



2025 MARKET REVIEW | QUARTER 1

SOUTH AFRICAN ASSET CLASS RETURNS

Quarter 1 | 2025

Currency: South African Rand

<div>Best</div> <div>↑</div> <div>↓</div> <div>Worst</div>	SA Equity 5,9	SA Equity 22,9	Global Equity 56,0	SA Equity 139,2	Global Equity 272,4
	SA Cash 1,9	SA Bonds 20,2	SA Property 39,5	SA Property 138,3	SA Equity 137,6
	SA Bonds 0,7	SA Property 19,8	SA Bonds 32,5	Global Equity 113,6	SA Bonds 124,1
	Global Bonds 0,0	SA Cash 8,3	SA Equity 31,0	SA Bonds 74,1	Global Property 97,6
	Global Property -0,9	Global Equity 4,5	SA Cash 24,4	Global Property 39,2	SA Cash 91,6
	SA Property -3,5	Global Property 1,6	Global Bonds 14,1	SA Cash 35,2	Global Bonds 49,9
	Global Equity -3,7	Global Bonds -1,1	Global Property 12,8	Global Bonds -11,7	SA Property 15,4
	Last Quarter	1 Year	3 Year	5 Year	10 Year

GLOBAL ASSET CLASS RETURNS

Quarter 1 | 2025

Currency: US Dollar

<div>Best</div> <div>↑</div> <div>↓</div> <div>Worst</div>	EM Equity 3,0	EM Equity 8,6	DM Equity 26,3	DM Equity 116,2	DM Equity 160,9
	DM Bonds 2,9	DM Equity 7,5	EM Bonds 11,1	EM Equity 49,6	EM Equity 49,6
	EM Bonds 2,3	EM Bonds 7,4	EM Equity 5,8	DM Property 41,9	EM Bonds 37,1
	DM Property 1,9	DM Property 5,0	DM Property -9,5	EM Bonds 16,7	DM Property 33,9
	EM Property -0,8	DM Bonds 1,4	DM Bonds -11,5	EM Property -17,2	EM Property -4,7
	DM Equity -1,7	EM Property -0,1	EM Property -19,7	DM Bonds -18,5	DM Bonds -5,1
	Last Quarter	1 Year	3 Year	5 Year	10 Year

CURRENCY COMPARISONS

Quarter 1 | 2025

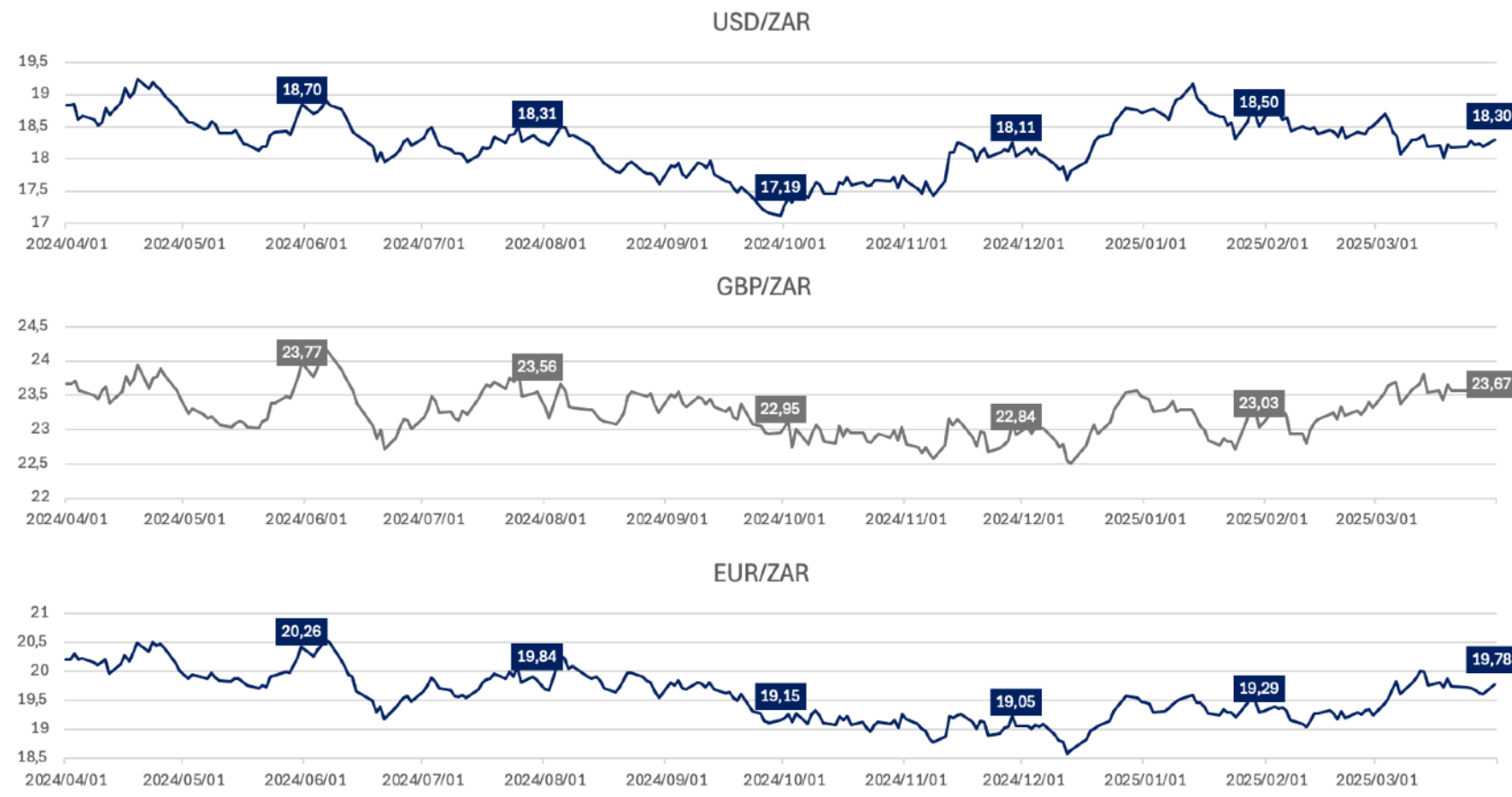
The rand ended Q1 at 18.30 against the dollar, relatively stable despite pressure from a stronger U.S. dollar and shifting global sentiment.

