



South African Market

South African equities notched another strong month as the FTSE/JSE All Share Index rose 3.53%, extending the YTD gains to 23.57%. Gold miners were the standout performers, contributing roughly three-quarters to the JSE's monthly performance, with the broader resource sector surging 12.01% on the back of firmer metals prices and resilient safe-haven demand. Alongside platinum producers, precious-metal counters have now accounted for more than half of the market's gains in 2025, underscoring how closely index performance has tracked the commodity cycle this year. Outside Resources, moves were more selective, company results drove dispersion across names, while sentiment was underpinned by a still-supportive domestic rates backdrop. Overall, market breadth remained skewed toward resource-linked counters, but improving earnings momentum and a constructive commodities backdrop kept risk appetite firm into month-end.

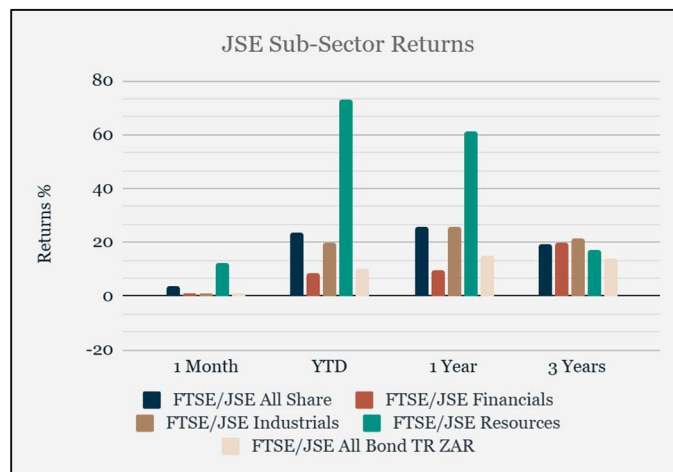
Headline inflation edged up to 3.5% YoY in August, its second consecutive monthly rise and the highest in ten months while still remaining within the SARB's 3-6% target band. The acceleration was driven by food and non-alcoholic beverages, which ticked up to 5.7%, while fuel prices edged higher after four months of deflation. The SARB has also now upwardly revised its inflation forecast for the year to an average of 3.3%.

Asset Class Performance (ZAR):

As of 31 st August 2025	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity	0.59	7.60	15.68	19.06	13.31	14.62
Global Property	1.85	1.73	1.35	6.19	6.47	7.94
Global Bond	(0.80)	0.13	2.06	3.64	(1.82)	3.53
Global Cash	(1.78)	(3.45)	4.29	6.21	3.93	5.09
SA Equity	3.53	23.57	25.82	19.13	17.23	11.10
SA Property	2.80	13.38	18.10	21.67	21.31	3.22
SA Bond	0.75	10.35	15.11	13.64	11.33	9.43
SA Cash	0.59	4.88	7.64	7.64	6.09	6.27

ZAR/USD (negative = Rand strength)	(3.04)	(6.73)	(1.17)	1.11	0.81	2.89
Gold	2.74	19.37	31.36	21.36	8.77	11.73
Brent Crude Oil	(8.10)	(13.50)	(13.60)	(9.84)	9.46	5.31

*Returns more than 1 year are annualized.



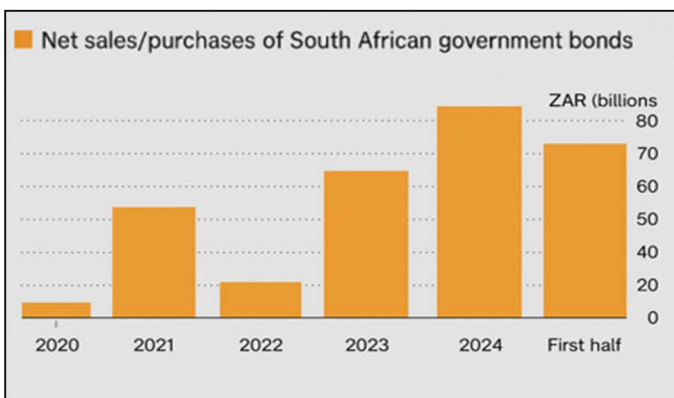
Source: Morningstar (Returns more than 1 year are annualized)

