

PCAM Perspectives: Monthly market review

October 2025

by PCAM Investment Team

All Share: 2024/09/30 to 2025/09/30



Resources: 2024/09/30 to 2025/09/30



Industrials: 2024/09/30 to 2025/09/30



Financials: 2024/09/30 to 2025/09/30



Local market: Resources continue to charge ahead off the back of a record high gold price

The JSE ALSI had its best month yet, closing September 6.6% higher (9.3% in USD terms), just shy of the 108,000 level. Resources were the predominant contributor, posting an additional 28.1% gain over the month. PGM's (Platinum Group Metals) were the largest contributors to this index with most local PGM's producing monthly returns in excess of 35%. Gold stocks were not far behind which, supported by the rally in the gold price, closed the month at all-time record highs of \$3841/ounce (10.6% month-over-month). Apart from the resources sector, the month was mostly flat, with the JSE industrials index up 1.7% and JSE property and financial indices down 1% and 1.6% respectively. The rand traded considerably firmer over the course of the month, appreciating 2.5% against the dollar and 2.8% against the pound, rounding up the month at R17.25/\$ and R23.23/£.

Local economic data

During the month, CPI and GDP data was released. The economy grew at a faster pace in Q2, with real GDP expanding 0.8% quarter over quarter (q/q) and well ahead of consensus forecasts of 0.5%. The largest positive contributors came from the mining, manufacturing and domestic trade sectors, supported by improvements in local supply chains as well as improved electricity supply. On the CPI front, inflation surprised to the downside with CPI rising 3.3% year-on-year (y/y) in August. This was lower than both July's reading as well as consensus expectations of 3.5%.

Looking at the local property market, the current interest rate-cutting cycle has boosted property demand among first-time buyers. According to FNB's internal home loan application data, first-time buyers accounted for 44.4% of August applications. This is one percentage point higher since the first rate cut in the second half of 2024 and 1.5 percentage points above the post-pandemic average.

However, structural challenges remain. Income pressures and limited supply in entry level segments of the market continue to temper demand. On the supply side, developers and sellers have been cautious, as reflected in FNB's market strength indicators, based on their property valuer database. This hesitancy has led to supply-driven price surges, with inventory levels in certain segments of the market remaining constrained.

AGOA hanging on by a thread

At the end of September, South Africa's automotive industry may have received a potential lifeline from US tariffs. Reportedly at month end, the Trump Administration were in support of a one-year extension of the sub-Saharan Africa trade initiative, originally established in 2000. This trade initiative provides duty-free access to the US market for thousands of products from 32 African countries, including South Africa.

A formal notice has not yet been issued, and it remains unclear whether the extension will be included in the trade plan currently in negotiation with the US. If renewed, AGOA would be a great win for the local economy and automotive industry, as it would allow for an additional 28% of South African exports to enter the US duty-free. At present, 40% of South African goods are exempt from US tariffs, while the remainder face a blanket 30% tariff currently in effect.

Offshore markets: Continued bull run amid AI optimism

The US market extended its bull run in September, with the S&P 500 and the tech heavy Nasdaq up 3.7% and 5.7% respectively. Investors continued to price in the growth prospects of AI (Artificial Intelligence), alongside expectations of further Fed rate cuts this year (now above 90%). This momentum carried through into global equity markets with the Hang Seng rising 7.1%, the Nikkei 5.9%, and the Eurostoxx 50 up 3.4%. Emerging markets outperformed developed markets in September, with the MSCI Emerging Markets Index climbing 7.2% to close just below the 83,000 level, with the China region being the biggest contributor. In comparison, the MSCI World Index rose by a more modest 3.2%.

From cloud partnerships to end consumers: AI partnerships and monetisation continue to fuel the markets' trillion-dollar ambitions

AI adoption in the US continued to rise in Q3, reaching 9.7% compared with 9.2% in the previous quarter, according to the US Census Bureau's survey, which tracks adoption trends across more than one million firms across the US. The steady uptick reflects growing integration of AI technologies across industries, and this momentum is expected to accelerate monetisation as providers make further progress in converting usage into revenue. Large cloud platforms reported average y/y growth above 25%, driving sustained hyperscale capital investments and new strategic partnerships.

