



### South African Market

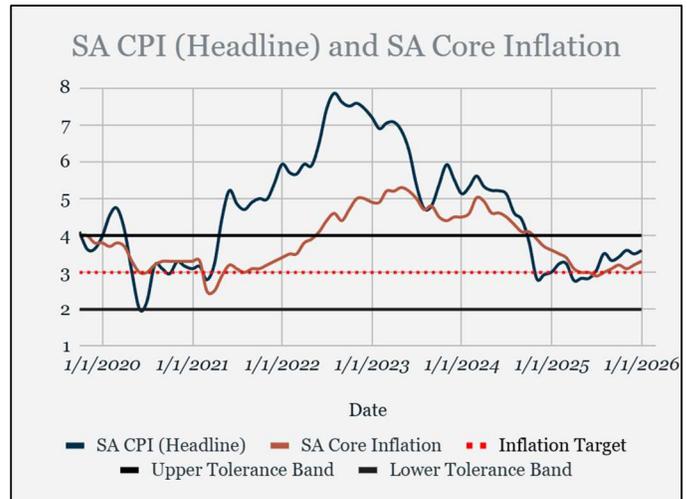
**South African equities** opened 2026 on a firm footing, with the FTSE/JSE All Share Index rising 3.72% in January and extending its strong run, again placing it among the better-performing emerging markets. Gains were heavily skewed toward commodity-linked counters, particularly precious-metal and diversified miners, which together contributed roughly 3.5% to the market’s advance. The Resources sector surged 13.16%, continuing to dominate performance as gold, silver, and platinum group metals rallied sharply. Financials also delivered a solid contribution, gaining 2.90%, supported by improved domestic sentiment, a firmer Rand, and resilient bank earnings. In contrast, Industrials struggled, falling (3.85%), as Rand-hedge and consumer-exposed stocks came under pressure from currency strength. Market breadth remained narrow with returns concentrated in a handful of resource names, leaving near-term performance sensitive to commodity-price momentum and currency moves.

**Headline consumer inflation** rose modestly to 3.6% y/y in January from 3.5% in December, keeping it comfortably within the 1-percentage-point tolerance band around the SARB’s new 3% target. The 2025 average of 3.2% came in below the Bank’s 3.3% forecast and marked the lowest annual outcome in 21 years. Despite the uptick in the headline rate, core inflation, remained subdued at 3.3%, underscoring weak underlying demand pressures in the economy.

### Asset Class Performance (ZAR):

As of 31 <sup>st</sup> January 2026	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity	(0.01)	(0.01)	5.40	15.69	13.39	13.16
Global Property	(0.00)	(0.00)	(5.03)	2.36	5.73	4.92
Global Bond	(2.27)	(2.27)	(7.73)	(0.86)	(1.63)	0.72
Global Cash	(2.91)	(2.91)	(10.38)	2.10	4.69	2.36
SA Equity	3.72	3.72	44.35	18.90	18.42	13.14
SA Property	0.98	0.98	35.00	23.67	21.64	5.52
SA Bond	1.95	1.95	26.11	16.52	12.80	11.20
SA Cash	0.55	0.55	7.17	7.73	6.37	6.31
ZAR/USD (negative = Rand strength)	(2.35)	(2.35)	(13.30)	(2.49)	1.30	0.17
Gold	5.01	5.01	36.69	23.85	17.28	11.96
Brent Crude Oil	12.44	12.44	(20.60)	(8.35)	6.15	7.46

\*Returns more than 1 year are annualized.



Source: Trading Economics

The **South African Reserve Bank** struck a cautious tone at its first MPC meeting of 2026, leaving the repo rate unchanged at 6.75% despite a firmer Rand and a benign inflation backdrop. The decision was narrowly split, with four members voting to hold and two favouring a 25 bp cut. The hold came alongside a downward revision to the Bank’s 2026 inflation forecast to 3.3%, closer to the new 3% target and below the prior 3.5% projection, as elevated geopolitical risks outweighed the improved inflation outlook. The SARB also lifted its GDP growth forecast, pointing to a gradual improvement toward 2% over the medium term. While policy was paused, the easing cycle is expected to resume, with markets and economists still pencilling in around 50 bp of cuts in 2026 and a potential further 25 bp reduction in 2027.