USD strength returned late in the quarter, driven by persistent U.S. inflation and renewed tariff concerns, which slightly weighed on emerging market currencies.

GBP/ZAR and EUR/ZAR closed at 23.67 and 19.78, with movements largely reflecting ZAR softness rather than strength in the U.K. or eurozone.

Political uncertainty linked to the GNU and cautious domestic investment sentiment limited any sustained rand appreciation.

SARB's tight monetary stance and low inflation (~3.2%) helped anchor the currency, even as volatility persisted globally.



GLOBAL EQUITY RETURNS

Quarter 1 | 2025




Returns quoted in US Dollars



THE GLOBAL SCENE SUMMARY

Quarter 1 | 2025



REGION/CATEGORY	SUMMARY	CONSENSUS/MOOD
South Africa	Positive momentum in infrastructure and resources, but GNU stability is a concern.	Moderately Optimistic 
United States	Growth is slowing under tariff pressure, but selective opportunities exist in value stocks.	Moderately Cautious 
Europe & UK	Political divisions and weak consumer demand continue to cloud recovery prospects.	Cautious 
China	Domestic resilience and structural reform are stabilising growth.	Moderately Optimistic 
Emerging Markets	Uneven recovery, with Asia leading and Latin America lagging.	Moderately Cautious 

THE GLOBAL SCENE

Quarter 1 | 2025

GLOBAL

SOUTH AFRICA

AMERICA

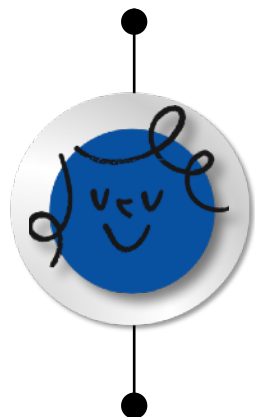
EUROPE
& UK

CHINA

EMERGING
MARKETS



ECONOMIC MOOD



MODERATELY CAUTIOUS

The first quarter of 2025 reminded investors that **the world is anything but predictable**. Trade tensions escalated as the **U.S. imposed sweeping new tariffs**, rattling global markets. Political uncertainty emerged across multiple key economies — in the U.S. due to tariff-led volatility and fiscal gridlock, in **South Africa amid tensions within the Government of National Unity (GNU)**, and in Europe as governments in France and Germany struggled with coalition instability.

While **inflation in many countries is finally easing**, the sudden resurgence of **trade barriers—especially from the U.S.**—has **disrupted supply chains and raised prices** again. **Investors have become more selective**, and so have we. Although global markets aren't cheap across the board, there are pockets of real value, particularly in areas linked to real assets, defensive income, and economies with stable currencies or coherent policy outlooks.

Our overall positioning remains **moderately cautious**, with a tilt toward **resilient equity sectors, select emerging markets, and value-focused themes**.

