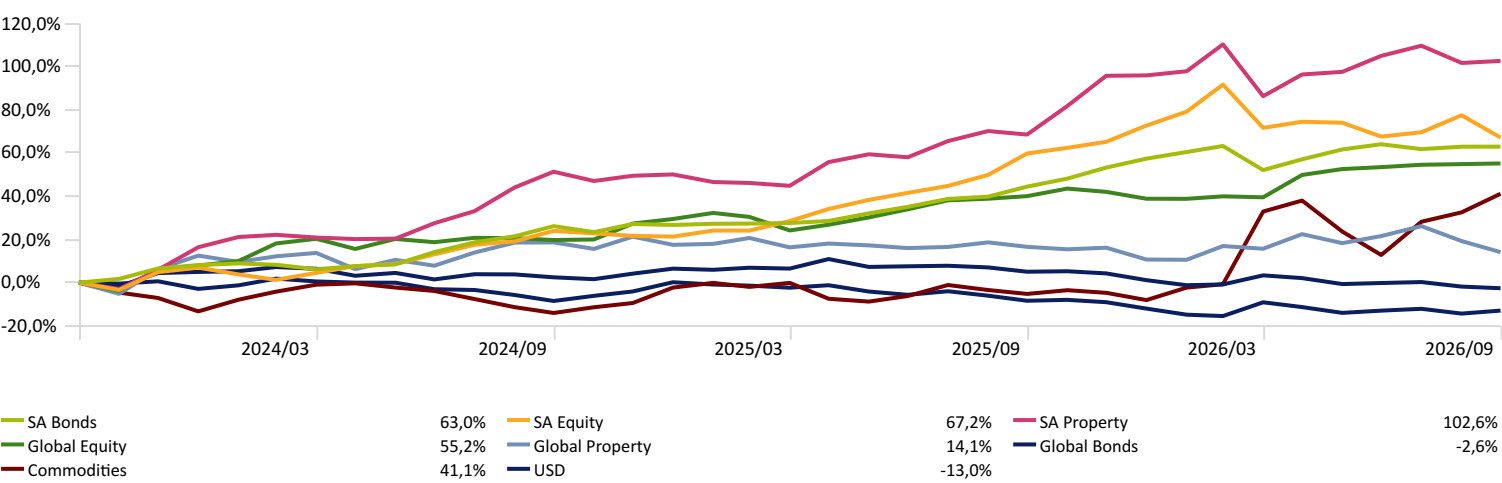


SA OVERVIEW	SA EQUITY	ASISA CATEGORIES	SA COMMENTARY	O/S OVERVIEW	O/S EQUITY	CATEGORY AVERAGES	DM COMMENTARY	DISCLAIMER
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ASSET CLASS RETURNS in ZAR

	1 Month	3 Months	YTD	1 Year	*3 Years
SA Bonds	0,0	-0,7	3,5	12,8	17,7
SA Equity	-5,8	-0,3	-3,2	4,6	18,7
SA Property	0,5	-1,1	3,4	20,2	26,5
Global Bonds	-0,8	-2,4	-3,7	-7,3	-0,9
Global Equity	0,2	1,1	11,8	10,8	15,8
Global Property	-4,3	-6,1	3,1	-2,1	4,5
Commodities	6,5	25,2	53,6	49,0	12,2
USD	1,6	0,0	-1,0	-5,0	-4,5

3 YEAR CUMULATIVE RETURNS in ZAR



CALENDAR YEAR RETURNS in ZAR

Best	SA Bonds 15,4	SA Equity 21,0	USD 16,2	Glb Equity 22,8	Glb Equity 22,2	Commodities 52,5	Commodities 34,3	Glb Equity 30,5	SA Property 29,0	SA Equity 42,4	Commodities 53,6
	SA Property 10,2	SA Property 17,2	Glb Bonds 14,8	Glb Property 20,6	Glb Bonds 14,7	Glb Property 41,3	USD 6,6	Glb Property 19,3	Glb Equity 20,0	SA Property 30,6	Glb Equity 11,8
	SA Equity 2,6	Glb Equity 12,3	Glb Property 10,7	Commodities 14,3	SA Bonds 8,7	SA Property 36,9	SA Bonds 4,3	Glb Bonds 13,6	SA Bonds 17,2	SA Bonds 24,2	Glb Property 3,9
	Commodities -1,7	SA Bonds 10,2	SA Bonds 7,7	SA Equity 12,0	SA Equity 7,0	SA Equity 29,2	SA Equity 3,6	SA Property 10,1	SA Equity 13,4	Glb Equity 7,2	SA Bonds 3,5
	Glb Equity -4,3	Glb Property -1,0	Glb Equity 4,4	SA Bonds 10,3	USD 5,0	Glb Equity 28,4	SA Property 0,5	SA Bonds 9,7	Commodities 12,7	Glb Property -4,6	SA Property 3,4
	Glb Property -6,7	Glb Bonds -2,8	Commodities 0,1	Glb Bonds 3,9	Glb Property -3,3	USD 8,7	Glb Bonds -10,7	SA Equity 9,3	Glb Property 5,7	Glb Bonds -5,0	USD -1,0
	Glb Bonds -9,9	Commodities -4,2	SA Equity -8,5	SA Property 1,9	Commodities -19,9	SA Bonds 8,4	Glb Equity -13,0	USD 7,5	USD 3,2	Commodities -5,9	SA Equity -3,2
Worst	USD -11,7	USD -9,5	SA Property -25,3	USD -2,8	SA Property -34,5	Glb Bonds 3,5	Glb Property -20,9	Commodities 2,9	Glb Bonds 1,4	USD -12,2	Glb Bonds -3,7
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	YTD

CURRENCIES VS. ZAR

	1 Month	3 Months	YTD	1 Year	*3 Years
EUR	-0,6	-0,6	-4,3	-8,1	-2,3
USD	1,6	0,0	-1,0	-5,0	-4,5
GBP	-0,4	0,1	-2,3	-6,2	-1,8
JPY	3,3	3,5	-1,3	-10,7	-6,2

Currency performance in ZAR - a positive number represents ZAR weakness, while a negative number represents ZAR strength

SA OVERVIEW	SA EQUITY	ASISA CATEGORIES	SA COMMENTARY	O/S OVERVIEW	O/S EQUITY	CATEGORY AVERAGES	DM COMMENTARY	DISCLAIMER
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SECTORAL RETURNS

