



COLLABORATING FOR
INVESTMENT RESULTS





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ECONOMIC OVERVIEW

September in Review

Higher oil prices are once again raising concerns that inflation could prove to be more persistent than previously expected

The conflict between the United States and Iran remained one of the most important drivers of global markets during the month. Continued disruptions to energy supplies and shipping through the Strait of Hormuz kept oil markets on edge, with Brent crude trading above USD 100 per barrel during parts of the month. Investors remain alert to the inflationary consequences of higher energy prices and the potential impact on global growth.

The oil shock continued to complicate the task facing central banks to control inflation. While many countries had made significant progress in bringing inflation under control, renewed increases in energy costs have forced policymakers to remain cautious. Higher oil prices are once again raising concerns that inflation could prove to be more persistent than previously expected.

Artificial intelligence remained one of the dominant global investment themes. Spending on AI infrastructure continued at a remarkable pace, becoming an increasingly important contributor to borrowing and capital investment. At the same time, attention shifted beyond AI's opportunities towards governance, regulation and the management of its emerging risks.



ECONOMIC OVERVIEW

CONTINUED

The US Federal Reserve raised interest rates for the first time in three years. The decision reflected concerns that higher energy prices, large fiscal deficits and strong investment spending, including on artificial intelligence infrastructure, could keep inflation under pressure for longer than previously expected. The move served as a reminder that the battle against inflation may not be over yet.

The South African Reserve Bank raised the repo rate by 25 basis points to 7.25%. Governor Lesetja Kganyago cited the inflationary effects of ongoing geopolitical disruptions and higher fuel prices as key reasons for maintaining a cautious stance. Despite the recent inflation pressures, the governor expressed confidence that inflation will slow meaningfully over the next year. The SARB expects inflation to return to its 3% target by the end of 2027 as the impact of the current energy shock fades and tighter monetary policy takes effect.

South Africa's digital connectivity debate returned to the spotlight. Deputy Minister Mondli Gungubele publicly encouraged Elon Musk to launch Starlink in South Africa, arguing that satellite internet could play an important role in expanding access to digital services and reducing inequality. Discussions continue around how Starlink could operate within South Africa's telecommunications and ownership framework.



SARB expects inflation to return to its 3% target by the end of 2027

ECONOMIC OVERVIEW

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September proved to be a challenging month for South African investors, with the JSE All Share Index declining 5.8%. South African listed property was one of the few bright spots, delivering a positive return of 1.0%, while bonds ended the month largely unchanged. Cash continued to deliver a steady return, with the STeFI returning 0.6%.

Global equity markets presented a mixed picture. Developed market equities declined 1.1%, while emerging markets fell 0.5%. Although the broader S&P 500 slipped 0.3%, the technology-heavy NASDAQ 100 gained 3.3%, extending the strong performance of companies seen as beneficiaries of the ongoing artificial intelligence revolution. The divergence highlights how investors continue to reward businesses positioned to benefit from advances in AI, despite growing discussions around regulation, governance and risk management.

MARKET INDICES ¹ (All returns in Rand except where otherwise indicated)	30 September 2026		
	3 months	12 months	5 years ²
SA equities (JSE All Share Index)	-0.3%	4.6%	15.3%
SA property (S&P SA REIT Index)	-3.0%	26.6%	16.5%
SA bonds (SA All Bond Index)	-0.7%	12.8%	12.1%
SA cash (STeFI)	1.7%	7.0%	7.1%
Global developed equities (MSCI World Index)	2.0%	9.9%	14.3%
Emerging market equities (MSCI Emerging Markets Index)	-0.2%	23.2%	11.3%
Global bonds (Bloomberg Barclays Global Aggregate)	-2.4%	-7.3%	-0.2%
Rand/dollar ³	0.0%	-5.0%	1.7%
Rand/sterling	0.1%	-6.2%	1.4%
Rand/euro	-0.6%	-8.1%	1.3%
Gold Price (USD)	3.3%	8.2%	18.8%
Oil Price (Brent Crude, USD)	42.0%	54.5%	5.7%