THE GLOBAL SCENE

Quarter 1 | 2025

SOUTH AFRICA

GLOBAL

AMERICA

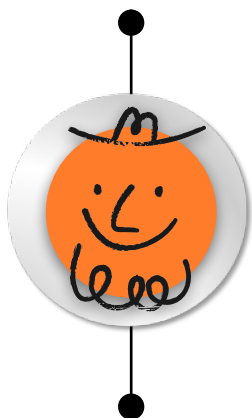
EUROPE
& UK

CHINA

EMERGING
MARKETS



ECONOMIC MOOD



MODERATELY OPTIMISTIC

Economic Growth:

Despite structural challenges, the economy benefited from a rebound in mining and a new wave of public sector infrastructure announcements. These developments suggest an improving investment environment.

Inflation & Interest Rates:

Headline inflation remains contained at 3.2%, but the real repo rate of 4.3% reflects tight monetary policy. One additional cut is expected this year, but the SARB remains cautious.

Corporate Earnings:

Resource-linked and infrastructure stocks have led gains. Domestic consumer names remain under strain.

Valuations:

Valuations remain compelling, particularly in high-dividend financials and mining firms.

Risks:

The stability of the Government of National Unity (GNU) remains uncertain. Delays in fiscal execution and political infighting are key risks.

Outlook:

We favour resilient, export-oriented businesses and domestic names tied to infrastructure renewal.

THE GLOBAL SCENE

Quarter 1 | 2025

GLOBAL

SOUTH AFRICA

AMERICA

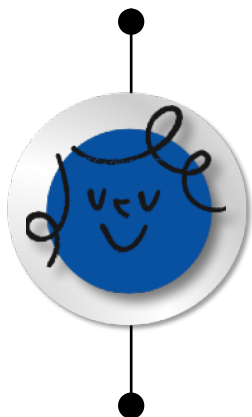
EUROPE
& UK

CHINA

EMERGING
MARKETS



ECONOMIC MOOD



MODERATELY CAUTIOUS

Economic Growth:

The U.S. economy is still expanding, but the pace has slowed. New tariffs on imported goods have dragged down growth expectations. What was once a 2.5% GDP forecast for the year has now dropped closer to 1.9%.

Inflation & Interest Rates:

Inflation had been calming down but is now creeping back up due to the higher cost of goods. The Federal Reserve cut interest rates once late last year but is taking a more cautious approach now.

Corporate Earnings:

Company profits are a mixed bag. Defensive sectors—think healthcare and essential goods—are holding up, while tech stocks have pulled back.

Valuations:

U.S. stocks are no longer as expensive as they were a year ago. Smaller companies in particular are looking attractively priced.

Risks:

The biggest concern is tariffs—they're already at their highest in a century. This raises the risk of a recession, which is currently estimated at 40–45%.

Outlook:

Investors should tread carefully but not avoid U.S. equities entirely. Value and dividend-paying stocks are worth a closer look.

THE GLOBAL SCENE

Quarter 1 | 2025

GLOBAL

SOUTH AFRICA

AMERICA

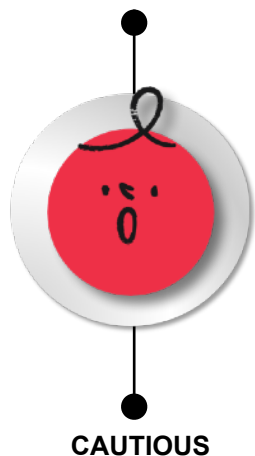
EUROPE
& UK

CHINA

EMERGING
MARKETS



ECONOMIC MOOD



Economic Growth:

Economic activity remains tepid. France and Germany continue to grapple with fragile coalition governments, which has delayed economic reforms and spending plans.

Inflation & Interest Rates:

Inflation has come off its highs, allowing the European Central Bank and Bank of England to pause rate hikes. But fragmented fiscal strategies across EU member states — including Germany's push for austerity versus Italy's stimulus ambitions — are making coordinated recovery efforts difficult.

Corporate Earnings: Earnings have underwhelmed, particularly in industrials and consumer discretionary sectors.

Valuations:

UK equities offer decent value, but investor confidence remains shaky across the region.

Risks:

Political fragmentation, trade exposure to China and the U.S., and a cautious consumer.

Outlook:

Focus remains on resilient, income-generating companies with lower exposure to cyclical risk.

THE GLOBAL SCENE

Quarter 1 | 2025

GLOBAL

SOUTH AFRICA

AMERICA

EUROPE
& UK

CHINA

EMERGING
MARKETS



ECONOMIC MOOD



MODERATELY OPTIMISTIC

Economic Growth:

China's economy continues to stabilise, underpinned by domestic demand and targeted support for key industries. Official forecasts peg growth at around 4.8% for the year.

Inflation & Interest Rates:

Inflation remains soft, reflecting weak global demand and internal supply-chain efficiencies. The People's Bank of China has adopted a measured approach, cutting reserve requirements and fine-tuning liquidity injections, while avoiding broad-based stimulus.

