



JANUARY 2026

Dear CRF Member,

Local equity markets continued to rally in December 2025, delivering a return of 4.6%. Local nominal bonds returned 2.7% while listed property was flat after a 16.7% rally over the past 3 months. While offshore equity and bonds delivered positive returns in USD terms, they both delivered negative returns in Rand terms due to the Rand appreciating by more than 3% over the month. The returns for the major asset classes to the end of December 2025 are shown below:

	1 month	3 months	6 months	1 year
SA Equity (Capped SWIX)	4.6%	8.9%	22.8%	42.6%
SA Nominal Bonds (ALBI)	2.7%	9.0%	16.5%	24.2%
SA Property (ALPI)	0.1%	16.7%	23.1%	30.6%
SA Cash (STeFI)	0.6%	1.8%	3.6%	7.5%
SA Inflation Linked Bonds (CILI)	2.7%	8.1%	13.6%	15.4%
Global Equity (MSCI World (\$))	0.8%	3.1%	10.6%	21.1%
Global Equity (MSCI World (R))	-2.5%	-1.0%	3.1%	6.3%
Global Bonds (WGBI (\$))	0.1%	0.1%	0.3%	7.5%
Global Bonds (WGBI (R))	-3.1%	-3.9%	-6.5%	-5.6%

The returns of the CRF portfolios (net of all fees) up to the end of December 2025 were as follows:

Portfolio	1 month	3 months	6 months	1 year
CRF Aggressive Portfolio	1.8%	4.8%	12.5%	23.9%
CRF Growth Portfolio	1.9%	5.3%	12.6%	23.0%
CRF Moderate Portfolio	1.8%	3.7%	8.1%	16.8%
CRF In-Fund Pension Portfolio	2.8%	7.2%	12.0%	16.6%
CRF Money Market Portfolio	1.1%	2.3%	4.5%	9.4%
CRF Shari'ah Portfolio	2.0%	4.5%	11.6%	18.0%
CRF Children's Benefit Portfolio	1.2%	3.3%	6.8%	15.1%

The CRF In-Fund Pension portfolio was once again the best performing for the month, returning 2.8%. All of the CRF portfolios performed strongly including the Shari'ah portfolio, which performed well due to a strong rally in Resources shares. The year 2025 was a good year for the CRF Portfolios as all CRF portfolios exceeded their inflation targets. All CRF portfolios achieved returns greater than 15%, except for the CRF Money Market portfolio. As a result, the CRF

exceeded the R60 billion assets mark at the end of December 2025 and remains once of the largest by assets within Local Government.

South African assets finished one of their best years in decades, significantly outperforming global peers. In US dollar terms, local equity was one of the best performing global equity markets in the world. This was driven by improving fundamentals, high commodity prices, reduced political risk, an end to load-shedding, a “market friendly” medium term budget statement and improving investor confidence on the back of ongoing economic reforms, removal from the FATF grey list and a credit rating upgrade from S&P. The Rand strengthened by close to 15% in 2025 while local bonds also rallied to their lowest yields in a decade. With lower bond yields, Government can borrow at lower rates, which could assist in lowering interest costs in the Government budget. High commodity prices will also provide greater revenue for Government, which will help ease the budget deficit. Inflation eased to 3.5% in November 2025, which allowed the South African Reserve Bank to cut interest rates by 0.25% in November. Operation Vulindlela has yielded positive benefits for the economy, and the outlook remains optimistic in 2026, if ongoing reforms are accelerated.

Momentum in large technology companies faded in December 2025 as sentiment towards AI-related stocks such as Oracle soured. Even an interest rate cut of 0.25% by the US Federal Reserve in December 2025 didn't help change sentiment towards AI driven stocks as investors questioned the sustainability of large capex spend. The US dollar continued to weaken, which supported emerging market assets, emerging market currencies and commodities. Changes in the world order, trade dynamics and geopolitics are creating uncertainty for investors and financial markets, which could weigh on global economic growth in 2026, if such uncertainty persists.

On this note, we wish all our members a blessed festive season and prosperous 2026!

Kind regards,



Mr Raymond Wentworth
Principal Executive Officer

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