A major highlight came in September when Nvidia proposed a \$100 billion investment in OpenAI. Analysts estimate the partnership could generate roughly \$400 billion in revenue for Nvidia over several years depending on OpenAI's ramp-up plan. Wall Street viewed the move positively, as it provided multi-year visibility into the substantial growth runway Nvidia outlined in its latest earnings call. The company projects its total addressable market to expand to \$3–\$4 trillion by 2030, with the ambition to have a 30%-35% market share.

Another significant development was OpenAI's signed agreement with Oracle. In this deal, OpenAI committed to purchasing \$300 billion worth of Oracle computing capacity over the next five years, commencing in 2027. This is one of the largest cloud contracts ever signed. The market reacted sharply, sending Oracle's stock up 40% overnight to record highs. The announcement highlighted the unprecedented scale of AI data-centre spending in the generative AI era we find ourselves in, despite concerns of an AI bubble persisting. OpenAI continued to make further headlines as the company reached a \$500 billion valuation after employees sold \$6.6 billion in shares to investors including SoftBank, Thrive Capital and Abu Dhabi's MGX, rounding up a busy news flow month for the company.

Beyond large language model (LLM) developers, such as OpenAI, Alphabet, Microsoft and Meta, increasing attention has been placed on companies monetising AI directly with end users. Alibaba is a prime example through its Amap app, which uses AI algorithms to rank destinations for users. On the first day of China's eight-day Golden Week holiday, the app recorded 360 million active users. Having evolved beyond its traditional navigation role, Amap now competes directly with Meituan in local lifestyle services, ranking restaurants, hotels and tourist destinations. Alibaba's stock closed the month up 32.4% as the company continues to invest heavily in AI infrastructure while also increasing their monetisation efforts of these large capital investments, tapping into competitors market share.

Global economics

The Fed cut interest rates by 25 basis points (bps) in September, lowering the target range to 4.00-4.25%, in line with consensus expectations. The decision came amid signs of a cooling labour market, despite inflation remaining above the Fed's 2% target. Most FOMC members signalled two additional 25bp cuts before year-end, maintaining the US growth outlook and edging valuations higher.

In Asia, the Bank of Japan (BoJ) left rates unchanged, though two board members voted in favour of a 25bp hike. This dissent suggests that a rate increase may come sooner than markets initially expected. The market is now pricing in a 60% chance of a rate hike in their next meeting at the end of October, given the most recent hawkish stance.

US government shutdown

Toward the end of September, markets turned their focus to the risk of a US government shutdown after Congress failed to approve a fiscal funding bill. Although Republicans control both chambers, they fell short of the 60 Senate votes needed, securing only 53 in favour of their proposal. The government shutdown created uncertainty across global financial markets, particularly due to the delay in key economic data scheduled for release in early October.

The Fed has shifted its focus toward signs of a cooling US labour market, a key factor influencing the likelihood of further rate cuts this year. With nonfarm payrolls being scheduled for release on the 3rd of October, Wall Street were eagerly awaiting the data to gauge the Fed's next move heading into year-end. However, the US government shutdown added uncertainty as the Department of Labour's temporary closure would delay the release of these important economic data points. This disruption posed a challenge for financial markets, which rely on timely information and data to guide investment decisions.

Fun fact for the month of October

The 18th of September saw the S&P 500, the Nasdaq 100, the Dow Jones Industrial Average and the Russell 2000 all close at record highs, a rare feat that has occurred on just 25 other days this century.

