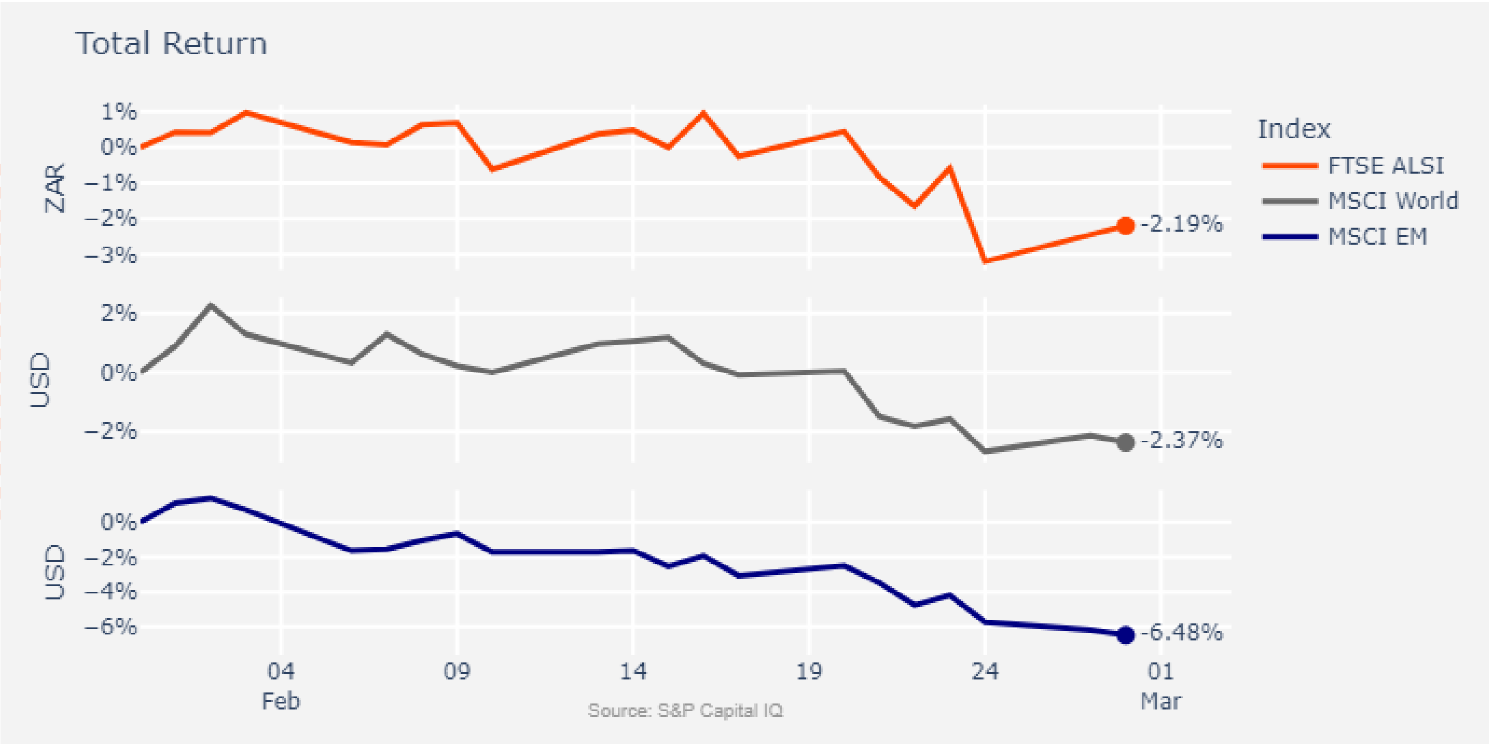
