

PWM CONNECT

WHERE WEALTH AND LIFESTYLE MEET

ARE YOU ON TRACK TO RETIRE COMFORTABLY?

TWO FISH, ONE QUESTION AND THE
BUSINESS THAT ANSWERED IT

IS YOUR WEALTH TRULY 'LIFE READY'?

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A WORD FROM PIETER

Welcome to the second edition of PWM Connect. We have certainly experienced a number of challenging economic conditions over the past few months, with the global economy characterised by uncertainty and an uneven recovery. Factors such as geopolitical tensions, oil price volatility and evolving conditions across major global markets have had a ripple effect, also influencing South Africa's economy and market.

Maintaining a calm and disciplined approach to your financial plan and investments during periods of market volatility can help ease uncertainty and prevent emotionally driven investment decisions. One way to stay resilient is to have a review conversation with your financial planner, which can provide clarity, perspective and reassurance during uncertain times.

A mid-year review is not only good financial planning practice, but also an opportunity to assess what is actually happening in your financial plan, review investment performance and identify potential gaps early. This allows you to adjust your direction or amend your goals.

Listed below are a few review items to consider discussing with your financial planner:

- Reviewing your investment performance and ensuring your portfolio remains well diversified.
- Reassessing whether your financial goals – e.g. those set for your retirement, overseas travel or saving towards your children's education – are still realistic and achievable.
- Identifying opportunities to improve tax efficiency. Ask your financial planner about potential tax-saving benefits, such as contributing to a retirement annuity.
- Reviewing your estate plan with your planner to ensure sufficient liquidity in your estate and confirm that your will is up to date.

I'm pleased to share some exciting news. Private Wealth Management (Pty) Ltd has grown to become one of South Africa's leading financial planning businesses, with more than R50 billion in assets under advice. This achievement reflects the trust our clients place in us to help guide and protect their wealth.

Our commitment to accountability, disciplined investment management and delivering strong client outcomes has enabled us to grow the assets invested in our own fund solutions to more than R12 billion.

These milestones are more than just numbers – they represent the lasting relationships we have built over the past few years and the financial goals we have helped our clients achieve.

Lastly, our recently held business conference was a huge success and a considerable amount of insightful information was shared with us by our product partners. As part of our ongoing collaboration, we've given them an opportunity to share interesting articles in this edition of our newsletter.

I trust that you will find the articles interesting.

Kind regards

Pieter Bester

CEO



ECONOMIC AND MARKET OVERVIEW

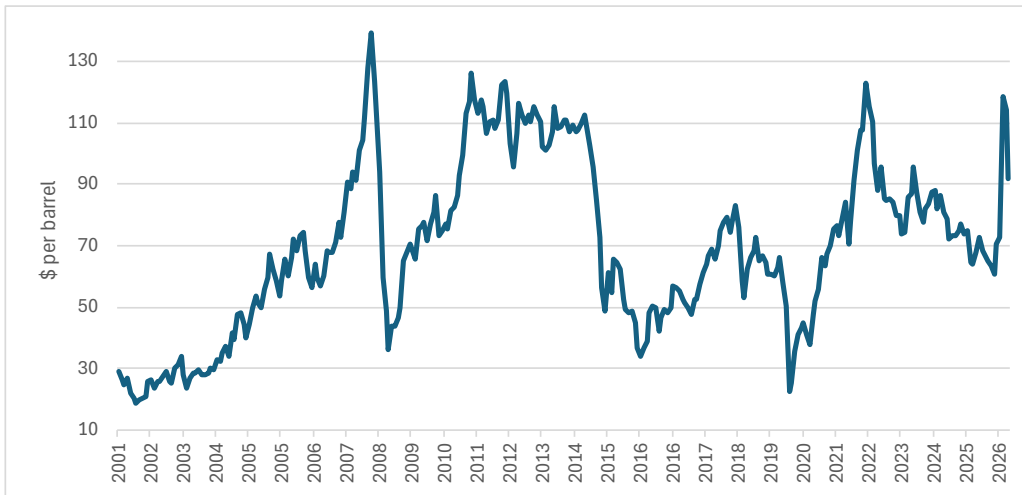
HORMUZ AND BEYOND

By Izak Odendaal | Chief Investment Strategist | Symmetry

At the time of writing, the US and Iran were still technically at war, though seemingly inching towards a deal to end hostilities. The Strait of Hormuz, the maritime chokepoint through which as much as a fifth of the world's oil was once moved, remains closed. With that, the price of crude oil is still hovering near triple digits, while in most countries, petrol prices at the pump are significantly higher than at the start of the year.

