

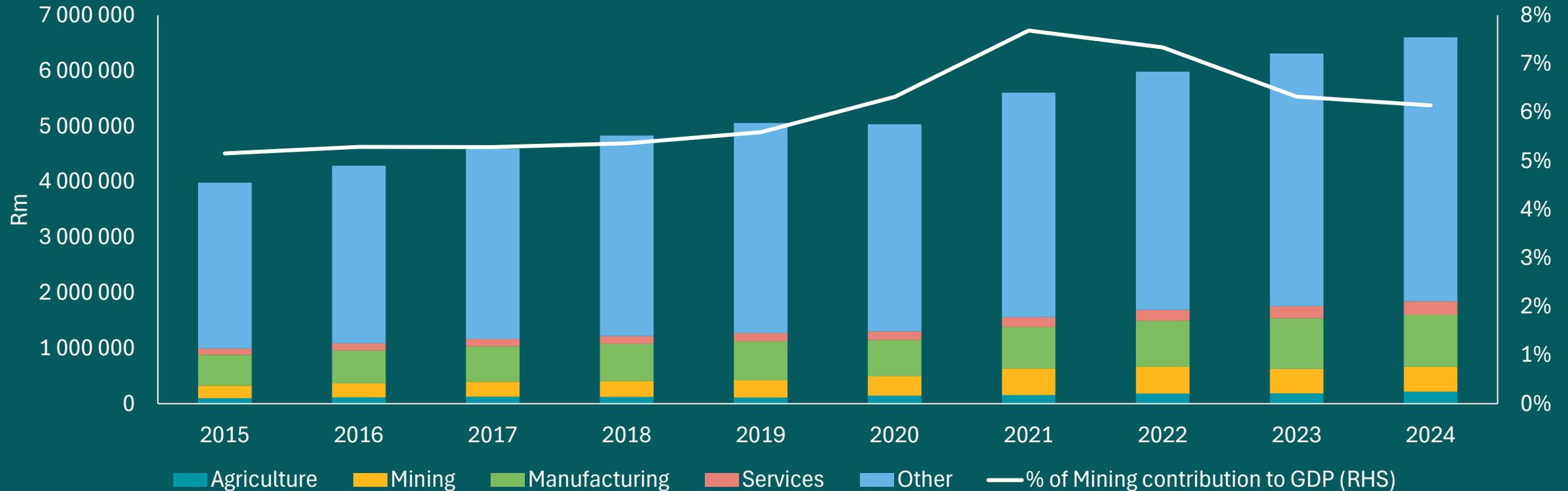


Mining momentum &
market resilience:
Navigating South Africa's
next investment cycle

Unathi Loos – March 2026

Mining remains relevant to SA's economy

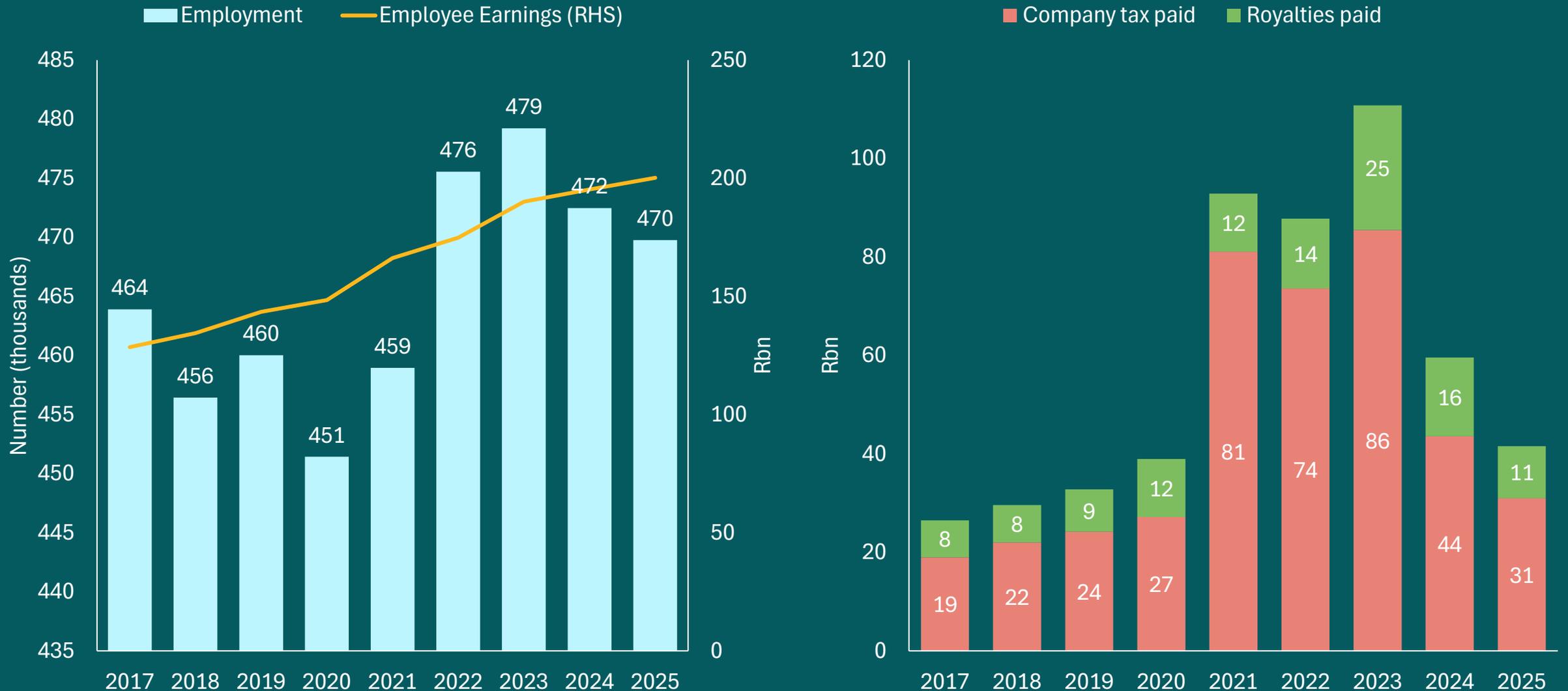
GDP by industry at current prices



- Contribution to GDP (5% in 2015, 6% in 2024)
- Contribution to exports and foreign revenues
- Tailwinds for the rand and the fiscus from current commodities bull market

