Long-term Investing Insights

Based on 10 charts

JANUARY 2026

Data updated to 31 December 2025

SYMMETRY

Despite uncertainty caused by Donald Trump's unpredictable presidency, looming US tariffs and resultant trade wars, continuing geopolitical conflict, an expensive US stock market and sluggish growth in South Africa, 2025 was an excellent year for investors. South African assets, in particular, delivered exceptional returns outperforming most global markets including the US, which has dominated for many years. R10,000 invested in SA equities at the start of the year, a mere 12 months ago, would be worth over R14,200 at the end of December. A strengthening rand, appreciating by more than 12% against the US dollar, took some of the shine off solid global equity returns measured in US dollars. The only asset class to lag was global bonds.

The Artificial Intelligence (AI) boom is leading to huge investments in the necessary infrastructure, particularly data centres by US technology giants like Microsoft, Meta, Alphabet, Oracle and Nvidia, among many others. These investments have propped up economic growth in the United States to such an extent that, without it, GDP growth would have been negative. However, uncertainty on how AI will impact corporate efficiency and profitability, the potential for significant job losses and whether sufficient returns will be generated from AI users to justify these substantial investments and pay off the associated debt, is leading to fears of a potential bubble.

After more than a decade in a moribund state, encouraging green shoots are emerging in the South African economy. Removal from the FATF grey list, a credit rating upgrade by S&P, improved tax collections announced in the Medium-term Budget Policy Statement, Eskom keeping the lights on, Transnet railing more goods and generally improved sentiment all point towards the potential for stronger GDP growth in the years ahead, provided the positive momentum can be sustained.

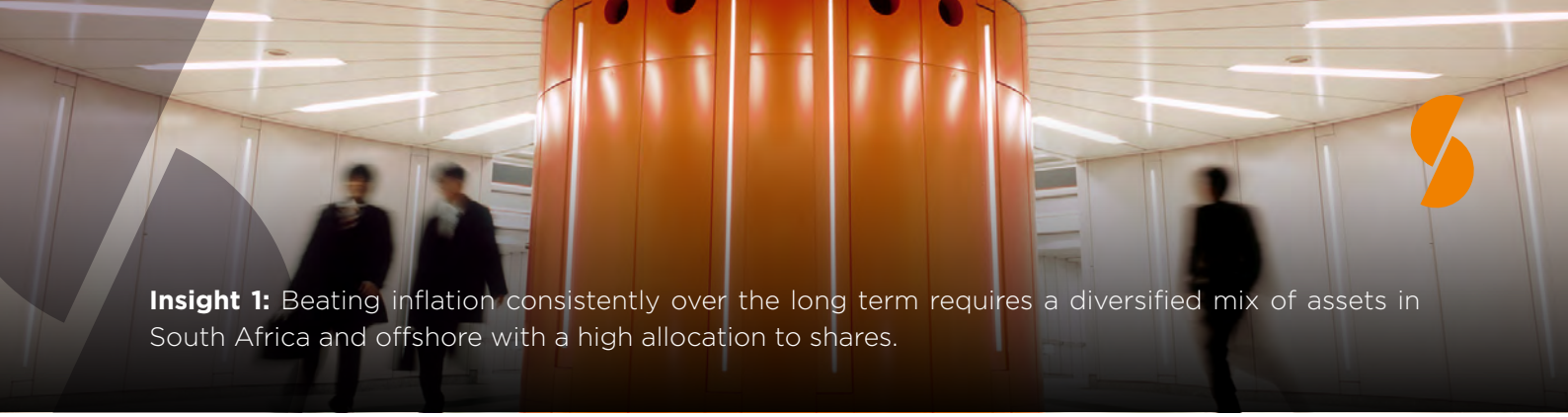
For long-term investors, like those saving for retirement, the uncertainty about the future along with seemingly constant crises and turmoil can be disconcerting. Staying the course in a well-diversified portfolio of growth assets balanced with defensive assets remains essential for successful retirement planning and wealth generation.

At Symmetry, our investment philosophy remains focused on the long term, underpinned by the need to target inflation-beating returns as that is what matters most to our investors – retirement fund members, individuals saving towards specific future goals and retirees drawing an income from their living annuities. It's easy to get caught up in the noise of today's headlines and attention-grabbing events. However, we believe that it's essential to take a step back from the market mayhem, social media frenzy and sensational news reels and consider the longer-term movements and trends evident in markets in South Africa and across the world.

This report uses a dataset stretching back a hundred years for some asset classes (shorter for others) to provide a handful of valuable insights to guide long-term investors based on the market characteristics and conditions that have shaped, and continue to shape, the investment landscape. We are often warned that the past is no guide to the future, but as Mark Twain wrote, "History doesn't repeat, but it rhymes." Meaningful insights can be gained from evaluating the performance of asset classes over long periods and 'listening' for trends that might rhyme with those of the past. This report is updated annually to provide a continuing and evolving assessment of long-term investment trends.

