AFFINITY CAPITAL MANAGEMENT

COLLABORATING FOR INVESTMENT RESULTS

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October 2026

Investment Report

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ECONOMIC OVERVIEW

The Middle East conflict became a dominant global economic risk

October in Review

Preliminary results from the US mid-term elections that were held on 3 November indicated substantial Democratic gains, including control of the Senate. At the time of writing, however, counting remained incomplete in several races, and control of the House had not yet been conclusively settled. The final balance of power will determine how much room the administration has to advance its legislative agenda during the remaining two years of Trump's term.

Global growth remained remarkably resilient, with the International Monetary Fund (IMF) forecasting growth of 3.1% in 2026 in its October World Economic Outlook. This projection was supported, in particular, by strong AI and technology-related investment.
The Middle East conflict became a dominant global economic risk, disrupting energy supplies and pushing oil above US$115 per barrel, which renewed inflationary pressures and weighed on the global growth outlook.

The battle against inflation suffered a setback, with higher energy and food prices prompting the IMF to forecast global inflation of 4.7% for 2026. This reduced the scope for major central banks to ease monetary policy aggressively.

Higher-for-longer interest rates and rising bond yields became another headwind, according to the October outlook from the Bureau for Economic Research. This increased borrowing costs for governments, businesses and households, while elevated debt levels constrained governments' ability to respond to further economic shocks.

South Africa's October Medium-Term Budget Policy Statement delivered some encouraging fiscal news, with the budget deficit projected at 3.9% of GDP and government debt stabilising, although expected economic growth for 2026 was reduced to 1.2%. Domestic inflation moved higher, reaching 4.5% in September, largely due to sharply higher transport and fuel costs, placing renewed pressure on households and complicating the monetary-policy outlook.

South Africa recorded a preliminary trade surplus of R19.8 billion in September, following a R20.5 billion surplus in August. The continuing surplus provided support to the country's external position, although the August data showed month-on-month declines in both exports and imports, consistent with subdued trade activity.



Domestic inflation moved higher, reaching 4.5% in September

ECONOMIC OVERVIEW

CONTINUED

October proved to be another mixed month for South African investors, although conditions improved considerably from September. The JSE All Share Index declined a modest 0.4%, while South African listed property gained 2.5% and bonds delivered a strong return of 2.1%. The latter two asset classes were supported by lower bond yields and a generally well-received Medium-Term Budget Policy Statement during the month.

Global equity markets also experienced a difficult month. Developed market equities declined 0.8%, while emerging markets fell a much sharper 8.0%. The S&P 500 declined 0.9%, but the most notable reversal occurred in technology shares, with the NASDAQ 100 falling 6.6%. After months of enthusiasm surrounding artificial intelligence, investors became increasingly concerned about the scale of AI-related capital expenditure and whether these investments would ultimately generate adequate returns. This resulted in a marked rotation away from some of the technology companies that had previously led global markets.

MARKET INDICES [1] (All returns in Rand except where otherwise indicated)	31 October 2026		
	3 months	12 months	5 years[2]
SA equities (JSE All Share Index)	-1.8%	2.5%	14.0%
SA property (S&P SA REIT Index)	-2.2%	16.2%	17.6%
SA bonds (SA All Bond Index)	2.8%	12.3%	12.7%
SA cash (STeFI)	1.7%	7.0%	7.1%
Global developed equities (MSCI World Index)	0.7%	12.5%	11.0%
Emerging market equities (MSCI Emerging Markets Index)	-5.4%	14.4%	7.4%
Global bonds (Bloomberg Barclays Global Aggregate)	-0.6%	-0.8%	-1.5%
Rand/dollar [3]	0.9%	-3.6%	1.9%
Rand/sterling	0.5%	-1.7%	1.4%
Rand/euro	-2.1%	-6.8%	1.2%
Gold Price (*USD*)	-4.0%	-2.4%	16.9%
Oil Price (Brent Crude, *USD*)	30.5%	80.8%	6.9%

