

Market Overview

September 2025

Morningstar Investment Management
October 2025

For Financial Advisers & Their Clients

Global Market and Economic Summary

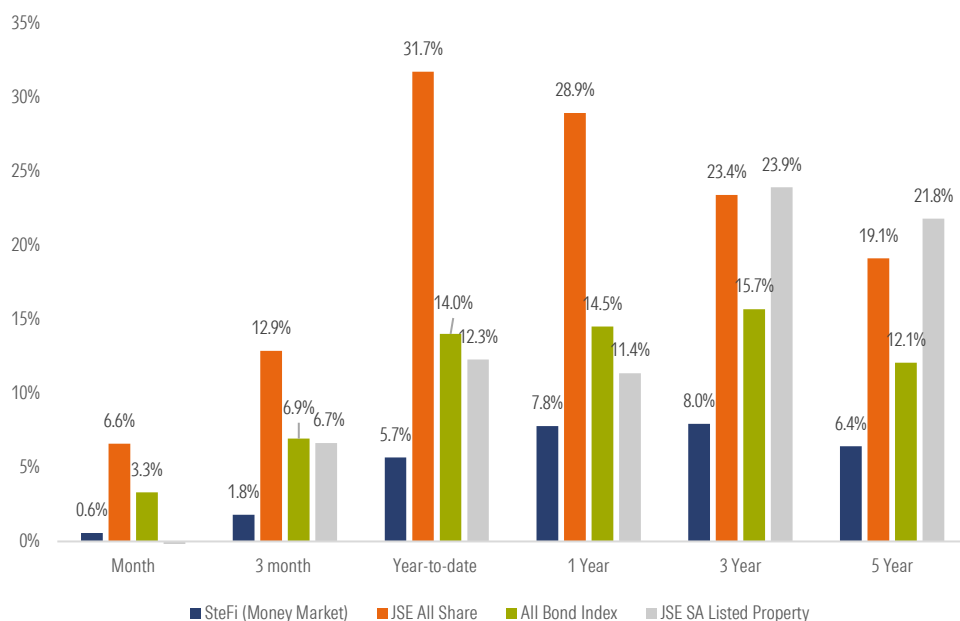
Global equity markets extended their gains in September, with many major indices reaching or approaching all-time highs. The rally was supported by a 0.25% cut in the U.S. Federal Reserve's policy rate to a 4.00%–4.25% range, alongside resilient economic activity that helped sustain already elevated valuations. The S&P 500 and Nasdaq Composite delivered their strongest September returns in 15 years, advancing 3.5% and 5.6%, respectively, fuelled by renewed optimism around artificial intelligence (AI) and continued strength in Mega cap technology stocks. However, escalating U.S. tariffs continued to add to policy uncertainty and contributed to bouts of volatility. Emerging markets (EM) outperformed developed markets (DM) over the month, led by robust gains in China, Latin America and South Korea. Global bond markets also delivered positive returns over the month, as falling yields pushed bond prices up. In the U.S., the yield curve flattened, with long-dated maturities declining more sharply than short-term rates, resulting in longer-duration bonds outperforming shorter-duration instruments.

In other economic news, the global economy expanded at an annualized rate of 3.2% in the first half of 2025, surpassing expectations. An important source of support was the front-loading of trade ahead of higher U.S. tariffs and strong industrial production in emerging markets. Inflation remained a concern globally, influenced by higher fiscal spending and potential tariff hikes. Central banks generally faced challenges in balancing growth and inflation control. Regarding central bank actions, the Bank of England (BoE), European Central Bank (ECB) and the Bank of Japan (BoJ) all kept their interest rates unchanged in September.

South African Market Update

South African equities (+6.6%) continued their strong momentum in September, outperforming DM counterparts, but slightly lagging and EM peers over the month. The trend for 2025 has undeniably been the Resources sector (+28.1%) leading the pack, with the sector recording its best month in almost 2 decades, as both gold and platinum prices are up meaningfully in September. This outsized gain brought its year-to-date (YTD) return to 104.9%, causing the index to double in value since the start of the year. Precious metal miners continued to post outsized gains, with Impala Platinum (+40.2%), Northam Platinum (+43.6%) or Sibanye Stillwater (+45.3%) all posting astronomical gains over the month. This environment continues to be difficult for local active equity managers to outperform the benchmark, as the broader market is driven by this sub-sector of stocks. Financials (-1.9%) and Industrials (+1.3%) delivered mixed returns, with index heavyweights Naspers (+7.0%) and Prosus (+11.8%) posting strong returns. The Property sector (-1.0%) posted negative returns in September.