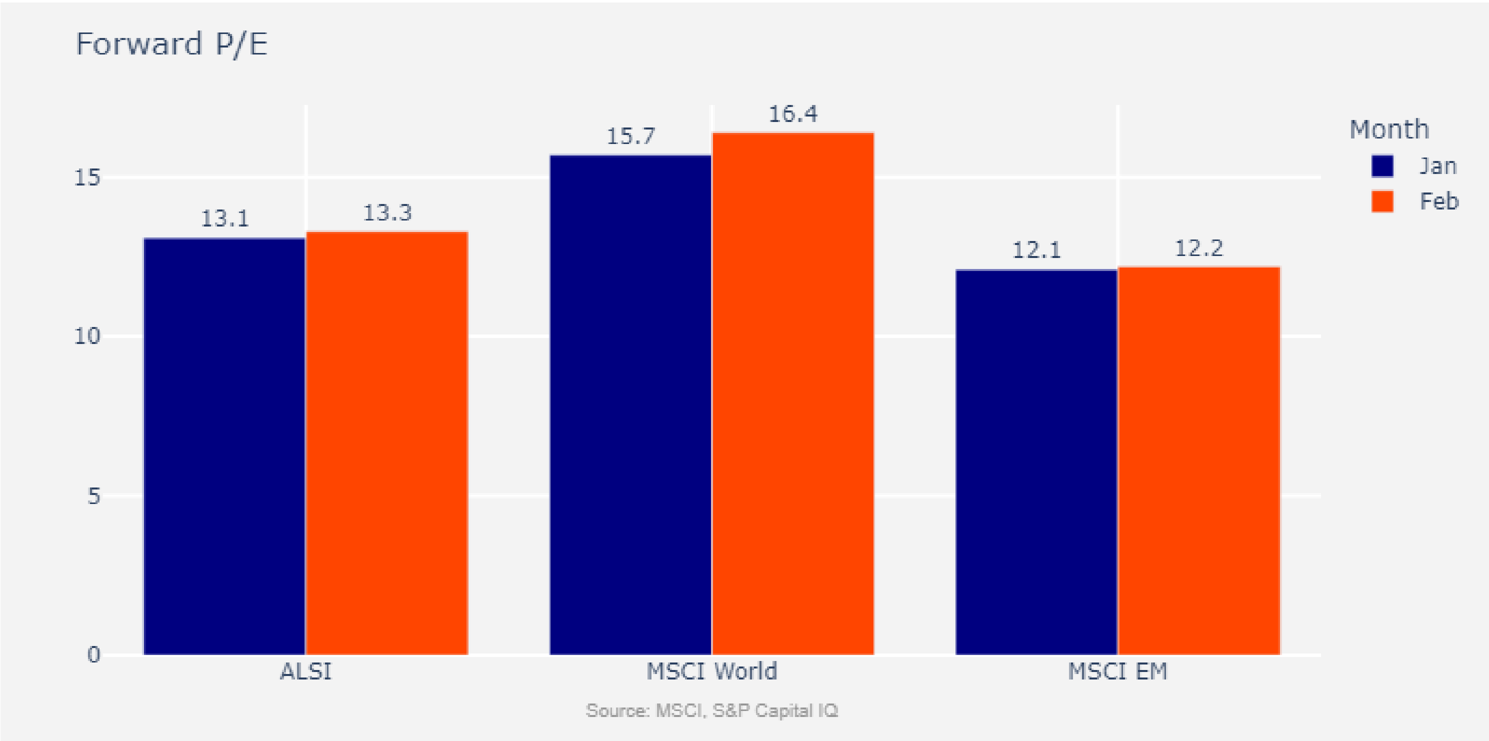
NEW ROAD CAPITAL
INVESTMENT MANAGEMENT

