



South African Markets

South African equities fell sharply in September as gold and platinum miners gave back part of August's gains. The FTSE/JSE ALSI declined (5.82%), taking its year-to-date return to (3.22%). A stronger US Dollar and rising bond yields weighed on precious-metal prices, pulling the Resources index down (9.76%). The JSE's heavy mining exposure magnified the impact of the correction and contributed to its underperformance against broader emerging markets. Naspers and Prosus added to the losses as Tencent weakened, placing further pressure on the industrial sector. The domestic backdrop also became more challenging, with the SARB's rate hike and higher oil prices raising concerns over inflation and growth. Sasol benefited from stronger oil prices, while selected food and healthcare retailers and investment holding companies advanced. These gains offered limited support against the decline in the market's heavyweight mining and technology shares.

Headline inflation edged up to 4.4% y/y, from 4.3% in August slightly below expectations. Housing and utilities inflation held at 5.2%, while transport inflation eased to 8.8%, with fuel prices 20% higher than a year ago. Food and non-alcoholic beverages inflation rose to 1.1% from 0.9%, although food price pressures remained subdued. Core inflation eased to 4.1% from 4.2%, offering modest relief, but renewed fuel price pressures led the SARB to raise its near-term forecasts, with headline inflation expected to exceed 5% later this year.

Asset Class Performance (ZAR):

As of 30 th September 2026	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity	0.24	12.11	11.23	16.27	13.44	14.55
Global Property	(4.18)	3.91	(1.03)	5.71	3.24	5.33
Global Bond	(0.37)	(3.30)	(7.33)	(1.64)	(1.00)	1.05
Global Cash	1.96	1.73	(1.29)	(0.08)	5.68	4.31
SA Equity	(5.82)	(3.22)	4.62	18.68	15.29	11.50
SA Property	0.46	3.42	20.24	26.54	15.87	4.56
SA Bond	0.01	3.54	12.82	17.68	12.14	10.31
SA Cash	0.55	5.02	6.80	7.51	6.81	6.30
SA CPI	0.00	3.96	4.36	4.02	4.90	4.64

ZAR/USD (negative = Rand strength)	1.94	(0.77)	(4.91)	(4.59)	1.77	1.81
Gold	(5.04)	(8.02)	(1.82)	18.57	15.52	10.35
Brent Crude Oil	16.29	68.36	46.81	(1.86)	7.52	9.67

*Returns more than 1 year are annualized.



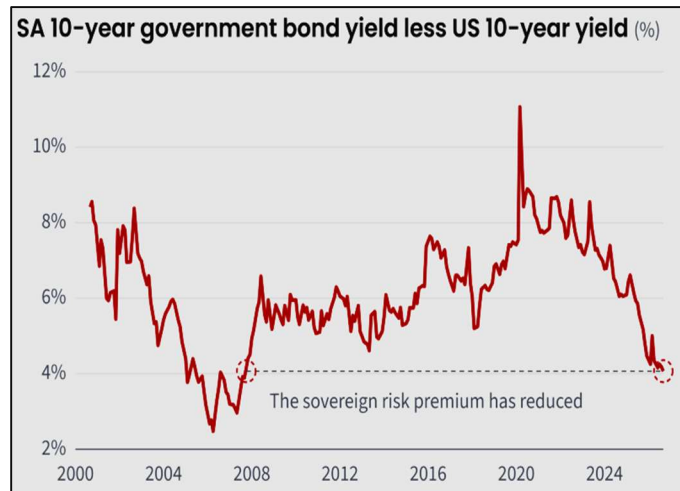
Source: Morningstar (Returns more than 1 year are annualized)

The South African Reserve Bank's Monetary Policy Committee raised the repo rate by 25 basis points to 7.25% in September, lifting the prime lending rate to 10.75% following July's hold. The decision reflected renewed fuel price pressures as the Middle East conflict disrupted energy supplies, alongside elevated services inflation and longer-term inflation expectations near 4%, above the Bank's 3% target. The SARB raised its 2026 headline inflation forecast to 4.4% from 4.0% and lowered its growth forecast to 1.2% from 1.4%, highlighting the challenge of containing inflation in a weak economy. The Bank stressed the need to prevent prolonged price shocks from spreading into broader inflation. Although its model points to broadly stable rates for the remainder of the year, decisions will depend on the outlook, incoming data and inflation risks ahead of the next meeting on 19 November.