	1 Month	3 Months	YTD	1 Year	*3 Years
JSE ALSI TR	-5,8	-0,3	-3,2	4,6	18,7
Basic Materials	-9,4	15,6	1,0	11,6	30,1
Consumer Goods	-0,6	-5,5	-1,9	0,9	9,8
Consumer Services	-6,1	-10,9	-13,0	-8,7	4,8
Financials	-3,7	-3,7	3,8	23,4	21,7
Health Care	-0,7	2,4	25,2	44,5	3,9
Industrials	0,5	-0,4	3,3	10,0	2,7
Technology	-9,8	-12,0	-34,5	-42,2	6,5
Telecommunication	-4,9	-17,9	6,4	20,8	20,6

ALSI Contributors YTD (Approximate)

	Weight	Return	Contribution
Sasol, Ltd.	1,2	115,8	0,9
Anglogold Ashanti PLC	6,2	13,0	0,8
Anglo American PLC	2,7	29,6	0,7
Glencore PLC	1,4	37,8	0,4
Standard Bank Group Ltd	4,8	7,8	0,4
BHP Group Ltd	1,0	43,7	0,4
Shoprite Holdings Ltd	1,6	22,2	0,3
Capitec Bank Holdings Ltd	4,6	5,9	0,2
Nedbank Group Ltd	1,5	17,4	0,2
MTN Group Ltd	4,2	7,5	0,2

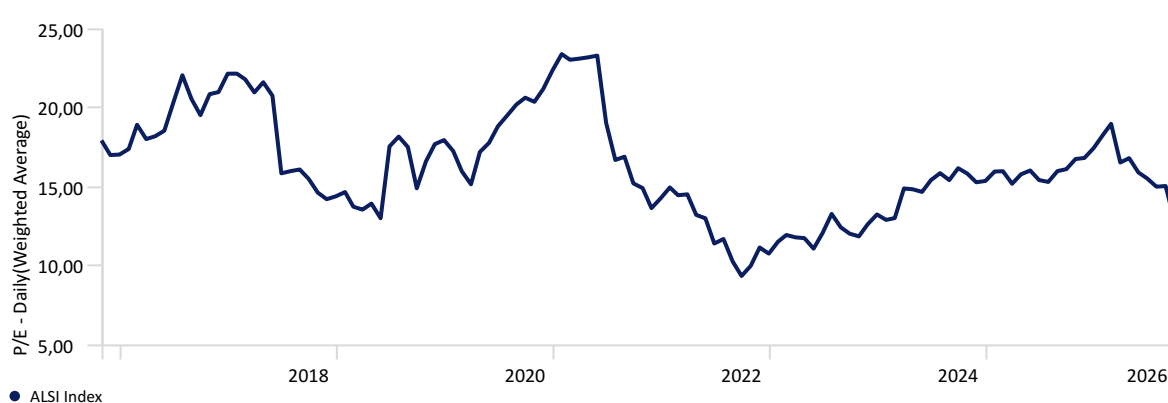
ALSI Detractors YTD (Approximate)

	Weight	Return	Contribution
Naspers Ltd Class N	7,8	-36,6	-3,6
Prosus NV Ordinary Shares - Class N	2,2	-35,7	-1,0
Gold Fields Ltd	7,3	-13,6	-1,0
Sibanye Stillwater Ltd Ordinary Shares	1,7	-25,0	-0,5
Impala Platinum Holdings Ltd	2,2	-18,3	-0,4
Pepkor Holdings Ltd	1,0	-31,3	-0,4
Clicks Group Ltd	0,7	-36,0	-0,3
Sanlam Ltd	1,9	-16,2	-0,3
Harmony Gold Mining Co Ltd	1,9	-12,1	-0,3
Northam Platinum Holdings Ltd	1,3	-17,8	-0,2

Current ALSI Metrics

P/E	11,3
P/B	1,6
P/EBITDA	7,0
P/Cash Flow	7,2
P/S	1,9
Debt/Capital	30,0

Historical P/E



MARKET CAP RETURNS

	1 Month	3 Months	YTD	1 Year	*3 Years
Small Caps	1,7	-0,8	2,9	15,9	22,5
Mid Caps	-1,9	-0,7	-6,5	3,8	15,8
Top 40	-6,5	0,2	-3,6	3,7	18,8

STYLE BASED RETURNS

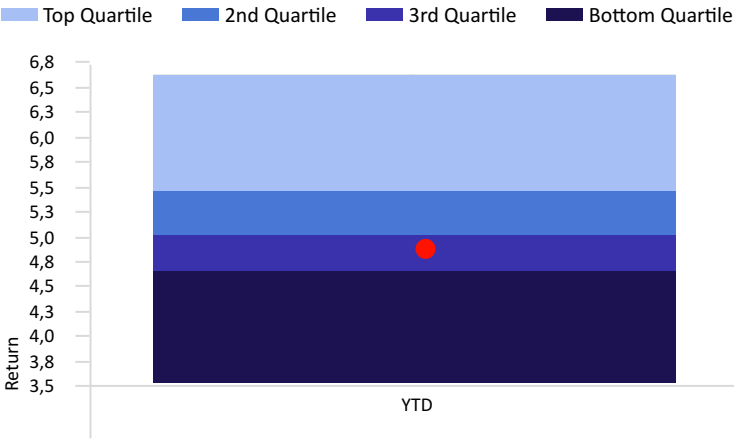
	1 Month	3 Months	YTD	1 Year	*3 Years
JSE Growth	-7,7	1,2	-5,5	-2,2	21,4
JSE Value	-3,7	-1,9	-1,0	12,4	15,7

SA OVERVIEW	SA EQUITY	ASISA CATEGORIES	SA COMMENTARY	O/S OVERVIEW	O/S EQUITY	CATEGORY AVERAGES	DM COMMENTARY	DISCLAIMER
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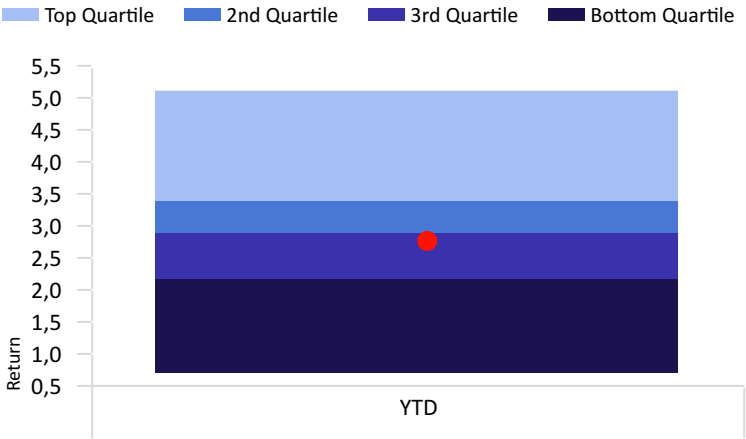
CATEGORY AVERAGES in ZAR

