AFFINITY CAPITAL MANAGEMENT

COLLABORATING FOR INVESTMENT RESULTS

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August 2026 | Investment Report

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ECONOMIC OVERVIEW

European Central Bank would raise interest rates in September amid concerns that elevated oil and natural gas prices

August in Review

In the United States, investors’ attention remained focused on the Federal Reserve, as policymakers balanced persistent inflation against signs of slowing economic activity. Minutes released in August showed that several officials remained prepared to raise interest rates if inflation failed to moderate further. However, weaker employment and retail sales data lowered expectations of an imminent increase.

Inflation concerns in Europe intensified, as higher energy prices continued to affect the region. Financial markets continued to anticipate that the European Central Bank would raise interest rates in September amid concerns that elevated oil and natural gas prices could prolong inflationary pressures.

The UK economy continued to expand modestly, with services activity providing support, although manufacturing growth slowed. Investors remained attentive to inflation risks arising from higher energy costs and the possibility that interest rates may need to remain elevated for longer.

Economic data in the world's leading emerging market presented a mixed picture. During August, China's official manufacturing index remained below the level associated with expansion, reflecting continued pressure from weak domestic demand and the prolonged property-market downturn. At the same time, strong manufacturing output and exports, particularly in sectors such as electric vehicles, batteries and industrial equipment, caused China's trade surplus to remain near record levels. This widening imbalance between domestic demand and production has become an increasing source of concern among policymakers and trading partners globally.

Demand for semiconductors, computers and other artificial intelligence-related products supported manufacturing activity across several Asian economies, including Japan and Taiwan. This technology-driven investment cycle helped offset some of the pressure caused by higher input costs and geopolitical uncertainty.

The Japanese yen fell to a 40-year low of almost ¥164 per US dollar before Japan and the United States conducted a rarely coordinated currency intervention to support the currency. The move caused the yen to strengthen sharply, briefly appreciating to around ¥155-157 per dollar before giving back some of those gains later in the month. Reuters described the intervention as highly significant, representing only the second coordinated yen-support operation involving the United States since 1998.

South Africa's annual consumer inflation rate declined from 5.0% in June to 4.3% in July, according to data released during August. Lower fuel prices, softer food inflation and smaller municipal tariff increases contributed to the improvement. The rand also strengthened during the month, trading near a five-month high against the US dollar as expectations of an immediate US interest-rate increase diminished.

Nevertheless, the domestic economy remained under pressure. Data released during August showed that mining, manufacturing and electricity generation had all contracted during the second quarter. Consumer spending provided limited support, with retail sales recording modest growth, while weak business activity and subdued confidence continued to constrain the broader economy. As inflation eases, investors will be watching closely to see whether the municipal elections later this year provide greater policy certainty and support a recovery in business and consumer confidence.

Data released during August showed that mining, manufacturing and electricity generation had all contracted during the second quarter

ECONOMIC OVERVIEW

CONTINUED

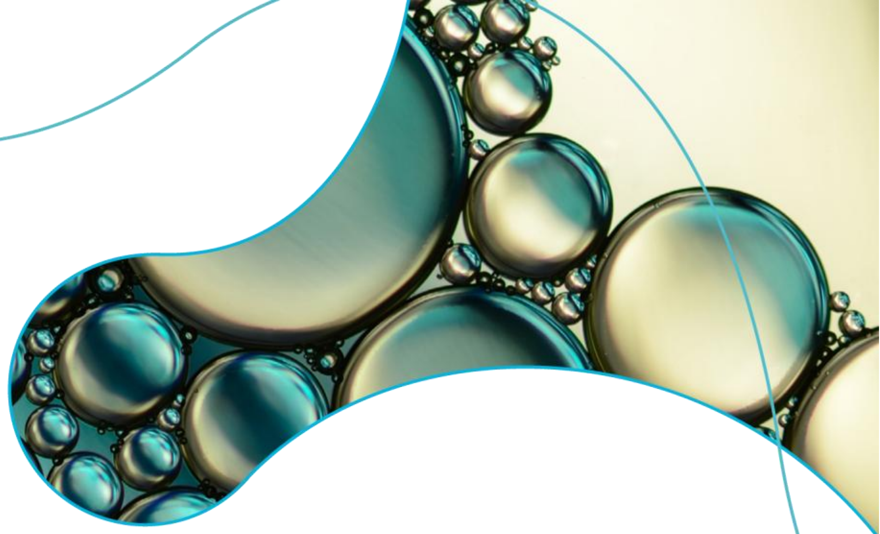
Global equity markets delivered another positive month, despite ongoing uncertainty around inflation, interest rates and geopolitical developments. Developed market equities, as measured by the MSCI World Index, gained 2.6% in US dollar terms, while emerging market equities outperformed with a return of 3.4%. The US market remained a key driver of global returns, with the S&P 500 advancing 2.7% and the technology-heavy Nasdaq 100 rising 4.2%, supported by continued investor enthusiasm for artificial intelligence-related spending and strong earnings from leading technology companies.

