

Prosperity

SEPTEMBER 2026

Economic and Market Overview
Latest Company Updates

Private Clients
by  Old Mutual



PODCAST

MARKETS & MEANING



Each month, Sean Ashton, Head of Investments, steps back from the headlines to focus on the forces shaping markets and what they mean for long-term investors.

September 2026: The Earnings Cycle Still Has Legs

Sean looks beyond the latest market headlines to assess what rising US bond yields, fiscal deficits and the continued strength of the AI investment cycle tell us about where we are in the market cycle.

The discussion explores why concerns around US fiscal discipline are influencing the dollar and driving renewed interest in assets such as gold, while Sean also explains the counter-intuitive relationship between government deficits and corporate profits. He then turns to NVIDIA's latest results, where exceptionally strong revenue growth and a growing backlog continue to challenge expectations around how long the AI investment cycle can run.

The episode closes with Sean's view on the broader market: we're clearly not early cycle, but he doesn't believe we're at the top either. With earnings continuing to surprise and valuations having already seen some compression, he believes this could still be an earnings-led bull market with legs.

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August was marked by renewed pressure in global bond markets, as rising inflation concerns, heavy government borrowing and increased private-sector issuance pushed long-dated yields higher. Equity markets remained resilient, however, with strong corporate earnings supporting global shares. Locally, the JSE benefited from a sharp rally in precious metals, while the rand strengthened against the US dollar.

ECONOMIC UPDATE

August was characterised by significant moves in government bond markets across developed economies. Borrowing costs, or bond yields, rose sharply, particularly at the longer end of the yield curve. In the US, the 30-year bond yield reached its highest level in 20 years, while yields in the UK and Japan rose to their highest levels since the late 1990s.

Bond markets are particularly sensitive to expectations for economic growth, inflation and interest rates. The recent turmoil has partly reflected the ongoing stalemate over the Strait of Hormuz, as the war between the US and Iran passed the six-month mark. While crude oil prices ended the month only slightly higher, refined products such as petrol, diesel and jet fuel have come under greater pressure as refinery capacity is squeezed in the Gulf and Russia, where refineries have been targeted by Ukraine.

Renewed inflationary pressure has raised expectations that central banks may need to increase interest rates. There had been some uncertainty over whether the US Federal Reserve would be willing to do so, particularly in an election year. However, in a highly anticipated speech at the annual Jackson Hole symposium, Fed Chair Kevin Warsh emphasised that the Fed would use interest rates to combat inflation if necessary. While some recent inflation readings have been lower, inflation remains above the 2% target.

Markets are also absorbing a sharp increase in bond issuance by private companies seeking to fund the data centre buildout. Governments are competing with these private borrowers for the same pool of available savings, and greater bond supply puts downward pressure on prices and upward pressure on yields, all else equal.

Government borrowing remains particularly significant in the US. The federal budget deficit is around US\$2 trillion a year and continues to rise, while total US government debt has now surpassed US\$40 trillion. With no clear plan to stabilise the debt level, investors are demanding greater compensation for the risks of lending to highly indebted governments.

These concerns have revived fears of "debasement" or "financial repression", where governments manage high debt through some combination of higher inflation, capped interest rates or policies encouraging domestic institutions to buy government bonds. Gold, a traditional hedge against debasement, rose 13% during the month.

For South African investors, there are three key implications. First, South Africa is actively working to stabilise its debt level and is making gradual progress. Second, higher precious metals prices have more than offset the increase in the oil import bill, with the trade surplus for January to July reaching R130bn, compared with R100bn over the same period in 2025. Third, sustained strength in gold and platinum group metals is supporting mining profits and government tax revenues, helping to reduce borrowing while benefiting the JSE.

Ironically, fiscal concerns in the developed world may therefore help South Africa address its own debt challenges, while local investors benefit indirectly from higher precious metals prices.

MARKET UPDATE

Global equity markets remained resilient in August, with the MSCI World Index gaining 2.6%. US markets led the way, supported by a strong second-quarter earnings season, with the Nasdaq rising 3.6%, the S&P 500 gaining 2.6% and the Dow Jones advancing 1.3%. UK equities were weaker, with the FTSE 100 slipping 0.4%.

