



COLLABORATING FOR  
INVESTMENT RESULTS





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# ECONOMIC OVERVIEW

## April in Review

April 2026 was dominated by the ongoing US–Israel–Iran conflict, energy market disruptions, and cautious monetary and fiscal recalibrations worldwide. Europe tightened credit terms and faced energy volatility, while Asia moved to strengthen regional energy security, with the IMF revising global growth projections downward.

The Iran war remained the defining geopolitical event over the month. Iran leveraged control over the Strait of Hormuz, threatening global oil flows, while negotiations with the US stalled over uranium enrichment. A temporary ceasefire between Israel and Lebanon was extended, but missile strikes and naval blockades kept energy markets unsettled. Oil prices hovered above USD 110 per barrel, reinforcing fears of prolonged disruption.

The oscillation between talks of ceasefires and renewed attacks created significant market volatility, with the VIX index rising and falling with each new piece of news, as well as driving considerable speculation.

The International Monetary Fund's (IMF's) April 2026 World Economic Outlook downgraded global growth to 3.1% for 2026 (from 3.3% in January), citing war-driven energy shocks, inflation pressures, and tighter financial conditions. Emerging markets were hit hardest, with growth forecasts cut to 3.9%. Risks remain skewed to the downside, with stagflation concerns rising in energy-importing economies.

A temporary ceasefire between Israel and Lebanon was extended, but missile strikes and naval blockades kept energy markets unsettled



## ECONOMIC OVERVIEW

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In Asia, governments moved quickly to insulate themselves from global shocks. ASEAN nations accelerated ratification of a petroleum sharing agreement, underscoring regional coordination on energy security. Japan's central bank reiterated its cautious stance, warning of oil driven inflation risks, while China directed banks to expand lending to stabilise growth. Together, these steps highlight the Far East's dual focus: guarding against imported energy volatility while sustaining momentum in domestic demand.

South Africa's economy reflected both resilience and strain: new vehicle sales hit their best April since 2013 despite rising fuel costs; the government cut the fuel levy to cushion the impact on households; and nearly R900 billion in investment pledges were secured at the SA Investment Conference. Yet imported inflation from the Middle East conflict and tighter credit conditions clouded the recovery outlook.

Between March and April 2026, South Africa's fuel prices rose sharply: petrol increased by a little over R3 per litre (around 12%), while diesel surged by R7.50 per litre on average (nearly 30%). These hikes were driven by global oil volatility linked to the US–Israel–Iran conflict and the closure of the Strait of Hormuz. According to the Fuels Industry Association of South Africa, South Africans use more than 24 billion litres of fuel every year (around 2.0 billion litres per month). Nearly 60% of this is diesel, with petrol making up about 40%. The reduction in the fuel levy helped cushion households and businesses, but it was not large enough to offset the sharp increase in international oil prices.



R900 billion in investment pledges were secured at the SA Investment Conference

## ECONOMIC OVERVIEW

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Global equity markets staged a powerful rebound in April 2026, led by US technology stocks, while Europe and Asia posted solid gains. South Africa lagged on a relative basis but still delivered modest positive returns.

In the local equity market, the small-cap index produced a return of 3.5%, while the Top 40 index managed only a modest gain of 1.6%. The mid-cap index trailed with a return of 0.9%. Resources (-2.3%) continued to suffer losses in April. Financials and industrials, on the other hand, were up during the month, with returns of 4.2% and 3.2%, respectively.

South African government bonds rallied during the month, just enough to return to where they started the year. Gold finished the month broadly flat, while oil remained volatile around USD 100 per barrel.

South African assets also performed poorly, with equities declining by 10.5%, led by a sharp fall in the Resources sector (-16.5%). Local bonds sold off by 6.8%, recording their second largest monthly decline in over two decades. Together with the weakening of the rand (-6.3% against the US dollar), this performance reinforced the market's high beta reputation.