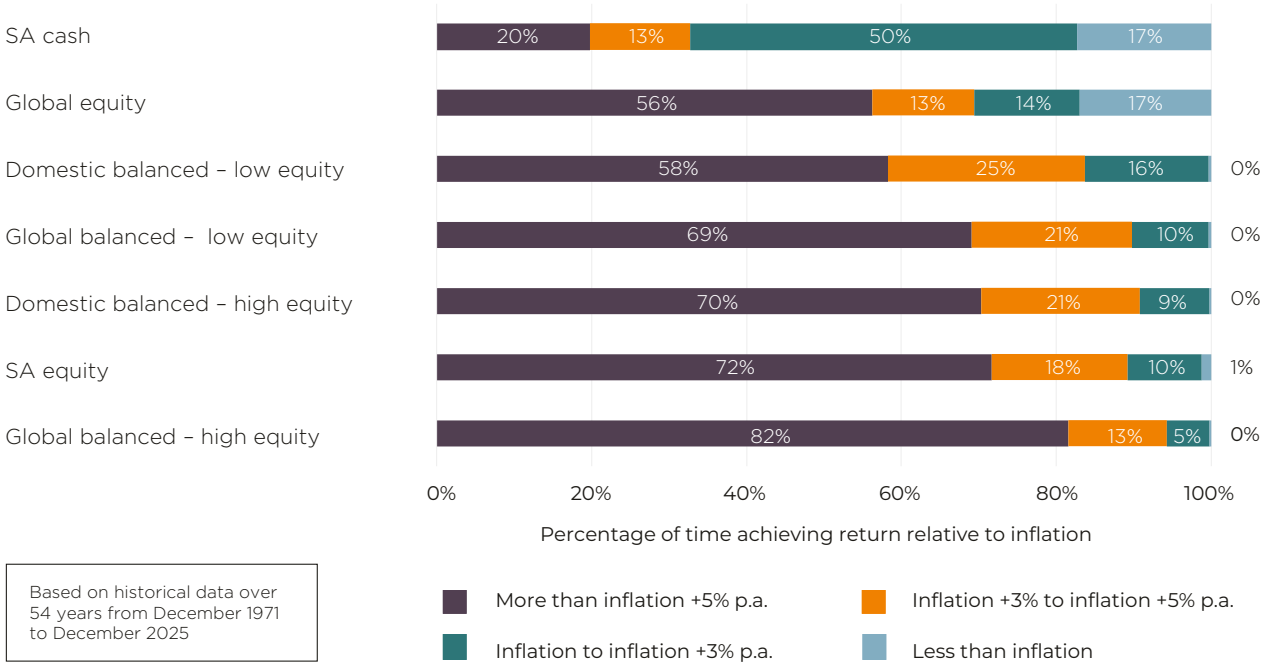
DATA USED IN THIS ANALYSIS

The results and charts presented in this document are produced by Symmetry using monthly asset class return data obtained from I-Net or LSEG Datastream with earlier data from the Dimson-Marsh-Staunton study of long-run global asset returns. The index used for South African shares is the FTSE/JSE All Share Index based on its long history. For global shares, the MSCI World Index (gross) was selected. In all cases, the total return series was utilised, which includes the reinvestment of dividends/interest. Consumer Price Index (CPI) data was obtained from Statistics South Africa.



Insight 1: Beating inflation consistently over the long term requires a diversified mix of assets in South Africa and offshore with a high allocation to shares.

Chart 1: Portfolio returns relative to inflation over rolling 7-year periods for different types of portfolios



Based on historical data over 54 years from December 1971 to December 2025

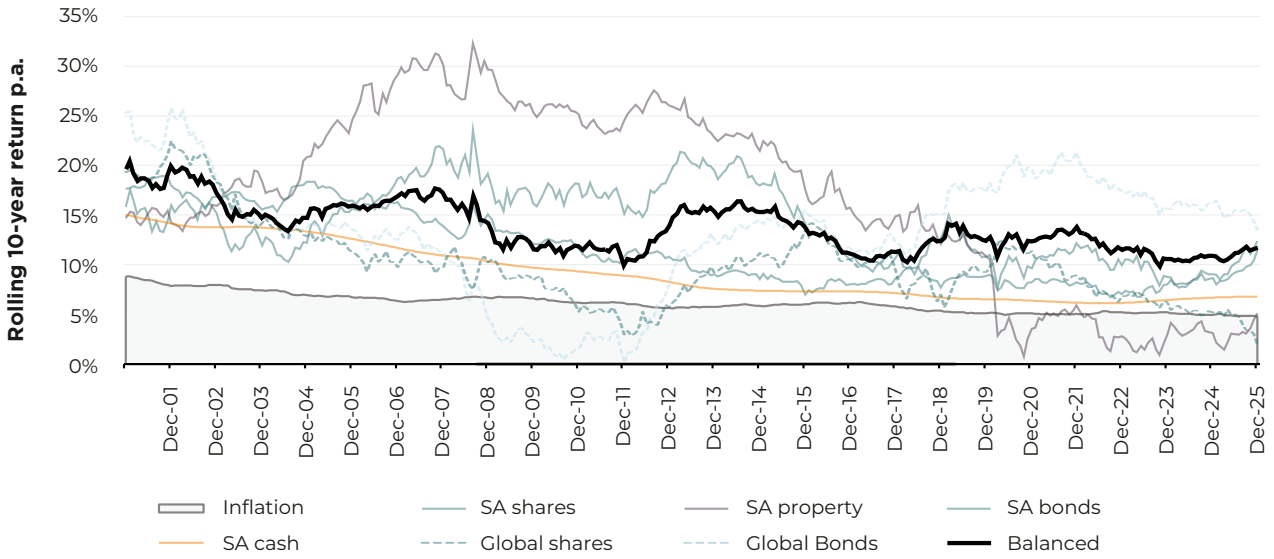
The key hurdle when saving for retirement is inflation. This is because retirement is about supporting one's lifestyle in the future when the cost of the same standard of living will be higher because of inflation. It's not about just beating inflation, as that is not enough. Achieving a replacement ratio of 75% requires a return of at least inflation plus 5% per year on average. In relation to retirement savings, the risk that matters is thus the risk of underperforming CPI+5% and not the commonly used measure of risk, namely standard deviation.

The chart shows that a global balanced, high equity portfolio (assuming compliance with the current Regulation 28 regime) is the type of portfolio that has been most consistent in delivering returns of at least CPI+5% p.a. over rolling 7-year periods. It does this more than 80% of the time and, what's more, it has an unblemished track record of outpacing inflation over this time horizon, doing this 100% of the time. Using the alternative measure of risk mentioned above, the riskiest portfolio for retirement savers is actually cash. It's the least reliable at achieving CPI+5% and is the portfolio that most often achieved a return below inflation (almost one in five periods).

It is perhaps surprising to see how poorly a portfolio of 100% in global equities performed on this consistency measure, especially in light of their performance over the past decade. Although global equities delivered high cumulative returns over the period, the combination of volatility in US dollars and the volatility of the rand results in wildly fluctuating returns for South African investors, even over relatively long periods.
Note: a term of seven years is used for this chart as it corresponds with Symmetry's recommended minimum time horizon in relation to targeting a return of CPI+5%.

Insight 2: A diversified, balanced portfolio provides more reliable, inflation-beating returns over 10-year periods than any single asset class

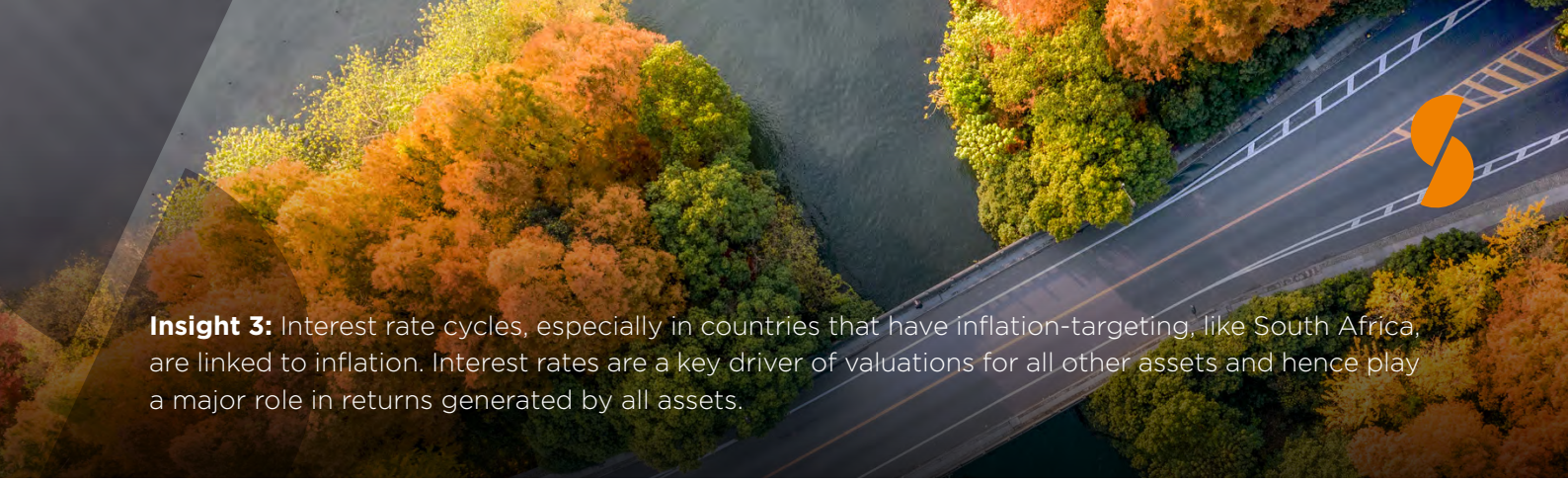
Chart 2: Rolling 10-year returns of a balanced portfolio* relative to major asset classes and inflation