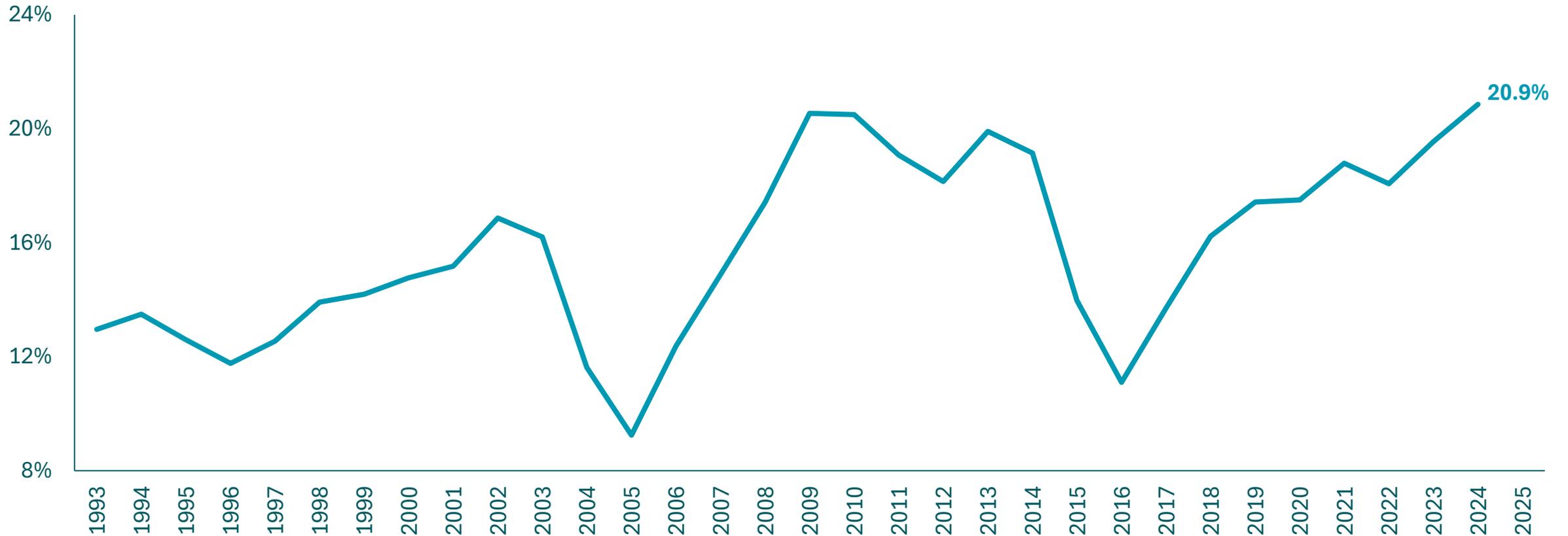
Mining's social contribution to SA is significant

With a meaningful impact on trade balance as % GDP



Positive momentum in capital investment

Mining's contribution to total private fixed investment

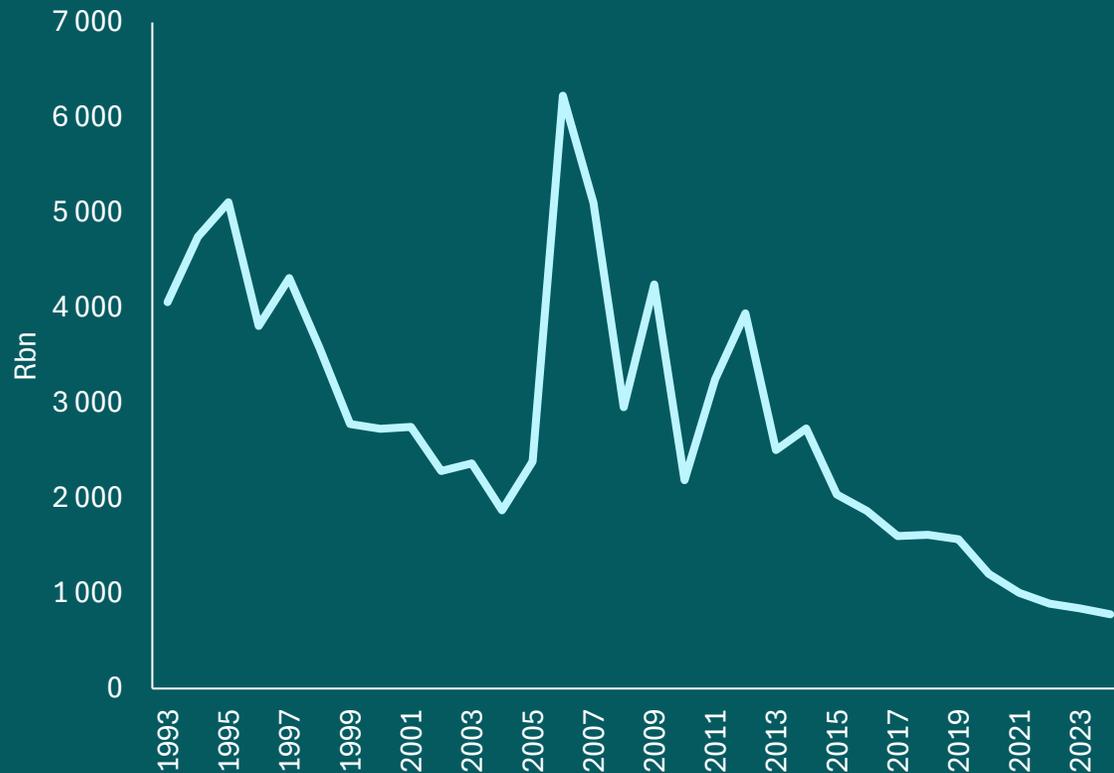


- Strong y-o-y growth trends in capex for mining sector; positive for life extension, employment and economic activity
- R160bn invested in 2024 equating to 20.9% of total private sector investment (Stats SA, SA Minerals Council)

