

Quarterly performance overview: Q4 2025

As of 31 December 2025

This market overview for the fourth quarter* (October to December) of 2025 is intended to help you contextualise the performance of your investment, as shown on your fund statement, in light of overall market performance.

MARKET OVERVIEW

Global markets posted steady gains during the fourth quarter of 2025, with several equity indices finishing the year near record or multi-year highs and capping a strong period for risk assets overall. Notably, for the first time in several years, equity markets outside the United States outperformed the US market over the full year. This shift reflected a combination of factors, including a softer US dollar, more attractive valuations in offshore markets, and some investor rotation away from highly concentrated US technology stocks. As a result, equity markets across Europe, Asia and emerging economies recorded solid gains. Overall, equity markets were also supported by solid earnings growth, easing inflationary pressures and expectations that major central banks, led by the US Federal Reserve (Fed), would continue to lower interest rates in 2026.

Fixed income performance was more nuanced: US Treasuries continued to rally as Fed easing and a supportive economy fuelled the market's best performance since 2020, while parts of Europe remained under pressure amid fiscal uncertainty. Gold extended its advance, reaching an all-time high in December 2025 as investors continued to hedge against structural inflation risks and geopolitical instability.

US equities closed out 2025 at fresh record levels, supported by a powerful year-end rally. The S&P 500 and Nasdaq were again driven by large-cap technology, though market breadth improved as financials and industrials joined the advance. Nvidia and Microsoft remained key contributors, while Tesla rebounded late in the quarter. The Federal Reserve delivered a second 25bps rate cut in December, reinforcing expectations of a gradual but sustained easing cycle in 2026. Despite tepid hiring, the labour market remains stable and solid consumer spending underpinned earnings optimism, while a softer dollar and falling real yields continued to support risk assets. Trade and political uncertainty persisted, though the absence of fresh tariff escalations helped sustain momentum into year-end.

Eurozone equities recorded solid gains during the fourth quarter of 2025, with markets remaining resilient into year-end. Major indices closed the period near multi-year highs, supported by broad-based strength across the region. Over the full year, Eurozone shares delivered a strong outcome, with the MSCI EMU Index rising by more than 40% in US dollar terms, significantly outperforming US equities. Economic conditions across the eurozone remained mixed. Germany narrowly avoided a technical recession as Q3 data stabilised, though growth remained fragile. Political uncertainty in France continued to weigh on sentiment, particularly in domestic-facing sectors. However, easing energy prices, improving PMIs and rising defence and infrastructure spending supported selective opportunities across the region.

UK equities outperformed European peers, with the FTSE 100 ending the year at new highs. Energy, healthcare



and defence stocks led gains, benefiting from global demand and a weaker pound. Mid-cap stocks lagged as higher-for-longer rates and subdued consumer confidence continued to constrain domestic growth.

China equities declined in US dollar terms. Having performed well for much of 2025, the final quarter of the year saw the market give back some gains as investors took profits. Softer macro data and heightened concerns about ongoing weakness in the property market, particularly following the near default in December of the country's largest property developers, weighed on the market at the end of the year. Policy support intensified, with further targeted stimulus aimed at stabilising the property sector and supporting private enterprise. Technology stocks remained the bright spot, driven by AI investment and continued progress toward semiconductor self-sufficiency. The Hang Seng Tech Index ended the year sharply higher, outperforming most global indices. While economic data remained uneven, sentiment improved as US-China trade relations stabilised, and Beijing reiterated its commitment to growth support. Broader emerging markets outperformed developed peers, supported by easing global financial conditions and strength across Asia, particularly in Taiwan and South Korea's technology sectors.

