Market Overview
August 2026

Morningstar Investment Management
September 2026

For Financial Advisers & Their Clients

Global Market and Economic Summary

Global equities extended their advance in August, with the MSCI World Index gaining +2.6% and many of the world's markets closing at new all-time highs during the month. Once again, the rally was narrowly led: technology-heavy benchmarks such as Korea, Taiwan and the Nasdaq, alongside commodity-producing markets including South Africa, Chile and Canada, were the standout performers. Emerging markets (+3.4%) outpaced developed markets, helped by a resurgence in Asian technology names, though the region's outperformance remains reliant on a small number of markets. On a year-to-date (YTD) basis, the gap between the two remains wide: emerging markets are up +24.3% versus +13.4% for developed markets, in US dollar terms.

Global bonds slipped -0.1% over the month (-0.8% YTD) as US Treasury yields continued to push higher, pulling bond prices down. This came despite the US Treasury's announcement that it would double the size of its planned debt buyback programme, an action intended to support long-dated bond prices that instead unsettled the market. A hawkish message from Federal Reserve Chairman Warsh at the Jackson Hole Economic Policy Symposium added to the unease, as investors pushed out the likely timing of future rate cuts. Emerging market debt (+0.3%) proved more resilient, continuing a pattern of relative stability seen in recent months.

The renewed pressure on global bond yields reflects a broader theme: with energy costs remaining elevated (Brent crude is up +48.7% YTD) and central banks reluctant to signal an imminent easing cycle, the "higher-for-longer" narrative continues to dominate fixed income markets, even as equity markets seem to largely look past these concerns.

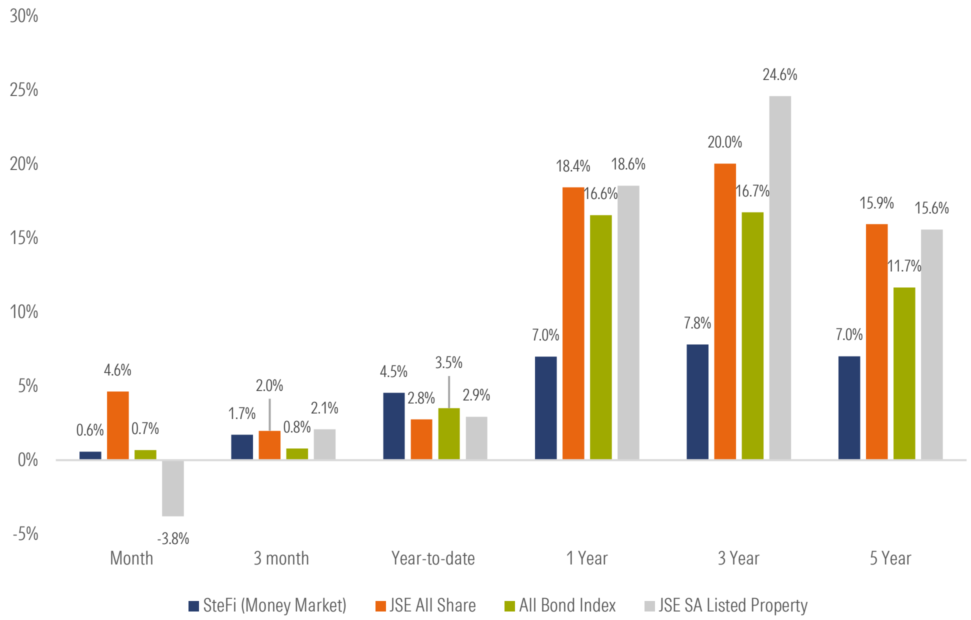
South African Market Update

South African equities had their best month since February, with the FTSE/JSE All Share Index rising +4.6% in August and taking the YTD return to +2.8%. As has been the case for much of 2026, the headline figure disguised a large dispersion beneath the surface. The Resources sector surged +24.5% over the month as a sharp rally in gold and platinum group metal (PGM) prices (gold spot +13.3%, platinum spot +15.9% in ZAR) drove outsized gains across the mining sector. AngloGold Ashanti (+44.8%), Gold Fields (+37.7%), Sibanye-Stillwater (+32.9%), Thungela (+29.6%), Impala Platinum (+25.2%), Sappi (+24.4%) and Harmony Gold (+20.3%) were the standout performers, while Valterra Platinum (+15.7%), Anglo American (+9.7%) and BHP (+8.5%) also participated in the rally.

Industrials (-5.6%) continued their weak run, leaving the sector down -9.1% YTD, while Financials (-1.2%) also weakened, although the index remains positive on a YTD basis (+7.7%). Index heavyweights British American Tobacco (-11.1%), AB InBev (-10.1%), Clicks (-10.0%) and Naspers (-9.1%) led the declines, followed by Woolworths (-8.2%), MTN (-7.8%) and Pepkor (-7.4%). Spar (-20.4%) was the single worst performer on the local market, extending a torrid year for the retailer (-59.1% YTD). The divergence between Resources and the rest of the market highlights just how concentrated August's gains were.

