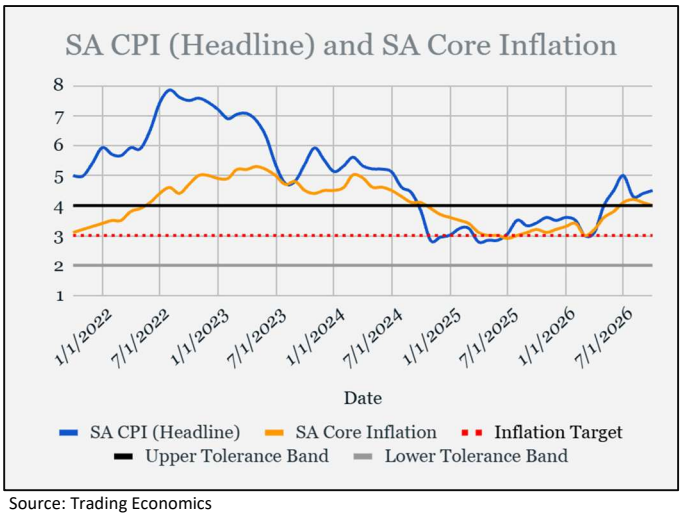
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South African Markets

South African equities edged lower in October as a second consecutive sell-off in precious-metal miners offset gains across domestically focused sectors. The FTSE/JSE ALSI declined (0.39%), taking its year-to-date return to (3.60%). Weaker gold and platinum prices, alongside a firmer US Dollar, pulled the Resources index down (9.08%), while Naspers and Prosus came under pressure from the broader global technology sell-off. In contrast, financials and industrials gained close to 4%, supported by strength in banks, telecommunications and selected retailers. Improving sentiment following October's Medium-Term Budget Policy Statement and declining local bond yields provided further support, with mid- and small-cap shares outperforming their larger peers. The broader strength outside mining helped the JSE hold up considerably better than emerging markets overall, despite continued weakness in its heavyweight resource and technology shares.

Headline inflation edged up to 4.5% y/y, from 4.4% in September, remaining below market expectations. Transport inflation accelerated to 10.8% from 8.8%, while housing and utilities inflation held at 5.2%. Fuel prices increased further in October, rising 12.4% month-on-month and 39.9% year-on-year, adding to inflationary pressures. Core inflation eased to 4.0%, suggesting underlying price pressures remain relatively contained, despite rising fuel costs continuing to push headline inflation higher.



Source: Trading Economics

The South African Reserve Bank's Monetary Policy Committee did not meet in October, leaving the repo rate at 7.25% following September's 25 bps increase. The Bank's October Monetary Policy Review highlighted persistent inflation risks from higher fuel costs, with headline inflation projected to remain above 5% until the second quarter of 2027, despite its 2026 average forecast of 4.4%. Governor Kganyago reiterated that monetary policy must prevent temporary price shocks from becoming entrenched in inflation expectations and wage pressures. However, he noted that the Bank's modelling suggests current policy settings should be sufficient to return inflation to its 3% target once the initial oil shock fades. Temporary fuel levy reductions announced in October offered some near-term relief, although the inflation outlook remains uncertain ahead of the next MPC meeting on 19 November.

Asset Class Performance (ZAR):

As of 31st October 2026	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity	0.31	12.46	8.84	17.90	12.20	15.04
Global Property	4.35	8.42	4.21	9.15	2.61	6.69
Global Bond	3.22	(0.19)	(4.32)	(0.05)	(0.50)	1.95
Global Cash	2.24	4.01	0.09	0.68	5.93	4.75
SA Equity	(0.39)	(3.60)	2.53	19.91	14.05	11.73
SA Property	1.98	5.47	13.71	28.67	16.72	4.72
SA Bond	2.13	5.74	12.34	17.84	12.72	10.47
SA Cash	0.56	5.61	6.79	7.47	6.87	6.30
SA CPI	0.37	4.34	4.55	3.93	4.93	4.67
ZAR/USD (negative = Rand strength)	1.34	0.56	(3.93)	(3.87)	1.79	2.14
Gold	(5.11)	(12.72)	(10.12)	14.15	13.74	10.37
Brent Crude Oil	15.79	94.93	74.27	6.25	8.91	11.68

*Returns more than 1 year are annualized.

