



# A year of good returns

—  
Investing for a  
world of change



**Rehana Khan**  
Co-Head of SA Equity  
and Multi-Asset, 4Factor

Ninety One's Balanced strategy has delivered strong returns over the past year. Performance was not driven by a single theme but by a combination of selective stock positioning, asset allocation and opportunities that emerged across markets.

Global markets have delivered strong returns over the past year, but the path has been far from straightforward, with leadership unusually concentrated. Technology companies have driven much of the global rally, while in South Africa, the surge in precious metals has dominated local equity performance<sup>1</sup>.

In this environment, performance depends on identifying opportunities across sectors, regions and asset classes as market dynamics evolve.

The strong performance of our Balanced strategy over the past year reflects this approach. Returns were not driven by a single theme, but by a series of investment decisions across the portfolio, from stock selection to asset allocation, as opportunities emerged in different parts of the market.



**Narayan Vyas**  
Portfolio Specialist

—  
1. Market conditions may change and future returns may differ from those experienced over the past year.  
This is the copyright of Ninety One and its contents may not be re-used without Ninety One's prior permission.

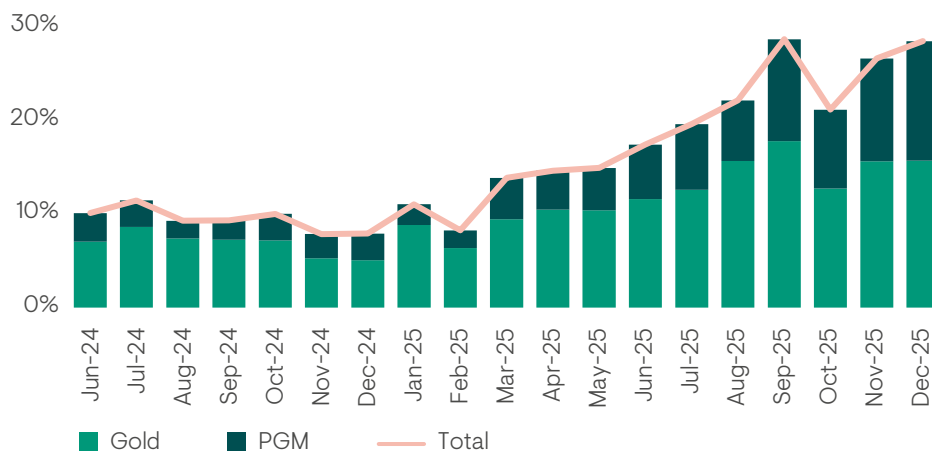
## Precious metals and resources

Gold and precious metals exposures were important contributors over the period. The gold price began its strong run during 2024, supported by a combination of safe-haven demand amid geopolitical uncertainty and growing concerns about the US dollar’s long-term outlook.

The rally accelerated through 2025 as central bank demand strengthened and investors increasingly looked for assets that could hold value in an environment of high debt and persistent fiscal deficits. This came after more than a decade of US dollar strength after the Global Financial Crisis, during which the currency appreciated significantly against most major peers before peaking in 2022. As confidence in that strength faded, demand for real assets increased.

Gold, which sits outside the fiat monetary system, benefitted as both investors and central banks increased allocations as a store of value. The portfolio gained exposure through a combination of a gold ETF and selected mining companies. While the ETF provided direct exposure to the metal, gold miners offered more leveraged participation in the rally as higher gold prices translate quickly into expanding profit margins. Through our earnings-focused investment approach, we were able to pick up on this improvement in earnings expectations to the benefit of our clients.

**Figure 1: Precious metals exposure over time (as a percentage of SA equities)**



Source: Ninety One.

Platinum-group metals (PGMs) were another contributor. While these metals often move alongside gold in commodity cycles, their demand is also tied to industrial activity. In particular, platinum and palladium are used in catalytic converters in internal combustion and hybrid vehicles. With electric vehicle adoption progressing more slowly than initially expected, demand for hybrid and traditional engines remained resilient, providing additional support for PGM prices.

## Technology and global equities

Selective exposure to global technology and semiconductor companies also contributed to returns. Companies linked to the build-out of artificial intelligence infrastructure, including TSMC and Broadcom<sup>2</sup>, benefitted from continued strength in capital expenditure across the technology sector.