South African bonds continued to outperform their global counterparts, with the All Bond Index returning +0.7% in August (+3.5% YTD), even as global yields moved higher. The move was, however, less a broad rally than a story of relative value: after an initial rally in the first week of the month, yields ended August broadly unchanged from where they started. Listed property (-3.8%) was the weakest local asset class, with index heavyweights Growthpoint (-7.2%) and Redefine (-6.1%) among the worst performers.

Exhibit 1 | SA Market Performance (Total Returns)



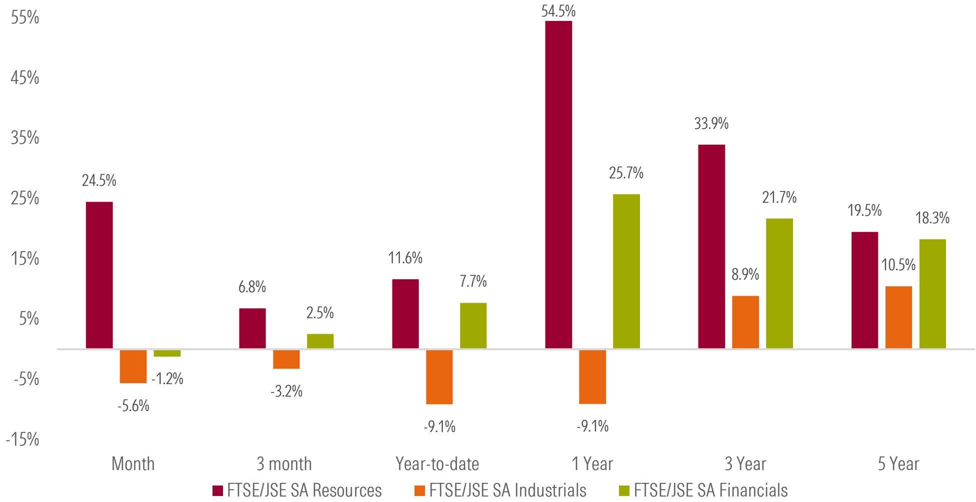
Source: Morningstar Direct as of 31 August 2026. Returns are in South African Rand and have been annualised for periods longer than 1 year.

South African Economic Update

Headline inflation eased more than expected in July, falling to 4.3% y/y from 5.0% in June and coming in 0.2 percentage points below consensus, a welcome reversal of June's upside surprise. The improvement was driven almost entirely by transport, where fuel inflation fell to 20.6% y/y from 34.3% as petrol and diesel prices dropped 7.2% and 11.6% month-on-month, respectively.

Growth data released during August continue to point to a likely contraction in second-quarter GDP, below the market's already-downgraded consensus forecast of flat growth. The rand weakened over the month, losing -2.6% against the US dollar, -2.0% against the euro and -2.3% against the pound, even as the US dollar index itself edged -0.5% lower, a reminder that currency moves are not always explained by a single narrative.

Exhibit 2 | SA Sector Performance (Total Returns)



Source: Morningstar Direct as of 31 August 2026. Returns are in South African Rand and have been annualised for periods longer than 1 year.

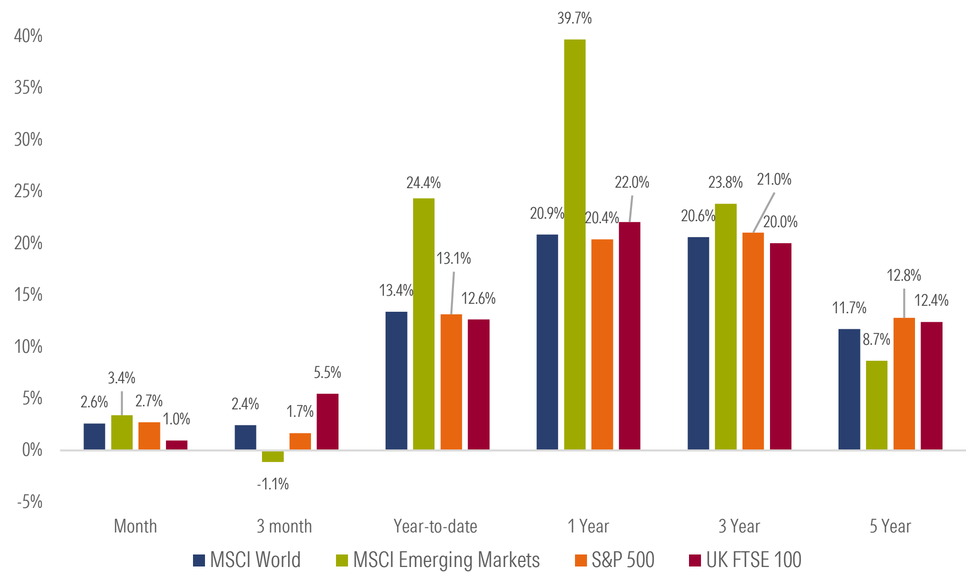
Global Market Update

The MSCI World Index (+2.6%) advanced for a second consecutive month. For the first time in three months, **the MSCI Emerging Markets Index** (+3.4%) reclaimed monthly leadership from developed markets, as investors rotated back into the Asian technology and commodity names sold off sharply in July, though EM are still ahead of DM on a YTD basis (24.3% vs 13.4%).