The immediate impact of the oil shock is that consumers are spending more on transport and have less money for other goods and services. Companies are also experiencing a margin squeeze. Several poorer countries face outright fuel shortages, especially since they must spend more of their scarce foreign exchange reserves for each barrel of fuel they import.

CHART 1: BRENT CRUDE OIL PRICE



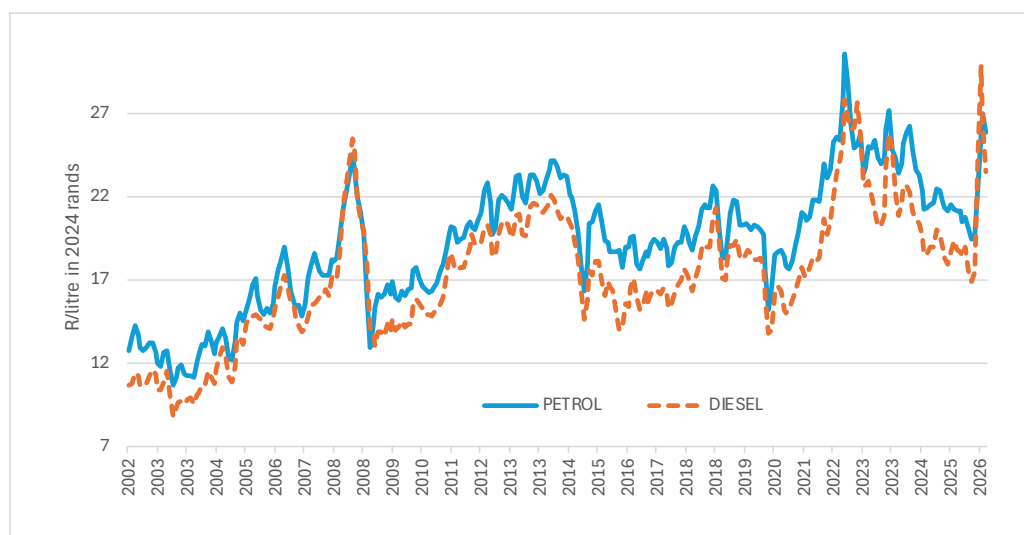
SOURCE: LSEG DATASTREAM. MONTH-END PRICES BETWEEN MAY 2001 AND MAY 2026

Nonetheless, the global economy has not rolled over. This is partly because it takes time for a shock of this nature to impact economic activity. For instance, many firms won't immediately raise prices or cut back on orders, especially given the widely held expectation that the war will be short-lived. On the other hand, many governments acted quickly to cut fuel taxes or subsidise fuel prices to soften the blow. Since the year started with substantial stockpiles of oil, these have provided a vital buffer, though they obviously cannot last forever.

Most importantly, the oil price, which is significantly higher since the start of the year, is not extreme by historic standards (yet). For instance, it was consistently above \$100 per barrel between late 2010 and 2014, and the world economy did not suffer any deep damage as a result. When adjusted for inflation, today's price is even lower comparatively, more so when we account for the fact that economic activity requires less oil than it did 10 or 20 years ago due to fuel efficiency gains and increased electrification. Finally, unlike in 2022, when the oil price spike following Russia's invasion of Ukraine was compounded by a stronger US dollar, the greenback has remained relatively stable through this episode.



CHART 2: SOUTH AFRICAN RETAIL FUEL PRICES, ADJUSTED FOR INFLATION



SOURCE: CENTRAL ENERGY FUND, STATS SA, AUTHOR'S CALCULATION. THE CHART INCLUDES THE JULY EXPIRY OF THE FUEL LEVY REDUCTION.

Chart 1 shows South African petrol and diesel prices, adjusted for inflation. The real diesel price hit a record in April but subsided somewhat in May and June. The real petrol price also shot up, though not as high as in 2022.

