

CENTRAL BANK SEMINAR

POSITIONING

OCTOBER 2025



2025 – IN Q4 HOPE FOR THE BEST, BUT PREPARE FOR THE WORST

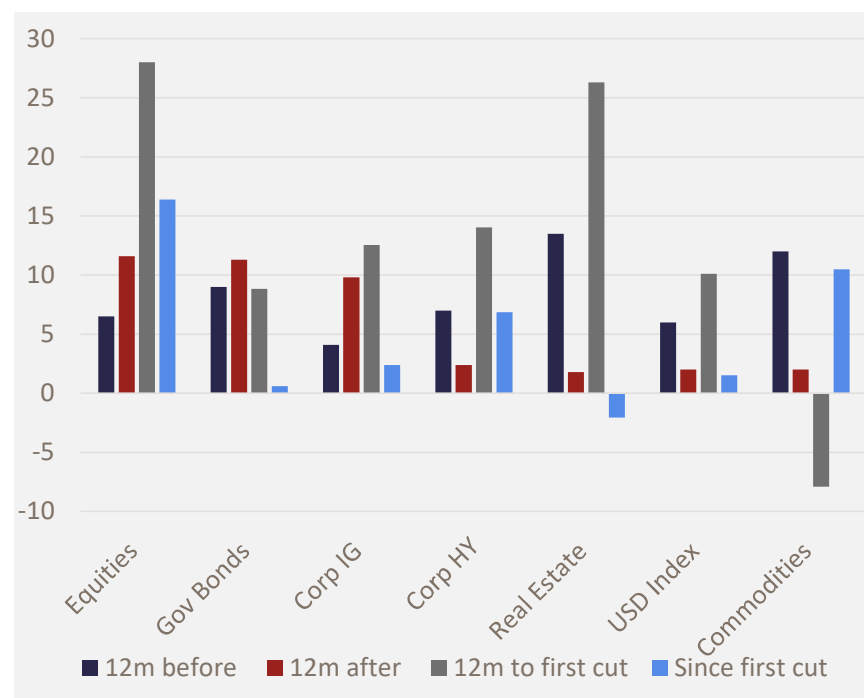
PERFORMANCE OF THE KEY US\$ DENOMINATED ASSETS ('GLOBAL BENCHMARKS')

The last 12-months 'after' the interest regime change showing divergence from the historical observed patterns

Markets expectations:

- **Central Banks to continue interest rate cutting cycle**
 - Financial stress to remain under control
 - Liquidity to remain abundant
 - Risk appetite to remain in positive territory
-
- **Fiscal deterioration to slow down**
 - **Geopolitical pressures to ease**
 - **Inflation measures to hit the central bank targets**
 - **Economic growth to decelerate**
 - **Interest rate volatility to subside**

Historical returns 12 months before and after the change in US monetary regime, 12 months to first rate cut and returns since, %