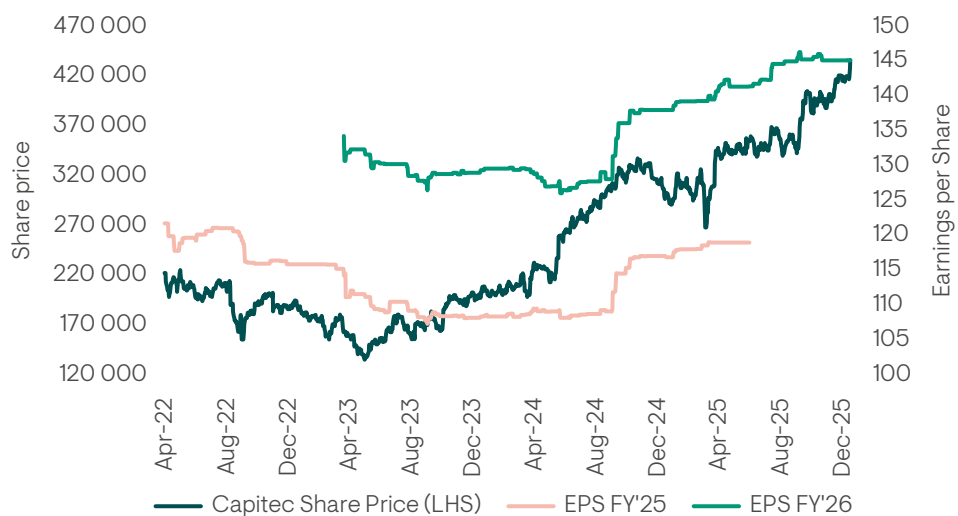
Having a clear focus on sustainable positive earnings trends, this exposure reflected a targeted approach rather than simply chasing the broader technology rally. The focus remained on businesses most directly tied to the AI investment cycle, particularly suppliers of the underlying infrastructure. Positions were adjusted during the year as valuations shifted and the competitive landscape evolved.

## South African opportunities

Local assets were another meaningful contributor to performance. We maintained a constructive view on South Africa following the formation of the Government of National Unity in 2024. Financial markets responded positively to the prospect of greater political stability, with the rand strengthening and bond yields declining as investors began to reassess the domestic outlook. That said, the recovery was uneven, with not all boats rising together.

Equity exposure was therefore selective. Financials, including banks and insurers such as Capitec, Sanlam and Discovery, remained an important area of conviction, benefitting from improving earnings trajectories and the prospect of lower interest rates over time.

**Figure 2: Capitec earnings revision**



Source: Ninety One.

2. Past performance does not predict future returns; losses may be made.

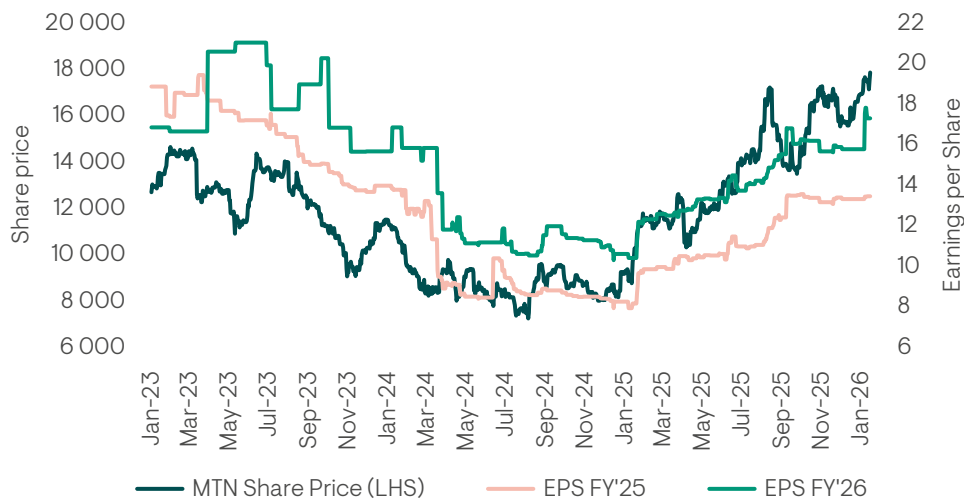
No representation is being made that any investment will or is likely to achieve profits or losses similar to those achieved in the past, or that significant losses will be avoided.

This is not a buy, sell or hold recommendation for any particular security.

For further information on Specific Portfolio Names, please see the Important information section.

Positions such as MTN were traded more actively as valuations and company-specific developments evolved. By contrast, exposure to apparel retailers was reduced during the year after trading updates pointed to weaker-than-expected revenue, with capital redeployed toward sectors where relative earnings expectations appeared more resilient.

Figure 3: MTN earnings revision



Source: Ninety One.

South African property, which had lagged for an extended period, began contributing more meaningfully later in the year as sustained lower bond yields improved the sector’s outlook. Government bonds also remained attractive as real yields continued to rank favourably on a risk-adjusted basis. Sentiment towards the asset class improved further as discussions to lower the inflation target gained momentum and South Africa’s exit from the FATF grey list removed an important overhang for international investors. The portfolio maintained sizeable exposure throughout the year as confidence in the domestic monetary policy environment improved.

Figure 4: Preference for Bonds and Property over cash benefitted performance



Source: Ninety One.

## Active portfolio positioning

Performance over the period also reflected a series of portfolio decisions as market conditions evolved.