* Balanced portfolio consists of 40% SA shares, 10% SA bonds, 10% SA cash, 5% SA property, 30% Global shares and 5% Global bonds.

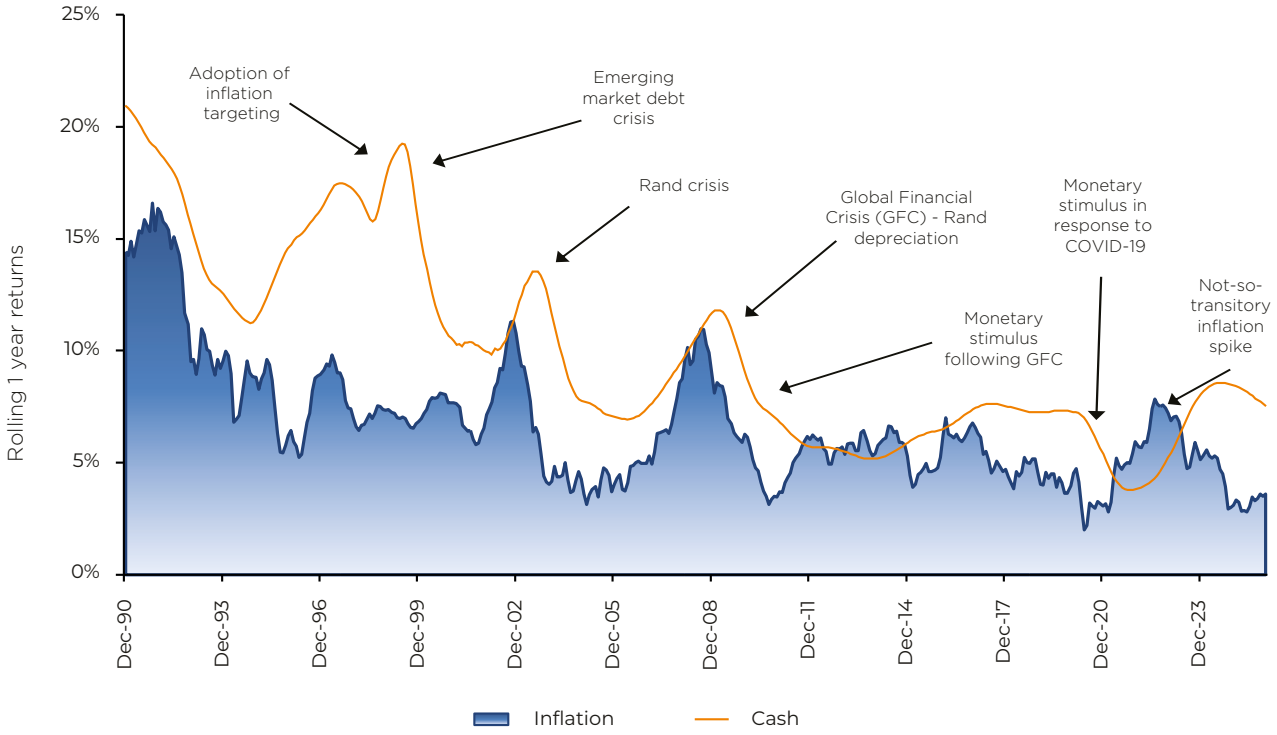
Sound portfolio construction involves combining various asset classes into a diversified portfolio to achieve a certain risk-adjusted return objective. The outcome is a typical balanced portfolio, a version of which is shown by the black line in the chart. As can be seen in the chart, any single asset class may provide very good returns at certain times, but much lower returns at other times. Even the relatively long time period of 10 years used in the chart can result in quite variable outcomes depending on market dynamics. Although the returns from cash are more stable, they are also much lower, hovering just above inflation, and not enough to generate meaningful growth over the longer term.

The chart highlights a typical global balanced portfolio (black line) consisting of growth assets like shares and listed property as well as defensive assets like bonds and cash and incorporating both South African and global assets. The return from this portfolio does still fluctuate, but it delivers a relatively consistent return in the range between 5% and 10% above inflation over most 10-year periods with lower volatility than any of the growth asset classes and much better returns than any of the more defensive asset classes.



Insight 3: Interest rate cycles, especially in countries that have inflation-targeting, like South Africa, are linked to inflation. Interest rates are a key driver of valuations for all other assets and hence play a major role in returns generated by all assets.

Chart 3: Returns on cash relative to inflation in South Africa over rolling 12-month periods



A key development in South Africa during 2025 was the decision by the South African Reserve Bank (SARB) to adjust the inflation target from the previous 3-6% band to a target of 3% with a 1% tolerance band either side.

