



COLLABORATING FOR  
INVESTMENT RESULTS





## CONTENTS

<b>ECONOMIC OVERVIEW</b>	<b>3</b>
<b>AFFINITY INVESTMENT APPROACH</b>	<b>8</b>
<b>PERFORMANCE</b>	<b>9</b>
Key indices and portfolios	9
Portfolio commentary	10
Asset allocation across solutions	11
<b>CONTACT</b>	<b>12</b>

# ECONOMIC OVERVIEW

## February in Review

On 28 February 2026, the United States and Israel launched coordinated military strikes on Iran, targeting nuclear and military facilities. Iran retaliated with missile attacks on Israel and US bases, while drone incidents spread across Gulf states. The announcement of the death of the Iranian leader Ayatollah Ali Khamenei plunged the Middle East into heightened instability and raised global energy security concerns.

President Cyril Ramaphosa delivered his State of the Nation address on 12 February 2026, emphasising infrastructure investment, expanded social safety nets, and optimism about economic growth. He declared South Africa was “on the cusp of rapid growth,” highlighting job creation and investment as priorities. Markets received President Ramaphosa’s 2026 State of the Nation Address with cautious optimism, with investors welcoming the emphasis on reform and green growth, but noted that execution remains the key risk.

President Trump nominated Kevin Warsh as the next Chair of the Federal Reserve. Warsh is expected to pursue aggressive balance sheet reduction and a “Sound Money” doctrine, signalling tighter monetary policy. Markets reacted with a sharp bear steepening of the yield curve, reflecting expectations of higher long-term rates.

South Africa was “on the cusp of rapid growth,” highlighting job creation and investment as priorities. .



## ECONOMIC OVERVIEW

CONTINUED

Speculation intensified in February that Christine Lagarde may step down early as European Central Bank President. Potential successors include Klaas Knot (Netherlands) and Pablo Hernández de Cos (Spain), with broader restructuring of the ECB's Governing Council under discussion. An early transition could reshape eurozone monetary policy amid political uncertainty in France.

On 20 February 2026, the Supreme Court ruled 6 against 3 that President Trump's emergency tariffs under the International Emergency Economic Powers Act (IEEPA) were unconstitutional. The decision invalidated tariffs worth over \$200 billion, reinforcing Congress's sole authority to levy taxes. Trump retaliated by vowing new trade measures, escalating tensions with importers and trading partners.

South African Finance Minister Enoch Godongwana delivered the 2026 Budget on 25 February, stressing fiscal discipline while supporting growth. Key measures included balancing debt sustainability with social spending, and funding infrastructure aligned with SONA priorities. Analysts noted the possible tension between Ramaphosa's ambitious promises and Treasury's cautious allocations.



Trump retaliated by vowing new trade measures, escalating tensions with importers and trading partners

## ECONOMIC OVERVIEW

CONTINUED



Global equity markets continue to perform strongly, with equities in emerging markets (up 5.5% in US dollars) outperforming developed markets (up 0.8%) for the third consecutive month. Over the last three years, these two markets have delivered very similar returns.

South African bonds and equities outperformed their emerging market counterparts. The JSE All Share Index gained 7.0% in February, led by resource stocks such as AngloGold (+30.3%), Sasol (+27.2%) and Valterra (+22.7%).

Local bonds continued to rally and added 1.7% for the month. Over the last five years, it has paid off handsomely to lend money to the South African government – the All Bond Index delivered over 13% per annum to investors during this time.

The gold price gained another 11% in February, with Brent Crude oil lagging 2.5% (both in US dollars). However, the renewed conflict in the Middle East caused a spike in the oil price in early March.

South African bonds and equities outperformed their emerging market counterparts

MARKET INDICES <sup>1</sup> (All returns in Rand except where otherwise indicated)	28 February 2026		
	3 months	12 months	5 years <sup>2</sup>
SA equities (JSE All Share Index)	16.1%	54.5%	18.7%
SA property (S&P SA REIT Index)	11.2%	59.4%	22.2%
SA bonds (SA All Bond Index)	6.6%	28.2%	13.2%
SA cash (STeFI)	1.7%	7.4%	6.7%
Global developed equities (MSCI World Index)	-3.4%	4.4%	14.1%
Emerging market equities (MSCI Emerging Markets Index)	10.0%	29.3%	7.9%
Global bonds (Bloomberg Barclays Global Aggregate)	-4.9%	-7.2%	-0.2%
Rand/dollar <sup>3</sup>	-7.1%	-14.3%	1.0%
Rand/sterling	-5.7%	-8.5%	0.2%
Rand/euro	-5.5%	-2.7%	0.4%
Gold Price (USD)	24.0%	84.4%	24.8%
Oil Price (Brent Crude, USD)	14.7%	-1.0%	1.9%

