



South African Market

South African equities extended their rally in September, delivering its strongest month of the year as the FTSE/JSE All Share Index climbed 6.61%, pushing YTD gains to 31.73%. The standout performer was the Resource sector, which surged 28.06% in the month and is now up 121.41% YTD. Record gold and platinum prices powered precious-metals miners, which accounted for the bulk of September's advance; the cohort now contributes roughly two-thirds of the JSE's total gain in 2025. Industrials added 1.65%, aided by technology and media heavyweights Naspers/Prosus on continued strength in key Chinese holding Tencent. By contrast, domestically focused sectors lagged overall, with Financials slipping (1.66%) amid softer growth dynamics. Valuations in select miners are back toward long-run averages, leaving near-term performance sensitive to metal-price momentum and currency moves.

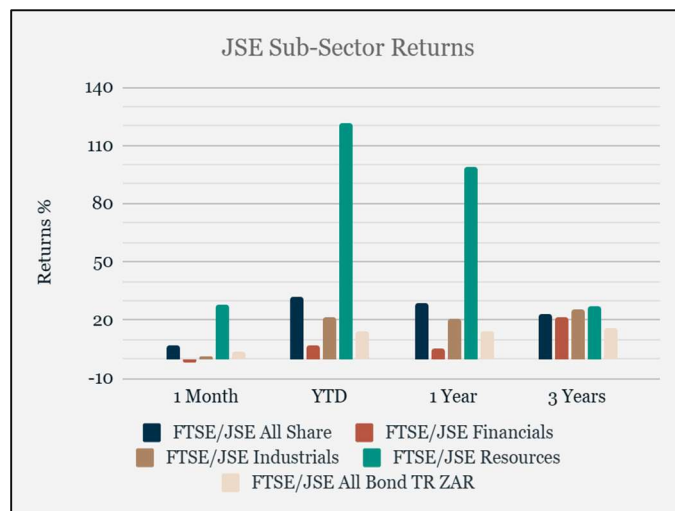
Headline inflation eased to 3.3% YoY in September, below economists' 3.6% forecast. While currently at a three-month low, it remains the second-highest reading of the year after cooler prints earlier in the first half of the year. Several categories recorded lower rates, most notably food and non-alcoholic beverages, which fell to an annual rate of 5.2%, down from 5.7%. By contrast, core inflation (excluding food and energy) edged up to 3.1% YoY.

Asset Class Performance (ZAR):

As of 30 th September 2025	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity	0.90	8.57	17.52	21.35	14.57	14.66
Global Property	(1.57)	0.13	(0.42)	8.57	7.09	7.10
Global Bond	(2.10)	(1.97)	1.16	2.88	(1.89)	2.81
Global Cash	(2.14)	(5.52)	4.70	3.53	3.80	4.43
SA Equity	6.61	31.73	28.92	23.42	19.12	11.70
SA Property	(0.96)	12.30	11.36	23.93	21.81	3.03
SA Bond	3.32	14.02	14.51	15.70	12.07	9.79
SA Cash	0.56	5.47	7.52	7.69	6.14	6.28

ZAR/USD (negative = Rand strength)	(1.92)	(8.52)	0.04	(1.49)	0.68	2.26
Gold	7.41	28.22	38.16	23.42	11.63	12.24
Brent Crude Oil	(4.07)	(17.02)	(5.84)	(9.90)	11.10	5.63

*Returns more than 1 year are annualized.



