

Market Commentary

December 2025

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42%

South African equities ended 2025 strongly, with the ALSI and Capped SWIX both delivering gains of over 42% for the year



Resource stocks led performance, rising 126% year-to-date on sustained strength in commodity prices



Bonds and listed property posted solid annual returns, benefiting from stable inflation and easing rate expectations



The rand strengthened 13.8% over 2025, supported by commodity-linked inflows and improved confidence

South African market themes

South African equities ended 2025 on a strong note, extending gains in December. The FTSE/JSE All Share Index rose 4.6% for the month and 42.4% year-to-date, while the Capped SWIX Index advanced 4.6% in December and 42.6% for the year, positioning South Africa among the best-performing global equity markets in 2025. Performance was driven primarily by resource stocks, which surged 5.7% in December and 126.0% year-to-date, supported by elevated commodity prices. Financials also delivered robust returns, rising 7.7% for the month and 27.1% year-to-date, while Industrials recorded a more modest gain of 1.9% in December and 18.1% over the year.

Market capitalisation trends reflected broad participation. Large-cap stocks, as measured by the All Share 40 Index, advanced 4.7% in December, while mid-cap shares rose 4.5%, and small caps gained 2.4%. This breadth of performance reflected strong investor appetite across the market segments, underpinned by favourable commodity dynamics and improving sentiment toward domestic assets.

December's JSE leaders included Tharisa Plc (+24.7%) and Aspen Pharmacare (+24.7%), boosted by strong results and corporate actions, while Impala Platinum (+22.2%) gained on higher platinum prices. Other notable risers were Thungela Resources (+18.3%), Nutun (+18.0%), and Telkom (+17.6%). On the downside, Mr Price (-16.7%) declined amid acquisition concerns, with Alexander Forbes (-8.7%), Spar (-8.2%), and property counters like Fortress (-7.2%) also underperformed.

Fixed income markets delivered positive returns during the month. The All Bond Index (ALBI) gained 2.8% for the month and 24.2% year-to-date, while inflation-linked bonds (CILI) rose 2.8%

in December and 15.4% for the year, reflecting stable inflation expectations and supportive fiscal signals. Cash instruments, as measured by the SteFI Composite Index, returned 0.6% for December. Listed property edged higher, with the All Property Index (ALPI) up 0.1% for the month and 30.6% for the year, supported by lower interest rate expectations and improved sentiment toward income-generating assets.

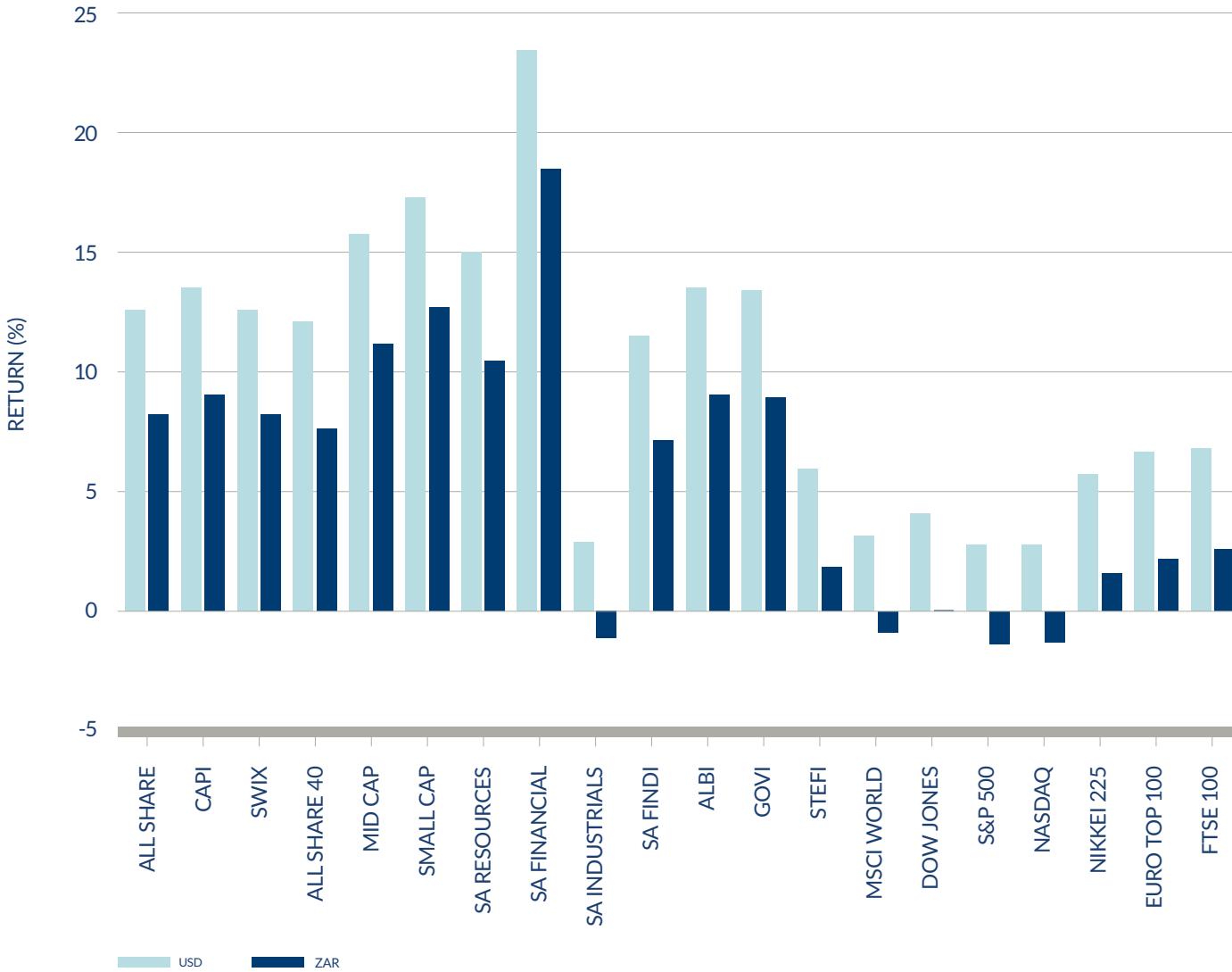
The rand strengthened notably in December, appreciating 3.3% against the US dollar to close at R16.57/USD, and gained 13.8% over 2025. Currency strength was supported by robust commodity performance and favourable domestic developments, reinforcing investor confidence in South African assets.

