

Market Update

- The JSE ALSI ended the month up 6% for its seventh consecutive positive month. Commodity shares drove performance, particularly gold and platinum.
- The MSCI World Index was up 3.3% for the month on the back of AI optimism and resilient economic indicators.
- The S&P 500 gained 3.5% in September, on the back of easing inflation fears and buoyed by tech firms.
- The FTSE 100 gained 1.8% and the Eurostoxx 50 was up 3% as inflation remained steady and interest rates were left unchanged in the Eurozone.
- Emerging Markets were up 7.2% driven by Chinese performance.

Economic Update

- A US government shutdown could delay the release of important jobs reports, which could delay potential rate future rate cuts.
- The US Federal Reserve cut interest rates by 0.25%.
- Chinese manufacturing index showed some improvement, but more is needed to increase commodity demand in South Africa.
- The South African REPO rate was kept the same, leaving Prime rate at 10.50%

Looking Ahead

- October is historically a month a high volatility in equity markets, as is September, which bucked the trend of recent years and the equity markets had a great month, we are hoping for more of the same in October!

Lessons for Long Term Wealth – The Psychology of Market Volatility

Markets go up and down. Sometimes the changes are small, other times they dominate the headlines. For many, these ups and downs create excitement when markets rise — and fear when they fall. This reaction is natural, but left unchecked, emotions can become the biggest threat to long-term wealth.

Loss Aversion is the behavioural phenomenon which suggests that losses feel more painful than gains feel good.

However, history tell us that Market declines are not unusual — in fact, they are a normal part of investing. History shows that every downturn has eventually been followed by recovery, though the timing is never certain. Those who panic and sell often lock in losses, while those who remain patient give their investments the chance to recover.

Volatility is uncomfortable, but it is also the price we pay for long-term growth. By understanding our natural emotional responses and resisting the urge to act on them, investors can stay on course and allow time, patience, and strategy to do their work.

Until next month, stay calm, stay invested and stay committed.

The Ridgetop Team

*“The Investors 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.
- REPO Rate: The interest rate at which the South African Reserve Bank lends money to commercial banks.