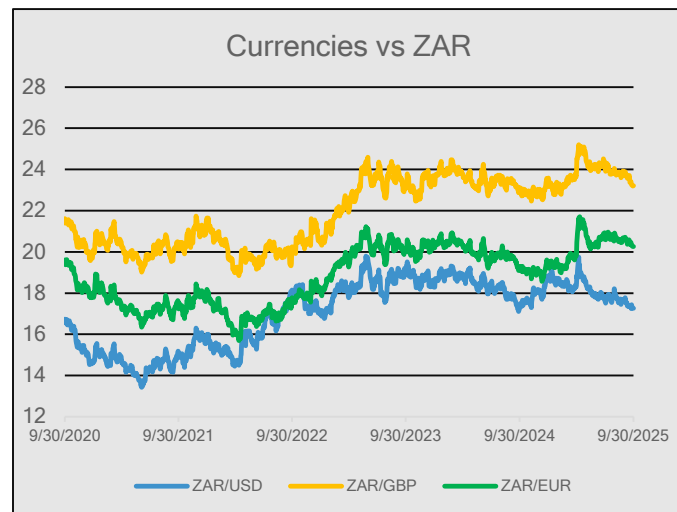
Source: Morningstar (Returns more than 1 year are annualized)

The Reserve Bank's Monetary Policy Committee (MPC) adopted a more cautious stance, opting to hold rates, marking the first pause since the July meeting amid expectations that inflation will firm in the coming months. Governor Lesetja Kganyago kept the repo rate at 7.00% and the prime lending rate at 10.50%. Since September last year, the benchmark has been lowered by a cumulative 125 bps, including July's reduction. The decision reflects a careful balance between anchoring inflation expectations at lower levels and supporting growth. The Bank now projects inflation to average 3.4% this year (vs 3.3% in July) and has lifted its growth forecast to 1.2%.



The Rand extended its strong run in September, appreciating a further 1.92% to close at R17.27/USD, supported by persistent Dollar softness, robust commodity export receipts, and firmer risk sentiment as South African assets showed resilience to global volatility spillovers. Elevated real interest rates and stronger prices for key export commodities continued to underpin the currency, while contained oil prices improved South Africa's terms of trade and helped temper imported inflation. Policy clarity from the SARB and a steadier local rates backdrop also aided carry demand, with lower implied FX volatility encouraging selective inflows. However, year-to-date the Rand has weakened (3.61%) against the Euro and is only up 0.44% versus the Pound, highlighting that much of the gain reflects broad Dollar weakness rather than Rand-specific outperformance. External risks remain, most notably US tariff headlines and broader trade tensions, but high real yields, and a more stable domestic macro mix continue to provide a cushioning bid.

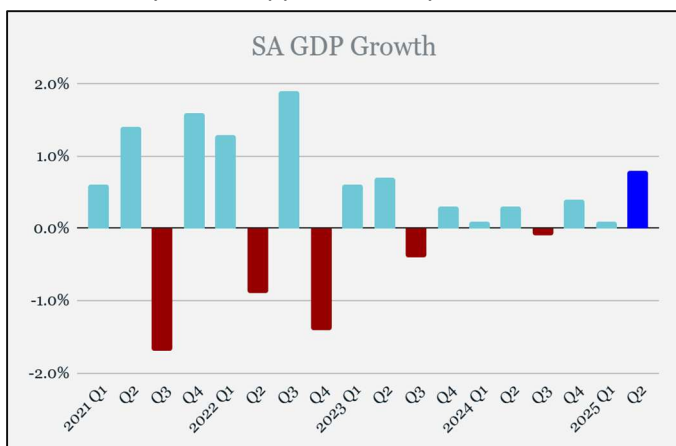
South African bonds delivered their strongest month of the year, with the FTSE/JSE All Bond Index up 3.32% in September, taking year-to-date gains to 14.02%. The rally was led by the long end as yields moved lower on a softer inflation backdrop and renewed foreign demand for local debt. The government's 10-year yield fell 44 bps over the month to 9.2% p.a. (its lowest level in more than four years) and the tightest premium to the US 10-year since 2013. With headline inflation anchored near the SARB's target floor and the Rand showing stability, local bonds have delivered some of the strongest returns among emerging markets and have stood out for its high real yields which remain well above 6% even after benchmark yields dropped to four-year lows.



