



South African Market

South African equities delivered another month of gains, though performance diverged sharply beneath the surface. The FTSE/JSE All Share Index rose 1.64%, taking year-to-date returns to 33.90%. Market leadership rotated meaningfully in October as the resource sector retreated and domestically oriented counters took the front seat. Financials jumped 8.39%, its strongest monthly performance since mid 2024, on upbeat earnings updates and a firmer domestic macro tone that supported risk appetite. By contrast, resources, which have powered much of the JSE's returns this year, lost momentum amid some profit-taking and late month volatility from precious metals, ultimately ending the month down (5.41%). Market breadth moved away from commodity proxies, suggesting a healthier balance of drivers even as the index's near-term path remains sensitive to metals prices as well as Rand movements.

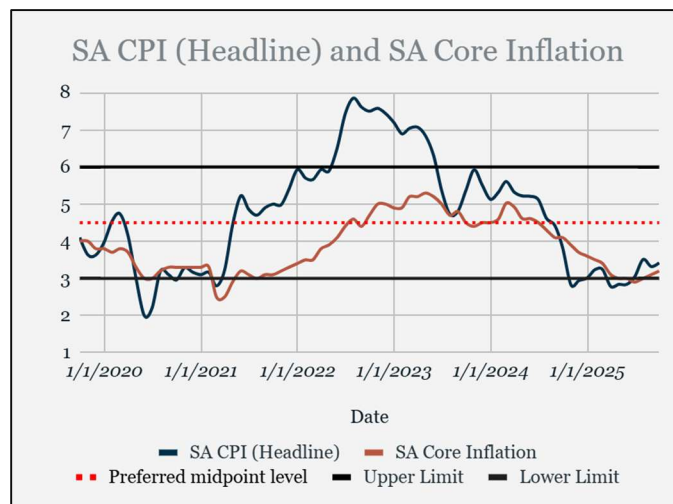
Headline inflation ticked up to 3.4% y/y in October from 3.3% in September. While the move is modest, it highlights an ongoing push/pull within the inflation basket. Housing and utilities were the main drivers, rising 4.5% y/y, while transport continued to act as a drag, posting a thirteenth straight month of deflation. Overall, headline CPI remains comfortably within the SARB's 3-6% band, suggesting a cautious near-term outlook as fuel dynamics and administered prices shape the path into year-end.

Asset Class Performance (ZAR):

As of 31 st October 2025	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity	2.51	11.30	20.18	19.06	16.25	14.13
Global Property	(0.90)	(0.77)	1.12	6.21	8.18	6.41
Global Bond	(0.03)	(2.00)	2.37	2.36	(1.43)	2.81
Global Cash	0.83	(4.74)	2.47	2.96	4.52	4.53
SA Equity	1.64	33.90	32.25	22.14	20.67	11.07
SA Property	7.84	21.10	23.60	22.75	25.88	3.60
SA Bond	2.56	16.94	20.09	16.27	12.44	9.93
SA Cash	0.58	6.08	7.43	7.72	6.20	6.29

ZAR/USD (negative = Rand strength)	0.32	(8.23)	(1.96)	(1.91)	1.32	2.28
Gold	3.66	32.91	35.03	24.77	13.21	12.40
Brent Crude Oil	(2.46)	(19.06)	(11.65)	(13.50)	13.13	5.12

*Returns more than 1 year are annualized.