South African bonds (+3.3%) resumed their strong performance, resulting in a quarterly gain of +6.9%. The local bond market benefitted from broad-based demand for Emerging Market Debt (EMD), with the increased demand pushing bond prices higher.

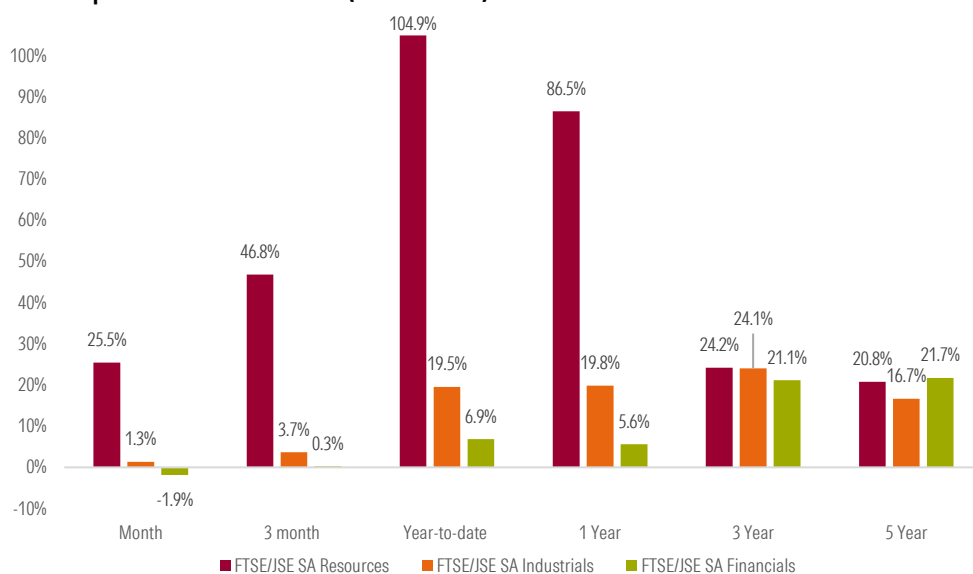
Exhibit 1 | SA Market Performance (total returns)

Source: Morningstar Direct as at 30/09/2025. Returns are in South African Rand and have been annualised for periods longer than 1 year.

South African Economic Update

South Africa's annual inflation rate fell to 3.3% in August 2025 (data released in September), down from a ten-month high of 3.5% in July and against market estimates of 3.6%. Turning to central bank actions, at its September meeting, the South African Reserve Bank held the repo rate at 7%, as expected, signalling caution amid global uncertainty while moving toward a 3% inflation target. The decision was split – four voted to hold, while two favoured a 0.25% cut. Since last September, rates have been lowered by 1.25%, with policymakers pausing to assess economic and inflation risks.

In other economic news, state-owned power utility Eskom reported its first full-year profit in eight years, posting a profit after tax of R16.0 billion for the financial year ending March 2025. This turnaround was attributed to government debt relief, new tariff structures, and operational improvements. There were just 13 days of power cuts in its latest financial year, compared to a record 329 days a year earlier.

Exhibit 2 | SA Sector Performance (total returns)

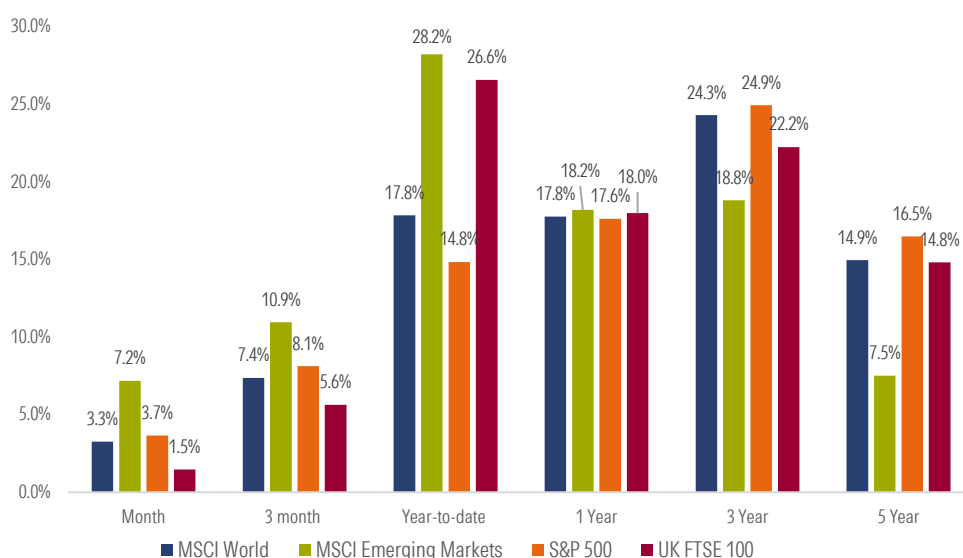
Source: Morningstar Direct as at 30/09/2025. Returns are in South African Rand and have been annualised for periods longer than 1 year.