Global bond markets reflected diverging policy paths in the final quarter of the year. UK gilts were the standout performer, supported by a well-received November Budget that eased fiscal concerns and a 25-basis-point rate cut by the Bank of England in December. US Treasuries delivered more muted returns, with yield curves steepening as longer-dated yields rose while shorter-dated yields declined. The Federal Reserve cut rates by a cumulative 50 basis points in October and December, and labour market data pointed to a gradual cooling rather than a sharp slowdown. In contrast, Japanese government bonds sold off sharply, with yields rising to multi-decade highs amid concerns over increased fiscal stimulus and a December rate hike by the Bank of Japan. Across the eurozone, performance diverged, with peripheral markets such as Italy outperforming, while German yields rose following upgraded growth and inflation forecasts from the ECB. Investment-grade credit markets delivered positive total returns. After early spread widening, improved sentiment supported a recovery, with euro- and sterling-denominated credit outperforming government bonds.

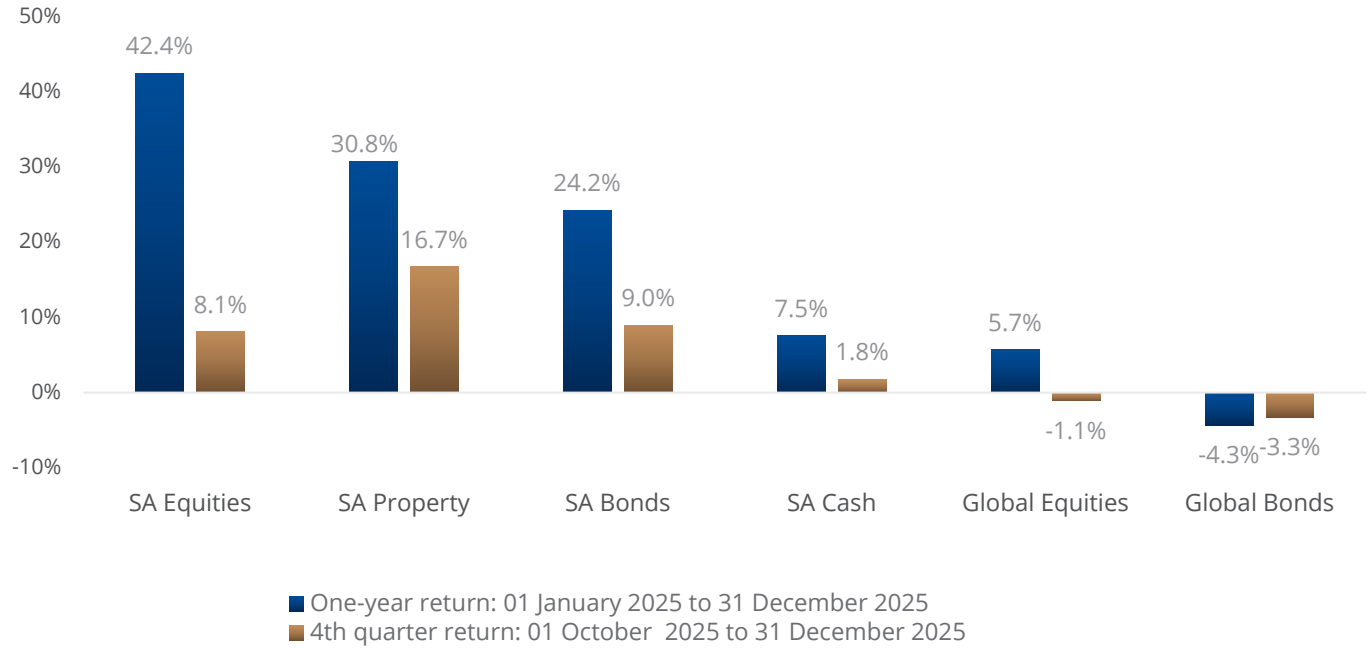
South African assets capped a strong year with another solid quarter. The JSE All Share Index advanced further, supported by continued strength in gold and resource stocks, as well as improving sentiment toward domestic financials. Local bonds attracted sustained inflows, benefiting from attractive real yields and a more supportive global rate backdrop. The 10-year government bond yield ended the year around 9.1%.