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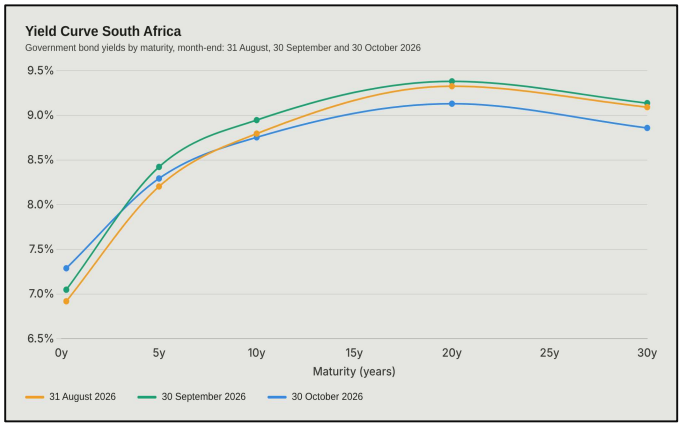
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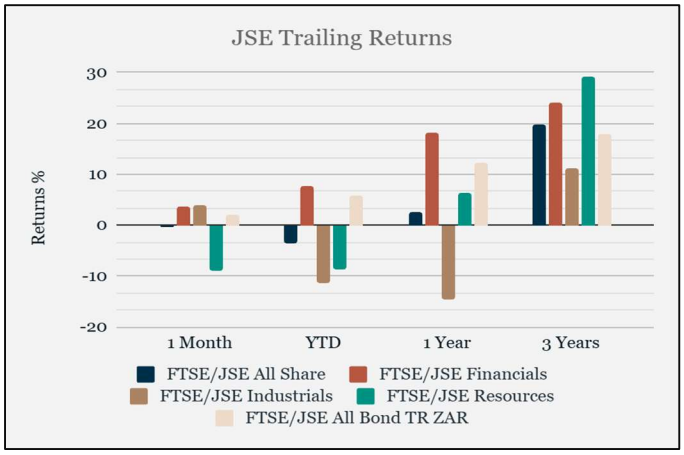


The Rand weakened in October, declining (1.34%) against the US Dollar to end the month near R16.64. Broad-based Dollar strength and deteriorating global risk appetite weighed on emerging market currencies, while Brent crude climbed above $110/bbl increasing pressure on South Africa's fuel import bill. Sharp declines in gold and platinum prices further reduced support from precious-metal exports. However, the well-received Medium-Term Budget Policy Statement (MTBPS) and improving domestic bond market sentiment helped cushion the currency against these external pressures. The Rand remained relatively resilient despite heightened volatility, as noted by SARB Governor Lesetja Kganyago. It was little changed against the Euro, but weakened against Pound Sterling as expectations of further UK monetary tightening supported the currency.

South African bonds rallied in October, supported by a well-received Medium-Term Budget Policy Statement (MTBPS) and a recovery in global bond markets. The FTSE/JSE All Bond Index returned 2.13%, lifting its year-to-date gain to 5.74%. The 10-year government bond yield briefly exceeded 9.0% early in October before retreating to 8.73% by month-end, a decline of approximately 23 basis points from September's closing level, as falling US Treasury yields and improving domestic sentiment supported demand. The MTBPS reinforced confidence in South Africa's fiscal outlook, with stronger tax revenues, a narrowing budget deficit and stabilising government debt helping to contain the country's risk premium. The rally came despite a weaker Rand and rising headline inflation, as investors looked beyond near-term fuel price pressures. Nevertheless, elevated oil prices and persistent inflation risks leave bonds sensitive to the outlook for interest rates ahead of the SARB's November meeting.



