



The economy

Globally, economies grew by 2.9% in 2025. The US economy grew by 2.8% and China's economy by 5.0%, the euro area gained 1.5% and India achieved economic growth of 7.1% in 2025. The economic outcomes were better than anticipated given the tariffs and counter-tariffs imposed in 2025. Inflation also remained at modest levels globally. As economies continued to grow with inflation at modest levels, central banks around the world lowered interest rates – for example, both the US Federal Reserve and the European Central Bank reduced interest rates several times in 2025.

The global agenda was dominated by geopolitical events despite better than anticipated growth, muted inflation and lower interest rates. Flash points included the ongoing Russia-Ukraine war, geopolitical tensions in the Middle East and Iran, the extraction of then-Venezuelan President Nicholas Maduro and his wife, and US President Trump's overtures to obtain control of Greenland. An important consequence of the geopolitical strife was the ongoing efforts of central banks to diversify their reserve portfolios to include greater quantities of gold, at the expense of US dollar denominated reserves. The price of gold increased sharply, while the value of the US dollar deteriorated.

The weaker US dollar and stronger gold price were the central investment themes during the year.

Graph 1 - Gold price (US\$ per troy ounce) - page 2

South African economic growth continued to disappoint. Reports produced by Stats SA show that the population continues to grow at a faster rate than the economy (1.2% p.a. versus 0.7% p.a.), impacting the standard of living experienced by many South Africans. The consequence is that unemployment remains a challenge as South Africa's labour force participation rate has fallen to below 60%. The average inflation rate for the year was 3.3%. The South African Reserve Bank reduced the repurchase rate four times in 2025, by increments of 0.25%. As the exchange rate of the US dollar weakened through the year, the rand strengthened to close the year at R16.56 a dollar.

The rising prices of gold, platinum and other commodities as well as the low oil price benefited the country's current account, which lent support to the rand's exchange rate. Even though government bonds became appealing to global investors, the country's capital account remained under pressure. Fiscal revenue collection was ahead of budget and expenditure remained in line with the National Budget.

Financial markets

Financial markets posted impressive returns in 2025. The FTSE/JSE All Share Index was up 42.4% for the year and the All Bond Index improved by 24.2% over the same period. Listed property gained 30.6% for the year. The rand strengthened by 13.7% and the contribution from offshore shares (in rand) for 2025 was 8.0%, while offshore bonds detracted 4.9% in rand terms for the year.

The impressive returns for the individual asset classes combined to generate a return of approximately 23% p.a. for a typical Regulation 28 compliant retirement fund portfolio, and 17% p.a. for a typical Regulation 30 compliant medical scheme portfolio.

Graph 2 - FTSE/JSE All Share Index - page 2

The US dollar price of gold increased by 74.7% in 2025, but only by 51.1% when measured in rand. The US dollar price of platinum rose 119.5% in 2025, but only 93.0% in rand. It is no surprise that it is mostly gold and platinum mining shares that outperformed on the JSE in 2025. The JSE's performance was rather concentrated with only 11 out of the top 55 large capitalisation shares outperforming the All Share Index. On the industrial board, telecommunication shares fared well. Despite the strengthening rand, some large capitalisation industrial rand hedge shares performed well. Retail shares performed poorly over the period and lost value in 2025. Towards year-end, banks and selected listed property counters improved, and investment managers started downweighting exposure to gold emphasising platinum exposure in their portfolios.

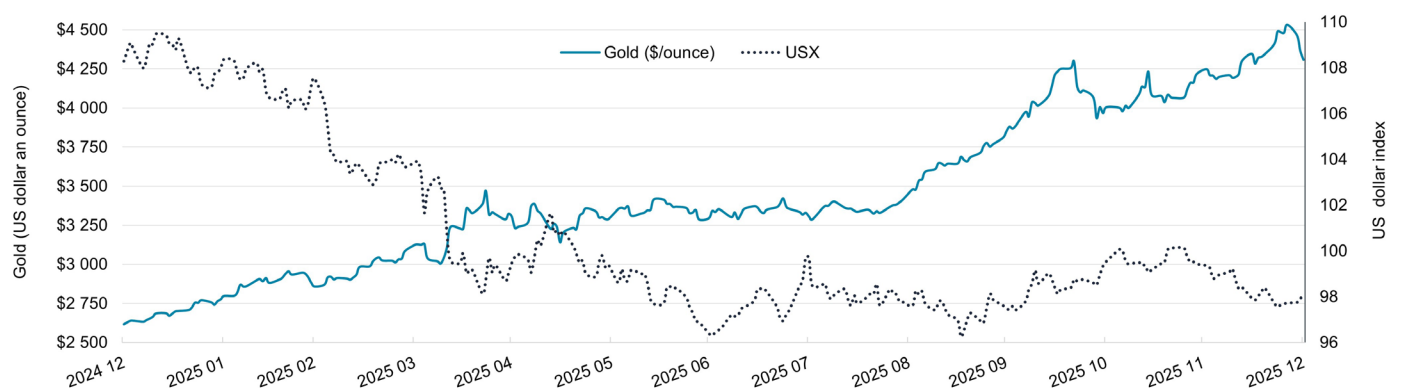
Money market exposure provided a return of approximately 7.5% in 2025 and inflation-linked bonds generated 15.3%. Short-dated bonds (1-3yr maturity) achieved 10% and 3-7yr bonds returned 18.3% for the year. Bonds in the 7-12yr category produced a pleasing return of 26.8%, while long-dated bonds (12yrs+ category) rewarded investors with a return of 31.2%.

The table on page 2 shows the investment returns for the large asset classes available to South African investors and the values for the rand, inflation, and the rand gold price.

% Change December 2025	Most recent quarter	1 year (p.a.)	3 years (p.a.)	5 years (p.a.)	10 years (p.a.)
All Share Index (ALSI)	8.1%	42.4%	20.8%	18.8%	12.4%
Listed Property	16.3%	30.6%	22.9%	20.6%	5.1%
STeFI Composite	1.8%	7.5%	8.0%	6.6%	6.8%
All Bond Index (ALBI)	9.0%	24.2%	16.9%	12.5%	11.5%
MSCI All Country World ZAR	-0.8%	8.0%	20.1%	14.4%	13.1%
Bloomberg Global Aggregate Bond Index ZAR	-3.7%	-4.9%	3.0%	0.2%	2.0%
Rand (+ stronger, - weaker)	4.2%	13.7%	0.9%	-2.3%	-0.7%
Inflation	0.2%	3.6%	4.1%	5.5%	6.0%
Gold ZAR	7.5%	44.8%	43.3%	31.3%	33.5%

Source: Iress

Graph 1 - Gold price (US\$ per troy ounce)



Source: Iress

Graph 2 - FTSE/JSE All Share Index



Source: Iress

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