INTUITION

9 JANUARY 2026

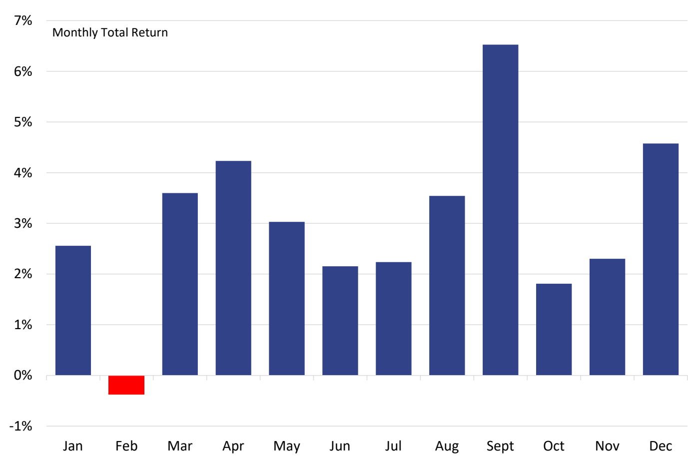
A wrap up for 2025

Another year has come and gone – all too quickly in many respects. Looking back at our wrap for 2024, I concluded with the remark, "The last three months have been more challenging, primarily due to changes in the US, and investors reacting to what a second Trump Presidency might mean for global markets." How true that statement was. Like him or hate him, it is hard to argue against Trump being "Personality of the Year in 2025." He has dominated headlines in every respect, and we start the new year with the military action in Venezuela – another example of changing US policy. Yet despite all the noise and turmoil, markets performed well. As we start the new year, we wish all our clients a prosperous and healthy 2026 and use this opportunity to take brief stock of 2025 and where markets find themselves.

Michael Porter

Another year has been assigned to history. 2025 will be remembered for the unpredictability of US policy as Trump's second presidency got underway. "Liberation Day" saw markets collapse, only to reverse as Trump repeatedly changed tack. Nonetheless, US trade tariffs are significantly higher now than they were a year ago, and investors are still debating whether 2026 will be the year when the implications thereof manifest themselves. Furthermore, global peace seems further away than ever – in Ukraine, the Middle East and now Latin America. Locally, 2025 was a year when our GNU was put to the test. The DA's refusal to support the Budget coincided with Liberation Day. Markets plummeted. Yet that proved to be short-lived. A quick glance at the chart below shows a remarkable performance from the JSE. The market delivered positive returns in all but one month. I cannot remember a similar performance in recent history. Despite the absence of loadshedding and the GNU, 2025 was another tough year economically, but we believe sentiment towards SA turned the corner in November following the Mid Term Budget. The impact of the GNU was visible – improved government finances, lower borrowing requirement and spending cuts all signaled that we're moving in the right direction. In addition, the extra allocation towards infrastructure, and the formal announcement of a lower inflation target are game changers. We believe SA assets could benefit from multiple tailwinds over the next few years.

JSE ALL SHARE: MONTHLY RETURNS

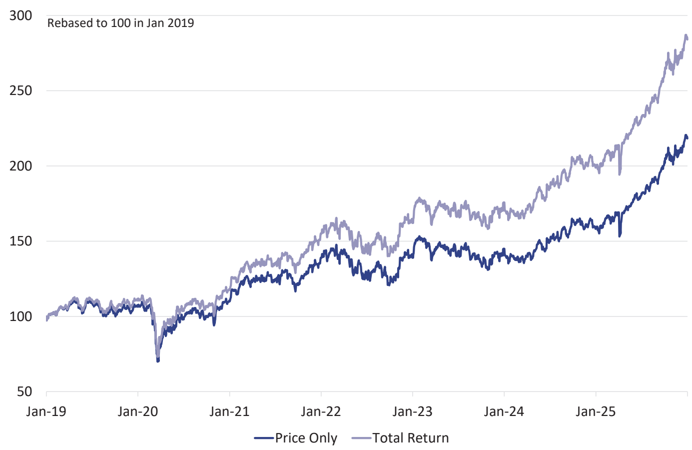


The JSE delivered positive returns in all but one month last year – a remarkable performance given the economic backdrop. As we have discussed before, mining pushed the market higher, while domestic industrials struggled.