Source: LSEG & Rbond



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

The Medium-Term Budget Policy Statement, tabled on 21 October, was broadly welcomed by markets as National Treasury reaffirmed its commitment to fiscal consolidation. Government debt was estimated to have peaked at 78.4% of GDP in 2025/26, while the projected 2026/27 consolidated budget deficit narrowed to 3.9% of GDP from 4.0%, supported by stronger tax collections. However, much of the revenue improvement was offset by additional spending, while the 2026 GDP growth forecast was lowered to 1.2%, highlighting the challenges of reducing debt in a weak economy. With some revenue gains linked to elevated commodity prices, maintaining fiscal discipline remains important. Proposed fiscal anchor legislation, expected to be tabled in 2027, could further strengthen fiscal credibility and support future credit rating upgrades.

South Africa's growth outlook remained subdued, with National Treasury lowering its 2026 growth forecast to 1.2% from 1.6% in the MTBPS, partly reflecting the Middle East conflict. October's Absa Manufacturing PMI improved to 49.6 from 48.7, but remained below the neutral 50-point level for a fifth consecutive month. Weak employment conditions, rising input costs and softer business expectations continued to weigh on the recovery. Adding to the uncertainty, the US announced in early November its intention to withdraw South Africa's preferential trade benefits under AGOA from January 2027. Although the overall economic impact is expected to be modest, automotive and agricultural exporters face higher tariffs and reduced competitiveness, while concerns remain over the broader implications for trade and investment relations with the US.

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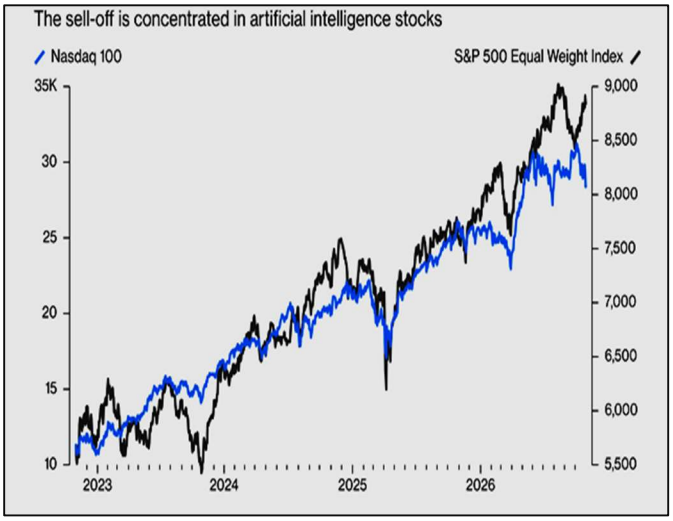
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Global Markets



Global equity markets declined in October as concerns over the scale and profitability of AI investment weighed on major technology stocks. The MSCI ACWI fell (1.56%), reducing its year-to-date gain to 11.53%. Investors increasingly questioned the returns on substantial AI spending commitments following earnings reports from several technology giants. The technology-heavy Nasdaq Index fell (5.28%), while the broader S&P 500 declined a more modest (0.87%). However, these declines masked a significant rotation away from large technology companies rather than widespread market weakness. The equal-weighted S&P 500 gained 5.0%, supported by strength in energy, consumer staples, healthcare and utilities, as value shares significantly outperformed growth.Emerging markets fared worse, with the MSCI Emerging Markets Index falling (8.04%) as weakness in South Korean and Taiwanese semiconductor stocks, alongside Brazil's sharp post-election sell-off, weighed heavily on returns.

US headline inflation accelerated to 3.7% y/y in October, driven largely by higher energy costs. Gasoline prices surged 9.1% over the month, accounting for more than half of the monthly increase in consumer prices. Core inflation, which excludes food and energy, edged up to 2.6% from 2.4%. The increase highlighted persistent underlying price pressures and the risk of higher energy costs feeding into broader inflation, complicating the Fed's efforts to return inflation to its 2% target amid signs of a cooling labour market.



