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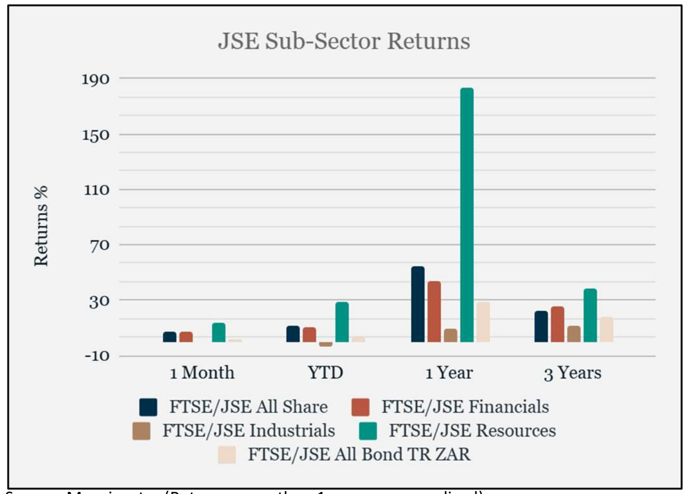
South African Market

South African equities delivered another strong month in February, with the FTSE/JSE All Share Index rising 7.01% and pushing the year-to-date gain to 10.99%. The advance marked a twelfth consecutive monthly increase, again placing the index among the stronger market performers, trailing only Japan and Brazil. Performance was once again led by the Resources sector, which surged 13.42% as elevated precious-metal prices drove gains across gold, platinum-group metals, and diversified miners. Financials also made a meaningful contribution, rising 7.42%, supported by firmer domestic sentiment, the positive reception of the National Budget, and resilient bank earnings. Industrials were the lone laggard, slipping (0.07%). At the stock level, returns were largely driven by commodity-linked counters, particularly gold and energy names, while several consumer-facing retailers and technology/investment holding companies, less exposed to commodities and global cyclicals. faced a more challenging month.

Headline consumer inflation eased to 3.5% y/y in February from 3.6% in the prior month. The moderation was supported by stable food inflation, which held at 4.4% for a third consecutive reading, alongside a modest softening in fuel costs. Housing and utilities continued to be the largest contributor to headline inflation, although the pace of increase slowed slightly. Core inflation, edged up to 3.4% from 3.3%, the highest reading in nearly a year reflecting some stickiness in services-related categories.



Source: Morningstar (Returns more than 1 year are annualized)

The South African Reserve Bank held the repo rate unchanged at 6.75% at its January meeting, with markets and economists largely expecting the easing cycle to resume at the March MPC meeting. However, interest-rate traders have begun to price in a small probability of a hike later this month as the US/Israel-Iran conflict pushed oil prices higher and revived inflation concerns, with forward rate agreements implying a 24% chance of a 25-basis-point increase. Despite this near-term volatility, the Bank's Quarterly Projection Model continues to point to a gradual decline in the policy rate toward 6.25% by the end of 2026, provided inflation remains anchored near 3% and the global environment does not deteriorate materially.

Asset Class Performance (ZAR):

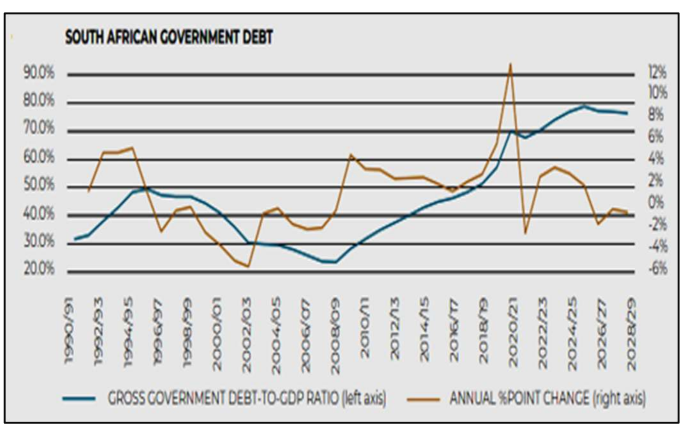
As of 28th February 2026	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity	0.85	0.84	7.78	15.09	12.83	13.39
Global Property	5.77	5.77	(1.84)	4.09	6.07	5.53
Global Bond	0.42	(1.86)	(7.96)	(1.25)	(1.26)	0.52
Global Cash	(0.47)	(3.36)	(10.63)	0.08	4.47	2.38
SA Equity	7.01	10.99	54.49	22.52	18.68	13.85
SA Property	6.29	7.33	43.91	26.52	21.11	5.78
SA Bond	1.74	3.73	28.21	17.53	13.18	11.47
SA Cash	0.50	1.05	7.10	7.72	6.42	6.31