<sup>1</sup> Source: Factset

<sup>2</sup> All performance numbers in excess of 12 months are annualized

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

# AFFINITY INVESTMENT APPROACH

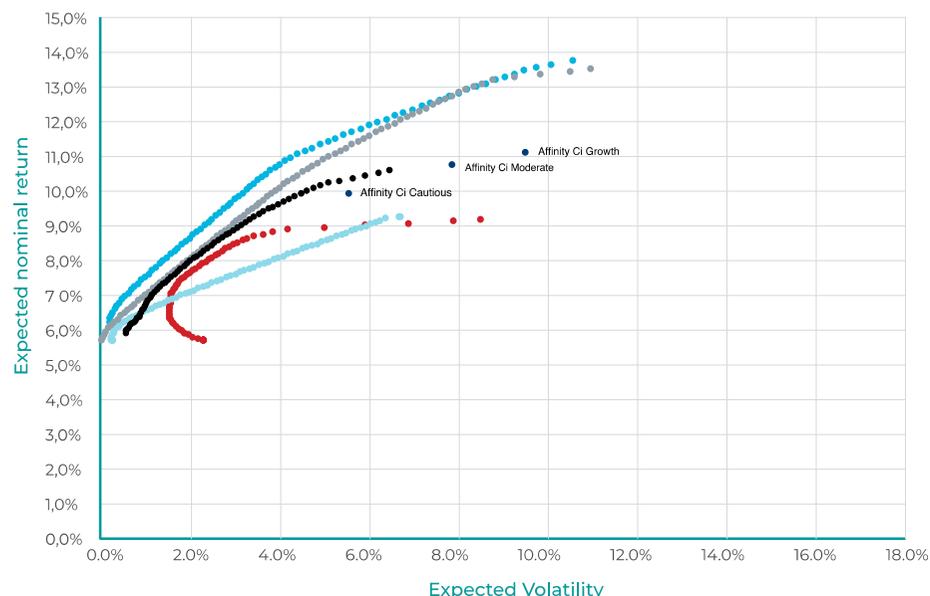
Affinity Capital Management has been established as a collaborative business that works hand in hand with financial advisors and their clients. We believe that investment solutions should not be created in isolation. A collaboration between advice and asset management ensures that investment products 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.