Following last month's 25 bp cut, the SARB lowered the repo rate to 7.0% and signalled an ambition to anchor inflation nearer 3% rather than the current 4.5% midpoint. Finance Minister Enoch Godongwana, who sets the official target, said further consultation is required and ruled out announcing a new target in the late-October mid-term budget. Even so, the MPC indicated that a lower target path would pave the way for additional easing of around 100 bps over time, implying a 6.0% repo rate. The SARB's quarterly projection model similarly envisages a cumulative 100 bp reduction by end-2026, including a further 25 bp cut pencilled in for 2025, with two policy meetings remaining this year.



The rand clawed back July's losses in August as a softer US Dollar revived demand for higher-yielding assets, such as the Rand, outside the US. Reflecting improving risk sentiment and firmer market confidence, the currency rallied to R17.61/USD, ending the month up 3.04%. Additional support came from foreign exchange reserves climbing to historic highs as well as declining bond yields, reflecting perceived economic stability and capacity to manage external obligations. Year-to-date, the Dollar Index has fallen (10.44%), while the Rand has gained 6.73% against the Greenback, a pattern driven more by broad Dollar weakness than Rand-specific outperformance. Even so, South Africa's terms of trade have strengthened on elevated commodity prices, with buoyant export revenues and a friendlier EM backdrop providing a cushion. Looking ahead, the greenback remains vulnerable to bouts of "policy uncertainty" linked to the Trump presidency, leaving near-term Rand direction more sensitive to external Dollar swings rather than domestic drivers.

South African bonds held their ground in August after July's strong rally, with the FTSE/JSE All Bond Index (ALBI) adding 0.75%. Borrowing costs continued to ease alongside softer global rates, pulling the 10-year government yield down to 9.6%, an almost four year low. Foreign participation also remained robust, according to National Treasury data, SA government bonds have attracted a net R139 billion over the past 18 months (more than the previous four years combined), with inflows persisting this year despite intermittent selling on budget wrangles in Q1 and President Trump's tariff threat in April. Even with inflation seemingly anchored near the lower end of the SARB's 3–6% band, South Africa's real yields remain among the highest in EM, with long-end real yields still above 6.5%.



Source: National Treasury/Bloomberg



Source: ABSA Group & BER

The unemployment rate rose for a second consecutive quarter to its highest level since Q2 2024, underscoring a central challenge for the year-old coalition government. The deterioration has been broad-based, with hiring stalling in services and persistent softness in construction and manufacturing, while youth unemployment remains acutely elevated. Labour-force participation has edged higher, but absorption is lagging, leaving household demand under pressure. Uneven wage gains, together with tighter credit standards, are still restraining discretionary spending and keeping the consumer-led parts of the economy on a softer footing. Until job creation accelerates, the labour market is likely to remain a drag on near-term growth.

Manufacturing sentiment also softened in August after a brief uptick in July, with the seasonally adjusted Absa PMI slipping to 49.5 from 50.8 as activity stayed subdued and both domestic and export orders remained sluggish. Even so, the third-quarter PMI average is tracking 50.2 so far, a notable improvement on Q2's 45.4. Survey respondents pointed to tariff headwinds on exports, last month President Trump imposed a 30% levy on a range of South African products, most acutely affecting automotive and agricultural products, which the SA trade minister estimates could put roughly 30,000 jobs at risk. With the 30% tariff still in place, authorities have pledged to "do everything possible" to keep US market access open while accelerating efforts to diversify export destinations and support local demand.