Market indicators

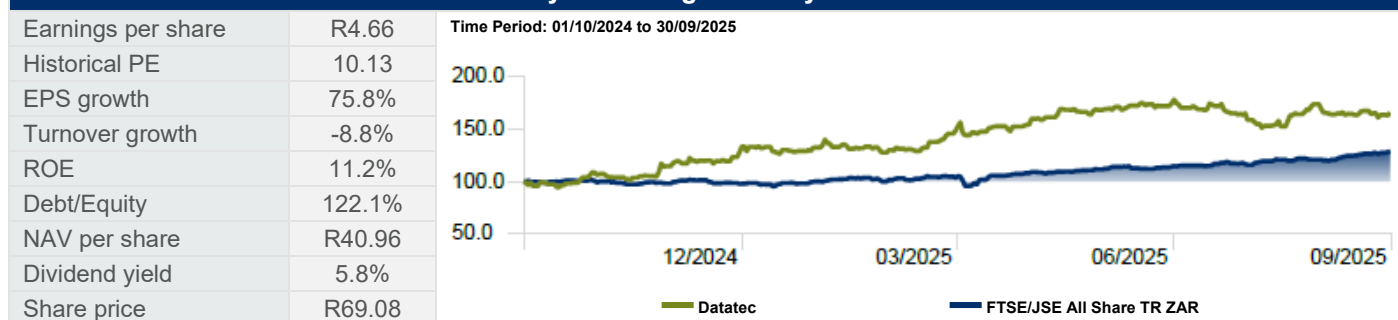
Index	Value	Sept (%)	YTD (%)
All Share	107,940	▲ 6.61%	▲ 34.7%
S&P 500	6,688	▲ 3.7%	▲ 14.8%
FTSE 100	9,350	▲ 1.8%	▲ 17.7%
Rand/USD	17.25	▼ 2.5%	▼ 8.6%
Rand/GBP	23.23	▼ 2.8%	▼ 1.7%
Gold (\$)	3,841	▲ 10.6%	▲ 46.1%
Platinum (\$)	1,585	▲ 16%	▲ 77.2%
Brent Crude (\$)	67.02	▼ 1.6%	▼ 10.2%

CCM rates

Fund	Balance	Rate
CALL ACCOUNT	0.00 – 9 999.99	6.65%
	10 000 – 24 999.99	6.65%
	25 000 – 49 999.99	6.65%
	50 000 – 99 999.99	6.65%
	100 000 – 249 999.99	6.65%
CALL MONEY FUND: <i>Individuals</i>	250 000 – 999 999.99	6.86%
	1 000 000 – 9 999 999.99	6.86%
	10 000 000 upwards	6.86%

Company results

Datatec – Annual financial results for the year ending February 2025



Nature of business

Datatec Ltd. engages in the development and provision of information and communication technology solutions and services. It operates through the following divisions: Westcon International, Logicalis International and Logicalis Latin America, and Corporate and Management Consulting. The Westcon International division offers security, collaboration, networking and data centre services. The Logicalis International and Logicalis Latin America division provide digital services. The Corporate and Management Consulting division includes strategic and technical consulting. The company was founded by Jens Peter Montanana in 1986 and is headquartered in Johannesburg, South Africa.

Latest results

Datatec is well-positioned to capture value across multiple stages of the information and communication technology (ICT) value chain, supported by its vertically integrated operating structure. This integration enables the company to embed itself deeply within customer networks, fostering stable, annuity-like revenue streams.

On the 7th of October the company issued a trading statement ahead of its H1:2026 interim results due at the end of October. The trading statement was issued in accordance with JSE listing requirements, which stipulate that companies must publish a trading statement once they are reasonably certain that their upcoming financial results will differ by at least 20% from those of the previous corresponding period. The trading statement Datatec issued guided for earnings per share (EPS) growth of between 86% and 104% compared with the same period in the previous year (H1:2025).

The trading statement showed that all divisions have delivered strong financial performance in H1:2026 with improved results compared to H1:2025. Westcon maintained its expanding margins and continuing profit growth trajectory. Logicalis International's improved operational leverage drove much higher profitability and Logicalis Latin America performance significantly improved relative to their H1:2025 results.

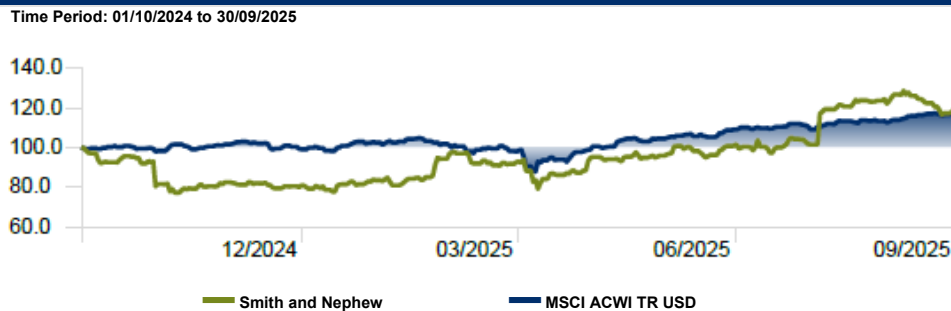
With operational momentum across all segments, solid bottom-line growth, and a strengthening balance sheet, we anticipate a strong set of results from Datatec in their H1 2026 results release at the end of October.

