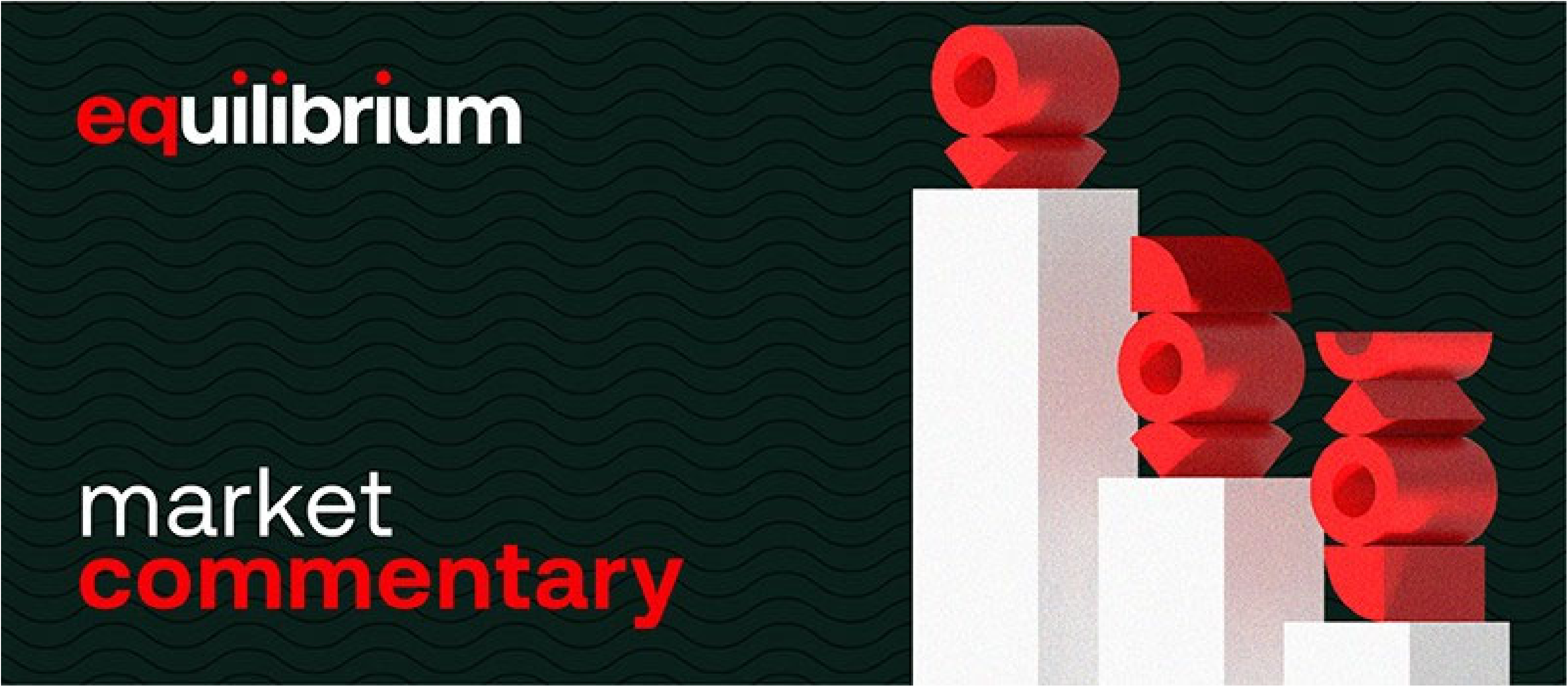

Monthly market commentary | June 2026

Markets faced a moderate decline in June, despite an improvement in risk sentiment later in the month. Following the ceasefire agreement between Iran, Israel and the US, major markets recovered from earlier weakness and drove several global indices back towards record highs. Global equities were resilient during the month despite the increased volatility, with tech-heavy indices detracting from performance as investors took profits and reassessed valuations post the sector's substantial gains.

In contrast to the previous month, technology shares were the primary source of weakness, having led global markets for the majority of the last twelve months. The S&P 500 ended the month 1%[1] lower in US dollar (USD) terms. The Nasdaq Composite also followed suit, down 2.8%[1] in USD terms. However, long-term artificial intelligence (AI) remains compelling, but investors have become more selective as companies face increasing pressure to convert substantial AI investment into sustainable profits.

Japanese equities (TOPIX index) saw their second month of decline this year, down 1%[1] in USD terms, and faced pressure from weakness in US semiconductor stocks, the Bank of Japan hiking rates by 0.25% and concerns over memory chip supply-demand. Overall, global equities (MSCI ACWI) delivered a marginally negative return, down 0.8%[1] in USD terms, for a return of 23.7%[1] over the last 12 months in USD terms. Developed market equities (MSCI World) were 0.7%[1] lower in USD terms, primarily due to hawkish central bank policy and a cooling tech sector.

Emerging markets (MSCI EM) ended the month 1.4%[1] lower in USD terms, underperforming their developed market counterparts. Investors broadened their focus beyond mega-cap tech stocks to cyclical sectors and more value stocks as the more dominant tech stocks cooled off. Global property (FTSE EPRA Nareit) is experiencing a slow recovery, post the short-term headwinds, which were fuelled by elevated inflation and bond yields, ending the month 0.5%[1] higher in USD terms.

Global bonds (FTSE WGBI) also delivered muted returns, ending the month 0.7%[1] lower in USD terms, reflecting uncertainty over the impact of the Middle East conflict on growth and inflation. The rand saw a mix of gains and losses, ending the month 1.2%[1] weaker against the USD.

Local equities (FTSE/JSE Capped All Share) lagged both emerging market peers and developed markets, down 3.7%[1] for the month, though still in positive territory over the last 12 months, with a return of 19.4%[1]. The Resources sector delivered a fourth consecutive negative monthly return, giving back some of the strong gains made over the last 12 months, ending the month 15.9%[1] lower, but still positive over the last year, with a notable return of 42.3%[1]. Industrials had an improved month, ending 2.2%[1] higher, while Financials also progressed, delivering 2.8%[1]. Listed property (FTSE/JSE All Property) outperformed both bonds and equities for the month, supported by further declines in bond yields and robust operating updates, up 3.8%[1] for the month, for a return of 28.7%[1] over the last 12 months.

Local bonds (FTSE/JSE All Bond) continued their positive streak, outperforming global peers despite rising inflation concerns, ending the month 1.5%[1] higher for a return of 21.5%[1] over the last 12 months. Bonds in the one to 3-year spectrum contributed 0.6%[1], while longer-dated instruments in the three to 7-year and seven to 12-year maturities ended the month 1%[1] and 1.6%[1] higher, respectively. Bonds in the 12+ year spectrum were again the best performers, ending the month 1.8%[1] higher. Local cash (STeFI Composite) was 0.5%[1] higher in June and 7.1%[1] over the last 12 months.

Prepared by Equilibrium

Enabling your advice outcomes

[1] Momentum Investments & Morningstar

For more information and the latest DFM updates

Website: eqinvest.co.za

LinkedIn: https://www.linkedin.com/company/eq-invest/