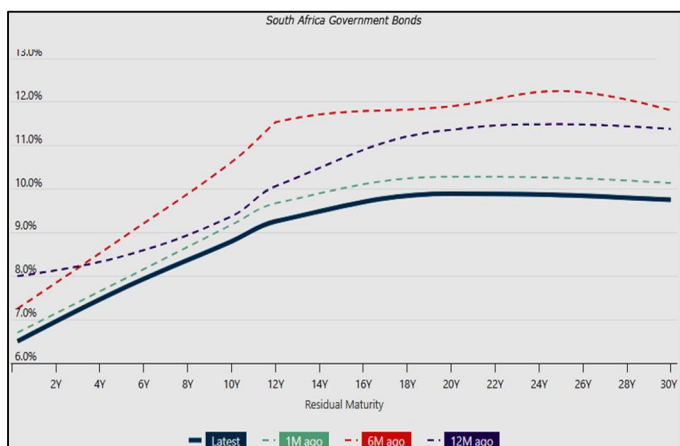
Source: Trading Economics

Despite signalling a lower implicit inflation anchor around 3%, the South African Reserve Bank still has scope for an additional cut in 2025 as inflation expectations have declined. Over the past 12 months, the MPC has reduced rates by a cumulative 125 bps, and a further 25 bp trim before year-end is now almost fully factored in by financial markets, including the SARB's own forward rate curve. Even so, many economists expect the Committee to err on the side of caution and hold steady until 2026. If the MPC moves in November, guidance implies room for roughly 50 bp of additional easing in 2026; if it waits until next year, the cumulative 2026 reduction could rise toward 75 bp by year-end.

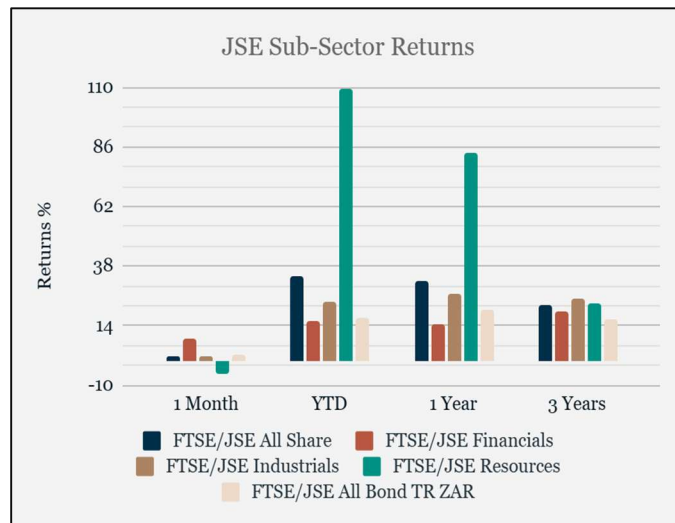


The Rand weakened marginally in October, in line with broader emerging market currencies, as the Dollar firmed on uncertainty over the pace of further US rate cuts following the Fed's more conservative stance. The Rand lost (0.32%) against the greenback to close the month at R17.33/USD. While the Rand has been relatively stable versus the Dollar of late, it posted modest gains against the Euro and the Pound during the month, aided by improved sentiment and increased foreign buying of South African assets. Rising gold prices, supported by safe-haven demand amid heightened geopolitical tensions, also provided a tailwind given South Africa's status as a major producer, helping the Rand outperform several EM peers. Near term, the currency is likely to remain range-bound with a mild strengthening bias if global risk appetite holds and domestic fundamentals continue to firm. Bouts of volatility are still probable, and the currency's resilience will depend on both external developments and the pace of local reforms.

South African bonds extended their advance in October as yields declined across the curve. The FTSE/JSE All Bond Index (ALBI) returned 2.56%, lifting year-to-date gains to 16.94%. Long-dated government bonds led the rally, with the 10-year government yield dropping a further 35 bps to 8.9%, its first sub-9% reading since 2021. A mix of contained inflation, steady progress on fiscal reforms, and firmer risk sentiment underpinned the move, while renewed foreign participation added an extra tailwind. According to the SARB, non-resident investors have purchased more than R90 billion of South African government bonds so far this year, reinforcing the bid for duration.



Source: SARB



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

South Africa exited the Financial Action Task Force (FATF) grey list after demonstrable progress on governance and anti-money-laundering reforms. A milestone expected to lift foreign investor confidence and improve the sovereign risk profile over time. President Cyril Ramaphosa welcomed the decision, arguing it signals renewed trust in the financial system and bodes well for broader economic prospects. Attention now turns to November 2025's Medium-Term Budget Policy Statement (MTBPS), where markets will look for updates to the fiscal framework and the macro outlook in the wake of robust commodity-export receipts and earlier-year GDP strength.

