

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.

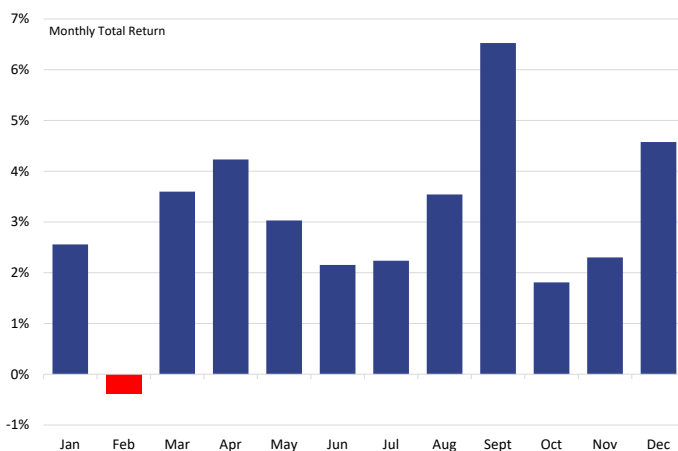


**Michael
Porter**

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

JSE ALL SHARE: MONTHLY RETURNS



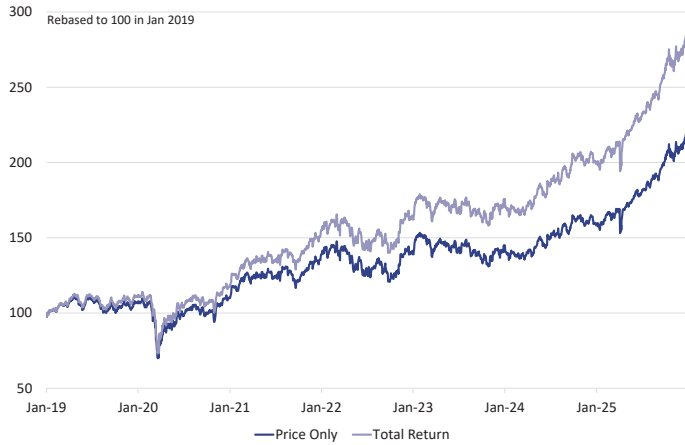
The JSE delivered positive returns in all but one month last year – a remarkable performance given the economic backdrop. As we have discussed before, mining pushed the market higher, while domestic industrials struggled.

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.

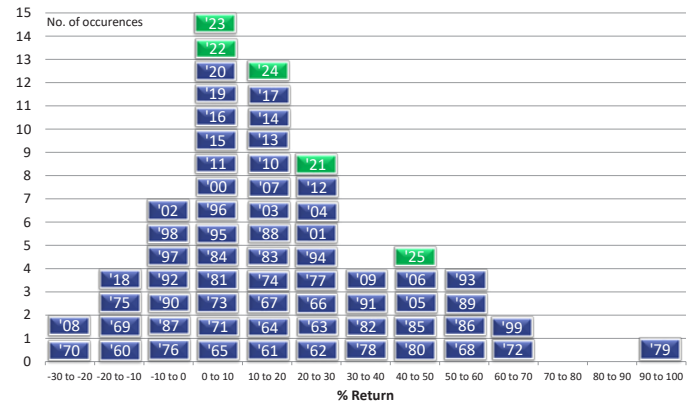
plummeted. Yet that proved to be short-lived. A quick glance at the chart below shows a remarkable performance from the JSE. The market delivered positive returns in all but one month. I cannot remember a similar performance in recent history. Despite the absence of loadshedding and the GNU, 2025 was 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 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



