



Prosperity

November 2025

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Private Clients
by  Old Mutual Wealth

ECONOMIC UPDATE

The Minister of Finance delivered the 2025 Medium Term Budget Policy Statement (MTBPS) in November, setting out government's updated fiscal position and policy priorities for the next three years. The opening chapter, titled "On track: meeting fiscal targets and advancing reform", captures the document's intent well and, for once, reflects what is being achieved.

Government will run a primary surplus for the third consecutive year, meaning tax revenue will exceed non-interest spending. As a result, debt levels should start stabilising as a percentage of nominal GDP. The debt-to-GDP ratio is expected to peak at 77.9% this year before gradually declining.

For years, rising debt and higher borrowing costs pushed interest payments to become the fastest growing Budget item. At one point, 21 cents of every rand collected went to servicing debt. With debt now stabilising, interest costs should also level off, rising by an average of only 3.8% over the medium term. This creates room for more productive spending. Capital expenditure is set to grow by 7.3% per year over the next three years, signalling a shift in the composition of spending towards investment and away from salaries and interest. It is a healthier mix for long-term growth.

S&P Global responded by upgrading SA's local currency credit rating to BB+ and the foreign currency rating to BB. While both remain below investment grade, the positive outlook signals that another upgrade is possible within 12 months if growth picks up and fiscal metrics continue to improve.

A key development in the MTBPS was the formal adoption of a 3% inflation target with a 1% tolerance band. This anchored expectations and effectively cleared the path for a rate cut. A single, clear target is easier to communicate than the previous 3% to 6% range and should help embed lower inflation expectations across the public sector, where wage and administered-price increases have often exceeded inflation.

Against this backdrop, the Reserve Bank's Monetary Policy Committee unanimously cut the repo rate by 25 basis points to 6.75% at its November meeting, and it may not

be the last reduction. The Reserve Bank expects inflation to peak at 3.8% in the second quarter of next year before trending towards 3%, averaging 3.5% in 2026 and 3.1% in 2027. If inflation behaves as expected, interest rates should continue to fall. This will support economic growth and benefit valuations of SA bonds and listed companies.

This progress comes amid a complex and evolving global environment. November saw slightly brighter growth prospects, led by China, alongside resilient financial markets and expectations of easing monetary policy in some regions. In the US, the Federal Reserve faces a complex environment: inflation is above target, though some measures are easing, while the labour market shows modest softening with unemployment ticking up to 4.4%. Market expectations for rate cuts fluctuated during the month, influencing global equities, bonds, and the dollar. Overall, the global environment supports SA's stabilising debt, lower borrowing costs, and the potential for growth-oriented spending to gain traction.

MARKET UPDATE

Global markets were volatile in November as expectations firmed for a 0.25 bps Fed rate cut in December and concerns about AI valuations persisted. Even so, the MSCI World Index ended the month up 0.3%.

US markets were mixed. A late rally lifted the S&P 500 by 0.2% and the Dow by 0.3%, while the Nasdaq broke its seven-month winning streak and fell 1.5%. The FTSE 100 was flat despite encouraging data showing UK inflation easing to 3.6% year-on-year in October.

Chinese equities remained under pressure. The Shanghai Composite fell 1.67% and the Hang Seng slipped 0.2%, despite a slight improvement in the official manufacturing PMI to 49.2 from 49.0. Japan's Nikkei saw a steeper drop, ending the month 4% lower.

The JSE extended its strong run, recording a ninth straight monthly gain. The FTSE JSE All Share rose 1.6%, supported by a sharp rebound in resource counters that drove the Resi-10 up 10.2% month-on-month. The Fini-15 gained 2.1%, while the Indi-25 lagged and fell 5.4%.

The Rand strengthened 1.3% against a softer US dollar. Gold rose 5.9% month-on-month, while Brent crude declined to \$63.20 per barrel.

GLOBAL EQUITIES



Apple

Apple delivered solid full-year 2025 results, with early demand for the iPhone 17 strong despite supply constraints in China. Group revenue rose 6.4% to US\$416.2bn, with fourth quarter revenue reaching a record US\$102.5bn and gross margin at 47.2%. Operating income grew 8% to US\$133.1bn, while diluted EPS rose to US\$7.46. Greater China was the only region to decline, though management expects growth to return in the first quarter of 2026.

The long-term investment case remains compelling. Apple's dominant position in the premium smartphone market, coupled with its design and manufacturing excellence, allows it to command premium pricing. Its proprietary operating system and App Store create a high-margin, recurring revenue stream that supports the transition towards services. Strong margins, recurring revenues, and a cash-rich balance sheet underpin the company's valuation and provide a foundation for continued long-term value creation.