Source: Investing.com

South Africa's economy expanded by 0.8% in Q2 2025, an improvement from the 0.1% growth recorded in Q1 2025, beating expectations of 0.5% and marking the strongest quarterly expansion in two years. On the supply side, mining and manufacturing rebounded on the back of steadier electricity supply, logistics improvements, firmer global demand, and better domestic operating conditions. Offsetting this, fixed investment contracted (1.4%) amid subdued business confidence dropping further in the third quarter, while both exports and imports declined as well. Policymakers have however raised their 2025 growth forecast to 1.2% (from 0.9%) but flagged ongoing risks from export headwinds tied to US tariffs. While Q2 2025 marked a rebound from sluggish growth in the first quarter, the economy remains constrained as growth continues to lag the long-term average of 3.46%.

South African manufacturing sentiment improved in September, driven by strong domestic demand. The seasonally-adjusted PMI sponsored by South African bank ABSA rose to 52.2 points in September from 49.5 in August. It was only the second time this year that the PMI has been above 50 points, reflecting an expansion in activity. Alongside resilient PMI data, the positive momentum in both retail and mining activity, points to an uplift in economic growth for the third quarter of 2025.



Source: Trading economics



Global Markets

Global equity markets extended their rally in September, buoyed by optimism around AI, robust earnings from key technology companies, and the resumption of the Federal Reserve's rate-cutting cycle. The MSCI ACWI advanced 3.48%, with growth stocks continuing to outpace value as duration-sensitive sectors (tech and communication services) outperformed defensive sectors. Market attention remained centred on the US, where the S&P 500 gained 3.65%, kept in check by softer retail results. The tech-heavy Nasdaq advanced 5.68%, as AI-linked leaders sustained momentum; notably, the 'Magnificent Seven' accounted for nearly two-thirds of the S&P 500's total return in the month. With the latest rally, the top 10 holdings in the S&P 500 now make up 38.9% of the weight of the index, which is the largest concentration on record. Emerging-market equities also rallied, rising 7.18% in USD terms, led by Asia, supported by technology strength and targeted policy measures. YTD, the EM index is up 28.22%, outpacing developed-market peers at 17.84%.

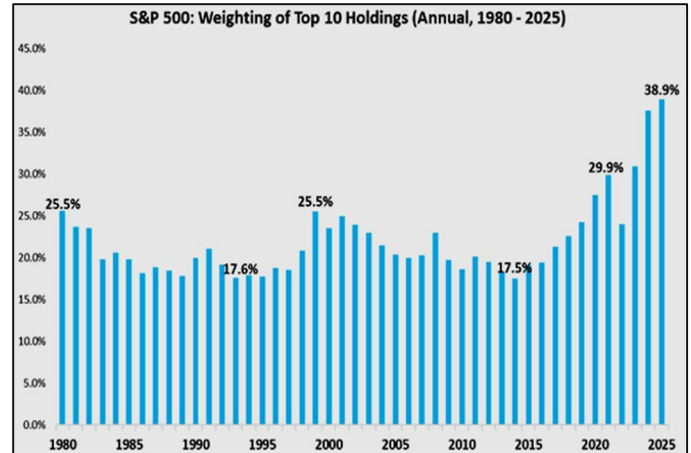
US headline inflation rose at its fastest pace since the start of the year. Consumer prices increased 2.9% YoY, up from 2.7% the previous month. While recent tariffs have modestly contributed to the uptick, the bulk of the increase reflected firmer housing and food prices with limited direct linkage to the levies. Core CPI, excluding food and energy, held steady at 3.1% YoY. With inflation edging higher even as hiring continues to slow, the risk of a stagflationary environment has also risen.

Asset Class Performance (USD):

As of 30 th September 2025	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity	3.48	18.75	17.39	23.02	13.80	12.15
Global Property	0.95	9.52	(0.54)	10.06	6.37	4.76
Global Bond	0.41	7.22	1.05	4.29	(2.55)	0.56
Global Cash	0.36	3.33	4.58	4.95	3.11	2.14
SA Equity	9.33	44.08	28.77	25.12	18.32	9.26
SA Property	1.57	22.82	11.23	25.63	20.99	0.78
SA Bond	5.96	24.71	14.38	17.29	11.31	7.39
SA Cash	3.13	15.36	7.39	9.16	5.43	3.95

ZAR/USD (negative = Dollar strength)	1.96	9.31	(0.04)	1.51	(0.68)	(2.21)
Gold	10.16	40.24	38.00	25.11	10.88	9.79
Brent Crude Oil	(1.61)	(9.24)	(5.95)	(8.66)	10.35	3.31

*Returns more than 1 year are annualized.