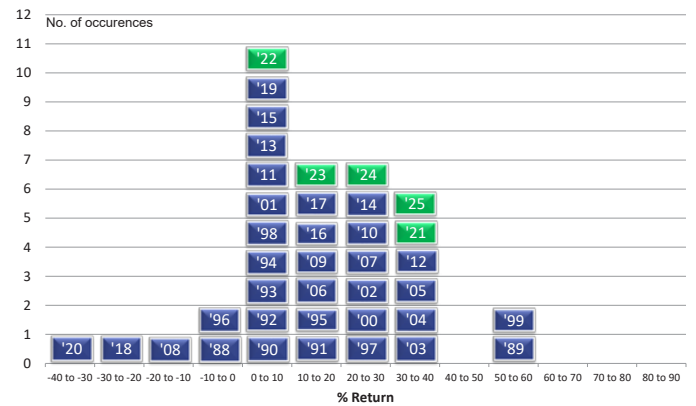
This chart breaks down annual returns into different “buckets” for the past 66 years. The JSE has not delivered a year of 30% returns or more since 2009 – so last year was the best in sixteen years. You would not have guessed that based on headlines and sentiment. Outsized returns are uncommon, but they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

JSE LISTED PROPERTY INDEX



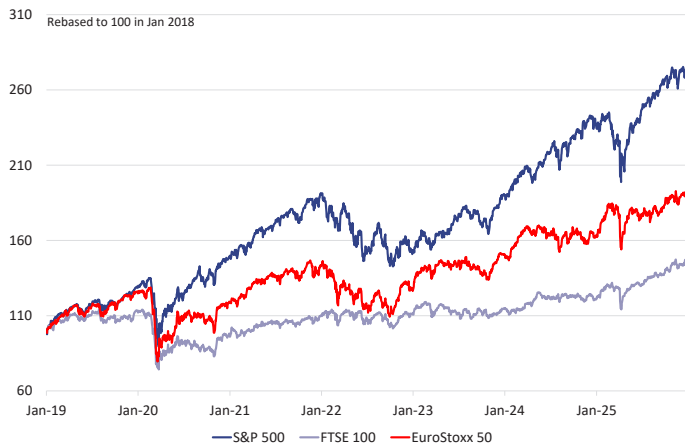
The pain of Covid is now firmly in the rearview mirror for the Listed Property sector. Building on the momentum of the previous two years, 2025 was another stellar year for the sector, driven by falling interest rates, lower bond yields, rental growth and improving vacancies. The sector is no longer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

JSE LISTED PROPERTY RETURNS HISTOGRAM



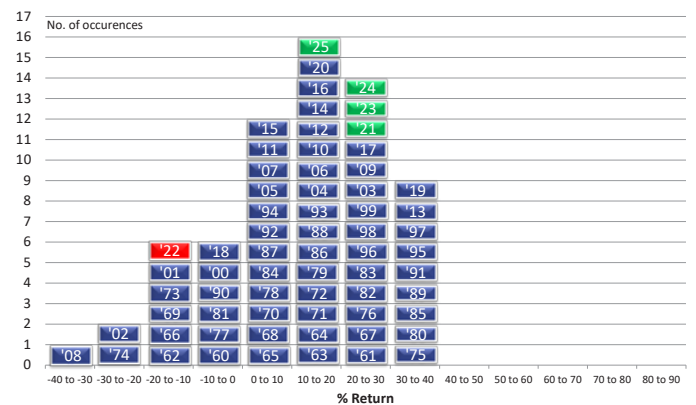
Building on the momentum of the previous few years, listed property has delivered positive returns for five consecutive years. With a total return of 30.6%, 2025 just squeaked into the higher bucket. On a price basis the sector is now higher than pre-Covid levels. Whilst not the best performing sector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

SELECTED GLOBAL INDEX PERFORMANCE



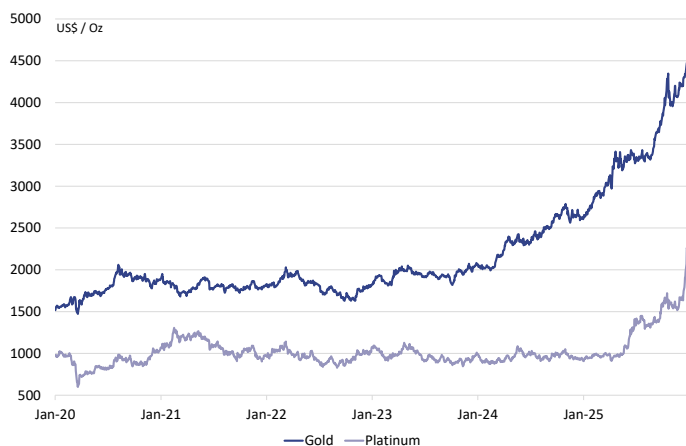
Despite the AI hype and Trump's “MAGA” campaign, US markets were not the best of the major regions. Europe and the UK delivered higher returns, albeit off a weaker base created in prior years. All three major regions delivered close to 20% total returns – not bad given the challenges that emerged.