Domestic economic data remained constructive. GDP growth surprised modestly to the upside in the third quarter, while inflation remained well contained, ending the year close to the midpoint of the SARB's target range. The Reserve Bank reduce the repo rate by 25 basis points to 6.75% in November, maintaining a cautious but increasingly balanced stance as growth risks moderated. The rand strengthened into year-end, ending the month near R16.57/USD, supported by improved terms of trade and elevated gold prices. Over the full year 2025, the rand gained nearly 13% against the US dollar — its strongest annual performance in roughly 16 years.

Trade negotiations with the US remained ongoing, with continued engagement. In a possible sign of reprieve for South Africa, there was no immediate mention of excluding South Africa from the African Growth and Opportunity Act (AGOA), despite earlier threats.



Asset class returns for the fourth quarter* of 2025 and the past year



Source: Morningstar, 8 January 2026 | *Quarter taken as three calendar months ending 31 December 2025

Over a one-year period, all asset classes provided positive returns, with South African equities providing the highest returns overall, followed by South African listed property and bonds. Over the last quarter, returns were much improved with no asset classes in negative territory. South African equities, property and bonds posted double digit growth, while Global Bonds and South African cash were mostly flat.

Investors are reminded of the importance of having a well-diversified portfolio that includes liquid, inflation-hedged investments that can protect them during times of high inflation. In addition, they are encouraged to stay invested and remain committed to their investment goals. By sticking to the long-term investment strategy that you and your financial adviser have drawn up, you have a much better chance of reaching the financial future you aspire to.



EFFECT OF MARKETS ON DISCOVERY FUNDS (ALL PERIODS UP TO 31 DECEMBER 2025)

Local equities

The Discovery Equity Fund performed in the top 50% of its sector over 1, 3, 7 and 10 years.

Local multi-asset fund range

The Discovery multi-asset funds, including our Balanced Fund Range and Cogence Discovery Dynamic Asset Optimiser Fund Range, offer clients access to top-performing, multi-asset solutions managed by industry leaders.

The Discovery Balanced Fund performed in the top 50% of its sector over 6 months and a year, while the Cogence Discovery Balanced Dynamic Asset Optimiser Fund performed in the top 50% of its sector over 6 months and was first quartile over 7 years.

The Cogence Discovery Moderate Dynamic Asset Optimiser was a top quartile performer over 3, 7 and 10 years, while the Discovery Moderate Balanced Fund provided top quartile performance over 6 months and in the top 50% of its sector over 3 months and 1 year.

Local property

The Discovery Flexible Property Fund performed in the top 50% of its sector over 3 months and 1, 3, 5 and 7 years.

Local bonds and cash

The Discovery Money Market Fund performed in line with its peer group average over 3 years.

Global funds

The Discovery Global Equity Feeder Fund performed in the top quartile over 3, 5 and 7 years, while the Discovery Global Value Equity Feeder Fund performed in the top quartile over 3 months and 1 and 5 years.

Target Retirement Date Funds

The Discovery Target Retirement Date Funds aim to give clients strong, inflation-targeted performance. Investors in these funds are reminded of the purpose of these funds, which is to maximise the probability of reaching long-term retirement savings goals.

This information is not advice, as defined and contemplated in FAIS. The value of a portfolio can go down, as well as up, as a result of changes in the value of the underlying investments, or of currency movement. An investor may not recoup the full amount invested. The policy benefits of the linked policies are determined solely on the value of the assets, or categories of assets, to which the policies are linked. Past performance is not necessarily an indication of future performance. The performance figures of the investment portfolio are based on a lump sum investment, over the respective periods shown. The performance figures of the investment portfolio underlying the investment linked insurance policies will differ from the performance returns of the policies, due to Discovery Life's administration and policy fees (if applicable). The underlying funds may levy their own charges. Actual trade prices may differ marginally. Forecasts, illustrations, hypothetical data, and examples are for illustrative purposes only, and are not guaranteed to occur. Any projections contained in the information are estimates only and are not guaranteed to occur. The projections are subject to market influences and contingent upon matters outside the control of the company, so may not be realised in the future.