	1 Month	3 Months	YTD	1 Year	*3 Years
(ASISA) SA MA Inc	0,3	1,0	4,9	8,5	10,1
(ASISA) SA MA Low EQ	-1,2	0,3	2,8	7,2	12,0
(ASISA) SA MA Med EQ	-2,0	0,4	2,2	6,9	12,8
(ASISA) SA MA High EQ	-2,5	0,3	1,6	6,3	13,3
(ASISA) SA EQ General	-4,5	0,3	-1,1	5,8	15,4
(ASISA) SA RE General	0,0	-1,8	2,4	18,4	23,7
(ASISA) Glb MA Low EQ	-1,1	-0,9	0,1	-2,6	3,2
(ASISA) Glb MA Flex	-1,3	0,9	4,2	2,6	7,8
(ASISA) Glb MA High EQ	-0,8	0,4	3,6	2,2	8,9
(ASISA) Glb EQ General	-1,1	1,8	6,1	4,8	11,8

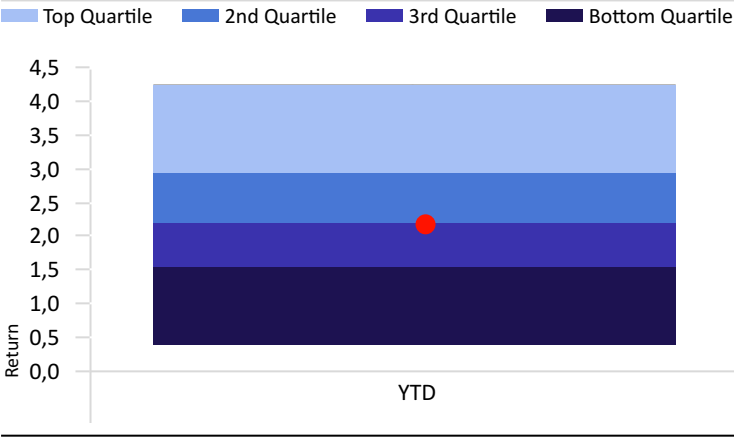
SA MA INCOME



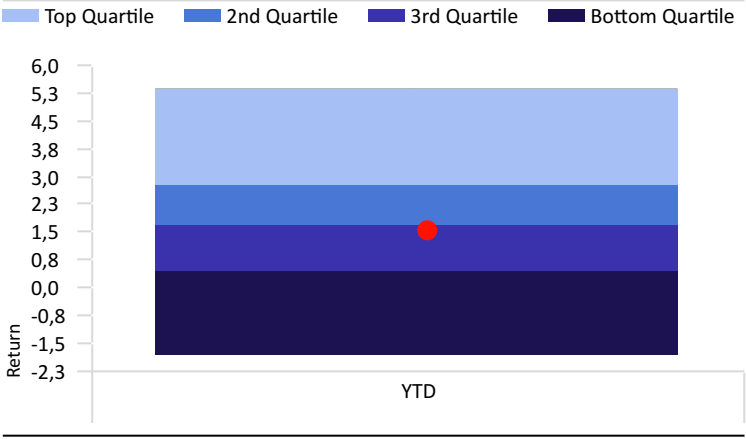
SA MA LOW EQUITY



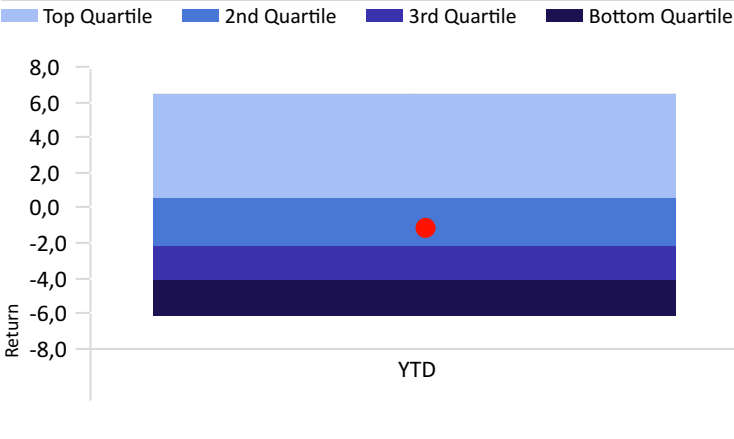
SA MA MED EQUITY



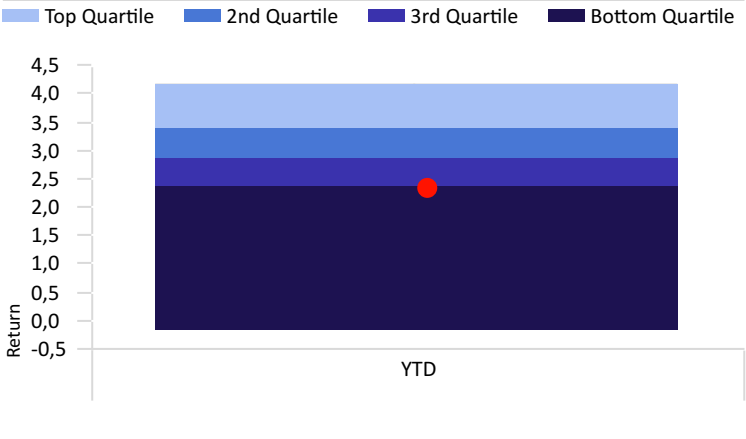
SA MA HIGH EQUITY



SA EQUITY GENERAL



SA RE GENERAL



SA OVERVIEW	SA EQUITY	ASISA CATEGORIES	SA COMMENTARY	O/S OVERVIEW	O/S EQUITY	CATEGORY AVERAGES	DM COMMENTARY	DISCLAIMER
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LOCAL COMMENTARY

September undid much of August’s optimism. Renewed hostilities between the US and Iran pushed Brent crude back above \$100 a barrel. Several major central banks raised interest rates, and global bond yields climbed to levels last seen in the early 2000s. For South Africa, an energy shock, tighter global financing conditions and a second-quarter GDP contraction together led the SARB to raise the repo rate to 7.25%. The picture was not uniformly negative, though. Domestic inflation came in softer than expected, July activity data rebounded, and inflation expectations eased. Investors face a finely balanced outlook rather than a clearly deteriorating one.