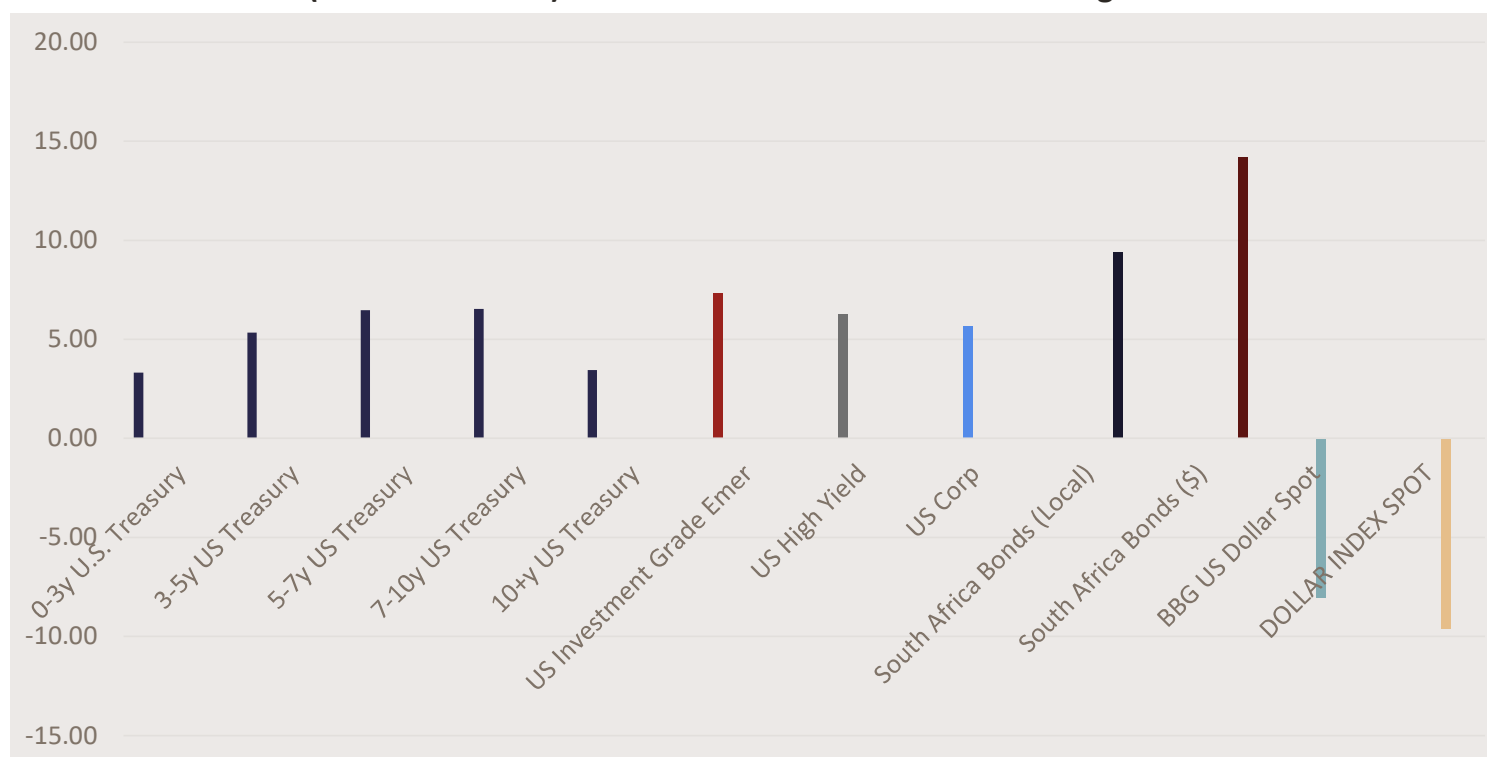


Source: S&P Global, ICE, CAIM, September 2025

2025 YEAR TO DATE RETURNS

'Leverage strategies' delivered superior results

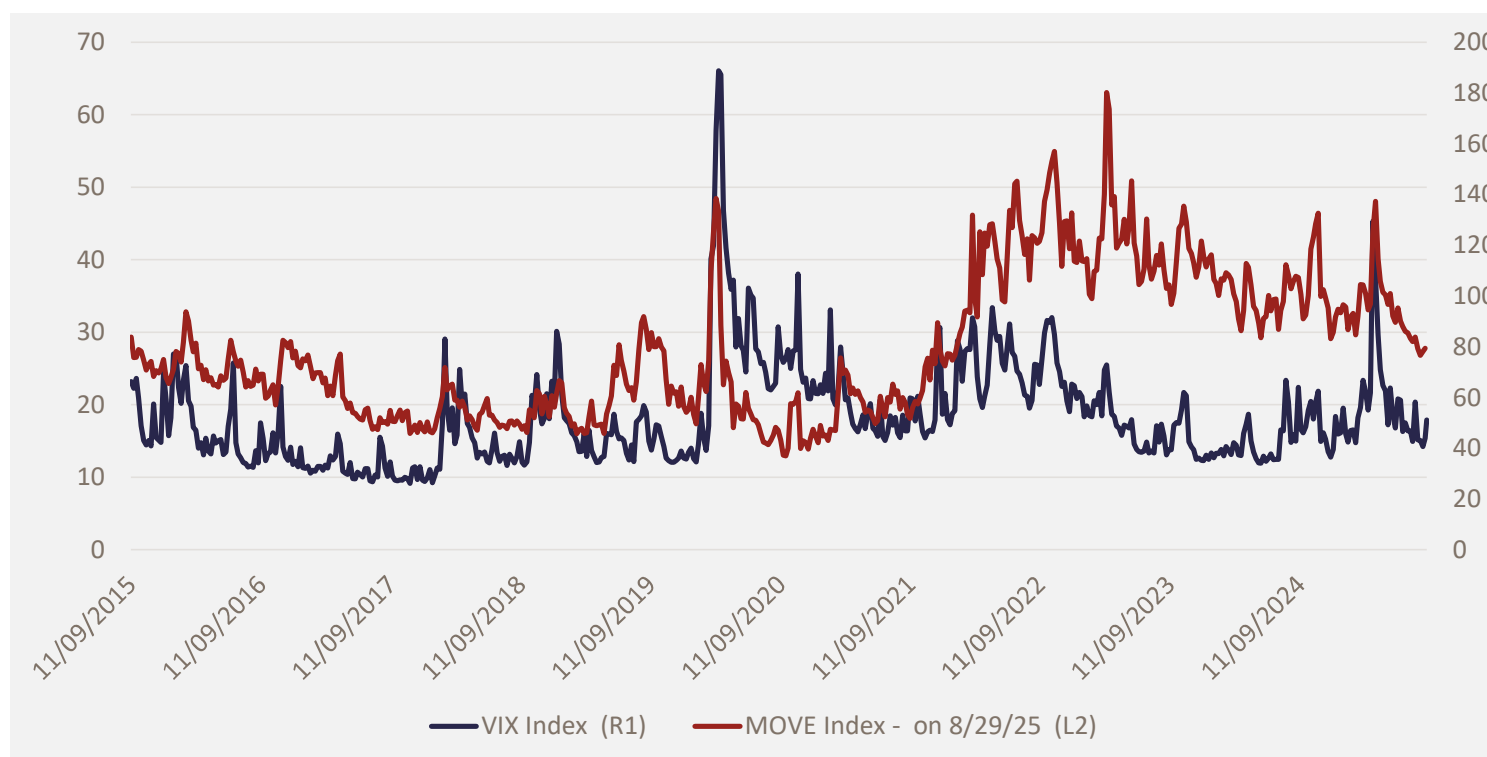
South Africa Government Bond Index (ICE BofA – G0SA) in local terms has delivered the strongest returns since 2019!



