



COLLABORATING FOR
INVESTMENT RESULTS





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ECONOMIC OVERVIEW

September in Review

The Federal Reserve approved its first interest rate cut of the year, lowering the federal funds rate by 25 basis points to a target range of 4.00% – 4.25%. The decision, supported by all but one voting member, reflected growing concern over a softening labour market and persistent inflation. Chair Jerome Powell described the move as “risk management,” citing elevated downside risks to employment. The Fed signalled two further cuts before year-end, though uncertainty remains high amid a government shutdown that has delayed key economic data releases

President Donald Trump made an unprecedented second state visit to the United Kingdom from 16–18 September. Hosted by King Charles III at Windsor Castle, the visit featured ceremonial pageantry including a carriage procession, military flypast, and a state banquet. Trump met Prime Minister Keir Starmer at Chequers, where they discussed trade, immigration, and foreign policy. The visit also marked the launch of a US–UK technology-focused partnership focused on AI, quantum computing, and rare earth minerals.

Despite these measures, property sector weakness and subdued consumer sentiment continue to weigh on recovery prospects. The US government shut down on 1 October 2025, because Congress failed to pass a funding bill for the 2026 fiscal year due to deep partisan disagreements. The core issues were proposed cuts to Medicaid and the expiration of Affordable Care Act subsidies. Democrats demanded the reversal of those cuts and an extension of the subsidies as part of the funding package, while Republicans – who control both chambers – insisted those matters be handled separately. With neither side willing to compromise, the previous continuing resolution expired, triggering the shutdown.

Chair Jerome Powell described the move as “risk management,” citing elevated downside risks to employment



ECONOMIC OVERVIEW

CONTINUED

In China, economic policy remained expansionary amid continued pressure on growth. The People's Bank of China injected liquidity via medium-term lending facilities and reduced reserve requirements for select banks. Meanwhile, Beijing accelerated disbursement of previously announced infrastructure bonds and signalled further fiscal support for local governments.

The South African Reserve Bank (SARB) held its repo rate steady at 7.00%, pausing after two consecutive cuts earlier in the year. Governor Lesetja Kganyago noted that while second-quarter GDP surprised to the upside, inflation risks—particularly from electricity and food—remain elevated. The SARB reaffirmed its commitment to anchoring inflation at the lower end of its 3–6% target range, with the preferred level now set at 3%. The decision was split, with four members voting to hold and two favouring another cut.

South Africa's trade delegation, led by President Cyril Ramaphosa and Minister Parks Tau, visited the United States to strengthen bilateral ties. The delegation participated in the SA–USA Trade and Investment Dialogue in New York and held talks with US Trade Representative Ambassador Jamieson Greer. Key topics included market access, investment promotion, and trade facilitation. The visit coincided with the UN General Assembly, where Ramaphosa reiterated calls for multilateral reform and inclusive global governance.



Ramaphosa reiterated calls for multilateral reform and inclusive global governance

ECONOMIC OVERVIEW

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Global equity markets extended their gains in September, supported by resilient technology earnings, dollar weakness, and growing optimism around AI-driven partnerships. The MSCI All Country World Index (ACWI) rose 3.6%, with emerging markets (+7.2%) outperforming developed peers (+3.2%) by some margin.

The S&P 500 gained 3.7%, led by the “Magnificent 7” megacap tech stocks which surged on news of major AI investments and chip deals. Nvidia’s USD100 billion commitment to OpenAI infrastructure was a standout. The NASDAQ mirrored this strength, while the Russell 2000 rose 3.1%, supported by easing financial conditions and renewed interest in small-cap mergers and acquisitions.

In Europe, the EUROSTOXX 50 gained 3.4%, as investors weighed fiscal concerns against stable European Central Bank policy and improving inflation dynamics. The UK’s FTSE 100 rose 1.8%, buoyed by commodity-linked sectors and tariff negotiations that favoured domestic producers. Japan’s Nikkei 225 led developed markets with a 5.7% gain, driven by corporate governance reforms, strong foreign inflows and a weaker Yen.