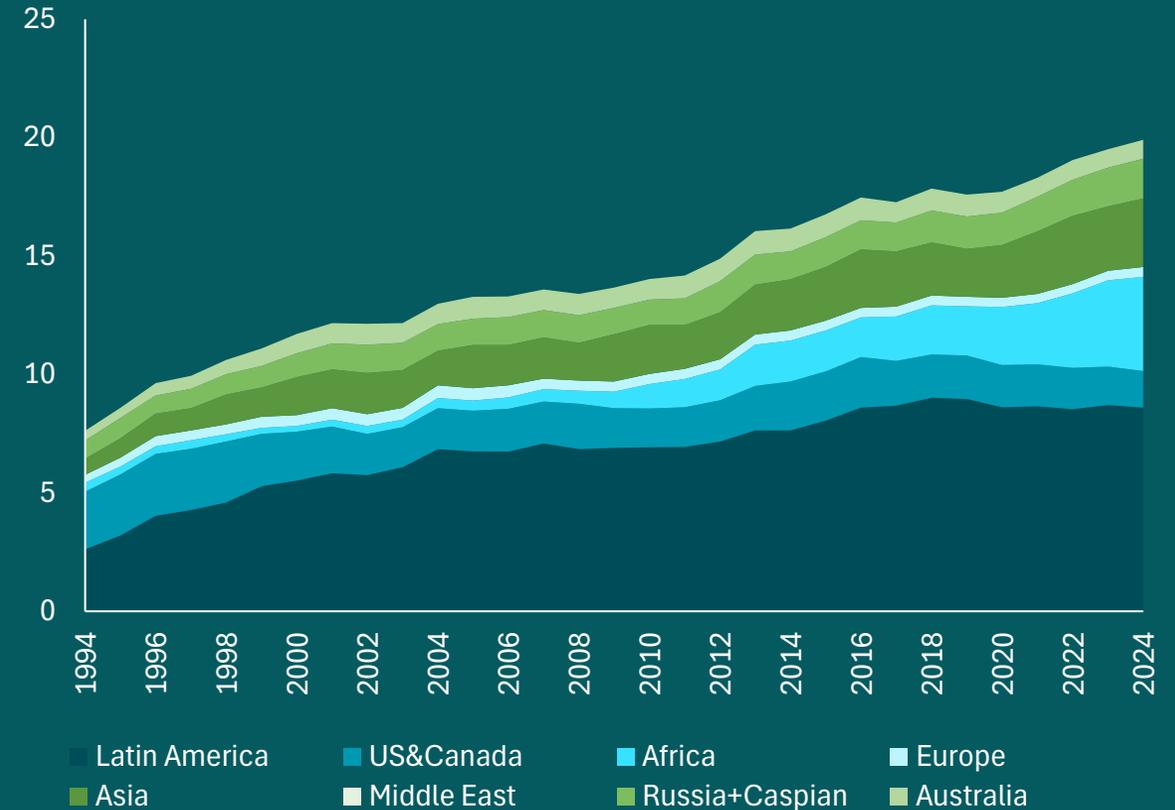
Majority of production growth has been outside of SA

