

Market Overview

September 2026

Morningstar Investment Management
October 2026

For Financial Advisers & Their Clients

Global Market and Economic Summary

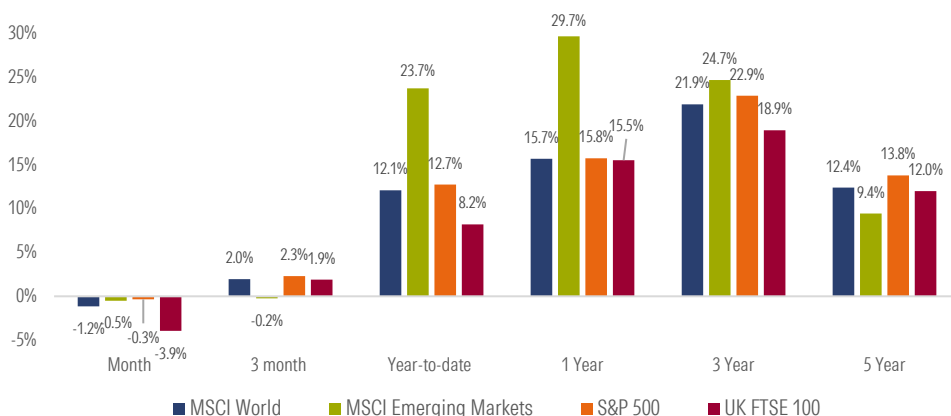
September was a mixed month for markets, with equities generally outperforming bonds. Equity performance varied by region, but the main weakness was fixed income, as heightened inflation concerns pushed up expectations for higher interest rates.

Global equities ended September lower, with MSCI World (-1.2%) and MSCI Emerging Markets (-0.5%) both declining over the month. Emerging Markets (EM) again held up better than Developed Markets (DM) and remain well ahead YTD (year-to-date). Regional performance was mixed. Asia was the strongest region, with Japan's Nikkei 225 (+2.9%) and Korea's KOSPI (+1.4%) ending the month higher, supported by continued semiconductor and AI-related demand. In contrast, European equities weakened, with MSCI Europe ex UK (-4.7%) and the FTSE 100 (-3.9%) both decreasing, as higher energy prices added to inflationary pressures. In the US, the S&P 500 was broadly flat (-0.3%), while the NASDAQ 100 (+3.3%) ended the month higher, led by Information Technology and Communication Services.

Global bonds came under pressure as higher oil prices increased inflation concerns and lifted expectations for further rate hikes. The US Federal Reserve (Fed) raised its target range by 0.25% to 3.75–4.00%, its first hike since July 2023, as inflation remained above target while economic and labour-market conditions stayed resilient. US Treasury yields rose over the month as markets priced in further rate increases in 2027, weighing on bond prices. Emerging market local-currency debt (EMD) remained relatively resilient, providing useful diversification within fixed-income portfolios.

Energy prices remained the main macro driver globally. Continued tensions between the US and Iran, with the Strait of Hormuz remaining closed, and disruption to shipping in the Red Sea contributed to a +14.4% rise in Brent crude over the month, pushing prices above \$100 a barrel. Prices subsequently eased as flows through Saudi Arabia's East-West pipeline came through faster than expected.

Exhibit 3 | International Market Performance (Total Returns)



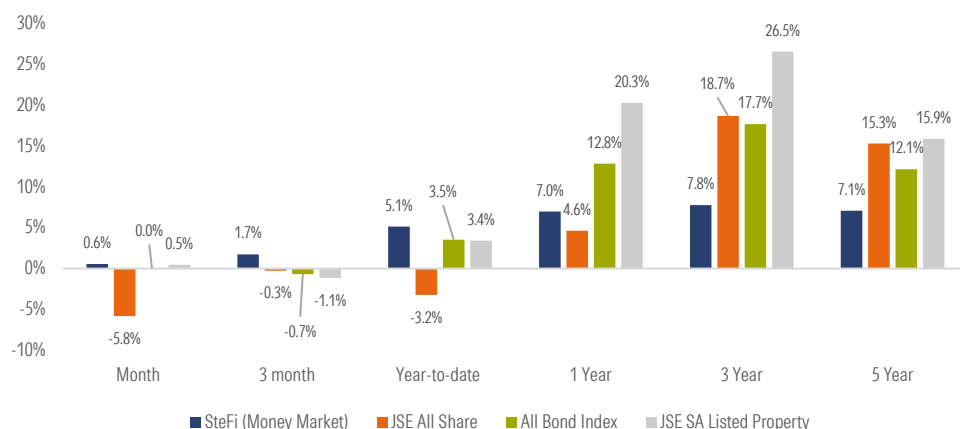
Source: Morningstar Direct as of 30 September 2026. Returns are in US dollars and have been annualised for periods longer than 1 year.