MONTHLY REPORT

FEBRUARY - END REVIEW 2023

Equities





NEW ROAD CAPITAL
INVESTMENT MANAGEMENT

MONTHLY REPORT

FEBRUARY - END REVIEW 2023

Equities

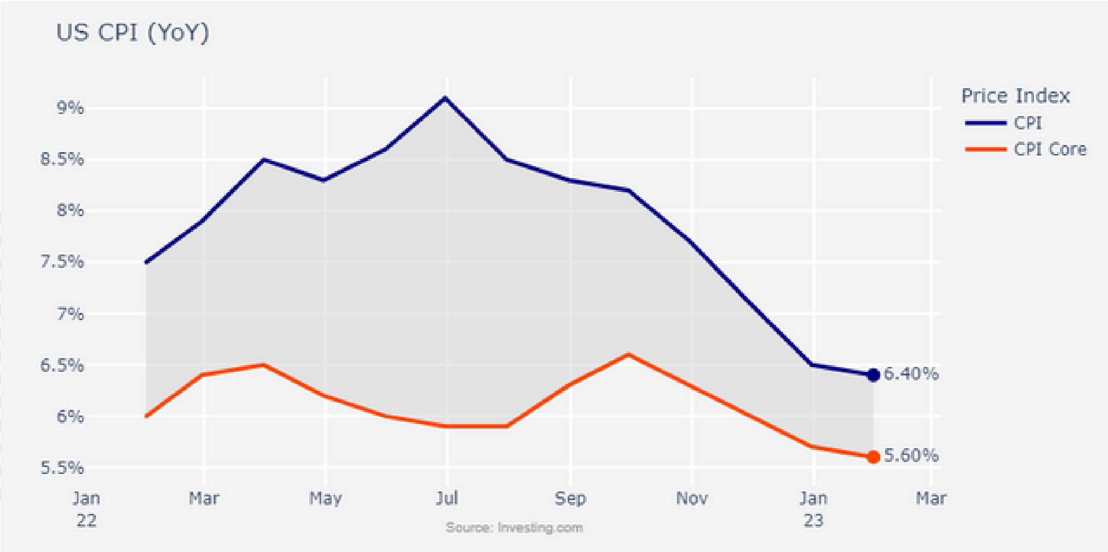
- The month of February saw some retracement in the markets, with local, and both offshore developed and emerging markets ending the month on a low point.
- This is not unusual—considering the couple of good months we had leading up to February, we expect to see a step back every now and then.
- Regarding valuations, equity markets are still reasonably priced, especially emerging markets, including South Africa.
- Developed markets are becoming a bit more expensive, but are still reasonably priced given where we are at the moment.