The Rand weakened in September, declining (1.94%) against the US Dollar to end the month near R16.42. Broad-based Dollar strength, supported by the Fed's rate increase and rising US Treasury yields, reversed much of the favourable backdrop seen in August. Higher oil prices added pressure to South Africa's energy import bill, while weaker gold and platinum prices reduced the support from precious-metal exports. The SARB's largely anticipated rate increase was insufficient to counter these external pressures. The Rand nevertheless firmed against the Euro and Pound Sterling, as both currencies also weakened against the Dollar. September's pullback eroded a substantial portion of August's gains, highlighting the currency's sensitivity to commodity prices and global interest-rate expectations.

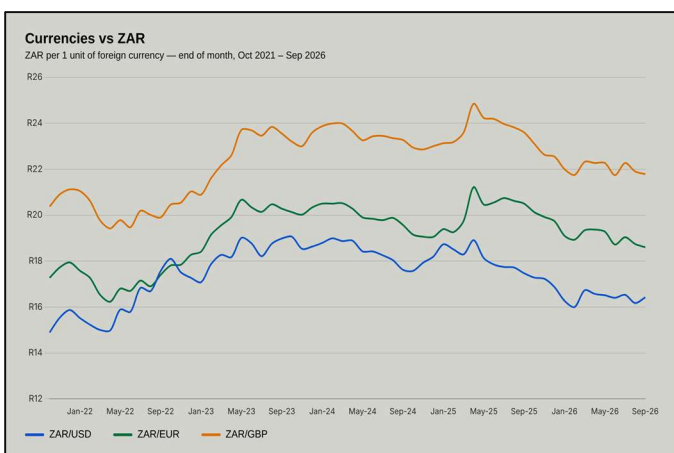
South African bonds held up relatively well during September's global sell-off. The FTSE/JSE All Bond Index returned 0.01%, leaving its year-to-date gain at 3.54%. Local yields nevertheless moved higher as rising oil prices, a weaker Rand and the SARB's rate increase reinforced inflation and interest-rate concerns. The 10-year government bond yield moved above 9.0% during the month before ending near 8.96%, compared with 8.75% at the end of August. Improving government finances provided some support, with stronger tax collections and primary budget surpluses remaining constructive for the sovereign credit outlook. These domestic improvements helped cushion the market against global pressure, with the SARB highlighting their role in containing South Africa's country risk premium. Higher inflation forecasts nevertheless left bonds sensitive to oil prices, the Rand and the outlook for interest rates ahead of the SARB's November meeting.



Source: SARB, Bateleur

Real yields remained supportive for South African bonds, with the 10-year government bond yield comfortably above current inflation and the SARB's near-term inflation forecasts. The yield gap over US 10-year Treasuries narrowed to roughly 400 basis points, the narrowest since October 2007, when South Africa had an investment grade rating. Local bonds continued to offer attractive income, although higher oil prices and a weaker Rand could erode inflation-adjusted returns. Further SARB tightening or a renewed rise in global yields could also put pressure on bond prices, leaving the near-term outlook sensitive to energy costs and interest-rate expectations.

South Africa's growth outlook remained subdued, with the SARB cutting its 2026 growth forecast to 1.2% from 1.4% following the economy's 0.2% contraction in the second quarter. The RMB/BER Business Confidence Index edged down to 38 in the third quarter from 39, with manufacturers remaining the most pessimistic. Consumer confidence recovered some of the second quarter's losses, led by improved sentiment among lower-income households, although higher fuel and borrowing costs continued to cloud the spending outlook. September's Absa Manufacturing PMI, released in early October, rebounded to 50.7 from 45.8, offering tentative encouragement. However, business activity remained below the neutral level, employment weakened and delivery delays partly boosted the headline index. Expectations for the next six months improved, but stronger activity and hiring were still needed to confirm a sustained recovery.



Source: SARB/ exchangerate.org

Global equity markets retreated in September as a sharp rise in bond yields and higher oil prices weighed on risk appetite. The MSCI ACWI fell (1.38%), trimming its year-to-date gain to 13.30%. Resilient economic activity offered some reassurance on growth, but also reinforced expectations that interest rates would remain elevated for longer. Higher borrowing costs put pressure on valuations, with smaller companies and sectors such as financials and real estate particularly exposed. Continued enthusiasm for AI investment nevertheless supported large technology companies, lifting the Nasdaq and limiting the S&P 500's decline to (0.35%). Most other sectors weakened, leaving the major US indices increasingly dependent on a narrow group of companies and masking the extent of the broader sell-off. Emerging markets held up better than developed peers, with the MSCI Emerging Markets Index slipping (0.50%), as strength in Taiwanese and South Korean chipmakers helped offset weakness in China.