Market performance

South African equities fell 5.8% in September, more than reversing August’s gain. The All Share ended the quarter marginally lower and is now down 3.2% for the year. Resources drove August’s rally and led the decline this time, with the sector falling 9.8%. A stronger US dollar and rising real yields weighed on gold (-6.2%) and platinum (-4.7%). Even so, the Resource 20 was still up 16.6% over the quarter, while the Industrial 25 lost 10.4% and is almost 15% lower year-to-date.

The selling was broad. Chemicals was the only major sector to post a positive return. Financials fell 3.5% and banks 4.2%. Among consumer-facing shares, Woolworths (-12.0%) and Pepkor (-9.7%) fell sharply, as did Naspers (-11.2%). Defensive names held up better, with Shoprite (+5.9%) and Clicks (+5.3%) gaining. Globally, equities slipped 0.9% as the Fed, ECB and Bank of Japan all tightened policy and the US 30-year Treasury yield reached its highest level since 2002.

Local bonds were steady. The All Bond Index was flat for the month because coupon income offset the rise in yields. Its third-quarter return of -0.68% was nonetheless the weakest for that quarter in more than 25 years. Expectations of higher policy rates lifted short-dated yields more than long-dated ones, so the curve flattened. Inflation-linked bonds were the best-performing domestic asset class in September (+0.67%), helped by elevated inflation accruals. Money market (+1.72%) was the strongest asset class over the quarter. Listed property edged up 0.49%: strong results from domestic counters such as Dipula, Attacq and Hyprop outweighed weakness in offshore-focused names. The rand lost 1.9% against a firmer dollar but held steady against the euro and pound. That suggests the move reflected dollar strength more than South Africa-specific concerns.

Domestic Economy

Real GDP contracted 0.2% q/q in the second quarter, slightly below consensus, and first-quarter growth was revised down to 0.4%. Mining, manufacturing and trade accounted for most of the decline. Household consumption grew 0.4%, but a surge in imports subtracted heavily from growth, and fixed investment fell for a second consecutive quarter. The energy shock also showed up in the external accounts. The current account swung from a surplus to a deficit of 2.6% of GDP, the widest since 2019, mainly because the value of crude oil imports rose far faster than their volume. Formal employment fell by 14,000 jobs during the quarter.

Early third-quarter data were more encouraging. In July, manufacturing output rose 2.2% m/m, retail sales grew 2.5% m/m, and wholesale trade recovered strongly. Mining fell again, partly because of a temporary safety-related shutdown at a major platinum producer. The timing of July’s strength is a caveat: it coincided with lower fuel prices, which have since reversed. Survey data are mixed. Consumer confidence recovered to -13 from -19, but consumers’ view of whether now is a good time to buy durable goods deteriorated further. The Absa PMI rose back above 50 in September, with a solid rebound in new orders. The BER has kept its 1.3% growth forecast for 2026 but sees the risks as tilted to the downside.

Inflation

Headline CPI rose modestly to 4.4% in August, below consensus for a second consecutive month, while core inflation eased to 4.1%. Food inflation remains low, and producer inflation for final manufactured goods moderated to 5.0%. Expectations also improved. In the BER’s third-quarter survey, five-year professional expectations eased to 4.0%, and household one-year expectations fell to 4.9% from 6.0%.

The near-term path is less comfortable. Fuel-price under-recoveries during September pointed to a steep increase in early October for both petrol and diesel. The SARB now expects headline inflation to peak at 5.4% in the fourth quarter, and some analysts warn that sustained high oil prices could push it above 6%. The SARB also expects food inflation to rise to 4.9% in 2027 as El Niño-related drought risks build. Most of the expectations survey was conducted before the latest oil surge, and even 4% remains well above the new 3% target.

Monetary Policy

Ahead of the 23 September meeting, opinion was divided. The BER argued for a hold, citing weak growth and little evidence of second-round effects, while consensus and market pricing favoured a hike. The MPC raised the repo rate by 25bps to 7.25%. It lifted its oil price assumption sharply to about \$95 a barrel and did not disclose the voting split. The Bank describes its stance as restrictive, and its projection model implies no further hikes and 75bps of cuts in 2027.

Markets are more hawkish. The FRA curve now prices roughly three further increases. Some managers consider that excessive, because it would push the real policy rate to around 5%, almost double the SARB’s estimate of neutral. Views on the next move differ. The BER expects a hold in November, while others see risks skewed towards another hike, given higher global rates, currency pressure and the oil outlook.

Outlook

Two external forces will largely shape the fourth quarter. The first is oil. Shipping flows out of the Gulf are recovering, yet Brent remains around \$100, reflecting persistent geopolitical risk. Credible de-escalation could bring prices down quickly, while renewed disruption could push them sharply higher. The second is the global bond market. Large fiscal deficits, heavy issuance and resilient US growth are pushing long-term borrowing costs higher. As a result, South African financing conditions can tighten even if the SARB stays on hold. Domestic factors add further uncertainty, including strained US-South Africa relations and the 4 November local government elections.