Gold rose a massive 10.6% to over USD3 800/oz, continuing upwards in the face of geo-political instability, while Brent crude oil pulled back a little to USD67.59/barrel

MARKET INDICES ¹ (All returns in Rand except where otherwise indicated)	30 September 2025		
	3 months	12 months	5 years
SA equities (JSE All Share Index)	8.4%	25.8%	17.2%
SA property (S&P SA REIT Index)	6.6%	21.8%	21.1%
SA bonds (SA All Bond Index)	5.8%	15.1%	11.3%
SA cash (STeFI)	1.9%	7.9%	6.4%
Global developed equities (MSCI World Index)	6.3%	15.8%	14.4%
Emerging market equities (MSCI Emerging Markets Index)	7.7%	17.3%	6.6%
Global bonds (Bloomberg Barclays Global Aggregate)	-0.2%	3.1%	-0.9%
Rand/dollar ³	-2.0%	-0.3%	0.9%
Rand/sterling	-1.8%	2.4%	1.1%
Rand/euro	1.0%	5.4%	0.4%
Gold Price (USD)	5.6%	39.3%	12.0%
Oil Price (Brent Crude, USD)	6.6%	-13.6%	8.5%

¹ Source: Factset

² All performance numbers in excess of 12 months are annualized

³ A negative number implies fewer rands are being paid per US dollar, so it implies a strengthening of the rand

AFFINITY INVESTMENT APPROACH

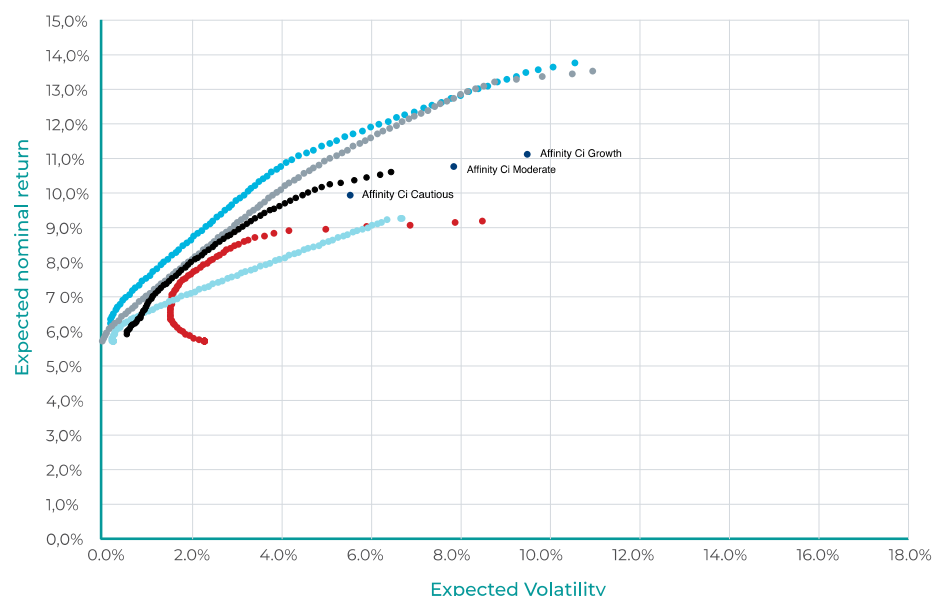
Affinity Capital Management has been established as a collaborative business that works hand in hand with financial advisors and their clients. We believe that investment solutions should not be created in isolation. A collaboration between advice and asset management ensures that investment products are designed solely with the clients' needs in mind. Our investment approach primarily focuses on balancing client return outcomes with risk management.

We have adopted a long-term strategic asset allocation framework as a basis for our investment solutions. Over long investment time horizons comparisons between active managers and passive strategies show that very few active managers outperform an efficient frontier and thus a core component of our solutions utilises passive and rules-based strategies to access the market optimally. Active managers are included in our solutions where they have a proven track record of generating excess returns. Since asset allocation is the greatest predictor of portfolio volatility, we construct our portfolios with a clear mindset to risk mandates using a building block approach. This allows us to increase risk and returns in a predictable and measurable manner, creating distinct portfolios by simply increasing or decreasing the weightings of asset classes. An additional layer of portfolio risk management is introduced through diversification both across asset classes and within asset classes. We devote a great deal of time and resources aimed at identifying and extending our asset class categories and how best to access them.