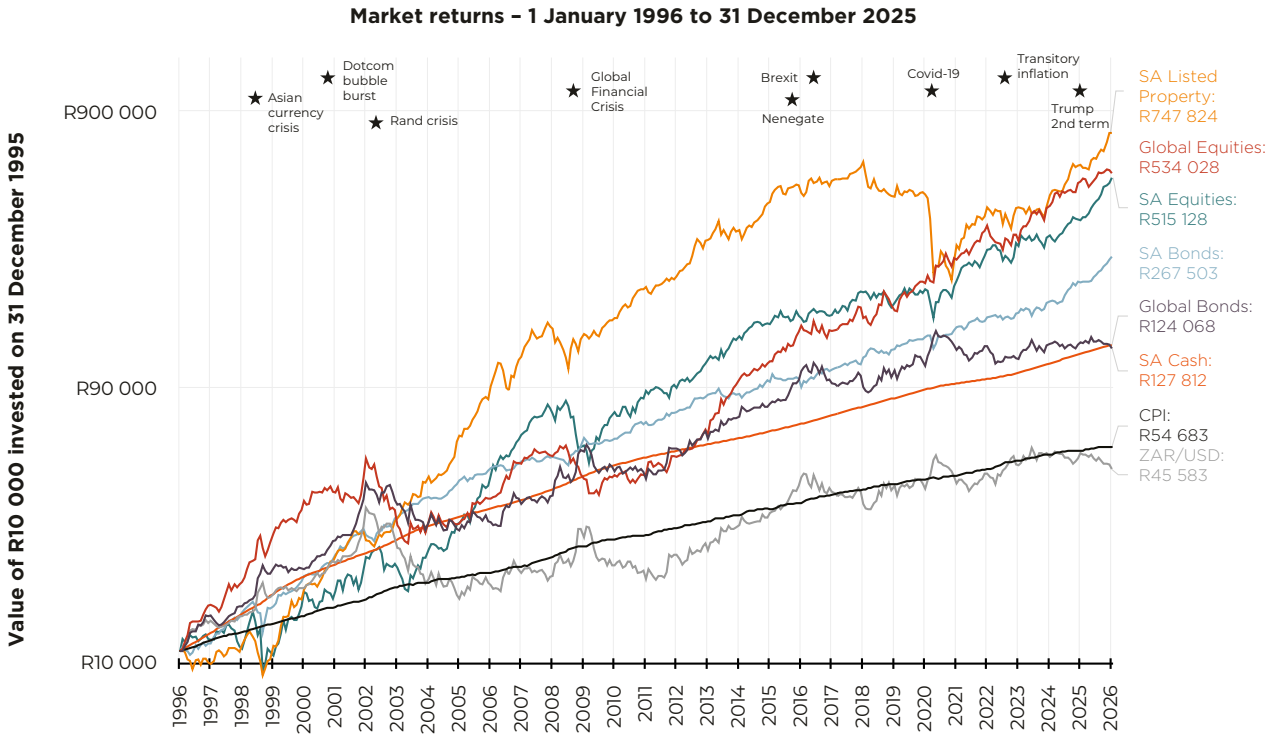
Although this makes sense in the longer term, the implication of this change is that the SARB kept interest rates higher than they would have otherwise been, in an effort to solidify the level of CPI around the new 3% target – it worked out at 3.6% for 2025.

The implication is that interest rates now have room to decline – evident by the significant gap between interest rates (orange line) and inflation (blue shaded area) on the right-hand side of the chart.

Declines in interest rates benefit indebted consumers and tend to drive prices of assets like shares, property and bonds higher. On the other hand, those individuals with savings in the bank, including many pensioners, earn less interest on their savings.

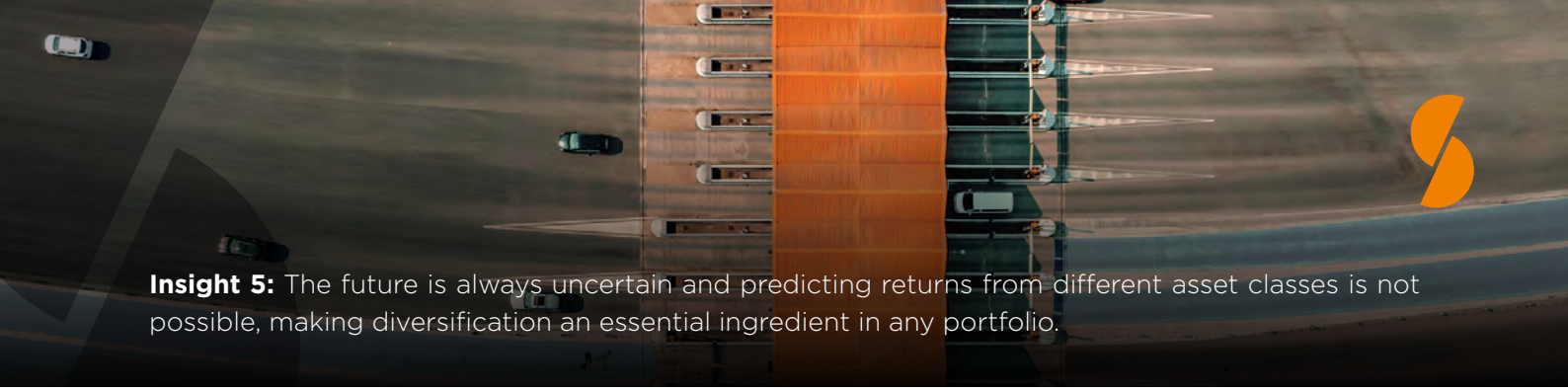
Insight 4: Markets never face an entirely positive outlook. There are always risks, uncertainties and surprises that threaten to derail progress. However, over the long term, markets go up.

Chart 4: Accumulated value of R10,000 invested in various asset classes over 30 years (31 December 1995 to 31 December 2025)



The fact that markets climb inexorably higher over the long term, despite ever-present risks, uncertainty and nasty surprises, gave rise to the Wall Street adage, "markets climb a wall of worry". This is particularly true of shares that take the most volatile route upwards, but also reward investors with the greatest returns over the long term. It's no surprise that the asset classes that prevailed over the 30-year period shown in the chart are SA and global equities as well as SA listed property. A sum of R10,000 invested in either SA or global shares in 1996 would be worth over R500,000 today – almost 10 times the value of that sum in real terms. Even bonds, considered a more defensive asset class, do not go up in a straight line. The volatility of our dear currency, the rand, is also evident in the chart. Cash is the one asset class that produces a relatively smooth upward path, albeit less exciting in the longer term.

For long-term investors, it's vital to avoid being distracted by the 'noise' of current events. Reacting to this noise by making changes to one's investment strategy more often than not leads to regret. The wiser choice is to remain focused on the long term, diversify and allow the investment strategy to ride out the inevitable ups and downs.



Insight 5: The future is always uncertain and predicting returns from different asset classes is not possible, making diversification an essential ingredient in any portfolio.

Chart 5: Calendar year returns on major asset classes over 30 years, plus some statistics for the period at the bottom