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

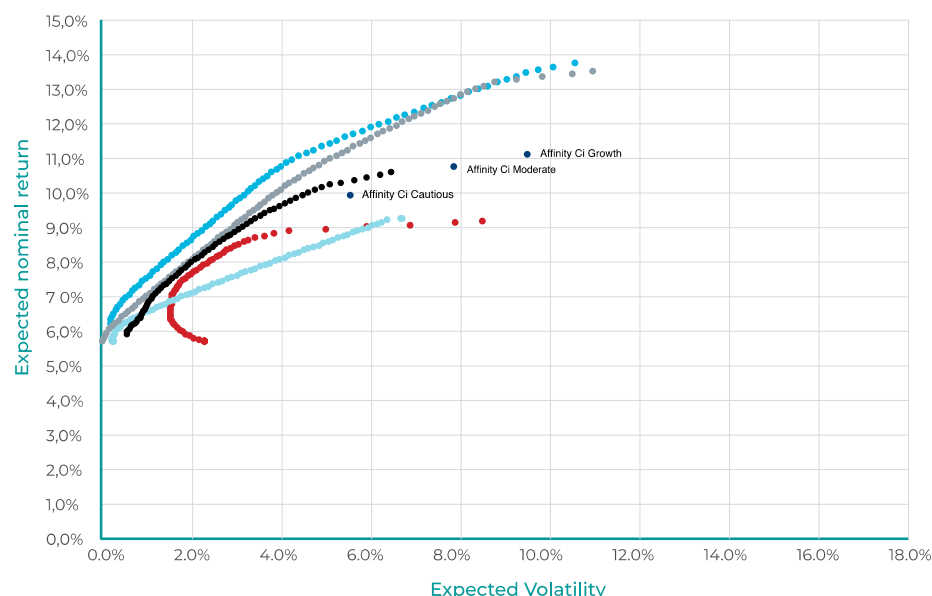
Affinity Capital Management has been established as a collaborative business that works hand in hand with financial advisors and their clients. We believe that investment solutions should not be created in isolation. A collaboration between advice and asset management ensures that investment products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

