



South African Market

South African equities saw a sharp reversal in March, with the FTSE/JSE ALSI falling (10.45%), its worst monthly performance since the Covid sell-off in 2020. This ended a twelve-month run of gains and pushed the year-to-date return into negative territory at (0.61%). Resources led the decline, dropping (16.52%), as gold miners fell (18.12%) and platinum miners (24.96%) on the back of weaker precious metal prices and a stronger US Dollar. Precious metal miners alone contributed more than 6% to the overall drawdown. Financials also came under pressure, declining (9.79%) as banks and insurers were repriced for higher inflation risk, rising bond yields and increased macro uncertainty. At a stock level, performance diverged, with energy and coal-linked names benefiting from higher prices, coal up roughly 20% above pre-war levels, while gold and PGM miners were among the hardest hit as prices retreated and rate expectations shifted higher.

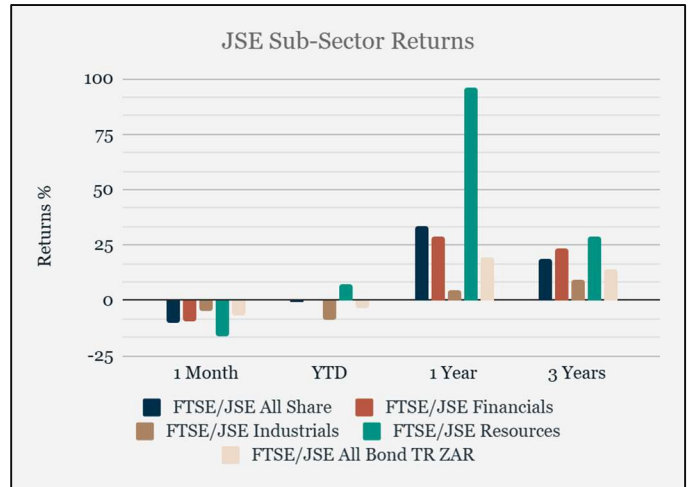
Headline consumer inflation eased to 3.0% y/y in March from 3.5% in February, reaching the midpoint of the SARB’s new 3% target for the first time. The decline was driven by a 2.1% contraction in transport costs on lower fuel prices, while food inflation moderated to 3.7% from 4.4%. Core inflation also eased to 3.0%, a seven-month low, down from 3.4%. However, the sharp rise in oil prices during March has shifted inflation risks to the upside, increasing the likelihood of fuel-driven pressure in the months ahead.

Asset Class Performance (ZAR):

| As of 31 st March 2026 | MTD | YTD | 1 Year | 3 Years* | 5 Years* | 10 Years* |
|-----------------------------------|---------|--------|--------|----------|----------|-----------|
| Global Equity | (0.26) | 0.58 | 12.84 | 15.35 | 12.76 | 13.33 |
| Global Property | (0.88) | 4.83 | 0.79 | 6.16 | 5.79 | 5.22 |
| Global Bond | 4.00 | 2.07 | (3.95) | 0.03 | 0.46 | 1.35 |
| Global Cash | 7.88 | 4.25 | (3.00) | 3.67 | 6.60 | 3.89 |
| SA Equity | (10.45) | (0.61) | 33.60 | 18.59 | 15.72 | 11.90 |
| SA Property | (11.41) | (4.92) | 28.65 | 22.92 | 17.92 | 3.57 |
| SA Bond | (6.83) | (3.36) | 19.24 | 14.29 | 12.16 | 10.40 |
| SA Cash | 0.55 | 1.60 | 7.03 | 7.71 | 6.48 | 6.31 |

| | | | | | | |
|------------------------------------|--------|--------|--------|--------|-------|-------|
| ZAR/USD (negative = Rand strength) | 7.51 | 3.21 | (7.09) | (1.24) | 2.97 | 1.51 |
| Gold | (4.84) | 9.68 | 31.68 | 24.42 | 20.61 | 12.19 |
| Brent Crude Oil | 75.60 | 100.92 | 50.52 | 12.70 | 16.64 | 13.28 |

*Returns more than 1 year are annualized.