Calendar year	SA Equities	SA Bonds	SA Cash	SA Listed property	Global Equities (ZAR)	Global Bonds (ZAR)	ZAR/USD	CPI
1996	9.5%	6.6%	16.3%	-10.1%	46.3%	34.6%	28.3%	9.0%
1997	-6.9%	29.1%	17.2%	17.0%	20.9%	7.9%	4.0%	7.0%
1998	-5.9%	5.1%	17.8%	-0.9%	50.3%	36.9%	20.4%	7.3%
1999	70.8%	28.7%	15.7%	60.0%	31.3%	-0.7%	4.7%	6.8%
2000	0.4%	19.4%	10.5%	31.8%	7.3%	27.1%	23.2%	7.7%
2001	32.6%	17.8%	10.0%	14.5%	32.4%	61.1%	58.7%	6.5%
2002	-8.3%	16.0%	11.8%	20.1%	-42.4%	-16.6%	-28.4%	10.8%
2003	16.1%	18.1%	12.3%	41.0%	3.1%	-13.3%	-22.9%	4.0%
2004	25.4%	15.2%	7.8%	41.3%	-1.9%	-7.0%	-14.9%	4.3%
2005	47.3%	10.8%	7.1%	50.0%	23.4%	7.1%	12.1%	4.0%
2006	41.2%	5.4%	7.4%	28.4%	33.2%	16.8%	10.4%	5.0%
2007	19.2%	4.3%	9.3%	26.5%	6.9%	6.8%	-2.5%	8.6%
2008	-23.2%	17.0%	11.7%	-4.5%	-17.5%	44.8%	38.2%	9.0%
2009	32.1%	-1.0%	9.1%	14.1%	3.3%	-15.5%	-21.0%	6.3%
2010	19.0%	15.0%	6.9%	29.6%	0.5%	-5.6%	-10.6%	3.5%
2011	2.6%	8.8%	5.7%	8.9%	15.8%	28.8%	21.9%	6.1%
2012	26.7%	16.0%	5.5%	35.9%	21.3%	8.6%	4.1%	5.7%
2013	21.4%	0.6%	5.2%	8.4%	57.0%	20.0%	23.2%	5.4%
2014	10.9%	10.1%	5.9%	26.6%	16.7%	11.3%	10.6%	5.3%
2015	5.1%	-3.9%	6.5%	8.0%	34.6%	30.8%	35.0%	5.2%
2016	2.6%	15.5%	7.4%	10.2%	-4.2%	-9.6%	-11.5%	6.8%
2017	21.0%	10.2%	7.5%	17.2%	11.3%	-2.9%	-9.6%	4.7%
2018	-8.5%	7.7%	7.2%	-25.3%	6.5%	14.6%	16.0%	4.6%
2019	12.0%	10.3%	7.3%	1.9%	25.2%	4.2%	-2.5%	4.0%
2020	7.0%	8.7%	5.4%	-34.5%	22.3%	14.1%	5.0%	3.1%
2021	29.2%	8.4%	3.8%	36.9%	32.7%	3.4%	8.5%	5.9%
2022	3.6%	4.3%	5.2%	0.5%	-12.1%	-10.6%	6.8%	7.2%
2023	9.3%	9.7%	8.1%	10.1%	33.7%	13.6%	7.5%	5.1%
2024	13.4%	17.2%	8.5%	29.0%	22.7%	1.1%	2.9%	3.1%
2025	42.4%	24.2%	7.5%	30.6%	6.9%	-4.9%	-12.1%	3.6%
Average	**14.0%**	**11.6%**	**8.9%**	**15.5%**	**14.2%**	**8.8%**	**5.2%**	**5.8%**
Average real	**8.2%**	**5.7%**	**3.0%**	**9.6%**	**8.3%**	**2.9%**		
Best	**70.8%**	**29.1%**	**17.8%**	**60.0%**	**57.0%**	**61.1%**	**58.7%**	**10.8%**
Worst	**-23.2%**	**-3.9%**	**3.8%**	**-34.5%**	**-42.4%**	**-16.6%**	**-28.4%**	**3.1%**
# Negative	**5**	**2**	**0**	**5**	**5**	**10**	**10**	**0**
# >20%	**11**	**3**	**0**	**14**	**15**	**8**	**8**	**0**

Humans, even experts in any field, are notoriously bad at forecasting. To be fair, the world is immensely complex and constantly changing, so expecting accurate forecasts is perhaps unrealistic.

The table shows the significant variability in returns across all the main asset classes. The shading indicates good years 'blue shades' and bad years 'red shades'. The darker the colour, the larger the percentage return. It is true that some of the asset classes contribute a lot more than their fair share of this variability. The SA Cash column, as an example, is almost devoid of any colour tint.

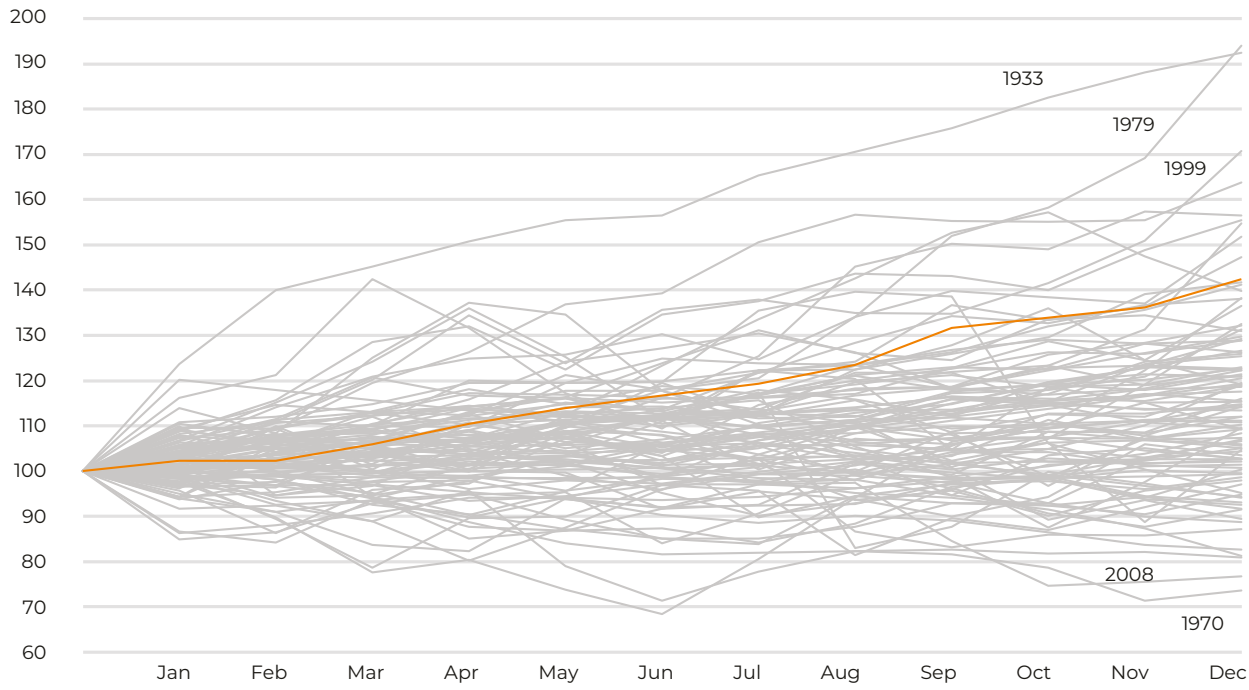
The table at the bottom provides some interesting statistics. Despite what it felt like at times, these three decades have yielded very good returns for investors, across all asset classes. Shares and listed property have lived up to their role as the engines of growth and delivered real returns above 8% per year. It has also been a bullish period for bonds, thanks to steadily declining interest rates, and even cash has delivered a solid return of 3% above inflation.

