



SELECT MANAGER

Newsletter

December 2025

MARKETS AND ECONOMICS

Following a broadly weaker performance in November, most asset classes saw modest stabilisation towards the end of the year, although gains remained limited and uneven. Risk appetite remained cautious, and market leadership narrowed, as investors increasingly focused on locking in profits after a strong year.

In developed markets, December activity was shaped more by policy signals and positioning than by a material shift in sentiment. The S&P 500 was broadly flat during the month, with a widely expected 25-basis-point rate cut by the United States (US) Federal Reserve failing to re-accelerate risk appetite. Europe was the standout within developed markets, supported by valuation recovery and easing inflation pressures rather than by a strong underlying growth impulse. Japanese equities also reclaimed some lost ground, albeit modestly, following a sharp sell-off in November. In contrast to global easing trends, the Bank of Japan raised interest rates by 25 basis points to 0.75%, its highest level in 30 years. This move highlighted a clear policy divergence from other major economies.

Emerging markets outperformed their developed peers for the eighth time in 2025. However, gains remained selective instead of broad-based. Chinese equities continued to detract, extending losses from the previous month as concerns around growth momentum and policy traction persisted. This divergence within emerging markets, especially between China and the rest of its peers, remained one of the defining themes of 2025.

In local markets, South African equities delivered another solid month of gains, closing the year up 42%. This marked 2025 as one of the strongest years on record for the Johannesburg Stock Exchange. More broadly, South African assets performed exceptionally over the year, with property (+31%), bonds (+24%), and cash (+8%)

all posting strong gains, supported by improved sentiment, attractive valuations, and renewed foreign investor interest.

Other highlights during the month included:

+ The South African rand closed 2025 with its strongest annual gain in 16 years:

The rand strengthened nearly 13% in 2025, its best annual performance in 16 years, supported by improved fiscal dynamics, contained inflation, and strong precious metal prices. Broad US dollar weakness and South Africa's removal from the grey list further underpinned investor confidence.

+ The Bank of England lowered its policy rate to revive the slowing economy:

The Bank of England opted to lower its policy rate by 25 basis points to 3.75%, its lowest level since 2022, marking a renewed shift towards growth support. The decision reflected easing inflation alongside weaker consumer demand, softer investment, and a cooling labour market.

+ South African inflation eased as fuel and vehicle prices offset food pressures:

The Headline Consumer Price Index eased to 3.5% in November, supported by decreasing fuel and vehicle prices, with used car inflation at its lowest level in more than a decade. This disinflation was partly offset by a renewed pickup in food inflation, driven by sharp increases in meat prices.

We wish you a Happy New Year and look forward to supporting your financial well-being in 2026!

JSE All Share 4,57% 115 832,28 ▲	MSCI World (USD) 0,81% 4 430,38 ▲	MSCI EM (USD) 0,03% 1 404,38 ▲
SA Bonds 2,70% 1 369,88 ▲	SA Property 0,09% 487,66 ▲	CPI (y/y) 3,50% 103,40 ▲
Gold 2,14% 4 308,07 ▲	Platinum 19,91% 2 008,55 ▲	Oil -2,45% 60,85 ▼
\$/R -3,21% 16,56 ▼	€/R -1,98% 19,45 ▼	£/R -1,56% 22,30 ▼