ZAR/USD (negative = Rand strength)	(1.70)	(4.01)	(14.56)	(4.68)	1.00	0.09
Gold	9.77	15.27	50.12	27.99	20.97	11.96
Brent Crude Oil	1.76	14.42	(14.87)	(9.18)	2.87	7.35

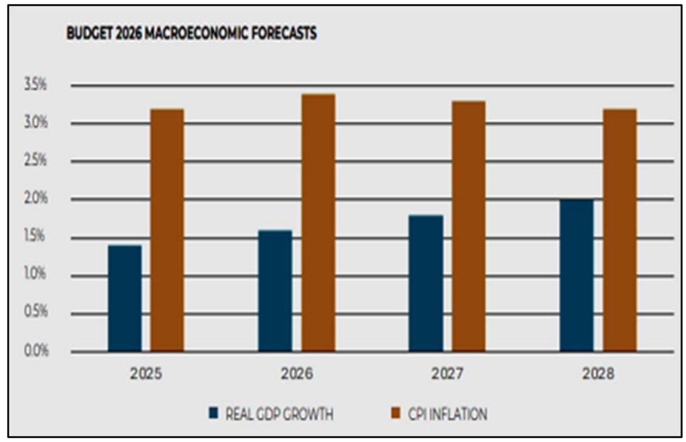
*Returns more than 1 year are annualized.

The Rand extended its strong run in February, strengthening overall against both the US Dollar and the British Pound despite cautious global policy signals and lingering geopolitical risks. The currency ended the month at R15.89/US$, gaining 1.70% and taking year-to-date appreciation to 4.01%. Support came from elevated commodity prices and the broadly positive reception of the National Budget. At its strongest point during the month, the Rand traded well below R16.00/US$. However, a late-month pullback in precious metals, triggered by renewed concerns around a potential US-Iran escalation, led to a partial reversal across commodity-linked currencies, including the Rand. Against other major currencies, the Rand was more mixed, easing modestly against the Euro, while remaining broadly stable against the Pound. The currency's resilience continues to be underpinned by high real yields, an improving fiscal narrative, and supportive commodity prices.

South African bonds delivered stable performance in February, with the FTSE/JSE All Bond Index returning 1.74% for the month and lifting year-to-date gains to 3.73%. The 10-year government bond yield continued its gradual decline, falling a further 12 basis points to 7.93% p.a., a level last seen around 2014, supported by a well-received National Budget and favourable inflation data. Longer-dated bonds led the rally as investors priced in reduced fiscal risk following the budget and began anticipating the eventual resumption of the SARB's easing cycle. Foreign demand for South African fixed income also remained firm, with non-resident investors continuing to increase their holdings of local-currency bonds, attracted by comparatively high real yields and an improving fiscal outlook.



Source: National Treasury



Source: National Treasury

The **2026 National Budget**, presented by Finance Minister Enoch Godongwana on 25 February, was the most significant catalyst for South African markets during the month and was broadly well received by investors. A key takeaway was the decision not to proceed with a VAT increase, providing relief after weeks of political debate around the proposal. Godongwana noted that the country's public finances are beginning to turn the corner, with the budget signalling a potential turning point as government debt is projected to peak at 78.9% of GDP in 2025/26. National Treasury also reiterated its commitment to advancing structural reforms and supporting economic growth. The consolidated budget deficit is expected to narrow to 4.5% of GDP, while South Africa remains on track to record its third consecutive primary budget surplus, something last achieved in 2009.

South Africa's growth outlook for 2026 is showing modest improvement, although the overall pace of expansion remains constrained. Improved financial conditions and easing inflation have provided some support to economic activity, but structural challenges continue to limit broader growth. The medium-term outlook still hinges on the effective implementation of reforms in key network industries. While improved electricity availability has provided some relief to the economy, persistent inefficiencies in rail, and other logistics networks continue to weigh on trade and industrial activity. An improving economic and fiscal trajectory, if sustained, should help reinforce investor confidence, lower the government's borrowing costs over time, and provide a more stable foundation for economic growth.