Opportunity for more exploration spend

SA exploration expenditure on a steep decline



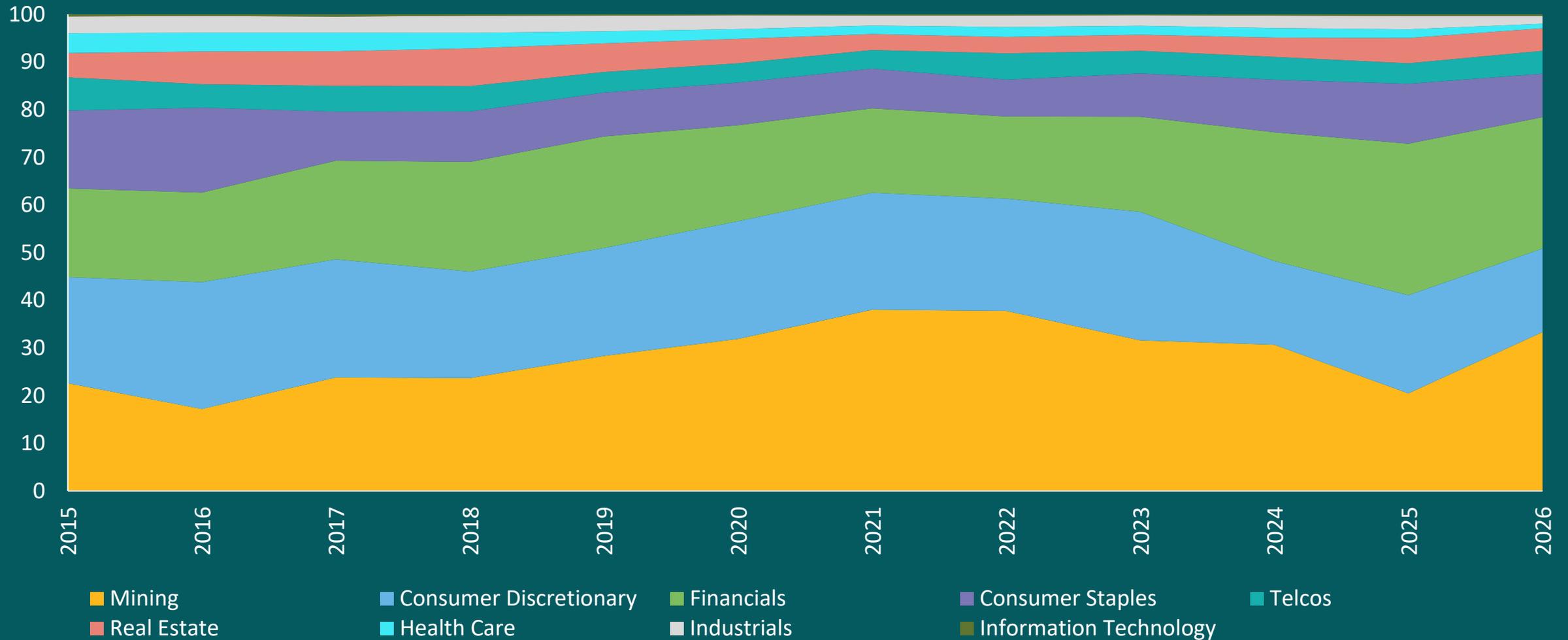
Copper Production MT



- SA challenges: low grade copper, limited reserves, high-cost mining , high electricity costs, logistics challenges, carbon taxes
- SA opportunities: significant producer PGMs, manganese, chrome and gold, with well-established industry and skills

