

Market Commentary

December 2025

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Global market themes



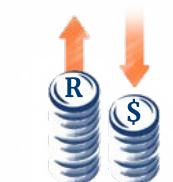
Global equities ended December higher, with emerging markets outperforming developed peers and delivering their strongest annual performance since 2017



The Bank of Japan raised interest rates to their highest level in 30 years, signalling continued policy normalisation



Commodity markets diverged, with oil prices declining while precious and industrial metals recorded strong gains



The US dollar weakened further, supporting rand strength, which ended the year at its firmest level since 2022

Global equities ended 2025 on a positive note, with the MSCI World Index gaining 0.8% in December (in USD), bringing its full-year return to 21.1%. Emerging markets outperformed developed peers, as the MSCI Emerging Markets Index rose 3.0% for the month and 33.6% for the year (in USD), marking its strongest annual performance since 2017.

In the United States, equity performance was muted in December. The S&P 500 edged up 0.1% (in USD), while the Nasdaq Composite fell 0.5% and the Russell 2000 declined 0.6%, as sector rotation favoured financials (+3.1%) over defensives such as utilities (-5.1%) and real estate (-2.1%). Macroeconomic data showed Q3 2025 GDP expanding by 4.3%, while inflation moderated, with headline CPI at 2.7% year-on-year and core CPI at 2.6%, reinforcing expectations of a soft landing. Labour market indicators softened, with non-farm payrolls increasing by 64,000 and the unemployment rate rising to 4.6%, signalling gradual normalisation. The Federal Reserve implemented its third rate cut of 2025, lowering the target range by 25 basis points to 3.50%-3.75%, citing easing inflationary pressures and slowing job growth, while maintaining a data-dependent stance heading into 2026.

European equities outperformed in December, with the STOXX All Europe Index up 2.8% (in EUR), Germany's DAX gaining 3.1% (in EUR), and France's CAC 40 rising 2.9% (in EUR). The UK's FTSE 100 rose 2.3% (in GBP), supported by a Bank of England rate cut to 3.75% as inflation eased to 3.2% year-on-year in November, down from 3.6% in October. Eurozone PMI moderated to 51.9 from 52.8, while the ECB held rates steady at 2.0%, maintaining a cautious stance amid upgraded growth and inflation forecasts for 2026.

Japanese equities recorded modest gains, with the Nikkei 225 rising 0.3% (in JPY). The Bank of Japan raised its policy rate by 25 basis points to 0.75%, the highest level in three decades, signalling continued policy normalisation. The 10-year Japanese government bond yield rose above 2.0%, reflecting tighter monetary conditions.