Global Markets

Global equities delivered a solid August, clawing back early losses after a weak US jobs print, finishing the month in positive territory. Supported by strong second-quarter reporting, the MSCI ACWI advanced 2.80%. Earnings season remained positive with Nvidia, the most prominent company reporting, beating overall sales and earnings estimates but crucially missing data centre revenue forecasts highlighting the lingering concentration risks around AI leaders. In aggregate, corporate profits comfortably exceeded analysts' muted forecasts, reinforcing current global risk appetite. US indices also pushed to fresh highs, with the Dow Jones, and S&P 500, both logging record highs during the month, as mega-cap tech stayed central to the current rise in valuations. Emerging-market equities posted a 1.47% gain, helped by a softer US Dollar and by Chinese shares, which remain the key driver; however, EM lagged developed markets, with the MSCI World up 2.94%.

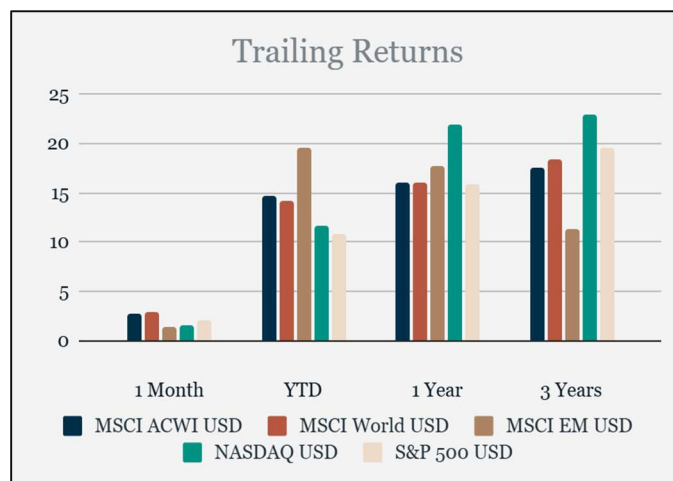
US headline inflation held at 2.7% YoY in August, broadly in line with expectations. Tariff-related pressure on goods lifted underlying price measures, with core CPI, excluding food and energy accelerating to 3.1% from 2.9%, its fastest pace in five months and the largest gain in six months. The heavyweight Shelter index remained a key driver, rising 3.7%. On a month-to-month basis, price momentum gained modestly as goods categories re-accelerated while services stayed resilient.

Asset Class Performance (USD):

As of 31 st August 2025	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity	2.80	14.75	16.08	17.59	12.33	11.36
Global Property	4.09	8.49	1.71	4.87	5.55	4.88
Global Bond	1.38	6.79	2.42	2.36	(2.67)	0.59
Global Cash	0.37	2.97	4.66	4.90	3.03	2.11
SA Equity	5.81	31.78	26.25	17.66	16.22	7.94
SA Property	5.06	20.92	18.51	20.16	20.26	0.29
SA Bond	2.97	17.69	15.51	12.23	10.36	6.32
SA Cash	2.80	11.86	8.01	6.31	5.17	3.25

ZAR/USD (negative = Dollar strength)	3.13	7.21	1.18	(1.10)	(0.80)	(2.81)
Gold	5.00	27.31	31.81	19.86	7.82	8.56
Brent Crude Oil	(6.08)	(7.75)	(13.30)	(10.96)	8.51	2.32

*Returns more than 1 year are annualized.



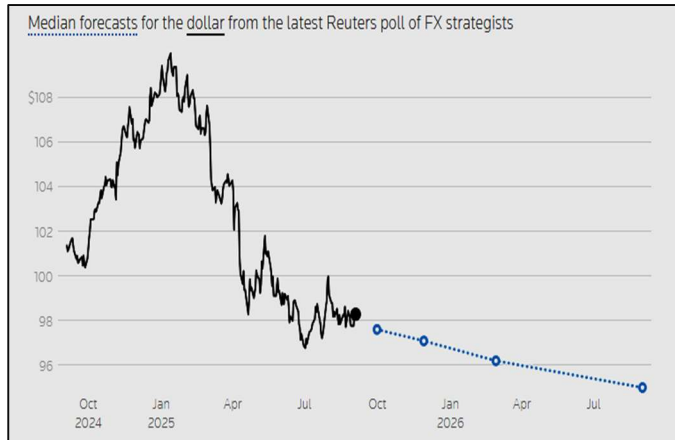
Source: Morningstar (Returns more than 1 year are annualized)