Most equity markets ended the month higher, with many major indices being at or near all-time highs. The **MSCI World Index** (+3.1%) posted positive returns, whereas the **MSCI Emerging Markets Index** (+7.0%) posted positive returns, subsequently outperforming developed markets.

Within emerging markets, China's **Shanghai SE Composite** (+3.4%) performed strongly, supported by regulatory reforms, improved market access and renewed investor interest. Furthermore, Korea's **KOSPI** (+6.6%) posted strong returns for the month. In Europe, the **MSCI Europe Ex UK Index** (+2.1%) ended the month positively, but underperformed the broader DM composite, with the UK's **FTSE 100** (+1.5%) also ending the month modestly higher. Additionally, Japan's **Nikkei 225** (+5.3%) posted strong returns for the month, with a weaker yen, strong corporate earnings and ongoing structural reforms improving investor sentiment.

In the U.S., tech-heavy **NASDAQ 100** (+5.4%) posted strong returns over the month, as renewed enthusiasm for AI benefitted tech stocks. The **S&P 500** (+3.5%) continued its positive momentum over the month, supported by strong performance from Mega-cap tech stocks.

Exhibit 3 | International Market Performance (total returns)



Source: Morningstar Direct as at 30/09/2025. Returns are in US dollars and have been annualised for periods longer than 1 year.

Impact on Client Portfolios

Portfolios delivered strong performance in September, supported by gains across both bond and equity allocations. Globally, our overweight positions in attractively valued segments of developed and emerging markets – such as broader South Korea, Brazil and China – added meaningfully to portfolio returns. Global bonds also contributed positively, as funds with exposure to longer-duration U.S. Treasuries and emerging market debt contributing to portfolio performance. Locally, equity exposure to the Resources sector enhanced outcomes, particularly within passive allocations that naturally capture this broad-based segment. Within the local bond market, managers with longer duration exposures generally outperformed those with shorter duration positions over the month. However, the rand's appreciation against the U.S. dollar during the month created a currency headwind, reducing offshore returns once translated into local currency terms.

We remain comfortable with the current positioning of client portfolios, both from an asset allocation and a manager selection perspective. We will continue to follow our valuation-driven approach by allocating assets to the most attractive areas of the market from a reward-for-risk perspective and ensure we build robust portfolios. We are confident that we will continue to deliver on the specific investment objectives of each client portfolio, independent of the prevailing market environment.

