

PCAM Perspectives: Monthly market review

November 2025

by PCAM Investment Team

All Share: 2024/10/31 to 2025/10/31



Resources: 2024/10/31 to 2025/10/31



Industrials: 2024/10/31 to 2025/10/31



Financials: 2024/10/31 to 2025/10/31



Local market: Financials step up as resources cooled off in October

The JSE ALSI added 1.6% to its year-to-date (YTD) gains in October. A shift in sector performance emerged in October, with the financial sector taking the lead as the JSE financial index closed the month 8.4% higher. In contrast, the resources sector had a softer month, pulling back 5.4% after a strong YTD run.

The rand strengthened slightly against the US dollar and weakened marginally against the pound, trading at R17.33/\$ and R22.77/£ by month end. Local 10-year bond yields fell by 27 basis points in October (YTD: down 1.19%), helped by the positive outcome of South Africa being removed from the Financial Authority Task Force (FATF) grey list. As a result of bond yields trending lower, the inverse relationship between yields and prices has driven a strong rebound in bond valuations. South African bonds have consequently risen 17.2% YTD. Lower yields have historically also supported equity markets performance, and we expect to see this begin to filter into domestically focused South African assets over time.

Local economic data

In October, South Africa's Purchasing Managers' Index (PMI) fell to 48.8 from 50.2 in September, slipping back into contraction territory. New orders declined at the sharpest rate since March, with companies citing weaker consumer spending amid uncertain domestic conditions. Export sales also fell sharply, marking the fastest drop in a year.

On a positive note, South Africa was removed from the FATF grey list during the month, signalling improved regulatory compliance. The country was initially grey listed in February 2023 because of the lack of compliance with international standards relating to the prevention of money laundering, terrorist financing and proliferation financing.

Despite this positive progress from a governmental compliance perspective, economic concerns remain over the trajectory of growth in the local economy. Moody's emphasised that boosting economic growth is critical for South Africa to regain investment-grade status. The agency highlighted weak infrastructure investment and a decline in foreign direct investment as major hurdles. These factors remain important for the local bond and equity markets, as they indirectly influence government yields (the risk-free rate) through market pricing of sovereign risk.

Resource spotlight: a note on gold

What a year it has been for both the Capped SWIX and the ALSI, one that many did not anticipate. The standout theme has undoubtedly been the resource sector, which has acted as a tugboat for local indices. Gold continued its strong performance in October, adding a further 3.7% to its YTD returns (+51.5%), while also surpassing its inflation-adjusted peak set 45 years ago.

Gold has long been regarded as a store of value. Throughout history, its significance has been expressed through wealth, power and symbolism - and, interestingly, very little has changed. Our perception of gold's value throughout humanity remains remarkably consistent through time.

According to the World Gold Council, roughly 216,265 tonnes of gold have been mined in total throughout history, with approximately two-thirds of that extracted after 1950. This year has been another year in which gold has had a strong run. Key drivers of gold's rally this year have included heightened geopolitical risk, concerns regarding the expansion of the US fiscal deficit, and renewed demand for a true safe-haven asset. Questions over the "risk-free" status of US Treasuries as well as the US dollar remaining the global reserve currency have also driven the gold rally. In addition, strong central bank buying and increased gold backed ETF inflows have contributed significantly to gold's performance.

However, the question remains: does gold still have further upside?

A recent World Gold Council survey (June 2025) reported that central banks expect gold to make up a larger share of their reserves over the next five years. 76% of respondents believe their gold allocation will increase (up from 69% last year), with this view held across both developed and emerging markets. At the same time, 73% of respondents expect the dollar's share of global reserves to decline over the same period.

With the potential for continued gold-backed ETF buying, as a result of the sustained run in gold, ETF providers require additional metal to match the growth of their fund flows, creating a feedback loop that could push prices higher. Combined with the prospect of further Fed cuts, upside inflation surprises and ongoing central bank accumulation of gold, the backdrop for gold remains supportive. This also ties directly into local gold mining stocks, such as AngloGold Ashanti, Gold Fields and Harmony. These companies are heavily leveraged to the gold price, so when gold rallies sharply, their ability to mine more and leverage themselves to the rising gold price amplifies their profitability. This operational leverage has contributed to gold mining shares outperforming the gold spot price YTD. However, as with any crowded trade, these self-fulfilling dynamics can work in both directions, making portfolio diversification essential when strong break-out runs occur in commodities.

