

INVESTMENT UPDATE

QUARTER 04 | 2025

Economic Commentary

Global markets delivered broadly positive returns over the last quarter of the year, supported by cooling inflation, resilient economic activity and growing expectations that major central banks may continue cutting interest rates in 2026. Equities gained momentum early in the quarter as investors welcomed signs of further United States (US) Federal Reserve easing, while strong corporate earnings and ongoing enthusiasm around artificial intelligence helped reinforce sentiment. As the quarter progressed, market performance became more uneven. Developed markets held up reasonably well, but emerging markets faced pressure - particularly China, where concerns about slowing growth and reduced policy stimulus weighed on risk appetite.

Technology shares, especially in the US, experienced periods of profit-taking as investors questioned high valuations, prompting a shift into more defensive areas such as healthcare. Towards the end of the quarter, global markets strengthened again. Supportive inflation data, resilient earnings results and renewed optimism around the interest-rate outlook helped lift sentiment. The MSCI World Index, which is a good measure on how developed markets are performing, ended the quarter firmly higher, closing the year more than 21% up. Emerging markets also recovered, benefiting from an improved appetite for risk and ended the year strong, up 33.6% for the 2025 calendar year.

South Africa

South Africa closed 2025 on a strong footing, with the economy showing resilience despite ongoing structural challenges. Economic growth remained positive where GDP grew by 0.5% in Q3, marking the fourth consecutive quarter of expansion. Inflation stayed comfortably within the Reserve Bank's new 3% target band, hovering between 3.4% and 3.6% during the quarter. Lower fuel prices, stable food inflation and a stronger rand contributed to this favourable backdrop. The South African Reserve Bank (SARB) cut interest rates by 25 basis points in November, lowering the repo rate to 6.75%. This supported financial markets and improved household affordability heading into the festive season. The rand strengthened steadily, finishing the year at R16.56 per US dollar, its strongest level since 2022.

Overall, the fourth quarter of 2025 was supportive for retirement fund portfolios. Lower inflation, easing interest-rate expectations and strong global and local market performance provided a constructive backdrop for long-term savers.

LA Retirement Fund Results

Investment returns to December 2025	Quarter %	Calendar YTD* %	1 year % p.a.	3 years % p.a.	5 years % p.a.	7 years % p.a.
LA Wealth Creation	4.6%	17.7%	17.7%	15.0%	14.0%	12.4%
Retail Peer Group	4.2%	16.8%	16.8%	12.9%	10.9%	9.3%
CPI**+6%	1.7%	9.5%	9.5%	10.0%	11.0%	10.5%
LA Wealth Consolidation	6.3%	17.6%	17.6%	14.7%	13.4%	11.9%
Retail Peer Group	4.1%	15.9%	15.9%	12.1%	9.9%	8.7%
CPI**+4.5%	1.3%	8.0%	8.0%	8.2%	9.1%	8.6%
LA Capital Protection	2.8%	10.8%	10.8%	11.1%	10.8%	9.9%
Retail Peer Group	4.0%	13.8%	13.8%	11.3%	9.0%	8.0%
CPI**+3.5%	1.1%	7.0%	7.0%	6.7%	7.4%	6.8%
LA Cash Plus	3.6%	12.4%	12.4%	11.5%	9.7%	8.9%
Retail Peer Group	3.2%	10.0%	10.0%	9.2%	7.5%	7.1%
STeFI***+1%	2.0%	8.5%	8.5%	9.0%	7.6%	7.5%
LA Shari'ah	5.9%	20.1%	20.1%	13.6%	11.7%	10.0%
Shari'ah Benchmark	4.5%	17.6%	17.6%	10.5%	10.1%	9.9%
CPI+5%	1.4%	8.5%	8.5%	9.0%	10.0%	9.5%

* YTD = Year-to-date; in this instance, the months from 1 Jan 2025 to 31 December 2025.

** CPI = Consumer Price Index. CPI targets for LA Wealth Consolidation and LA Capital Protection are a combination of the previous target and the new target.