**The Rand** strengthened meaningfully over January, trading as firm as R15.70/US\$ before closing the month at R16.15/US\$, a gain of 2.35% and its strongest level since 2022. Support came from broad-based US Dollar weakness, robust gains in precious metals, and growing investor recognition of South Africa’s recent progress on governance and reform. While improved local sentiment and firmer domestic data were constructive for the currency, Dollar weakness was largely driven by heightened global uncertainty surrounding the Trump administration and renewed pressure on the US Federal Reserve and its chair, Jerome Powell. Incoming Fed Chair nominee Kevin Warsh, a long-standing critic of the Fed, has argued for a reduced policy footprint and questioned the central bank’s reliance on forward guidance. Against this backdrop, the Rand gave back some gains late in the month, weakening (2.9%) against the dollar over the final days as risk appetite moderated and uncertainty around the Fed’s future direction increased.

**South African bonds** delivered a relatively stable performance in January, gaining 1.95%. Government bond yields were steady to modestly lower at the front end, while the 10-year yield declined 15 bp to 8.05% p.a., its lowest level in almost a decade, defying the generally softer global yield environment. A firmer Rand, improving inflation dynamics, and steady policy settings underpinned demand for local duration, with South African bonds continuing to offer attractive real yields versus global peers. Sustained foreign interest and a favourable supply backdrop further supported the market, reinforcing South Africa’s appeal within emerging-market fixed income.



Source: Coronation, Bloomberg



Source: Morningstar (Returns more than 1 year are annualized)

The upgrade by S&P Global Ratings last year, South Africa’s first in nearly two decades, continued to underpin government bonds, alongside the achievement of consecutive primary surpluses for the first time since 2009, which has materially improved the fiscal narrative. Economic growth is estimated to have reached around 1.2% in 2025, with momentum expected to build further to roughly 1.6% in 2026, marking a gradual but steady improvement from the subdued 0.5% outcome recorded in 2024.

Encouragingly, **South Africa’s manufacturing sector** showed early signs of recovery at the start of 2026. The seasonally adjusted Absa PMI jumped 8.2 points to 48.7 in January, rebounding from December’s weak print, though still marginally below the neutral 50 threshold. Despite remaining in contractionary territory, the breadth of improvement was notable: All subcomponents strengthened month-on-month, with the business activity index moving back into expansion. The data points to a more constructive start to the year and raises cautious optimism that manufacturing conditions may continue to stabilise if demand holds up.



## Global Markets

**Global equities** opened the year on a strong footing as leadership continued to broaden beyond US mega-caps, extending the trend seen in December. Cyclical and value exposures again outperformed across several regions, with the MSCI ACWI gaining 3.31% in January amid a supportive backdrop underpinned by resilient growth expectations. One theme clearly dominated the month: broadening. Diversification away from US large caps gathered momentum, with US small caps rising around 5% while the Magnificent Seven advanced just 1%. From December 2024 through early November 2025, the top 100 stocks in the S&P 500 accounted for 88% of returns; since then, that share has fallen sharply to 24%, with the remaining constituents contributing 76% of gains. Emerging markets also surged, up 8.86% in USD terms, outperforming developed markets by more than 7%, a relative margin not seen since 2001. The shift toward broader market participation has reduced concentration risk and improved overall market breadth.

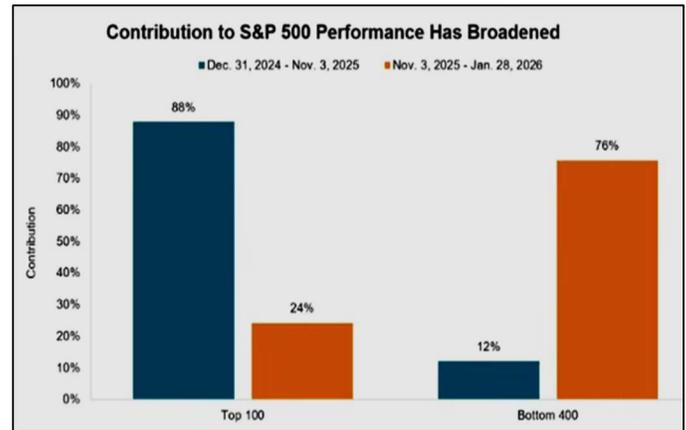
**US headline inflation** held steady at 2.7% y/y, unchanged from the prior month and in line with expectations. Energy price pressures eased meaningfully, with softer fuel costs driving a slower pace of increases. Core inflation, excluding food and energy, was unchanged at 2.6%, the lowest since 2021. The benign print reinforced the view that disinflation remains intact, giving the Federal Reserve greater flexibility as it weighs the balance between inflation risks and a cooling labour market.

