

# Graviton | Capital Clarity 2025 Asset Manager Survey

As we gear up for the year ahead, we've reached out to some of South Africa's leading asset managers for their views on what may lie ahead in 2025. With the world moving fast, we wanted to understand how they see market factors changing, what risks they're watching, and where they might deploy their capital.

### Who we surveyed:

We surveyed 20 South African asset managers, who represent multiple asset classes, philosophies, and styles. Their responses were received between 28 January and 7 February 2025.

### Participating managers:

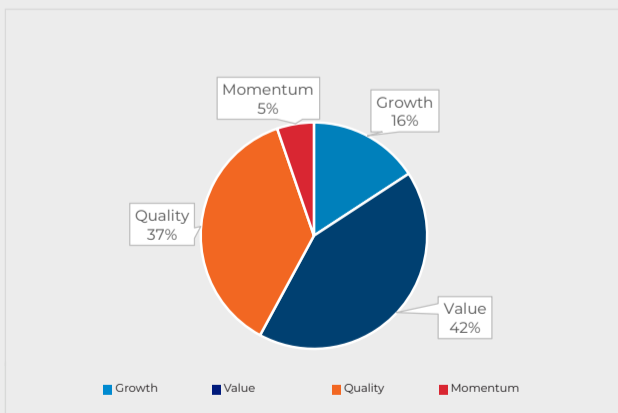


## 1. What are your views on the following asset classes?



- Although domestic property was the top-performing asset class in 2024 locally (29%), the majority of the managers surveyed are most constructive about domestic equities and domestic bonds, followed by global emerging market equities.
- Most managers are indifferent to domestic and global cash.
- Votes on global assets were more pessimistic, with global developed market equities favoured over global non-risk assets.

## 2. Which investing style is likely to outperform in 2025?



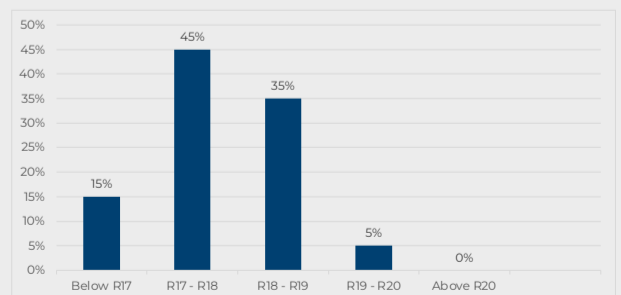
- Eight managers believe that the Value style will outperform other investing styles in 2025, followed closely by Quality.
- Only one manager believes Momentum will outperform for the year.
- Growth stocks were an outperforming style in 2024, but managers don't foresee it will do equally well in 2025.

## 3. If you expect rate cuts, what do you expect the Fed Funds Rate to be by year end (bottom of range)?



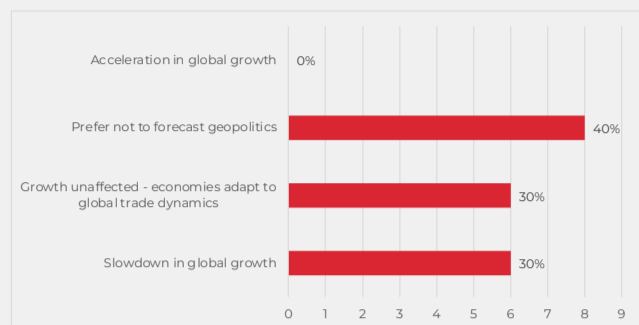
- As of 31 January 2025, the fed funds rate was 4.25-4.50%, with market expectations for it to be between 4% and 4.5% at year-end (according to CME FedWatch and based on the US fed funds rate).
- Only one manager believes the fed funds rate bottom range will end the year unchanged between 4.25% and 4.5%.
- Many of the managers expect two rate cuts this year (assumed 25 bps each), in line with the Fed's projections.

## 4. What is your year-end range for the USD/ZAR?



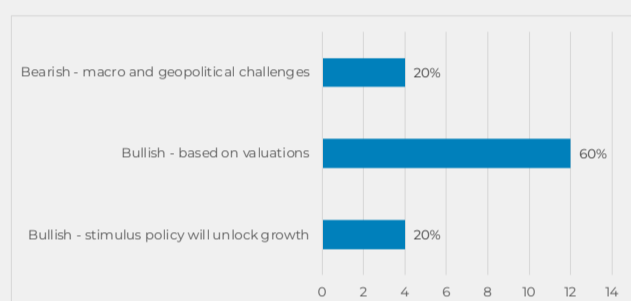
- At the time of writing, the rand/US dollar exchange rate is R18.51. The bulk of managers see the exchange rate ending the year in a range of between R17/\$ and R18/\$, while no managers see it exceeding R20/\$.
- Seven managers (equivalent to 35%) foresee the rand/US dollar exchange rate will remain in the range of R18/\$ and R19/\$.
- Three managers (equivalent to 15%) see the rand strengthening below R17/\$.

