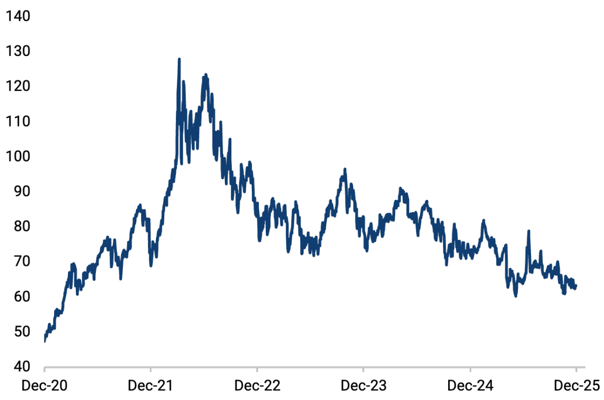
### Low oil price providing deflationary impulse
Brent Crude price in $ Dec 2020 – Nov 2025



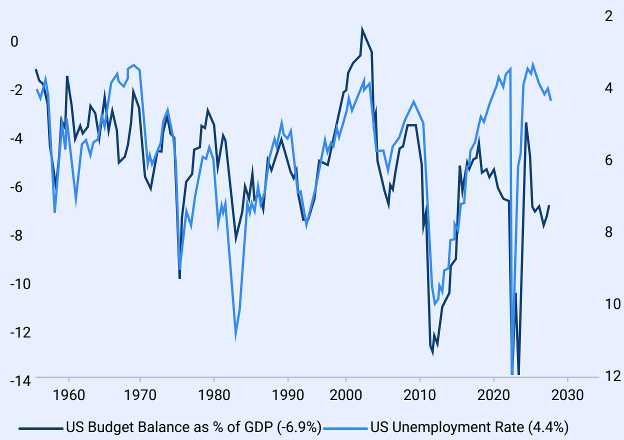

Source: 10X Investments, Bloomberg.

Oil has slid back to the lowest levels since 2020, a meaningful deflationary impulse globally and an underappreciated tailwind for markets.

Cheaper energy feeds straight into headline inflation and then into transport and broader input costs. In South Africa, that's helped keep inflation pressure subdued, creating space for the inflation target reset and reinforcing confidence that inflation can stay anchored.

The result has been supportive for nominal bonds as lower inflation expectations and a thinner inflation risk premium have helped drive the rally, alongside improved scope for lower rates.

### U.S. budget deficit as % of GDP & US unemployment rate



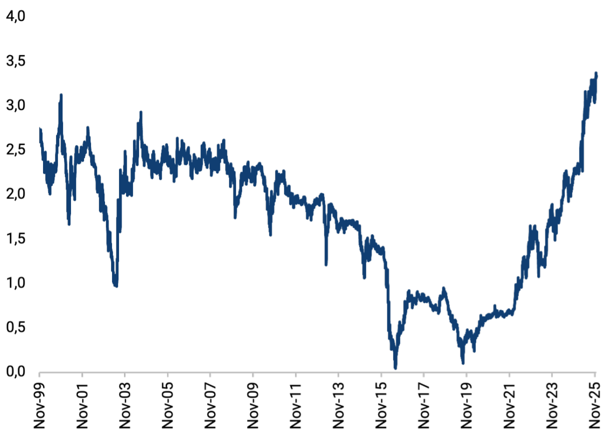

Source: 10X Investments, Bloomberg.

When unemployment rises, the budget deficit tends to widen sharply and in recessions it often blows out, as revenues fall and automatic stabilisers kick in. What stands out today is that unemployment is still relatively low at 4.4% and yet the deficit is already very large at -6.9% of GDP.

If the US were to tip into recession from here, history suggests the deficit would likely deteriorate quickly from an already stretched starting point.

The market is absorbing heavy Treasury issuance even without a downturn. That can keep term premia and long-end yields higher, leaves less fiscal room if growth weakens, and makes both bonds and risk assets more sensitive to any growth shock or renewed inflation pressure.

### Rising Japanese yields
Yield on 30-year JGB Nov 1999 - Nov 2025




Source: 10X Investments, Bloomberg.