It hasn't been all rosy, though. SA shares, global shares and SA listed property have all seen negative returns in five out of the 30 years. Somewhat surprisingly the asset class with the most negative years, one in three, was global bonds. At least some of the blame for this can be laid at the door of the currency. In terms of extremes, the worst calendar year return was -42% for global equities in 2002 when the dotcom bubble burst. The best calendar year was just over 70% for SA equities in 1999 when the same bubble was still inflating and SA experienced a listings boom of small cap shares. An interesting data point is that global bonds delivered one of the strongest returns – over 60% in 2001 – the primary cause being the rand crisis that eventually led to a commission of enquiry.

A final point of interest – the volatility of the rand is evident in the top three quarters of the table, but the last few years have seen a markedly less volatile currency, albeit still weakening gradually. This is until 2025 when the rand strengthened over 12% against the US dollar.

Insight 6: The likely return from investing in the stock market is very unpredictable, with calendar year returns over the past century varying between a low of -26% and a high of over 90%.

Chart 6: Calendar year returns for SA shares over the past 101 years – 2025 marked in red



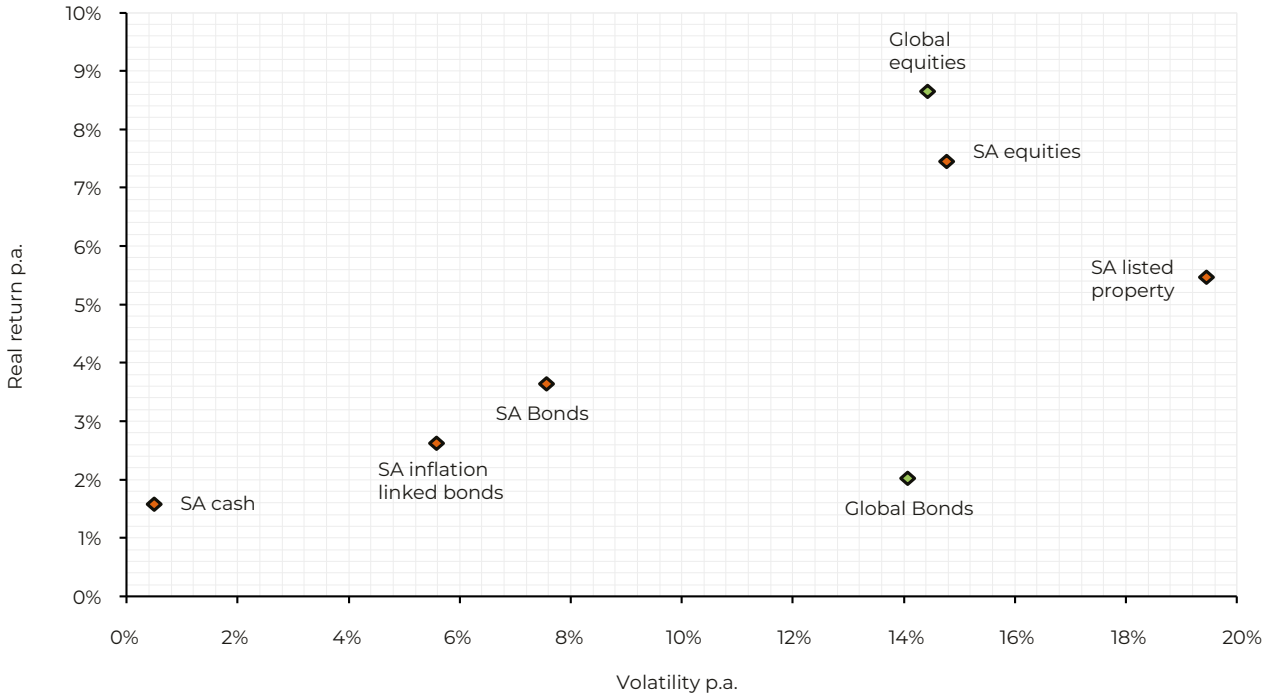
It's well known that shares can be unpredictable and volatile and this chart, based on 101 years of South African stock market returns, confirms that. By historical standards, 2025 (orange line) was a very good year. However, there have been some even better years.

Some exceptional years are indicated on the chart. The dotcom bubble was inflating in 1999, before it burst, 1933 is another year in the midst of a crisis – the Great Depression. The best calendar year of the past century was 1979. Worth noting is that it followed two good years in 1977 and 1978. It has parallels to 2025 in that it was driven primarily by a strong gold boom. Back then, mining was also a much larger sector of the economy and the stock market.

On the negative side, another global crisis – the Global Financial Crisis – led to the poor returns in 2008. High inflation and a weakening economy resulted in the weak market returns in 1970, the worst calendar year on record.

Insight 7: Each asset class plays an important role in an investment portfolio. Over long periods, growth assets like shares and property deliver solid real returns, but with volatility. The role of cash and bonds is to dampen volatility, but that means forgoing some return. Sometimes an asset class provides poor returns at high volatility. Diversification is critical to capture returns without undue risk.

Chart 7: Real return versus volatility of major asset classes over the 20-year period to 31 December 2025



Achieving a return of 5% or more above inflation should be the primary goal of any retirement fund's investment strategy. The chart shows that equities are the crucial growth engine of such a strategy. This is why a balanced portfolio typically has a healthy allocation to these assets. Over the past 20 years, global equities have outperformed SA equities by almost 2% per year, but both have delivered the all-important level of real return of 7% expected from equities.

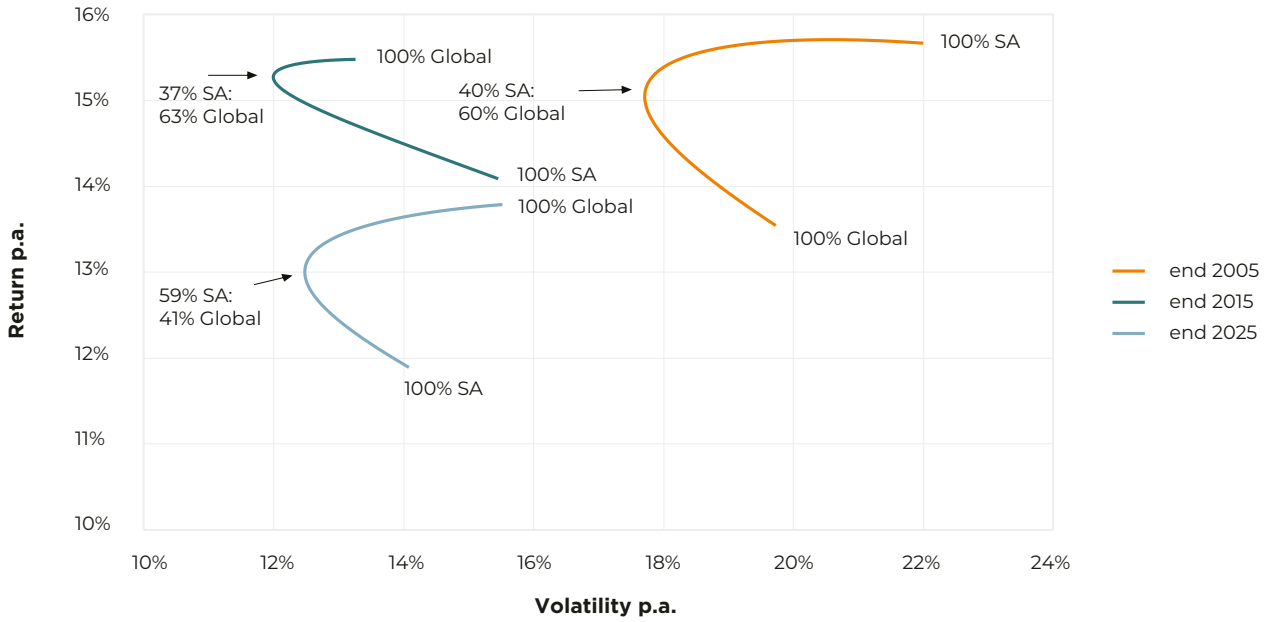
Listed property was at one stage a very dependable high performer, but the chart shows that the returns have not fully compensated for the volatility. It is a narrow asset class and a small sector of the stock market. In addition, the drivers of returns from property are similar for most listed property counters, making meaningful diversification a challenge. As such, listed property is typically a small allocation within a balanced portfolio.

