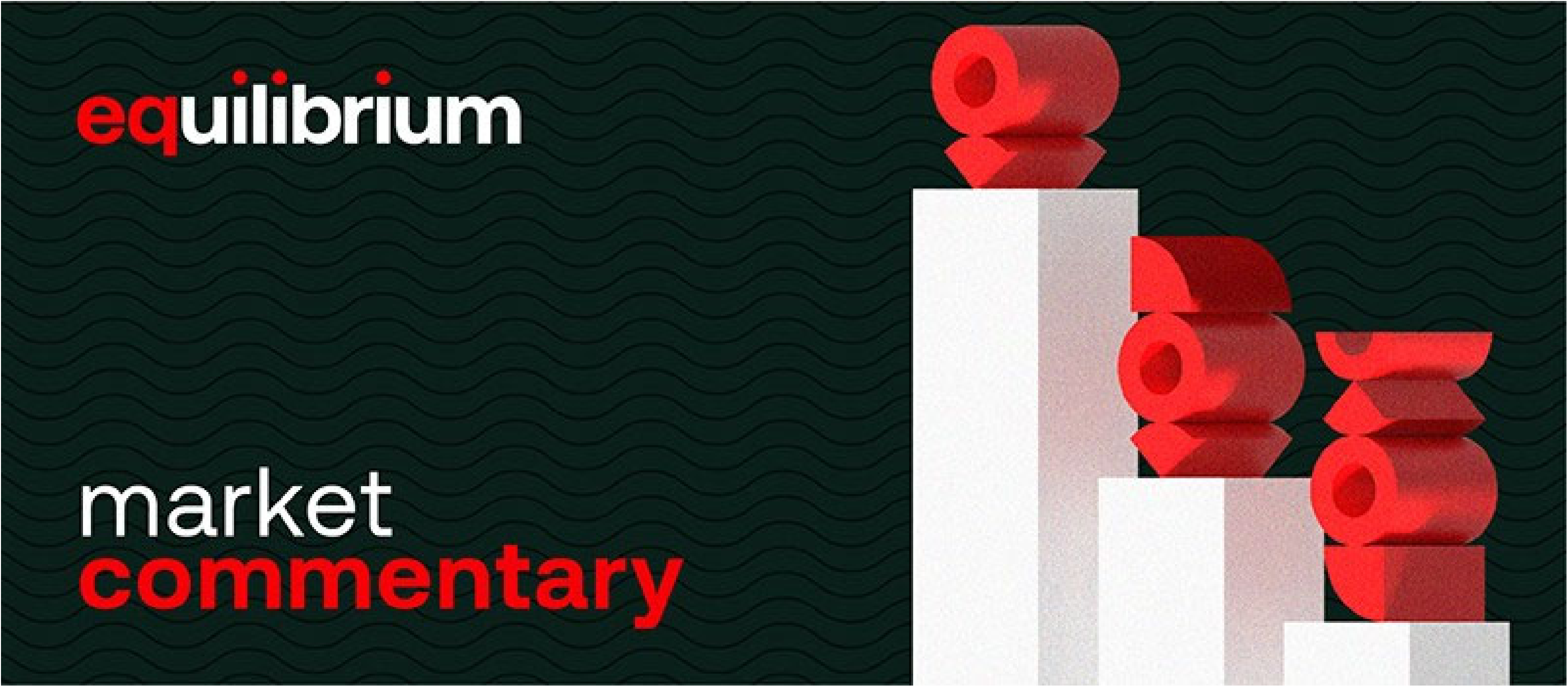

Monthly market commentary | July 2026

Uncertainty and volatility remained the dominant theme in July, as the US-Iran tensions escalated early in the month raising energy and commodity prices. Global equities delivered mixed returns as the concerns eased towards the latter part of the month, with the attention shifting back to second-quarter earnings and the sustainability of returns across the AI investment cycle. While a few larger hyperscalers proved relatively resilient, semiconductor entities and several AI beneficiaries came under significant pressure as China's technological progress weighed on sentiment and the increased concerns over export controls.

Despite a compelling second quarter's earnings season, the S&P 500 ended the month down 0.1%[1] in US dollar (USD) terms. The Nasdaq Composite delivered a consecutive negative monthly return, down 3.2%[1] in USD terms. Japanese equities (TOPIX index) were also mixed over the month, finishing broadly sturdy, up 2.3%[1] in USD terms, with the index's greater exposure to industrials, financials and domestically domiciled entities assisting to offset the weakness in technology stocks. Global equities (MSCI ACWI) were broadly flat, up 0.1%[1] in USD terms, for a return of 22.1%[1] over the last 12 months. Developed market equities (MSCI World) posted a modest positive return, up 0.5%[1] in USD terms, primarily due to the heavy sector rotation, as the dominant technology and AI semiconductor stocks pulled back and value sectors like energy and financials rallied.

The weakest performance came from Emerging markets (MSCI EM), ending the month 3.1%[1] lower in USD terms and underperforming their developed market counterparts. Emerging markets are heavily exposed to the semiconductor manufacturing supply chain, and the recent concerns surrounding advanced semiconductor technology from China triggered steep selloffs. Global property (FTSE EPRA Nareit) continues to experience a slow recovery, ending the month 2.7%[1] higher in USD terms. Global bonds (FTSE WGBI) also delivered muted returns, ending the month 0.5%[1] lower in USD terms, as sovereign yields rose across major developed markets, driven by shifting central bank interest rate expectations and concerns around energy supply. The rand ended the month 1%[1] weaker against the USD.

Local equities (FTSE/JSE Capped All Share) fared better after previously lagging peers, up 1.2%[1] for the month and 18.2%[1] over the last 12 months. The Resources sector delivered its first positive return in five months, recovering some of the losses suffered, ending the month 2.1%[1] higher and a notable return of 38.2%[1] over the last 12 months. Industrials had an improved month, ending 0.3%[1] higher, while Financials also ended July 1.3%[1] higher. Listed property (FTSE/JSE All Property) continued to outperform both bonds and equities for the month, supported by further declines in bond yields and robust operating updates, up 2.2%[1] for the month and 26.1%[1] over the last 12 months.

Local bonds (FTSE/JSE All Bond) faced some headwinds, underperforming their global peers on the back of headline inflation hitting a 2-year high, the SARB's decision to hold the repo rate steady, and rising global energy prices, and ended the month 1.4%[1] lower for a return of 16.6%[1] over the last 12 months. Bonds in the one to 3-year spectrum contributed 0.7%[1], while longer-dated instruments in the three to 7-year and seven to 12-year maturities ended the month 0.2%[1] and 1.3%[1] lower, respectively. Bonds in the 12+ year spectrum were the worst performers, ending the month 2.3%[1] lower. Local cash (STeFI Composite) was 0.6%[1] higher in July and 7%[1] over the last 12 months.

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