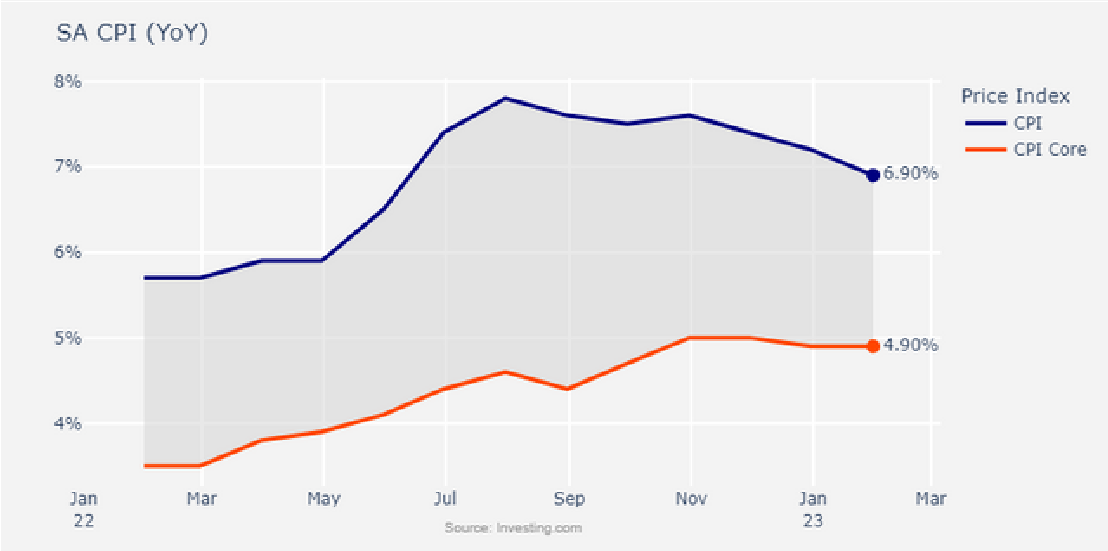
NEW ROAD CAPITAL
INVESTMENT MANAGEMENT

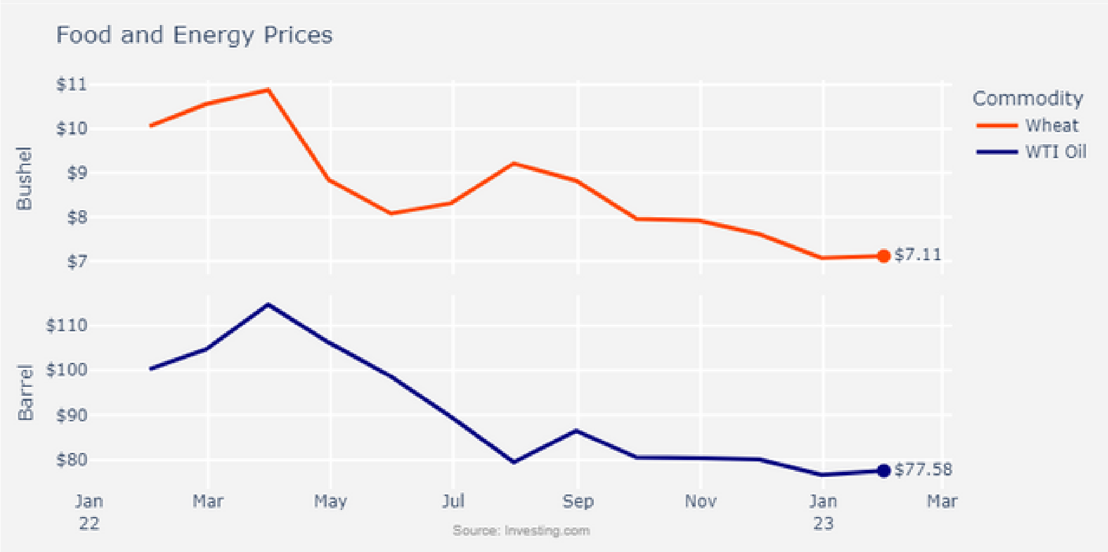
MONTHLY REPORT

FEBRUARY - END REVIEW 2023

Inflation







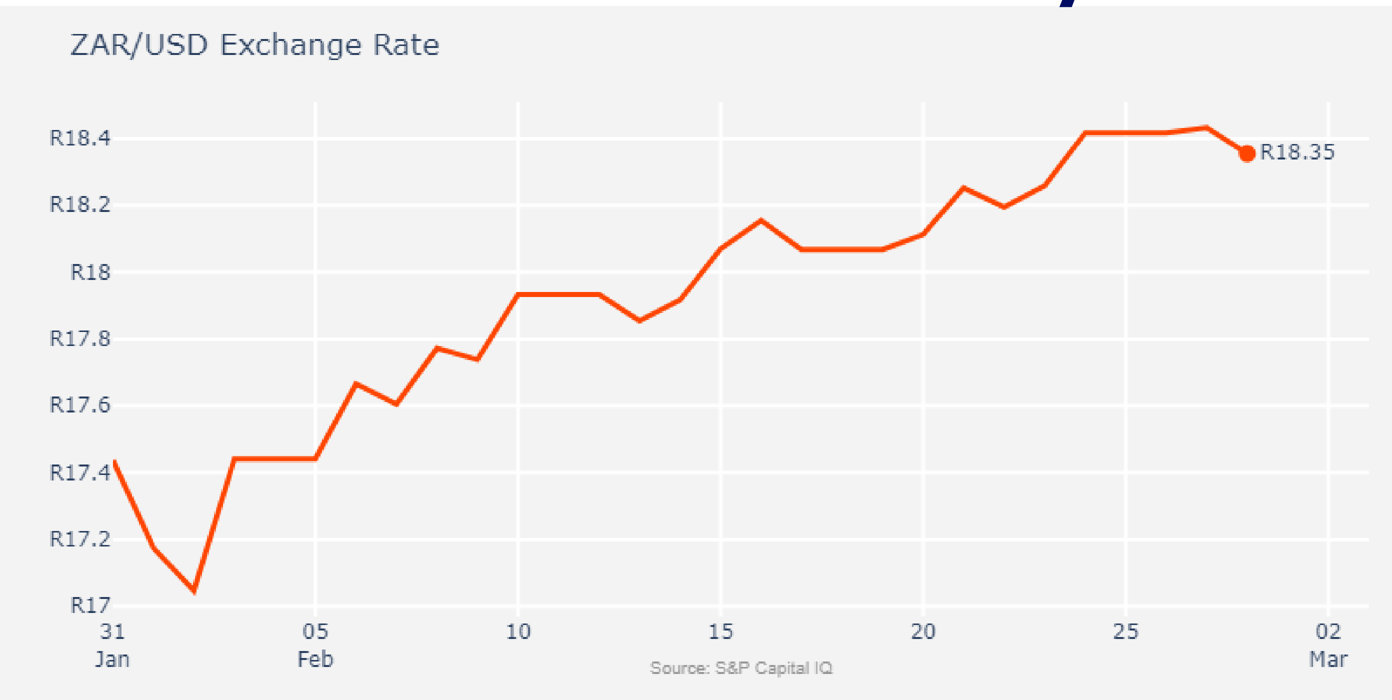
Inflation

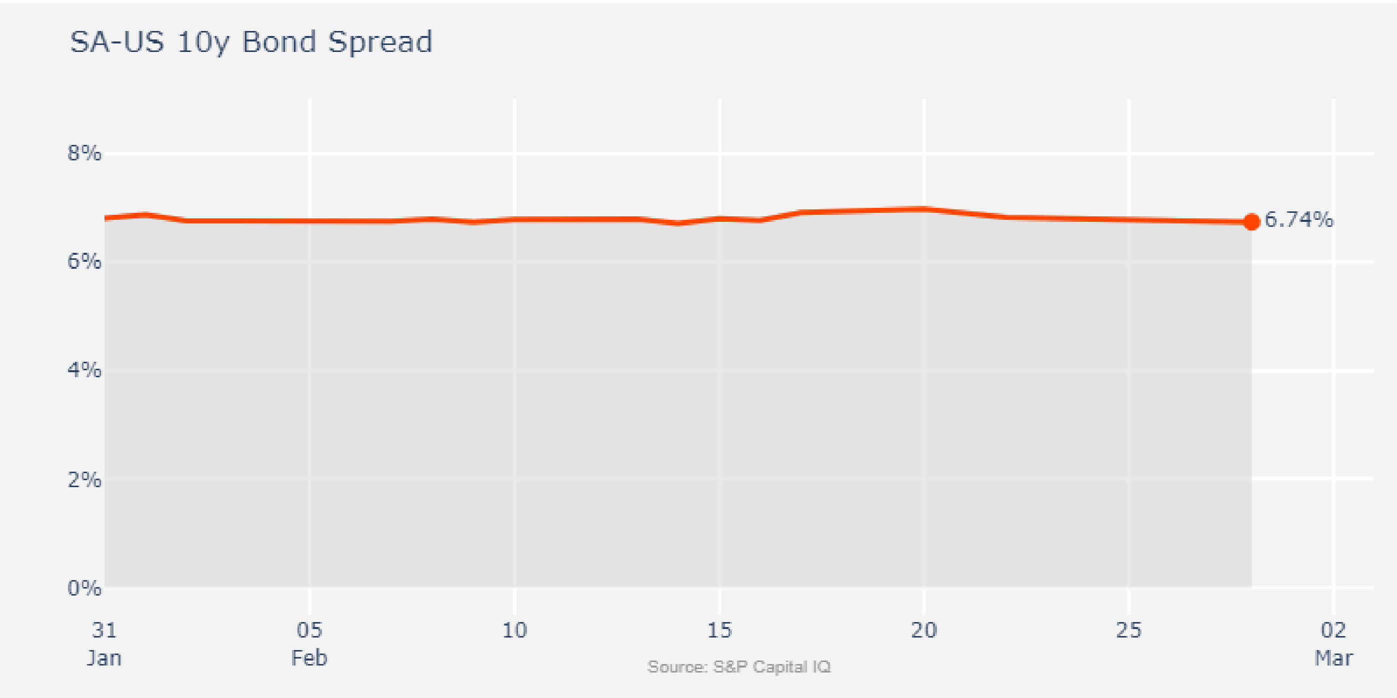
- Inflation is definitely on its way down in the US, with headline inflation now at only 6.4% compared to its highs of over 9% in July 2022.
- As is the case globally, inflation figures are still high in South Africa, but it is starting to normalise across the board as prices are tapering off.
- In terms of the cyclical component to inflation, food and energy prices appear to be under control again, being well off their highs and exhibiting little movement over the last few prints.
- Most economists are expecting inflation to normalise toward the end of the year and going into 2024.
- While interest rates are still being raised, these concerns already appear to be priced into the market as we near the end of the rate raising cycle.