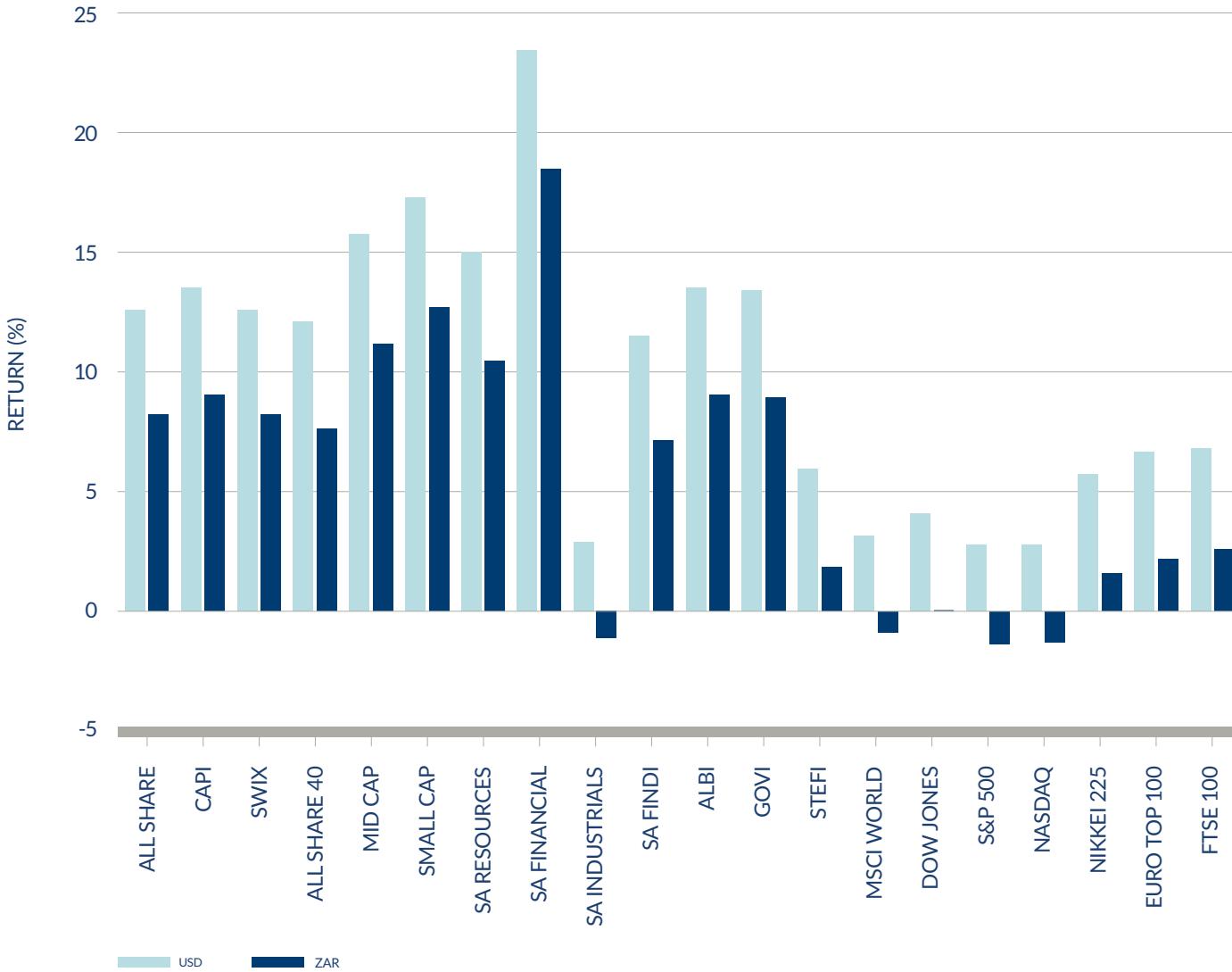
Emerging markets outperformed developed peers in December, with the MSCI Emerging Markets Index gaining 3.0% (in USD) for the month, delivering its best annual result since 2017. Performance was broad-based, supported by strong technology demand and commodity-linked economies. Chinese equities were mixed: the CSI 300 rose 2.5% (in CNY), but the MSCI China Index declined 1.2% (in USD) as investors weighed stimulus prospects against uneven economic data.

Commodity markets were mixed during the month. Brent crude oil fell 2.5% to US\$60.85/bbl, extending its year-to-date decline to 18.5% amid ample supply conditions. In contrast, precious metals rallied sharply, with gold rising 1.9% to US\$4,319.37/oz and platinum surging 23.3% to US\$2,060.51/oz. Silver gained 26.8% to US\$71.66/oz, while palladium rose 11.4% to US\$1,620/oz. Industrial metals also strengthened, with copper advancing 10.9% to US\$12,453.39/ton, reflecting robust consumption trends.

Currency markets reflected broad US dollar weakness. The US Dollar Index fell 1.1% month-on-month, bringing its annual decline to 9.4%. The rand appreciated 3.3% against the US dollar in December, ending the year at R16.57/USD, its strongest level since 2022.