Gains were broad-based, led by industrials and financials

MARKET INDICES <sup>1</sup> (All returns in Rand except where otherwise indicated)	30 April 2026		
	3 months	12 months	5 years <sup>2</sup>
SA equities (JSE All Share Index)	-2.6%	30.1%	15.9%
SA property (S&P SA REIT Index)	-1.4%	36.8%	16.8%
SA bonds (SA All Bond Index)	-2.1%	22.2%	12.5%
SA cash (STeFI)	1.6%	7.3%	6.8%
Global developed equities (MSCI World Index)	7.8%	16.4%	15.0%
Emerging market equities (MSCI Emerging Markets Index)	9.6%	32.4%	9.6%
Global bonds (Bloomberg Barclays Global Aggregate)	3.3%	-8.0%	1.3%
Rand/dollar <sup>3</sup>	4.1%	-10.2%	2.9%
Rand/sterling	3.1%	-8.7%	2.5%
Rand/euro	2.7%	-7.4%	2.3%
Gold Price (USD)	-2.1%	39.6%	21.2%
Oil Price (Brent Crude, USD)	61.3%	80.6%	11.1%

<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

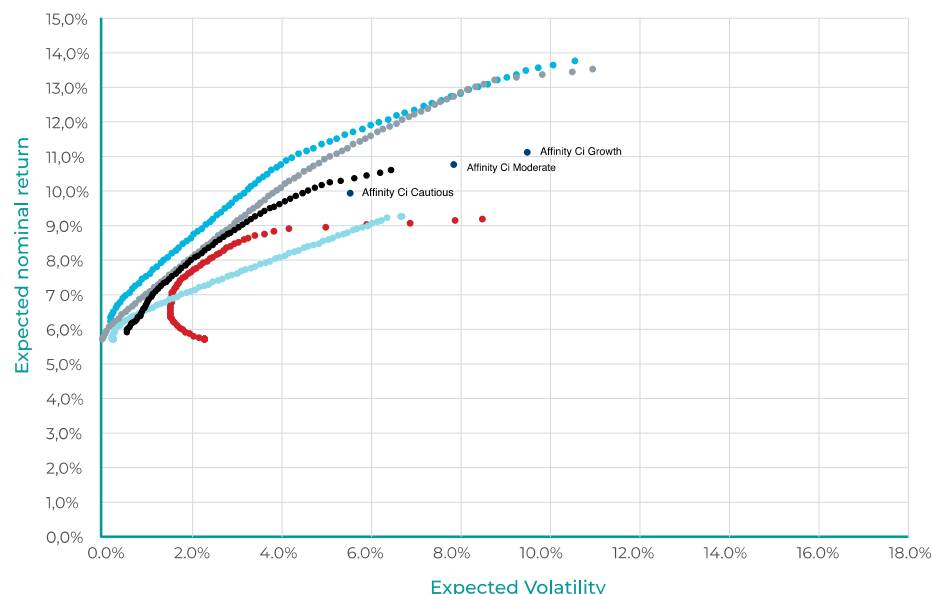
Affinity Capital Management has been established as a collaborative business that works hand in hand with financial advisors and their clients. We believe that investment solutions should not be created in isolation. A collaboration between advice and asset management ensures that investment products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