Source: CAIM, Bloomberg Finance L.P., August 2025

FEARLESS MARKETS

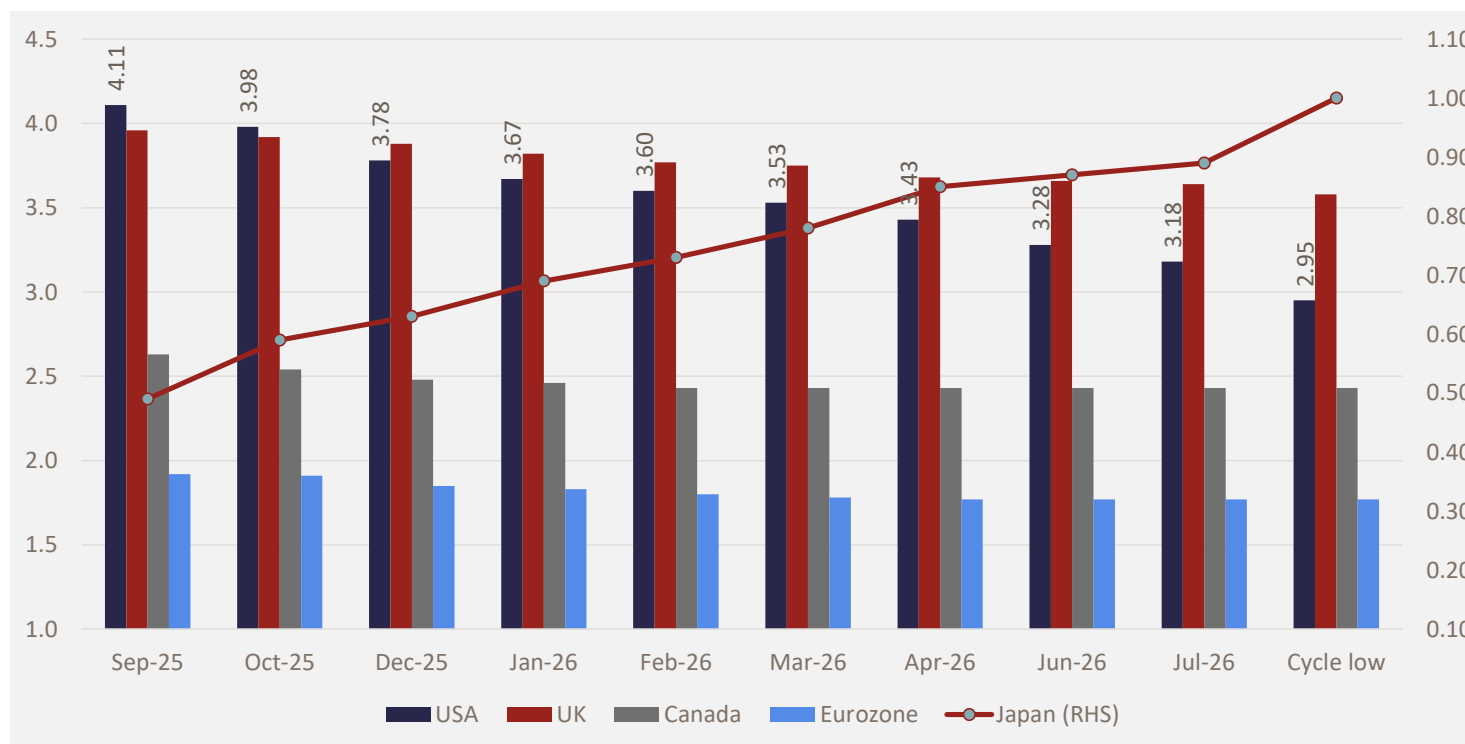
While valuations of many assets hit multi-months records, volatility measures have remained subdued