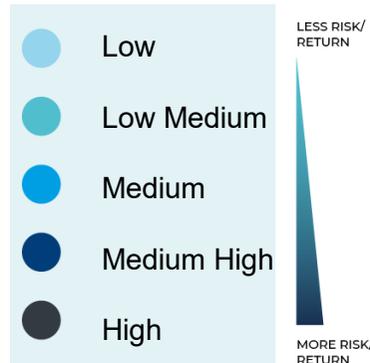
Asset class return expectations and correlations change in different market cycles. We have thus adopted a dynamic asset allocation approach, which allows us to tilt away from our long term strategic asset allocations through different market cycles. The size of these tilts is informed by the signal 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)	7.0%	16.1%	27.9%	54.5%	37.6%	22.5%	18.7%	13.8%	11.0%
JSE Preference Shares (J251)	1.1%	0.8%	1.1%	19.1%	20.2%	14.8%	20.2%	13.3%	-0.3%
SA Property (South African Listed Property Index)	6.3%	7.4%	23.6%	43.9%	31.2%	26.5%	21.1%	5.8%	7.3%
SA Bonds (SA All Bond Index)	1.7%	6.6%	16.8%	28.2%	22.8%	17.5%	13.2%	11.5%	3.7%
ILBs (Barclays South Africa Government Inflation Linked Bond)	3.7%	7.9%	16.9%	20.6%	14.8%	12.0%	9.9%	6.7%	4.9%
SA Cash (STeFI)	0.5%	1.7%	3.5%	7.4%	7.9%	8.0%	6.7%	6.8%	1.1%
Global Equities (MSCI All Countries World Index, \$)	1.3%	5.5%	11.8%	24.7%	20.1%	21.3%	12.2%	13.5%	4.3%
Developed Market Equities (MSCI World Index, \$)	0.8%	3.9%	9.8%	21.8%	18.9%	21.1%	13.0%	13.9%	3.0%
Emerging Market Equities (MSCI Emerging Market Index, \$)	5.5%	18.3%	29.0%	50.8%	29.2%	22.1%	6.8%	11.1%	14.9%
Global Bonds (Bloomberg Barclays Global Aggregate,\$)	1.1%	2.3%	3.0%	8.2%	5.6%	4.7%	-1.2%	1.2%	2.1%
RAND/DOLLAR	-0.7%	-7.1%	-10.0%	-14.3%	-8.9%	-4.6%	1.0%	0.1%	-3.9%
RAND/STERLING	-2.8%	-5.7%	-10.5%	-8.5%	-6.1%	-1.2%	0.2%	-0.3%	-4.0%
RAND/EURO	-1.5%	-5.5%	-9.3%	-2.7%	-4.9%	-1.2%	0.4%	0.9%	-3.4%
Solutions	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	10 Years	YTD
• Affinity Income Solution	1.0%	3.0%	6.9%	13.3%	12.2%	11.4%	9.6%	7.4%	6.9%
• Affinity Ci Cautious Fund	1.7%	4.5%	8.6%	16.1%	14.9%	13.1%	10.1%	7.1%	8.6%
• Affinity Ci Moderate Fund	2.1%	5.4%	9.1%	17.2%	15.8%	13.7%	10.7%	7.2%	9.1%
• Affinity Moderate Solution (Non Reg 28)	1.0%	1.6%	3.1%	8.3%	10.0%	11.3%	8.9%	6.2%	3.1%
• Affinity Ci Growth Fund	2.4%	5.6%	8.9%	17.1%	15.9%	13.8%	10.6%	7.3%	8.9%
• Affinity Growth Solution (Non Reg 28)	1.2%	2.1%	3.4%	8.9%	10.5%	11.7%	9.3%	7.6%	3.4%
• Affinity High Growth Solution (Non Reg 28)	0.6%	-0.2%	-0.8%	3.0%	6.7%	10.1%	8.1%	7.5%	-0.8%
• Affinity Global Cautious Solution	0.5%	2.4%	3.5%	8.2%	8.1%	8.4%	3.6%	4.3%	3.5%
• Affinity Global Cautious Restricted	0.7%	2.7%	4.2%	8.8%	8.5%	8.0%	4.4%	4.4%	4.2%
• Affinity Global Moderate Solution	0.6%	3.1%	4.3%	10.0%	9.7%	10.1%	3.9%	5.5%	4.3%
• Affinity Global Moderate Restricted	0.7%	3.5%	4.9%	10.7%	10.3%	10.3%	5.0%	5.9%	4.9%
• Affinity Global Growth Solution	0.6%	3.8%	5.0%	11.7%	11.2%	11.8%	4.9%	6.7%	5.0%
• Affinity Global Growth Restricted	0.8%	3.8%	5.1%	12.1%	12.0%	12.4%	6.2%	7.7%	5.1%



ZAR returns

USD returns

# AFFINITY PERFORMANCE

February Update

Over the past month, the Affinity solution range delivered strong positive performance across most portfolios, with returns increasing appropriately with risk exposure. Local income, cautious, moderate and growth strategies were the standout performers over the period, benefiting from favourable market conditions and positive asset class contributions. The moderate and growth-oriented solutions led returns for the month, reflecting higher equity exposure, while income and cautious portfolios delivered stable, defensive gains.

Global solutions also posted modest positive returns, supported by offshore market performance, although returns were comparatively lower than their local counterparts. Despite some ongoing short-term volatility. Overall, one-month outcomes remain encouraging and aligned with each portfolio's long-term risk profile and objectives.

## 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 & Advantage

The information and opinions contained in this document are recorded and expressed in good faith and in reliance on sources believed to be credible. No representation, warranty, undertaking or guarantee of whatever nature is given on the accuracy and/or completeness of such information or the correctness of such opinions. Advantage will have no liability of whatever nature and however arising in respect of any claim, damages, loss or expenses suffered directly or indirectly by an investor acting on the information contained in this document. The information in this document is for factual information and marketing purposes only and does not constitute any form of advice, guidance or recommendation. Furthermore, due to the fact that Advantage does not act as your financial advisor, we have not conducted a financial needs analysis and will rely on the needs analysis conducted by your financial advisor. We recommend that you take particular care to consider whether any information contained in this document is appropriate given your objectives, financial situation and particular needs in view of the fact that there may be limitations on the appropriateness of the advice provided. No guarantee of investment performance or capital protection should be inferred from any of the information contained in this document. Past Performance is not indicative of future performance.