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

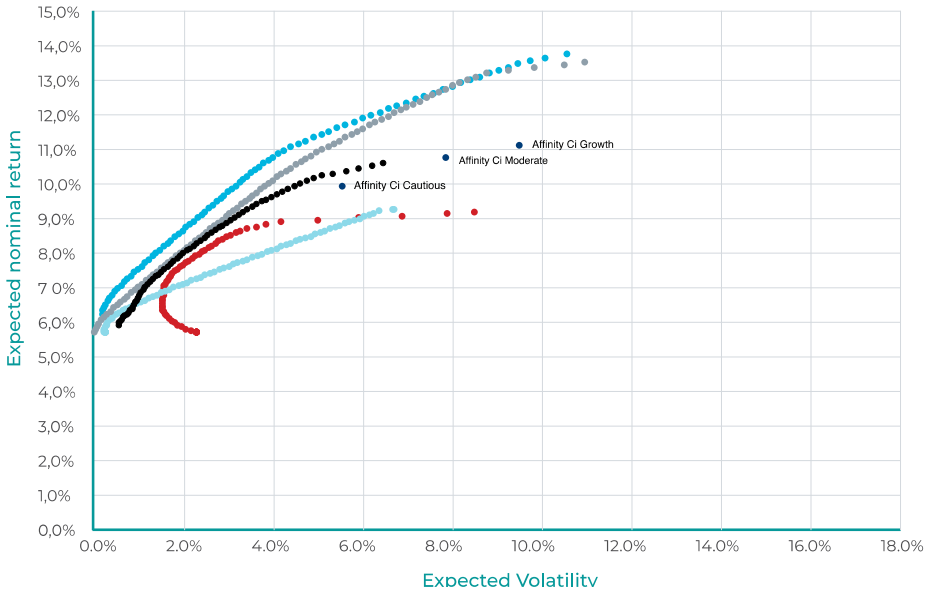
Affinity Capital Management has been established as a collaborative business that works hand in hand with financial advisors and their clients. We believe that investment solutions should not be created in isolation. A collaboration between advice and asset management ensures that investment products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

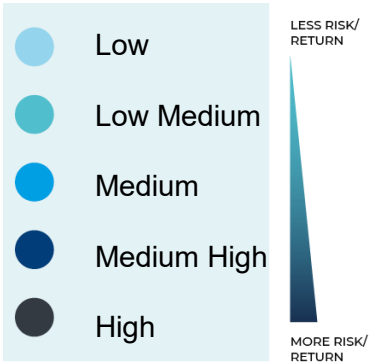
Comparison of efficient frontiers through market cycles.
Forward looking Affinity fund positioning



