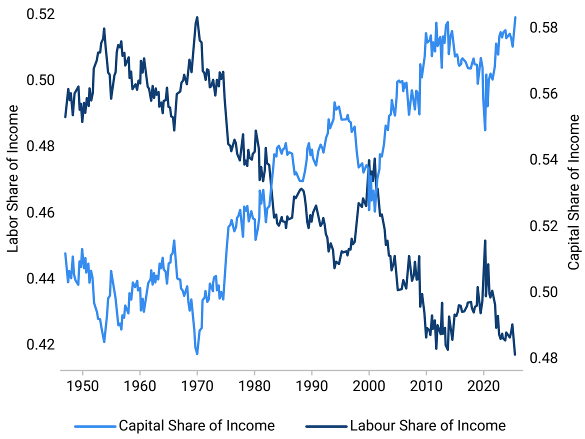
Labour vs Capital Share of Income



Source: 10X Investments, BLS

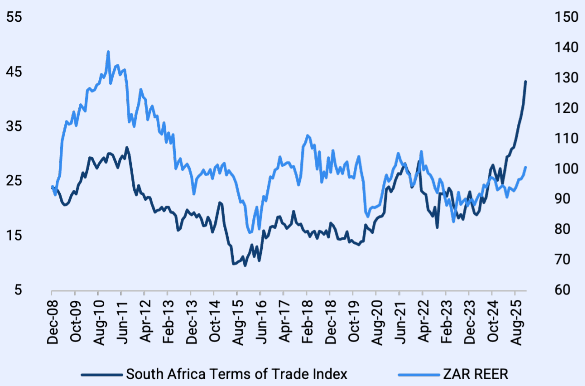
The chart shows labour's share of US GDP falling to a record low meaning that a smaller slice of economic growth is accruing to workers as compensation.

If that persists, households struggle to carry demand and growth becomes more brittle. If policy leans into lifting wages and bargaining power, corporate margins take the strain and it becomes harder to keep equity multiples elevated without help from lower rates or faster productivity.

You can be populist or business-friendly, but doing both at once usually means someone's expectations need to reset.

SA's improving terms of trade support the ZAR

SA ToT Index vs Broad REER, Dec 2008 - Dec 2025



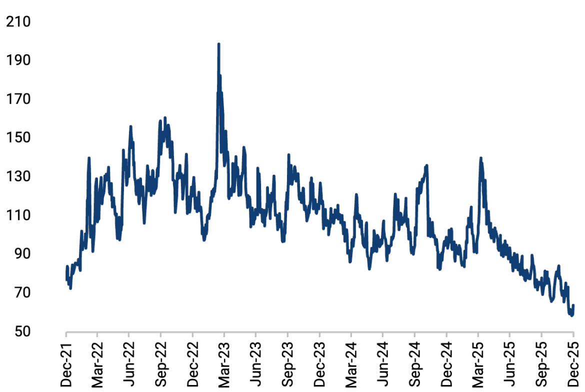
Source: 10X Investments, Bloomberg.

The chart compares SA's terms of trade with the rand's REER. REER is the rand's value against a basket of trading partners, adjusted for inflation, which is effectively a measure of the rand's "real" strength and competitiveness, rather than just the headline USD/ZAR move.

What stands out is how supportive the external mix has been: precious metals surged in 2025 while oil stayed relatively soft, improving SA's export prices relative to import costs. Historically that tends to translate into a firmer REER over time. On that relationship, the terms of trade suggest the rand still has scope to strengthen (or at least is less fragile than sentiment implies).

U.S. bond volatility collapses

MOVE Index - Dec 2021 - Dec 2025



Source: Bloomberg.

The MOVE index is the bond market's equivalent of the VIX. It captures how much volatility investors are pricing into US Treasury yields.

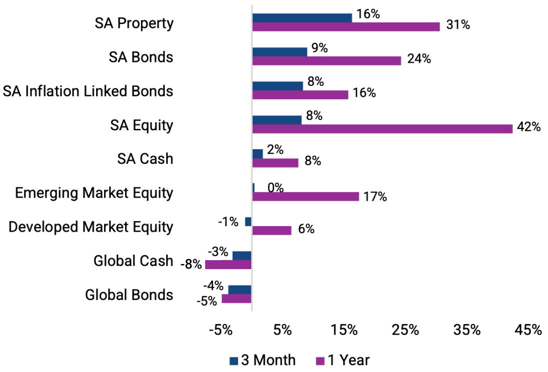
MOVE has fallen back to levels last seen in 2021, even as the macro backdrop remains noisy (deficits, inflation uncertainty and policy risk).