Sector has attracted capital flows on strong commodity price momentum

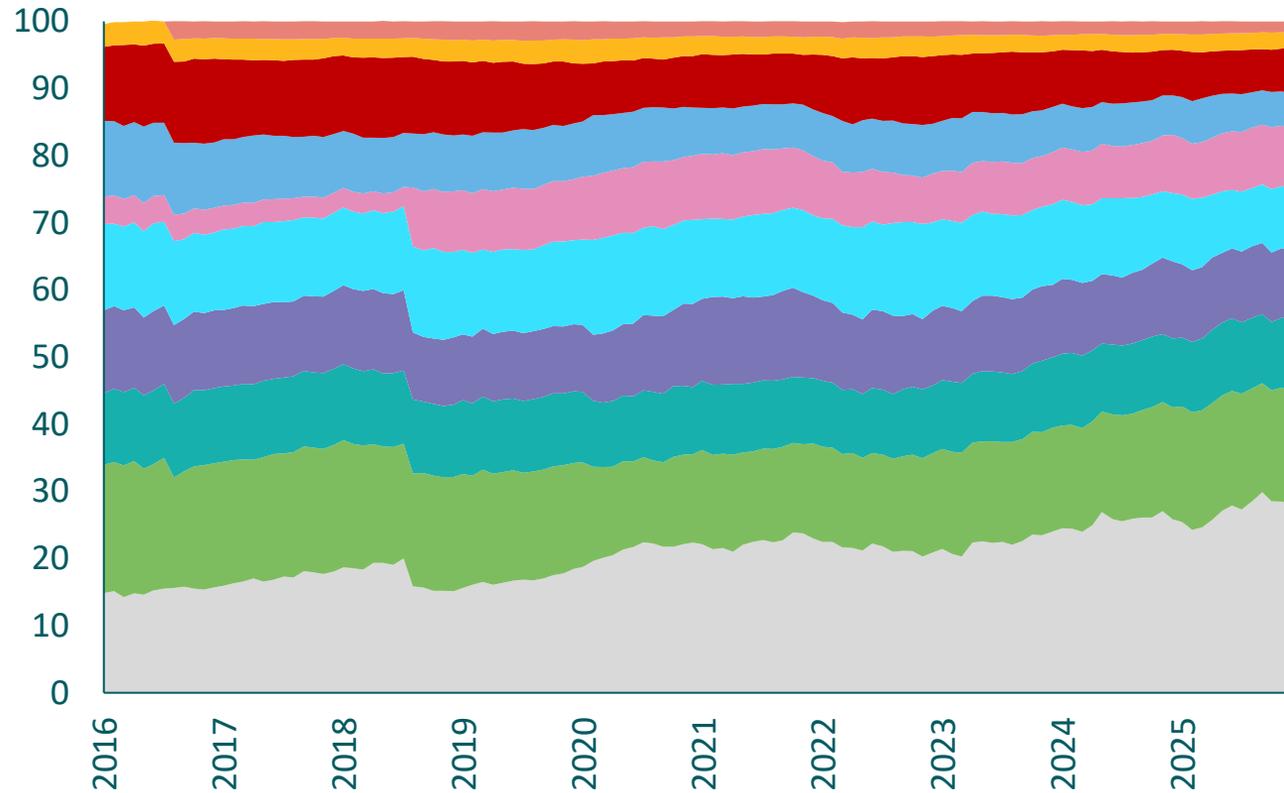
Mining as % Capped SWIX



Globally sector remains largely under owned

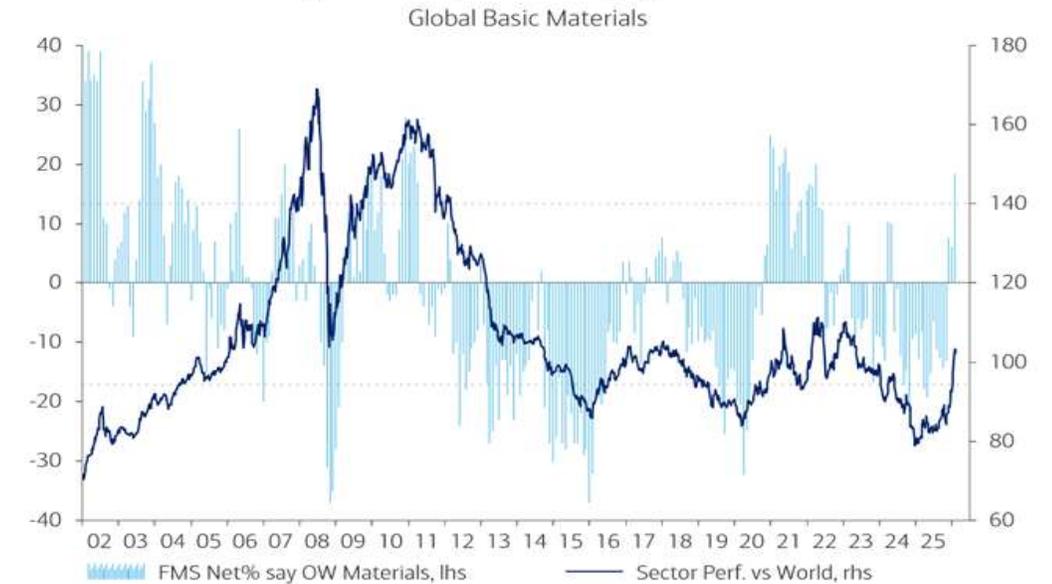
But becoming harder to ignore

Mining as % S&P Global Index



- Info Tech
- Consumer Discretionary
- Consumer Staples
- Real Estate
- Financial
- Health Care
- Materials and Energy
- Industrials
- Communications
- Utilities