Offshore markets: Global markets remained broadly firm over October

The US earnings season was in full swing towards the back end of the month, which helped keep the AI theme intact. The tech-heavy Nasdaq closed October up 4.7%, while the S&P 500 also finished in positive territory, gaining 2.4%. Overall sentiment was broadly positive, with major global indices posting positive returns over the month (Eurostoxx 50: +2.5%, FTSE 100: +4.1%). A notable standout was the Nikkei, which climbed 16.7% following the election of Japan's first female president, who has been described as pro-fiscal stimulus and supportive of economic growth. Nonetheless, most eyes turned to the earnings release of US-based large cap tech stocks who reported robust earnings at the end of October.

Earnings beats among US hyperscalers

Following the latest earnings releases, global mega-cap tech stocks delivered another strong quarter, with Microsoft, Amazon, Meta and Alphabet all beating earnings consensus estimates. This highlighted the continued resilience and robust performance of the hyperscale players.

Interestingly, despite posting strong quarter three (Q3) results, Meta's shares fell approximately 10% on the day. This was driven by higher-than-expected planned capital expenditure (capex) and management's softer earnings guidance

for the next quarter with expectations of some operating expenditure headwinds as well as a one-time tax charge of \$15.9 billion.

Capex spending across the sector continues to rise, raising questions whether the projected AI runway can generate returns sufficient to justify these large investments. According to a recent UBS research report, AI-related spending, while accelerating, is still modest relative to global GDP. Current investment levels remain well below those seen during past major infrastructure buildout cycles over the last 150 years, such as railroads, automotive networks, computers and telecommunications, where spending ranged between 1.5% and 4.5% of global GDP.

Despite this, some market participants remain cautious about the pace and scale of AI infrastructure investment, with concerns that such spending may be outpacing the visibility of future returns.

Figure 1 below illustrates the capital intensity (capex as a percentage of revenue) of Alphabet, Meta, Microsoft and Amazon as well as FactSet’s consensus estimates from 2025 through to 2028 at the time of writing.