MONTHLY REPORT

FEBRUARY - END REVIEW 2023

Local vs US Economy





Local vs US Economy

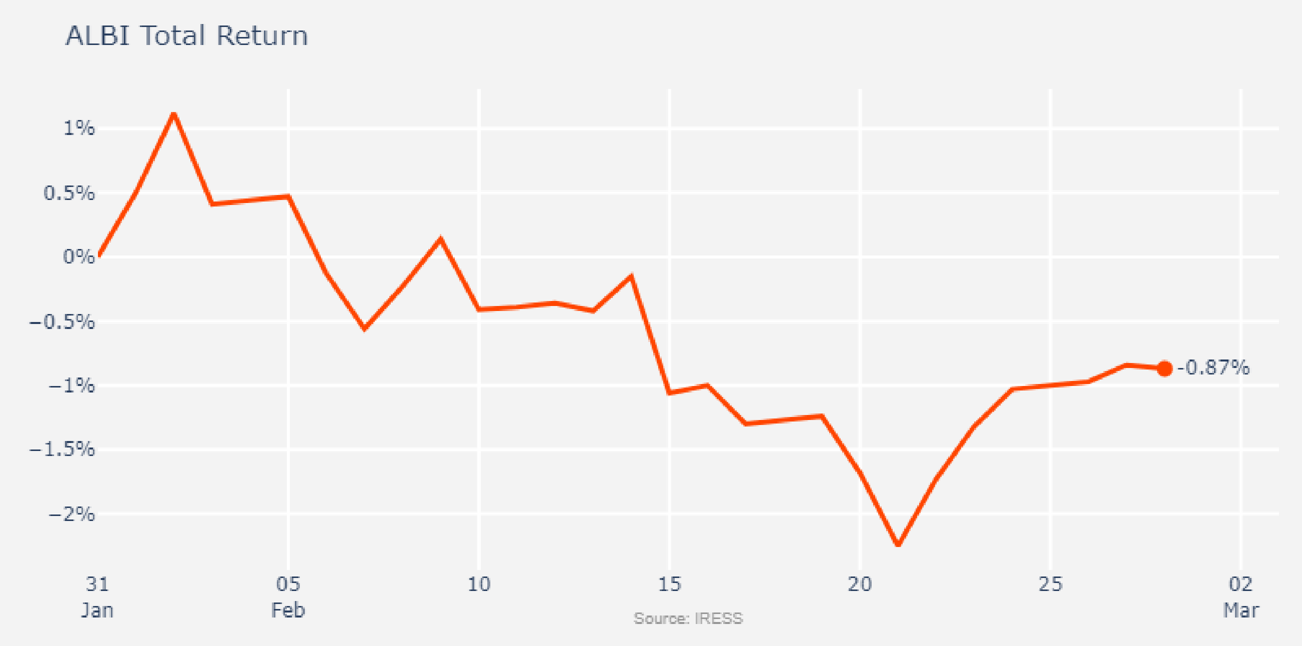
- The Rand weakened against the Dollar over February, but most of it was likely due to the general risk-off sentiment for the month.
- A factor contributing to the Rand weakening may be the announcement of the Financial Action Task Force to place South Africa on their grey-list; however, most of the weakening took place before the announcement and did not lead to any sudden depreciation.
- We believe that the grey-listing would have a limited long-term impact on markets. Ramifications of the announcement include increased due diligence and admin requirements, particularly for the financial services industry and companies dealing with imports and exports. Since South Africa had already been subject to enhanced due diligence from the UK, Europe and the US, we do not expect many practical implications.
- The Treasury already appears to be implementing some changes and enhancements to get us off the grey-list, and hopefully these changes would be recognised in a revaluation from the FATF soon.
- US-South African bond spreads remained fairly stable throughout the month and did not move much.