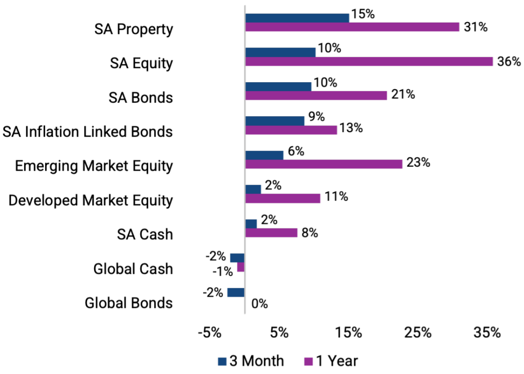
Japan's 30-year government bond yield has pushed into the mid-3% range, taking it to the highest level since this maturity was first issued in 1999. This is a  material shift for a market that spent decades anchored by ultra-low rates.

What's driving it is a combination of policy normalisation and long-end supply/demand strain. The BoJ is increasingly allowing yields to be market-set, while fiscal plans imply more issuance and investors are demanding more compensation to hold duration.

The implication is that rising long-end yields become a constraint. They lift government debt-service costs and make ongoing fiscal expansion harder to fund, while also limiting how easily monetary easing can be implemented without consequences (via term premia, currency sensitivity, and broader financial conditions).

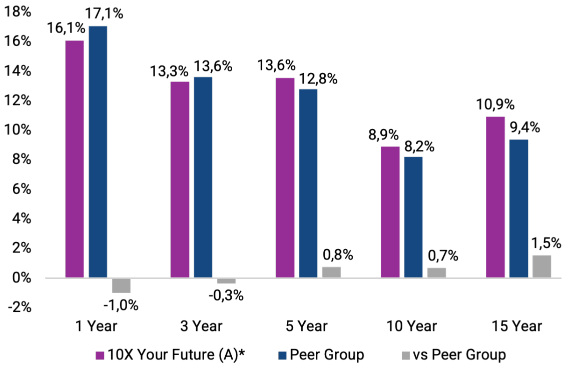
## Asset class returns to 30 November 2025

SA assets shining




Source: 10X Investments, Bloomberg.

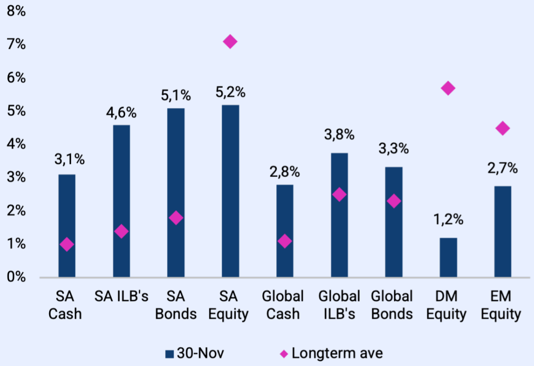
## Portfolio returns to 30 November 2025




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 - 30 November 2025




Source: 10X Investments, Bloomberg.

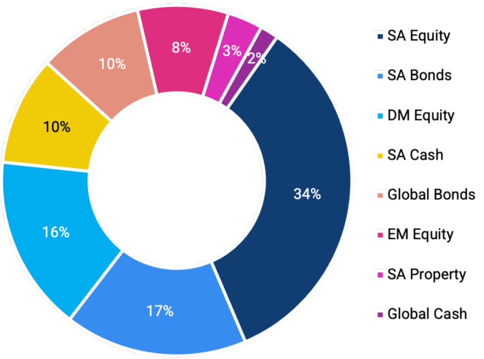
## Real (after-inflation) return expectations

The strong run in markets has compressed risk premia across growth assets, leaving valuations elevated. That lowers forward return expectations and increases the downside risk if the positive growth and inflation backdrop currently priced into equities doesn't materialise.

By contrast, defensive assets still offer relatively attractive entry points because real yields remain high. But with both credit spreads and inflation risk premia also compressed, the case is less about reaching for spread and more about maintaining a conservative, quality bias across bonds and cash.

## 10X Your Future Fund Asset Allocation

30 November 2025




Source: 10X Investments.

## Asset Allocation

The fund remains positioned conservatively, with around 61% exposure to growth assets, reflecting compressed forward return expectations across equities and other risk assets.

At the same time, the higher allocation to defensive assets is supported by attractive yields, which helps keep overall portfolio return expectations compelling despite the more cautious stance and positions the fund to compound real returns over the next five years.

Within defensives, we continue to see better value in global bonds than global cash, and we are gradually rotating further into global bonds.


**Chris Eddy**

Head of Investments