South African financial markets performed strongly during the month. The JSE All Share Index returned 4.6%, outperforming most major developed market indices. The combination of easing inflation, a stronger rand and generally favourable global market conditions contributed to improved investor sentiment. South African bonds also produced a positive return of 0.7%, while cash returned 0.6% during the month. Listed property was the notable exception, declining 5.5% and giving back some of the strong gains recorded earlier in the year.

MARKET INDICES [1] (All returns in Rand except where otherwise indicated)	31 August 2026		
	3 months	12 months	5 years[2]
SA equities (JSE All Share Index)	2.0%	18.4%	15.9%
SA property (S&P SA REIT Index)	0.4%	24.4%	15.8%
SA bonds (SA All Bond Index)	0.8%	16.6%	11.7%
SA cash (STeFI)	1.7%	7.0%	7.0%
Global developed equities (MSCI World Index)	2.0%	10.2%	14.2%
Emerging market equities (MSCI Emerging Markets Index)	-1.5%	27.3%	11.1%
Global bonds (Bloomberg Barclays Global Aggregate)	-1.2%	-8.3%	0.4%
Rand/dollar [3]	-0.4%	-8.8%	2.2%
Rand/sterling	0.2%	-8.5%	1.9%
Rand/euro	-0.9%	-9.5%	1.9%
Gold Price (*USD*)	-2.8%	27.6%	19.5%
Oil Price (Brent Crude, *USD*)	-1.7%	32.8%	4.4%

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



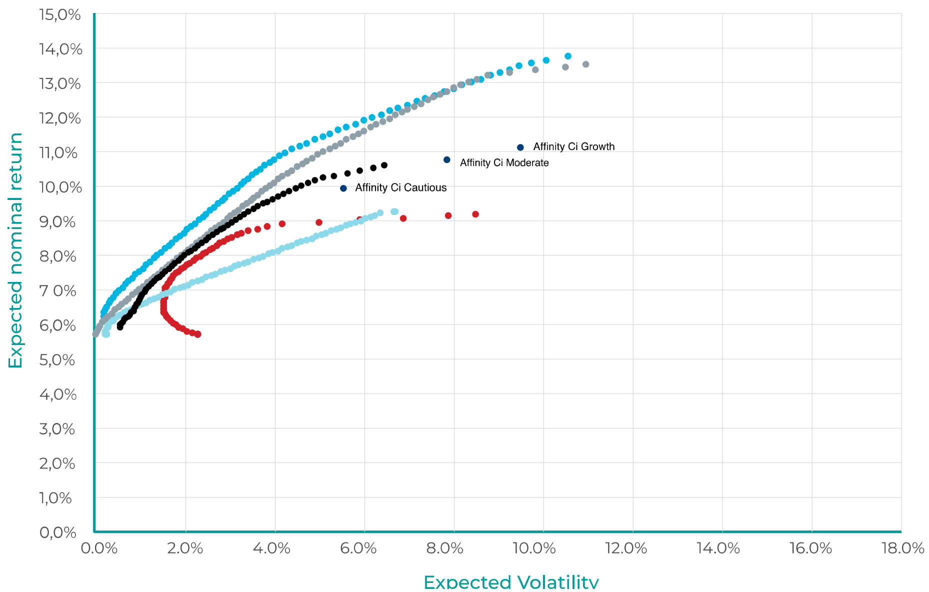
Affinity Capital Management has been established as a collaborative business that works hand in hand with financial advisors and their clients. We believe that investment solutions should not be created in isolation. A collaboration between advice and asset management ensures that investment products 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 mangers 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)	4.6%	2.0%	-7.4%	18.4%	22.1%	20.0%	15.9%	12.1%	2.8%
JSE Preference Shares (J251)	0.8%	3.1%	3.8%	5.0%	16.6%	17.3%	18.2%	12.3%	3.5%
SA Property (South African Listed Property Index)	-3.8%	2.1%	-4.1%	18.5%	18.3%	24.6%	15.6%	4.6%	2.9%
SA Bonds (SA All Bond Index)	0.7%	0.8%	-0.2%	16.6%	15.8%	16.7%	11.7%	10.6%	3.5%
ILBs (Barclays South Africa Government Inflation Linked Bond)	0.8%	2.3%	1.0%	18.1%	11.6%	11.4%	9.2%	6.3%	5.9%
SA Cash (STeFI)	0.6%	1.7%	3.4%	7.0%	7.5%	7.8%	7.0%	6.8%	4.6%
Global Equities (MSCI All Countries World Index, $)	2.7%	2.0%	9.8%	22.8%	19.5%	21.0%	11.4%	13.1%	14.6%
Developed Market Equities (MSCI World Index, $)	2.6%	2.4%	10.1%	20.8%	18.5%	20.6%	11.7%	13.6%	13.4%
Emerging Market Equities (MSCI Emerging Market Index, $)	3.4%	-1.1%	8.3%	39.7%	28.2%	23.8%	8.7%	9.7%	24.4%
Global Bonds (Bloomberg Barclays Global Aggregate,$)	0.5%	-0.8%	-2.3%	0.6%	2.0%	3.6%	-1.7%	0.3%	-0.3%
RAND/DOLLAR	-2.5%	-0.4%	1.3%	-8.8%	-4.7%	-5.2%	2.2%	0.9%	-2.6%
RAND/STERLING	-1.8%	0.2%	2.2%	-8.5%	-3.2%	-3.0%	1.9%	1.3%	-1.9%
RAND/EURO	-1.6%	-0.9%	-0.3%	-9.5%	-2.4%	-3.0%	1.9%	1.3%	-3.7%