Bonds are a valuable addition to an investment strategy as they are less volatile than equities, but can still provide a meaningful real return. Inflation-linked bonds provide an even more certain return above inflation, but this certainty means returns are usually more muted. The conventional and inflation-linked versions of bonds typically carry a higher weighting in conservative balanced portfolios.

Cash plays a stabilising role as it has almost no volatility. It does not earn much above inflation though, so a large allocation is not warranted.

Insight 8: South African investors often think maximising offshore exposure is preferable. Managing risk means diversifying assets across South Africa as well as offshore, rather than focusing exclusively on one or the other.

Chart 8: Efficient frontiers for a portfolio of SA and global shares for the past three decades



The past decade has been challenging for South African investors and the vastly superior returns generated by global shares have resulted in many South Africans favouring offshore exposure over owning stocks on the JSE. It was thus a welcome change that 2025 saw a reversal of fortunes and SA shares trumped their global counterparts.

Successful long-term investing is as much about managing risk at it is about maximising returns. The chart thus considers portfolios of SA and global shares to establish an efficient frontier for each decade and then identify the portfolio combination that delivered the lowest risk outcome.

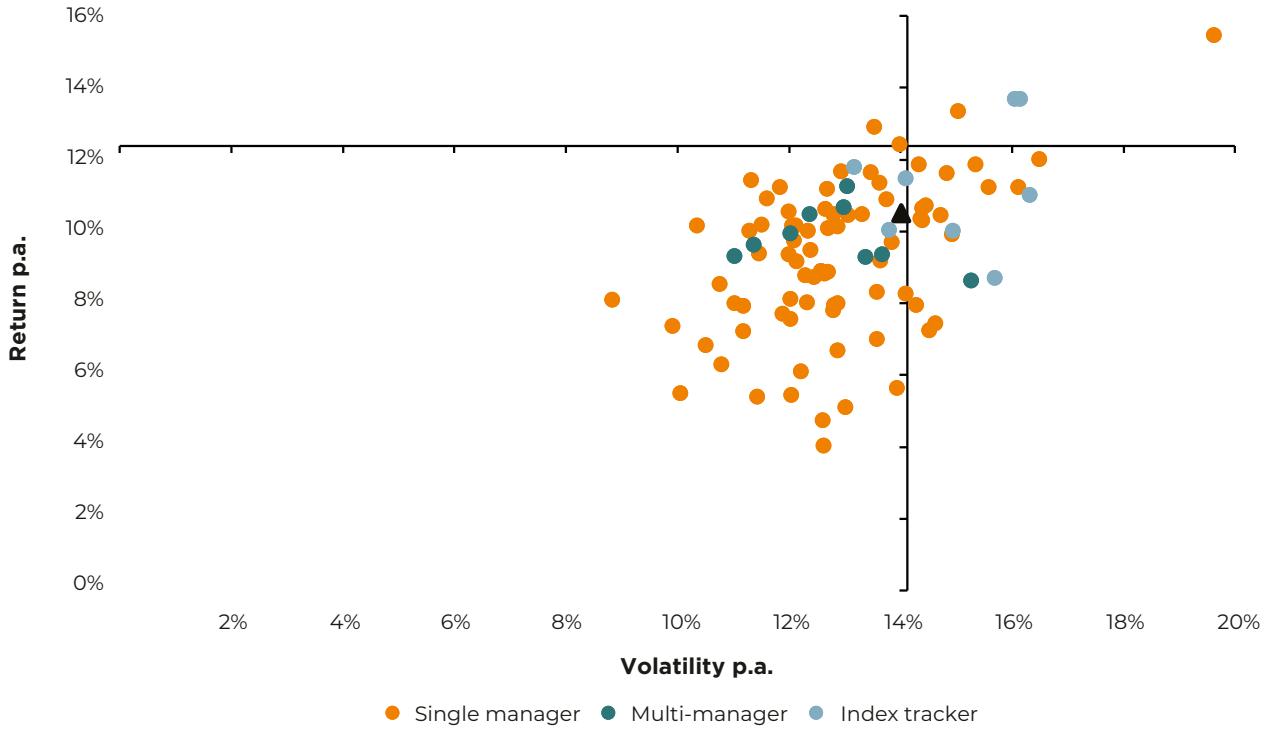
The most recent decade (in light grey) delivered much lower returns than the previous two decades. Both the last decade and the one before that (in dark green) saw global shares outperforming SA shares. In the decade before that (in orange), SA shares prevailed. This was a very volatile decade.

What's interesting is that, despite the three decades being very different with different market conditions and unique factors driving the returns from both SA and global shares, managing risk meant having roughly a 50:50 holding of SA shares and global shares – in two of the decades it was 60:40 in favour of global and in the third it was 40:60 in favour of SA.

Also worth noting is that seeking to manage risk did not significantly reduce the overall return outcome – the reduction in return on the lowest volatility portfolio relative to the maximum return portfolio was between 0.3% p.a. and 0.8% p.a. across the three decades.

Insight 9: Selecting a suitable unit trust from the multitude of options available is not an easy task and outcomes over even long periods like 10 years vary significantly.

Chart 9: Return versus risk of unit trusts in the SA Equity General and SA Equity SA General categories over 10 years.



With around 1,500 unit trusts available to investors in South Africa, the choice of which one or more would suit your objectives can be overwhelming. The range of outcomes from different unit trusts, even in the same category, is significant, so making a good choice matters.

The chart shows all of the unit trusts available in the SA Equity General and SA Equity SA General categories – the two main categories providing exposure to SA shares (with one category allowing some offshore exposure).

