

Management Team  
Multi-Asset  
Solutions  
Investment Team

Date  
06/01/26

Capital is at risk.  
Please read full risk  
warning at the end  
of this document.

\*Yield is the income  
paid by bonds or  
other investments.  
It is usually stated  
as a percentage  
of the value of the  
investment. Yields and  
bond prices have an  
inverse relationship,  
when one rises, the  
other falls.

\*\*Investment grade  
company bonds  
are seen as higher  
quality, meaning the  
companies issuing  
them are lower risk  
and more likely to  
repay the money  
borrowed.

\*\*\* High yield bonds  
are seen as higher  
risk and so pay  
additional yield to  
compensate for the  
extra risk investors  
are perceived to be  
taking.

## Monthly Commentary: January 2026

# Multi-Asset

Global stock markets ended the year on a positive note, supported by easing inflation across major economies and growing expectations that central banks will continue with gradual interest rate cuts in early 2026. Technology and healthcare companies led gains in December, while business sectors more reliant on the economic cycle lagged, as economic data weakened.

Bonds delivered relatively stable returns. Government bond yields\* declined modestly, pushing up the prices of these bonds, as investors priced in more interest rate cuts, and investment grade\*\* company bonds remained resilient. However, returns from high yield\*\*\* bonds were more mixed.

Commodities experienced a muted month. The prices of energy commodities, such as oil and gas, stabilised after earlier volatility, while industrial metals – such as aluminium, copper and nickel – benefited modestly from the Chinese government’s announcement of further measures to stimulate the country’s economy. Gold benefited from lower bond yields and continued demand from investors for ‘safe haven’ assets.

As a team, we continue to see the potential for reasonable returns from the major investment asset classes over the coming months, although we will remain sharply focused on ongoing geopolitical risks and the prospect of unforeseen events.

## UK

During December, the FTSE 100 posted a gain of 2.3% and over the year it was up 25.8%. The index did particularly well due to the defensive characteristics of business sectors such as consumer staples and healthcare, which are well represented in the index. This proved beneficial during periods of volatility (when share prices move sharply). During the month, inflation figures came in lower than most investors expected (3.25% vs 3.5%). This helped the Bank of England (BoE) to decide to cut rates by 0.25% to 3.75%. However, members of the BoE’s Monetary Policy Committee only agreed the cut by a narrow margin of five votes to four.

## Europe

After a difficult November, European stock markets bounced back to post strong gains in the last month of the year, with the MSCI Europe excluding UK index up 2.4%. Overall, it was a positive year for Europe with the index posting a gain of 26.2%. Reasons for this included European governments increasing defence and infrastructure spending and global investors reducing their exposure to US stocks and increasing holdings in European shares. Inflation in November came in at 2.1%, which was in line with investors’ expectations. It was driven largely by inflation in the services sector. The European Central Bank (ECB) decided to hold interest rates at 2.0%, with its President, Christine Lagarde, emphasising that policy was in a “good place”.

## US

Despite hopes of a ‘Santa rally’ that would drive gains for the S&P 500, the US index was down 1.4% in December. After a strong run by the ‘Magnificent Seven’ technology giants, they were outperformed during the month by healthcare, energy and utility companies. The central bankers of the US Federal Reserve (the Fed) cut interest rates by 0.25% to 3.75%, however the signals about their next move were mixed.

## **Japan**

Japanese stocks edged lower during the month, with the MSCI Japan index down 1.0%, as the market paused after a strong rally. The fall reflected a combination of investors taking some of their profits and caution over global growth prospects, as weaker US economic data and uncertainty around US interest rate policy weighed on investor sentiment.

The yen stabilised following earlier volatility, reducing currency tailwinds for Japanese exporters. Stock market performance varied between business sectors. Financial services and industrial companies showed relative resilience, supported by steady domestic demand and corporate governance reforms. Sectors selling direct to consumers were broadly weaker, reflecting valuation concerns and subdued momentum in retail.

The Bank of Japan (BoJ) raised interest rates by 0.25% to 0.75%, the highest level in 30 years.