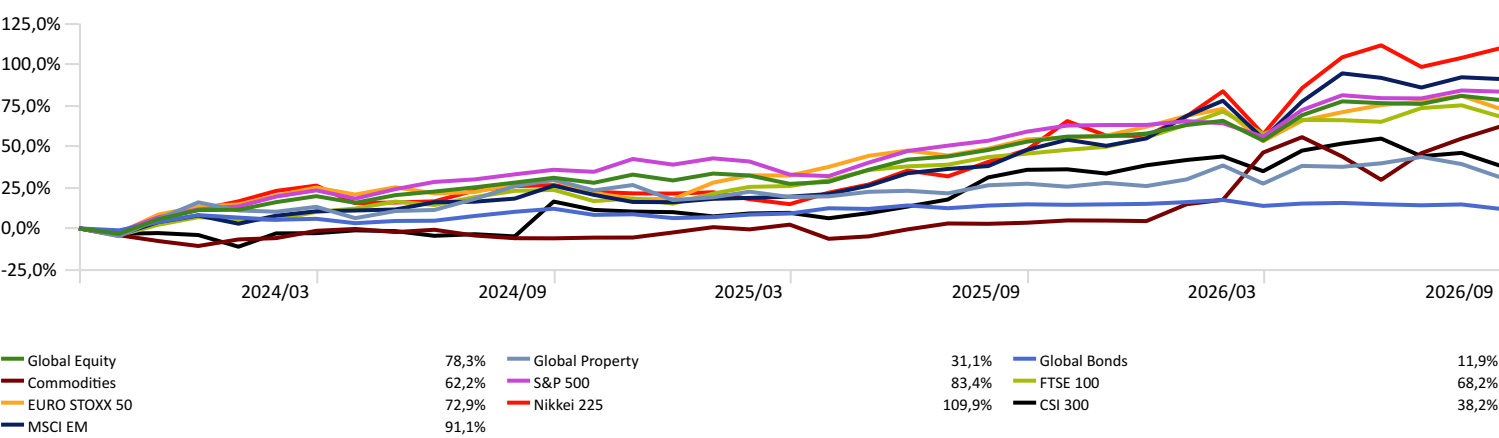
For South African investors, the current environment offers real opportunities. With local 10-year yields around 9% and inflation in the mid-4% range, real yields are attractive. Inflation-linked bonds yielding above 4% in real terms offer useful protection against upside inflation risks. The equity market remains sharply divided between commodity producers and domestically focused companies. Domestic shares already reflect considerable pessimism and could re-rate if oil eases and interest rates peak, but that will require evidence that growth is recovering without renewed inflation. A diversified approach that does not depend on any single outcome remains appropriate.

SA OVERVIEW	SA EQUITY	ASISA CATEGORIES	SA COMMENTARY	O/S OVERVIEW	O/S EQUITY	CATEGORY AVERAGES	DM COMMENTARY	DISCLAIMER
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ASSET CLASS RETURNS in USD

	1 Month	3 Months	YTD	1 Year	*3 Years
Global Equity	-1,4	1,1	13,0	16,6	21,3
Global Property	-5,8	-6,2	4,2	3,0	9,4
Global Bonds	-2,4	-2,5	-2,7	-2,4	3,8
Commodities	4,8	25,1	55,2	56,7	17,5
S&P 500	-0,4	2,2	12,5	15,3	22,4
FTSE 100	-3,9	1,9	8,2	15,5	18,9
EURO STOXX 50	-4,4	-1,3	6,7	12,0	20,0
Nikkei 225	2,9	-0,8	34,3	41,9	28,0
CSI 300	-5,4	-10,7	-0,2	1,8	11,4
MSCI EM	-0,6	-0,4	23,4	29,2	24,1

3 YEAR CUMULATIVE RETURNS in USD



CALENDAR YEAR RETURNS IN USD

Best	S&P 500 11,2	MSCI EM 37,3	NASDAQ 100 0,0	NASDAQ 100 39,5	NASDAQ 100 48,9	Glb Property 30,0	FTSE 100 -7,0	NASDAQ 100 55,1	NASDAQ 100 25,9	EU STOXX 40,9	Nikkei 225 34,3
	MSCI EM 11,2	NASDAQ 100 33,0	Glb Bonds -1,2	CSI 300 36,9	CSI 300 38,1	S&P 500 28,2	Glb Bonds -16,2	S&P 500 25,7	S&P 500 24,5	DAX 39,5	MSCI EM 23,4
	NASDAQ 100 7,3	CSI 300 32,3	Glb Property -4,7	S&P 500 30,7	Nikkei 225 24,5	NASDAQ 100 27,5	EU STOXX -17,7	DAX 24,5	CSI 300 14,5	FTSE 100 35,1	NASDAQ 100 21,0
	Glb Property 5,8	EU STOXX 28,1	S&P 500 -4,9	Glb Property 24,1	MSCI EM 18,3	FTSE 100 17,3	DAX -17,7	EU STOXX 22,7	DAX 11,4	MSCI EM 33,6	S&P 500 12,5
	Nikkei 225 5,6	DAX 28,1	Nikkei 225 -7,9	EU STOXX 23,8	S&P 500 17,8	EU STOXX 14,0	S&P 500 -18,5	Nikkei 225 22,6	Nikkei 225 8,8	Nikkei 225 29,0	FTSE 100 8,2
	DAX 3,8	Nikkei 225 25,6	FTSE 100 -14,1	DAX 23,2	DAX 12,9	DAX 7,6	Nikkei 225 -19,1	FTSE 100 14,3	FTSE 100 7,7	CSI 300 26,0	EU STOXX 6,5
	Glb Bonds 2,1	FTSE 100 22,5	MSCI EM -14,6	FTSE 100 22,0	EU STOXX 9,3	CSI 300 -1,2	MSCI EM -20,1	Glb Property 11,0	MSCI EM 7,5	NASDAQ 100 21,0	Glb Property 5,0
	EU STOXX 1,1	S&P 500 21,1	EU STOXX -16,9	Nikkei 225 21,9	Glb Bonds 9,2	MSCI EM -2,5	Glb Property -25,8	MSCI EM 9,8	EU STOXX 2,4	S&P 500 17,4	CSI 300 -0,2
	FTSE 100 -0,2	Glb Property 9,4	DAX -22,2	MSCI EM 18,4	Glb Property -7,9	Nikkei 225 -4,4	CSI 300 -26,7	Glb Bonds 5,7	Glb Property 2,4	Glb Property 8,6	DAX -0,5
Worst	CSI 300 -15,4	Glb Bonds 7,4	CSI 300 -27,7	Glb Bonds 6,8	FTSE 100 -8,8	Glb Bonds -4,7	NASDAQ 100 -32,4	CSI 300 -11,2	Glb Bonds -1,7	Glb Bonds 8,2	Glb Bonds -2,7
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	YTD

CURRENCIES vs. USD

	1 Month	3 Months	YTD	1 Year	*3 Years
EUR	-2,2	-0,7	-3,3	-3,3	2,4
GBP	-2,0	0,1	-1,2	-1,3	2,9
JPY	1,6	3,4	-0,2	-6,0	-1,7
CNY	0,2	1,2	4,2	6,2	2,9

Currency performance in USD - a positive number represents USD weakness, while a negative number represents USD strength

SA OVERVIEW	SA EQUITY	ASISA CATEGORIES	SA COMMENTARY	O/S OVERVIEW	O/S EQUITY	CATEGORY AVERAGES	DM COMMENTARY	DISCLAIMER
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GLOBAL SECTORAL RETURNS