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<p>CIS disclosures: Long only portfolios (CIS in securities)</p> <p>Risks (portfolio specific)</p> <p>Derivatives: There is no assurance that a portfolio's use of a derivative strategy will succeed. A portfolio's management may employ a sophisticated risk management process, to oversee and manage derivative exposures within a portfolio, but the use of derivative instruments may involve risks different from, and, in certain cases, greater than, the risks presented by the securities from which they are derived.</p> <p>Exposure to foreign securities: Foreign securities within portfolios may have additional material risks, depending on the specific risks affecting that country, such as: potential constraints on liquidity and the repatriation of funds; macroeconomic risks; political risks; foreign exchange risks; tax risks; settlement risks; and potential limitations on the availability of market information. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Investors are reminded that an investment in a currency other than their own may expose them to a foreign exchange risk.</p> <p>Money market portfolios: A money market portfolio is not a bank deposit account. A constant price (CNAV) is applied to a participatory interest. The total return to the investor is made up of interest received and any gain or loss made on any particular instrument, and in most cases the return will merely have the effect of increasing or decreasing the daily yield, but in the case of abnormal losses, it can have the effect of reducing the capital value of the portfolio. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressures, and in such circumstances a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed.</p> <p>Fund of funds: A fund of funds is a portfolio that invests in portfolios of collective investment schemes (unit trusts) that levy their own charges, which could result in a higher fee structure for the fund of funds.</p> <p>Feeder funds: A feeder fund is a portfolio that invests in a single portfolio of a collective investment scheme, which levies its own charges, and which could result in a higher fee structure for the feeder fund.</p> <p>Drawdown: The potential magnitude of loss - the largest peak-to-trough decline in returns over the period, also known as the maximum drawdown.</p> <p>Liquidity: The risk that a given security or asset cannot be traded quickly enough in the market to prevent a loss (or make the required profit).</p> <p>Equities: The value of equities may vary according to company profits and future prospects, as well as more general market factors. In the event of a company default, the owners of their equity rank last in terms of any financial payment from that company.</p> <p>Bonds: The value of fixed income investments (e.g. bonds) tends to decrease when interest rates and/or inflation rises. Bonds issued by major governments and companies, will be more stable than those issued by emerging markets or smaller corporate issuers. If an issuer experiences financial difficulty, there may be a risk to some, or all, of the capital invested. Any</p>	<p>General</p> <p>Collective Investment Schemes (unit trusts) are generally medium to long-term investments. The value of participatory interests (units) or the investment may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investment schemes are traded at ruling prices and can engage in borrowing and scrip lending (i.e. borrowing and lending of assets). The manager does not provide any guarantee, either with respect to the capital or the return of a portfolio. Any forecasts and/or commentary in this document are not guaranteed to occur. Different classes of participatory interests apply to these portfolios and are subject to different fees and charges. A schedule of all fees and charges, inclusive of VAT and maximum commissions, is available on request from us or from your financial adviser. Forward pricing is used.</p> <p>Redemptions</p> <p>The collective investment scheme may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. The ability of the portfolio to repurchase, is dependent upon the liquidity of the securities and cash of the portfolio. A manager may suspend repurchases for a period, subject to regulatory approval, to await liquidity, and the manager must keep the investors informed about these circumstances.</p> <p>Yields</p> <p>The yield for bond, income and money market portfolios is historic and is calculated quarterly.</p> <p>Prices</p> <p>The latest prices and TERs are published daily in the Business Report (South Africa's National Financial Daily) and are made available on our website www.discovery.co.za.</p> <p>Performance fees</p> <p>Performance fees are not levied on the portfolios.</p> <p>Performance returns</p> <p>Lump-sum performance returns are being quoted. Income distributions, prior to deduction of applicable taxes, are included in the performance calculations. NAV to NAV figures have been used for the performance calculations, as calculated by the Manager at the valuation point defined in the deed, over all reporting periods. Investment performance calculations are available for verification upon</p>	<p>Illustrative investment performance is for illustrative purposes only.</p> <p>Valuations and transaction cut-off times</p> <p>Pricing date is daily, except weekends and public holidays. Valuation point is at 16h00 on each pricing date, except at month-end, where it will be at 17h00. Offers to repurchase participatory interests must be received by 16h00 on each pricing date.</p> <p>Additional information</p> <p>For additional information on the portfolio, refer to the following documents, available on our website, from your financial adviser, or on request from the manager, free of charge.</p> <ul style="list-style-type: none">• Application forms• Annual report• Fee schedule• Quarterly General Investor Report <p>Complaints and conflicts of interest</p> <p>The complaints policy and procedure, as well as the conflicts of interest management policy, are available on our website www.discovery.co.za. Associates of the manager may be invested within certain portfolios, and the details thereof are available from the manager.</p> <p>Closure of the portfolio</p> <p>The manager has the right to close certain portfolios to new investors, in order to manage them more efficiently, in accordance with their mandates.</p> <p>Contact details.</p> <p>CIS Manager</p> <p>Discovery Life Collective Investments (Pty) Ltd, registration number 2007/008998/07, 1 Discovery Place, Sandton, 2196, www.discovery.co.za. The manager is registered as a manager of collective investment schemes, in terms of the Collective Investment Schemes Control Act. The manager, through Discovery Holdings Limited, is a member of the Association for Savings and Investment South Africa (ASISA).</p> <p>Trustee</p> <p>Standard Chartered Bank (Johannesburg Branch), registration number 2003/020177/10, 2nd Floor, 115 West Street, Sandton, 2196, P O Box 782080, Sandton, 2146, www.standardchartered.com/za. The trustee is registered as a trustee of collective investment schemes, in terms of the Collective Investment Schemes Control Act.</p> <p>Investment Manager of the Discovery Aggressive Dynamic Asset Optimiser Fund of Funds, Discovery Conservative Dynamic Asset Optimiser Fund of Funds, and the Discovery Moderate Dynamic Asset Optimiser Fund of Funds</p>
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historical or current yields quoted should not be considered reliable indicators of future performance.