Global: a net 18% managers said they are overweight, versus 6% last month

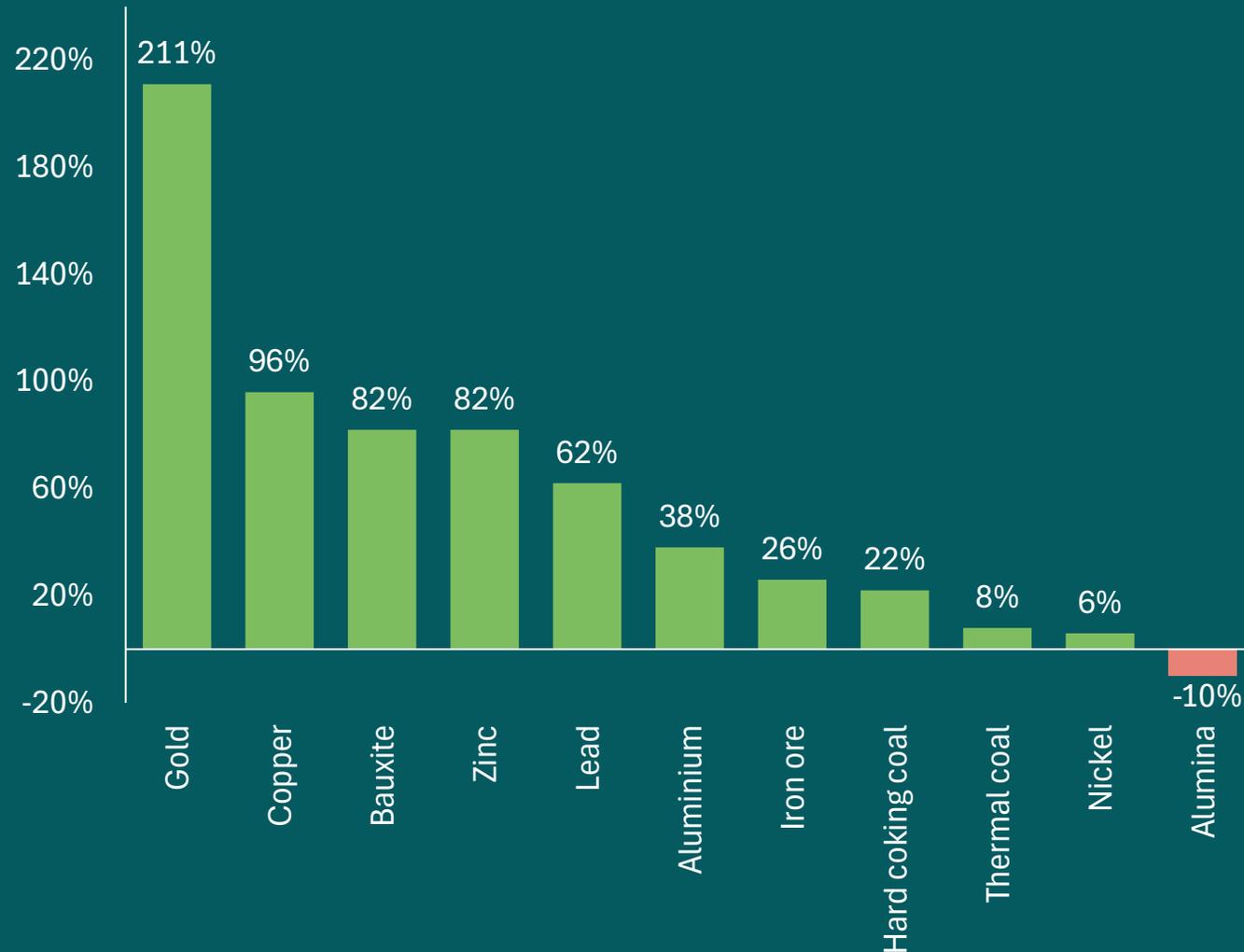


Source: BofA Global Research estimates

Cautious optimism warranted

Structural drivers to commodity rally, but prices increasingly look extended

Spot commodity prices vs. the marginal cost of production



2025 US List of Critical Minerals

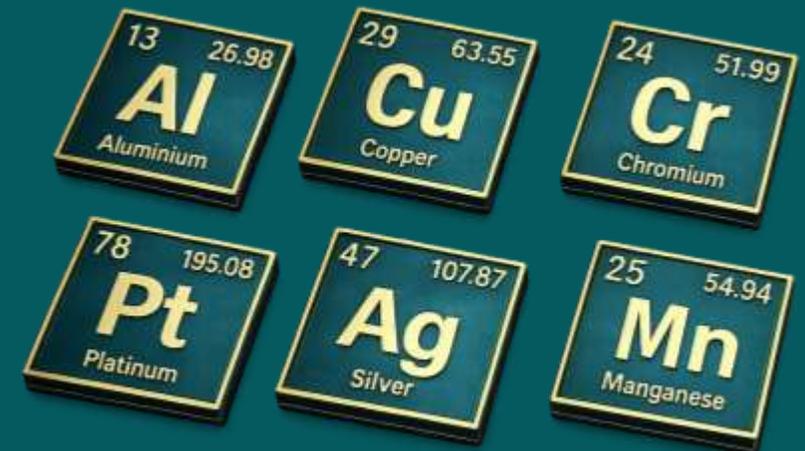
60 CRITICAL
MINERALS

10

NEW CRITICAL
MINERALS

15

RARE EARTH
ELEMENTS



Commodities for portfolio resilience