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.

Advantage Solutions (Pty) Ltd, FSP No 18490 and Advantage (Pty) Ltd, FSP No 47564 are Authorised Financial Services Providers, collectively referred to as Advantage. [Advantage@advantage.co.za](mailto:Advantage@advantage.co.za) | T: (011) 463 9600



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

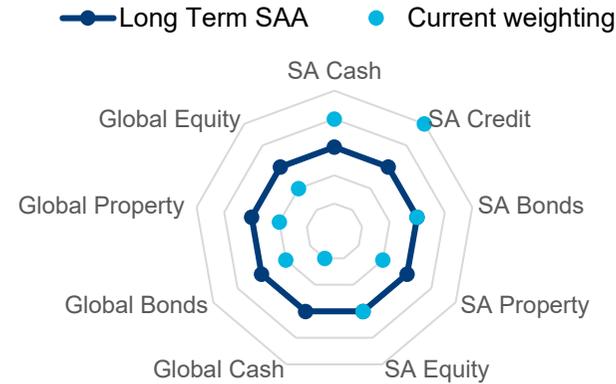
## ATTRIBUTION OF PERFORMANCE

CONTINUED

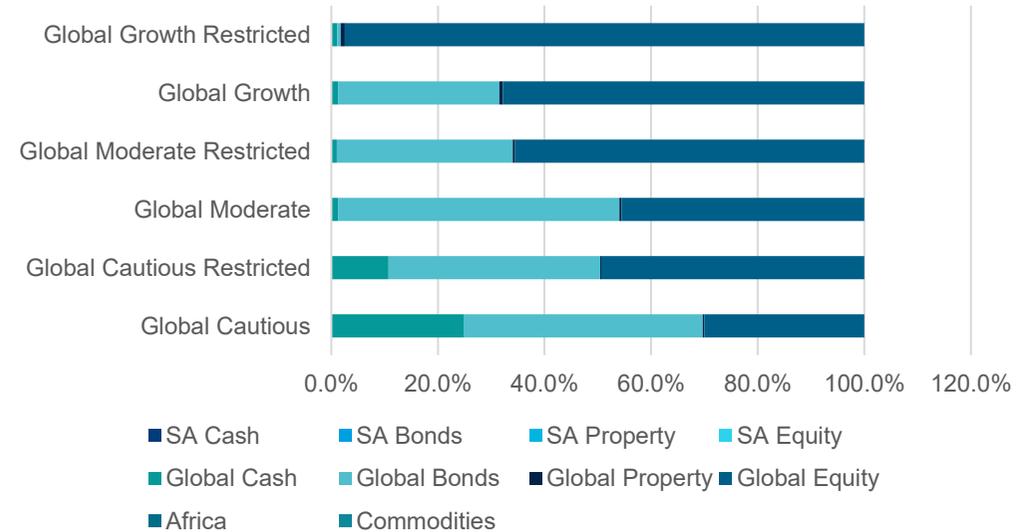
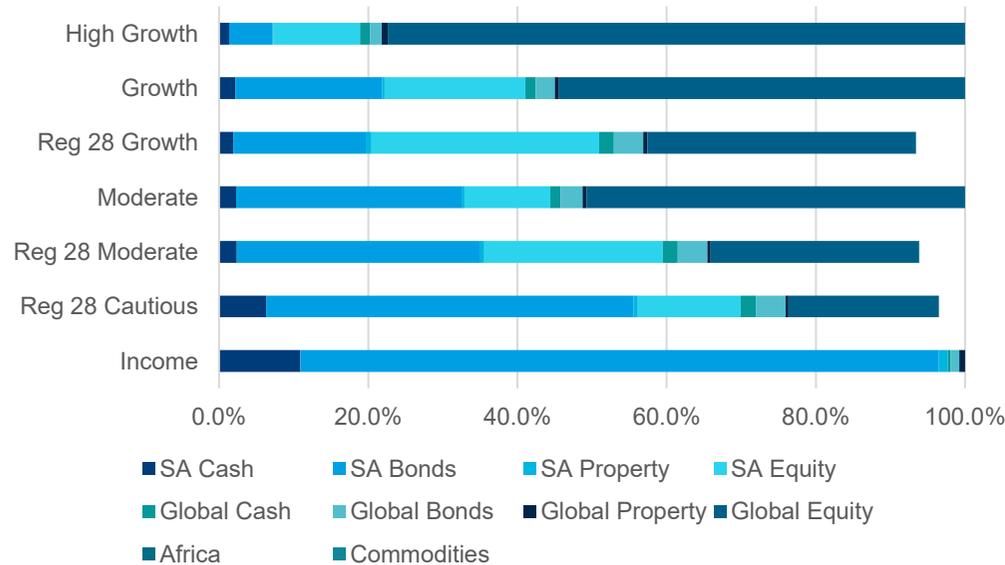
### Weighting of asset classes