South Africa's seasonally adjusted Absa Purchasing Managers' Index (PMI) fell to 49.2 in October 2025 from 50.8 in the previous month, indicating that the country's factory activity has returned to contraction. The manufacturing sector's performance remains under pressure, with respondents commenting that domestic demand is quieter than usual this time of the year. On the export front, demand is also sluggish, complicated by the rise in US trade tariffs and logistical challenges. With the three-month PMI average now hovering around the 50 mark line, manufacturing's contribution to Q4 growth looks fragile unless order books stabilise and supply-chain frictions ease.

Global equities posted solid gains in October, albeit with characteristic volatility. The MSCI ACWI rose 2.04% as growth stocks continued to outpace value on renewed enthusiasm for AI, even as rate-sensitive sectors faced a tougher backdrop. US stocks added 2.34% for the month, lifting year-to-date returns to 17.52%. The S&P 500 set fresh record highs as investors looked through potential shutdown fallout and focused on strong AI-linked growth prospects. Company outcomes diverged with Q3 earnings reports being released: Alphabet rallied nearly 6% on robust Q3 results, whereas Meta fell (9.14%) and Microsoft slipped (2.34%), reflecting differing AI adoption strategies and outlooks. Despite adverse immediate reactions to Q3 results from Meta and Microsoft, the "Mag 7's" dominance remains intact. The "Mag 7" continue to reach new highs relative to the "other 493" stocks, underscoring the concentration risk that still characterise the market. Emerging markets again outperformed developed peers, with the MSCI EM up 4.19% in USD terms, propelled by Asian technology exporters that continue to benefit from the global build-out of AI infrastructure.

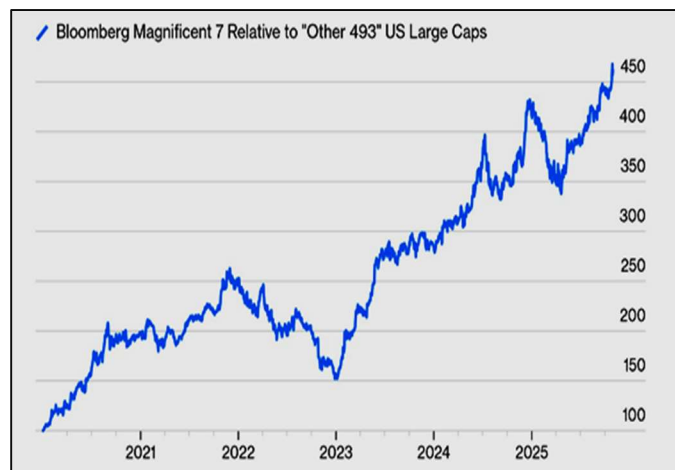
US headline inflation reached 3.0% y/y for the first time since January 2025, yet broadly milder than many had anticipated. A 4.1% rise in gasoline prices was the biggest driver of an otherwise contained report, with underlying price pressures remaining fairly moderate. On the tariff front, a pronounced substitution effect is evident, firms have been able to re-route sourcing and absorb smaller-than-feared cost increases, leaving the pass-through to consumer prices more limited than initially projected.

Asset Class Performance (USD):

As of 31 st October 2025	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity	2.04	21.17	22.59	21.41	14.75	11.56
Global Property	(1.36)	8.03	3.15	8.30	6.79	4.02
Global Bond	(0.49)	6.69	4.43	4.38	(2.69)	0.49
Global Cash	0.36	3.71	4.52	4.99	3.18	2.18
SA Equity	1.17	45.77	34.91	24.54	19.12	8.57
SA Property	7.35	31.85	26.08	25.17	24.27	1.27
SA Bond	2.09	27.31	22.50	18.56	10.99	7.46
SA Cash	0.11	15.48	9.58	9.84	4.84	3.90

ZAR/USD (negative = Dollar strength)	(0.32)	8.97	2.00	1.94	(1.30)	(2.23)
Gold	3.18	44.70	37.74	27.22	11.76	9.87
Brent Crude Oil	(2.91)	(11.88)	(9.88)	(11.80)	11.68	2.76

*Returns more than 1 year are annualized.



