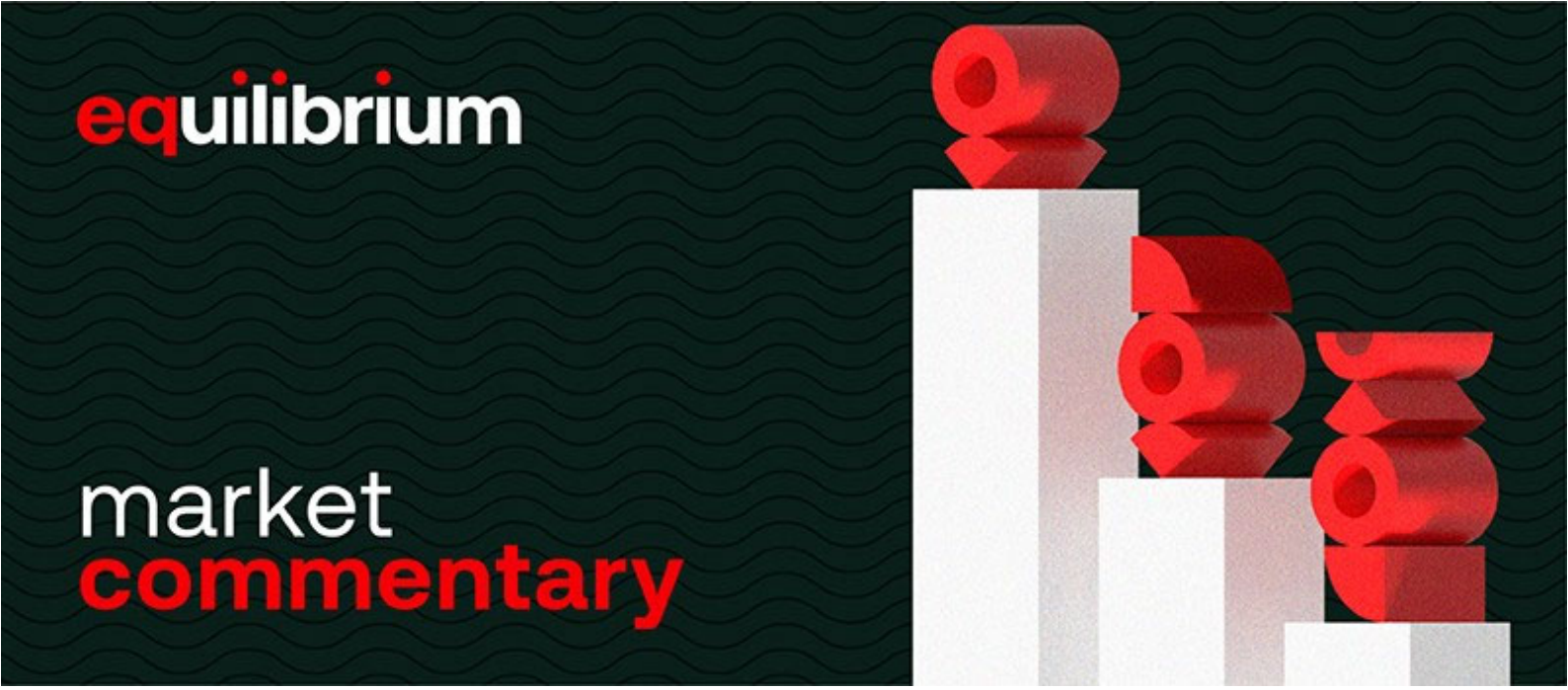

Monthly market commentary | October 2026

Developed market (DM) equities posted modest losses in October, while a sharp sell-off in emerging market (EM) and artificial intelligence (AI)-related technology stocks weighed heavily on global equity markets. Beneath the surface, a notable rotation unfolded as investors increasingly questioned whether substantial investments in AI infrastructure would ultimately generate sufficient returns. This shift in sentiment pressured technology-related companies, particularly as rising interest rates continued to increase borrowing and refinancing costs. Meanwhile, escalating tensions in the Middle East supported demand for high-quality sovereign bonds as investors sought diversification amid heightened uncertainty across equity and credit markets and rising oil prices.

In the US, the S&P 500 declined for a second consecutive month, ending 0.9%[1] lower in US dollar (USD) terms. The Nasdaq Composite recorded its first monthly decline in three months, falling 5.3%[1] in USD terms. Japanese equities (TOPIX) also weakened, ending the month 3.7%[1] lower in USD terms as higher oil prices weighed on sentiment. Developed market equities (MSCI World) also remained in negative territory, declining 0.8%[1] in USD terms.

Emerging markets (MSCI EM) underperformed their developed market counterparts following the sharp correction in global technology and AI-related stocks, ending the month down 8%[1] in USD terms. Consequently, global equities (MSCI ACWI) fell 1.6%[1] for the month, although they remained 12.3%[1] higher over the preceding 12 months in USD terms. AI and semiconductor stocks, which had previously driven global market performance, experienced significant pullbacks as investor perceptions around AI winners and losers evolved.

Global property (FTSE EPRA Nareit) rebounded strongly, ending the month 1.8%[1] higher in USD terms. Global bonds (FTSE WGBI) also rallied, ending a three-month losing streak to finish 1.4%[1] higher in USD terms. The rand weakened by 1.7%[1] against the USD as the sharp rise in Brent crude oil prices increased demand for dollars to fund fuel imports.

Local equities (FTSE/JSE Capped All Share) proved more resilient than broader emerging markets, despite modest pressure across most sectors, ending the month down 0.4%[1]. Over the past 12 months, the index returned 3.3%[1]. The Resources sector remained under pressure as gold and platinum-group metal (PGM) prices retreated, falling 8.4%[1] during the month. Financials and Industrials performed more favourably, gaining 3.6%[1] and 3.7%[1], respectively. Listed property (FTSE/JSE All Property) also delivered a solid performance, gaining 2.3%[1] in October and 13.8%[1] over the past year.

Local bonds (FTSE/JSE All Bond Index) lagged their global counterparts but still delivered strong returns, supported by improving local fiscal confidence despite competing global macroeconomic pressures. The index gained 2.1%[1] during the month and 12.3%[1] over the preceding year. Bonds in the one- to three-year and three- to seven-year contributed 0.6%[1] and 1.2%[1], respectively, while the seven- to 12-year and 12-year-plus segments advanced 2%[1] and 2.9%[1], respectively. Local cash (STeFI Composite) returned 0.6%[1] in October, bringing its 12-month return to 7%[1].

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