	1 Month	3 Months	YTD	1 Year	*3 Years
MSCI ACWI/Financials	-5,0	2,4	6,4	11,6	24,1
MSCI ACWI/Health Care	-1,7	3,7	5,4	15,8	9,0
MSCI ACWI/Materials	-7,6	2,2	9,0	16,0	13,8
MSCI ACWI/Technology	4,3	4,4	35,4	39,3	38,3
MSCI ACWI/Industrials	-4,0	-5,7	8,8	10,8	20,2
MSCI ACWI/Cons Staples	-3,8	-2,6	2,3	3,4	6,8
MSCI ACWI/Cons Discretionary	-6,3	-3,6	-8,5	-9,0	9,8
MSCI ACWI/Energy	-2,2	14,7	33,3	36,7	14,4

MSCI ACWI Contributors YTD (Approximate)

	Weight	Return	Contribution
NVIDIA Corp	5,6	22,7	1,3
Apple Inc	5,1	22,8	1,2
Micron Technology Inc	0,9	273,4	1,1
Advanced Micro Devices Inc	0,7	185,7	0,8
Intel Corp	0,4	225,8	0,5
ASML Holding NV	0,7	68,4	0,4
Microsoft Corp	3,7	6,7	0,3
Applied Materials Inc	0,4	99,7	0,3
Lam Research Corp	0,4	92,5	0,3
ExxonMobil Holdings Corp	0,8	37,9	0,2

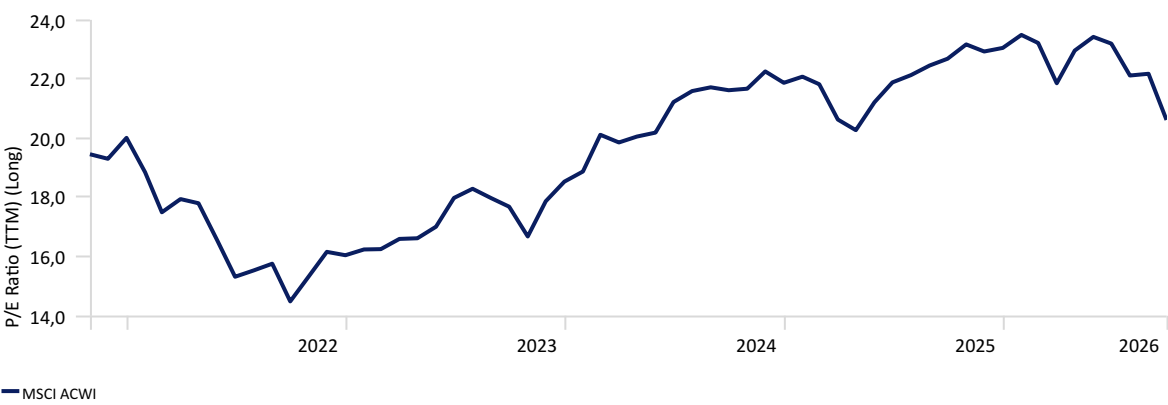
MSCWI ACWI Detractors YTD (Approximate)

	Weight	Return	Contribution
Tesla Inc	1,4	-21,1	-0,3
Intuit Inc	0,1	-58,0	-0,1
Netflix Inc	0,4	-25,8	-0,1
Oracle Corp	0,3	-28,9	-0,1
AppLovin Corp Ordinary Shares - Class A	0,1	-56,9	-0,1
Boston Scientific Corp	0,1	-54,2	-0,1
Lvmh Moet Hennessy Louis Vuitton SE	0,2	-40,6	-0,1
International Business Machines Corp	0,3	-24,2	-0,1
Intuitive Surgical Inc	0,2	-28,2	-0,1
The Home Depot Inc	0,4	-15,5	-0,1

Current MSCI AC Metrics

P/E	17,8
P/B	3,0
P/EBITDA	22,0
P/Cash Flow	11,1
P/S	2,8
Debt/Capital	38,7

Historical P/E



MARKET CAP RETURNS

	1 Month	3 Months	YTD	1 Year	*3 Years
MSCI ACWI Small Cap	-3,8	-3,2	12,4	15,4	17,5
MSCI ACWI Mid Cap	-3,8	-1,4	10,0	11,8	16,9
MSCI ACWI Large Cap	-0,7	2,1	13,6	17,6	22,6

STYLE BASED RETURNS

	1 Month	3 Months	YTD	1 Year	*3 Years
MSCI ACWI Value	-1,9	3,7	16,1	20,3	19,6
MSCI ACWI Growth	-0,3	-0,5	10,1	13,2	23,6

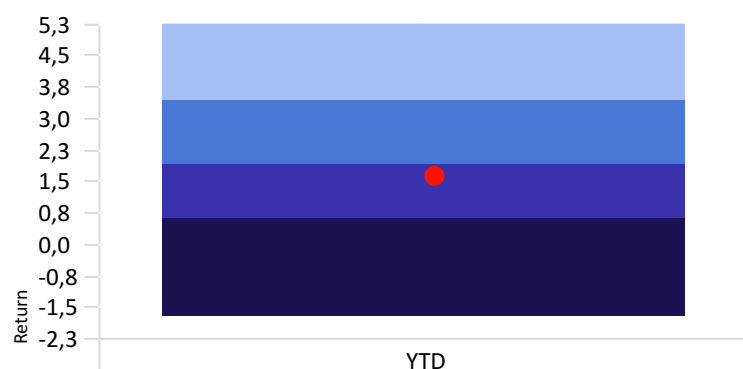
SA OVERVIEW	SA EQUITY	ASISA CATEGORIES	SA COMMENTARY	O/S OVERVIEW	O/S EQUITY	CATEGORY AVERAGES	DM COMMENTARY	DISCLAIMER
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CATEGORY AVERAGES in USD

	1 Month	3 Months	YTD	1 Year	*3 Years
(ASISA) Glb MA Low EQ	-2,7	-1,0	1,2	2,5	8,1
(ASISA) Glb MA Flex	-2,9	0,8	5,3	8,0	12,9
(ASISA) Glb MA High EQ	-2,4	0,3	4,7	7,5	14,0
(ASISA) Glb EQ General	-2,7	1,7	7,2	10,3	17,1
EAA Fund USD Cautious	-1,8	-1,2	1,7	3,4	7,2
EAA Fund USD Moderate	-1,9	-0,4	5,1	7,4	11,0
EAA Fund USD Flexible	-1,8	0,0	5,2	7,6	10,7
EAA Fund USD Bond - ST	-0,7	-0,3	0,7	1,8	4,1
EAA Fund USD Aggressive	-1,7	0,6	7,5	10,3	13,7
EAA Fund USD HY Bond	-2,3	-1,7	-0,3	1,0	6,8