**5. With the Trump administration likely to apply tariffs on trade between the US and several global economies, what do you anticipate the impact to be on global growth?**



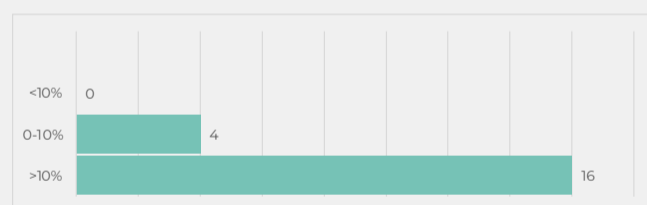
- When asked what the anticipated impact of tariffs would be on global growth, 40% of managers indicated that they preferred not to forecast geopolitics. No managers expect the tariffs will result in accelerated global growth.
- However, of the 60% of managers willing to express a view, half expect economies will adapt to global trade dynamics. The other half expect a slowdown in global growth.

**6. Are you bullish or bearish on Chinese equities as an investment case for 2025?**



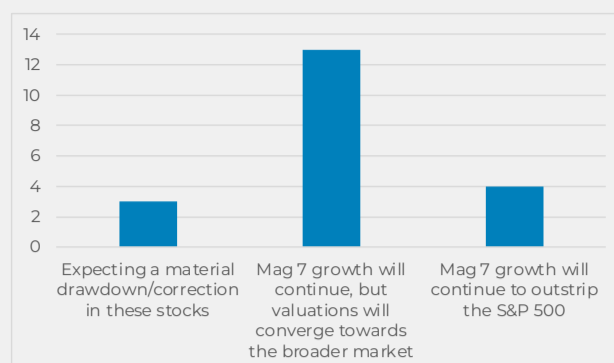
- Although China's economic challenges from 2024 (troubled property sector, weak consumer demand, geopolitical challenges with the US) persist, the bulk of managers are still bullish on Chinese equities. This is due to their fundamental valuations, relative to historical averages and developed markets, rather than macro forecasts.
- The vast majority of managers are bullish on Chinese equities, and most base their bias on current valuations. The remainder are bullish because they believe Chinese stimulus policy will be effective in unlocking economic growth.

**7. Following a strong 2024 for the JSE All Share Index (ALSI), what is your return expectation for 2025?**



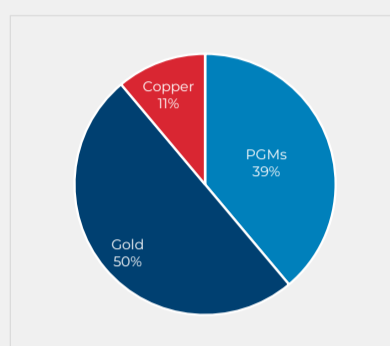
- There seems to be a lot more optimism about the FTSE/JSE All Share Index, after a pleasing performance of 13.4% in 2024.
- Of the total number of surveyed managers, 16 believe that the index will deliver returns of more than 10%, echoing the optimism towards domestic equities.
- Four managers believe it will stay within a range of 0% to 10%, and no managers believe it will return less than 10%.

**8. What is your expectation for the Magnificent (Mag) 7 in 2025?**



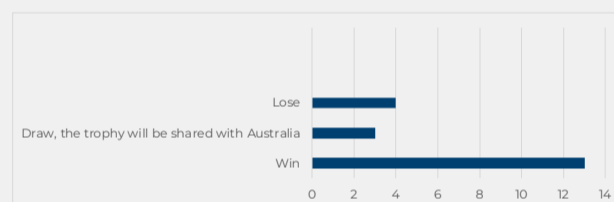
- The Magnificent 7 stocks posted major gains in 2024 and were the main driver of the S&P 500's 23% return for the year.
- From the total number of managers surveyed, most expect continued growth, but with the likelihood that growth will not outstrip the broader S&P 500. Only four managers believe the Magnificent 7's growth will be in excess of the index.

**9. Which hard commodity do you expect to be the best performing for the year?**



- Gold posted large gains for 2024 and 50% of managers believe the momentum will continue into 2025.
- Relative to Gold and PGMs, fewer managers believe Copper will be the best performing hard commodity for the year.

**10. What are your expectations for the Proteas Men participating in the June 2025 ICC World Test Championship final?**



- A win is anticipated by 13 managers for the Proteas Men against the Aussies in the June 2025 ICC World Test Championship final, as most are hoping our boys will make the nation proud.
- Despite the general optimism, four managers believe the Aussies will claim victory over the Proteas Men, while three believe it will end in a draw.

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