

## Market Update

- The JSE ALSI experienced a growth of 3% in May. This performance was lead by the industrial and resource sectors.
- The S&P 500 had its best return in a few months, posting a 6.2% gain. This was driven by strong earnings from tech and consumer discretionary sectors.
- Global equities, as represented by the MSCI ACWI, gained 6.09% in May. Large gains in developed markets drove the index compared to relatively small gains in emerging markets, which faced currency volatility (caused by ongoing tariff negotiations) and geopolitical tension.
- Euro STOXX 50 rose by 5.4% over positive spending reforms in Germany, while the FTSE 100 gained 3.3%, helped by resilience in financials and energy. US-EU trade tensions remain.

## Economic Update

- South Africa passed its 2025 national budget, dropping the controversial VAT hike proposal. The move was well received by consumers and helped support market sentiment.
- SA inflation, measured by CPI, last read 2.8%, below the SARB's 3–6% target range.
- Prime Rate decreased to 10.75%, helping consumers with lower borrowing costs.
- The US Federal Reserve left interest rates steady in May at 4.25%–4.50%, pointing to persistent inflation as a barrier to any near-term rate cuts.
- China's economy grew by 5.4% in the first quarter of 2025, driven by strong export demand and government stimulus efforts. Chinese growth often seen as a good indicator for South Africa due to their increased demand for our commodities.
- Eurozone consumer confidence hit a 14-month high in May, driven by declining inflation and stronger-than-expected job market data. This has supported retail and services growth across key economies like Germany and France.
- Geopolitical risks, including the Middle East conflict and tensions in East Asia, continued to weigh on energy markets and investor confidence globally.

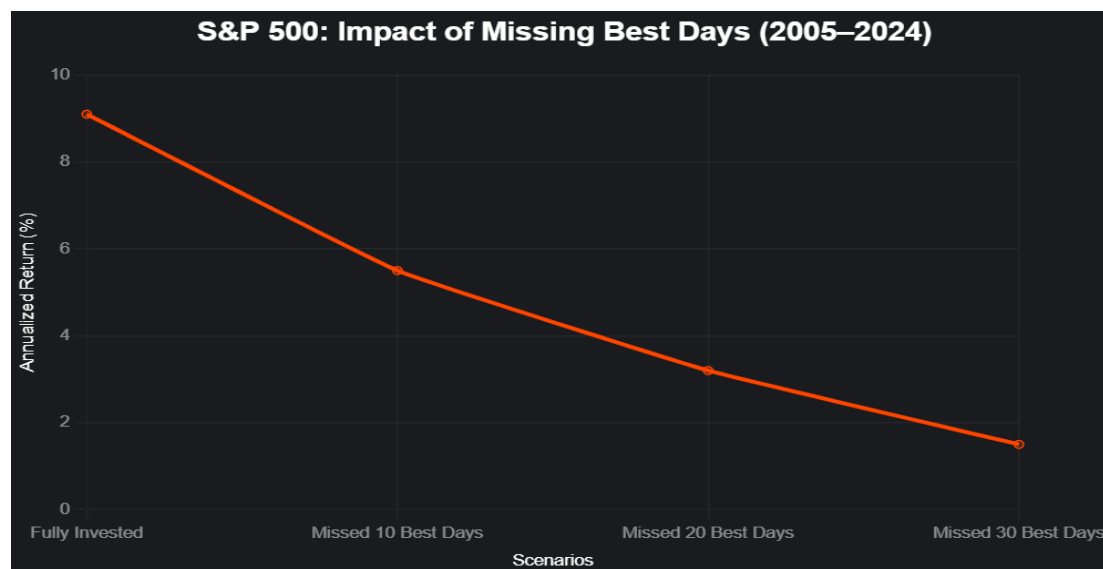
## Looking ahead

This month we will be keeping an eye on the following events and their potential impact on the markets:

- US-China and US-Europe trade talks will continue to dominate, and they could have a material impact on the volatility of markets.
- China's Recovery Momentum. As stimulus measures continue, the strength of consumer demand and industrial output will be closely monitored for global growth implications.

## Lessons for Long Term Wealth – The Importance of Staying Invested

Our focus this month is on the importance of staying invested, even during market volatility. When markets become volatile, it can be tempting to retreat to cash. But doing so may mean missing some of the best days in the market. Historically, the largest daily gains tend to occur very close to the largest daily drops — and missing just a handful of those strong recovery days can significantly reduce long-term returns.



Over the last 20 years, the S&P 500 achieved a 9.1% annualized return, but missing the 10 best days dropped this to 5.5%, missing the 20 best days to 3.2%, and missing 30 best days to 1.5%. These best days often occur during periods of uncertainty, underscoring the importance of staying invested to capture market growth. Time in the market, not timing the market, is what builds long-term wealth.

## Ridgetop Round Up

Ridgetop Investment Managers began in 2006 when it was acquired by Ant Smith and Mike Shacklock, the license was officially granted on 5 December 2006. Ant and Mike met while working for Syfrets in the 90s.

Until next time - stay patient, stay invested and stay focused on what matters most.

The Ridgetop Team

*"Far more money has been lost by investors trying to anticipate corrections than lost in the corrections themselves."*  
— Peter Lynch

## Glossary

- **MSCI ACWI (Morgan Stanley Capital International All Country World Index):** A global equity index tracking stocks from developed and emerging markets, representing large and mid-cap companies across 23 developed and 24 emerging markets. A representative of the World Market.
- **JSE ALSI (Johannesburg Stock Exchange All Share Index):** The primary stock market index in South Africa, measuring the performance of all companies listed on the JSE, weighted by market capitalization.
- **S&P 500 (Standard & Poor's 500):** A U.S. stock market index comprising 500 leading publicly traded companies, representing diverse sectors, used as a benchmark for U.S. equity performance.
- **Repo Rate (Repurchase Rate):** The interest rate at which the South African Reserve Bank lends money to commercial banks, influencing borrowing costs and economic activity.
- **US Fed (United States Federal Reserve):** The central banking system of the United States, responsible for setting monetary policy, including interest rates, to manage inflation, employment, and economic stability.
- **EUROSTOXX 50:** A European Stock Market Index comprising of the 50 largest companies in Europe outside of the UK
- **FTSE100:** A UK Stock Market Index comprising of the 100 largest companies in the UK