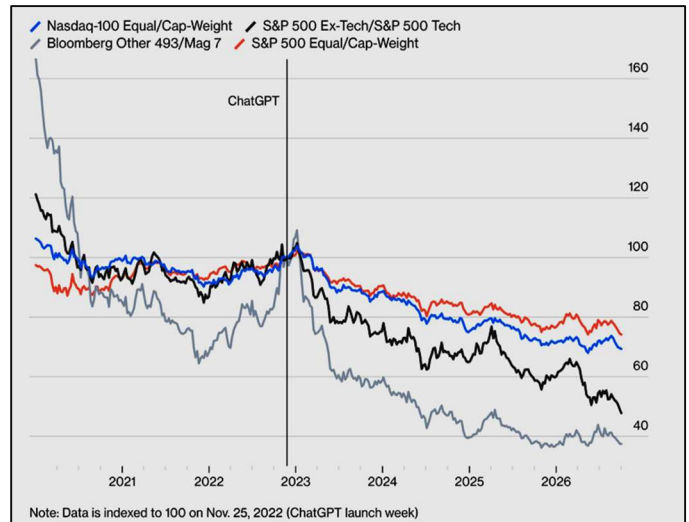
US headline inflation held at 3.4% y/y in September, as renewed energy price pressures offset softer readings elsewhere. Revisions to the Fed's preferred PCE (Personal Consumption Expenditures) measure painted a less severe inflation picture, with core PCE at 3.0%, unchanged from the previous month. This offered some reassurance, but did not establish a sustained decline in underlying price pressures. Higher energy costs also risked feeding into transport and other prices, complicating the return to the Fed's 2% target and maintaining pressure to keep inflation in check.

Asset Class Performance (USD):

As of 30 th September 2026	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity	(1.38)	13.30	17.04	21.78	11.50	12.56
Global Property	(5.73)	5.01	4.13	10.72	1.48	3.49
Global Bond	(1.98)	(2.28)	(2.49)	3.02	(2.68)	(0.71)
Global Cash	0.31	2.81	3.86	4.66	3.88	2.49
USA CPI	0.32	3.37	3.40	2.95	4.13	3.35
SA Equity	(7.34)	(2.20)	10.08	24.30	13.32	9.55
SA Property	(1.16)	4.51	26.52	32.54	13.89	2.74
SA Bond	(1.60)	4.63	18.71	23.25	10.23	8.39
SA Cash	(1.07)	6.13	12.38	12.61	4.99	4.45

ZAR/USD (negative = Dollar strength)	(1.90)	0.78	5.16	4.81	(1.74)	(1.78)
Gold	(6.58)	(7.05)	3.31	24.19	13.55	8.43
Brent Crude Oil	14.41	70.14	54.48	2.80	5.69	7.75

*Returns more than 1 year are annualized.



Source: Bloomberg

The Federal Reserve raised its benchmark rate by 25 basis points to 3.75%-4.00% at its September meeting, its first increase since 2023. Chair Kevin Warsh's hawkish remarks reinforced expectations of further tightening, adding upward pressure to shorter-dated Treasury yields as inflation remained above target. Expectations shifted towards month-end, however, as lower-than-expected PCE readings tempered the case for an immediate follow-up hike. By 30 September, futures implied roughly a one-in-three chance of an October increase, while still pricing another hike before year-end. Elevated energy prices continued to cloud the inflation outlook, leaving the pace of further tightening closely tied to incoming inflation and employment data ahead of the 27-28 October meeting.



European equities fell as the global bond sell-off intensified, with the Euro Stoxx 50 declining (2.35%). Higher borrowing costs weighed on valuations, while rising energy prices added to concerns about inflation and the outlook for growth. The ECB raised its deposit rate by 25 basis points to 2.50%, while the Bank of England held rates steady as UK equities also lost ground. Japan's Nikkei edged higher despite further Bank of Japan tightening, supported by a recovery in technology and semiconductor shares. Chinese markets remained under pressure, with the Shanghai Composite and Hang Seng both declining as weak domestic demand and geopolitical uncertainty outweighed policy support.