Corporate Earnings:

Stronger showings from consumer and technology companies are offsetting sluggish exports. The services sector is also regaining traction.

Valuations:

Chinese equities continue to trade at a discount to global peers, particularly in green technology and domestic consumption sectors.

Risks:

Continued tension with the U.S., fragile property market dynamics, and local government debt levels.

Outlook:

We favour sectors tied to long-term reforms — notably renewables, digital infrastructure, and consumption upgrades.

THE GLOBAL SCENE

Quarter 1 | 2025

GLOBAL

SOUTH AFRICA

AMERICA

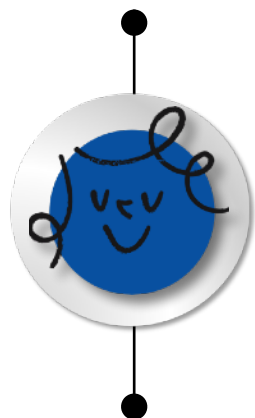
EUROPE
& UK

CHINA

EMERGING
MARKETS



ECONOMIC MOOD



MODERATELY CAUTIOUS

Economic Growth:

Asia is leading the EM recovery — India continues to post robust GDP growth near 6%, while Indonesia benefits from commodity demand. Latin America is more challenged: Brazil is slowing under fiscal drag, and Argentina is grappling with policy tightening.

Inflation & Interest Rates:

Inflation has cooled across several regions, including Brazil and India, opening the door for selective interest rate cuts. Indonesia and Mexico are maintaining caution.

Corporate Earnings:

Improving in Asia, particularly in industrials and IT services. Latin America remains earnings-constrained due to political risk.

Valuations:

Indian equities are on the expensive side, while Brazil, Turkey, and Vietnam offer relative value.

Risks:

Dollar strength, capital flight, and uneven political stability.

Outlook:

Remain selective. Favour Asia for structural growth and frontier markets with fiscal buffers and improving governance.

INTERACTIVE FUNDS OUTLOOK & BEYOND

Interactive Income Prescient Fund of Funds:

The recent interest rate cut by the South African Reserve Bank has not diminished the appeal of local bond markets, which continue to offer attractive yields relative to inflation & foreign bond markets. **For foreign investors in search of yield**, South African bonds remain an attractive destination. The Income Fund maintains a conservative approach, favouring shorter-duration bonds to minimize volatility while targeting a return of 3% above inflation. **This cautious strategy ensures that the fund remains well-positioned to outpace inflation over the long term, providing investors with a reliable, inflation-beating return.**

Interactive Balanced Prescient Fund of Funds:

The Interactive Balanced Prescient Fund outperformed the ASISA SA Multi-Asset High Equity category average in Q1, driven by strong contributions from core SA equity managers like Prescient Core Top 40 and Fairtree SA Equity.

The Satrix Dividend Plus Fund remained a key detractor and the largest drag since inception. However, we continue to hold this value-style exposure, as current market conditions—with moderating inflation and lower rate expectations—support a potential recovery in dividend-paying stocks.

With ongoing uncertainty around U.S. tariffs and global trade dynamics, maintaining diversified strategies remains essential. Our disciplined, long-term allocation across styles helps manage risk while remaining positioned for recovery opportunities in undervalued areas of the market.

Interactive Global Equity Prescient Fund of Funds:

The fund declined in Q1, returning -2.7%, broadly in line with the ASISA Global Equity category average (-2.6%), and ahead of the Satrix MSCI World Index (-4.4%), which reflects the broader global equity pullback.

Performance from value and dividend-focused exposures such as the **Vanguard Dividend Appreciation ETF** helped cushion the downside. However, the **growth-heavy QQQ Invesco ETF** remained volatile, and despite strong year-on-year numbers, short-term performance lagged in Q1 as markets rotated out of mega-cap tech.

We remain neutral to high growth and continue to focus on quality, dividend-yielding and value-oriented strategies. In a world where U.S. equity valuations remain elevated and monetary policy is still tightening in parts, we believe this patient, diversified approach will reward investors over the long term.

DISCLAIMER

All information and opinions provided are of a general nature and are not intended to address the circumstances of any particular individual or entity. As a result thereof, there may be limitations as to the appropriateness of any information given. It is therefore recommended that the reader first obtain the appropriate legal, tax, investment or other professional advice and formulate an appropriate investment strategy that would suit the risk profile of the reader prior to acting upon information. Interactive endeavours to provide accurate and timely information but we make no representation or warranty, express or implied, with respect to the correctness, accuracy or completeness of the information and opinions. Interactive does not undertake to update, modify or amend the information on a frequent basis or to advise any person if such information subsequently becomes inaccurate. Any representation or opinion is provided for information purposes only.