Within emerging markets, **China's SSE Composite** (+4.5%) rebounded sharply, lifting the index from essentially flat to +4.5% YTD. **Korea's KOSPI** (+7.8%) staged a forceful recovery after July's AI-driven unwind, remaining the standout performer of 2026 at +71.8% YTD. In Europe, **the MSCI Europe Ex UK Index** (+1.6%) was modestly positive, while **the UK's FTSE 100** (1.0%) also ended positively after touching an all-time high at the end of July. **Japan's Nikkei 225** (+2.9%) rose in tandem with the broader technology complex.

In the US, the tech-heavy **NASDAQ 100** (+4.2%) rallied as the AI trade re-rated higher, with Nvidia advancing alongside Korean memory manufacturers SK Hynix and Samsung, while **the S&P 500** (+2.7%) also advanced on broad-based gains across technology and cyclical sectors.

Exhibit 3 | International Market Performance (Total Returns)



Source: Morningstar Direct as of 31 August 2026. Returns are in US dollars and have been annualised for periods longer than 1 year.

Impact on Client Portfolios

August was rewarding in the areas that had been more difficult earlier in the year. Within global portfolios, exposure to the technology sector, both directly through European Tech and a Nasdaq Equally-Weighted position, and indirectly through emerging markets, particularly Korea, turned back into a tailwind after July's setback. Allocations to developed market bonds, however, remained under pressure, as hawkish Fed commentary and rising US Treasury yields continued to weigh on returns. Locally, the sharp rally in Resources, driven by higher gold and PGM prices, more than offset continued weakness in Industrial names, while allocations to South African bonds continued to outperform their global counterparts.

We remain comfortable with the current positioning of client portfolios, from both an asset allocation and a manager selection perspective. We will continue to follow our valuation-driven approach, allocating to the most attractive areas of the market on a reward-for-risk basis, taking profits where optimism has become stretched, and building portfolios robust to a wide range of outcomes rather than to a single forecast.

Local Market Indices	1 Month	YTD	1 Year	3 Years	5 Years	7 Years
JSE All Share	4.65	2.76	18.42	20.04	15.94	15.39
JSE SA Listed Property	-3.81	2.94	18.54	24.61	15.58	8.20
All Bond Index	0.69	3.52	16.55	16.74	11.66	11.00
STeFI	0.58	4.54	6.99	7.81	7.02	6.48
Local Market Sectors	**1 Month**	**YTD**	**1 Year**	**3 Years**	**5 Years**	**7 Years**
JSE Top 40	5.73	3.02	19.55	20.24	16.47	15.97
JSE Mid Cap	-0.15	-4.71	10.35	16.14	10.87	10.38
JSE Small Cap	-2.16	1.17	14.94	21.03	17.99	18.36
FTSE/JSE SA Resources	24.46	11.61	54.44	33.93	19.48	21.83
FTSE/JSE SA Financials	-1.22	7.71	25.71	21.69	18.25	13.65
FTSE/JSE SA Industrials	-5.65	-9.13	-9.05	8.88	10.46	10.47
Global Market Indices	**1 Month**	**YTD**	**1 Year**	**3 Years**	**5 Years**	**7 Years**
MSCI World	2.60	13.40	20.83	20.62	11.71	15.02
MSCI Emerging Markets	3.40	24.35	39.66	23.82	8.67	11.30
S&P 500	2.72	13.14	20.38	21.04	12.79	16.54
NASDAQ 100	4.24	17.14	26.61	24.77	14.46	22.11
FTSE 100	0.97	12.64	22.03	20.01	12.41	11.55
MSCI Europe Ex UK	1.64	11.39	20.74	17.99	9.28	12.29
SSE Composite	4.45	4.45	9.68	11.50	1.59	5.64
KOSPI TR KRW	7.83	71.84	120.31	39.70	14.81	19.91
Nikkei 225	2.93	30.65	45.37	25.15	12.37	13.57
US T-Bill 3m	0.32	2.54	3.88	4.67	3.92	2.93
Commodities	**1 Month**	**YTD**	**1 Year**	**3 Years**	**5 Years**	**7 Years**
Oil Price Brent Crude	0.41	48.71	32.84	1.37	4.39	5.94
Gold	13.32	4.46	33.06	32.93	20.25	16.91
Platinum	15.86	-15.37	39.86	24.34	13.48	10.46
Copper	1.93	12.62	37.47	14.78	5.29	11.59

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 of 31 August 2026.

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 mentioned 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