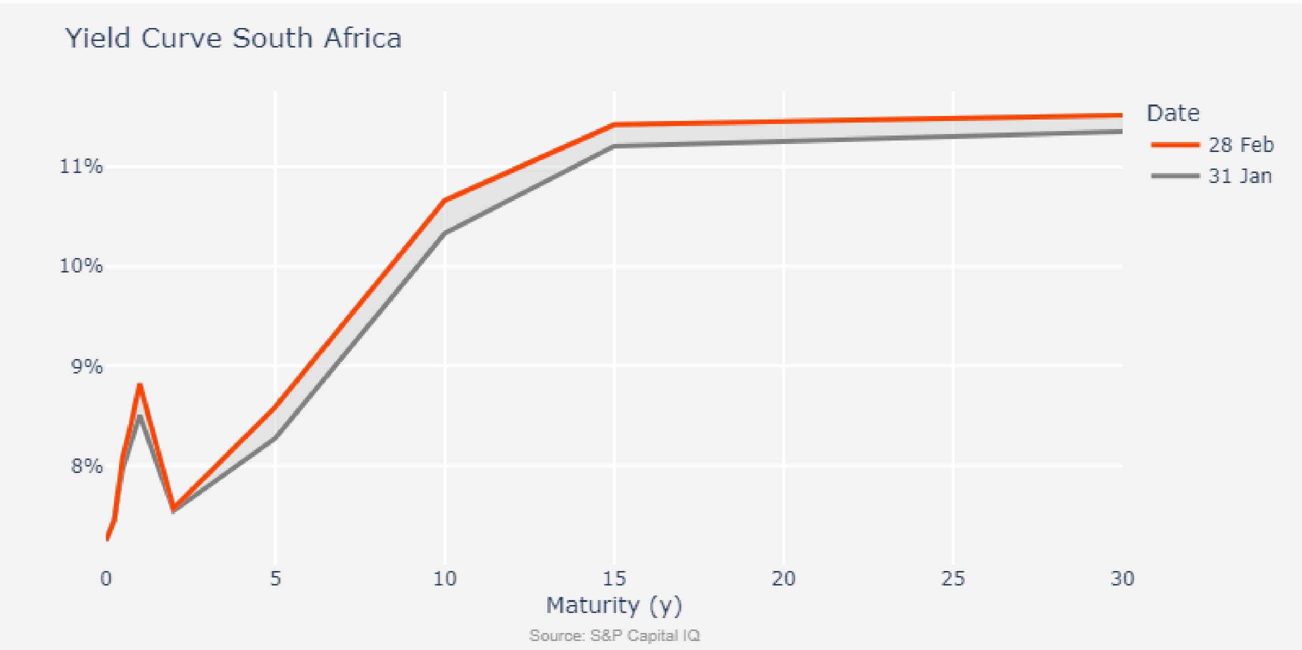
NEW ROAD CAPITAL
INVESTMENT MANAGEMENT

MONTHLY REPORT

FEBRUARY - END REVIEW 2023

Bonds





- Bonds also experienced some selling off over the month, but, as with equities, this retracement also follows a few strong months that came before.
- Inline with the selloff in bond markets, our yield curve has shifted up slightly, which continues to offer investors very attractive yields.
- All things considered, the retracements experienced through February are expected to take place from time to time, but ultimately it makes for healthy markets going forward.