Source: Bloomberg Finance L.P., August 2025

CENTRAL BANKS

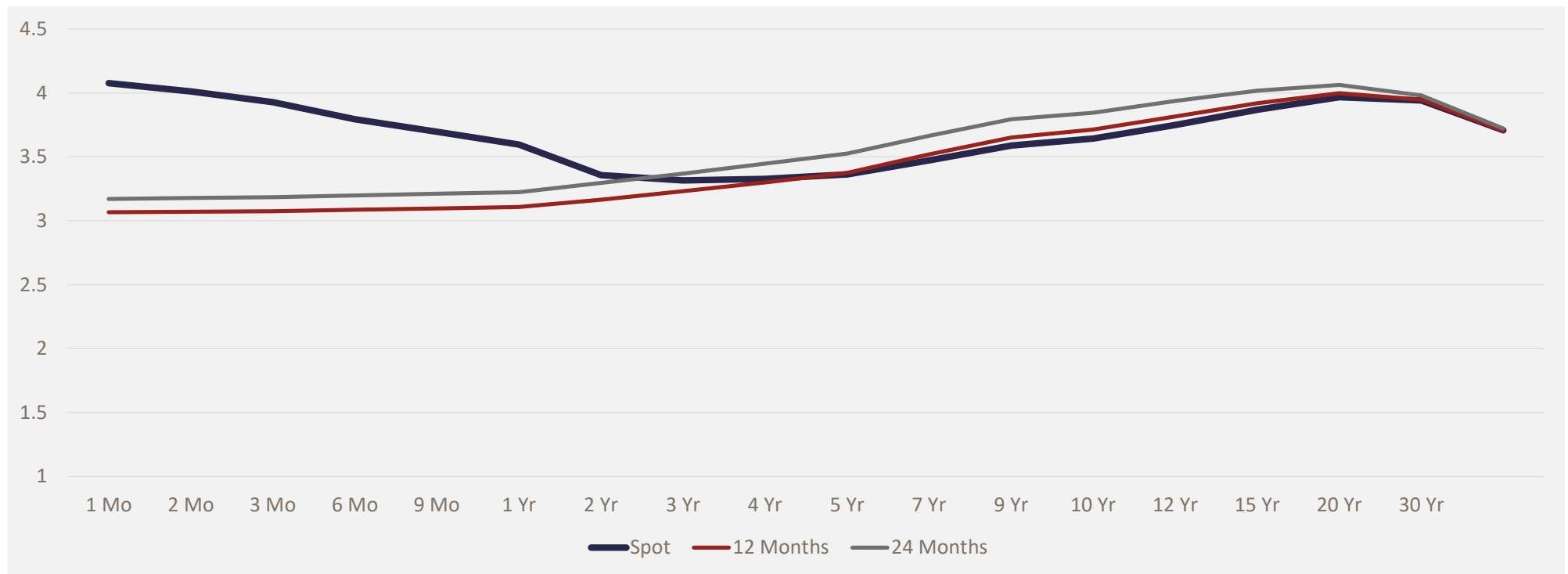
It is not about how they started but how they will finish