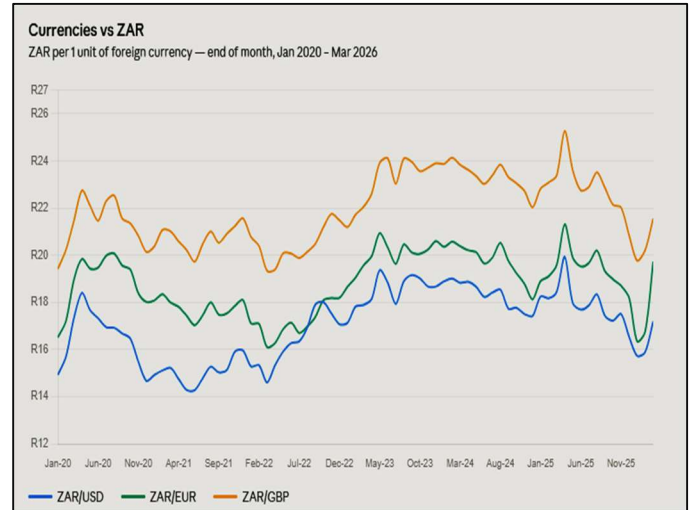
Source: Morningstar (Returns more than 1 year are annualized)

The South African Reserve Bank left the repo rate unchanged at 6.75% at its March MPC meeting, a unanimous decision reflecting heightened uncertainty following the escalation of conflict in the Middle East. Prior to the outbreak on 28 February, markets and economists had expected the SARB to resume its easing cycle, with rates projected to move toward 6.25% by year-end, but those expectations have since been shelved. Governor Lesetja Kganyago reiterated the Bank’s cautious stance, noting that elevated risks had already warranted a prudent approach to policy. Rate cuts are now expected to remain on hold through 2026, with the May MPC meeting likely to maintain the current stance unless there is a meaningful de-escalation in the conflict. The shift in expectations underscores how quickly external shocks can alter the domestic monetary policy outlook, even in a benign inflation environment.



The Rand was one of the worst-performing major currencies in March, weakening (7.51%) against the US Dollar as the Middle East conflict triggered a broad flight to safety, reversing earlier gains. Having traded as strong as R15.73/USD in late January, the currency is now (3.21%) weaker year-to-date. The move reflected a sharp unwind of carry-trade flows, South Africa’s vulnerability as a net oil importer, and rising inflation concerns that clouded the interest rate outlook. At its weakest, the Rand approached R17.19/USD before a brief late-month recovery on ceasefire speculation. While longer-term support from high real yields and an improving fiscal backdrop remains, near-term direction is likely to stay closely tied to developments in the Middle East and oil prices. Any sustained stabilisation in the currency will likely require both a moderation in global risk aversion and a pullback in energy prices.

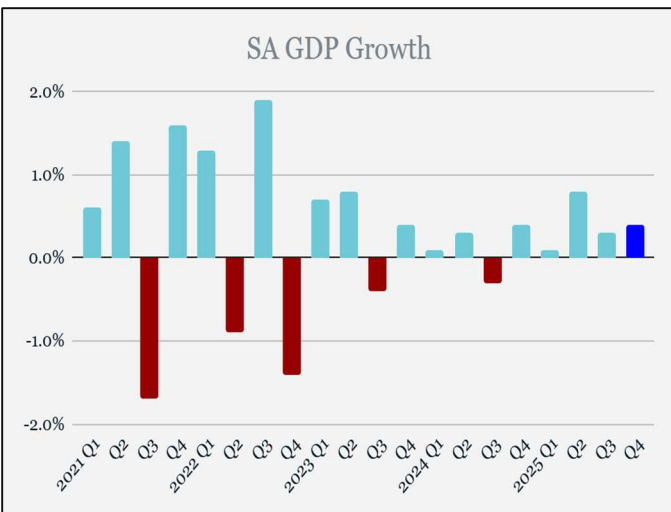
South African bonds experienced a sharp sell-off in March, with the FTSE/JSE All Bond Index falling (6.83%), marking its second-worst month on record and pushing year-to-date returns into negative territory at (3.36%). The move reversed the multi-year yield lows seen in February, with the 10-year government bond yield rising by around 120 basis points to approximately 9.3% by month-end. The sell-off was driven by higher global oil prices reigniting inflation concerns, a weaker Rand increasing the risk of imported inflation, and a broader risk-off shift away from emerging market fixed income.



Source: SARB / exchangerates.org / exchange-rates.org

Foreign investors, who had previously been adding to South African bonds, turned sellers as the outlook for inflation and interest rates deteriorated. The sharp rise in yields also complicates the government’s fiscal path, increasing borrowing costs and posing a challenge to debt stabilisation efforts. Higher funding costs are likely to place additional pressure on future budget allocations, potentially crowding out spending in other areas. In the near term, the sustainability of fiscal consolidation will depend on both a stabilisation in global conditions and the authorities’ ability to maintain policy credibility.