SPEED READ

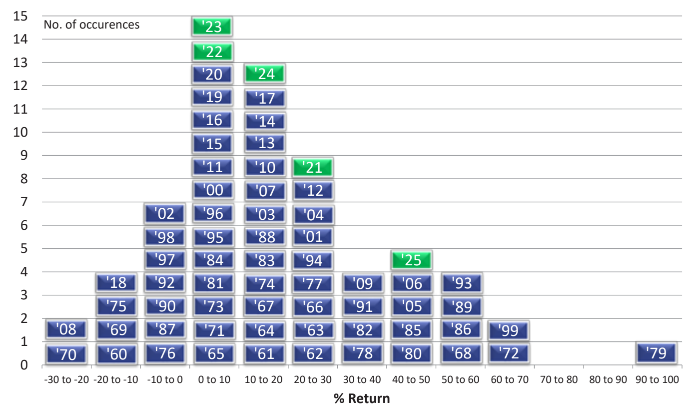
- **The JSE performed exceptionally well in 2025, with all asset classes handsomely beating cash and inflation. Nonetheless, there was a wide disparity in sector performance as precious metals shone, whilst retailers struggled.**
- **Offshore markets all closed in positive territory. Despite the hype around AI, UK and European markets outperformed the US.**
- **President Trump dominated news flow this year – from tariffs to changing US policy. We should expect another year of unpredictable policy as the global order continues to evolve.**
- **Domestically, the outlook for stronger GDP growth is the best in years which should underpin local investments. Globally, we expect another solid year, but markets still need to digest inflationary pressures.**

JSE ALL SHARE CAPPED INDEX



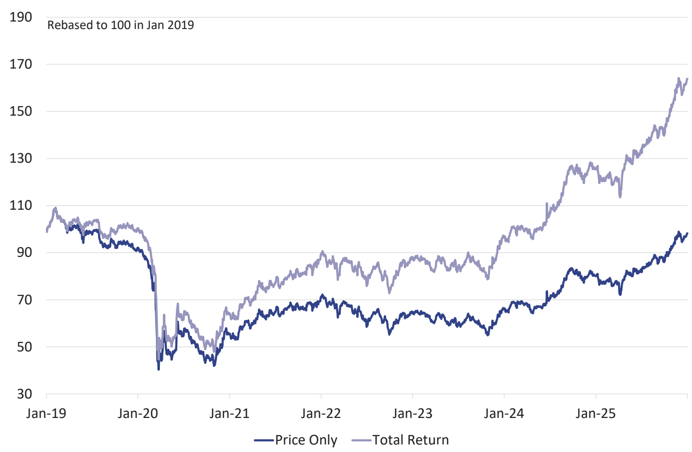
After many years of broad sideways movement, the JSE took off in 2025, driven by precious metals as gold and platinum shone (excuse the pun!) Over the past seven years, the market has rallied 120%, or 11.8% on an annualized basis. When dividends are included, this rises to 184% in total, and 16.1% on an annualized basis. That's why we emphasize income so frequently.

JSE ALL SHARE RETURNS HISTOGRAM



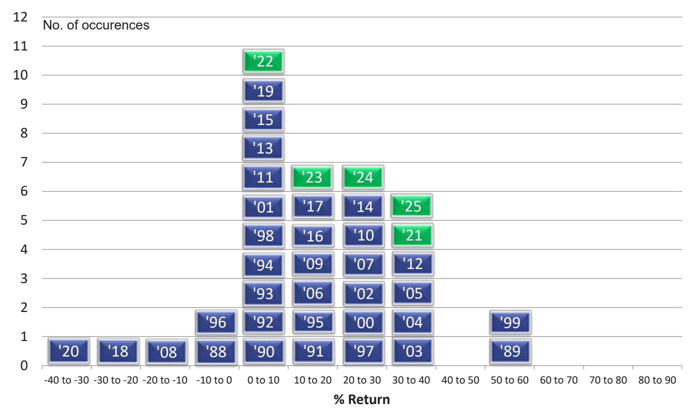
This chart breaks down annual returns into different "buckets" for the past 66 years. The JSE has not delivered a year of 30% returns or more since 2009 – so last year was the best in sixteen years. You would not have guessed that based on headlines and sentiment. Outsized returns are uncommon, but they can happen when the right conditions converge.