The US Fed kept the federal funds rate unchanged at 4.25%–4.50% in July, marking a fifth consecutive hold, as officials navigated the push-pull of their dual mandate. With inflation still running above the 2% goal, and President Trump's tariffs expected to add further upward pressure, policymakers have leaned toward keeping policy restrictive. At the same time, a cooling labour market has sharpened concerns on the employment side, leaving the Fed at a crossroads between maintaining higher-for-longer rates to contain prices or cutting to support hiring. Until now, inflation risks have dominated the discussion and kept rates elevated; however, a weak jobs report has complicated that balance and nudged the policy decision towards a more cautious, data-dependent stance.



UK consumer price inflation rose again last month to a higher-than-expected 3.8% amid higher food prices, adding to fears that the Bank of England will delay further interest rate cuts. The annual rate as measured by the consumer prices index climbed from a 3.6%, above the central bank's 2% target for the 10th consecutive month. With the MPC facing the conflicting risks posed by an inflation rate that the BoE forecasts will soon be double its 2% target and an increase in job losses, the BoE opted to cut interest rates, lowering the bank rate to 4% from 4.25%. The UK economy grew at a faster rate than expected in the second quarter, despite a slowdown after a strong start to the year amid pressure from tax increases and Donald Trump's global trade war. Figures showed growth in GDP slowed to 0.3% in the three months to the end of June, down from a rate of 0.7% in the first quarter.

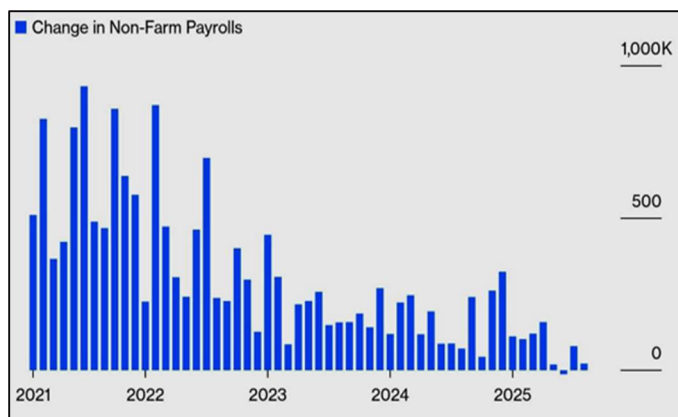
The US Dollar Index stumbled again in August, falling (2.21%) as July's bounce proved only a brief respite. The greenback has now declined in seven of the first eight months of 2025, leaving the index down (10.44%) year-to-date. With markets already pricing a 25 bps Fed cut at the next meeting, and rate differentials continuing to narrow, the Dollar remains under pressure and looks set to soften further into year-end, absent a material upside surprise in US data. In contrast, gold rose 5.0% in August, trading near its all-time high and now up 27.31% YTD, as investors priced a faster pace of policy easing and sought safety amid mounting inflation concerns and elevated geopolitical risks. It was a weaker month for energy, oil prices retreated on rising supply, led by Saudi Arabia's production gains, and softer-than-expected demand, with Brent crude slipping (6.08%) to US\$68 per barrel.



Source: LSEG/Reuters Polls

Global government bonds extended their upswing in August, returning 1.38% as softer labour-market prints, a more dovish tone from the Federal Reserve, and a series of political manoeuvres shaped price action. The benchmark 10-year Treasury finished the month 15 bps lower, while longer-dated maturities lagged as a rising term premium and governance worries kept investors cautious. Concerns over the potential erosion of Fed independence were a key volatility driver, culminating late in the month when President Trump's abrupt dismissal of Governor Lisa Cook sent shockwaves through the market and cheapened the long end. The backdrop still remains two sided; cooling growth data and easier Fed guidance are supportive for duration, but the headline risk around central-bank independence and policy continuity argues for a choppy path, particularly beyond the 10-year maturities.