For a detailed description of these risks, and other risks that are relevant to the portfolio, please refer to the CIS risk disclosure document, available on the website:

<http://www.discovery.co.za/assets/discoverycoza/corporate/risk-disclosure.pdf>

request by any person. Reinvestment of income is calculated on the actual amount distributed per participatory interest, using the ex-dividend date NAV price of the applicable class of the portfolio, irrespective of the actual reinvestment date. The performance is calculated for the fee class. The individual investor performance may differ, as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. The rate of return is calculated on a total return basis, and the following elements may involve a reduction of the investor's capital: interest rates, economic outlook, inflation, deflation, economic and political shocks or changes in economic policy. Annualised returns are period returns re-scaled to a period of one year. This allows investors to compare returns of different assets that they have owned for different lengths of time. All period returns greater than one year have been annualised. Returns for periods less than one year have not been annualised. A cumulative return is the aggregate amount an investment has gained or lost over time, independent of the period of time involved. Actual annual figures are available to the investor on request.

Cogence (Pty) Ltd - Registration number 2009/011658/07. FSP Number 52242. Contact Info@cogence.co.za

Investment Manager of all other portfolios

Ninety One SA (Pty) Ltd, registration number 1984/011235/07, FSP number 587, 36 Hans Strijdom Avenue, Foreshore, Cape Town, 8001, www.ninetyone.com, 0860 110 161.

The investment managers are authorised financial services providers (FSP), as discretionary FSPs, in terms of Section 8 of the Financial Advisory and Intermediary Services Act (FAIS). This information is not advice, as defined in FAIS. Please be advised that there may be representatives acting under supervision.