Source: Bloomberg

The Federal Reserve kept its benchmark rate unchanged at 3.75%-4.00% at its October meeting, pausing after September's 25 basis point increase, its first since 2023. The Fed upgraded its assessment of economic activity to expanding at a strong pace, reflecting resilient consumer spending and robust investment, while acknowledging that inflation remained elevated. Chair Kevin Warsh reiterated the Fed's commitment to restoring price stability but avoided signalling an immediate policy move, emphasising the need for further economic data. Despite September's weak payroll figures, persistent inflation pressures kept expectations of a December rate hike elevated. Markets continued to anticipate further tightening, although the timing remains dependent on incoming inflation and employment data ahead of the Fed's final meeting of the year on 8-9 December.

Asset Class Performance (USD):

As of 31st October 2026	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity	(1.56)	11.53	12.91	22.52	10.10	12.60
Global Property	2.40	7.53	8.11	13.42	0.69	4.43
Global Bond	1.30	(1.01)	(0.74)	3.86	(2.37)	(0.22)
Global Cash	0.34	3.15	3.83	4.62	3.95	2.53
USA CPI	0.59	3.98	3.74	3.06	4.20	3.39
SA Equity	(2.24)	(4.39)	6.36	24.61	11.91	9.36
SA Property	0.08	4.60	17.96	33.70	14.53	2.49
SA Bond	0.23	4.87	16.54	22.45	10.61	8.13
SA Cash	(1.31)	4.74	10.78	11.68	4.87	4.04
ZAR/USD (negative = Dollar strength)	(1.33)	(0.56)	4.09	4.03	(1.76)	(2.10)
Gold	(6.87)	(13.44)	(6.76)	18.62	11.61	8.03
Brent Crude Oil	13.63	93.33	80.79	10.41	6.87	9.31

*Returns more than 1 year are annualized.

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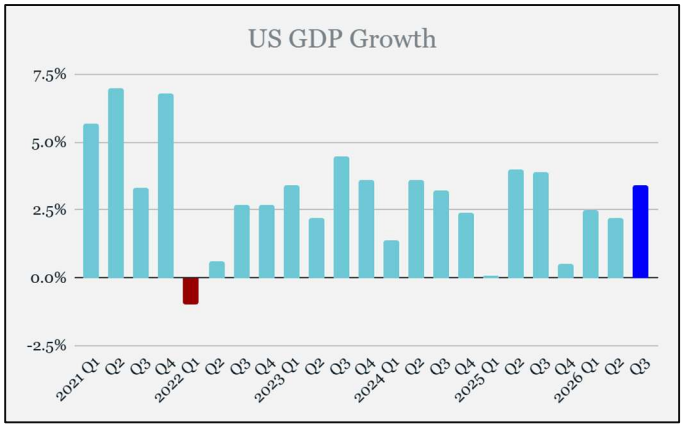
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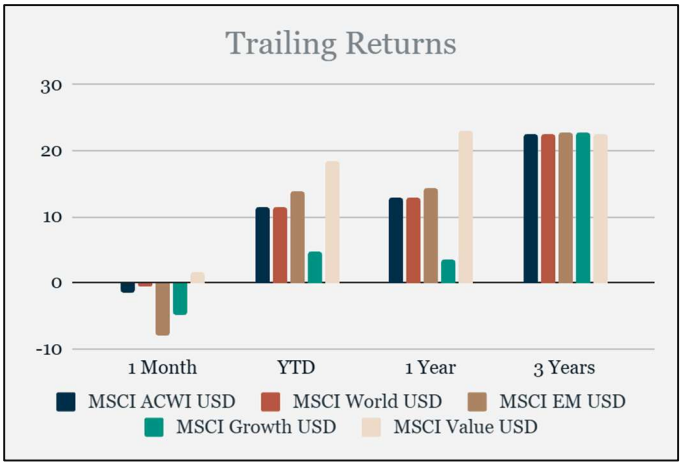
European equities delivered mixed returns in October, as gains in the UK, up 1.29%, contrasted with weakness elsewhere in the eurozone amid renewed political and fiscal uncertainty in France. The ECB held its deposit rate at 2.50% despite eurozone inflation rising to 3.8%, keeping the prospect of further tightening alive. Asian markets fared worse, with Japan's Nikkei falling (5.2%) as technology shares came under pressure, while the Bank of Japan kept rates unchanged. The technology-led sell-off also weighed on Chinese equities, where persistent weakness in domestic demand overshadowed stronger-than-expected third-quarter economic growth.