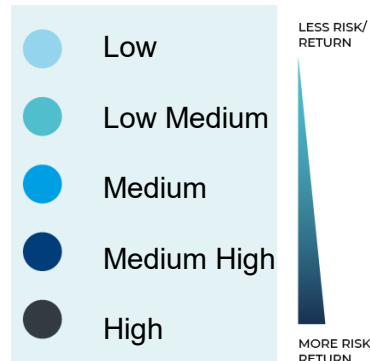
Asset class return expectations and correlations change in different market cycles. We have thus adopted a dynamic asset allocation approach, which allows us to tilt away from our long term strategic asset allocations through different market cycles. The size of these tilts is informed by the signal 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)	-5.8%	-0.3%	-2.6%	4.6%	16.1%	18.7%	15.3%	11.5%	-3.2%
JSE Preference Shares (J251)	1.9%	3.6%	5.5%	10.5%	13.9%	16.2%	16.5%	12.2%	5.4%
SA Property (South African Listed Property Index)	0.5%	-1.1%	8.8%	20.2%	15.7%	26.5%	15.9%	4.6%	3.4%
SA Bonds (SA All Bond Index)	0.0%	-0.7%	7.1%	12.8%	13.7%	17.7%	12.1%	10.3%	3.5%
ILBs (Barclays South Africa Government Inflation Linked Bond)	0.9%	1.6%	8.2%	15.8%	11.6%	12.0%	9.3%	6.3%	6.8%
SA Cash (STeFI)	0.6%	1.7%	3.4%	7.0%	7.4%	7.8%	7.1%	6.8%	5.2%
Global Equities (MSCI All Countries World Index, \$)	-1.1%	1.7%	17.0%	17.2%	17.5%	22.3%	12.1%	12.9%	13.4%
Developed Market Equities (MSCI World Index, \$)	-1.2%	2.0%	16.1%	15.7%	16.7%	21.9%	12.4%	13.4%	12.1%
Emerging Market Equities (MSCI Emerging Market Index, \$)	-0.5%	-0.2%	23.9%	29.6%	23.8%	24.7%	9.4%	9.5%	23.7%
Global Bonds (Bloomberg Barclays Global Aggregate,\$)	-2.4%	-2.5%	-1.6%	-2.4%	0.0%	3.8%	-1.9%	0.0%	-2.7%
RAND/DOLLAR	1.6%	0.0%	-4.2%	-5.0%	-2.5%	-4.5%	1.7%	1.8%	-1.0%
RAND/STERLING	-0.4%	0.1%	-3.5%	-6.2%	-2.9%	-1.8%	1.4%	2.0%	-2.3%
RAND/EURO	-0.6%	-0.6%	-5.6%	-8.1%	-1.6%	-2.3%	1.3%	1.9%	-4.3%
Solutions	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	10 Years	YTD
• Affinity Income Solution	0.4%	1.3%	4.9%	9.4%	10.0%	11.2%	9.6%	7.2%	4.9%
• Affinity Ci Cautious Fund	-1.2%	0.6%	3.7%	6.7%	9.4%	12.7%	9.3%	6.7%	3.7%
• Affinity Ci Moderate Fund	-2.1%	0.6%	2.8%	5.6%	9.2%	12.9%	9.7%	6.5%	2.8%
• Affinity Moderate Solution (Non Reg 28)	-1.5%	0.6%	4.7%	5.2%	8.1%	11.7%	8.5%	6.0%	4.7%
• Affinity Ci Growth Fund	-2.5%	0.7%	2.5%	4.7%	9.1%	12.9%	9.5%	6.6%	2.5%
• Affinity Growth Solution (Non Reg 28)	-2.0%	0.6%	4.2%	4.6%	8.0%	11.9%	8.7%	7.4%	4.2%
• Affinity High Growth Solution (Non Reg 28)	-2.1%	0.6%	5.2%	3.5%	7.0%	11.0%	7.8%	7.5%	5.2%
• Affinity Global Cautious Solution	-2.0%	-0.6%	3.7%	3.4%	4.7%	8.3%	3.1%	3.8%	3.7%
• Affinity Global Cautious Restricted	-1.3%	-0.2%	3.4%	4.6%	5.8%	8.1%	4.0%	4.2%	3.4%
• Affinity Global Moderate Solution	-2.8%	-0.9%	5.0%	3.9%	5.5%	10.2%	3.3%	4.7%	5.0%
• Affinity Global Moderate Restricted	-2.2%	-0.1%	5.9%	5.7%	6.8%	10.8%	4.5%	5.4%	5.9%
• Affinity Global Growth Solution	-3.1%	-0.2%	7.7%	6.0%	7.0%	12.6%	4.2%	5.9%	7.7%
• Affinity Global Growth Restricted	-2.7%	0.8%	9.8%	7.8%	8.6%	13.8%	5.7%	7.1%	9.8%



ZAR returns

USD returns

AFFINITY PERFORMANCE

September Update

The Affinity solution range experienced a softer month, with most portfolios recording modest negative returns as market conditions became more challenging. As expected, portfolios with higher exposure to growth assets experienced larger short-term declines, while the Affinity Income Solution delivered a positive return and provided defensive characteristics during the period.

Global portfolios were also affected by market weakness, particularly the higher-growth strategies, which saw the largest pullbacks over the month. Despite the short-term volatility, portfolio performance remains consistent with the underlying risk profiles, and the longer-term track records across the range continue to highlight the benefits of maintaining a diversified, long-term investment approach.

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...

