

## Market Update

- The JSE ALSI ended the month up 3.4%, building on July's gains for its 6th consecutive positive month. Resources lead the charge in August
- The S&P 500 ended the month 1.9% higher, supported by continued AI sector strength and expectations of a potential Federal Reserve rate cut in September.
- The MSCI World Index grew 2.6% while the MSCI Emerging Markets index gained 1.5% as global markets showed strength despite trade tensions and mixed economic data.
- The UK market grew by 0.6% despite higher than expected inflation in the region.

## Economic Update

- The 30% US tariff on South African goods that took effect on 7 August began showing initial impacts on affected sectors, with automotive and steel exports declining by approximately 15% month-over-month.
- South African inflation averaged 3.5% for the year, remaining comfortably within the SARB's 3-6% target range, providing room for further potential rate cuts.
- The SARB indicated they might target the lower portion of the inflation band (3%) which could lead to lower rates and stimulate growth.
- US inflation showed signs of moderation, with the Federal Reserve signalling potential rate cuts in the coming months following Chairman Powell's more cautious and supportive tone.
- The rand strengthened 2.3% against the dollar in August, benefiting from improved global risk sentiment and expectations of narrowing interest rate differentials.

## Looking Ahead

- China's manufacturing index will be released this month, as its economic recovery continues to show mixed signals, which creates uncertainty for commodity demand and has a large impact on the South African Commodity Sector.

- European energy security remains a key focus as winter approaches, with renewable energy investments accelerating but supply constraints still posing significant risks.
- The Springboks are looking to be the first team since 1994 to beat the All Blacks at Eden Park in Auckland on 6 September.

## Lessons for Long Term Wealth – The Power of Rand-Cost Averaging

Rand-cost averaging is one of the simplest yet most effective ways to build long-term wealth. The idea is straightforward: invest a fixed amount at regular intervals, no matter what the market is doing.

### Why it works:

- **No need to time the market** – Even professionals struggle to predict short-term moves. Rand-cost averaging takes the guesswork out of investing.
- **Reduces average cost** – You automatically buy more when prices are low and less when prices are high, lowering your overall cost per unit over time.
- **Builds discipline** – By investing through both good and bad markets, you avoid the emotional traps of panic selling or chasing returns.

The key is to start early, stay consistent, and keep going even when markets are volatile. History shows that patient, disciplined investors are rewarded over time.

The more consistently you invest, the more the markets ups and downs work in your favour!

Until next time,

The Ridgetop Team

*“The best way to measure your investing success is not by whether you’re beating the market but by whether you’ve put in place a financial plan and a behavioural discipline that are likely to get you where you want to go.”*  
— Warren Buffet

## 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.