Dividend

In FY2025 the company changed its dividend policy to maintain a two-times cover relative to underlying earnings when declaring ordinary dividends (previously three-times cover). This resulted in an increase in the FY2025 dividend to R2.75 per share from R1.30 the prior year.

Smith and Nephew plc – Semi-annual financial results for the period ending 30 June 2025

Earnings per share	\$1.12
Historical PE	26.7
EPS growth	60%
Turnover growth	8.3%
ROE	9.3%
Debt/Equity	62.4%
NAV per share	\$6.34
Dividend yield	2.6%
Share price	£13.52



Nature of business

Smith & Nephew plc engages in the development, manufacturing, marketing and sale of medical devices. It operates through the following segments: Orthopaedics, Sports Medicine and ENT, and Advanced Wound Management. The Orthopaedics and Sports Medicine and ENT segments consist of the following businesses: knee implants, hip implants, other reconstruction, trauma, sports medicine joint repair, arthroscopic enabling technologies and ENT. The Advanced Wound Management segment includes advanced wound care, advanced wound bioactives and advanced wound device businesses. The company was founded in 1856 and is headquartered in Watford, United Kingdom.

Latest results

Smith and Nephew's most recent results showed modest topline growth of 4.7% for the first half of 2025. From an operational perspective, trading profits grew well ahead of revenue numbers, coming in at 11.2%, driven by a significant decrease in operating expenses. The company's trading cash flow improved significantly to \$487 million (1H 2024: \$284 million), leading to an improved trading cash conversion rate of 93% from 60% in 1H 2024, driven by favourable working capital movements.

Looking ahead, management has reaffirmed their guidance of approximately 5% revenue growth, with profit margins expected to expand further to between 19%-20% from 17.7% in 1H 2025. Growth is expected to come from new product launches across all three business units, which has started to contribute to current performance. These products include knee implants, robotics, trauma, sports medicine and advanced wound care. According to management, new products launched in the last five years have accounted for three quarters of Smith & Nephew's growth in the first half of the year. With the execution of Smith & Nephew's 12-point plan well underway, leading to better financial and operational performance, the company has also implemented a \$500 billion share buy-back programme that will come into effect in the second half of the 2025 financial year.

Dividend

Smith and Nephew's first half results showed improved cash generation as well as a much stronger balance sheet. As a result, they have increased their interim dividend by 4.2% to 15c per share, which will be paid to shareholders on the 7th of November 2025.

Snippets

CREATING A LASTING LEGACY

[The Citywire Top 50 Adviser report](#) has been released, and we are incredibly proud that all 6 of the PCH wealth managers who entered received rightful recognition in this year's list – 6/6!

Ruan Jooste, the editor of Citywire South Africa, noted, "What stood out most this year was not simply the quality of individual submissions, but the collective story they tell: of an advice profession that is maturing, broadening and raising its own standards. That is something worth celebrating – and a powerful signal of where the industry is heading." A great acknowledgement to the incredible time and dedication our wealth managers give to our clients.

This year, a record 226 people entered, and "the calibre was exceptional". Submissions were judged across six areas: financial planning process, practice management, investment process, charity and community involvement, transformation and mentorship, and innovation.