August's most market-moving release was US non-farm payrolls, which signalled a cooling labour market. The BLS (US Bureau of Labor Statistics) reported a gain of just 22,000 jobs versus expectations for 75,000, while downward revisions dragged the three-month average to 35,000, well below the 200 000 jobs typically associated with a healthy labour market. The unemployment rate ticked up to 4.3%, its highest since September 2017 outside the pandemic period. The print reinforced concerns that President Donald Trump's policy mix is pushing the economy toward a challenging combination of slower growth and persistent inflation. With the latest jobs report and increase in unemployment figures, futures are pricing a 25 bps fed funds rate cut next week as a 100% probability and some participants are arguing for a larger 50 bps cut.



Source: Bloomberg



Historic Asset Class Performance Matrix

The performance matrix below shows returns (colour coded) for the 4 main indicative sources of return per asset class and separated for SA and Global. **All performance figures here shown in ZAR.** The performances show the one-year performance of each asset class up to the displayed date (X-axis) except for the column showing YTD returns up to 31st August 2025.

Best ↑ ↓ Worst	SA Equity 23.6	SA Equity 25.8	SA Prop-erty 38.2	Global Equity 26.4	Global Cash 18.5	SA Prop-erty 51.0	Global Equity 29.4	Global Property 13.6	Global Equity 26.6	SA Fixed Income 10.2	Global Property 35.1	SA Prop-erty 27.5	Global Property 28.8
	SA Prop-erty 13.4	SA Prop-erty 18.1	SA Fixed Income 18.6	Global Cash 16.1	SA Equity 4.6	SA Equity 25.2	Global Fixed Income 16.9	Global Fixed Income 11.7	Global Property 20.8	SA Equity 10.2	Global Fixed Income 22.7	Global Cash 24.9	Global Equity 26.3
	SA Fixed Income 10.4	Global Equity 15.7	SA Equity 16.1	SA Equity 15.8	SA Cash 4.1	Global Property 16.3	Global Cash 12.6	SA Fixed Income 11.2	Global Cash 14.5	SA Prop-erty 9.4	Global Equity 19.8	Global Property 21.8	SA Equity 24.5
	Global Equity 7.6	SA Fixed Income 15.1	Global Equity 15.4	SA Prop-erty 10.3	SA Fixed Income 1.5	SA Fixed Income 14.8	SA Cash 5.5	SA Cash 6.6	Global Fixed Income 11.0	SA Cash 7.0	Global Cash 11.3	Global Equity 17.7	SA Prop-erty 20.2
	SA Cash 4.9	SA Cash 7.6	Global Property 11.5	Global Fixed Income 9.9	Global Equity -0.9	Global Equity 11.7	SA Fixed Income 4.2	Global Cash 6.0	SA Fixed Income 8.0	Global Equity 4.0	SA Equity 8.6	Global Fixed Income 14.2	SA Fixed Income 11.7
	Global Property 1.7	Global Cash 4.3	SA Cash 8.2	SA Fixed Income 7.5	Global Property -1.8	SA Cash 3.5	SA Equity 3.9	Global Equity 2.6	SA Equity 6.9	Global Cash -11.0	SA Cash 6.5	SA Cash 5.7	Global Fixed Income 9.4
	Global Fixed Income 0.1	Global Fixed Income 2.1	Global Fixed Income -0.8	SA Cash 7.1	SA Prop-erty -3.4	Global Fixed Income -14.6	Global Property -2.8	SA Equity -2.6	SA Cash 6.6	Global Fixed Income -12.8	SA Fixed Income 4.5	SA Fixed Income 5.4	SA Cash 5.1
	Global Cash -3.5	Global Property 1.4	Global Cash -1.0	Global Property 5.9	Global Fixed Income -4.1	Global Cash -14.6	SA Prop-erty -44.3	SA Prop-erty -5.5	SA Prop-erty -12.4	Global Property -12.9	SA Prop-erty 3.5	SA Equity 1.1	Global Cash 4.0
	YTD	8/2025	8/2024	8/2023	8/2022	8/2021	8/2020	8/2019	8/2018	8/2017	8/2016	8/2015	8/2014

Source: Morningstar Direct