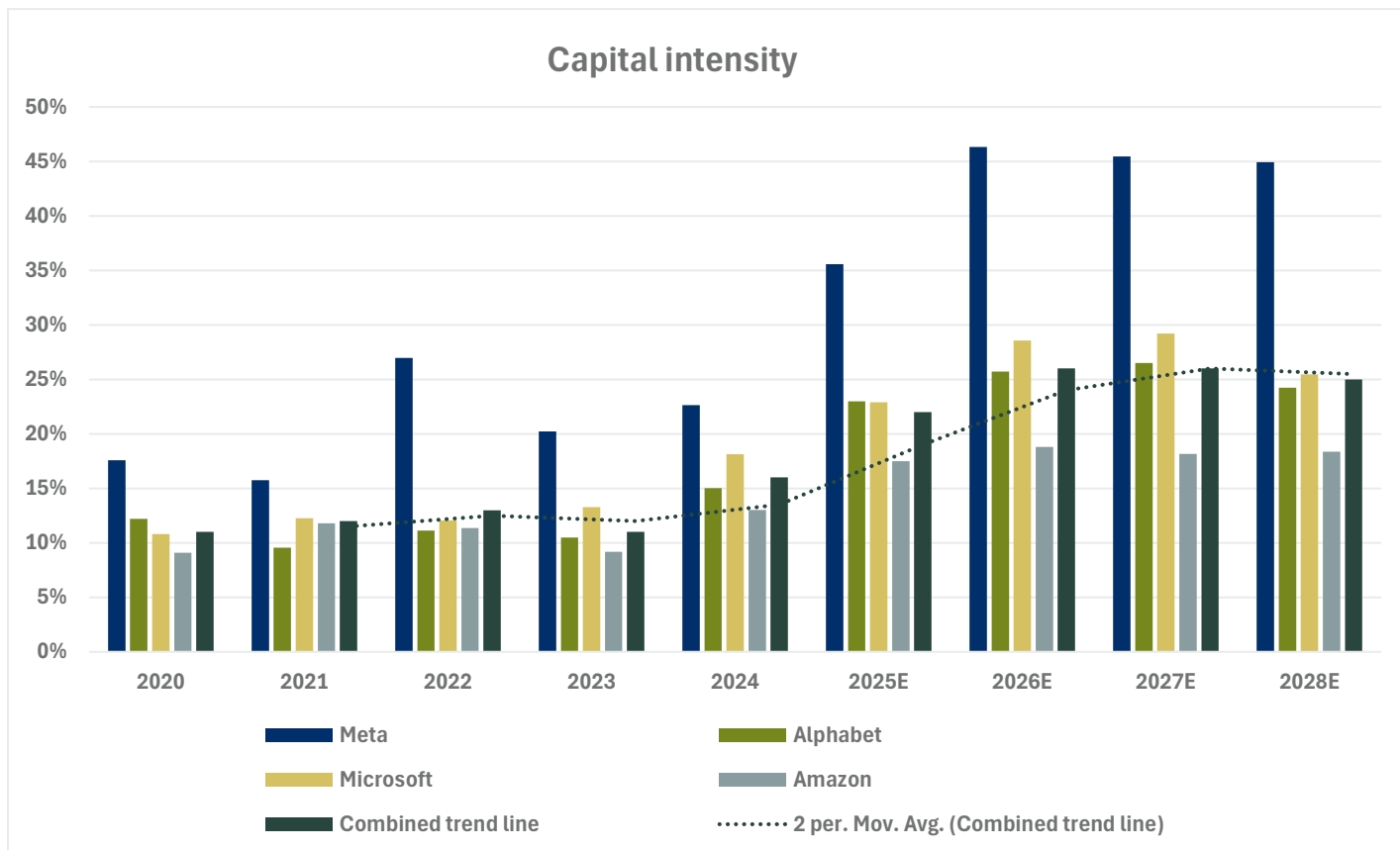


Figure 1: Hyperscalers capital intensity

Source: PCAM, FactSet

Figure 1 highlights the sharp increase in capex among the major hyperscale tech firms. Over the past two years, capex has accelerated significantly to meet rapidly rising consumer demand, as reflected in the steep ramp-up in capital intensity between 2023 and 2025 shown by the combined two-period moving average dotted line. This combined two-period moving average is calculated as the average change in capital intensity of the four firms over a two-year period. Looking ahead, approaching 2028, analysts currently expect the rate of change in capital intensity, to peak in 2027 and level off in 2028 as shown by the two-period moving average line.

While the level of capital intensity is substantial, these companies continue to effectively monetise AI through advertising, cloud computing, data storage, and by integrating AI enhancements across their core product suites. Importantly, these elevated capex levels have been well supported by the strong cash generation of these firms, with their combined cash flow generated from operations growing significantly year over year.

Global economics

During October, the International Monetary Fund (IMF) revised its global GDP growth forecast for 2025 upwards to 3.2%, from the previous estimate of 3.0%. The upgrade reflects resilience across major economies, many of which have so far avoided the worst of the previously threatened tariff escalations under the Trump administration. The improved outlook has also been supported by an agile private sector that has front-loaded imports and adapted supply chains, a softer US dollar, fiscal support measures in Europe and China, and the continued momentum of the AI investment cycle.

In October, the US and China reached a notable trade framework. Under this framework, China committed to halt the flow of precursor chemicals (used to produce fentanyl) entering the US, pause export controls on rare earths and other critical minerals, and agreed to increase access to US soybeans and broader agricultural imports. In exchange, the US outlined to reduce tariffs on Chinese goods, with the goal of curbing fentanyl production and improving trade stability with China.

Fun fact for the month of October

In Q3 2025, Berkshire Hathaway - led by Warren Buffett, the “Oracle of Omaha” - revealed a \$4.3 billion investment in Alphabet. Berkshire’s investment decisions always draw significant attention, and this move is likely to attract even more interest given Buffett’s traditional focus on industrial and hardware businesses. It also comes at a notable time, as Buffett is set to step down as group CEO at the end of the year which marks a new era for the global conglomerate.

