

## Market Update

- The JSE ALSI ended the month up 2.2% for its 5<sup>th</sup> consecutive positive month. Property and commodity-linked shares lead the performance.
- The S&P 500 ended the month 2.2% higher. This was a result of strong earnings from AI related companies and optimism of easing trade tensions.
- The MSCI World Index advanced 1.3% and the MSCI Emerging Markets index advanced 2.03% in July as investors responded positively to tariff talks and as the IMF revised its global growth forecast upward with strong projections for the US, Europe and China.
- The UK market grew by 4.2% as there were positive trade talks with the European Union and USA, and despite having higher than expected inflation.

## Economic Update

- The SARB lowered rates by 0.25%, bringing the Prime rate to 10.50%.
- Inflation in SA was higher than previous months, but still in the lower part of the Reserve Bank's 3-6% range
- The 30% tariff on SA from the USA is due to take effect from 7 August and affects the agriculture, automotive, textiles and steel industry.
- US inflation rose, and the Federal Reserve chose not to lower interest rates.
- US 2<sup>nd</sup> quarter GDP grew at rate of 3%, however this was distorted by big swings in international trade as companies braced of the tariffs by importing early and stockpiling.

## Looking Ahead

- The effect of the tariffs on the SA economy in August and beyond take centre stage.
- The Jackson Hole Symposium takes place this month, where the Chairman of the Federal Reserve will deliver a speech. He is under big pressure from President Trump to lower rates.

## **Lessons for Long Term Wealth – Investor Biases, what they are and how they cost you**

Investor biases are mental shortcuts or emotional reactions which affect our financial decisions, without us realising they are occurring.

### Common Biases to Watch out for:

#### 1) Recency Bias

We give too much weight to recent events rather than historical trends, leading people to believe that what just happened will continue. This often results in chasing short-term performance or panicking during market downturns.

#### 2) Loss Aversion

Losses feel more painful than gains feel good. This can cause people to hold onto poor investments for too long or avoid opportunities that involve perceived risk.

#### 3) Herding

Herding occurs when people follow the actions of the crowd rather than make an independent decision. It can lead to buying into market hype because others are doing it or selling in a panic as others are selling.

## **Ridgetop Trivia**

Ridgetop was founded in 2006 by Ant and Mike, but it was originally called African Heritage. As the company grew, they rebranded to Ridgetop Investment Managers in October 2012.

The more you understand your own behaviour, the better your investment decisions will be!

Until next time,

The Ridgetop Team

*“The investor’s chief problem — and even his worst enemy — is likely to be himself.”  
— Benjamin Graham*

## Glossary

- JSE ALSI: (Johannesburg Stock Exchange All Share Index): The primary stock exchange of South Africa, measuring the performance of all listed companies in South Africa.
- MSCI World: A global equity index which tracks shares from developed markets
- MSCI Emerging Markets: Global Equity Index that tracks the performance of shares in Emerging Markets
- S&P 500: The primary stock exchange of the USA. Measuring the performance of the largest 500 companies in the USA. Used as a benchmark for US equity performance.
- Prime Lending Rate: The reference rate for various loans which is closely tied to the South African Reserve Bank's Repo rate.
- GDP – Gross Domestic Product - The total value of all goods and services produced within a country over a specific time period — usually a quarter or a year. GDP is a key measure of a country's economic health and growth, often used to compare the size and strength of different economies.
- IMF – International Monetary Fund - A global organisation of 190 countries that works to promote economic stability and growth around the world. The IMF provides financial assistance, policy advice, and technical support to countries facing economic challenges.