S&P 500 RETURNS HISTOGRAM



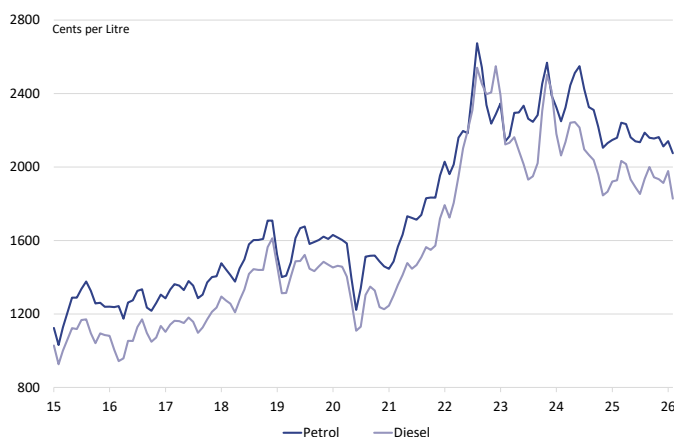
This is an interesting chart – and even more so when compared to the JSE histogram above. US markets have recorded positive returns for 51 of the last 66 years, with those returns relatively consistent. What is noticeable is the lack of meaningful outsized returns, whilst returns have been negative in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

SA FUEL PRICES



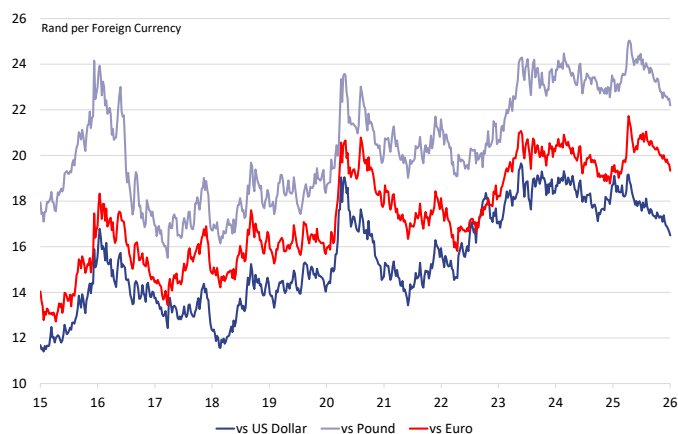
We have started the new year with news of US military action in Venezuela. Trump has now admitted that it is all about oil. Normally, oil prices would surge on news of military action in any major producer. Not this time. Oil prices remain benign due to oversupply – and more potentially to come from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

JSE ALL SHARE PE RATIO



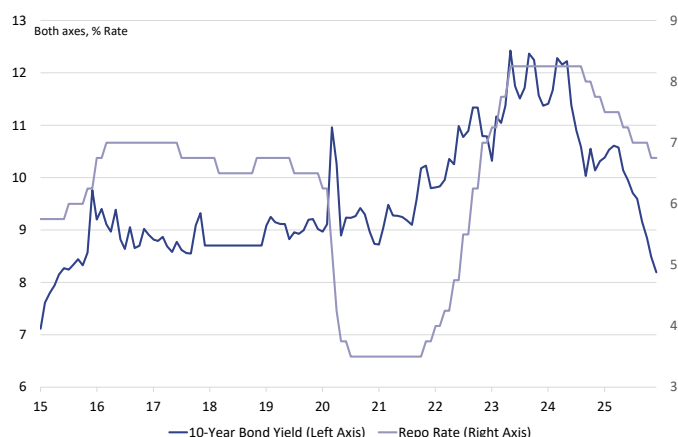
Despite the tough economy and poor sentiment, local valuations recovered further, although the market valuation masks wide sector discrepancies. Broadly, SA assets are trading in line with their long-term average. As we highlighted in our Insight seminar, valuations have room to improve if we achieve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

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.