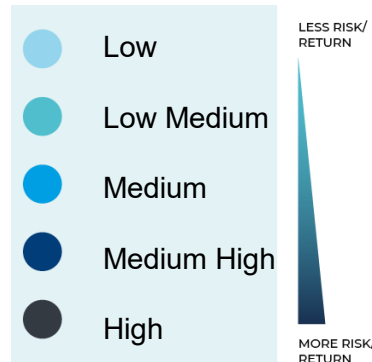
Asset class return expectations and correlations change in different market cycles. We have thus adopted a dynamic asset allocation approach, which allows us to tilt away from our long term strategic asset allocations through different market cycles. The size of these tilts is informed by the signal 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)	1.6%	-2.6%	7.4%	30.1%	27.3%	17.9%	15.9%	11.9%	1.0%
JSE Preference Shares (J251)	-0.7%	0.6%	1.6%	9.2%	18.7%	15.5%	17.5%	11.9%	-0.8%
SA Property (South African Listed Property Index)	5.4%	-0.8%	8.0%	26.0%	27.8%	22.9%	16.6%	3.9%	0.2%
SA Bonds (SA All Bond Index)	3.3%	-2.1%	6.0%	22.2%	20.8%	16.0%	12.5%	10.6%	-0.2%
ILBs (Barclays South Africa Government Inflation Linked Bond)	4.4%	1.8%	10.2%	18.6%	13.5%	10.6%	9.3%	6.1%	3.1%
SA Cash (STeFI)	0.6%	1.6%	3.4%	7.3%	7.8%	8.0%	6.8%	6.8%	2.3%
Global Equities (MSCI All Countries World Index, \$)	10.2%	3.7%	8.0%	31.5%	21.6%	20.4%	11.2%	12.8%	6.8%
Developed Market Equities (MSCI World Index, \$)	9.6%	3.5%	7.0%	29.7%	20.9%	20.2%	11.8%	13.2%	5.8%
Emerging Market Equities (MSCI Emerging Market Index, \$)	14.7%	5.3%	15.3%	47.5%	27.1%	21.3%	6.5%	9.7%	14.6%
Global Bonds (Bloomberg Barclays Global Aggregate,\$)	1.2%	-0.8%	0.7%	2.5%	5.6%	2.9%	-1.5%	0.6%	0.2%
RAND/DOLLAR	-2.4%	4.1%	-3.6%	-10.2%	-5.8%	-3.0%	2.9%	1.6%	0.8%
RAND/STERLING	0.5%	3.1%	-0.3%	-8.7%	-1.9%	-0.4%	2.5%	0.9%	1.8%
RAND/EURO	-0.7%	2.7%	-2.1%	-7.4%	-1.4%	-1.0%	2.3%	1.9%	0.7%
Solutions	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	10 Years	YTD
• Affinity Income Solution	1.3%	1.1%	4.4%	11.6%	11.7%	11.0%	9.4%	7.2%	4.4%
• Affinity Ci Cautious Fund	2.5%	0.4%	4.2%	13.7%	13.9%	12.5%	9.6%	6.8%	4.2%
• Affinity Ci Moderate Fund	2.6%	0.4%	4.2%	14.0%	14.1%	12.8%	10.0%	6.6%	4.2%
• Affinity Moderate Solution (Non Reg 28)	3.7%	2.5%	3.4%	10.7%	11.1%	11.8%	8.8%	6.0%	3.4%
• Affinity Ci Growth Fund	2.9%	0.6%	4.1%	14.0%	14.2%	12.9%	9.9%	6.7%	4.1%
• Affinity Growth Solution (Non Reg 28)	3.8%	2.5%	3.4%	10.8%	11.2%	12.0%	9.0%	7.4%	3.4%
• Affinity High Growth Solution (Non Reg 28)	4.7%	4.1%	2.7%	8.4%	9.1%	11.4%	8.0%	7.5%	2.7%
• Affinity Global Cautious Solution	3.2%	0.7%	2.9%	8.9%	8.2%	7.8%	3.0%	4.0%	2.9%
• Affinity Global Cautious Restricted	2.7%	1.1%	3.6%	8.5%	8.3%	7.8%	4.0%	4.3%	3.6%
• Affinity Global Moderate Solution	4.6%	0.8%	3.6%	11.3%	9.9%	9.4%	3.2%	5.1%	3.6%
• Affinity Global Moderate Restricted	4.7%	1.2%	4.4%	11.9%	10.3%	9.9%	4.2%	5.6%	4.4%
• Affinity Global Growth Solution	6.2%	1.1%	4.7%	14.4%	11.6%	11.1%	3.8%	6.3%	4.7%
• Affinity Global Growth Restricted	6.9%	1.7%	5.1%	15.4%	12.3%	12.1%	5.0%	7.3%	5.1%



ZAR returns

USD returns

# AFFINITY PERFORMANCE

April Update

The Affinity solution range delivered strong positive returns over the past month, supported by improved market conditions. Performance was consistent across portfolios, with returns increasing in line with risk exposure.