Solutions	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	10 Years	YTD
Affinity Income Solution	0.6%	2.0%	3.2%	10.3%	10.5%	11.0%	9.5%	7.2%	3.2%
Affinity Ci Cautious Fund	1.2%	1.7%	1.1%	9.9%	11.3%	12.2%	9.4%	6.8%	1.1%
Affinity Ci Moderate Fund	1.8%	1.9%	0.6%	9.8%	11.7%	12.7%	9.7%	6.6%	0.6%
Affinity Moderate Solution (Non Reg 28)	1.0%	2.1%	4.1%	7.4%	9.8%	11.0%	8.7%	6.0%	4.1%
Affinity Ci Growth Fund	2.0%	2.0%	0.4%	9.3%	11.6%	12.8%	9.5%	6.7%	0.4%
Affinity Growth Solution (Non Reg 28)	1.3%	2.3%	3.8%	7.3%	10.1%	11.3%	8.9%	7.3%	3.8%
Affinity High Growth Solution (Non Reg 28)	1.1%	2.5%	6.2%	5.3%	8.8%	10.1%	8.1%	7.4%	6.2%
Affinity Global Cautious Solution	1.4%	1.2%	2.8%	6.4%	6.8%	8.3%	3.2%	4.0%	2.8%
Affinity Global Cautious Restricted	1.0%	1.1%	2.4%	6.7%	7.2%	8.2%	4.2%	4.3%	2.4%
Affinity Global Moderate Solution	1.9%	1.6%	3.6%	8.0%	8.3%	10.2%	3.3%	5.0%	3.6%
Affinity Global Moderate Restricted	1.8%	1.8%	4.1%	9.1%	9.2%	10.7%	4.5%	5.6%	4.1%
Affinity Global Growth Solution	2.6%	2.3%	5.3%	10.5%	10.3%	12.4%	4.1%	6.2%	5.3%
Affinity Global Growth Restricted	2.8%	2.9%	6.5%	11.9%	11.7%	13.6%	5.6%	7.4%	6.5%

LESS RISK/ RETURN

- Low
- Low Medium
- Medium
- Medium High
- High

MORE RISK/ RETURN

ZAR returns
USD returns

AFFINITY PERFORMANCE

August Update

The Affinity solution range delivered positive returns across all portfolios over the past month, benefiting from generally supportive market conditions. Returns were broadly aligned with each solution's risk profile, with growth-oriented portfolios outperforming their more conservative counterparts.

Local moderate and growth strategies posted solid gains, while the global solutions were among the strongest performers, reflecting favourable offshore market returns. Overall, performance for the month was encouraging across the range, with diversified exposures continuing to support long-term investment outcomes for investors.