Market indicators

Index	Value		Oct (%)		YTD (%)
All Share	109,244	▲	1.6%	▲	33.9%
S&P 500	6,840	▲	2.3%	▲	17.5%
FTSE 100	9,717	▲	4.1%	▲	22.6%
Rand/USD	17.333	▲	0.5%	▼	-8.1%
Rand/GBP	22.772	▼	-2.0%	▼	-3.6%
Gold (\$)	3,982	▲	3.7%	▲	51.5%
Platinum (\$)	1569.8	▼	-0.9%	▲	75.6%
Brent Crude (\$)	65.07	▼	-2.9%	▼	-12.8%

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	6.7%
	1 000 000 – 9 999 999.99	6.7%
	10 000 000 upwards	6.7%

Company results

iOCO – Annual financial results for the year ending 31 July 2025

Earnings per share	R0.40	<p>Time Period: 01/11/2024 to 31/10/2025</p>
Historical PE	10.5	
EPS growth	290.5%	
Turnover growth	-7.5%	
ROE	42.4%	
Debt/Equity	99.2%	
NAV per share	R1.18	
Dividend yield	-	
Share price	R4.11	

Nature of business

iOCO Ltd. engages in the provision of information and communication technology solutions. It operates through the following segments: iOCO International, NEXTEC Legacy and EasyHQ. The company was founded in 1998 and is headquartered in Sandton, South Africa.

Latest results

iOCO ended FY2025 with a 290% y/y increase in HEPS, moving from a loss to a profit of 40 cents per share. Financial reporting and earnings quality have improved, with no restatements from the prior year and a significantly stronger cash flow conversion rate. This has enabled the company to reduce its debt without asset disposals. The interest coverage ratio improved from 3.4 times to 6.7 times, reflecting both lower interest expenses (due to a lower interest rate environment) and successful debt reduction.

Looking ahead, management aims to position iOCO as a leading South African technology provider once again. Their strategy focuses on re-establishing key client relationships, pursuing targeted acquisitions to expand service capabilities, and driving long-term double-digit free cash flow per share growth. They are also aiming for a revenue mix

in which 60% comes from recurring sources. With management's interests aligned to shareholders through meaningful ownership stakes, and with the company delivering a more consistent and transparent set of financial results, we remain confident in IOCO's long-term growth prospects.

Dividend

IOCO does not pay a dividend. Within their capital allocation framework, the company has prioritised share buybacks and balance sheet optimisation ahead of dividend payouts. In FY25, IOCO bought back 610 000 shares, which we anticipate continuing into 2026 given that this has been highlighted as a priority.



Nature of business

Alphabet, Inc. is a holding company, which engages in software, health care, transportation and other technologies. It operates through the following segments: Google Services, Google Cloud and Other Bets. The Google Services segment includes products and services, such as ads, Android, Chrome, devices, Google Maps, Google Play, Search and YouTube. The Google Cloud segment refers to infrastructure and platform services, collaboration tools and other services for enterprise customers. The Other Bets segment relates to the sale of healthcare-related services and internet services. The company was founded by Lawrence E. Page and Sergey Mikhaylovich Brin on October 2, 2015 and is headquartered in Mountain View, CA. It was created through a restructuring of Google and became the parent holding company of Google and several former Google subsidiaries.

Latest results

Alphabet delivered a strong set of 3Q25 results. Diluted EPS rose 35% y/y to \$2.87 per share, well above Bloomberg's expectation of \$2.27. Revenue grew 16% y/y, supported by a 14.5% increase in the Search and Other segment and 15% growth in YouTube advertising, despite a 2.6% decline in the Google Network segment. The Google Cloud segment remained a standout performer, with revenue up 33.5% amid accelerating AI adoption. Other revenues rose 20.8%, contributing to an overall growth of approximately 13.8% in Google Services revenue.

The company raised its full-year capex guidance from the \$75 billion-\$85 billion range to \$91 billion-\$93 billion range and remains largely able to fund these investments through operating cash flows. Cash flow from operations rose 58% over the quarter to \$48.4 billion, and cash and cash equivalents increased to \$23 billion from \$20 billion in the previous quarter.

CEO, Sundar Pichai, expressed optimism in the results release, noting that Alphabet's full-stack approach to AI continues to drive strong momentum. Alphabet's first-party models, including Gemini, now process around seven billion tokens per minute and the Gemini app has surpassed 650 million monthly active users. Pichai also highlighted a cloud services backlog of \$155 billion, which provides clear visibility into sustained demand. As a result, Alphabet continues to invest to meet customer needs and to position itself to capitalise on the expanding opportunities across the business.

Dividend

Alphabet has paid a dividend of \$0.63 per share YTD. The company continues to convert operating profits into strong free cash flow. However, as one of the world's leading technology firms, Alphabet reinvests a substantial portion of this free cash flow to support its growth trajectory and maintain its competitiveness among the large cap global tech names.

