMs

# Vunani BCI Equity Fund performance

	Return		Rank
	Fund	BMK	
1 year	40.7%	33.6%	3/70
2 years p.a.	33.9%	38.1%	1/64
3 years p.a.	22.5%	19.0%	2/59
4 years p.a.	15.2%	14.2%	2/58
5 years p.a.	14.1%	15.2%	3/54
Since inception	21.1%	17.2%	-

Source: MoneyMate/Vunani Fund Managers  
 Returns are annualised  
 Data to 31 Mar 2026

- Inception For Vunani BCI Equity Fund:  
16 July 2020
- Benchmark: FTSE JSE All Share Index (J203T)

**For illustrative purposes.** The value of investments and the income from investments, may fluctuate and past performance is not necessarily a guide to future performance. Past performance is relevant to the financial service being rendered  
 Annualised return is the weighted average compound growth rate over the period measured.  
 Actual annual performance figures are available to existing investors on request.  
 Actual annual performance figures are available to existing investors on request.  
 Highest and Lowest actual annual figures: Highest: 48.8% | Lowest: 7.0%

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