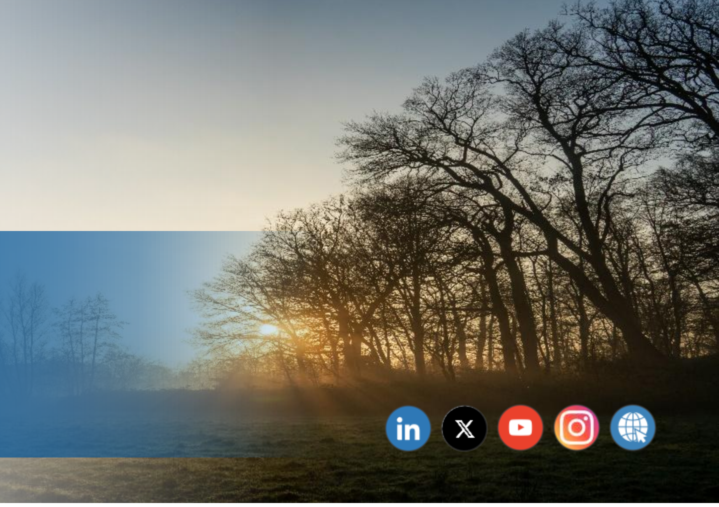


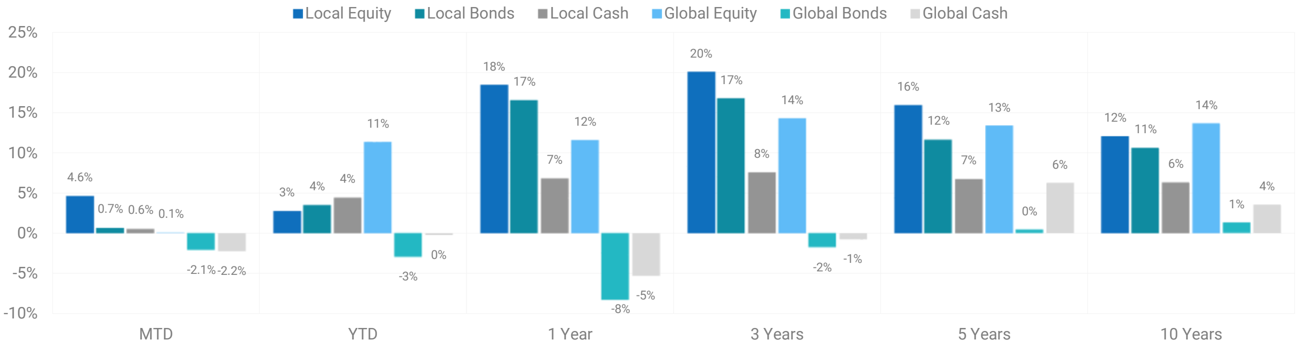
Investor Market Overview

August 2026

Market Commentary

- South African equities posted a second consecutive month of positive performance in August, with the FTSE/JSE All Share Index gaining 4.6%. Performance was driven primarily by precious metal miners. The gold price itself rose nearly 10% in August as safe-haven demand increased amid geopolitical uncertainty and expectations that softer US economic data could support a more accommodative Fed policy.
- The FTSE/JSE All Bond Index recovered slightly, gaining 0.7% for the month, while the yield on the 10-year government bond remained unchanged by month end.
- Domestic annual headline inflation decreased from 5.0% in June to 4.3% in July, indicating some relief in cost pressures for consumers.
- The rand strengthened by 2.6% against the US dollar in August, supported by broad weakness in the US dollar alongside continued strength in South Africa's key commodity exports.
- Oil prices were notably volatile during the month: Brent crude fell below US$80 per barrel early in August on hopes of a deal to reopen the Strait of Hormuz, but ended the month above US$90 per barrel.
- Global equities delivered solid returns in August, with the MSCI ACWI gaining 2.7%, with both developed and emerging markets posting positive performance overall. Market leadership rotated during the period, shifting away from momentum-driven names.
- Developed market equities rose 2.6% over the month, extending their year-to-date gain to 13.1%, with the US market a standout performer. This broadly positive performance masked a sharp increase in volatility toward month end, as renewed geopolitical tensions, higher oil prices, and a more hawkish tone from the US Federal Reserve at the Jackson Hole Economic Symposium weighed on investor sentiment.
- Emerging market equities also recovered in August, with the MSCI EM Index up 3.4% for the month.
- Investors are now pricing in two further US rate hikes by year end, as elevated oil prices add to an already sticky US inflation backdrop.
- Headline inflation moderated slightly to 3.4% year-on-year in July, down from 3.5% in June.
- The US 10-year Treasury yield ended August broadly unchanged, at around 4.75% per annum.

Asset Class Returns (ZAR)



Source: Morningstar (31 August 2026)

Asset Class Views

Local cash was the only ranking to change for the month, moving from neutral to slightly overweight. Annual inflation fell from 5.0% in June to 4.3% in July, increasing cash's real return to approximately 2.7%. Cash remains an attractive defensive allocation in the current environment.

We remain constructive on SA equities, as valuations remain attractive despite a less supportive interest rate environment. We remain underweight local bonds, with the 10-year government bond yield unchanged from the previous month, making the asset class less attractive relative to local cash and equities.

We maintain a neutral view on global equities. Strong global earnings growth is unlikely to be sustained at current levels, limiting our conviction in the asset class. However, more attractive valuations support selective opportunities outside the US.

We remain underweight global bonds, as yields are expected to rise over the next 6–12 months. Central banks may need to tighten policy more than markets currently anticipate to bring inflation under control.