The US Dollar strengthened in September, with the DXY index rising 2.03% to around 101.5 and reversing August's decline, as the Fed's rate increase, surging Treasury yields, higher oil prices and safe-haven demand lifted the currency. US yields rose faster than those elsewhere, moving rate differentials in the Dollar's favour, while the Yen strengthened roughly 2%. Lower reliance on imported energy also left the US better placed than many peers to absorb the oil shock.

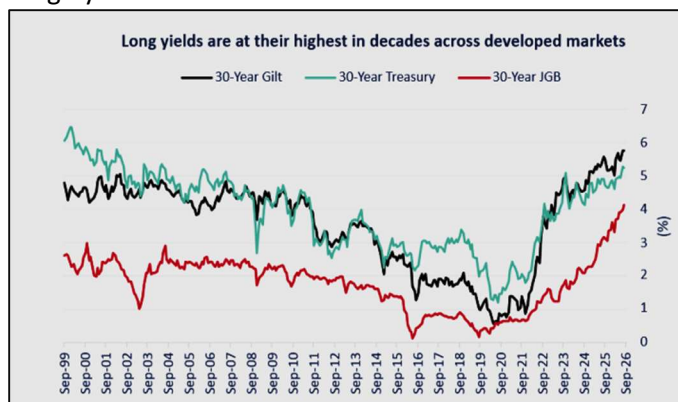
Commodities were mixed in September, with energy surging while precious metals corrected sharply. Brent crude jumped 14.41% to around \$103/bbl as the US-Iran conflict and attacks on Saudi energy infrastructure heightened supply concerns. The temporary shutdown of Saudi Arabia's East-West pipeline was particularly significant because it provides an export route that bypasses the Strait of Hormuz. Gold fell (6.58%) in Dollar terms to around \$4,200/oz as higher Treasury yields raised the opportunity cost of holding it and a stronger Dollar added to price pressure, while platinum declined roughly 4.5%.



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

Global fixed income suffered a sharp sell-off in September as rising oil prices, renewed monetary tightening and heavy debt issuance pushed yields higher. The US 10-year Treasury yield rose around 50 basis points to roughly 5.3%, ending near its highest level in more than two decades. Resilient economic activity reinforced expectations that interest rates would remain elevated, while persistent inflation risks and concerns over government finances increased the compensation investors demanded for holding long-dated debt. Government borrowing and corporate issuance to fund AI investment also intensified competition for capital, adding further pressure on yields. The sell-off extended across Europe and Japan, with French bonds facing additional pressure from political uncertainty and difficulties reducing the budget deficit. Investment-grade credit spreads widened only modestly, but high-yield spreads rose more sharply as risk appetite weakened. Global bonds fell (1.98%) in Dollar terms.

US economic growth proved firmer than earlier estimates suggested, with second-quarter annualised GDP growth revised to 2.2% from 1.5%, reflecting stronger consumer spending and investment. More recent data also pointed to stronger momentum, with August payrolls rising by 162,000, well above expectations, and unemployment holding at 4.1%. Retail sales rebounded 1.2% after July's decline, providing further evidence of resilient consumer demand. Business activity strengthened too, with September's flash composite PMI reaching 58.4, its highest level since July 2021. Together, these readings suggested firmer underlying momentum, although stronger demand and renewed energy price pressures also complicated the Fed's task of bringing inflation back to target.



Source: Bloomberg, LSEG



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 2026.

	Global Equity	SA Prop-erty	SA Equity	SA Prop-erty	Global Equity	Global Cash	SA Prop-erty	Global Equity	Global Property	Global Equity	Global Equity	Global Property	Global Property
Best	Global Equity 12.1	SA Prop-erty 20.2	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
	SA Cash 5.0	SA Fixed Income 12.8	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 3.9	Global Equity 11.2	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 Fixed Income 3.5	SA Cash 6.8	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 3.4	SA Equity 4.6	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 1.7	Global Property -1.0	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
	SA Equity -3.2	Global Cash -1.3	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
Worst	Global Fixed Income -3.3	Global Fixed Income -7.3	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
	YTD	9/2026	9/2025	9/2024	9/2023	9/2022	9/2021	9/2020	9/2019	9/2018	9/2017	9/2016	9/2015

Source: Morningstar Direct