PERFORMANCE



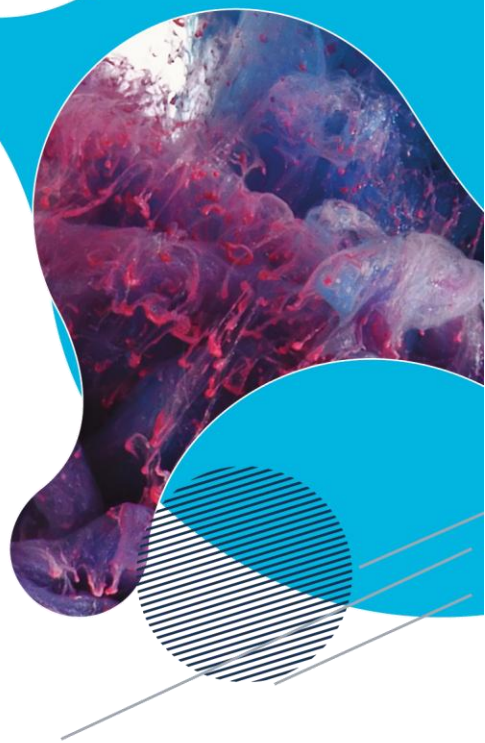
Indices	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	10 Years	YTD
SA Equities (JSE All Share Index)	-0.4%	-1.8%	-4.6%	2.5%	16.4%	19.9%	14.0%	11.7%	-3.6%
JSE Preference Shares (J251)	1.1%	3.8%	7.4%	9.1%	13.5%	17.3%	14.3%	12.1%	6.5%
SA Property (South African Listed Property Index)	2.0%	-1.4%	5.2%	13.7%	18.6%	28.7%	16.7%	4.7%	5.5%
SA Bonds (SA All Bond Index)	2.1%	2.8%	5.9%	12.3%	16.1%	17.8%	12.7%	10.5%	5.7%
ILBs (Barclays South Africa Government Inflation Linked Bond)	0.1%	1.8%	3.7%	14.3%	12.2%	12.3%	9.2%	6.3%	6.9%
SA Cash (STeFI)	0.6%	1.7%	3.4%	7.0%	7.4%	7.7%	7.1%	6.8%	5.8%
Global Equities (MSCI All Countries World Index, $)	-1.6%	-0.1%	4.4%	12.7%	17.9%	22.8%	10.6%	12.9%	11.5%
Developed Market Equities (MSCI World Index, $)	-0.8%	0.7%	5.1%	12.5%	17.4%	22.8%	11.0%	13.5%	11.2%
Emerging Market Equities (MSCI Emerging Market Index, $)	-8.0%	-5.4%	-0.7%	14.4%	21.3%	22.9%	7.4%	8.6%	13.8%
Global Bonds (Bloomberg Barclays Global Aggregate,$)	1.4%	-0.6%	-1.5%	-0.8%	2.4%	4.7%	-1.5%	0.5%	-1.3%
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	1.0%	1.9%	4.5%	9.1%	10.5%	11.2%	9.8%	7.2%	4.5%
Affinity Ci Cautious Fund	1.1%	1.0%	2.2%	6.5%	10.5%	13.3%	9.2%	6.8%	2.2%
Affinity Ci Moderate Fund	0.9%	0.5%	1.1%	5.3%	10.2%	13.8%	9.3%	6.8%	1.1%
Affinity Moderate Solution (Non Reg 28)	1.4%	0.9%	2.4%	5.8%	9.2%	13.1%	8.0%	6.2%	2.4%
Affinity Ci Growth Fund	0.8%	0.2%	0.4%	4.5%	10.0%	14.0%	9.0%	6.8%	0.4%
Affinity Growth Solution (Non Reg 28)	1.3%	0.5%	1.7%	5.1%	9.1%	13.4%	8.0%	7.7%	1.7%
Affinity High Growth Solution (Non Reg 28)	1.6%	0.5%	2.0%	4.7%	8.1%	13.0%	6.9%	7.9%	2.0%
Affinity Global Cautious Solution	0.5%	-0.2%	0.9%	3.8%	5.7%	9.1%	2.9%	3.9%	0.9%
Affinity Global Cautious Restricted	0.1%	-0.3%	0.7%	4.3%	6.3%	8.5%	3.8%	4.2%	0.7%
Affinity Global Moderate Solution	0.5%	-0.5%	0.9%	4.5%	6.8%	11.3%	2.8%	4.9%	0.9%
Affinity Global Moderate Restricted	0.1%	-0.4%	1.3%	5.7%	7.8%	11.6%	3.9%	5.5%	1.3%
Affinity Global Growth Solution	0.3%	-0.4%	1.7%	6.4%	8.4%	13.8%	3.5%	6.1%	1.7%
Affinity Global Growth Restricted	-0.2%	-0.2%	2.4%	7.6%	9.7%	14.9%	4.7%	7.3%	2.4%



ZAR returns
USD returns

AFFINITY PERFORMANCE

October Update



The Affinity solution range delivered broadly positive performance over the past month, with most portfolios recording modest gains. The Income Solution provided a steady return, while the local cautious, moderate and growth portfolios also performed positively.