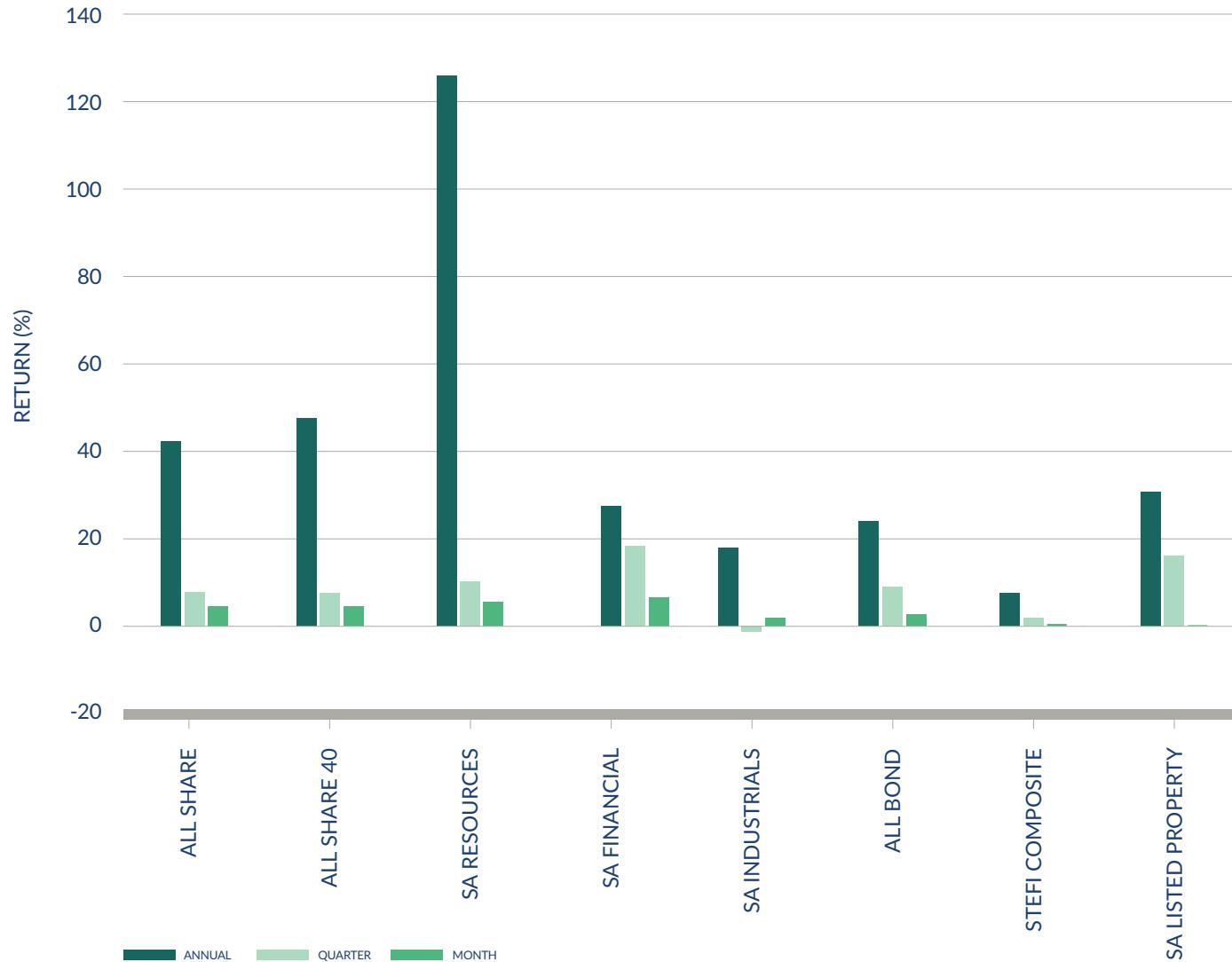
World Market Indices Performance

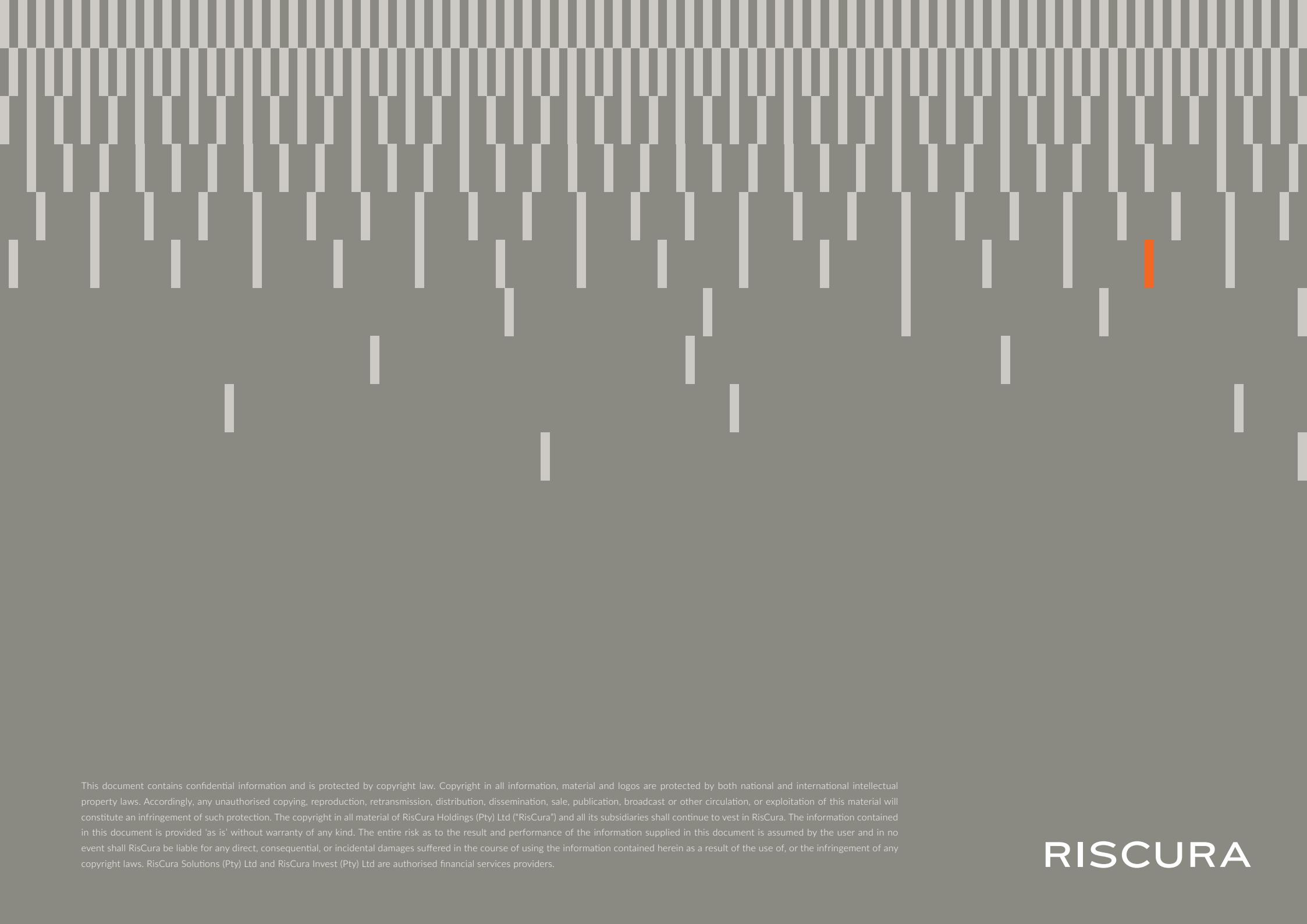
QUARTERLY RETURN OF MAJOR INDICES



South African Market Indices Performance

RETURNS OF THE FTSE/JSE SECTORS AND INDICES





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