Dividends payable

Dividends in LDT order					
Company	Decl	LDT	Pay	Amt	Curr
Capricorn Group Ltd. (CAP GROUP)	18-Sep	03-Oct	24-Oct	74	NADc
Capricorn Group Ltd. (CAP GROUP)	18-Sep	03-Oct	24-Oct	36	NADc
Namibia Breweries Ltd. (NBL)	19-Sep	03-Oct	13-Nov	96.29	NADc
Exchange Traded Funds (ASIAMETF)	02-Oct	07-Oct	13-Oct	13.06	ZARc
Attacq Ltd. (ATTACQ)	16-Sep	07-Oct	13-Oct	43	ZARc
FirstRand Ltd. (FIRSTRAND)	11-Sep	07-Oct	13-Oct	247	ZARc
Harmony Gold Mining Company Ltd. (HARMONY)	28-Aug	07-Oct	13-Oct	155	ZARc
Hyprop Investments Ltd. (HYPROP)	16-Sep	07-Oct	13-Oct	194.27	ZARc
Mustek Ltd. (MUSTEK)	19-Sep	07-Oct	13-Oct	13.75	ZARc
Momentum Group Ltd. (MOMENTUM)	17-Sep	07-Oct	13-Oct	90	ZARc
Primary Health Properties plc (PHP)	22-Sep	07-Oct	21-Nov	1.78	GBPp
Safari Investments RSA Ltd. (SAFARI)	19-Sep	07-Oct	13-Oct	40	ZARc
Exchange Traded Funds (TBGTAMETF)	02-Oct	07-Oct	13-Oct	56.4	ZARc
Exchange Traded Funds (TBGIAMETF)	02-Oct	07-Oct	13-Oct	223	ZARc
AVI Ltd. (A-V-I)	08-Sep	14-Oct	20-Oct	406	ZARc
Discovery Ltd. (DISCOVERY)	11-Sep	14-Oct	20-Oct	201	ZARc
Fortress Real Estate Investments Ltd. (FORTRESSB)	04-Sep	14-Oct	21-Oct	86.29	ZARc
Growthpoint Properties Ltd. (GROWPNT)	10-Sep	14-Oct	20-Oct	63.3	ZARc
Heriot REIT Ltd. (HERIOT)	26-Sep	14-Oct	20-Oct	65.07	ZARc
OUTsurance Group Ltd. (OUTSURE)	15-Sep	14-Oct	20-Oct	149	ZARc
OUTsurance Group Ltd. (OUTSURE)	15-Sep	14-Oct	20-Oct	33.1	ZARc
Primeserv Group Ltd. (PRIMESERV)	31-Jul	14-Oct	20-Oct	12.5	ZARc
RCL Foods Ltd. (RCL)	01-Sep	14-Oct	20-Oct	40	ZARc
SA Corporate Real Estate Ltd. (SA CORP)	18-Sep	14-Oct	20-Oct	13.01	ZARc
Bowler Metcalf Ltd. (BOWCALF)	09-Sep	21-Oct	27-Oct	44	ZARc
Choppies Enterprises Ltd. (CHOPPIES)	22-Sep	21-Oct	05-Nov	0.6	BWPc
Capitec Bank Holdings Ltd. (CAPITEC)	01-Oct	21-Oct	27-Oct	2620	ZARc
Remgro Ltd. (REMGRO)	23-Sep	21-Oct	27-Oct	248	ZARc
Remgro Ltd. (REMGRO)	23-Sep	21-Oct	27-Oct	200	ZARc
Supermarket Income REIT plc (SUPR)	02-Oct	21-Oct	21-Nov	1.55	GBPp
TeleMasters Holdings Ltd. (TELEMASTR)	02-Oct	21-Oct	27-Oct	0.2	ZARc
Supermarket Income REIT plc (SUPR)	02-Oct	21-Oct	21-Nov	1.55	GBPp
TeleMasters Holdings Ltd. (TELEMASTR)	02-Oct	21-Oct	27-Oct	0.2	ZARc
Wilson Bayly Holmes - Ovcon Ltd. (WBHO)	09-Sep	21-Oct	27-Oct	320	ZARc
Nictus Holdings Ltd. (NICTUS H)	29-Sep	24-Oct	03-Nov	25	NADc
Texton Property Fund Ltd. (TEX)	26-Sep	24-Oct	30-Oct	63.74	ZARc
Letshego Holdings (Namibia) Ltd. (LHN)	06-Aug	31-Oct	21-Nov	47.02	NADc
Supermarket Income REIT plc (SUPR)	02-Oct	21-Oct	21-Nov	1.55	GBPp



CONTACT US

www.pcam.co.za
investing@privateclient.co.za
Tel +27 21 671 1220

PCH is an Authorised Financial Services Provider (Licence #613)
[Read Disclaimer]

FSPs & LICENCES

PCH is an Authorised Financial Services Provider.
The licences we hold:

Private Client Holdings - FSP 613
Private Client Asset Management - FSP 399 78
Private Client Wealth Management - FSP 399 79
Private Client Financial - Reg No: 1990/004177/07