In Asia, China's manufacturing PMI improved to 49.8 from 49.2 in July. Mainland Chinese equities gained 4.0%, while Hong Kong's Hang Seng fell 1.2%. Japanese equities also performed strongly, with the Nikkei rising 3.0%, despite a sharp increase in volatility towards month-end.

Locally, the FTSE JSE All Share Index gained 4.3%, driven by a strong rally in commodity prices. The Resi-10 surged 25.4%, while the Fini-15 fell 1.7% and the Indi-25 declined 5.8%, highlighting the narrow nature of the rally.

The rand strengthened 2.5% to R16.14 against the US dollar, supported by a weaker US dollar and strong commodity exports. Commodity prices also rose, with Brent crude up 0.4% to US\$90.49 per barrel, gold gaining 9.7% and platinum rising 9.0% as supply-demand fundamentals tightened.

LOCAL HOLDINGS



AB InBev

AB InBev delivered a solid first-half 2026 result, with organic revenue increasing 5.7% and normalised EBITDA rising 5.6% to US\$11.4bn. Beer volumes increased 1.1%, supported by record volumes in key markets, while premium and super-premium volumes in South Africa grew by more than 20%.

Premiumisation remains a key growth driver, with continued expansion into Beyond Beer and no-alcohol supporting the long-term growth outlook. AB InBev's global scale, strong market positions and best-in-class profitability remain key strengths.



Anglo American

Anglo American delivered a strong interim result, with revenue increasing 11% to US\$9.93bn and underlying EBITDA rising 35% to US\$4bn, supported by higher copper prices and cost savings. Copper contributed 73% of group EBITDA, while operating cash flow rose to US\$3.52bn.

The group continues to simplify its portfolio, with the sale of its steelmaking coal business agreed and nickel and De Beers classified as held for sale. The Teck merger remains on track for completion between September 2026 and March 2027. Anglo American's increasing exposure to copper and other critical minerals, together with the expected Teck merger, supports the long-term investment case.



AngloGold

AngloGold Ashanti delivered a strong first-half result, with revenue increasing 26% to US\$3.03bn and EBITDA rising 46% to US\$1.97bn. HEPS increased 58% to 198 US cents, supported by a 35% increase in the realised gold price to US\$4 446/oz.

Management reaffirmed full-year production, AISC and capital expenditure guidance, while strong cash generation supported record dividends and approval of a US\$2bn share buyback. With a strong balance sheet, high-quality assets and continued exposure to higher gold prices, AngloGold Ashanti remains an attractive long-term investment.



Standard Bank

Standard Bank delivered a fair interim result, with group headline earnings increasing 10% and Banking headline earnings rising 9%. CIB and Insurance and Asset Management were the strongest performers, both delivering 15% growth. The interim dividend increased 10% to R9.02 per share.

Credit performance improved, with the credit loss ratio falling to 73bps, while return on equity increased to 19.8%. Management maintained its full-year 2026 guidance and 2028 strategic targets. Standard Bank's diversified African footprint and strong operational momentum support medium-term earnings growth, particularly if the local economic environment improves.



MTN

MTN delivered a strong first-half performance, with group service revenue increasing 17.5% to R115.3bn and EBITDA rising 20% to R56bn. Adjusted HEPS increased 21% to R7.93, while subscribers grew 6.7% to 317.7 million.

Data remained the key growth driver, with revenue increasing 29.2%, while MoMo monthly active users grew 12.1% to 70.8 million. Management reaffirmed its medium-term targets, including high-teens service revenue growth. MTN's leading market positions, growing data and fintech businesses and improved business mix provide a strong platform for further growth.



GLOBAL HOLDINGS

L'ORÉAL
PARIS

L'Oréal

L'Oréal continued to outperform the global beauty market, with like-for-like sales increasing 6.8% versus market growth of 4.5%. Professional Products and Dermatological Beauty delivered double-digit growth, supported by the Beauty Stimulus Plan.