PCH Wealth Manager NICOLA LANGRIDGE CFP® WINNER OF FINANCIAL PLANNER OF THE YEAR 2025

This incredible achievement reflects Nicola's exceptional skill, hard work and unwavering dedication to her clients. It reinforces that the processes and structures at Private Client Holdings are of the highest possible standard. We are so proud that Nicola is setting a benchmark of excellence and inspiring us all.

29 December 2025 is D-day for Single Discretionary Allowances

As the holiday season approaches, now is the time to use your Single Discretionary Allowance (SDA). Every South African resident over the age of 18 can transfer up to R1 million per calendar year offshore with no SARS tax clearance required. This money can be used for:

- International travel expenses
- Online shopping from foreign retailers
- Foreign currency transfers
- Overseas investments

Any foreign currency transactions made through your bank cards or investment accounts contribute towards your annual SDA. However, these transactions must be made before the end of this year.

Key dates:

- All trades for Balance of Payment (BOP) codes 511, 512 and 513 must be booked by 24 December 2025 to be included in the 2025 SARB year-end.
- The last trading date (value date) is Monday 29 December 2025.
- SDA trades intended for the 2026 SARB calendar year should be booked for 2 January 2026 or later.

Please take time to review your offshore activity today and make sure you are getting the full benefit of your SDA allowance. If you have any questions or need assistance, please contact your PCH Wealth Manager or email our PCH Forex Team on forex@privateclient.co.za.

Dividends payable

Dividends in LDT order					
Company	Decl	LDT	Pay	Amt	Curr
Bytes Technology Group plc (BYTES)	14-Oct	04-Nov	21-Nov	3.2	GBPp
Vunani Capital Partners Ltd. (EXVCP)	24-Oct	04-Nov	10-Nov	6	ZARc
PSG Financial Services Ltd. (PSG FIN)	16-Oct	04-Nov	10-Nov	20	ZARc
Spear REIT Ltd. (SPEARREIT)	20-Oct	04-Nov	10-Nov	41.59	ZARc
Ukhamba Holdings (Pty) Ltd. (RF) (EXUKB)	08-Oct	07-Nov	14-Nov	106.58	ZARc
Exchange Traded Funds (FNBS&P500)	06-Nov	11-Nov	17-Nov	20.87	ZARc
Exchange Traded Funds (FNBGEQFOF)	06-Nov	11-Nov	17-Nov	33.89	ZARc
Exchange Traded Funds (FNBGLOBND)	06-Nov	11-Nov	17-Nov	3.68	ZARc
MTN Zakhele Futhi (RF) Ltd. (MTNZFUTHI)	27-Oct	11-Nov	17-Nov	420	ZARc
Netcare Ltd. (NTC PREF)	27-Oct	11-Nov	17-Nov	444.54	ZARc
Exchange Traded Funds (PIPAMETF)	06-Nov	11-Nov	17-Nov	6.16	ZARc
Exchange Traded Funds (TBGTAMETF)	06-Nov	11-Nov	17-Nov	55.5	ZARc
Exchange Traded Funds (SATRIXCAP)	06-Nov	12-Nov	18-Nov	55.04	ZARc
Anheuser-Busch InBev SA/NV (AB INBEV)	30-Oct	14-Nov	20-Nov	15	EURc
Altron Ltd. (ALTRON)	03-Nov	18-Nov	24-Nov	48	ZARc
Afrimat Ltd. (AFRIMAT)	23-Oct	18-Nov	24-Nov	20	ZARc
Alphamin Resources Corp. (ALPHAMIN)	04-Nov	18-Nov	08-Dec	4	CADc
Collins Property Group Ltd. (COLLINS)	31-Oct	18-Nov	24-Nov	52	ZARc
Dis-Chem Pharmacies Ltd. (DIS-CHEM)	30-Oct	18-Nov	24-Nov	29.42	ZARc
Finbond Group Ltd. (FINBOND)	30-Oct	18-Nov	24-Nov	5.5	ZARc
Greencoat Renewables plc (GRP)	30-Oct	18-Nov	12-Dec	1.7	EURc
Redefine Properties Ltd. (REDEFINE)	03-Nov	18-Nov	24-Nov	25.42	ZARc
Pan African Resources plc (PAN-AF)	10-Sep	25-Nov	09-Dec	1.52	GBPp



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