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.

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 our Insight presentations last year. Our schedule for 2026 and the topic for our next seminar in March will be published in due course



[Harvard House is on Facebook](#)



[Harvard House is on YouTube](#)

CONTACT DETAILS:

For more information on the range of products and services offered by Harvard House Investment Management and its associated companies (including Harvard House, Chartered Accountants), or for any financial advice, please contact the Company at:

HARVARD HOUSE GROUP



3 Harvard Street, Howick, 3290, South Africa



P.O. Box 235, Howick, 3290, South Africa



+27 (0) 33 330 2164

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



+27 (0) 33 330 2617



admin@hhgroup.co.za



www.hhgroup.co.za

The information contained in this newsletter comes from sources believed to be reliable, but Harvard House Investment Management (Pty) Ltd, Harvard House Financial Services Trust, Harvard House Insurance Brokers and Harvard House, Chartered Accountants (collectively known as the Harvard House Group), do not warrant its completeness or accuracy. Opinions, estimates and assumptions constitute our judgment as of the date hereof and are subject to change without notice. Past performance is not indicative of future results. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. Any investor who wishes to invest with the Company should seek additional advice from an authorized representative of the firm. The Company accepts no liability whatsoever for any loss or damages whatsoever and howsoever incurred, or suffered, resulting, or arising, from the use of this newsletter. The contents of this newsletter does not constitute advice as contemplated in the Financial Advisory and Intermediary Services Act (FAIS) of 2002.

The Harvard House unit trusts are registered under the Boutique Collective Investments. Custodian: Standard Executors & Trustees: Tel (021) 007-1500. Collective Investments are generally medium to long term investments. The value of participating interests may go down as well as up and past performance is not necessarily a guide to the future. Collective Investments are traded at ruling prices and can engage in script lending. Forward pricing is used. Commission and incentives may be paid and if so, are included in the overall cost. This fund may be closed to new investors. Collective Investment prices are calculated on a Net Asset Value basis and auditor's fees, bank charges, trustee and RSC levies are levied against the portfolio. The portfolio manager may borrow up to 10% of portfolio NAV to bridge insufficient liquidity. Boutique Collective Investments (RF) Pty Ltd ("BCI") retains full legal responsibility for the third party named portfolio. Boutique Collective Investments is a member of ASISA and is an authorised Financial Services Provider. Should you have any further queries or complaints regarding the suite of unit trusts offered by The Harvard House Group please contact: Boutique Collective Investments Call Centre, Tel: (021) 007-1500, Email: clientservices@bcis.co.za. For your information, the FAIS ombudsman provides an independent and objective advisory service. Should you not be satisfied with the outcome of a complaint handled by Boutique Collective Investments, please write to, The Ombudsman, PO Box 74571, Lynnwoodridge, 0040. Telephone (012) 470 9080/99. Fax (012) 348 3447. Email: info@faisombud.co.za

Performance figures quoted for the portfolio is from Morningstar, as at the date of this document for a lump sum investment, using NAV-NAV with income reinvested and do not take any upfront manager's charge into account. Income distributions are declared on the ex-dividend date. Actual investment performance will differ based on the initial fees charge applicable, the actual investment date, the date of reinvestment and dividend withholding tax. Performance fees do not apply to any funds managed by Harvard House. The manager does not provide any guarantee either with respect to the capital or return of the portfolio. A schedule of fees, charges, and maximum commissions are available on request from the manager.

Harvard House Investment Management (Pty) Ltd*, Licence no: 675 Harvard House Insurance Brokers*, License no. 44138
Harvard House Financial Services Trust*, Licence no: 7758 * Authorised financial service providers in terms of FAIS (2002)