The Asia, Middle East and Africa region was the strongest performer, growing 13.9%, while Europe grew 5.7% and North America 8.6%. Management remains positive on the beauty market and expects continued execution of its Beauty Stimulus Plan. L'Oréal's leading market positions, diversified portfolio and consistent outperformance remain key strengths.

stryker[®]

Stryker

Stryker delivered a mixed second-quarter result, with organic sales increasing 9.0% and adjusted EPS rising 17.9% to US\$3.69. Profitability also improved, with the adjusted operating margin expanding 170bps.

Management narrowed full-year organic revenue growth guidance to 8.3% - 9.3% from 8.0% - 9.5%, while increasing adjusted EPS guidance to US\$14.95 - US\$15.10. The outlook remains affected by volatility following the cyberattack earlier in the year.

 **BOOKING**
HOLDINGS

Booking Holdings

Booking Holdings delivered a strong second-quarter result, with revenue increasing 8% and gross bookings rising 9%, ahead of expectations. Adjusted EBITDA increased 9%, with the margin improving to 36%, while strong cash generation supported a record US\$3.7bn share repurchase.

Management expects full-year gross bookings and revenue growth in the high single digits, with adjusted EPS growth in the low- to mid-teens, while remaining cautious around the Middle East conflict. At around 18x forward earnings, the valuation looks attractive relative to its long-term growth prospects.

GLENCORE

Glencore

Glencore delivered a solid first-half result, with adjusted EBITDA of US\$10.1bn. Industrial EBITDA increased 72% to US\$6.5bn, while copper production rose 15% to 397kt. Marketing also performed strongly, with adjusted EBIT increasing 142% to US\$3.3bn.

Management raised 2026 copper unit cost guidance by around 30% to US\$2.03/lb, although it expects these pressures to be temporary. Copper production is expected to reach around 1Mt annually by the end of 2028. The combination of growing copper production, exposure to transition metals and disciplined capital allocation remains compelling.

Uber

Uber Technologies Inc.

Uber delivered a solid second-quarter result, with gross bookings increasing 24% and revenue rising 12%. Adjusted operating income increased 40%, while adjusted EPS rose 35% to US\$0.81.

Slightly softer third-quarter guidance weighed on the shares, while autonomous vehicles remain a key focus. Uber plans to invest around US\$10bn over the coming years to support autonomous vehicle deployment. The continued shift towards higher-margin growth and the potential opportunity from autonomous vehicles remain important drivers.

Lilly

Eli Lilly

Eli Lilly delivered an exceptional first-half result, with revenue increasing 51% to US\$42.77bn and EPS rising 73%. Global volumes of Mounjaro and Zepbound increased 62%, driving continued strong growth in the obesity and diabetes franchises.

Management raised full-year revenue guidance to US\$85bn - US\$87bn from US\$82bn - US\$85bn, while adjusted EPS guidance increased to US\$35.50 - US\$36.50. Strong demand, expanding manufacturing capacity and multiple long-term growth drivers provide significant runway for growth.



Advanced Micro Devices

AMD delivered a strong second-quarter performance, with revenue increasing 50% and adjusted EPS rising 245% to US\$1.66, around 2.5% ahead of consensus. The result reflected strong growth despite comparisons with a prior period affected by China export restrictions.

AMD has evolved into a credible competitor to Nvidia in data centre GPUs, supported by new multi-GW deals with OpenAI and Meta. Management expects a substantial ramp-up in its Helios GPU solutions from the end of Q3. The investment thesis remains centred on gaining market share in a rapidly expanding AI infrastructure market.

BERKSHIRE HATHAWAY INC.

Berkshire Hathaway

Berkshire Hathaway delivered solid first-half results, with operating income increasing 16.3%. Strong performance across manufacturing, rail and energy offset pressure in insurance, while BNSF net earnings rose 9.5% and Berkshire Hathaway Energy earnings increased 11.5%.

