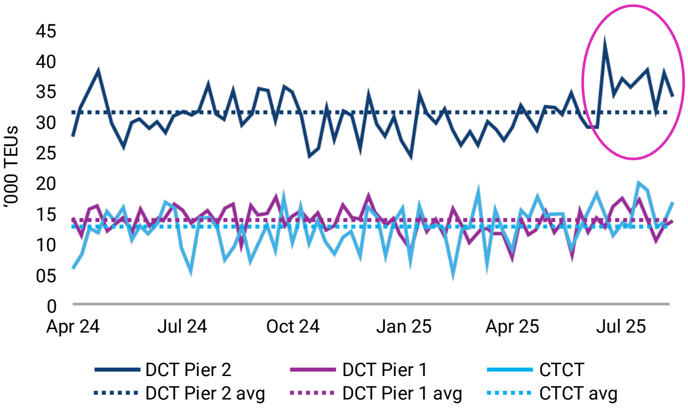
10X Global Connect – August 2025

Improvement in container tonnage throughput

Container tonnage throughput SA ports Apr 24 – Aug 24



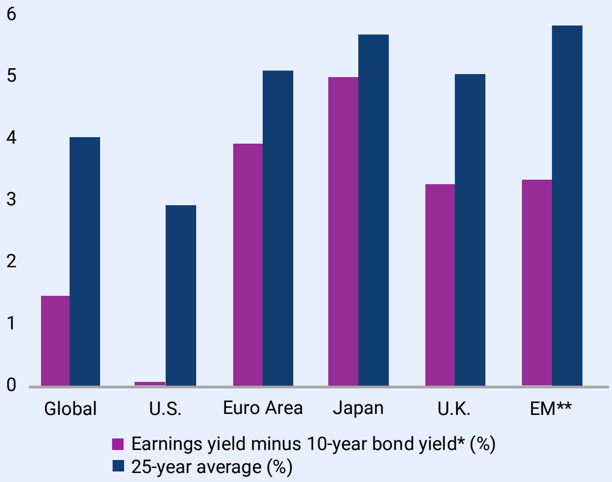
Source: Standard Bank

Durban port volumes are clearly improving. Weekly throughput at DCT Pier 2 has stepped up into the high 30k TEUs and is tracking above its 12-month run rate. The recent lift at Pier 2 suggests congestion is easing, ship turnarounds are faster, and backlogs are being cleared.

The logistics uptick aligns with ongoing fixes: new cranes and yard equipment landing at Durban. If momentum holds, South Africa should see lower logistics costs, fewer stock-outs, and more reliable export flows, supportive for manufacturing, agriculture, and mining volumes which could provide a modest GDP tailwind. Key areas to watch include PPP finalisation and rail availability.

Equities are historically expensive vs bonds

Earnings yield – 10 year bond yield gap; current vs history



*12-month forward earnings yield minus 10-year government bond yield; source: MSCI and Bloomberg
**EM is measured using U.S. Treasury yield

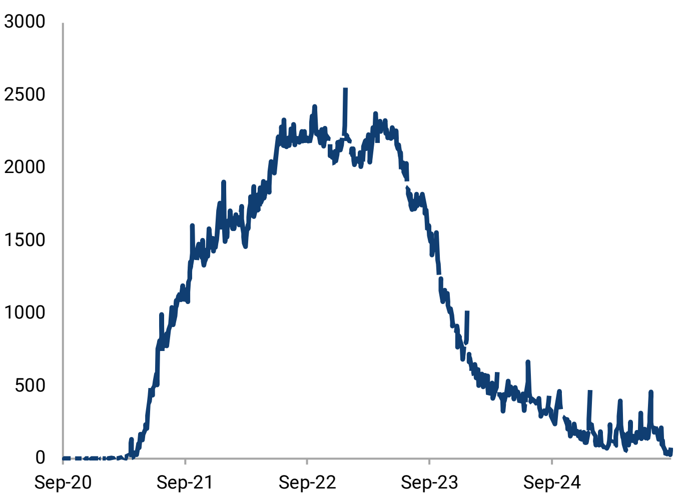
Equities screen expensive versus bonds on a simple yardstick: the difference between the forward earnings yield and government bond yields. Globally, and especially in the U.S., that gap sits well below its 25-year norm, meaning investors are being paid less than usual to hold equity risk.

Against this backdrop, real yields remain compelling. Investors can earn solid income in bonds without relying on multiple expansion. In a multi-asset setting, the balance of reward has shifted toward fixed income as a source of carry, tempering portfolio volatility, and preserving flexibility if equity valuations reset.

Equity exposure remains important, but selectivity on valuation matters until the relative pricing gap normalises.

Feds reverse repo facility drained to zero

Balance on US Federal Reserve reverse repurchase facility



Source: St Louis Fed

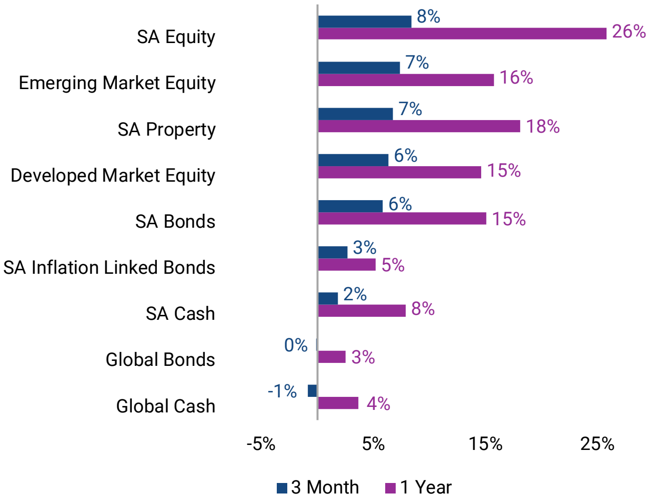
The Fed's reverse-repo (RRP) balance has slipped to near zero, a clear marker that the pandemic-era cash pile has been absorbed. During COVID, money market funds parked trillions at the Fed; over the past two years that money has migrated into Treasury bills as yields rose and the Fed shrank its balance sheet. The easy post-COVID liquidity tailwind is now largely behind us.