Inflation data showed headline consumer inflation easing to 3.5% year-on-year in November from 3.6% in October, while core inflation edged up to 3.2% year-on-year, remaining close to the South African Reserve Bank's 3% target. Food inflation accelerated to 4.4%, driven by meat prices rising to 12.2% year-on-year, while transport inflation moderated to 0.7% on lower fuel costs. Producer inflation remained steady at 2.9% year-on-year, with meat prices continuing to exert upward pressure.

The Absa Purchasing Managers' Index (PMI) declined further to 40.5 points in December, signalling ongoing contraction in the manufacturing sector. This weaker headline reading was largely driven by sharp declines in inventories (36.1) and employment (39.9). However, the business activity sub-index improved notably, rising by 9.4 points to 46.1, indicating a pickup in production momentum despite overall conditions remaining below the neutral 50-point level.

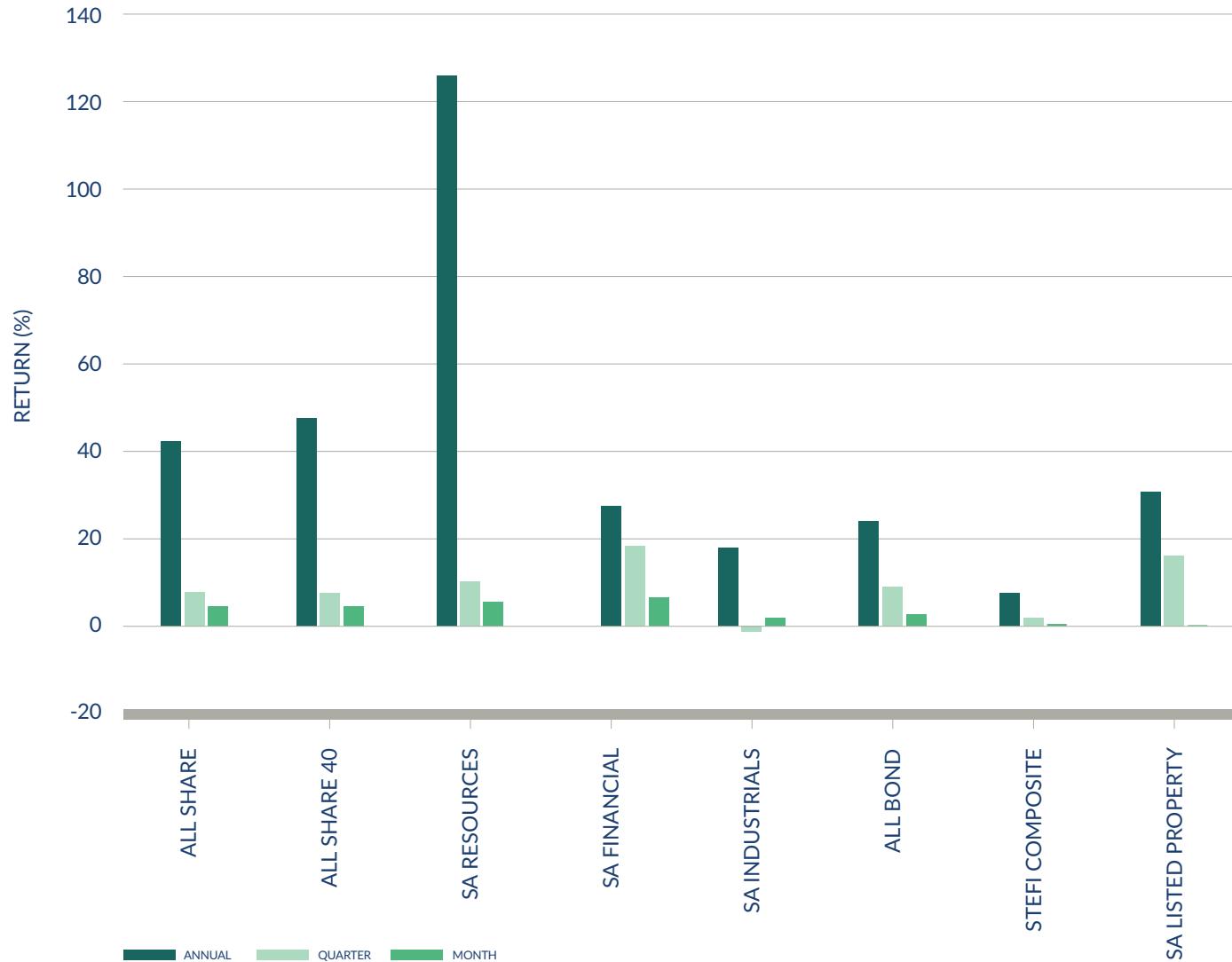
World Market Indices Performance

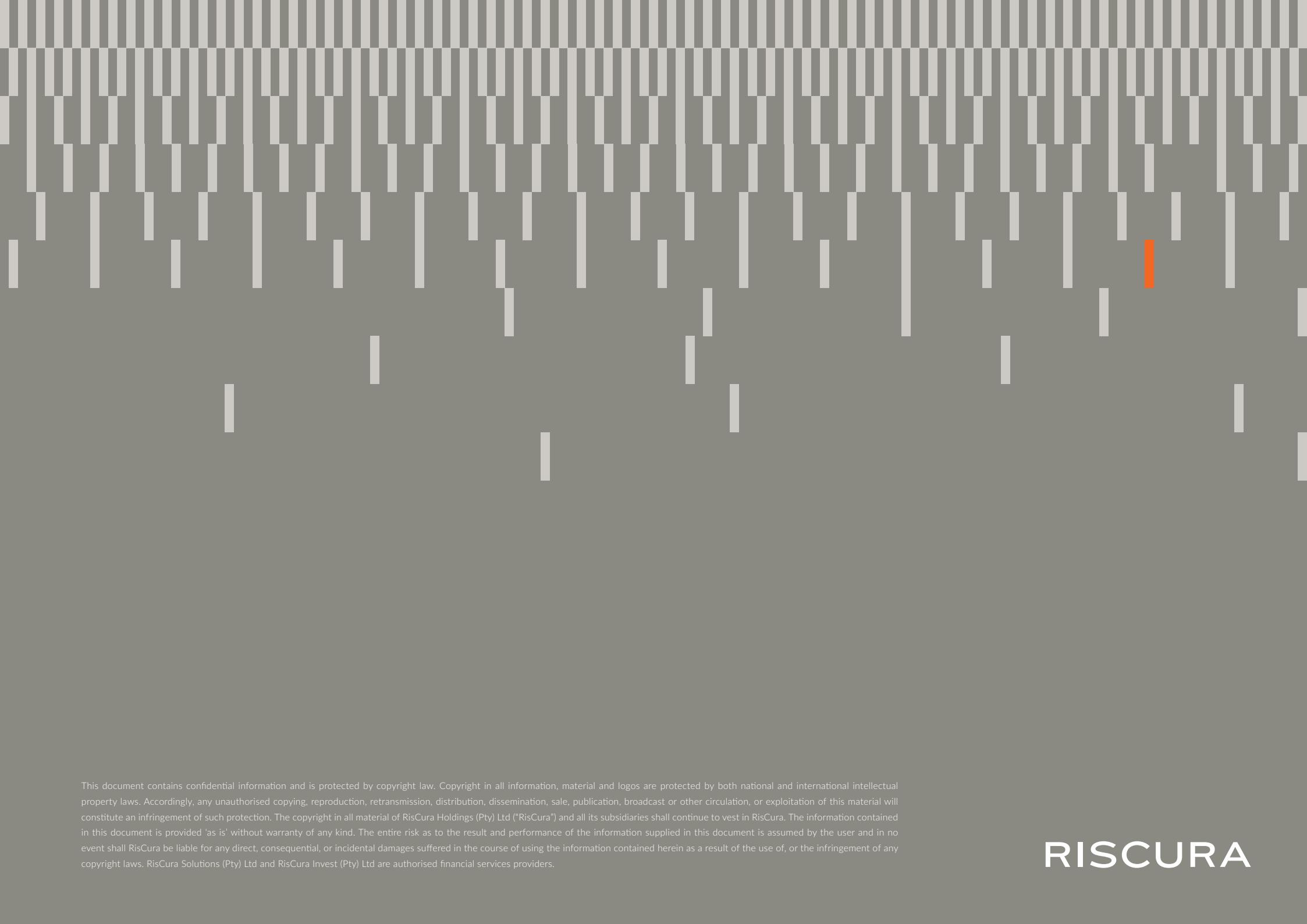
QUARTERLY RETURN OF MAJOR INDICES



South African Market Indices Performance

RETURNS OF THE FTSE/JSE SECTORS AND INDICES





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