At a global level, exposure was expanded beyond the US to include opportunities in Europe and the UK as signs emerged that global growth leadership might begin to broaden beyond the narrow group of US technology companies that had driven much of the rally in previous years. European financials and defence companies began to benefit from rising fiscal spending and a more supportive growth outlook as European governments increased fiscal spending and broader support for industry. A small position in German defense contractor, Rheinmetall, for instance, was initiated in late 2023 and saw spectacular growth from late 2024 to 2025 as this theme gathered prominence.

Currency dynamics also played a role. The rand began strengthening after the formation of the Government of National Unity in mid-2024, as political uncertainty eased and investor sentiment toward South African assets improved. This supported domestic assets but muted the rand value of offshore returns. Offshore exposure therefore remained meaningful, though somewhat lower than in the previous year.

Periods of volatility also created opportunities to add to positions where valuations had reset, but fundamentals remained intact. One example occurred during the market sell-off following the US's 'Liberation Day' tariff announcements in April 2025, when the portfolio redeployed capital into select holdings at more attractive levels.

## Macroeconomic backdrop: resilience despite uncertainty

Markets repeatedly priced in more pessimistic economic outcomes than ultimately materialised. Despite trade tensions, geopolitical risks and evolving policy expectations, global growth proved more resilient than many had anticipated. The US consumer and labour market remained strong, while moderating inflation kept the door open for interest rate cuts.

This combination helped support risk assets, even as bouts of volatility unsettled markets.

## Looking ahead

The macro backdrop remains broadly constructive. Growth has proven more resilient than expected and capital investment, particularly in areas such as AI infrastructure and energy transition, continues to support activity across several sectors. At the same time, markets are grappling with the potential for AI-driven disruption across industries, where the eventual winners and losers are likely to emerge both within and outside traditional technology sectors.

However, several sources of uncertainty remain. Geopolitical developments, including the recent conflict in the Middle East, have already affected energy markets and could materially influence inflation and growth expectations if supply disruptions persist.

In this environment, broad market momentum is unlikely to be the sole driver of returns. Instead, outcomes will depend increasingly on careful positioning across sectors, regions and asset classes. The portfolio remains well positioned to respond to new opportunities as they arise.

## Important information

All information, representations and opinions provided are of a general nature and provided for information purposes only. We are not acting and do not purport to act in any way as an advisor or in a fiduciary capacity. No one should rely or act upon such information or opinion without appropriate professional advice. We endeavour to provide accurate and timely information but make no representation or warranty, express or implied, with respect to the correctness, accuracy or completeness of the information and opinions. We do not undertake to update, modify or amend the information on a frequent basis or to advise any person if such information subsequently becomes inaccurate. If specific funds are mentioned please refer to the relevant fact sheet for the necessary information regarding those funds.

Ninety One Fund Managers SA (RF) Pty Ltd, "the Management Company", is registered as a management company under the Collective Investment Schemes (CIS) Control Act 45 of 2002. The Management Company has outsourced its portfolio management to Ninety One SA (Pty) Ltd (the Manager), a member of the Association for Savings and Investment South Africa (ASISA). CIS are generally medium to long-term investments, the value of which may go down as well as up. Past performance is not necessarily a guide to future performance. The Management Company does not provide any guarantee either with respect to the capital or the return of a portfolio. CIS are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges may be requested from the Management Company. Where performance fees are charged, these are applied daily and quoted net of fees with income reinvested. Though portfolio performance is shown, individual performance may differ depending on factors such as initial fees, date of actual investment and reinvestment of earnings and withholding tax where applicable. Where the fund may invest in foreign securities, it can be exposed to specific material risks, such as potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political, foreign exchange, tax and settlement risks, and potential limitations on the availability of market information. The Management Company may close the fund to new investors or stop additional investments by existing investors, to ensure the fund remains in line with its investment mandate or objectives. If there are too many withdrawals from the fund, it could impact its liquidity. In such cases, withdrawal instructions may be processed differently to safeguard the fund.

### Specific Portfolio Names

References to particular investment or strategies are for illustrative purposes only and should not be seen as a buy, sell or hold recommendation. Unless stated otherwise, the specific companies listed or discussed are included as representative of the Fund or Strategies. Such references are not a complete list and other positions, strategies, or vehicles may experience results which differ, perhaps materially, from those presented herein due to different investment objectives, guidelines or market conditions. The securities or investment products mentioned in this document may not have been registered in any jurisdiction. More information is available upon request.

### Contact information

36 Hans Strijdom Avenue  
Foreshore, Cape Town 8001  
Telephone: +27 (0)21901 1000

### Client service

Client service support: 0860 500 100  
International clients: +27 (0)11 508 3801  
Email: [clientservice@ninetyone.com](mailto:clientservice@ninetyone.com)

### Financial advisors

Advisor service centre: 0860 444 487  
Email: [advisor.service@ninetyone.com](mailto:advisor.service@ninetyone.com)

Alternatively, please contact your Ninety One investment consultant.

—

[www.ninetyone.com](http://www.ninetyone.com)