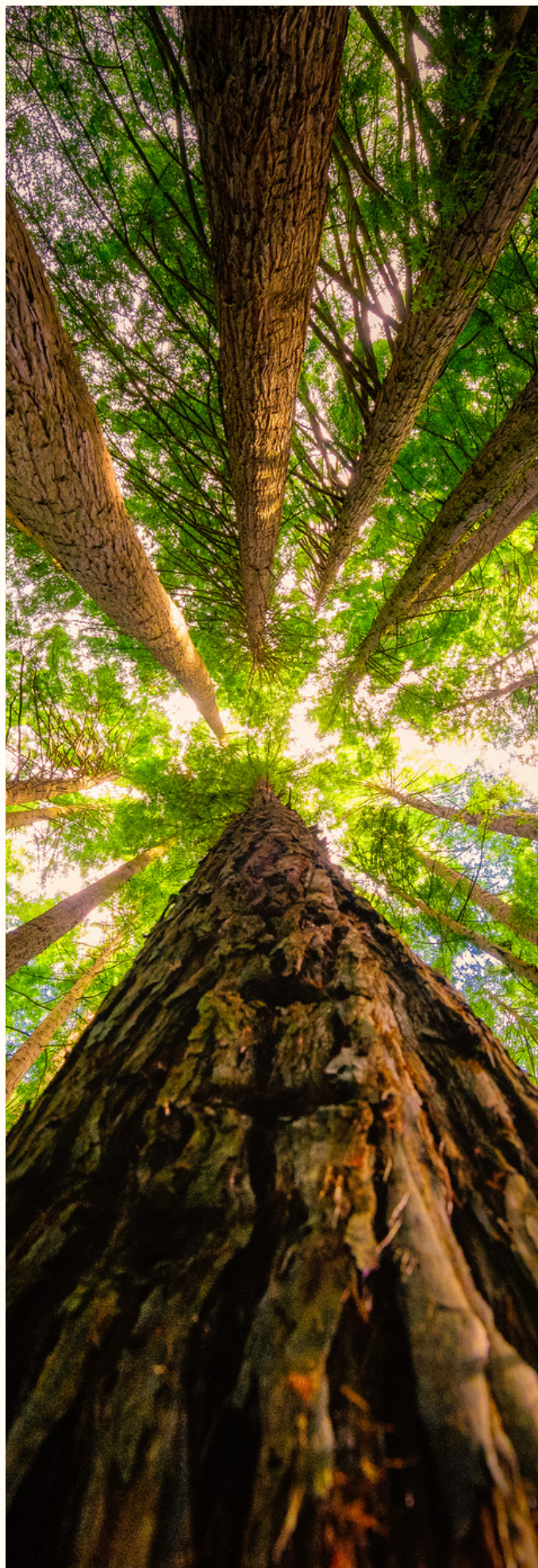
Berkshire returned to net equity buying in the first half, purchasing US\$19.8bn in the second quarter, including a US\$10bn investment in Alphabet. Cash and Treasury holdings remained substantial at US\$359.2bn. Its substantial liquidity, diversified earnings base and insurance float provide resilience as capital deployment becomes more active.

Tencent 腾讯

Tencent

Tencent delivered a mixed second-quarter result, with revenue increasing 11% and gross profit rising 13%, supported by strong growth in Domestic Games and Marketing Services.

Higher AI investment weighed on earnings, while capital expenditure increased 176%, pushing free cash flow into negative territory. The key opportunity remains the integration of AI into Weixin and the potential to monetise its 1.4bn monthly active users. At 12.5x forward earnings, close to a 20-year low, the valuation leaves meaningful scope for upside if AI integration translates into stronger monetisation.



CONTACT US

CAPE TOWN

PINELANDS

Old Mutual Wealth, Mutualpark, Jan Smuts Drive, Pinelands, 7405
Tel: 021 524 4678

STELLENBOSCH

97 La Gratitude, Dorp Street, Stellenbosch, 7600
Tel: 021 861 5300

NEWLANDS

22 Kildare Street, Newlands, 7700
Tel: 021 524 4678

GEORGE

1st Floor, Building 5, 27 York Street, George
Tel: 082 823 2731

JOHANNESBURG

2nd Floor, Lacey Oak House, Bally Oaks Office Park, Ballyclare Drive, Bryanston, 2191
Tel: 011 245 3805

PRETORIA

6th Floor 180, Maine, Park Lane West, 197 Amarand Ave, Menlyn, 0181
Tel: 012 369 7236

KWAZULU NATAL

74 Old Main Road, Unit 7, Kloof
Tel: 031 767 7300

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