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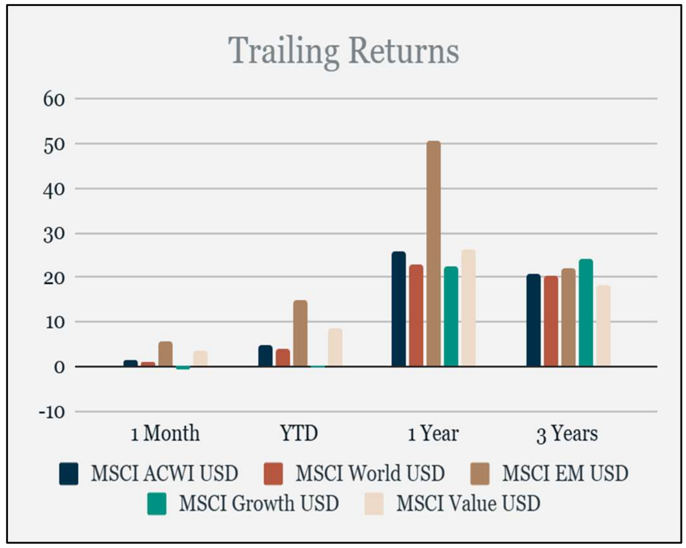
Global Markets

Global equities delivered broadly positive returns in February, extending the trend of broadening participation that has characterised markets since late 2025. The MSCI ACWI rose 1.61%, with non-US markets once again leading the advance. Equity indices moved between gains and pullbacks as investors weighed large AI-related capital expenditure announcements, evolving US tariff policy, and rising geopolitical tensions in the Middle East. The S&P 500 posted a modest decline of around (0.76%) as AI-linked technology stocks came under renewed valuation pressure and investors continued rotating toward more attractively valued international markets. Cap-weighted indices were restrained by ongoing corrective moves in select large-cap growth names, with the Magnificent Seven Index recording its sharpest drop since March 2025, falling (7.3%). Emerging markets remained firm beneficiaries of rising commodity prices and steady risk appetite, returning 5.51% and extending their year-to-date lead over developed markets into double digits.

US headline inflation moderated to 2.4% y/y in February from 2.7% the previous month. The slowdown was largely driven by a meaningful easing in energy prices, which made a negative contribution to the monthly reading, while shelter costs, accounting for roughly a third of the CPI basket, continued to decelerate gradually. Core inflation, excluding food and energy, slipped to 2.5% y/y from 2.6% previously, marking its lowest level since 2021 and reinforcing the view that the underlying disinflationary trend remains intact.



Source: Morningstar (Returns more than 1 year are annualized)

The Federal Reserve kept interest rates on hold at their previous meeting in January, with the FOMC having last cut rates in December 2025. Overall, the economic data for February was seen as broadly constructive, supporting the case for eventual further easing, though the Fed's patient stance remains intact. Fed officials have largely entered a wait-and-see phase to assess how the economy responds to previous rate cuts before considering additional moves. Markets continue to price the next reduction in the second half of 2026, with the June FOMC meeting seen as the earliest realistic window for a resumption of the easing cycle. For now, policymakers appear comfortable keeping policy restrictive while monitoring the balance between moderating inflation and a still-resilient labour market.

Asset Class Performance (USD):

As of 28th February 2026	MTD	YTD	1 Year	3 Years*	5 Years*	10 Years*
Global Equity	1.61	4.98	25.76	20.69	11.72	13.30
Global Property	6.57	10.10	14.53	9.15	5.02	5.44
Global Bond	1.18	2.17	7.39	3.56	(2.24)	0.43
Global Cash	0.29	0.60	4.28	4.95	3.43	2.30
SA Equity	7.81	15.54	80.26	28.48	17.50	13.75
SA Property	7.09	11.73	67.91	32.68	19.92	5.70
SA Bond	2.51	7.98	49.60	23.25	12.06	11.38
SA Cash	1.26	5.19	24.96	12.96	5.37	6.22