South Africa’s growth outlook for 2026 has become more uncertain following the escalation of the Middle East conflict. The economy recorded its fifth consecutive quarter of growth in Q4 2025, expanding 0.4% quarter-on-quarter, supported by finance, trade and personal services, while the unemployment rate remained elevated at 31.4%. The SARB kept its GDP forecasts unchanged at 1.4% for 2026 and 1.9% for 2027, but noted that risks are now skewed to the downside. As a net importer of crude oil, South Africa faces higher input costs, with rising fuel, transport and food prices expected to weigh on household incomes and business margins. Ongoing constraints in rail and logistics continue to limit export capacity, reducing the economy’s ability to benefit fully from higher commodity prices. A de-escalation in the conflict remains a key upside risk, potentially allowing for a resumption of the SARB’s easing cycle later in the year, while a prolonged shock would raise the risk of a more stagflationary backdrop.



Source: National Treasury



Global equities recorded their worst monthly performance since April 2022, as the escalation of conflict following coordinated US-Israeli airstrikes on Iran on 28 February triggered a broad, correlated sell-off across risk assets and disrupted flows through the Strait of Hormuz. The MSCI ACWI Index declined (7.26%), erasing gains accumulated earlier in the year. The S&P 500 fell (4.98%), its weakest monthly performance since 2022, as the energy shock outweighed resilient corporate earnings and reversed the earlier rotation into international markets. Unlike prior bouts of volatility concentrated in specific styles or sectors, the March drawdown was notable for its breadth, with both value and growth stocks declining in tandem as macro-driven de-risking dominated. Emerging markets fell (13.03%) in USD terms, reversing earlier outperformance, as Dollar strength, energy vulnerability, and risk-off positioning weighed heavily, particularly in Asia, where more than 80% of oil flowing through the Strait of Hormuz is destined.

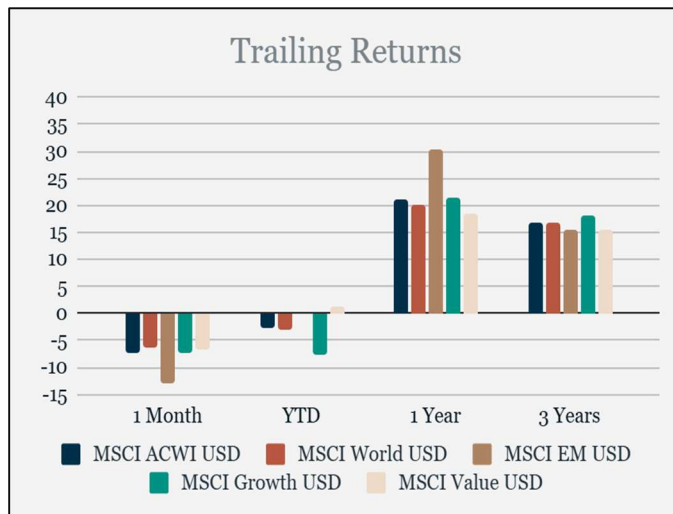
US headline inflation held steady at 2.4% y/y in March, unchanged from the previous month and the lowest level since May 2025. Core inflation, excluding food and energy, also remained stable at 2.5% y/y, with both readings recorded before the impact of the Iran-related oil price shock. With Brent crude ending March at around \$118 per barrel, upcoming CPI prints are expected to reflect a meaningful rise in inflation, raising questions around whether the shock proves temporary or leads to broader second-round effects.

Asset Class Performance (USD):

| As of 31 st March 2026 | MTD | YTD | 1 Year | 3 Years* | 5 Years* | 10 Years* |
|-----------------------------------|---------|--------|--------|----------|----------|-----------|
| Global Equity | (7.26) | (2.64) | 21.25 | 16.73 | 9.48 | 11.62 |
| Global Property | (7.83) | 1.48 | 8.29 | 7.44 | 2.71 | 3.63 |
| Global Bond | (3.29) | (1.20) | 3.21 | 1.23 | (2.47) | (0.18) |
| Global Cash | 0.32 | 0.92 | 4.22 | 4.92 | 3.50 | 2.33 |
| SA Equity | (16.73) | (3.79) | 43.54 | 20.02 | 12.35 | 10.21 |
| SA Property | (17.62) | (7.97) | 38.22 | 24.40 | 14.49 | 2.01 |
| SA Bond | (13.36) | (6.45) | 28.11 | 15.66 | 8.90 | 8.74 |
| SA Cash | (6.50) | (1.65) | 15.00 | 9.00 | 3.38 | 4.71 |

| | | | | | | |
|--------------------------------------|---------|--------|-------|-------|--------|--------|
| ZAR/USD (negative = Dollar strength) | (6.99) | (3.11) | 7.63 | 1.25 | (2.89) | (1.48) |
| Gold | (11.52) | 6.18 | 41.49 | 25.92 | 17.09 | 10.50 |
| Brent Crude Oil | 63.29 | 94.49 | 61.72 | 14.05 | 13.25 | 11.57 |

*Returns more than 1 year are annualized.



