



## Monthly market commentary | December 2025

**December was a mixed month for global asset classes, with global equities proving resilient and still managing to deliver positive returns. The US Federal Reserve (Fed) cut interest rates for a third time in December to cushion a softening labour market. This easing cycle, combined with strong earnings expectations, supported risk assets globally. Global bonds, however, delivered more muted returns amid elevated investor concerns about inflation and rising fiscal deficits in developed nations.**

US equity markets continued to be driven by the dominant theme of artificial intelligence (AI). However, as investors began picking winners and losers in the AI race, only two of the “Magnificent Seven” tech stocks, Alphabet (Google) and Nvidia, outperformed the S&P 500 over the last 12 months. The S&P 500 closed the month relatively flat, up only 0.03%<sup>1</sup> in US dollar (USD) terms. The Nasdaq Composite had a consecutive month of negative returns, down 0.5%<sup>1</sup> in USD terms.

Emerging markets (MSCI EM) again delivered positive returns and outperformed their developed market counterparts, ending the month 3%<sup>1</sup> higher in USD terms. South Korea was a significant contributor, as the December performance built upon a strong rally that began earlier in the fourth quarter, driven by the global AI boom and the surging demand for semiconductors. Global property (FTSE EPRA Nareit) was down 1.2%<sup>1</sup> in USD terms for the month.

While still delivering a solid return of 7.5%<sup>1</sup> in USD terms over the last 12 months, global bonds (FTSE WGBI) rose only marginally by 0.1%<sup>1</sup> in December in USD terms. Fiscal concerns continued to weigh on government bonds and curves steepened in all major markets. The rand continued to strengthen against the USD, ending the month 2.9%<sup>1</sup> stronger and a significant 12.1%<sup>1</sup> stronger over the last 12 months.

Local equities (FTSE/JSE Capped ALSI) outperformed both their developed and emerging market counterparts, ending the month 4.6%<sup>1</sup> higher and delivering a return of 42.6%<sup>1</sup> over the last 12 months. The Resources sector was up 5.7%<sup>1</sup> for the month and returned a robust 126%<sup>1</sup> over the past 12 months. Financials were the best-performing sector in December, up 6.5%<sup>1</sup>, while Industrials



ended the month 1.9%<sup>1</sup> higher. Listed property (ALPI) posted a modest gain of 0.1%<sup>1</sup>, closing out a stellar 30.6%<sup>1</sup> return for the last 12 months.

Local bonds (FTSE/JSE ALBI) had another strong month, benefiting from improved investor confidence and subdued inflation. The asset class delivered its best calendar year return in over two decades, up 2.7%<sup>1</sup> for December and 24.2%<sup>1</sup> over the last 12 months. The most significant contribution, again, was from bonds in the 12+ year spectrum, delivering a return of 3.5%<sup>1</sup>. Local cash (STeFI) was 0.6%<sup>1</sup> higher for the month and 7.5%<sup>1</sup> over the last 12 months.

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<sup>1</sup> Morningstar

<sup>2</sup> Momentum Investments

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