JSE LISTED PROPERTY INDEX



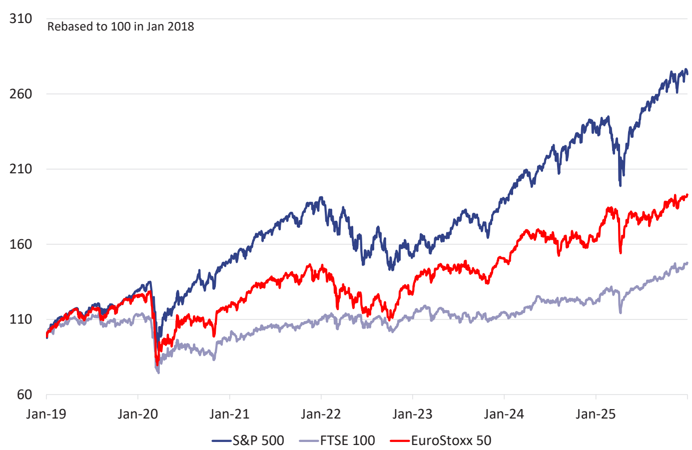
The pain of Covid is now firmly in the rearview mirror for the Listed Property sector. Building on the momentum of the previous two years, 2025 was another stellar year for the sector, driven by falling interest rates, lower bond yields, rental growth and improving vacancies. The sector is no longer cheap, but solid distribution growth should see another year of inflation-beating returns.

JSE LISTED PROPERTY RETURNS HISTOGRAM



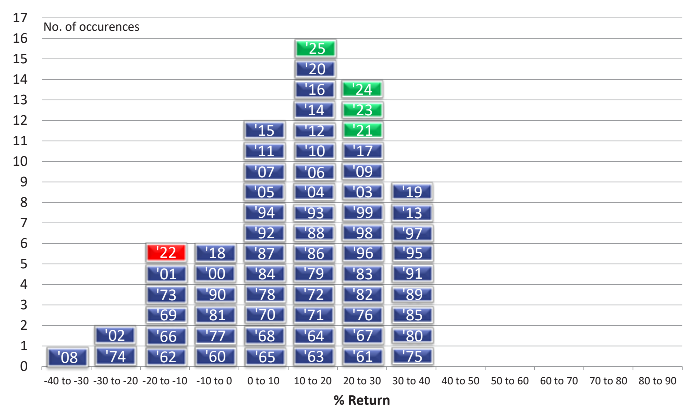
Building on the momentum of the previous few years, listed property has delivered positive returns for five consecutive years. With a total return of 30.6%, 2025 just squeaked into the higher bucket. On a price basis the sector is now higher than pre-Covid levels. Whilst not the best performing sector in 2025, the past three years have delivered a cumulative total return of 88%.

SELECTED GLOBAL INDEX PERFORMANCE



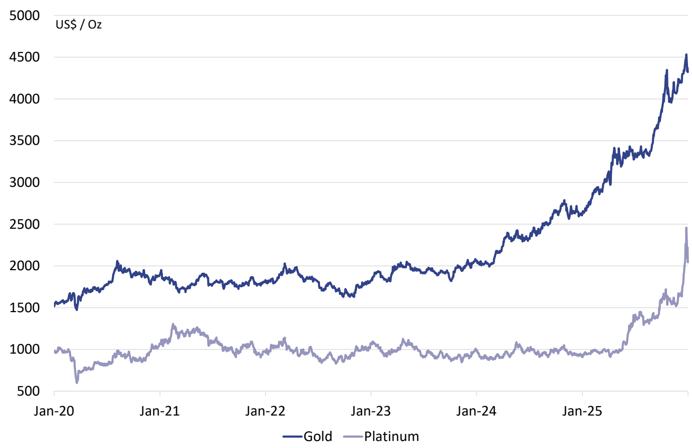
Despite the AI hype and Trump's "MAGA" campaign, US markets were not the best of the major regions. Europe and the UK delivered higher returns, albeit off a weaker base created in prior years. All three major regions delivered close to 20% total returns – not bad given the challenges that emerged.