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

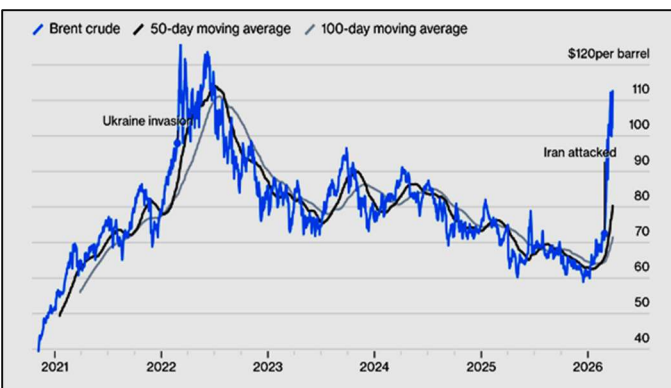
The Federal Reserve held interest rates steady at its March meeting, maintaining the federal funds rate at 3.50%-3.75% in line with market expectations. The FOMC statement highlighted that developments in the Middle East have introduced additional uncertainty into the economic outlook, marking a notable shift in its policy language. Officials acknowledged the dual challenge posed by the conflict, with higher oil prices risking an inflationary impulse while also weighing on growth, creating a more stagflationary backdrop that limits policy flexibility. The median dot plot continued to signal one rate cut in 2026, although market pricing has shifted materially, with roughly 74% odds now assigned to no cuts this year, compared to expectations for two cuts at the start of 2026.



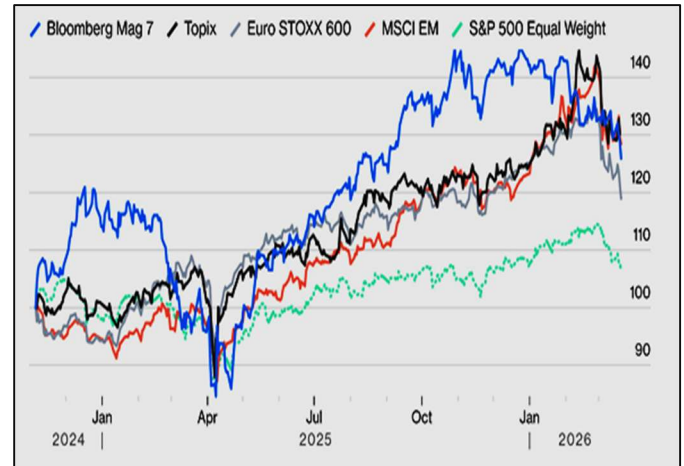
Euro equity markets bore the brunt of March's global sell-off, with the Euro Stoxx 50 falling (9.26%), its worst monthly performance in six years, as the region's reliance on energy imports left it particularly exposed to the oil shock. The UK's FTSE 100 declined (6.22%), partly cushioned by its heavier weighting in energy companies. The Bank of England held rates at 3.75% but signalled a more hawkish stance. Asian markets were also under pressure, with Japan's Nikkei dropping (13.22%) as a major oil importer, while the Bank of Japan kept rates at 0.75%. Chinese equities were relatively more resilient, with the Shanghai Composite falling (6.52%), supported in part by more stable energy supply dynamics and domestic policy support.

The US Dollar strengthened sharply in March, regaining its safe-haven appeal as the Middle East conflict triggered a flight to the world's reserve currency, rising approximately 2.4% against a basket of major currencies. The DXY moved above 108, reversing much of its earlier year-to-date weakness and pausing the rotation away from US assets seen in early 2026. With the US less reliant on Middle East oil than Europe or Asia, the relative growth impact of the shock has been more contained, supporting the Dollar's relative strength.

Commodities delivered divergent outcomes in March as the IEA described the Iran-driven supply disruption as the largest in global oil market history. Brent crude surged from around \$72 per barrel pre-conflict to \$118.35 by month-end, a gain of 63.29%, as the effective closure of the Strait of Hormuz disrupted roughly one-fifth of global supply. In contrast, gold fell (11.52%) in USD terms as Dollar strength outweighed safe-haven demand, with additional pressure from reported Gulf state selling, while platinum (17.5%) and palladium (17.2%) also declined sharply.