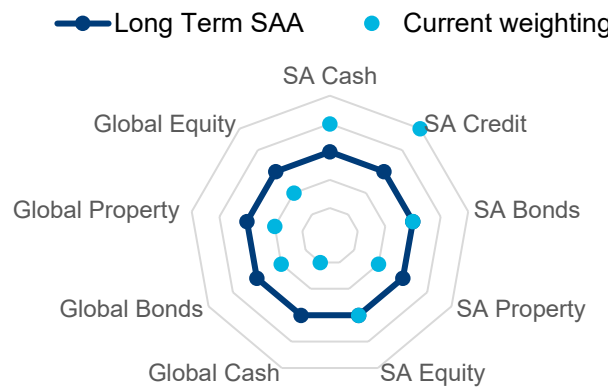
ATTRIBUTION OF PERFORMANCE

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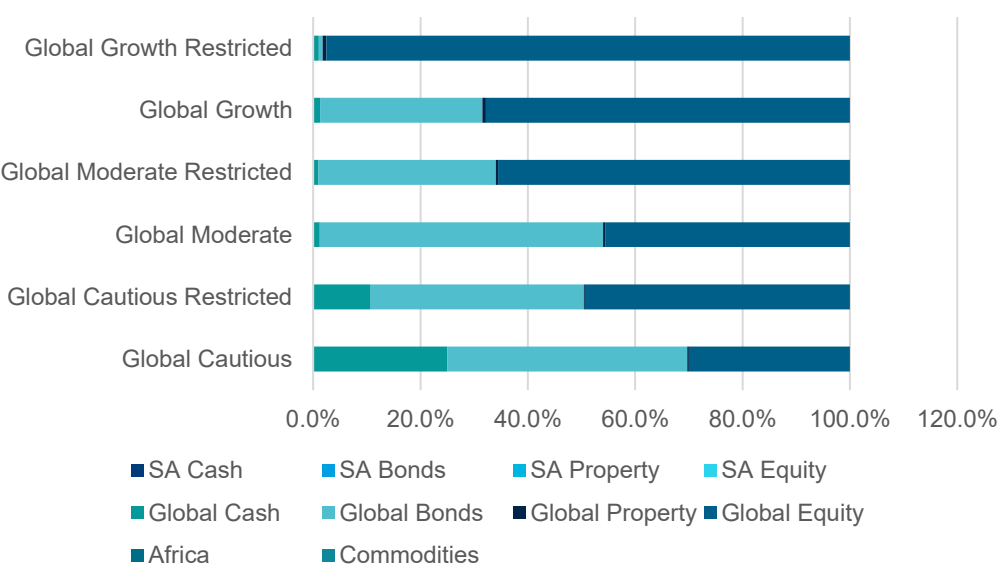
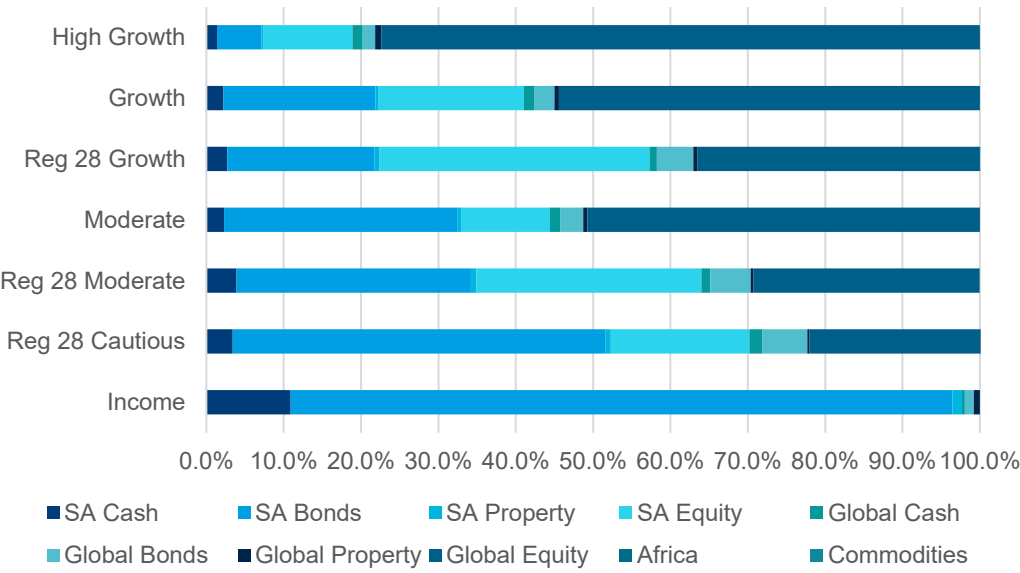
Weighting of asset classes