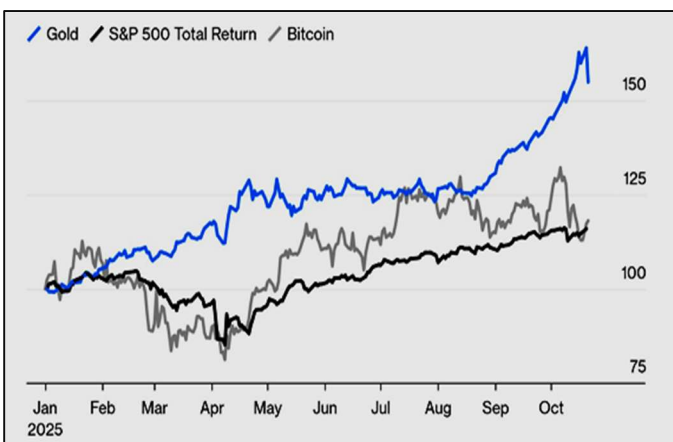
Source: S&P Dow Jones/ Bloomberg

The US Federal Reserve pressed ahead with a 25 bp rate cut as inflation concerns took a back seat to mounting evidence of a stalling labour market. The move came despite the federal government shutdown nearing its one-month mark, which delayed official releases and left policymakers largely 'flying blind' on the latest jobs data. The cut lowers the midpoint of the target range to just under 4%, the lowest in three years, and follows a September restart of the easing cycle amid slower hiring. In its statement, the Fed noted that "job gains have slowed this year" and that the unemployment rate, while still low through late summer, has edged up. Chair Jerome Powell stressed that another cut this year is uncertain, citing internal divisions and the challenge of setting policy without timely government statistics.

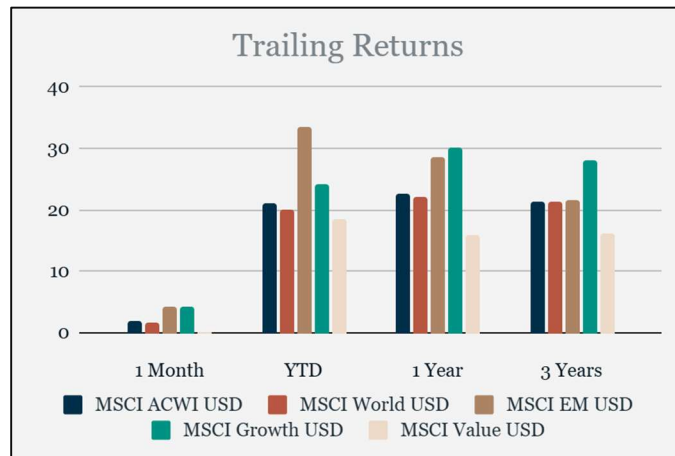


European equities posted modest gains in October, with the Euro Stoxx 50 up 2.5% as earnings season provided support. At its October meeting, the ECB left rates unchanged for a third straight time, citing confidence in a resilient euro-area economy and a gradually easing inflation outlook. Asian markets were mixed across the board. Japan's Nikkei 225 surged 16.7%, its strongest monthly performance in 35 years, as the election of Prime Minister Sanae Takaichi boosted expectations for fresh fiscal stimulus and higher defence outlays. By contrast, Chinese markets were more subdued, Q3 GDP growth slowed to 4.8% y/y and manufacturing activity contracted slightly, though resilient exports and ongoing policy support helped stabilise investor sentiment.

After several months of incremental weakness, the US Dollar regained its footing in October. The greenback strengthened against all major DM peers, with the Dollar Index strengthening 2.14%, as Chair Jerome Powell signalled that an additional reduction at the December meeting is not a foregone conclusion, effectively hinting at a potential pause following October's 25 bp cut. This recalibration of rate expectations helped the Dollar claw back a portion of its earlier losses and steadied rate-differential support. Gold, meanwhile, became a focal point after a strong run earlier in the year. Prices notched fresh record highs before a sharp correction, with the metal dropping roughly 6% in a single mid-month session, the largest one-day fall in more than a decade, amid stretched positioning and profit-taking. Even so, broader macro dynamics, including the ongoing US-China trade dialogue, fostered more stable price action into month-end, leaving gold up 3.18% for October.