Source: Bloomberg Opinion



Source: Bloomberg

Global government bonds sold off in March as surging energy prices forced a sharp reassessment of the inflation and interest-rate outlook, weakening the traditional diversification benefit between equities and bonds. The US 10-year Treasury yield rose from 3.97% to 4.30% as markets priced out expected Fed cuts and factored in higher inflation risks, with the global government bond index falling (3.29%) for the month. UK gilts underperformed amid the country's reliance on natural gas and a more hawkish Bank of England, while European sovereign bonds also declined as energy-driven inflation pressures intensified across the eurozone. The broad-based sell-off highlights how quickly fixed income markets can reprice when inflation risks re-emerge, particularly from exogenous shocks such as energy supply disruptions.

US economic growth was revised down more sharply than initially estimated for Q4 2025, with GDP recorded at an annualised 0.7%, well below the advance estimate of 1.4%, reflecting weakness in exports, consumer spending and investment. Labour market data showed some resilience, with March nonfarm payrolls rebounding to +178,000, well above the 59,000 consensus, partially offsetting February's revised decline of 133,000, which had been impacted by healthcare strike activity. The unemployment rate edged lower to 4.3%. The Fed modestly raised its 2026 GDP growth forecast to 2.4% at its March meeting, although elevated energy costs, persistent inflation and geopolitical uncertainty are expected to weigh on activity through mid-year, with recession risks rising at the margin.



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 31st March 2026.

| | YTD | 3/2026 | 3/2025 | 3/2024 | 3/2023 | 3/2022 | 3/2021 | 3/2020 | 3/2019 | 3/2018 | 3/2017 | 3/2016 | 3/2015 |
|-------|-------------------------|--------------------------|--------------------------|-------------------------|--------------------------|--------------------------|---------------------------|--------------------------|--------------------------|--------------------------|---------------------------|--------------------------|-------------------------|
| Best | Global Property 4.8 | SA Equity 33.6 | SA Equity 22.9 | Global Equity 31.2 | Global Equity 12.6 | SA Prop-erty 27.1 | SA Equity 54.0 | Global Fixed Income 29.9 | Global Property 39.9 | SA Fixed Income 16.2 | SA Fixed Income 11.0 | Global Fixed Income 28.6 | SA Prop-erty 41.4 |
| | Global Fixed Income 2.1 | SA Prop-erty 28.6 | SA Fixed Income 20.2 | SA Prop-erty 20.5 | Global Fixed Income 10.5 | SA Equity 18.6 | SA Prop-erty 34.4 | Global Equity 8.6 | Global Equity 24.5 | SA Equity 9.6 | SA Cash 7.0 | Global Property 26.7 | Global Property 36.1 |
| | SA Cash 1.6 | SA Fixed Income 19.2 | SA Prop-erty 19.8 | Global Property 14.8 | SA Fixed Income 5.8 | Global Property 16.5 | Global Equity 31.1 | SA Cash 6.6 | Global Fixed Income 19.6 | SA Cash 6.8 | Global Equity 5.8 | Global Equity 16.8 | Global Equity 21.6 |
| | Global Equity 0.6 | Global Equity 12.8 | SA Cash 8.0 | SA Cash 8.1 | SA Cash 5.7 | SA Fixed Income 12.4 | SA Fixed Income 17.0 | SA Fixed Income -3.0 | SA Cash 6.6 | Global Equity 2.2 | SA Equity 2.5 | SA Cash 6.0 | SA Equity 12.5 |
| | SA Equity -0.6 | SA Cash 7.0 | Global Equity 3.7 | Global Fixed Income 5.2 | SA Equity 4.9 | Global Equity 5.5 | Global Property 12.5 | Global Property -3.9 | SA Equity 5.0 | Global Fixed Income -4.4 | SA Prop-erty 1.5 | SA Prop-erty 4.6 | SA Fixed Income 12.4 |
| | SA Fixed Income -3.4 | Global Property 0.8 | Global Property 3.4 | SA Fixed Income 4.2 | SA Prop-erty -3.4 | SA Cash 3.6 | SA Cash 3.8 | SA Equity -18.4 | SA Fixed Income 3.5 | SA Prop-erty -7.1 | Global Property -8.3 | SA Equity 3.2 | Global Fixed Income 8.5 |
| Worst | SA Prop-erty -4.9 | Global Fixed Income -3.9 | Global Fixed Income -0.9 | SA Equity 1.5 | Global Property -4.9 | Global Fixed Income -7.4 | Global Fixed Income -14.8 | SA Prop-erty -47.9 | SA Prop-erty -5.7 | Global Property -9.5 | Global Fixed Income -11.8 | SA Fixed Income -0.6 | SA Cash 5.6 |

Source: Morningstar Direct