South African Market Update

The JSE All Share Index (-5.8%) reversed the gains of August in September, bringing its YTD return to -3.2%. The decline was led by Resources (-9.3%), which was the weakest segment of the market, followed by Industrials (-4.9%) and Financials (-3.7%). The gold miners were among the weakest shares in the local equity market, as the gold price fell -8.5% over the month in USD terms. Gold Fields (-17.2%), AngloGold Ashanti (-14.6%) and Harmony Gold (-7.2%) all posted negative performance over the month. Similarly, the platinum group metals (PGM) producers also declined, including Sibanye-Stillwater (-6.9%), Valterra Platinum (-6.4%) and Impala Platinum (-6.2%). Sasol (+17.5%) was the best performer over the month, with the stock rising along with the oil price. Weakness in Industrials sector was broad, with Sappi (-14.9%), Woolworths (-12.0%), Tiger Brands (-11.8%), Pepkor (-9.7%) and Foschini (-6.0%) among the notable decliners. Naspers (-11.2%) and Prosus (-7.5%) also fell sharply. Within Financials, Sanlam (-9.6%), Momentum (-6.6%) and Capitec (-6.6%) recorded the largest declines.

In local fixed income, the All Bond Index (0.0%) was flat as income offset capital losses from higher yields, and is up +3.5% YTD. The yield curve flattened, with expectations of higher policy rates pushing shorter-dated yields up, subsequently pushing down bond prices, while the long end remained relatively anchored on prospects of fiscal consolidation. Cash, measured by the STeFI (+0.6%), is up +5.1% YTD. Listed property (+0.5%) was modestly positive over the month.

Exhibit 1 | SA Market Performance (Total Returns)



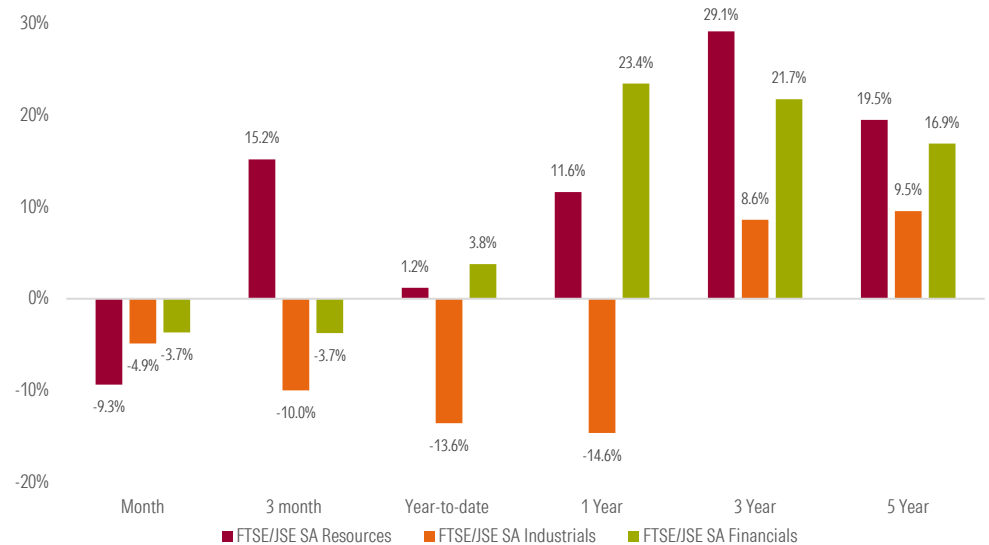
Source: Morningstar Direct as of 30 September 2026. Returns are in South African Rand and have been annualised for periods longer than 1 year.