INTELLIGENCE
CONNECTED

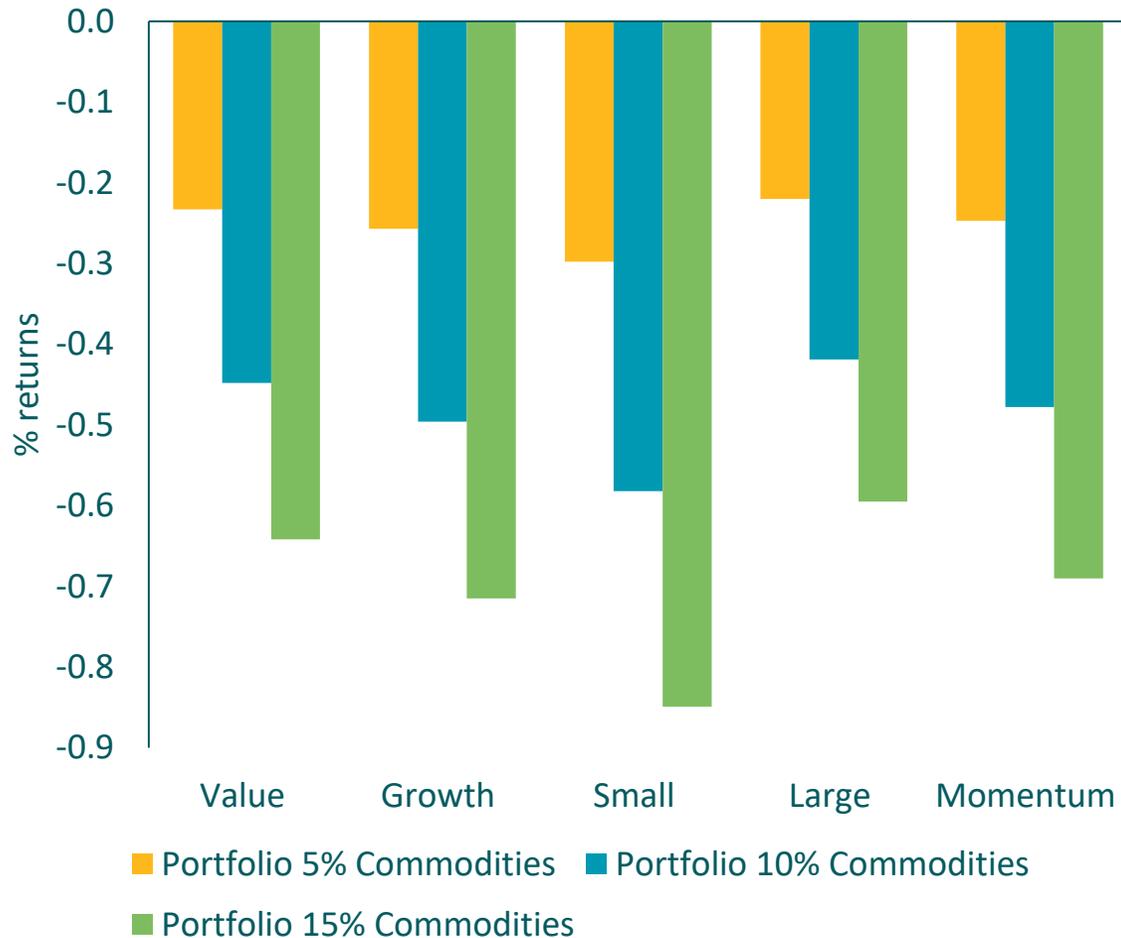
M&G
Investments



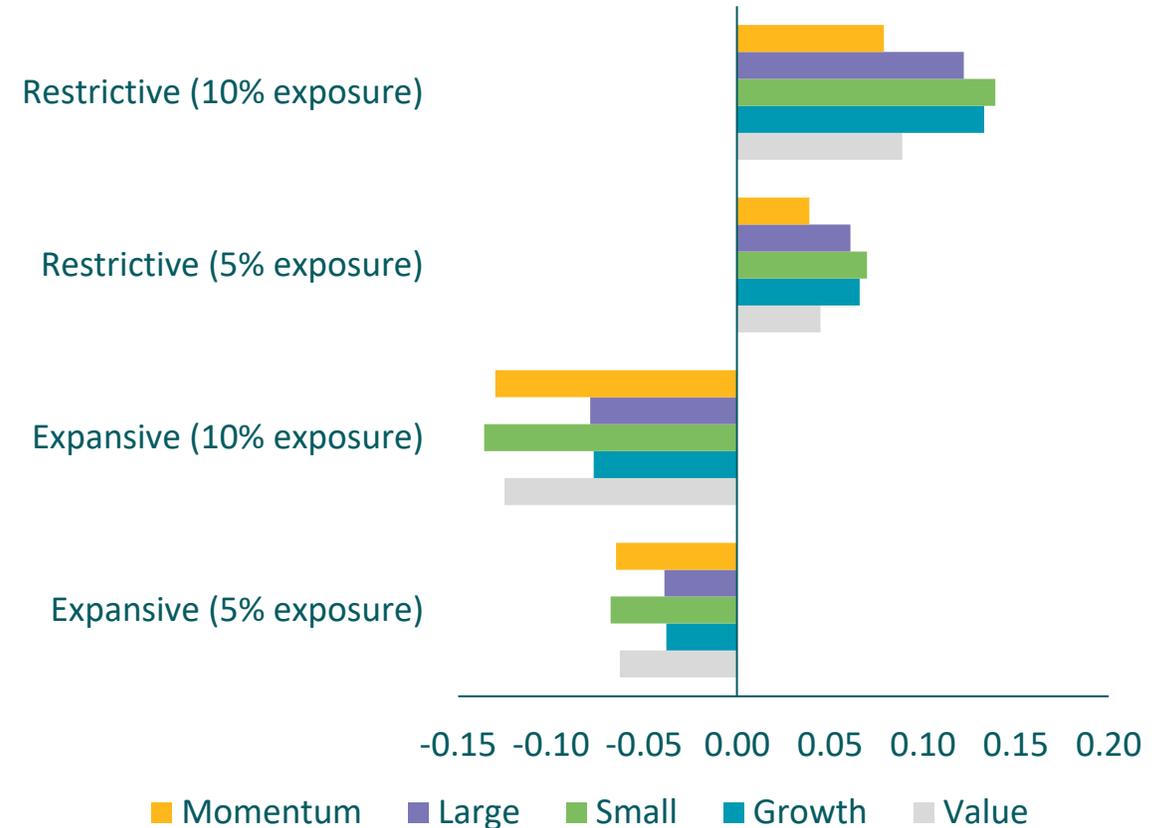
- Hedge against inflation
- Have an intrinsic value
- Prices sensitive to macro and business cycles
- Hedge against the USD
- Price outlook determined by supply and demand, not so much DCFs

Diversification and inflation hedging benefits

Volatility in Monthly Returns



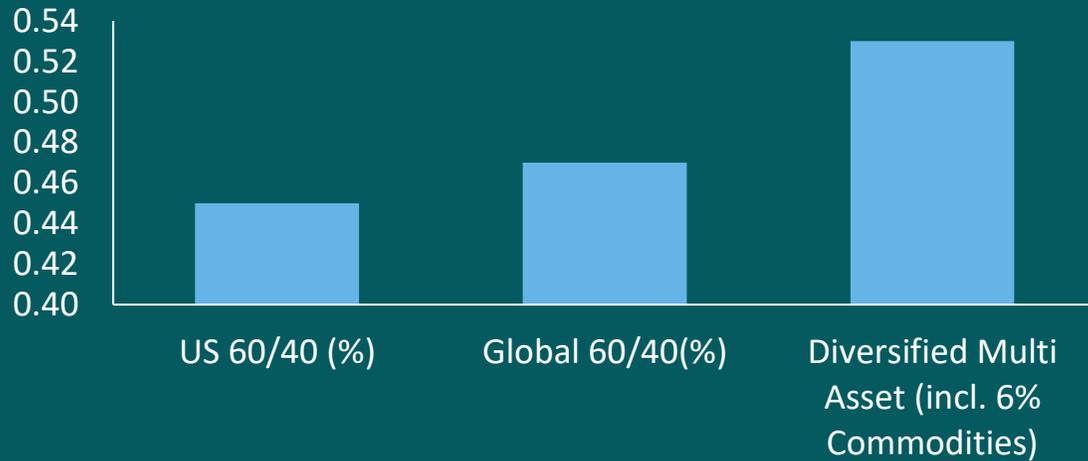
Return Difference vs portfolio with no Commodities Allocation