Growth and global solutions were the standout performers, benefiting from stronger equity market returns, while income and cautious portfolios also delivered solid gains in a more stable manner. Overall, the positive momentum across asset classes contributed to a well-rounded outcome for investors, with all solutions remaining aligned to their long-term investment 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

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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...

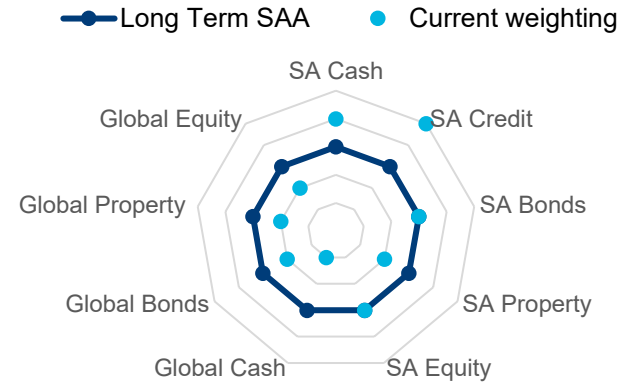
## ATTRIBUTION OF PERFORMANCE

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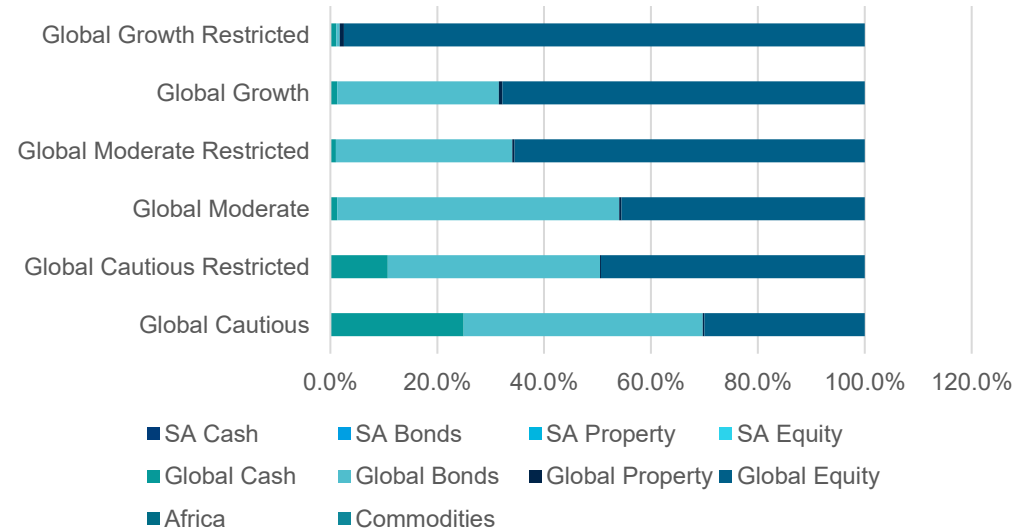
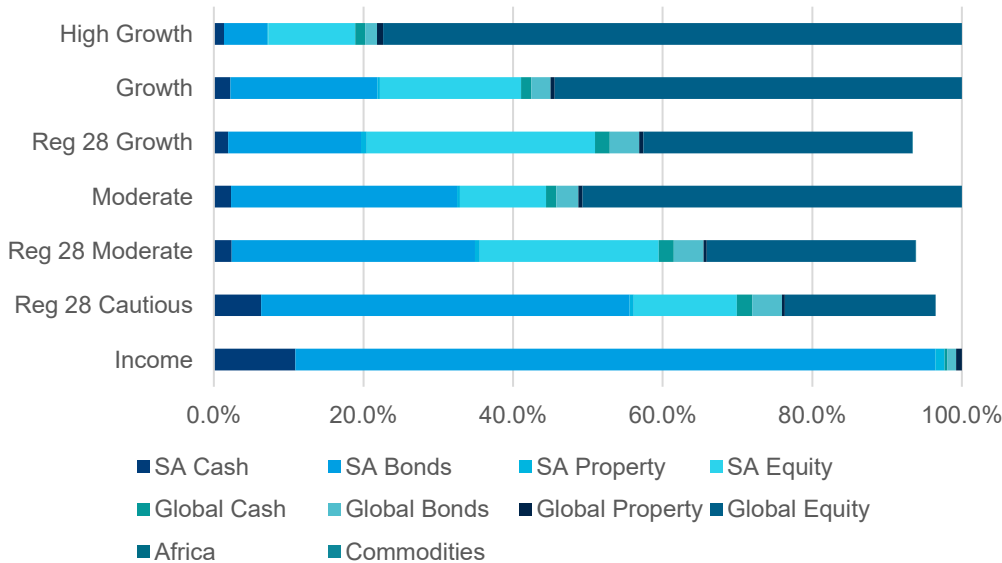
### Weighting of asset classes