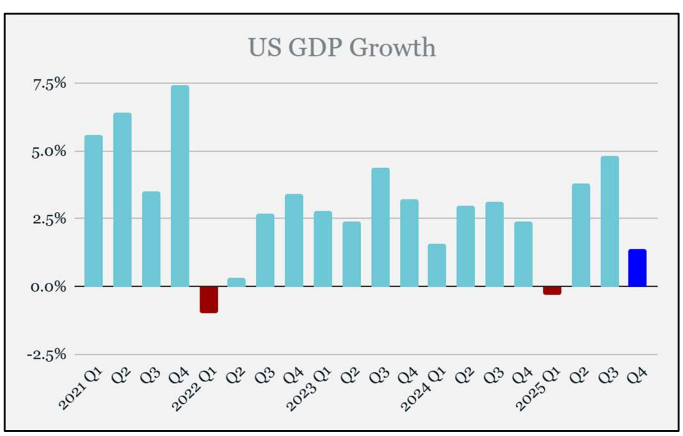
ZAR/USD (negative = Dollar strength)	1.73	4.17	17.05	4.91	(0.99)	(0.09)
Gold	10.60	19.99	75.16	34.22	19.77	11.86
Brent Crude Oil	2.53	19.11	(0.67)	(4.76)	1.85	7.26

*Returns more than 1 year are annualized.

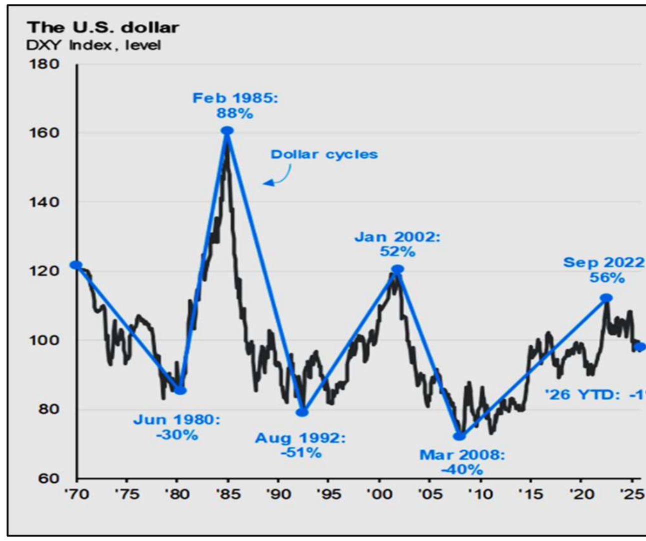
UK equity markets were among the stronger performers in February, with the FTSE 100 rising 6.72%, supported by gains in energy, and financials. The UK economy posted modest growth in Q4 2025, expanding 0.1%, unchanged from Q3, bringing full-year GDP to 1.3%. Asian market performance diverged during February. Japan was a standout performer, with the Nikkei surging 10.38%, as investors rotated into domestic cyclicals and companies linked to AI supply chains. In contrast, Chinese equities were more subdued as investors remained cautious ahead of the National People's Congress, where further stimulus was anticipated but uncertainty around the strength of the recovery persisted.

The US Dollar reversed course in February, edging 0.64% higher for the month, but remaining marginally negative year-to-date at (0.73%). The modest rebound followed three months of decline and was partly supported by geopolitical risk premiums as US-Iran tensions escalated. Structural headwinds for the greenback still remain, including a weaker than expected Q4 GDP print, differing views on the future path of Federal Reserve policy, and continued diversification away from US assets.

Commodities strengthened, as investors grew increasingly concerned about a potential escalation in the US-Iran conflict. Safe-haven demand was particularly evident in precious metals, which rebounded from the previous month's volatility, with gold rising 10.60% in February, reinforcing its role as both an inflation hedge and a beneficiary of easing financial conditions. Oil markets were more mixed: rising US inventory levels weighed on prices, though concerns over potential disruptions in the Strait of Hormuz supported Brent crude, which rose 2.53% for the month.