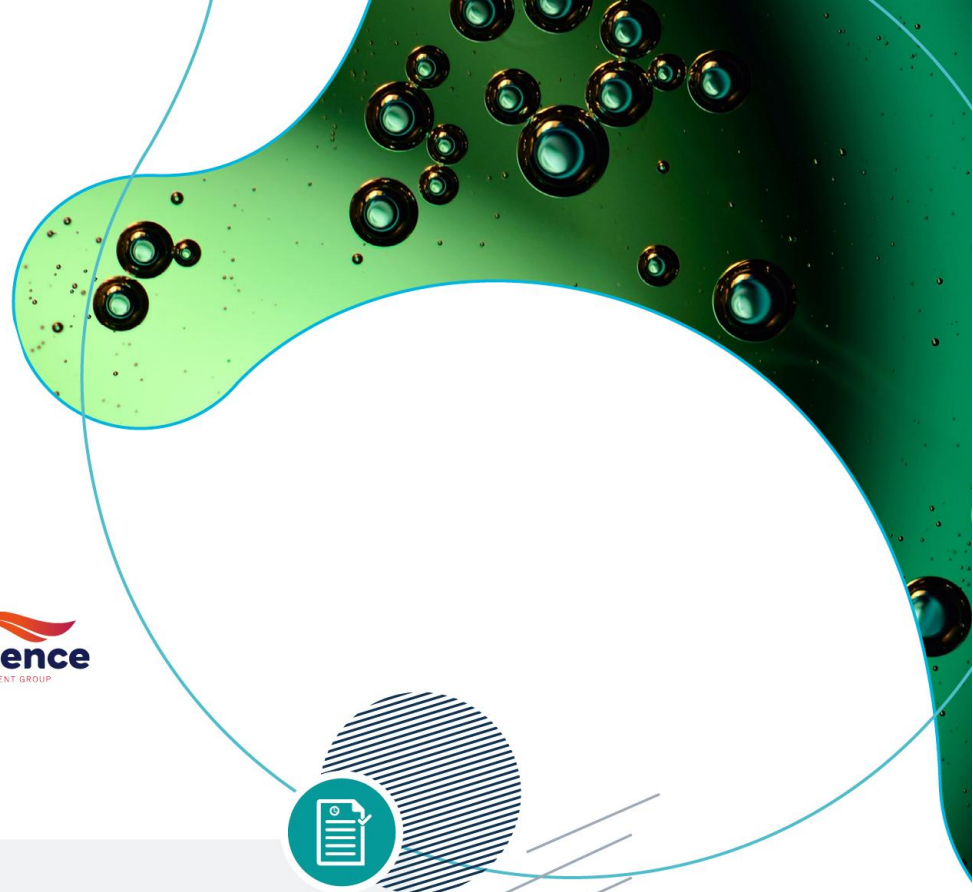
Our asset allocation models indicate that we fall within an economic expansionary regime, thus local government bonds have been increased and within local equities, the level of protection should be reduced in favour of direct equity market exposure and thus the weighting of Methodical (a protected equity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