S&P 500 RETURNS HISTOGRAM



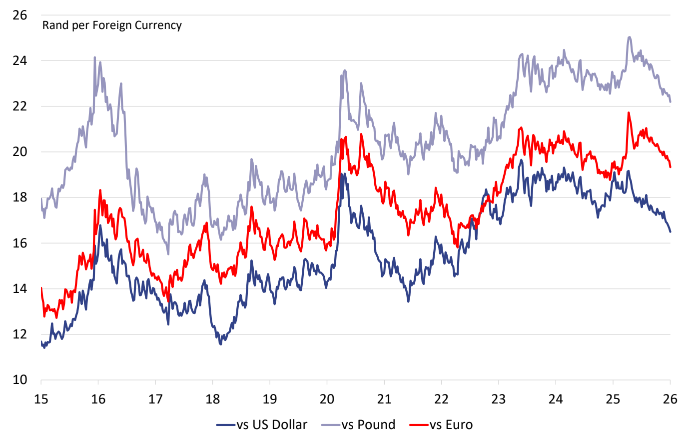
This is an interesting chart – and even more so when compared to the JSE histogram above. US markets have recorded positive returns for 51 of the last 66 years, with those returns relatively consistent. What is noticeable is the lack of meaningful outsized returns, whilst returns have been negative in fifteen of the 65 years – almost one in every four years.

PRECIOUS METALS PRICES



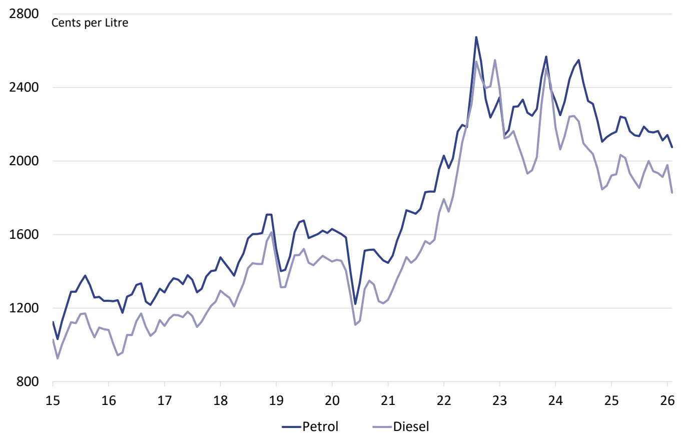
The surge in the gold price continued last year – with gold now trading at $4,400 per oz – almost 3x the level where it traded at the start of 2020. What is equally remarkable, and important for SA, is the recovery in platinum prices. The last time platinum prices traded at current levels over $2,000/oz was back in 2008 – a lifetime ago. Higher precious metals prices support our terms of trade, the currency, and stimulate spending for the manufacturing base in Gauteng.

THE RAND



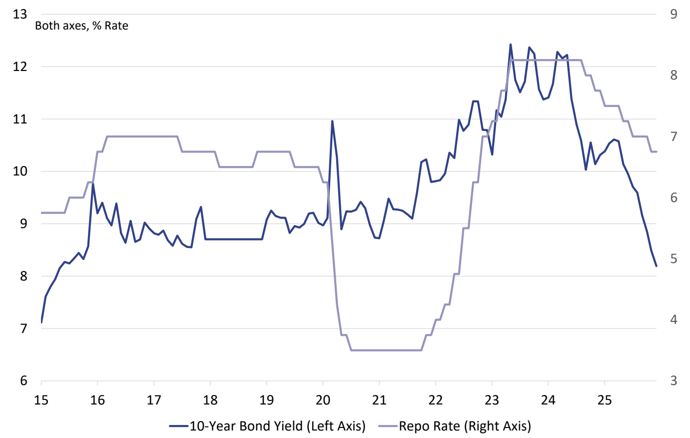
We wrote extensively about Dollar weakness last year, and the positive implications for other currencies, especially those for emerging markets. The Rand had a solid year. It is worth studying this chart. Against the Pound and Dollar, the Rand first touched these levels in late 2015 – the notorious Nenegate moment! There has been no depreciation from that base for 10 years. The Rand is only weaker over that period against the Euro.