Finally, we believe that a dynamic asset allocation framework can add value to portfolio returns when asset class return profiles and correlation behaviours are understood in different market regimes. Ongoing management of our investment solutions thus centres on understanding market regimes and the behaviours of asset classes in different market cycles. Through our proprietary models we assess certain lead indicators of market cycles and use this to position portfolios optimally for the expected market environment. Based on the signal strength of the lead indicators we will then implement appropriate tilts to the long-term Strategic Asset Allocation weightings.

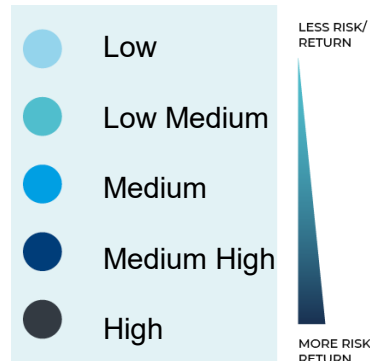
Asset class return expectations and correlations change in different market cycles. We have thus adopted a dynamic asset allocation approach, which allows us to tilt away from our long term strategic asset allocations through different market cycles. The size of these tilts is informed by the signal strength of various lead indicators. We are currently positioning our portfolios between a contraction and recovery cycle.

**Comparison of efficient frontiers through market cycles.
Forward looking Affinity fund positioning**



PERFORMANCE

Indices	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	10 Years	YTD
SA Equities (JSE All Share Index)	6.6%	12.9%	24.3%	28.9%	26.4%	23.4%	19.1%	11.7%	31.7%
JSE Preference Shares (J251)	-3.2%	0.8%	15.9%	17.5%	19.1%	11.6%	22.3%	12.5%	11.8%
SA Property (South African Listed Property Index)	-1.0%	6.7%	16.4%	11.4%	29.8%	23.9%	21.8%	3.0%	12.3%
SA Bonds (SA All Bond Index)	3.4%	6.9%	13.2%	14.5%	20.2%	15.7%	12.1%	9.8%	14.0%
ILBs (Barclays South Africa Government Inflation Linked Bond)	2.8%	5.1%	6.0%	7.5%	10.2%	7.8%	9.1%	5.6%	6.7%
SA Cash (STeFI)	0.6%	1.8%	3.7%	7.8%	8.2%	7.9%	6.4%	6.8%	5.7%
Global Equities (MSCI All Countries World Index, \$)	3.7%	7.7%	20.3%	17.8%	24.9%	23.7%	14.1%	12.5%	18.9%
Developed Market Equities (MSCI World Index, \$)	3.3%	7.4%	19.8%	17.7%	25.2%	24.3%	14.9%	13.0%	17.8%
Emerging Market Equities (MSCI Emerging Market Index, \$)	7.2%	10.9%	24.5%	18.2%	22.3%	18.8%	7.5%	8.4%	28.2%
Global Bonds (Bloomberg Barclays Global Aggregate,\$)	0.7%	0.6%	5.1%	2.4%	7.1%	5.4%	-1.6%	1.1%	7.9%
RAND/DOLLAR	-2.5%	-2.9%	-6.2%	0.1%	-4.3%	-1.4%	0.7%	2.2%	-8.6%
RAND/STERLING	-2.8%	-4.6%	-2.2%	0.5%	0.5%	5.0%	1.5%	1.0%	-1.7%
RAND/EURO	-2.1%	-2.8%	2.0%	5.4%	0.8%	4.8%	0.7%	2.8%	3.7%
Solutions	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	10 Years	YTD
• Affinity Income Solution	2.0%	-0.6%	1.2%	5.5%	7.2%	7.9%	8.4%	7.4%	1.2%
• Affinity Ci Cautious Fund	1.7%	4.5%	9.4%	12.1%	15.8%	14.4%	10.0%	6.8%	9.4%
• Affinity Ci Moderate Fund	1.8%	4.9%	10.1%	13.0%	16.8%	15.5%	11.2%	6.8%	10.1%
• Affinity Moderate Solution (Non Reg 28)	1.3%	10.8%	-1.7%	1.0%	2.9%	4.8%	5.8%	8.9%	-1.7%
• Affinity Ci Growth Fund	1.7%	5.1%	10.7%	13.6%	17.2%	16.2%	11.3%	6.9%	10.7%
• Affinity Growth Solution (Non Reg 28)	0.5%	3.6%	8.2%	11.6%	15.8%	15.7%	10.6%	7.8%	8.2%
• Affinity High Growth Solution (Non Reg 28)	-0.3%	9.6%	9.6%	17.1%	10.0%	8.0%	8.2%	11.9%	9.6%
• Affinity Global Cautious Solution	0.8%	2.4%	6.3%	6.1%	10.9%	10.0%	4.2%	4.2%	6.3%
• Affinity Global Cautious Restricted	0.7%	1.9%	5.5%	7.0%	10.0%	8.7%	5.0%	4.2%	5.5%
• Affinity Global Moderate Solution	0.9%	3.0%	8.2%	7.1%	13.6%	12.3%	4.9%	5.4%	8.2%
• Affinity Global Moderate Restricted	0.9%	2.8%	7.9%	7.9%	13.4%	11.9%	6.0%	5.7%	7.9%
• Affinity Global Growth Solution	1.0%	3.6%	9.9%	8.1%	16.0%	14.6%	6.2%	6.6%	9.9%
• Affinity Global Growth Restricted	1.0%	3.8%	10.5%	9.4%	17.0%	15.2%	7.8%	7.6%	10.5%