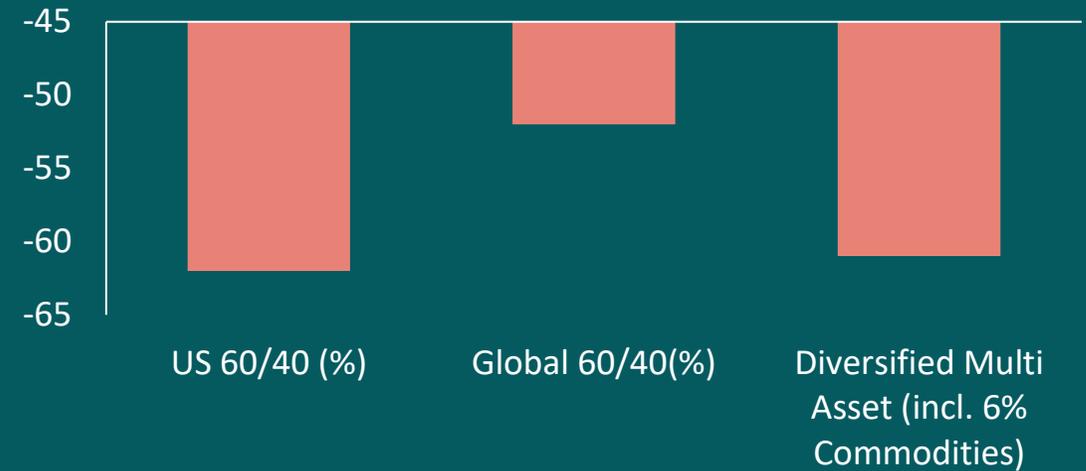
Optimal portfolio construction

Performance of major investment allocation strategies during past century

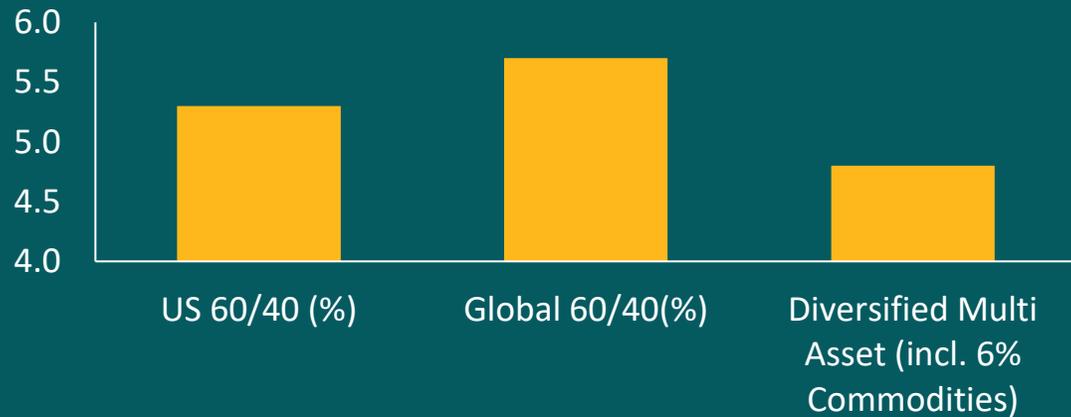
Sharpe Ratio



Max drawdown



Standard deviation 5-yr returns



CORRELATION	Gold	Platinum	Commodities	SA Equity	SA Property	SA Bonds	SA Cash
Gold	1.00	0.50	0.46	-0.05	-0.27	-0.24	0.12
Platinum	0.50	1.00	0.34	0.33	-0.02	-0.13	0.03
Commodities	0.46	0.34	1.00	0.29	-0.16	-0.35	-0.14
SA Equity	-0.05	0.33	0.29	1.00	0.46	0.18	-0.08
SA Property	-0.27	-0.02	-0.16	0.46	1.00	0.57	-0.04
SA Bonds	-0.24	-0.13	-0.35	0.18	0.57	1.00	0.03
SA Cash	0.12	0.03	-0.14	-0.08	0.04	0.03	1.00

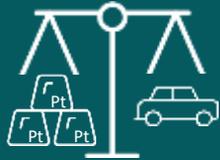
Commodities are cyclical and volatile

Requires a rigorous investment process



Understand commodity price momentum

- We do not forecast commodity prices
- Understand profitability and valuation at spot and marginal commodity prices
- Understand direction of earnings changes and what is embedded in share prices



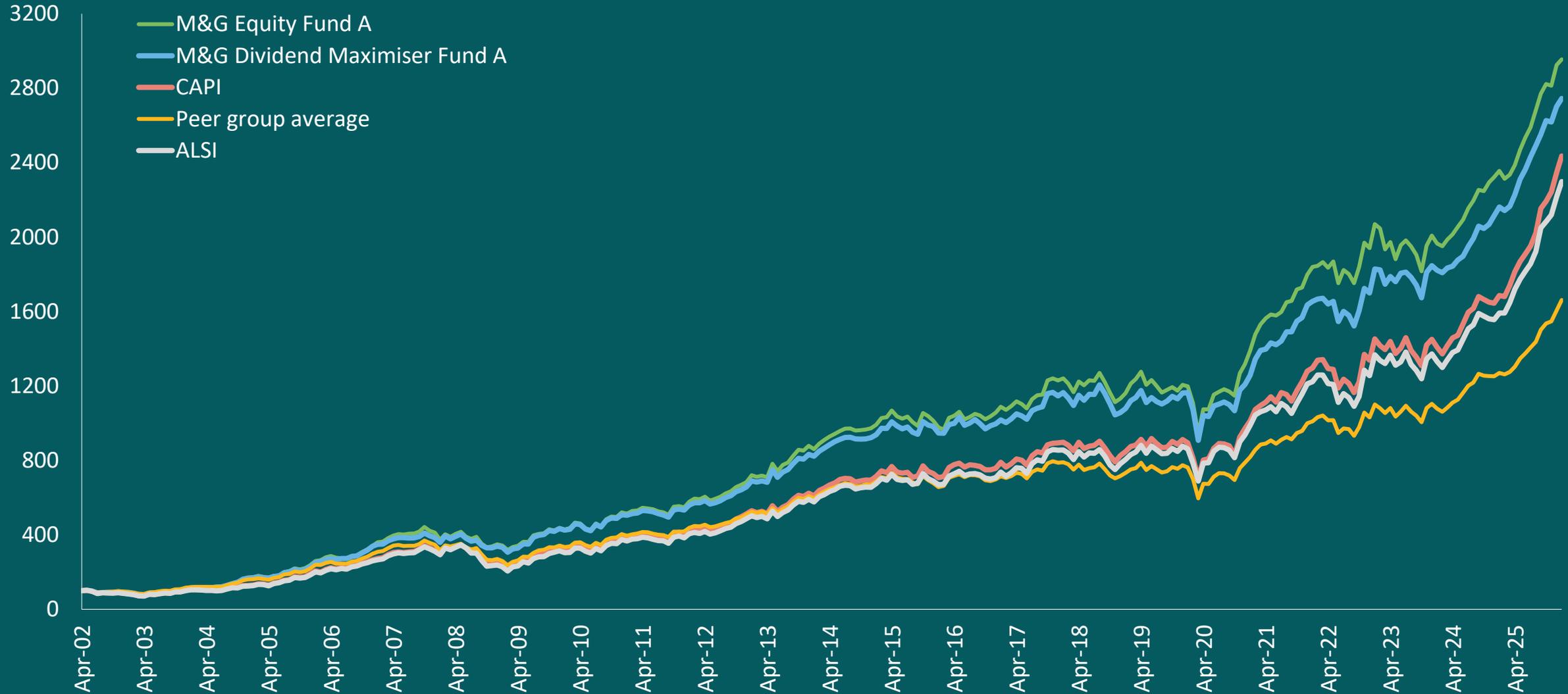
Understand supply and demand fundamentals

- Caution against drawing long term inferences; supply and demand is not static
- Understand key drivers of investment case
- Understand price support away from incentive prices

*Commodity prices tend to range between marginal cost of production and marginal utility of demand
AND
commodity company share prices are geared to commodity prices in both directions.*

M&G equity funds

Since inception to 31 January 2026



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