SA FUEL PRICES



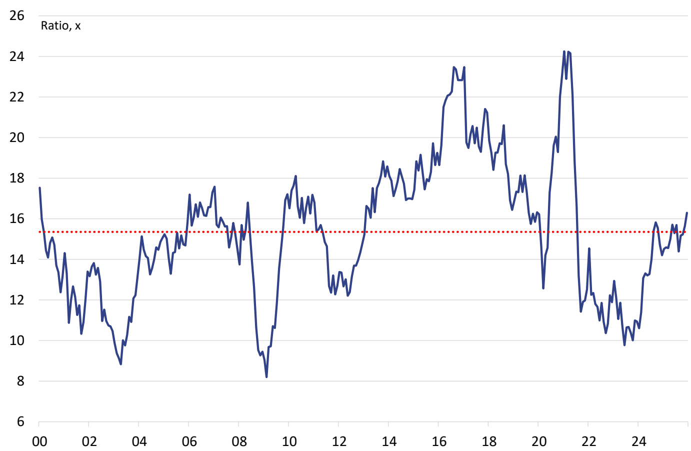
We have started the new year with news of US military action in Venezuela. Trump has now admitted that it is all about oil. Normally, oil prices would surge on news of military action in any major producer. Not this time. Oil prices remain benign due to oversupply – and more potentially to come from Venezuela. That is good news for local motorists. Fuel prices in January will fall to their lowest since early 2022.

SOUTH AFRICAN INTEREST RATES



It is hard to emphasize enough the seminal change in South African interest rates over 2025. 10-year bond yields are now at levels last seen in 2015. That has relieved pressure on government finances, which is turning into a virtuous circle of lower borrowing, lower interest expense, and improving fiscal health. The repo rate fell further last year, underpinning a consumer recovery. The strong Rand and lower fuel prices will keep inflation in check, making room for further cuts this year.

JSE ALL SHARE PE RATIO



Despite the tough economy and poor sentiment, local valuations recovered further, although the market valuation masks wide sector discrepancies. Broadly, SA assets are trading in line with their long-term average. As we highlighted in our Insight seminar, valuations have room to improve if we achieve a lower inflation target, before factoring in better growth. We don't believe this is the time to be too conservative on SA investments.

GLOBAL PE RATIOS

Despite the hype around AI, US valuations remained largely unchanged in 2025 – implying that markets are less at risk from a dramatic change in sentiment. That is positive for risk sentiment globally. European and UK valuations recovered further but growth will need to accelerate this year to ensure they are sustainable

Thank you to all clients who have supported pour Insight presentations last year. Our schedule for 2026 and the topic for our next seminar in March will be published in due course

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CONTACT DETAILS:

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Topic: **TBC**

Natal Midlands	
Date:	12 March 2026
Venue:	Christ Church Howick, 23 Mare Street, Howick
Morning Time:	10am for 10.30am
Evening Time:	5.30pm for 6pm

Johannesburg	
Date:	10 March 2026
Venue:	Rosebank Union Church, Cnr Winne Mandela Drive and St Andrews Road, Hurlingham
Time:	7am for 7.30am

Cape Town	
Date:	n/a
Venue:	SSISA Conference Centre, Boundary Road, Newlands, Classroom 1, 3rd Floor
Time:	7.30am
Venue:	ABRU Motor Studio, Lourensford Wine Estate, Somerset West
Time:	5.30pm for 6pm

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