Source: Bloomberg Finance LLP, 02 September 2025

NORMAL (POSITIVE) FORWARD CURVES AT LAST CAIM CROWN AGENTS INVESTMENT MANAGEMENT

The SOFR based forwards

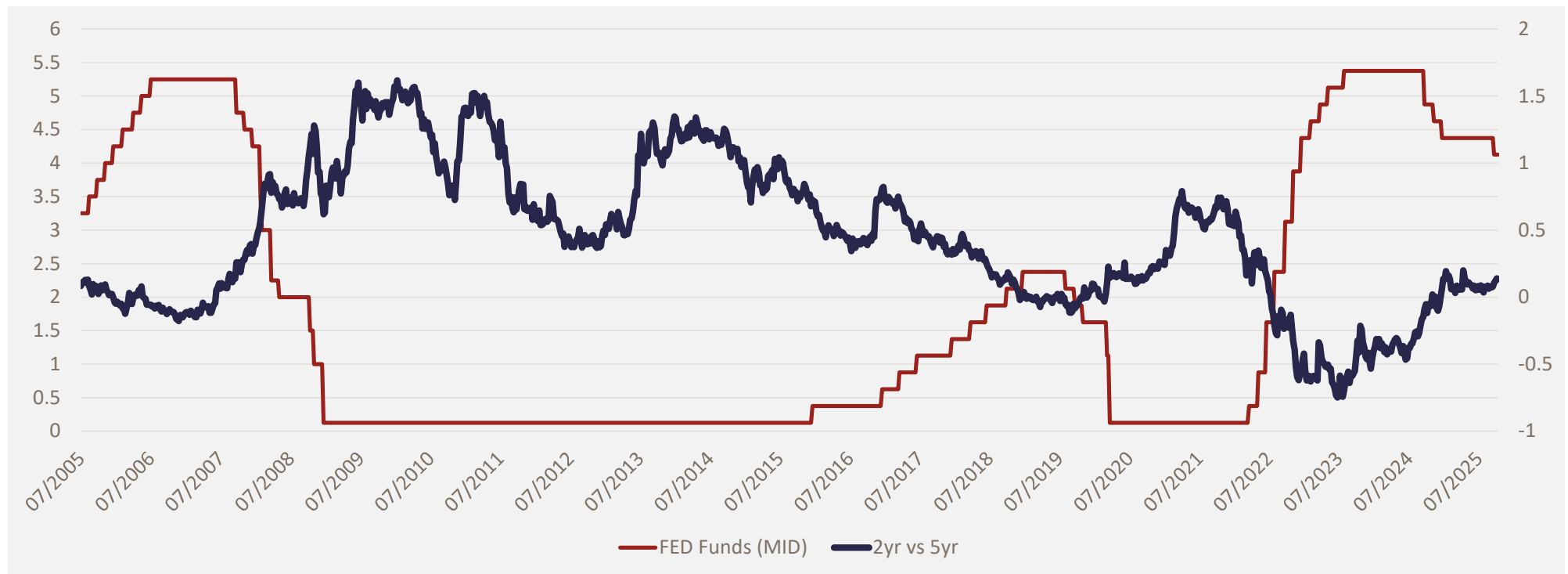


Source: Bloomberg LLP, as of 08 October 2025

TOO EARLY TO EXPECT AGGRESSIVE CURVE MOVES

Fiscal worries important for the long part of the curve

The SOFR based forwards

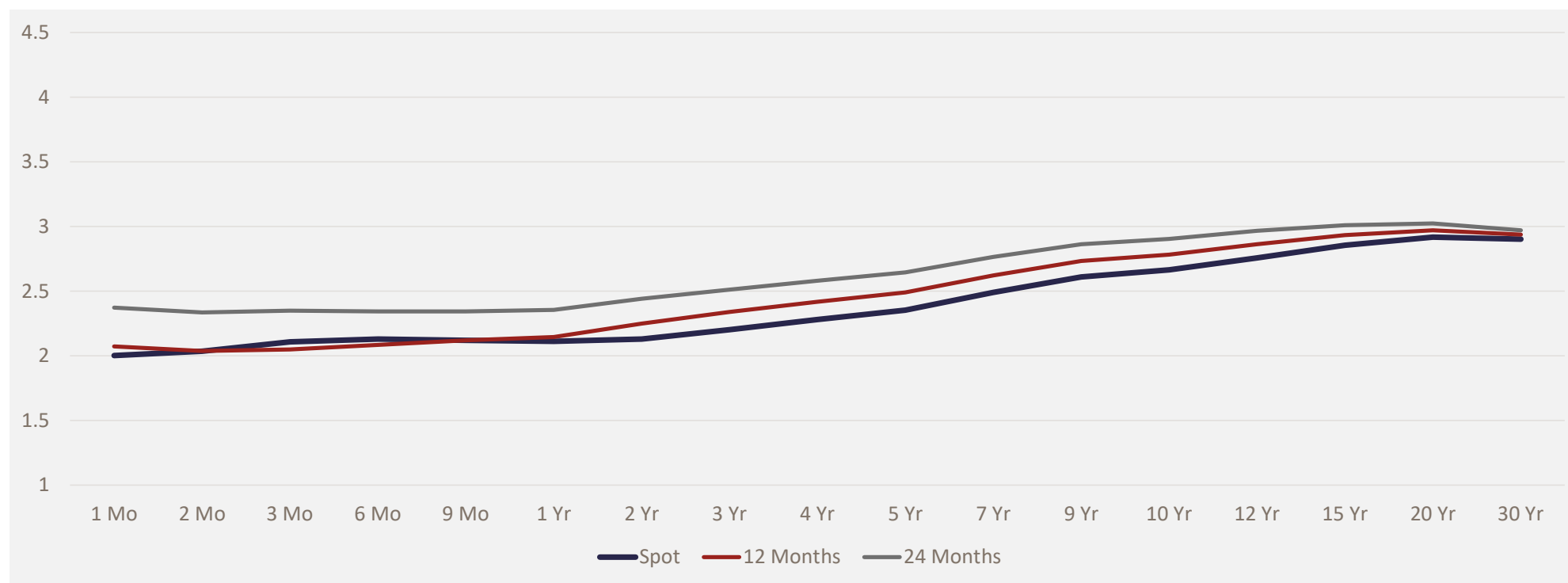