Uber

Uber

Uber reported strong third quarter revenue growth, supported by product innovation and improved affordability of rides. Trip volumes grew at their fastest pace since 2023, with mobility recording its highest growth in the company's history outside of the post-COVID rebound. Quarterly revenue rose 20% to US\$13.47bn, slightly above expectations, while adjusted EBITDA increased 33% to a record US\$2.3bn. EPS came in at US\$3.18, boosted by a one-off US\$4.9bn tax benefit.

Uber's long-term growth potential remains strong. It is the largest global ride-hailing provider, operating in 70 countries and over 15,000 cities, with 75% market share in the US. Scale is supported by strong network effects between drivers and riders, and growth is driven by adding new users, increasing engagement, and cross-selling mobility and delivery services. Only 20% of users currently use both platforms, suggesting significant upside.

The company's capital-light model has enabled strong cash generation, with annual free cash flow over US\$8bn and return on invested capital exceeding 25% by the third year of profitability. Margin expansion is expected to continue, allowing EPS to outpace revenue growth. Looking ahead, autonomous vehicles present both opportunity and risk. Uber's extensive customer network and rich trip data position it well to partner with robotaxi operators, which could accelerate growth while improving utilisation efficiency.

LOCAL EQUITIES



Stor-Age

Property REIT, Stor-Age delivered solid interim results for 2026, with group distributable income per share up 4.5% to 66.4 cents and an interim dividend of 59.7 cents. The SA portfolio drove growth, with same-store rental income up 9.8% and net property operating income rising 10.6%, supported by strong demand and effective revenue management. Management expects occupancy and rental rates to strengthen in the second half of 2026.

The UK portfolio faced headwinds, with same-store rental income up 2.5% but net property operating income down 1.2% due to cost inflation and competitive pressures.

Stor-Age's long-term appeal lies in the defensive nature of self-storage, supported by trends like downsizing and urbanisation. Facilities are low maintenance yet generate strong rental income, while the group's third-party management platform, Management 1st, provides additional fee revenue and operational insights. These factors support attractive returns on capital and long-term shareholder value.

RICHEMONT

Richemont

Global luxury goods company, Richemont reported an impressive second quarter, with sales up 10% and operating profit rising 24% in constant currency. Higher precious metal prices, new US tariffs, and a stronger Swiss franc weighed on gross margins, which declined 190bps, but tight cost control across the portfolio supported operating profit growth.

Management was encouraged by broad-based sales growth, particularly in Mainland China, and by the recovery in Specialist Watches. Headwinds persist, with US tariffs expected to have a greater impact in the second half of 2026. The group maintains a very strong balance sheet, with net cash enabling a 9% increase in the interim dividend to CHF3 per share.

Richemont's long-term investment case remains compelling. It is the world's second-largest luxury goods conglomerate, with prestigious brands such as Cartier, Van Cleef & Arpels, Piaget, Officine Panerai, and Montblanc. Jewellery and watches account for over 75% of sales, much of which is generated through the group's own retail channels, both online and offline. Supported by global wealth growth and enduring demand for luxury, Richemont is well positioned for mid-single-digit sales growth, margin expansion, and continued investment in its brands and distribution channels.



Mr Price

Mr Price delivered a solid half-year performance in a tough retail environment, with revenue up 5.4% to R18.6bn and retail sales ahead of the market at 5.5%. Margin management was a standout, with gross margin expanding 30bps to 40% and operating margin improving to 11.5%, despite heavy sector discounting. The group invested R574m in capex, opened 91 new stores, and remains on track for an annual target of R1.5bn.

The business is well-positioned for continued long-term value creation. Mr Price has evolved beyond a traditional value retailer, combining affordable pricing with a robust omni-channel presence and improved customer experience. A debt-free balance sheet and strong cash generation provide flexibility for organic growth, selective acquisitions, and shareholder returns. Consistent margin resilience, ongoing investment in technology and supply chain, and a diverse brand portfolio (including telecoms) support multiple drivers for sustainable long-term performance.

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 Amaranth Ave, Menlyn, 0181
Tel: 012 369 7236

KWAZULU NATAL

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

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Old Mutual Wealth, Mutualpark, Jan Smuts Drive, Pinelands, 7405 | Tel: +27 (0)21 524 4678 | Email: privateclients@omwealth.co.za

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