South African Economic Update

The South African Reserve Bank (SARB) raised the repo rate by 0.25% to 7.25%, in line with expectations, following its previous pause. The SARB also revised its inflation outlook higher, expecting headline inflation to peak above 5% in Q4 2026, largely reflecting higher oil-price assumptions. Risks remain skewed towards further interest rate tightening given potentially higher global rates, rising food inflation and potential El Niño-related pressures.

August headline CPI (Consumer Price Index) increased to 4.4% y/y, while core inflation eased to 4.1%. Food inflation remains relatively contained, but higher crude oil prices are expected to result in petrol and diesel price increases of approximately R3.10 and R2.70 per litre respectively in October.

Local economic growth remains subdued, with Q2 GDP contracting -0.2% q/q as mining, manufacturing and trade weighed on activity. Overall, the outlook presents a challenging combination of higher inflation risks and weak economic growth, creating uncertainty for the future path of interest rates and the performance of SA rate-sensitive assets.

Exhibit 2 | SA Sector Performance (Total Returns)

Source: Morningstar Direct as of 30 September 2026. Returns are in South African Rand and have been annualised for periods longer than 1 year.

Impact on Client Portfolios

Morningstar's preference for Emerging Markets over Developed Markets continued to support client portfolios this year, reflecting more attractive valuations, improving fundamentals and opportunities beyond the US and AI investment theme. This contributed positively across both equities and fixed income allocations. Within global portfolios, exposure to technology – both directly through dedicated allocations to European Technology and the Equally Weighted Nasdaq, and indirectly through Emerging Markets, particularly Korea – also supported performance. Locally, it was a challenging month for South African equity investors, with broad-based weakness across sectors weighing on the market. A more defensive and diversified positioning therefore proved beneficial. Lastly, rand weakness over the month also contributed positively to offshore exposure for South African investors when measured in rand terms.

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	-5.82	-3.22	4.62	18.68	15.29	14.37
JSE SA Listed Property	0.46	3.42	20.24	26.54	15.87	8.23
All Bond Index	0.01	3.54	12.82	17.68	12.14	10.92
STeFI	0.56	5.13	6.97	7.77	7.08	6.48
Local Market Sectors	1 Month	YTD	1 Year	3 Years	5 Years	7 Years
JSE Top 40	-6.45	-3.63	3.70	18.82	15.76	14.87
JSE Mid Cap	-1.91	-6.53	3.81	15.82	10.33	10.11
JSE Small Cap	1.72	2.91	15.89	22.53	17.12	18.28
FTSE/JSE SA Resources	-9.34	1.19	11.60	29.11	19.46	20.32
FTSE/JSE SA Financials	-3.66	3.77	23.41	21.72	16.89	12.49
FTSE/JSE SA Industrials	-4.87	-13.55	-14.60	8.60	9.54	9.80
Global Market Indices	1 Month	YTD	1 Year	3 Years	5 Years	7 Years
MSCI World	-1.15	12.09	15.68	21.91	12.39	14.47
MSCI Emerging Markets	-0.50	23.73	29.65	24.69	9.44	10.91
S&P 500	-0.35	12.75	15.74	22.89	13.79	16.17
NASDAQ 100	3.30	21.01	24.00	28.31	16.56	22.53
FTSE 100	-3.94	8.20	15.52	18.95	12.00	10.26
MSCI Europe Ex UK	-4.71	6.14	12.56	18.06	9.46	11.16
SSE Composite	-3.41	0.89	5.05	10.40	0.74	5.01
KOSPI TR	1.43	74.30	109.60	42.97	16.56	19.11
Nikkei 225	2.91	34.25	41.91	28.04	12.13	13.38
US T-Bill 3m	0.34	2.89	3.88	4.62	4.00	2.96
Commodities	1 Month	YTD	1 Year	3 Years	5 Years	7 Years
Oil Price Brent Crude	14.41	70.14	54.48	2.80	5.69	7.91
Gold	-8.47	-4.38	9.18	30.70	19.10	15.92
Platinum	-9.02	-23.00	9.11	22.92	12.22	9.64
Copper	-0.99	11.51	28.66	15.25	6.51	11.27

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 30 September 2026.

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Morningstar South Africa

5th Floor
20 Vineyard Road
Claremont
7708