## **Asia Pacific (excluding Japan)**

Asia-Pacific ex-Japan stocks advanced in December, with the MSCI AC Asia Pacific excluding Japan index up 1.3%, marking a positive end to the year. Gains were driven by strong performance in North Asia and selective strength in Southeast Asia, while China remained a drag. South Korea led the region with a robust 11.0% return, supported by semiconductor strength and optimism about demand in the technology sector. However, China (-2.7%), Hong Kong (-2.0%), India (-2.0%), and Indonesia (-2.0%) all declined, weighed down by property sector stress, investors taking profits and weakening demand faced by commodity-related companies.

Overall, December capped a strong year for Asia-Pacific ex-Japan, with technology companies and strong performance by a number of countries offsetting China's persistent weakness.

## **Emerging Markets**

Emerging market stocks performed positively in December, with the MSCI Emerging Markets index up 1.5%, marking a positive end to the year. However, Brazil (-2.8%) was among the stock markets that declined, reflecting profit-taking and lingering macroeconomic headwinds.

Technology and financial services companies performed well, while companies selling non-essential consumer products and communication services lagged. Broadly speaking, central banks continued to cut interest rates across emerging markets, as inflation eased.

## **Bonds**

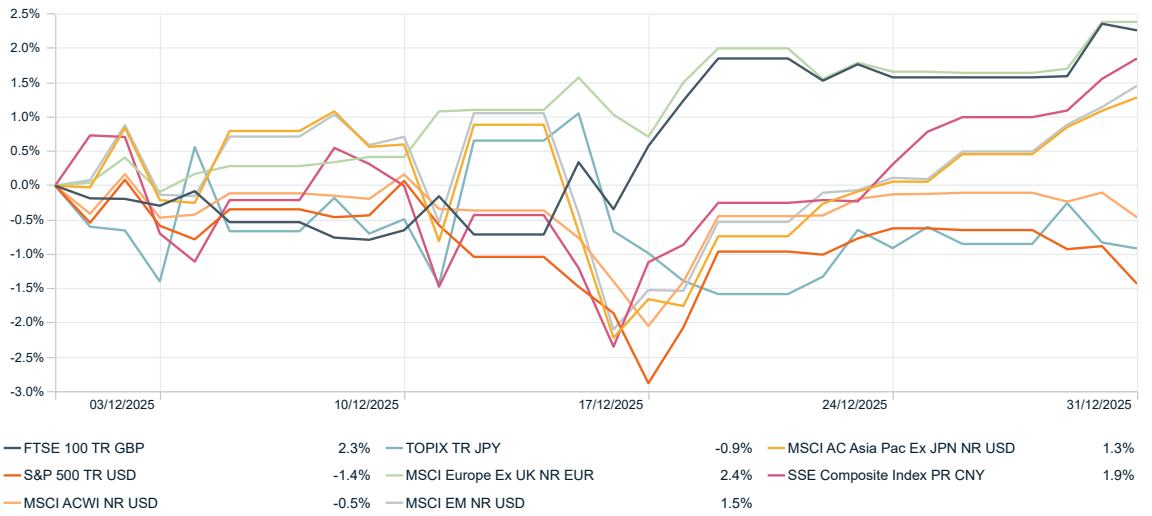
Getting a solid picture of what is happening in many economies has not been easy since the pandemic. The federal government shutdown then disrupted the collection of US economic data during October and the first half of November, which made the picture even murkier. Throw in the usual seasonal disruptions and suffice it to say that many investors probably ignored most economic data released last month.

Instead, attention was focused on central banks, which offered a full range of outcomes, with a hike from the BoJ, cuts from the BoE and the Fed and a solid hold from the ECB. All these decisions were fairly well signalled in advance and, given the time of year, it was always unlikely we would see significant capital being put to work in bond markets. Looking ahead, there is a degree of uncertainty and we see the potential for some volatility in bond markets.