### Asset Class Performance (USD):

As of 31 <sup>st</sup> January 2026	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
<b>Global Equity</b>	3.31	3.31	22.70	18.94	11.97	13.06
<b>Global Property</b>	3.32	3.32	10.56	5.24	4.40	4.83
<b>Global Bond</b>	0.98	0.98	7.42	1.92	(2.87)	0.63
<b>Global Cash</b>	0.32	0.32	4.34	4.97	3.38	2.27
<b>SA Equity</b>	7.16	7.16	68.05	22.24	16.93	13.05
<b>SA Property</b>	4.33	4.33	57.16	27.15	20.10	5.43
<b>SA Bond</b>	5.34	5.34	46.82	19.79	11.38	11.10
<b>SA Cash</b>	3.89	3.89	24.76	10.76	5.03	6.22

<b>ZAR/USD (negative = Dollar strength)</b>	2.41	2.41	15.34	2.55	(1.29)	(0.17)
<b>Gold</b>	8.50	8.50	59.13	27.33	15.80	11.86
<b>Brent Crude Oil</b>	16.17	16.17	(7.57)	(5.77)	4.81	7.36

\*Returns more than 1 year are annualized.



Source: S&P Dow Jones Indices

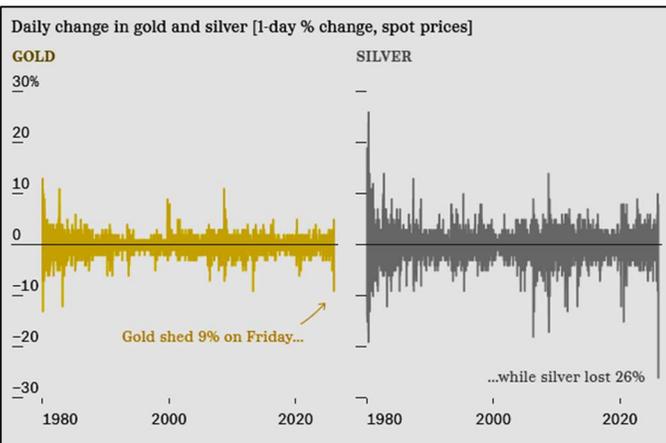
**The Federal Reserve** held rates steady at its first policy meeting of the year, pushing back against White House pressure to ease further. The FOMC voted to keep the federal funds rate at 3.50%-3.75% following three cuts in 2025, with two of the 12 voting members dissenting in favour of a 25 bp reduction. In its post-meeting statement, the Fed noted signs that the labour market has stabilised and upgraded its assessment of growth to “solid” from “modest.” With activity holding up and no clear deterioration in hiring, officials appear in no rush to resume easing. While most policymakers still anticipate lower rates later in the year, they are looking for firmer evidence that inflation, still viewed as stubborn, continues to move closer to the 2% target. Market pricing has consequently pushed expectations for the next cut further into the second half of the year, reflecting the Fed’s patient stance.



**European equities** started the year strongly, with the Euro Stoxx 50 rising 2.8% in January. The ECB left policy rates unchanged at its December meeting and is widely viewed as having concluded its easing cycle absent fresh shocks, with no move expected at its early February meeting. In China, equities gained 3.8%, their best monthly performance since August, despite a sharp sell-off on the final trading day triggered by a steep drop in gold prices that weighed broadly on risk sentiment. Japan continued to stand out among developed markets, with the Nikkei climbing 5.9% and briefly closing above the 54,000 level mid-month, marking a new record high.

**The US Dollar** extended its decline through January, falling for a third consecutive month and briefly touching a four-year low before a late-month rebound tempered losses. The Dollar Index finished the month down (1.35%), weakening broadly against most major currencies. The greenback firmed toward month-end after President Trump announced his nomination of former Federal Reserve Governor Kevin Warsh to succeed Jerome Powell as Fed Chair in May.

**Commodities** made a strong start to the year, with notable gains in January for energy and precious metals. Elevated geopolitical risk initially drove strong demand for precious metals, with gold briefly surging above the US\$5,000 mark for the first time. The rally was fuelled by concerns that President Trump might appoint a Fed chair inclined toward aggressive rate cuts. However, prices retraced sharply toward month-end after reports indicated that Kevin Warsh, seen by markets as a more orthodox and credible candidate, would be nominated to succeed Jerome Powell. Despite the late pullback, gold still ended the month up 8.50%.