The “cross hairs” in the chart show the return and standard deviation of the FTSE/JSE All Share Index. It’s important to note that the benchmarks for all these unit trusts vary – the All Share Index is therefore used here to provide a consistent comparison. For interest, the FTSE/JSE Capped SWIX Index, another common benchmark, is indicated by the black triangle. These unit trust returns are net of fees. The chart supports the findings that the majority of active managers underperform the index after fees. This clearly also applies to passive managers.

The orange dots are single managers. The outcome for investors in these unit trusts depends on the skill of the asset manager and their investment style. There is a wide dispersion between the lowest return of 4% and the highest of nearly 16% - over the 10-year period an investor in the top performer would have accumulated nearly three times the assets of an investor in the bottom performer – a material difference. It is interesting to note that the top performer was also the most volatile portfolio – achieving this outcome would require an investor to have the discipline to remain invested through all the ups and downs.

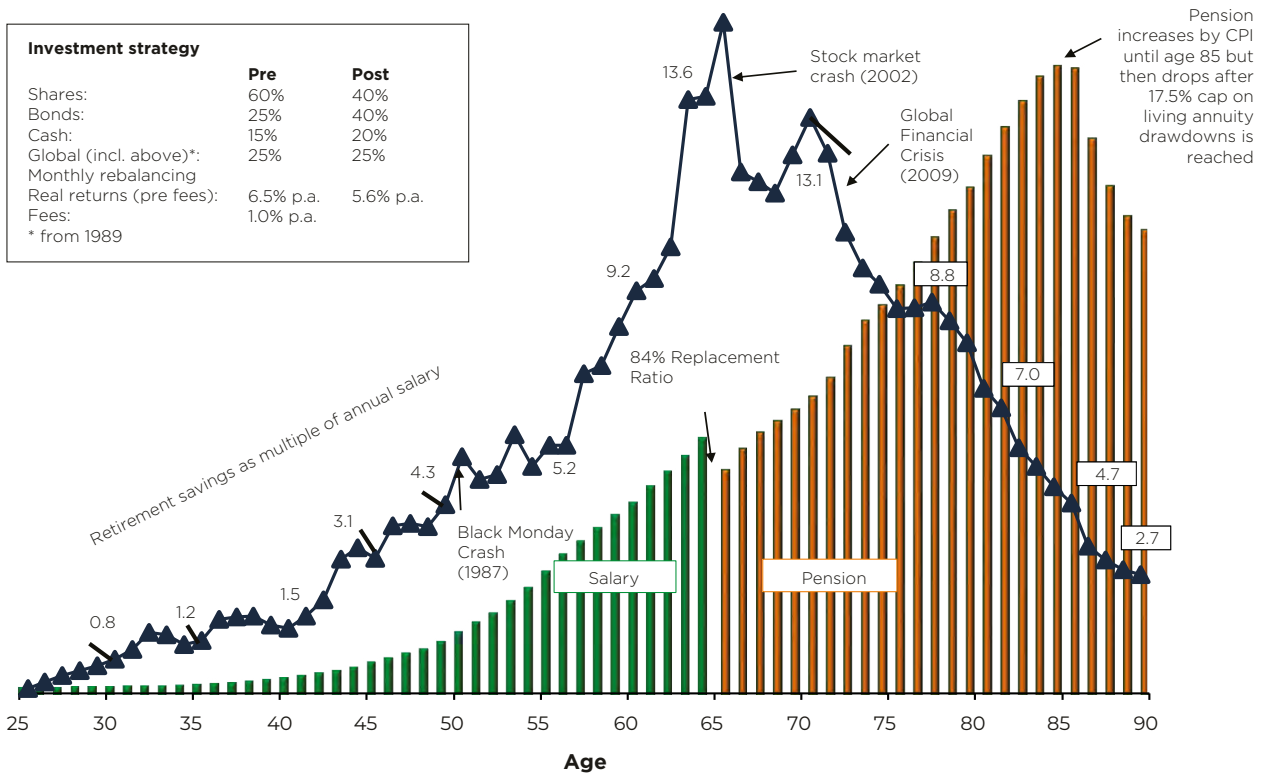
An interesting, perhaps surprising, insight is that the active unit trusts, as a whole, demonstrate an ability to reduce volatility relative to the index as well as passive funds, with many lying to the left of the vertical axis. The perception that passive is lower risk stems from the fact that it is low risk *relative* to the index, but the index itself is volatile.

The light grey dots are the index tracker or passive unit trusts that simply track an index. Once again, these do not all track the All Share Index. As an example, the two best performing ones track the FTSE/JSE RAFI Index. This illustrates that the choice of index to track is important when selecting a passive investment.

The dark green dots are multi-manager unit trusts. As would be expected, the diversification of manager risk inherent in their construct resulted in a more consistent outcome in the middle of the pack of single managers.

Insight 10: Saving sufficient capital for a comfortable retirement is not easy, but it is achievable with careful planning, discipline and patience.

Chart 10: Illustration of retirement planning over a person's lifetime from first job at age 25 until death at age 90, using actual past investment returns and inflation



A sound retirement plan consists of:

- Diligently **contributing** a portion of your monthly salary from the first pay cheque until the last.
- Sticking to a **long-term investment strategy** with at least 50% allocation to growth assets. Savings will grow above inflation in most years, but negative returns will occur from time to time (roughly once every five years).
- **Limit two pot savings withdrawals** to genuine emergencies and always **preserve** vested savings when changing jobs.
- At retirement, convert the **capital into a monthly pension** that increases by inflation and lasts until your death.
- If fortunate enough to be a member of a large, well-run retirement fund offered by your employer, enjoy the added benefit of **lower fees** than what you would pay in your personal capacity.

The chart applies the above plan to a hypothetical individual (see scenario below), but uses actual past returns to follow how the plan would have fared over their entire lifetime from their first pay cheque. In this scenario, the retirement plan would have produced a decent replacement ratio of 84%, increasing by inflation and lasting until age 85. It's worth noting that the identical retirement plan would have produced a slightly different outcome for an individual who started working at a different date. In fact, the individual featured in our report last year achieved a slightly higher replacement ratio of 86% and the year before that only 82%.

The chart also illustrates another risk of retirement planning. Assuming retirees invested in a living annuity and lived beyond 85, they would reach the maximum drawdown limit of 17.5% at age 85. This would result in their income being throttled and a dramatic drop in pension (orange bars) evident on the right-hand side of the chart. This is a warning to pensioners to manage their investment strategy and drawdowns carefully.

The chart is based on the following scenario:

- Member started work in Jan 1961 (age 25); retired end of Dec 2000 (age 65); survived to age 90 at end of Dec 2025.
- Salary growth is CPI+1.5% p.a. (to 35), CPI+1.0% p.a. (to 45), CPI p.a.
- Net contribution to savings (after costs) of 11% of salary.
- No lump sum taken at retirement i.e. 100% used to buy monthly pension.
- Starting pension of 84% of final salary, increasing by inflation.
- Full preservation, no break in employment.
- Actual returns of SA and Global shares, SA and Global bonds and SA cash as well as actual CPI.
- Portfolio fee is 1% p.a.

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