In summary, the global economic impact of the war so far is disruptive but not catastrophic.

OF INTEREST

How about inflation and interest rates? Fuel is a component of consumer price indices and therefore measured inflation rates have already increased. In South Africa, for instance, consumer inflation rose from 3% at the start of the year to 4% in April, and will rise towards 5% in the months ahead.

Rather than about the direct impact, central banks care more about the so-called second effect, namely when firms raise their prices in response to higher input costs, for instance, a plumber increasing their call-out fees because of higher transport costs. If price increases ripple through the economy in such a manner, it can lead to sustained inflation, whereas higher fuel prices on their own should lead to only a temporary increase in inflation rates.

As a result, most major central banks are likely to raise interest rates in the months ahead, including the Bank of England and the European Central Bank, while the Reserve Bank of Australia has already done so. The Bank of Japan is also likely to continue a very gradual hiking cycle that started in 2024 already. The US Federal Reserve started the year with relatively elevated rates, and therefore is unlikely to rush into rate hikes, if at all. However, it is also not going to cut rates, which was the expectation before the war.

The South African Reserve Bank raised its policy rate by 25 basis points to 7% in May, with the next decision coming in July. While forecasting inflation is particularly difficult, since the Gulf conflict can escalate or de-escalate at any moment, the Reserve Bank expects inflation to return to its 3% target by late 2027. Given that its policy rate (formerly known as the repo rate) was already elevated at the start of the year, such an inflation profile suggests that further rate increases are unnecessary, and the first cut could happen by early next year.

LOOKING AHEAD

While this crisis is not over and can still get worse in the short term, it is not too soon to start thinking about the longer-term implications. I'll focus on three areas.

In terms of energy security, countries and companies will again be confronted with the vulnerability created by an overreliance on volatile parts of the world for such an important input into modern economic life.

This means a move to diversify energy suppliers, but also to look at home-grown solutions. One implication is that oil and gas exploration and development activity will heat up outside the Middle East, which could well be more unstable after the war than before. This includes in southern Africa, where Namibia and Mozambique already have large, confirmed reserves of oil and gas.

While this crisis could spur further fossil fuel production, it is also likely to give an even bigger boost to renewable energy adoption. After all, no hostile foreign power can steal your sunshine or block your wind.

Wind and solar energy can also be brought online much quicker than any alternative. Nuclear energy could be on the cusp of a renaissance. France, for instance, built more than 50 nuclear reactors in response to the 1970s oil shocks, and exported its expertise, including to South Africa with the construction of Koeberg. However, the massive upfront cost and multi-year lead times of nuclear power projects remain a limitation.

Households could also rethink energy security, without describing it in such academic terms. With the cost of electric and hybrid vehicles falling, many will decide it is worth making the leap to avoid future shocks at the pump. Many have already done so. The International Energy Agency notes that EV sales broke sales records in 30 countries worldwide in March and April as fuel prices spiked. It expects 28 million EVs to be sold this year, representing 28% of total sales. Around 5% of all cars on the road will be EVs by year-end. This does not sound like much, but the number was only 1% in 2020. The IEA expects EV sales to make up 50% of total sales by 2035. Government policies could accelerate this trend in the name of energy security and environmental benefits.

In terms of geopolitics, the war has been a foreign policy disaster for the US, and a massive blow to its credibility. Even if there is a peace agreement, it is highly unlikely that American war aims will be fully achieved, while the economic cost to all sides will have been considerable, to say nothing of the thousands of lives lost and destroyed. The corollary of this is the US dollar, which did not perform its usual safe-haven role, barely rising over the past few months. One implication is that investors are increasingly nervous about America's role as the anchor of the global system. The dollar will not be replaced any time soon, but this war could be another event that chips away at its dominance. After all, widespread use of the dollar, including in the pricing of oil, gives the US substantial leverage by threatening to cut countries and banks from the dollar system. This gives other governments a big reason to push for de-dollarisation.

