

Monthly market commentary | May 2026

Markets remained constructive in May as investors continued to price in geopolitical de-escalation. The conflict surrounding Iran, however, remains highly volatile and lacks a clear, definitive end. While a fragile ceasefire has been in place since April 2026, severe escalations persist, and control over and unhindered transit of the Strait of Hormuz remain a highly contentious battleground. Global equities continued to rise as earnings momentum remained strong, with tech-heavy indices leading the pack.

The first quarter earnings season ended with evidently positive results in May, with technology driving earnings in developed markets, as the S&P 500 ended the month with a consecutive positive return, up 5.2%¹ in US dollar (USD) terms. The Nasdaq Composite also followed suit, moving higher and adding a laudable 8.4%¹ in USD terms. However, investors have become more selective within the Magnificent Seven stock universe, as the outlook for some artificial intelligence (AI) businesses appears to have triggered some uncertainty.

Japanese equities posted another month of gains, up 4.6%¹ in USD terms. Performance was supported by AI-driven demand, renewed appetite for technology and growth stocks, continued yen weakness and lower oil prices, given Japan's status as a major energy importer. Global equities (MSCI ACWI) had a positive month, delivering 5.2%¹ in USD terms, for a return of 30.3%¹ over the last 12 months.

Emerging markets (MSCI EM) were the standout performers once again, outperforming their developed market counterparts for the fourth time this year, 9.7%¹ higher in USD terms. The gains were again led by sizeable returns from South Korea and Taiwan, as they continued to benefit from their positioning in the AI supply chain and hyperscaler-led investment demand. Global property (FTSE EPRA Nareit) is experiencing a slow recovery, post the short-term headwinds, pressured by elevated inflation and bond yields, ending the month 0.8%¹ lower in USD terms. Global bonds (FTSE WGBI) delivered more muted returns, ending the month 0.3%¹ higher in USD terms, reflecting uncertainty over the growth and inflation impact of the Middle East conflict. The rand saw a mix of gains and losses, remaining resilient to end the month 3.1%¹ firmer against the USD.

Local equities (FTSE/JSE Capped All Share) lagged both emerging market peers and developed markets, down

0.3%¹ for the month, though still comfortably in positive territory over the last 12 months, with a return of 26.6%¹. The Resources sector again rendered back some of the strong gains made over the last 12 months, ending the month 1%¹ lower, but still positive over the past year, with a notable return of 76.4%¹. Industrials experienced a modest pullback, ending the month 0.7%¹ lower, while Financials were marginally up, delivering 0.9%¹ for the month.

Listed property (FTSE/JSE All Property) delivered lacklustre returns in May as investor sentiment weakened following the SA Reserve Bank's 0.25% interest rate hike, up 0.7%¹ for the month, for a return of 23.8%¹ over the last 12 months.

Local bonds (FTSE/JSE All Bond) performed meaningfully better, outperforming global peers despite the impact from increasing inflation concerns, ending the month 2.9%¹ higher for a return of 22.4%¹ over the last 12 months. Bonds in the one to 3-year spectrum contributed 0.9%¹, while longer-dated instruments in the three to 7-year and seven to 12-year maturities ended the month 2.2%¹ and 3.1%¹ higher, respectively. Bonds in the 12+ year spectrum were again the best performers, ending the month 3.5%¹ higher. Local cash (STeFI Composite) was 0.6%¹ higher in May and 7.1%¹ over the last 12 months.

The portfolios' tactical positioning to local bonds, as well as exposure to emerging market equities continued to contribute to returns, while the strengthening of the rand detracted from global returns.

Returns for the month were²:

Vivante Pure Conservative Portfolio: 0.80%
Vivante Absolute Balanced Portfolio: 0.58%
Vivante Growth Portfolio: 0.55%

Sources:

¹ Morningstar

² Momentum Investments