As Treasury rebuilds its cash balance at the Fed (TGA) after earlier debt-ceiling drawdowns, and with the RRP buffer now essentially exhausted, it must pull funds from the banking system.

That temporarily tightens liquidity, firms short-term rates, and leaves risk assets more sensitive to funding bumps. Past liquidity drains have often coincided with volatility and with valuations elevated, the backdrop points to more two-way risk and episodic swings rather than a persistent liquidity lift.

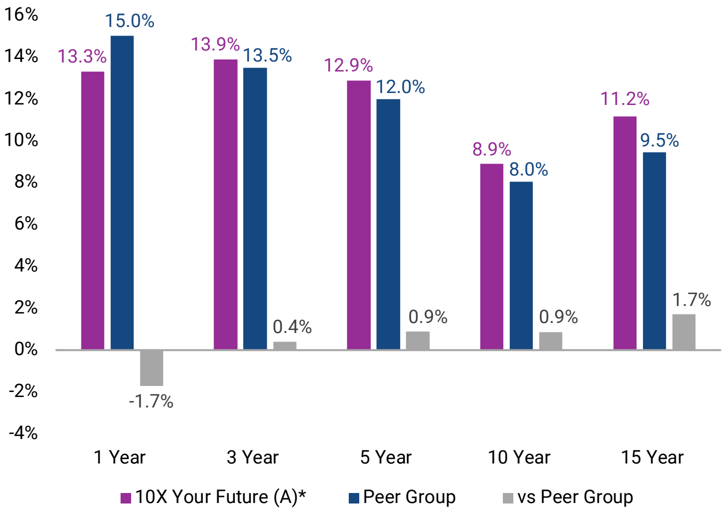
Asset class returns to 31 August 2025

EM's outperforming DM's



Source: 10X Investments Bloomberg

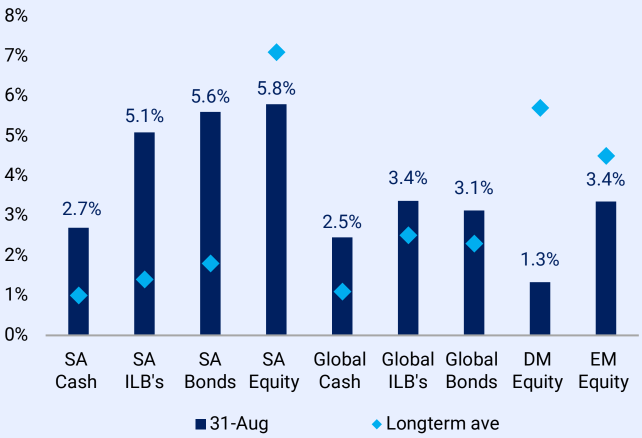
Portfolio returns to 31 August 2025



Source: 10X Investments Morningstar, * returns prior to March 2019 are those of 10X Umbrella Pension Fund adjusted for Class A fee

5-10 year expected real returns

in Rands - 31 August 2025



Source: 10X Investments, Bloomberg

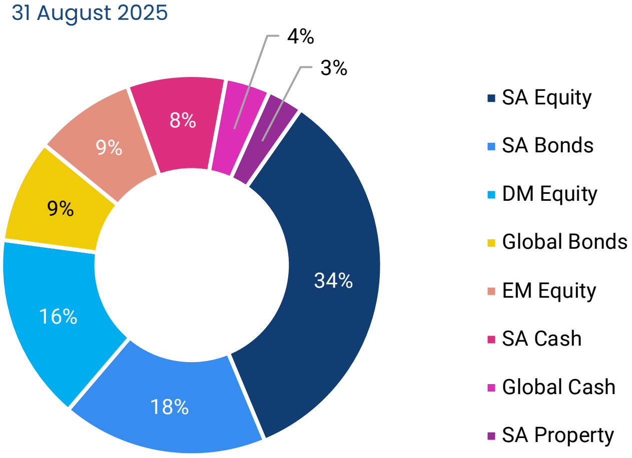
Real (after-inflation) return expectations

Starting points drive long-term outcomes. Current expected returns favour fixed income over equities when one compares this to what these asset classes historically delivered.

Equity risk premiums have continued to compress, and after sizeable real returns over the past five years, it's a stretch to assume further multiple expansion will do the lifting. By contrast, fixed income returns are anchored by today's starting yields. Fixed income should be playing a larger role in portfolios today, while equity exposure should lean toward parts of the market that continue to offer a valuation buffer.

10X Your Future Fund Asset Allocation

31 August 2025



Source: 10X Investment

Asset Allocation

The portfolio remains defensively positioned, with 62% allocated to growth assets. Within equities we hold an overweight to South Africa and Emerging Markets and a significant underweight to US equities.

We added to global bonds through longer dated US inflation linked Treasuries, locking in real yields above 2.6% and improving both carry and inflation protection.

Diversification remains strong with 37% invested offshore. Within the global allocation, we have broadened currency exposure by increasing allocations to the euro and the yen, adding resilience and reducing reliance on the dollar.

Chris Eddy

Head of Investments

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