Source: S&P Dow Jones/ Bloomberg

The US Federal Reserve, concerned by the rising unemployment risks, reduced interest rates for the first time since December and signalled that further easing may follow to halt any further labour market deterioration. The target range now stands at 4.00%–4.20%, the lowest since November 2022. Federal Reserve Chairman Jerome Powell noted that elevated uncertainty has kept the Fed cautious, arguing that holding rates previously provided flexibility as conditions evolved. Even so, the decision to cut comes amid a still-clouded outlook, following a string of weak jobs reports pointing to slower hiring alongside a slight pickup in inflationary pressures. Markets interpreted the move as the opening step in a cautious easing cycle, while the Committee reiterated its data-dependent stance and emphasised that the path of policy will hinge on incoming labour and inflation readings in the months ahead.



European equities delivered their strongest September in several years, with the Euro Stoxx 50 up 3.41% on improving sentiment and growing expectations of lower policy rates. The ECB kept its key rate unchanged at 2% in September, pausing after seven consecutive cuts, as inflation remained contained, reinforcing the soft-landing narrative. Chinese equities extended their rally, with the Hang Seng surging 7.72%. The rally was fuelled by policy support for domestic chipmakers and an acceleration in AI spending and product rollouts from leading tech names. Meanwhile, the US-China tariff truce was extended by another 90 days into early November, easing near-term trade friction. The reduction in external risk helped bolster global risk appetite and encouraged renewed flows into Chinese assets.

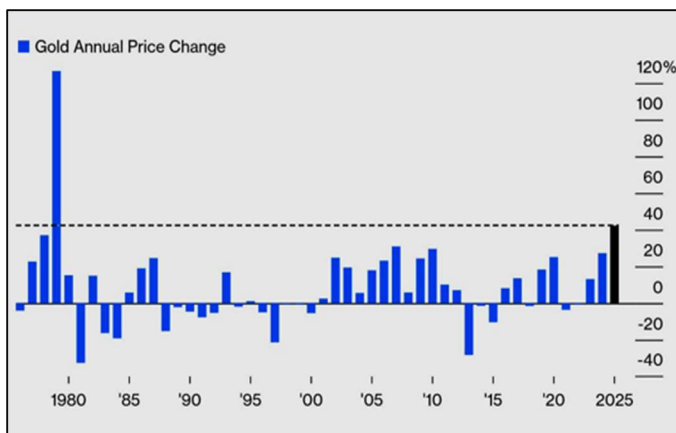
The US Dollar recovered to finish the month essentially flat after briefly touching its lowest level of the year. Momentum turned in the latter half of September, with a steady rebound following Chair Jerome Powell's remarks, effectively a V-shaped reversal from the sharp pre-meeting selloff. Positioning also appeared to play a role, as earlier Dollar shorts were pared and rate-differential dynamics stabilised. Traders still anticipate at least two cuts across the year's remaining Fed meetings, though policymakers (including Powell) have stressed that the path will hinge on incoming data. Gold extended its advance to fresh all-time highs, supported by a flat Dollar and heightened investor caution around potential US government shutdown ramifications. Persistent inflows into gold-backed ETFs added to already strong central-bank demand, reinforcing the safe-haven bid. Gold closed September at US\$3,859, up 10.16% for the month and 40.24% year-to-date.



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

Global government bonds extended their upswing in September, returning 0.41%. Gains were driven by tighter IG credit spreads and a late-month rally following the Fed's 25 bp cut, though long-end duration lagged as inflation jitters kept yields elevated across several markets. US Treasuries were choppy, the 10-year dipped to 4.01% mid-month before finishing at 4.14%, with levels weighed by a weak jobs print and shifting policy-rate expectations. In Europe, Bunds firmed modestly while gilts remained sensitive to upside CPI surprises, and in Japan the long end stayed heavy despite ongoing BoJ operations, reflecting a stickier term premium. Farther out the curve, risks look balanced between downside from labour-market vulnerability and upside should the growth outlook brighten.