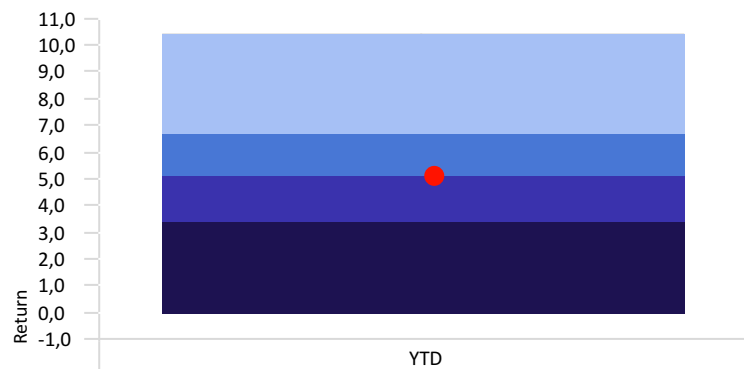
EAA USD CAUTIOUS ALLOCATION

Top Quartile 2nd Quartile 3rd Quartile Bottom Quartile



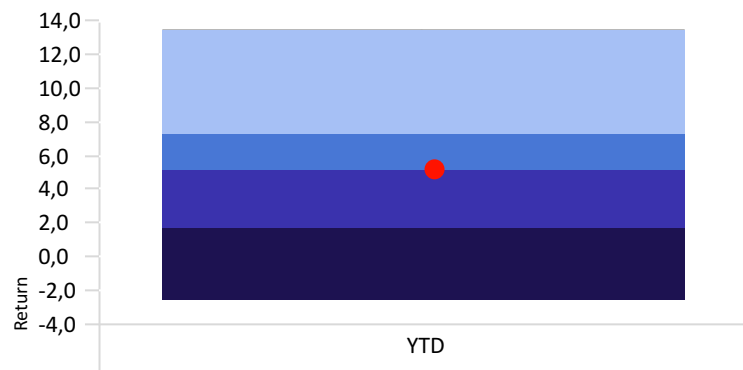
EAA USD MODERATE ALLOCATION

Top Quartile 2nd Quartile 3rd Quartile Bottom Quartile



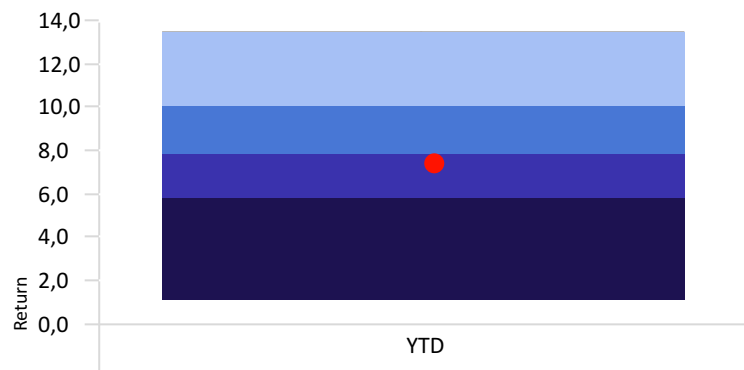
EAA USD FLEXIBLE ALLOCATION

Top Quartile 2nd Quartile 3rd Quartile Bottom Quartile



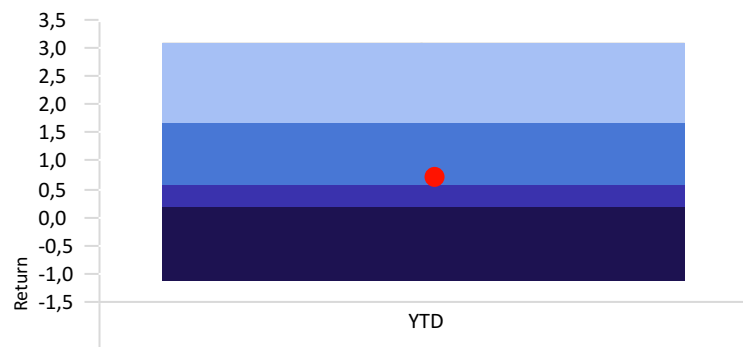
EAA USD AGGRESSIVE ALLOCATION

Top Quartile 2nd Quartile 3rd Quartile Bottom Quartile



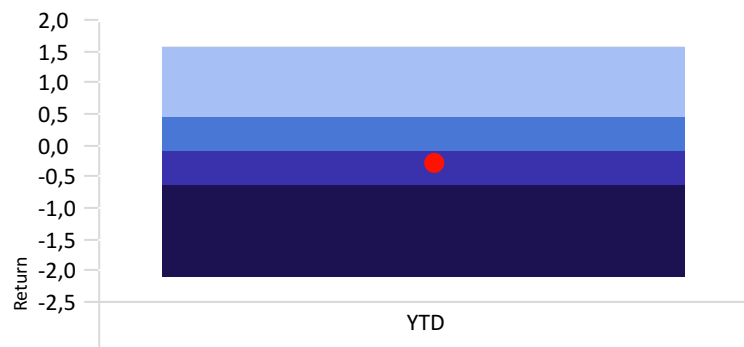
EAA USD DIVERSIFIED BOND - SHORT TERM

Top Quartile 2nd Quartile 3rd Quartile Bottom Quartile



EAA USD HIGH YIELD BOND

Top Quartile 2nd Quartile 3rd Quartile Bottom Quartile



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OFFSHORE COMMENTARY

The third quarter of 2026 showed how resilient growth and strong corporate earnings can continue to support risk assets, even when the macro backdrop becomes more uncomfortable. September was the key month in shaping the quarter’s narrative, as energy prices rose again, bond yields climbed sharply, and central banks were forced to respond to renewed inflation pressure. Yet equities proved surprisingly resilient, supported by robust earnings, ongoing artificial intelligence investment and stronger than expected activity data.

The global economy continued to expand despite these headwinds. September business surveys showed renewed strength in both the US and eurozone, reinforcing the view that corporate revenues could hold up even as financing conditions tightened. This combination of better growth and stubborn inflation created a difficult environment for bond markets, but it helped underpin equity earnings expectations.

Energy was the major macro shock of the quarter. Renewed Middle East tensions pushed Brent crude back above USD 100 per barrel and European gas prices remained elevated for much of September. That rebuilt a geopolitical risk premium in energy markets and complicated the disinflation story. At the same time, the US administration announced a new round of trade tariffs, adding another source of uncertainty for companies and central banks.