ZAR returns

USD returns

AFFINITY PERFORMANCE

September Update

Global equities have continued to perform well in September, driving to new all-time highs during the month, with tech shares leading the way for the year, as the S&P 500 continues its upward trend

The US Fed cut rates for the first time this year, signaling a more dovish tone from the FOMC. Gold prices also hit record highs, taking gains of over 40% for the year to date. With the market pricing in a further 100 bps of rate cuts over the next 12 months, there remains a risk that potential tariff inflationary impacts could be underestimated.

South Africa experienced a 0.8% quarter-on-quarter growth in its GDP, outperforming expectations and indicating a modest yet widespread improvement in economic activity in the country.

The SARB maintained unchanged rates during the latest MPC meeting, citing inflation risks and a preference to monitor the economy for new data.

The All Share Index performed well over the month, again led by the resources sector. The Rand continued to strengthen against developed market currencies despite negative headlines from the Madlanga commission.

AFFINITY PORTFOLIOS

The Affinity strategies invest in strategic asset allocations that have high probabilities of achieving the respective return targets of the various portfolios on a risk adjusted basis. The asset allocation process allows for dynamic asset allocation based on various leading indicators of macro economic regimes. As of late, the OECD indicator suggests that the global economy moved towards an economic slowdown regime and the Affinity portfolios are positioned to mitigate any volatility and allocate to asset classes that are expected to perform well in this regime and underweight the other asset classes that are expected to underperform (within certain limitations). This framework is designed to work (and is best evaluated) over longer investment periods (typically longer than a quarter, a year or even 3 years).

In September and October, the Affinity Ci Cautious, Affinity Ci Moderate and Affinity Ci Growth repositioned the local equity strategies. The 36One SA Equity Fund was introduced as well as a S&P DSW 100 Index. The S&P DSW 100 is a custom-built index to access the local equity market. The Affinity investment committee believes the inclusion of new strategies have a high probability to capture upside when the local equity market recover. The allocation to asset classes did not change.

Source: Morningstar Direct & Analytics Consulting

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Any opinions, statements and information made available, whether written, oral or implied are expressed in good faith. Views are subject to change on the basis of additional or new research, new facts or developments. All data is in base currency terms unless otherwise indicated and are sourced from Factset or Morningstar Direct.

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...Currently the Affinity funds move towards a neutral to underweight these growth asset classes to ultimately minimize market volatility through this period...