The US Dollar edged higher in October, with the DXY index rising 0.42% to around 101.9, extending September's gains. The Dollar benefited from weaker global risk appetite and rising oil prices, while the Euro came under pressure amid political and fiscal uncertainty in France. However, gains were limited by falling US Treasury yields as expectations for further Fed tightening eased slightly. The Dollar also weakened against Pound Sterling, reflecting its mixed performance across major currencies.

Commodities diverged sharply in October, with oil prices surging while precious metals extended September's losses. Brent crude rose 13.63% to around $118/bbl as attacks on oil tankers and threats to Saudi energy infrastructure heightened concerns over Middle Eastern supply disruptions. Gold fell (6.87%) in Dollar terms to below $4,000/oz, despite heightened geopolitical uncertainty, as shifting interest rate expectations and a flight towards US Treasuries weighed on demand. Platinum declined by more than 16%, while silver and palladium also recorded steep losses, reflecting a broad sell-off across precious metals.



Source: Trading Economics



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

Global fixed income rebounded in October, with global bonds gaining 1.30% in Dollar terms. The US 10-year Treasury yield briefly exceeded 5.3% early in October before retreating to approximately 4.9% by month-end, a decline of around 35 basis points from September's closing level. Volatility in equity markets, softer hiring and a slightly less hawkish tone from the Fed eased fears of aggressive tightening and supported demand for government bonds. The rally extended across most developed markets despite persistent inflation pressures and elevated oil prices, highlighting renewed investor demand for higher-quality assets. French bonds were a notable exception, as political uncertainty and growing fiscal concerns pushed borrowing costs higher, with Fitch revising the country's credit outlook to negative. Corporate bonds also benefited from falling yields, although widening credit spreads reflected greater investor caution, particularly towards highly leveraged companies funding AI infrastructure.

US economic growth accelerated in the third quarter, with annualised GDP expanding 3.4% from 2.2% in Q2, supported by resilient consumer spending, stronger business investment and increased government expenditure. Weakness in exports and higher imports partly offset these gains. Business activity remained robust into October, with the flash composite PMI easing to 57.6 from 58.4 but still signalling strong expansion. The labour market presented a more cautious picture, as September payroll growth slowed to just 29,000 and unemployment edged up to 4.2%. While underlying economic momentum remained firm, softer hiring and renewed inflation pressures highlighted an increasingly uneven growth outlook heading into year-end.

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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 2026.

	YTD	10/2026	10/2025	10/2024	10/2023	10/2022	10/2021	10/2020	10/2019	10/2018	10/2017	10/2016	10/2015
Best	Global Equity 12.5	SA Property 13.7	SA Equity 32.3	SA Property 51.6	Global Equity 12.1	Global Cash 22.1	SA Property 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 8.4	SA Fixed Income 12.3	SA Property 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 Fixed Income 5.7	Global Equity 8.8	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 Property 11.1	Global Fixed Income 4.1	Global Cash 25.1
	SA Cash 5.6	SA Cash 6.8	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 Property 2.2	SA Property 20.2
	SA Property 5.5	Global Property 4.2	SA Cash 7.4	SA Fixed Income 21.3	Global Cash 7.1	SA Property 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 4.0	SA Equity 2.5	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
	Global Fixed Income -0.2	Global Cash 0.1	Global Fixed Income 2.4	Global Fixed Income 1.9	SA Property -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
Worst	SA Equity -3.6	Global Fixed Income -4.3	Global Property 1.1	Global Cash -0.5	Global Property -4.0	Global Property -8.9	Global Fixed Income -8.7	SA Property -51.6	SA Property 0.8	SA Property -18.7	Global Fixed Income 4.5	SA Equity -3.4	SA Fixed Income 4.8

Source: Morningstar Direct

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