Global portfolios delivered more muted returns, with most remaining slightly positive, while the Global Growth Restricted Solution recorded a small decline. Overall, the month was constructive across the range, with diversified positioning continuing to support performance across different market conditions

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…

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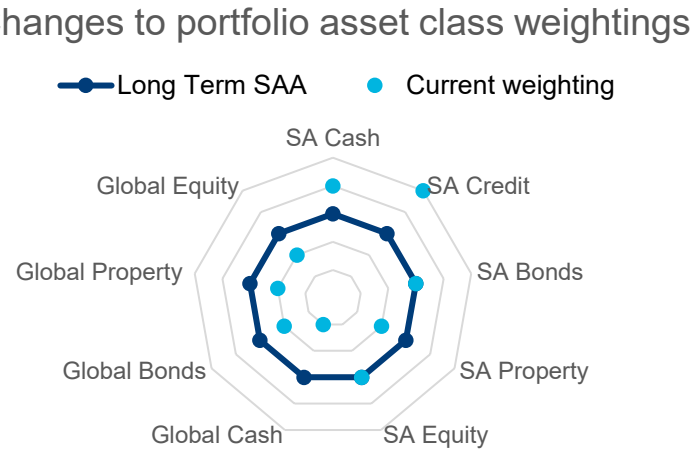
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ATTRIBUTION OF PERFORMANCE

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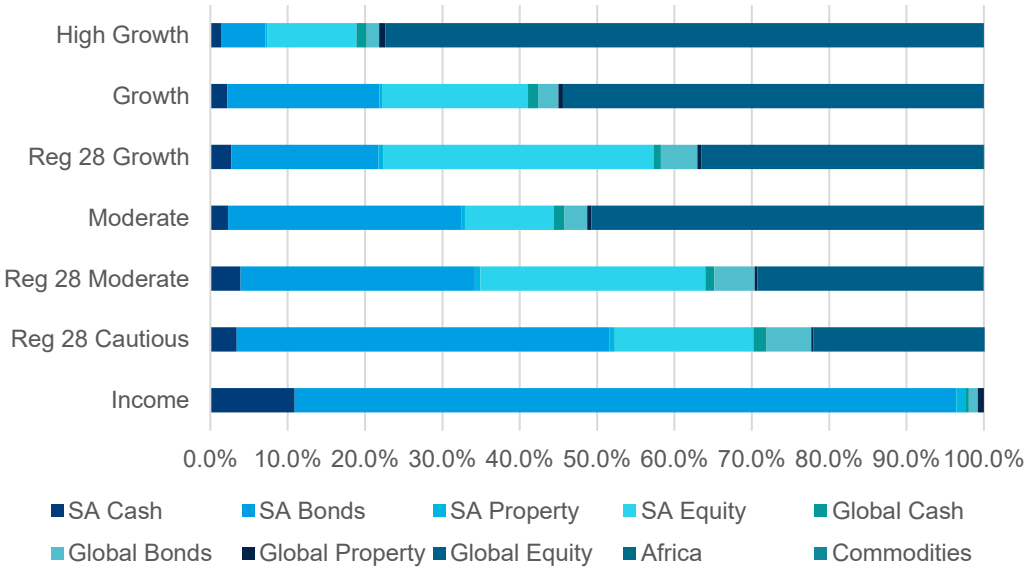
Weighting of asset classes