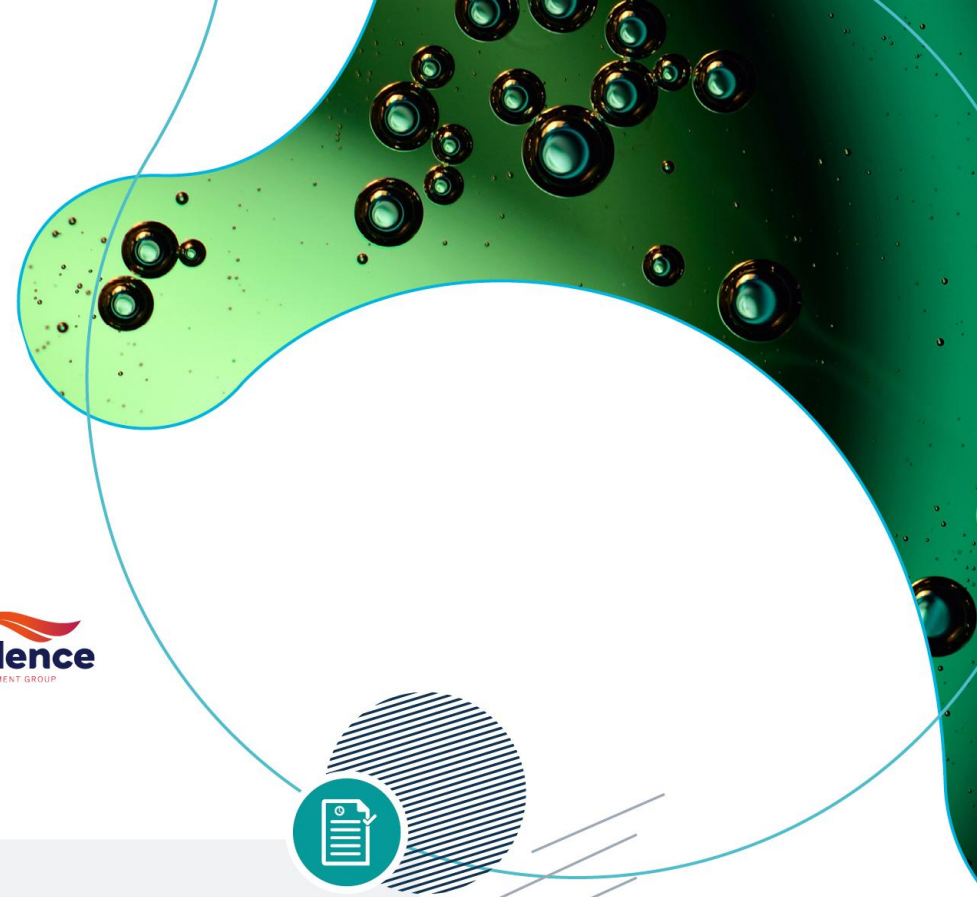
Our asset allocation models indicate that we fall within an economic expansionary regime, thus local government bonds have been increased and within local equities, the level of protection should be reduced in favour of direct equity market exposure and thus the weighting of Methodical (a protected equity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





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