# Performance of key Global Markets

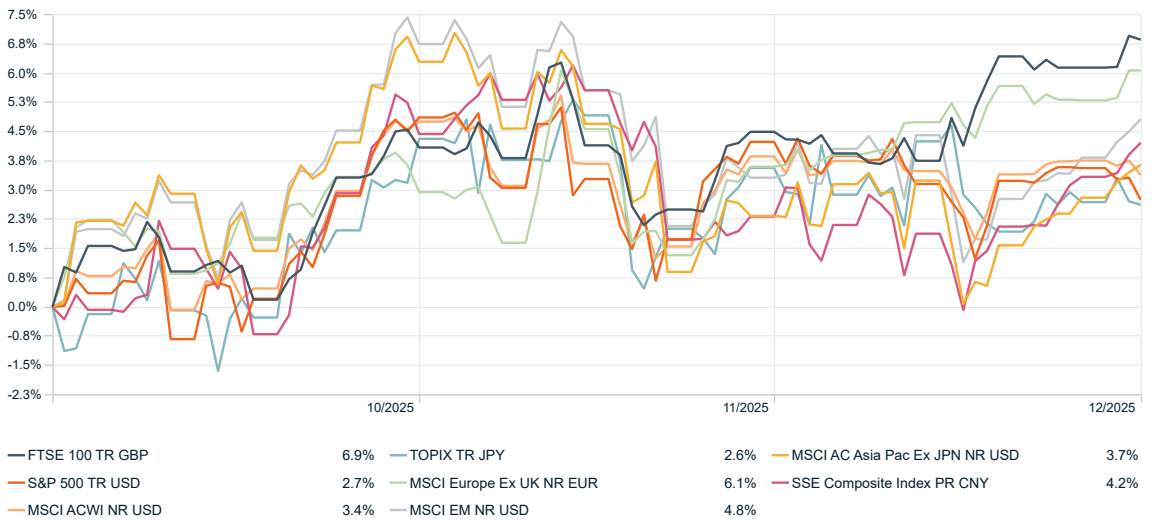
## 1 month performance

Time Period: 01/12/2025 to 31/12/2025  
 Currency: Pound Sterling



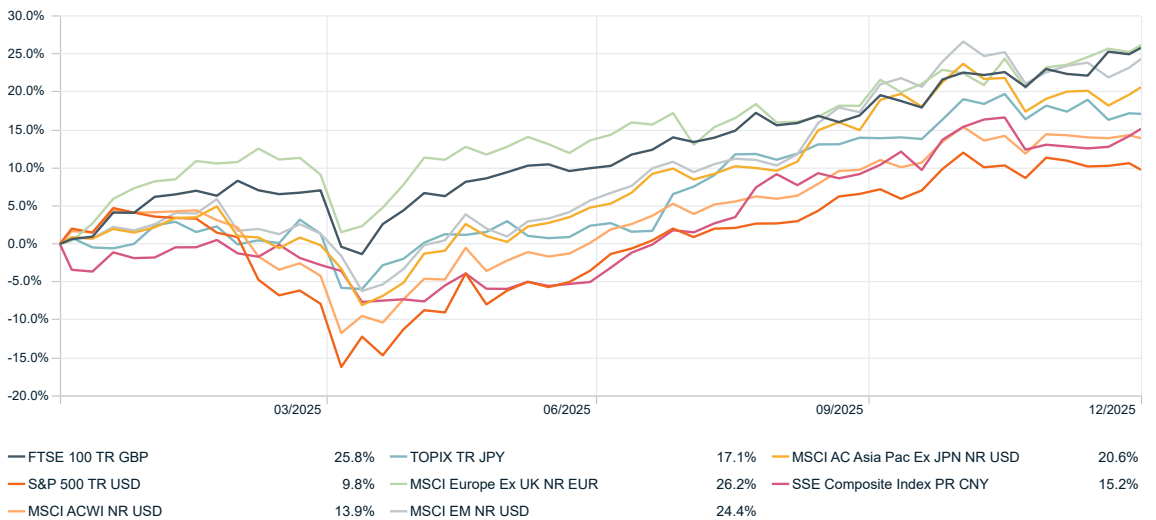
## 3 month performance

Time Period: 01/10/2025 to 31/12/2025  
 Currency: Pound Sterling



## 12 month performance

Time Period: 01/01/2025 to 31/12/2025  
 Currency: Pound Sterling



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## Risk Warnings

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The fund is registered and approved under section 65 of CISCA. South African investors must read this document with the latest Minimum Disclosure Document & General Investor Report.

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