***STeFI = Short-Term Fixed Interest Index (for cash or money market returns)

Performance is net of fees



LA Wealth Creation portfolio

The LA Wealth Creation portfolio ended the year positively, where it managed to outperform its retail peer group and CPI+6% target across all periods. Over the 1-year period, it delivered 17.7% compared to the retail peer group (16.8%) and CPI+6% target (9.5%). Over the medium to long term (3, 5 & 7 years), it comfortably outperformed the retail peer group and CPI+6%.

LA Wealth Consolidation portfolio

The LA Wealth Consolidation portfolio showed strong relative performance, beating its retail peer group and CPI+4.5% target in all periods.

LA Capital Protection portfolio

The LA Capital Protection portfolio lagged its retail peer group over the short to medium term periods, but still exceeded the CPI+3.5% target over the same periods. It is worth noting that smooth bonus portfolios, during a period of strong performance, are expected to lag the general market and the portfolio has therefore performed as expected.

Over the longer term periods, the portfolio has outperformed the retail peer group and has protected members' capital by providing returns well above inflation.

LA Cash Plus portfolio

The LA Cash Plus portfolio continues to perform well in a short-term environment that has been more favourable to equities and has managed to return 12.4% over the 1-year period - almost 4% above the STeFI target.

Across all other periods, the portfolio has outperformed its peer group and target.

LA Shari'ah portfolio

The LA Shari'ah portfolio has benefited from a strong resources run in 2025, where over the 1-year period the portfolio returned 20.1%, outperforming CPI+5% by 11.6%.

The portfolio continues to do well across all other periods, where it has comfortably outperformed its benchmark and CPI+5% over the 3-year, 5-year and 7-year period.



Asset Allocation (31/12/2025)

Asset Class	LA Wealth Creation	LA Wealth Consolidation	LA Capital Protection	LA Cash Plus	LA Shari'ah*
Local	63.64%	74.92%	70.90%	96.64%	71.30%
Cash	4.28%	2.88%	6.09%	17.45%	12.20%
Bonds	5.36%	18.76%	18.58%	77.07%	13.10%
Equity**	41.94%	43.84%	30.90%	0.00%	44.10%
Property	3.78%	5.53%	5.71%	2.12%	1.90%
Other*	8.28%	3.90%	9.62%	0.00%	0.00%
Foreign	36.36%	25.08%	29.10%	3.36%	28.70%
Cash	0.87%	1.45%	2.94%	0.11%	2.10%
Bonds	0.50%	0.84%	2.47%	3.11%	0.10%
Equity**	34.25%	21.96%	17.97%	0.00%	26.20%
Property	0.74%	0.83%	1.49%	0.14%	0.30%
Other*	0.00%	0.00%	4.23%	0.00%	0.00%

*Other for LARF Shari'ah refers to Shari'ah Compliant Liquid Assets, all "other" assets include alternative investments such as hedge funds, ILB's, credit, private debt & infrastructure

**Equity allocations include property

Asset allocation movement over Q4 of 2025

PORTFOLIOS

LA Wealth Creation	LA Wealth Consolidation	LA Capital Protection	LA Cash Plus	LA Shari'ah
+5.8% local equity, -4.8% other, -1.6% in bonds Reduction in exposure of hedge funds, inflation linked bonds and credit in favour of local equity which outperformed.	+5.3% local assets, -5.3% Foreign assets Reduction in foreign equity in favour of local equity also due to strong performance on the local index.	No significant movements No significant changes.	+10.8% local cash, -11.0% local bonds Increase in local cash holdings and decrease in bond allocation.	+3.3% local equity, -2% in foreign equity Increase in local equity allocation. Reduction in foreign equity due to local outperformance.

We are pleased with the returns provided to members over 2025. Looking ahead, we remain committed to a long-term mindset as lasting retirement outcomes are built over decades, not months.

Trustees: Mr J Jacobs (Chairperson) | Mrs M Van Zyl (Deputy Chairperson) | Mr SF du Toit | Adv CJ Franken | Mr J Lawack | Cllr WR Meiring | Mrs SLC Petersen | Cllr S Philander
Principal Officer: Mrs IT Hartlief

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