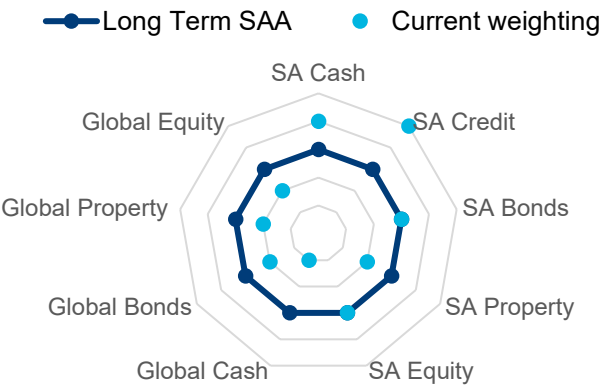
ATTRIBUTION OF PERFORMANCE

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Weighting of asset classes

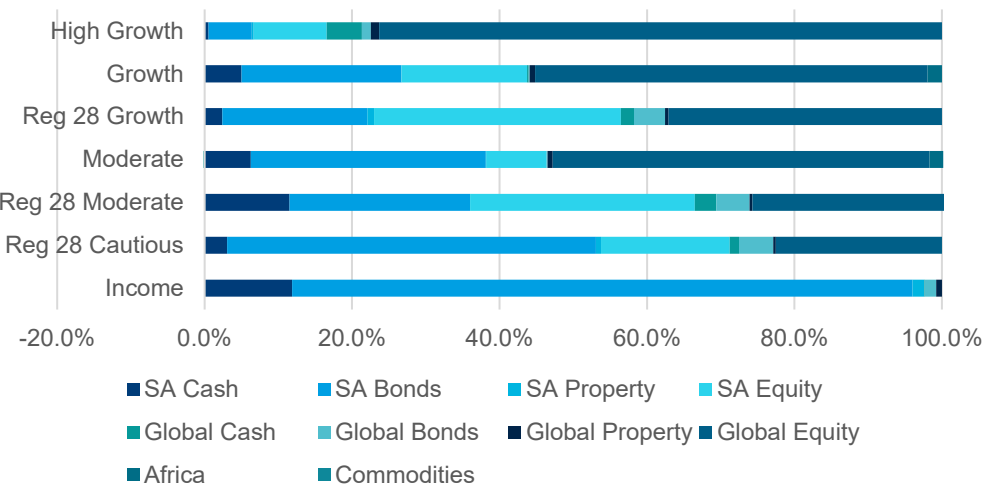
Our asset allocation models indicate that we fall within an economic expansionary regime, thus local government bonds have been increased and within local equities, the level of protection should be reduced in favour of direct equity market exposure and thus the weighting of Methodical (a protected equity manager) was reduce further. With regards to the portfolio's offshore exposure, the expansionary regime supports our portfolios holding more global equities.

Changes to portfolio asset class weightings

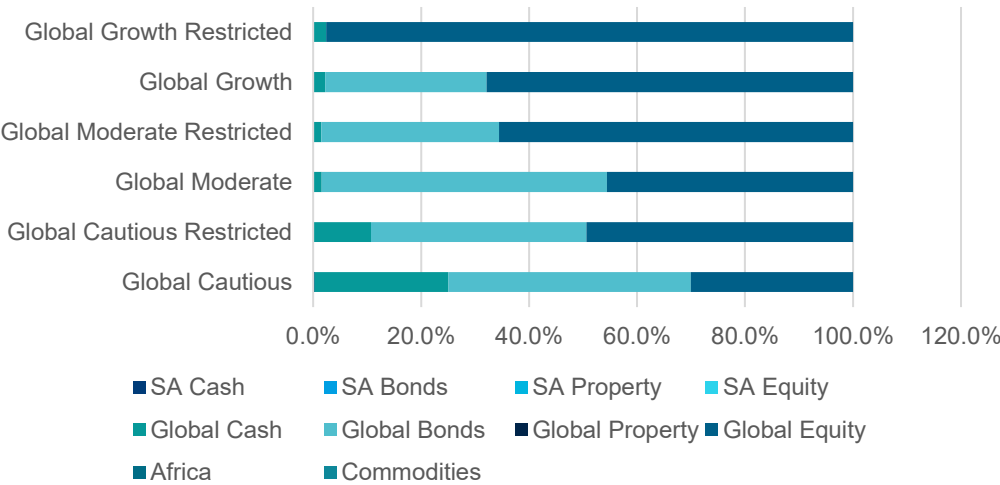


ASSET ALLOCATION ACROSS SOLUTIONS

Current Asset Allocation



Current Asset Allocation





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