US growth expectations for 2025 have eased from 2.3% at the start of the year to about 1.3% after 'Liberation Day' in April, but have since recovered to around 1.7%. Second-quarter GDP was revised up to 3.8% from an initial 3.3%, the strongest performance since Q3 2023, while third-quarter activity has been propelled by resilient consumer spending. The federal government shut down on 1 October following a budget impasse between congressional Republicans and Democrats; with no resolution in sight, the release of official economic data will be delayed, complicating the Federal Reserve's assessment as it weighs further rate cuts. In markets, a protracted shutdown could have knock-on effects for inflation-linked instruments, including TIPS, though historically such episodes have had limited market impact, and price action has remained fairly undisturbed so far.



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 30th September 2025.

Best	SA Equity 31.7	SA Equity 28.9	SA Prop-erty 51.3	Global Equity 26.5	Global Cash 20.3	SA Prop-erty 54.4	Global Equity 21.1	Global Property 23.4	Global Equity 15.4	Global Equity 17.2	Global Property 17.0	Global Property 30.1	Global Equity 24.9
	SA Fixed Income 14.0	Global Equity 17.5	SA Fixed Income 26.1	SA Equity 17.7	SA Cash 4.2	SA Equity 23.2	Global Fixed Income 16.5	Global Fixed Income 15.3	Global Property 9.8	SA Equity 10.2	Global Equity 12.3	SA Prop-erty 25.8	Global Property 24.1
	SA Prop-erty 12.3	SA Fixed Income 14.5	SA Equity 23.9	SA Prop-erty 12.9	SA Equity 3.5	Global Property 18.8	Global Cash 10.9	SA Fixed Income 11.4	SA Fixed Income 7.1	SA Prop-erty 9.5	Global Fixed Income 10.1	Global Cash 22.5	SA Equity 15.4
	Global Equity 8.6	SA Prop-erty 11.4	Global Equity 20.2	Global Cash 9.8	SA Fixed Income 1.5	Global Equity 16.9	SA Cash 5.3	Global Cash 9.6	SA Cash 6.6	SA Fixed Income 8.2	SA Fixed Income 7.6	Global Fixed Income 17.0	SA Prop-erty 15.1
	SA Cash 5.5	SA Cash 7.5	Global Property 19.9	SA Cash 7.3	Global Equity -5.5	SA Fixed Income 12.5	SA Fixed Income 3.6	Global Equity 8.1	Global Cash 6.5	SA Cash 6.9	SA Cash 6.6	Global Equity 15.4	Global Cash 12.4
	Global Property 0.1	Global Cash 4.7	SA Cash 8.2	SA Fixed Income 7.2	Global Fixed Income -5.7	SA Cash 3.5	SA Equity 2.0	SA Cash 6.6	Global Fixed Income 3.4	Global Cash -1.0	SA Equity 6.6	SA Fixed Income 7.0	Global Fixed Income 11.9
	Global Fixed Income -2.0	Global Fixed Income 1.2	Global Fixed Income 1.5	Global Property 7.2	Global Property -7.4	Global Cash -9.8	Global Property -9.3	SA Equity 1.9	SA Equity 3.3	Global Property -2.0	SA Prop-erty 3.8	SA Cash 5.7	SA Fixed Income 5.8
Worst	Global Cash -5.5	Global Property -0.4	Global Cash -3.5	Global Fixed Income 6.0	SA Prop-erty -8.7	Global Fixed Income -11.5	SA Prop-erty -46.1	SA Prop-erty -2.7	SA Prop-erty -15.7	Global Fixed Income -5.1	Global Cash -0.2	SA Equity 4.8	SA Cash 5.2
	YTD	9/2025	9/2024	9/2023	9/2022	9/2021	9/2020	9/2019	9/2018	9/2017	9/2016	9/2015	9/2014

Source: Morningstar Direct