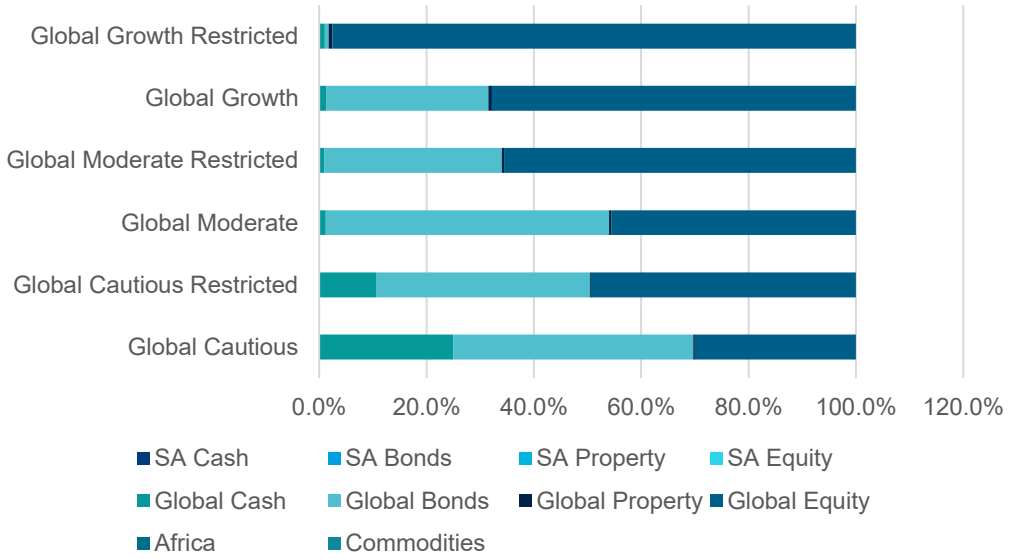
Our asset allocation models indicate that we fall within an economic expansionary regime, thus local government bonds have been increased and within local equities, the level of protection should be reduced in favour of direct equity market exposure and thus the weighting of Methodical (a protected equity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

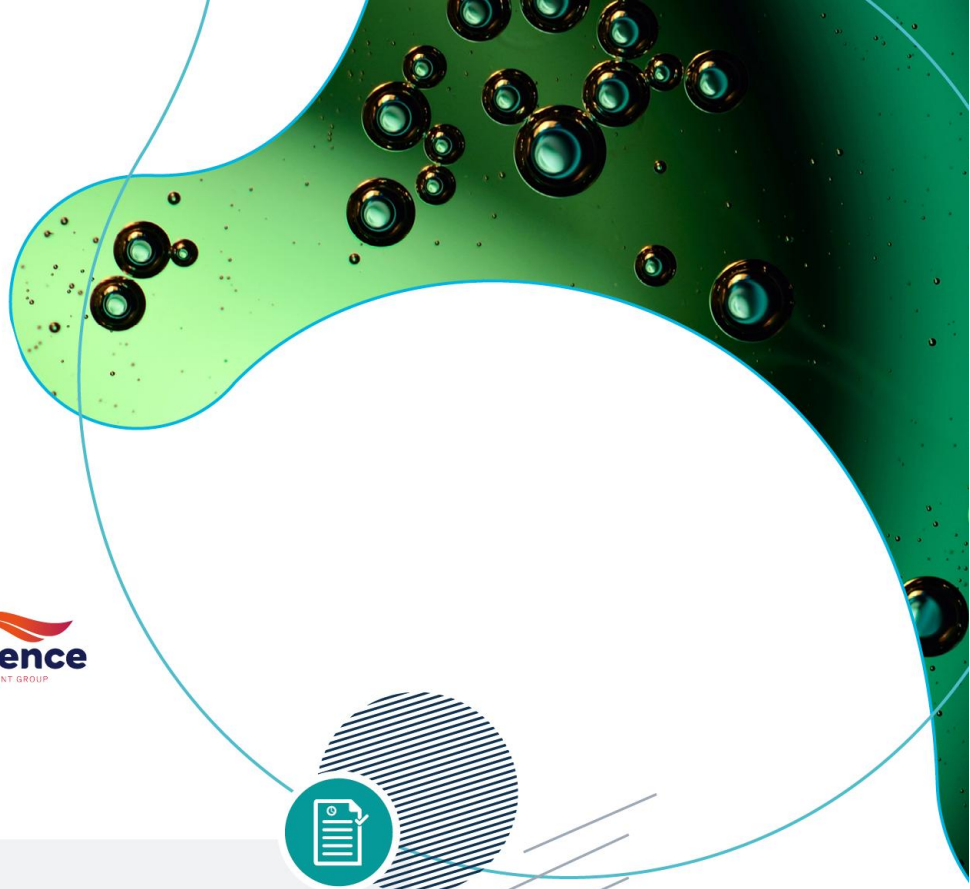




ASSET ALLOCATION ACROSS SOLUTIONS







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