The message is simple, the market is pricing an unusually orderly rates path. History suggests that's often when portfolios are most exposed to sudden, two-way yield moves and rising cross-asset correlations.

Our implication is clear, don't anchor on a smooth rates path, keep diversification explicit, preserve liquidity, and size risk for shocks, not just the central case.

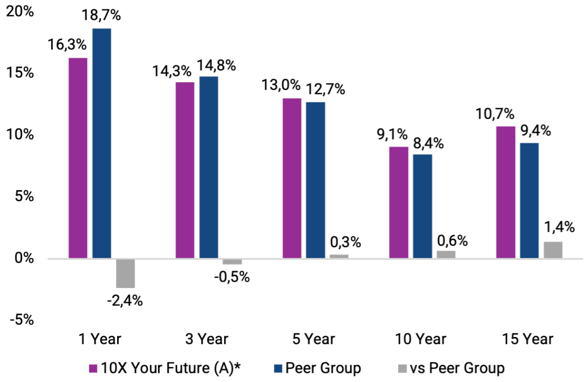
Asset class returns to 31 December 2025

SA assets shining



Source: 10X Investments, Bloomberg.

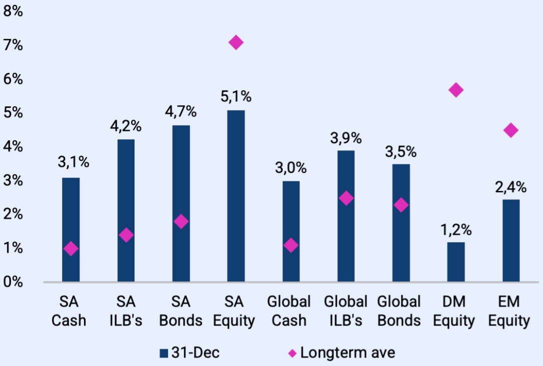
Portfolio returns to 31 December 2025



Source: 10X Investments Morningstar, * returns prior to March 2019 are those of 10X Umbrella Pension Fund adjusted for Class A fee.

5-10 year expected real returns

in Rands - 31 December 2025



Source: 10X Investments, Bloomberg.

Real (after-inflation) return expectations

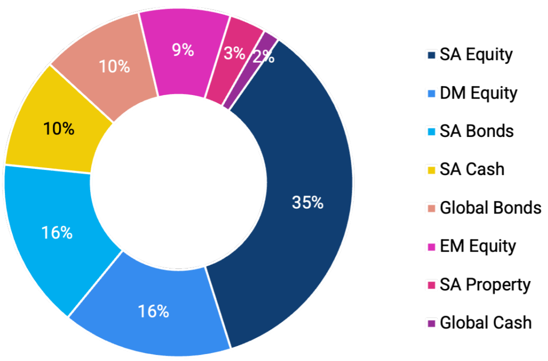
The rally in South African bonds has largely been a story of a shrinking inflation risk premium, and more recently a decline in real yields.

That reduces the absolute return on offer from here, but versus expensive growth asset valuations, SA's defensive assets still look relatively attractive.

Globally the picture is more stretched, after five years of very strong equity returns and very weak bond returns, the forward-looking equity risk premium is negative in developed markets like the US.

10X Your Future Fund Asset Allocation

31 December 2025



Source: 10X Investments.

Asset Allocation

With the return outlook for growth assets more muted, we've kept the portfolio defensively positioned with 63% in growth assets versus a 70% neutral weight.

We've added to longer duration global bonds as yield curves continue to steepen. South African inflation-linked bonds remain a low-risk way to deliver inflation+4.5% type outcomes.

The portfolio remains well diversified, with 36% offshore and a tilt toward developed markets ex-US and emerging markets.

Chris Eddy

Head of Investments

Disclaimer