Source: Bloomberg LLP, as of 08 October 2025

STABILISATION ON THE HORIZON

EUR forward rates suggest normalisation of the curve in 2025 is a done deal

The OIS ESTR based forwards

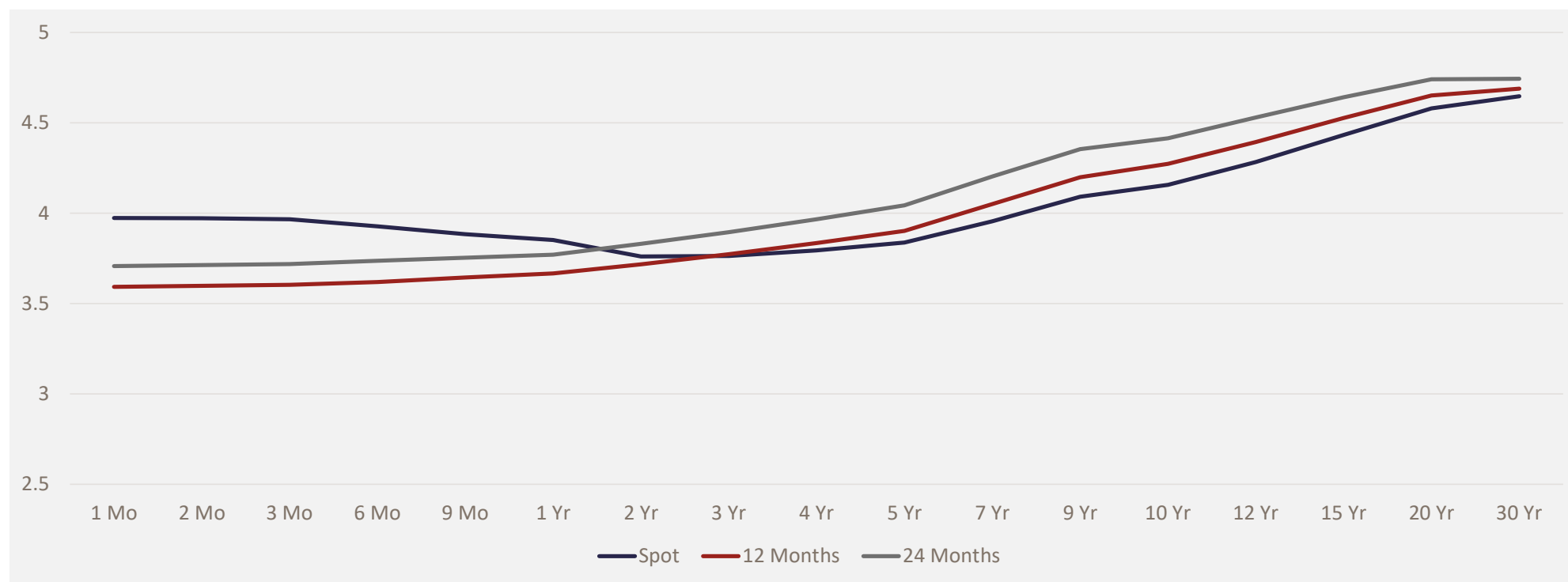


Source: Bloomberg LLP, as of 08 October 2025

STABILISATION ON THE HORIZON

GBP forward rates suggest normalisation of the curve in 2025 is a done deal