Source: Bloomberg, Sherwood



Source: Morningstar (Returns more than 1 year are annualized)

**Global government bonds** delivered mixed returns in January, as upward pressure on long-dated yields offset gains elsewhere, leaving the asset class up 0.98% for the month. Bond markets faced headwinds from broadly stronger-than-expected economic data, alongside renewed concerns around fiscal spending and questions over US central bank independence. US Treasuries posted negative returns, with the sell-off concentrated at the front end of the curve, as firmer data pushed expectations for the next Fed rate cut further into the future and lifted two-year yields. The rise in global yields was initially triggered by a sharp move in Japan, where 40-year JGB yields breached 4% p.a. for the first time in three decades, following Prime Minister Sanae Takaichi's campaign pledge to cut taxes ahead of snap elections expected in February.

**Global policy uncertainty** spiked in January as dramatic developments in US foreign policy dominated headlines. Early in the month, US forces carried out a military operation in Venezuela that resulted in the capture of President Maduro and his wife. This unprecedented intervention, and strong rhetoric from Washington over future governance and oil access, heightened geopolitical risk across markets. President Donald Trump also floated tariffs on European allies that opposed his ambitions to acquire Greenland, threatening 10% duties on imports from countries sending troops to the Arctic island, before later stepping back from military force while continuing to emphasise the strategic importance of the territory to US security interests. While the tariff threat was eased after diplomatic engagement, the episode underscored tensions with NATO partners.



## Historic Asset Class Performance Matrix

The performance matrix below shows returns (colour coded) for the 4 main indicative sources of return per asset class and separated for SA and Global. **All performance figures here shown in ZAR.** The performances show the one-year performance of each asset class up to the displayed date (X-axis) except for the column showing YTD returns up to 31<sup>st</sup> January 2026.

	YTD	1/2026	1/2025	1/2024	1/2023	1/2022	1/2021	1/2020	1/2019	1/2018	1/2017	1/2016	1/2015
Best	SA Equity 3.7	SA Equity 44.4	SA Prop-erty 21.0	Global Equity 21.6	Global Cash 14.9	SA Prop-erty 37.4	Global Equity 18.7	Global Equity 31.0	Global Property 19.6	SA Equity 16.1	SA Prop-erty 15.4	Global Cash 36.9	SA Prop-erty 46.4
	SA Fixed Income 2.0	SA Prop-erty 35.0	Global Equity 20.8	SA Prop-erty 15.8	SA Equity 11.8	Global Property 26.2	SA Equity 14.5	Global Property 27.9	Global Cash 14.0	Global Equity 12.6	SA Fixed Income 11.9	Global Fixed Income 33.5	Global Property 31.6
	SA Prop-erty 1.0	SA Fixed Income 26.1	SA Equity 19.6	Global Cash 12.4	SA Fixed Income 6.4	SA Equity 23.9	SA Fixed Income 8.2	Global Fixed Income 19.2	Global Fixed Income 10.6	SA Fixed Income 10.8	SA Equity 10.3	Global Equity 28.0	SA Fixed Income 21.2
	SA Cash 0.5	SA Cash 7.2	SA Fixed Income 16.9	SA Cash 7.9	SA Cash 5.2	Global Equity 15.8	Global Fixed Income 7.5	Global Cash 15.4	SA Fixed Income 8.8	SA Cash 6.9	SA Cash 6.9	Global Property 27.6	SA Equity 17.1
	Global Property 0.0	Global Equity 5.4	Global Property 8.9	SA Fixed Income 7.3	Global Equity 4.6	SA Fixed Income 8.5	SA Cash 4.3	SA Fixed Income 8.5	SA Cash 6.6	SA Prop-erty 3.9	Global Equity 1.3	SA Cash 5.8	Global Equity 11.0
	Global Equity 0.0	Global Property -5.0	SA Cash 8.1	Global Fixed Income 6.0	SA Prop-erty 2.4	SA Cash 3.6	Global Cash 0.6	SA Equity 7.1	Global Equity 3.5	Global Fixed Income -4.9	Global Property -7.2	SA Equity -1.1	SA Cash 5.5
	Global Fixed Income -2.3	Global Fixed Income -7.7	Global Cash 5.7	Global Property 3.7	Global Fixed Income -1.6	Global Cash 2.8	Global Property -9.3	SA Cash 6.6	SA Equity -6.1	Global Property -5.0	Global Fixed Income -13.5	SA Prop-erty -2.4	Global Cash 4.2
Worst	Global Cash -2.9	Global Cash -10.4	Global Fixed Income -0.4	SA Equity -2.6	Global Property -2.4	Global Fixed Income -3.9	SA Prop-erty -34.6	SA Prop-erty -9.5	SA Prop-erty -9.4	Global Cash -10.9	Global Cash -14.8	SA Fixed Income -5.6	Global Fixed Income 1.6

Source: Morningstar Direct