Local Market Indices	1 Month	YTD	1 Year	3 Years	5 Years	7 Years
JSE All Share	6.61	31.73	28.92	23.42	19.12	13.93
JSE SA Listed Property	-0.96	12.30	11.36	23.93	21.81	5.00
All Bond Index	3.32	14.02	14.51	15.70	12.07	10.72
STeFI	0.58	5.67	7.80	7.96	6.43	6.53
Local Market Sectors	1 Month	YTD	1 Year	3 Years	5 Years	7 Years
JSE Top 40	7.85	37.23	32.51	24.67	19.24	14.58
JSE Mid Cap	4.26	17.91	16.08	17.25	17.32	10.30
JSE Small Cap	0.88	7.85	15.46	19.30	27.66	13.75
FTSE/JSE SA Resources	25.45	104.94	86.45	24.22	20.77	19.73
FTSE/JSE Ind/Financials	-1.86	6.87	5.63	21.15	21.73	8.49
FTSE/JSE SA Industrials	1.32	19.54	19.83	24.09	16.65	12.59
Global Market Indices	1 Month	YTD	1 Year	3 Years	5 Years	7 Years
MSCI World	3.25	17.83	17.75	24.29	14.94	12.50
MSCI Emerging Markets	7.18	28.22	18.17	18.81	7.51	6.62
S&P 500	3.65	14.83	17.60	24.94	16.47	14.45
NASDAQ 100	5.47	18.10	23.93	32.10	17.59	19.28
FTSE 100	1.47	26.57	17.96	22.24	14.81	7.63
SSE Composite	2.21	28.80	15.27	24.24	12.14	9.44
KOSPI TR KRW	0.85	18.79	14.70	8.55	2.91	4.16
Nikkei 225	6.61	52.32	25.81	20.04	6.43	—
FSE DAX	5.27	22.04	17.02	21.65	8.81	7.38
US T-Bill 3m	0.34	3.29	4.47	5.02	3.22	2.74
Commodities	1 Month	YTD	1 Year	3 Years	5 Years	7 Years
Oil Price Brent Crude	-1.61	-9.24	-5.95	-8.66	10.35	-2.96
Gold	11.55	46.61	45.45	31.77	15.18	18.19
Platinum	16.63	72.07	59.49	22.05	12.19	9.83
Copper	5.79	15.30	0.77	8.76	7.44	5.83

Note: The performance of Local Market Indices and Local Market Sectors is quoted in rands and the performance of Global Market Indices and Commodities is quoted in US dollars. All data is sourced from Morningstar Direct as at 30/09/2025.

About the Morningstar Investment Management Group

Morningstar's Investment Management group, through its investment advisory units, creates investment solutions that combine award-winning research and global resources with proprietary Morningstar data. Morningstar's Investment Management group provides comprehensive retirement, investment advisory, and portfolio management services for financial institutions, plan sponsors, and advisers around the world.

Morningstar's Investment Management group comprises Morningstar Inc.'s registered entities worldwide including: Morningstar Investment Management LLC; Morningstar Investment Management Europe Limited; Morningstar Investment Management South Africa (Pty) Ltd; Morningstar Investment Consulting France; Ibbotson Associates Japan, Inc; Morningstar Investment Adviser India Private Limited; Morningstar Investment Management Asia Ltd; Morningstar Investment Services LLC; Morningstar Associates, Inc.; and Morningstar Investment Management Australia Ltd.

About Morningstar, Inc.

Morningstar, Inc. is a leading provider of independent investment research in North America, Europe, Australia, and Asia. The company offers an extensive line of products and services for individual investors, financial advisors, asset managers, retirement plan providers and sponsors, and institutional investors in the private capital markets. Morningstar provides data and research insights on a wide range of investment offerings, including managed investment products, publicly listed companies, private capital markets, and real-time global market data. The company has operations in 27 countries.

Important Information

The opinions, information, data, and analyses presented herein do not constitute investment advice; are provided as of the date written; and are subject to change without notice. Every effort has been made to ensure the accuracy of the information provided, but Morningstar makes no warranty, express or implied regarding such information. The information presented herein will be deemed to be superseded by any subsequent versions of this document. Except as otherwise required by law, Morningstar, Inc or its subsidiaries shall not be responsible for any trading decisions, damages or losses resulting from, or related to, the information, data, analyses or opinions or their use. Past performance is not a guide to future returns. The value of investments may go down as well as up and an investor may not get back the amount invested. Reference to any specific security is not a recommendation to buy or sell that security. There is no guarantee that a diversified portfolio will enhance overall returns or will outperform a non-diversified portfolio. Neither diversification nor asset allocation ensure a profit or guarantee against loss. It is important to note that investments in securities involve risk, including as a result of market and general economic conditions, and will not always be profitable. Indexes are unmanaged and not available for direct investment.

This commentary may contain certain forward-looking statements. We use words such as “expects”, “anticipates”, “believes”, “estimates”, “forecasts”, and similar expressions to identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results to differ materially and/or substantially from any future results, performance or achievements expressed or implied by those projected in the forward-looking statements for any reason.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is not a citizen or resident of or located in any locality, state, country or other jurisdiction listed below. This includes where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar or its subsidiaries or affiliates to any registration or licensing requirements in such jurisdiction.

The Report is distributed by Morningstar Investment Management South Africa (Pty) Limited, which is an authorized financial services provider (FSP 45679), regulated by the Financial Sector Conduct Authority.

Morningstar South Africa

5th Floor
20 Vineyard Road
Claremont
7708
+27 21 201 4645