The SONIA based forwards

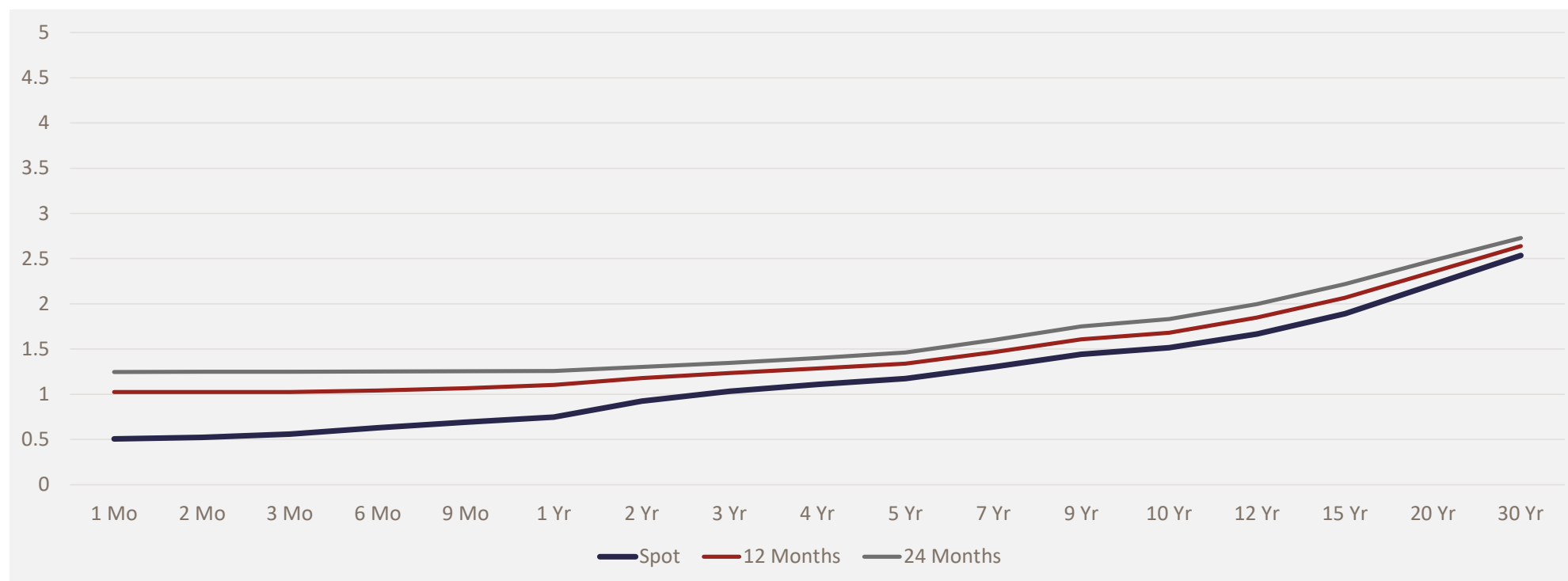


Source: Bloomberg LLP, as of 08 October 2025

ALL EYES ON THE BOJ

Forwards price aggressive path of rates for Japan

The JPY OIS based forwards



Source: Bloomberg LLP, as of 08 October 2025

FISCAL WORRIES TO AFFECT 'ASW LEVELS

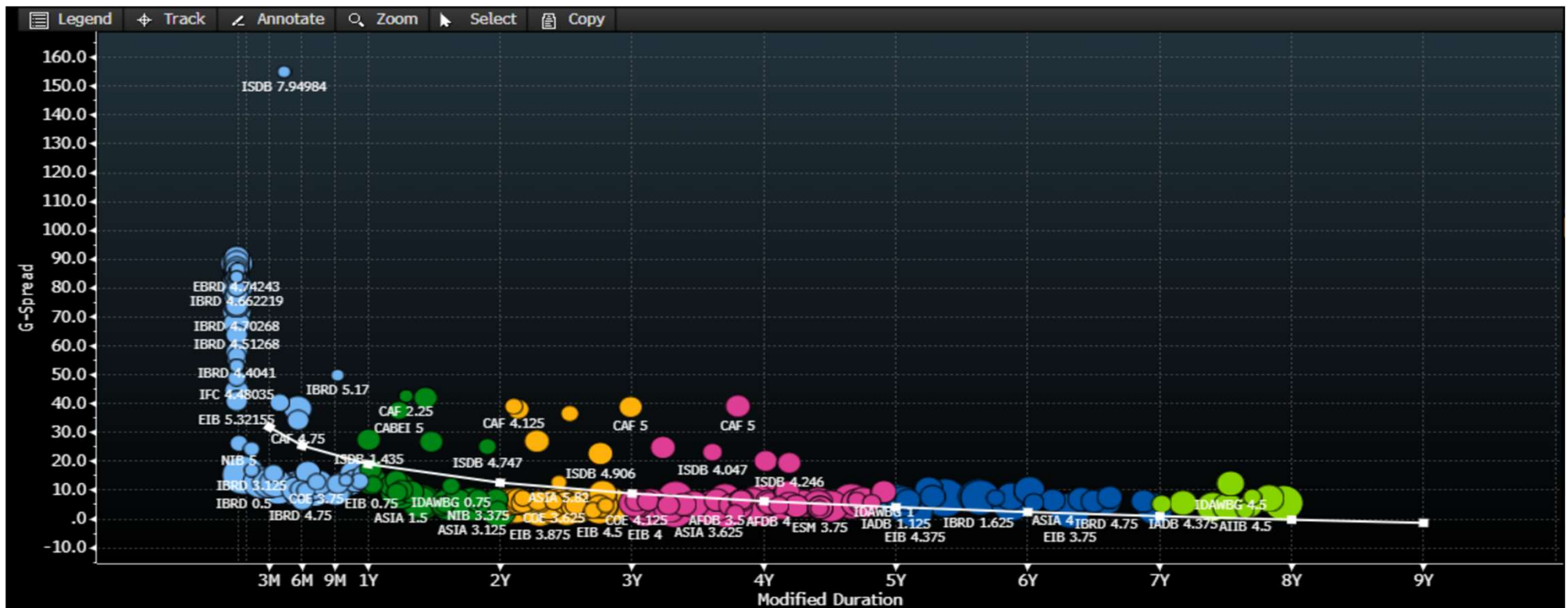
ASW levels in US testing all time lows adding pressure on the Eurozone