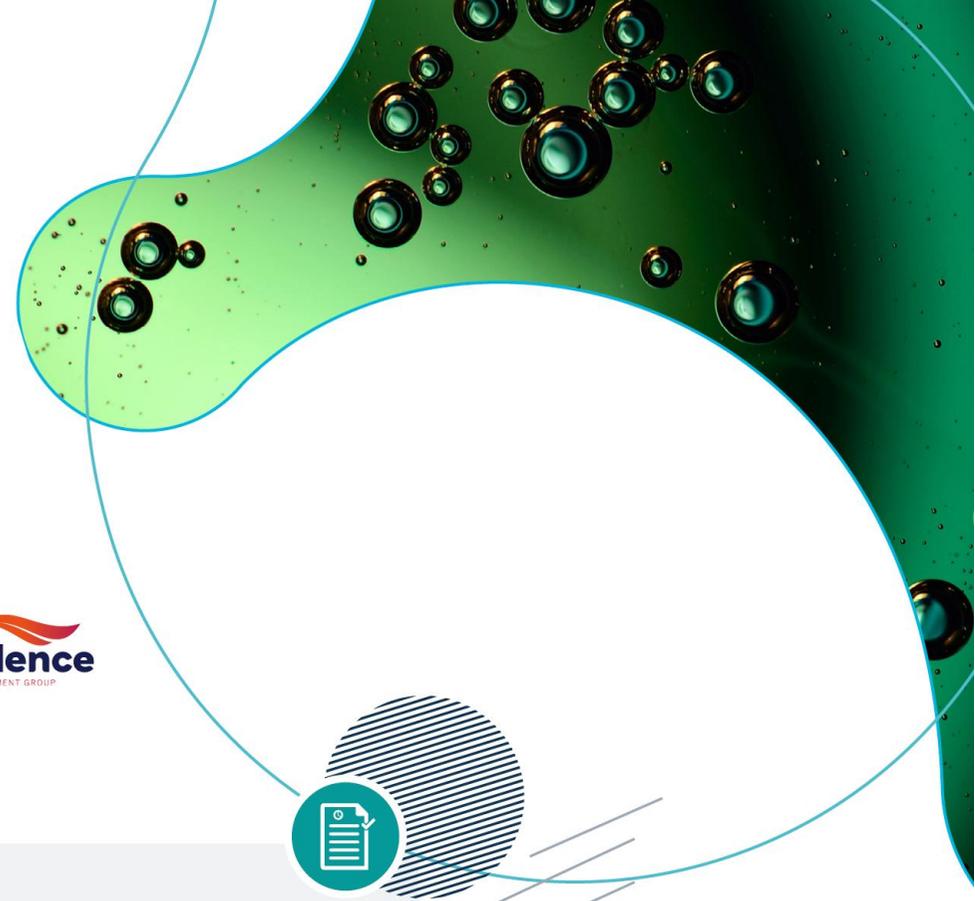
Our asset allocation models indicate that we fall within an economic expansionary regime, thus local government bonds have been increased and within local equities, the level of protection should be reduced in favour of direct equity market exposure and thus the weighting of Methodical (a protected equity 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





## CONTACT

For more information please feel free to contact us directly:

011 262 2740 | [admin@affinitycapital.co.za](mailto:admin@affinitycapital.co.za)  
Block G, Pin Mill Farm, 164 Katherine Street, Sandton, 2196

Authorised Financial Services Provider FSP 47878