Source: Trading Economics



Source: JPMorgan Guide to the Markets

Global government bonds was mostly positive in February, supported by demand from investors seeking alternatives to an increasingly volatile US equity market, ultimately ending the month up 1.18%. US Treasuries moved decisively lower, reinforcing the market's shift toward a slower-growth, easier-policy narrative. The 10-year Treasury yield fell 30 bps to 3.94%, marking its largest monthly decline since February 2025. Signs of labour market weakness, together with a broader risk-off tone growing concerns over AI-driven business disruption, saw investors price in additional US rate cuts later this year, pushing Treasury yields lower. Adding to the market's uncertainty, the US Supreme Court's reversal on certain tariffs, introduced further policy volatility, prompting investors to reassess the outlook for trade policy and its potential implications for growth and inflation

US economic growth slowed more than expected in the fourth quarter, with GDP expanding at an annualised 1.4%, well below the 2.5-3.0% consensus range and sharply down from Q3's 4.4% pace. For the full year, the economy grew 2.2% in 2025, easing from 2.8% in 2024 and marking the slowest annual expansion since 2020. Much of the Q4 weakness was linked to temporary factors, particularly the 43-day government shutdown from 1 October to 12 November, which is estimated to have subtracted around 0.9–1.0 percentage points from GDP through a sharp decline in federal spending. As these effects unwind, economists expect activity to rebound toward roughly 3% annualised growth in the first quarter of 2026.

Historic Asset Class Performance Matrix

The performance matrix below shows returns (colour coded) for the 4 main indicative sources of return per asset class and separated for SA and Global. **All performance figures here shown in ZAR.** The performances show the one-year performance of each asset class up to the displayed date (X-axis) except for the column showing YTD returns up to 28th February 2026.

	YTD	2/2026	2/2025	2/2024	2/2023	2/2022	2/2021	2/2020	2/2019	2/2018	2/2017	2/2016	2/2015
Best	SA Equity 11.0	SA Equity 54.5	SA Equity 22.6	Global Equity 27.6	Global Cash 21.6	SA Prop-erty 22.4	SA Equity 33.2	Global Fixed Income 20.0	Global Property 36.7	SA Equity 17.4	SA Fixed Income 13.5	Global Fixed Income 38.1	SA Prop-erty 44.3
	SA Prop-erty 7.3	SA Prop-erty 43.9	SA Prop-erty 19.7	SA Prop-erty 17.6	Global Equity 9.7	SA Equity 20.5	Global Equity 27.4	Global Property 16.3	Global Cash 21.5	SA Fixed Income 14.3	SA Prop-erty 11.0	Global Cash 35.7	Global Property 28.6
	Global Property 5.8	SA Fixed Income 28.2	SA Fixed Income 17.6	Global Cash 10.1	SA Equity 6.2	Global Property 17.9	SA Fixed Income 8.3	Global Equity 15.8	Global Equity 18.4	Global Equity 7.6	SA Cash 6.9	Global Property 28.7	Global Equity 16.4
	SA Fixed Income 3.7	Global Equity 7.8	Global Equity 10.9	SA Cash 8.0	SA Cash 5.4	Global Equity 9.4	SA Cash 4.0	Global Cash 14.2	Global Fixed Income 17.3	SA Cash 6.8	SA Equity 6.3	Global Equity 19.5	SA Equity 16.1
	SA Cash 1.0	SA Cash 7.1	Global Property 8.8	SA Fixed Income 7.6	SA Prop-erty 5.1	SA Fixed Income 9.0	Global Fixed Income 0.3	SA Fixed Income 8.9	SA Cash 6.6	Global Fixed Income -3.5	Global Equity 2.2	SA Cash 5.9	SA Fixed Income 15.0
	Global Equity 0.8	Global Property -1.8	SA Cash 8.0	Global Fixed Income 6.3	SA Fixed Income 4.9	SA Cash 3.6	Global Property -1.9	SA Cash 6.6	SA Fixed Income 4.2	SA Prop-erty -6.1	Global Property -7.1	SA Prop-erty -2.0	Global Cash 8.6
	Global Fixed Income -1.9	Global Fixed Income -8.0	Global Cash 1.8	Global Property 5.6	Global Property 1.0	Global Cash 2.1	Global Cash -3.6	SA Equity -5.7	SA Equity -0.9	Global Cash -8.7	Global Cash -16.7	SA Fixed Income -3.7	SA Cash 5.5
Worst	Global Cash -3.4	Global Cash -10.6	Global Fixed Income -1.6	SA Equity -2.9	Global Fixed Income 1.0	Global Fixed Income -3.5	SA Prop-erty -15.8	SA Prop-erty -19.1	SA Prop-erty -5.2	Global Property -11.9	Global Fixed Income -17.7	SA Equity -4.4	Global Fixed Income 3.2

Source: Morningstar Direct