Source: Bloomberg LLP, As of October 2025

GEOPOLITICS LEAVES MARKS ON THE SSA ASSETS

SSA valuations move from expensive to very expensive

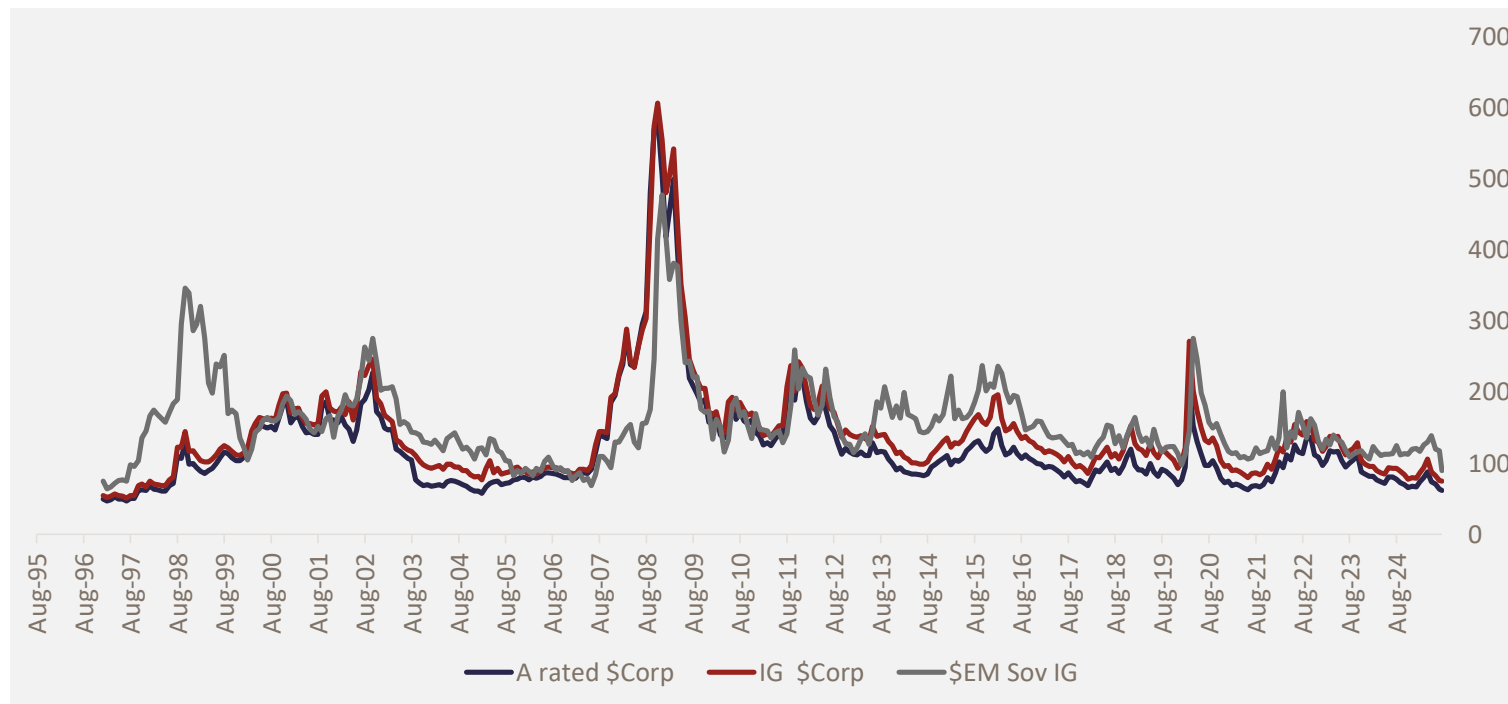


Source: Bloomberg LLP, As of October 2025

CREDIT SPREADS DANGEROUSLY LOW

Back to the pre-GFC era, demand side has ignored risk factors as passive flows flooded markets

Limitless demand for credit fuelled by the interest rates easing cycle, high absolute yields and an ocean of cash



Source: Bloomberg Finance LLP., August 2025

HOPING FOR THE BEST PREPARING FOR THE WORST

Reducing active exposures. Preference for sovereign. Staying within friendly benchmarks due to uncertainty

Diversification remains the main factor with the FOMO driving positioning

| Asset Class | Short Part (sub 2 years) | Medium Part (2-7 years) | Long Part (10 years+) |
|-------------------------|--------------------------|-------------------------|-----------------------|
| UST | ++ | + | + |
| USD IG | + | 0 | 0 |
| USD HY | 0 | - | -- |
| USD EM | 0 | 0 | -- |
| UK Gilt | ++ | + | 0 |
| Eurozone (Core=Germany) | + | 0 | - |
| Eurozone (Periphery) | - | - | - |
| Japan | 0 | 0 | + |
| China | 0 | - | -- |
| EM Local | + | 0 | 0 |

Source: CAIM, September 2025

WHAT CAN GO WRONG

Top risk factors

1. Market positioning
2. Seasonality (October is the year-end for numerous leveraged players)
3. Credit downgrades in the DM space (France 'in the eye of the storm')

Source: CAIM, September 2025

APPENDIX

OUTRIGHT STRATEGY

Fast market requires entrance/exit targets to be set up in advance



Source: Bloomberg LLP, As of October 2025

OUTRIGH STRATEGY

Fast market requires entrance/exit targets to be set up in advance



Source: Bloomberg LLP, As of October 2025

CURVE POSITIONING TOOL

BFLY function for curve positioning



Source: Bloomberg LLP, As of October 2025

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