Source: Bloomberg



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

Global government bonds fell across the board in October returning (0.49%). While bond market volatility has been low, uncertainty remains high, especially in the US. Over the past month, several factors suggest that policymakers should adopt a more cautious approach to monetary policy setting as hiring in the US labour market has remained weak despite robust economic growth. Even though US growth remains resilient, investors have been putting greater weight on the weakness in the labour market. This more pessimistic view on the US outlook has driven a disconnect between the performance of US Treasuries, where the yield on the 10-year Treasury benchmark note briefly broke through the 4% barrier, before ending the month slightly higher at 4.1%.

US-China relations dominated the month's narrative. Late-month talks lifted global risk sentiment as both sides outlined a one-year framework that would pause additional US tariff escalations and ease China's export controls on rare-earth minerals, critical inputs for the AI supply chain. While no formal agreement was signed, the markedly more constructive tone contrasted with the earlier war of words that had sparked the sharpest one-day US equity drawdown since the April "Liberation Day" headlines. Separately, the ongoing US government shutdown added a layer of policy uncertainty. With key agencies partially closed, the flow of official data has been disrupted, complicating the Fed's assessment and introducing headline risk for markets until a funding resolution is secured.



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 October 2025.

Best	SA Equity 33.9	SA Equity 32.3	SA Prop- erty 51.6	Global Equity 12.1	Global Cash 22.1	SA Prop- erty 65.9	Global Fixed Income 13.9	Global Property 24.1	SA Fixed Income 7.8	Global Equity 30.3	SA Fixed Income 7.0	Global Property 31.4	Global Property 26.0
	SA Prop- erty 21.1	SA Prop- erty 23.6	SA Equity 27.2	SA Equity 8.3	SA Cash 4.5	SA Equity 36.0	Global Equity 13.1	Global Equity 14.8	Global Property 7.0	SA Equity 20.1	SA Cash 6.7	Global Equity 25.7	SA Prop- erty 19.4
	SA Fixed Income 16.9	Global Equity 20.2	Global Equity 25.3	SA Fixed Income 7.9	SA Equity 3.3	Global Property 35.7	Global Cash 8.6	SA Fixed Income 13.0	SA Cash 6.6	SA Prop- erty 11.1	Global Fixed Income 4.1	Global Cash 25.1	Global Equity 19.1
	Global Equity 11.3	SA Fixed Income 20.1	Global Property 23.4	SA Cash 7.5	SA Fixed Income 3.1	Global Equity 29.9	SA Cash 5.0	SA Equity 11.5	Global Cash 6.2	Global Property 10.9	SA Prop- erty 2.2	SA Prop- erty 20.2	SA Equity 12.5
	SA Cash 6.1	SA Cash 7.4	SA Fixed Income 21.3	Global Cash 7.1	SA Prop- erty 3.0	SA Fixed Income 10.9	SA Fixed Income 4.9	Global Fixed Income 11.5	Global Equity 3.9	SA Cash 6.9	Global Property 1.5	Global Fixed Income 20.0	Global Cash 10.5
	Global Property -0.8	Global Cash 2.5	SA Cash 8.2	Global Fixed Income 2.8	Global Equity -3.2	SA Cash 3.5	SA Equity -5.8	SA Cash 6.6	Global Fixed Income 2.6	Global Cash 5.8	Global Equity 0.6	SA Equity 11.6	SA Fixed Income 9.0
	Global Fixed Income -2.0	Global Fixed Income 2.4	Global Fixed Income 1.9	SA Prop- erty -1.3	Global Fixed Income -5.0	Global Cash -6.4	Global Property -16.0	Global Cash 4.4	SA Equity -8.4	SA Fixed Income 5.0	Global Cash -2.0	SA Cash 5.7	Global Fixed Income 8.7
Worst	Global Cash -4.7	Global Property 1.1	Global Cash -0.5	Global Property -4.0	Global Property -8.9	Global Fixed Income -8.7	SA Prop- erty -51.6	SA Prop- erty 0.8	SA Prop- erty -18.7	Global Fixed Income 4.5	SA Equity -3.4	SA Fixed Income 4.8	SA Cash 5.3
	YTD	10/2025	10/2024	10/2023	10/2022	10/2021	10/2020	10/2019	10/2018	10/2017	10/2016	10/2015	10/2014

Source: Morningstar Direct