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

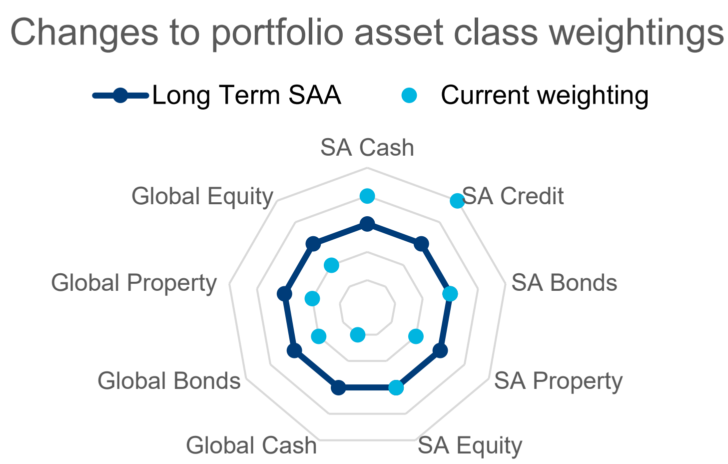
…Currently the Affinity funds move towards a neutral to underweight these growth asset classes to ultimately minimize market volatility through this period…

ATTRIBUTION OF PERFORMANCE

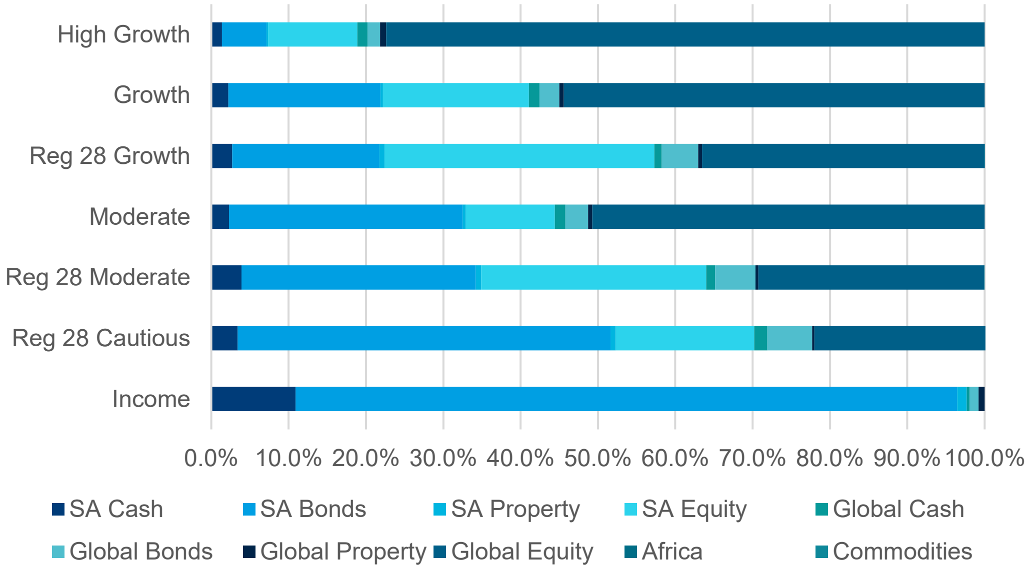
CONTINUED

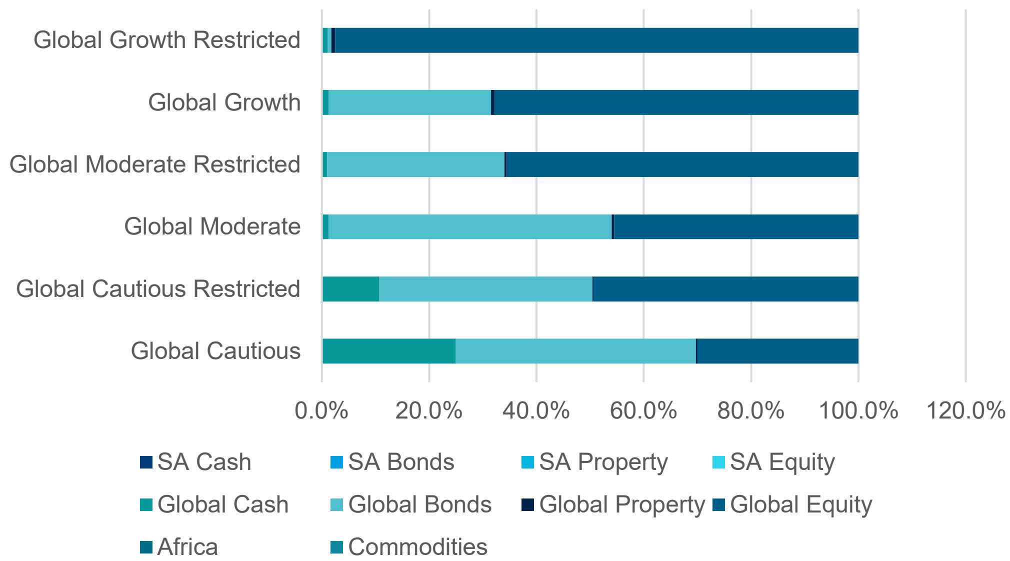
Weighting of asset classes

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.



ASSET ALLOCATION ACROSS SOLUTIONS





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