Despite this, global equities reached several record highs during the quarter. The key reason was earnings. Positive revisions to 2026 profit estimates, particularly in the US and emerging markets, meant earnings expectations generally rose faster than share prices. This allowed valuations to compress across many regions even as equity markets advanced. In the US, AI capital expenditure remained a major driver of earnings growth and capital market activity.

Bond markets had a much harder quarter. Rising energy prices, resilient growth and renewed central bank tightening pushed yields higher across developed markets. The pressure was especially visible in longer maturities, where fiscal deficits, heavy sovereign issuance and large-scale corporate borrowing to fund the AI buildout increased competition for capital.

Commodities were among the strongest areas of the quarter. The Bloomberg Commodity Index rose sharply as oil, gas and selected industrial commodities rallied. After falling in June on hopes of a US-Iran agreement, energy prices rebounded as negotiations lost momentum and concerns around supply disruption resurfaced. Industrial metals also benefited from structural demand linked to data centres, grid investment and the physical infrastructure required for AI.

Equities

Equities delivered positive returns over the quarter despite rising yields and renewed inflation concerns. The combination of resilient macro data and buoyant earnings growth outweighed the drag from geopolitics and central bank tightening. September tested whether equity markets could absorb a simultaneous rise in oil prices and bond yields. The answer, at least for the quarter, was yes, although market leadership remained selective.

Technology, energy and financials were the key earnings engines. The AI investment cycle continued to support technology-related profits, but leadership within the sector was not uniform. Earlier in the quarter, semiconductor shares came under pressure as investors questioned whether the market had overpaid for parts of the AI supply chain. By September, attention had shifted more toward hyperscalers, software and companies able to show clearer monetisation from AI spending.

This rotation helped US equities outperform emerging markets in the later part of the quarter. The US market has greater exposure to hyperscalers, software platforms and AI users, while emerging markets are more heavily exposed to semiconductor manufacturing and hardware supply chains. After a very strong first half, emerging markets were dragged lower by the July semiconductor selloff, although the broader earnings picture remained constructive.

Japan was one of the strongest developed markets. Corporate governance reform, accelerating share buybacks and strong earnings growth continued to support investor interest. A weaker yen also helped exporters, while domestic financials benefited from a steeper yield curve. Japan’s market remains one of the clearest examples of how improving capital discipline and a supportive macro structure can attract global flows.

Europe lagged global peers. Investors questioned whether the region could match the earnings momentum seen in the US and parts of Asia, while the European Central Bank’s renewed tightening cycle created additional valuation pressure. Rising energy prices were also a headwind, especially for energy-intensive industries. However, Europe still offers areas of support, including defence, infrastructure and selected industrials linked to fiscal spending and energy security.

The UK held up better than continental Europe. Its heavier exposure to financials, energy and commodity-linked sectors helped during a quarter when inflation and energy prices were again in focus. UK equities also benefited from more attractive starting valuations and dividend support, which made the market more resilient during periods of rising bond yields.

Style performance was heavily shaped by rates. As bond yields moved higher, value outperformed growth, while small caps and real estate investment trusts struggled. Smaller companies tend to be more sensitive to financing costs, and REITs were pressured by higher discount rates. This reinforced a key feature of the quarter: equity returns remained positive, but the winners were increasingly determined by balance sheet strength, pricing power, cash flow visibility and sensitivity to higher rates.

Fixed Income

Fixed income markets faced a difficult quarter as investors reassessed the path for inflation and monetary policy. The combination of stronger activity data and higher energy prices made it harder for central banks to look through inflation shocks. More than 80 percent of developed-market central banks raised policy rates during the quarter, reflecting the fact that the inflation problem had not disappeared, even if core measures remained more contained than headline numbers.

Longer-dated government bonds were under the most pressure. US, UK and Japanese 30-year yields moved toward levels not seen since the late 1990s or early 2000s. In the US, the rise in yields was driven primarily by real rates and term premium, both of which were linked to heavy government borrowing and increased competition for capital. The AI capex boom also became a fixed income story, not just an equity story, as hyperscalers issued large amounts of long-term debt to fund infrastructure spending.

Shorter maturities were also affected. Energy prices pushed headline inflation higher, while stronger PMIs suggested that policy rates may need to remain restrictive for longer. Markets moved to price additional rate hikes from the Federal Reserve, the European Central Bank and the Bank of England into 2027. That pricing may prove excessive if energy prices stabilise, but it highlights how quickly rate expectations can adjust when growth is resilient and inflation risks re-emerge.

Europe was under particular pressure. The ECB’s more hawkish stance, German fiscal spending plans and renewed concerns around sovereign debt all weighed on duration. French government bonds were a notable weak spot as the OAT-Bund spread widened sharply, reflecting concerns around budget negotiations and fiscal credibility. This was a reminder that bond markets are increasingly differentiating between sovereign issuers, rather than treating developed-market government bonds as a single safe asset.

Investment grade credit also delivered negative returns, mainly because of rising yields rather than a sharp deterioration in credit fundamentals. Spreads widened only modestly, supported by strong corporate earnings and steady investor demand for floating-rate instruments. High yield performed better because of higher starting yields, shorter duration and anchored default expectations. In an environment of elevated rates, carry remained a valuable cushion.

Commodities

Commodities were a major feature of the quarter. Oil and gas rallied sharply as Middle East tensions escalated again and the earlier hopes of a US-Iran agreement faded. The renewed geopolitical risk premium pushed energy prices higher and fed directly into inflation expectations. For central banks, this was particularly uncomfortable because the energy shock arrived at the same time as stronger economic data.

Industrial metals also benefited from structural demand. The AI buildout requires data centres, power infrastructure, grid expansion, cooling systems and electrical equipment. This has created a direct link between technology spending and demand for physical commodities. As a result, parts of the commodity complex are now being supported by both cyclical and structural forces.

The quarter also reinforced the role of real assets in portfolios. When inflation risk is driven by energy and supply constraints, traditional bonds can struggle, particularly if yields rise at the same time as equities face valuation pressure. Commodities and selected real assets can provide a useful hedge in that environment, although they remain volatile and should be sized appropriately.

SA OVERVIEW	SA EQUITY	ASISA CATEGORIES	SA COMMENTARY	O/S OVERVIEW	O/S EQUITY	CATEGORY AVERAGES	DM COMMENTARY	DISCLAIMER
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