Insofar as superpower rivalries are concerned, America's loss is China's gain. China now looks like the more reliable player on the global stage, though that narrative can also be pushed too far. In any event, China dominates supply chains across wind, solar, battery and electric vehicle technologies. Some call it the 'Saudi Arabia of renewable energy', though it is in fact more accurate to refer to Saudi Arabia as the 'China of oil'.

Finally, all of this suggests that we are in the early stages of a global capex cycle. Apart from energy security, we are also likely to see the rerouting of supply chains, for instance the building of additional pipelines in the Middle East to bypass Hormuz. Defence spending, which was already rising after the Russian invasion of Ukraine, will continue to grow. With that comes infrastructure upgrades. For instance, Europe is spending more on military hardware to counter the Russian threat, but a mobilisation would run into massive logistical bottlenecks, especially Germany's rail network. So, this must be upgraded too. Developing countries outside China are still building infrastructure from scratch, with India in the lead. Finally, there is artificial intelligence, and the hundreds of billions of dollars being spent on new data centres.

All of this involves physical construction work and a demand for commodities. We might well spend more time talking about the price of copper (which recently hit a record high) than the price of oil in the years ahead. South Africa's economy and financial markets have always been swept along by global commodity cycles. Therefore, while the events of the past three months have been a short-term headwind, they might turn out to be a longer-term tailwind.



SHOULD I OPEN A TAX-FREE SAVINGS ACCOUNT IN MY CHILDREN'S NAMES?

By Stanley Tordiffe | Financial Planner | PWM Cape Town

The recent Budget Speech saw an increased allowance for Tax-free Savings Account (TFSA contributions) to R46 000 per annum, per person.

This means a couple can now invest R92 000 p.a. tax free, which makes it a more viable option than before, especially where the interest exemption of R23 800 p.a. remains (R34 500 for persons over 65 years of age) unchanged. The increase in the allowable annual TFSA contribution limit for taxpayers who pay tax on interest now warrants taking a closer look at the above option.

I was sceptical at first, when TFSAs were introduced as the all-encompassing powerful tool for lower earners to engage in – especially for those below the interest exemption, or those below the income tax threshold for paying income tax. However, for high income earners or investors who are paying tax on interest, this option should be on the “to-do list”.

At the same time, TFSAs are intended to be longer term. Therefore, the investment should probably be more focused on equity-based solutions, with the structure of a TFSA lending some capital gains tax (CGT) relief in time.

Any client who is resistant to making withdrawals in the short term, looking to save for longer-term goals, can benefit from the compounding interest and tax benefits offered by TFSAs.

Because of the annual and lifetime limits, the tax-free investment is not likely to form a significant portion of most high income or high net asset value clients' portfolios.

Next, the question arises if one should also open TFSAs for your children? I have been asked this question many times, and my own view overall is not to, especially where the savings are intended to be spent – e.g. on a deposit for a home, university studies etc. This is because withdrawing money from the TFSA will limit your child's lifetime allowance (currently R500 000). Any amount withdrawn is still deducted from the lifetime contribution limit and cannot be “replaced” later.

I would therefore rather suggest opening a separate unit trust in their own name in most instances, instead of using the TFSA structure. This allows the investor to withdraw funds without thinking twice about the rules that govern TFSAs.

However, I do concur that the TFSA's rules may be a good thing where the purpose is to protect the funds against unnecessary spending.

IN CLOSING

Where opening a TFSA for your children's benefit does make sense – i.e. if you have already fully maximised your own TFSA and can afford to contribute to a child's TFSA, never touching it until much later in life – it can be a powerful wealth-building tool.

Disclaimer:

This communication is for information purposes only and does not constitute financial advice in any way or form. It is important to consult a financial planner to receive financial advice before acting on any information contained herein.



INTERNATIONAL FAMILY VISITS BY SOUTH AFRICAN RETIREES: FINANCIAL, PHYSICAL AND WELL-BEING CONSIDERATIONS IN RETIREMENT PLANNING

By Danie van der Merwe | Financial Planner | PWM Rustenburg

International travel for South African retirees visiting emigrated children and grandchildren is often essential from an emotional perspective, while remaining a significant discretionary commitment from a financial planning perspective. This tension can create a long-term strain on retirement capital, especially for households dependent on living annuities and fixed income streams.

While these visits carry deep emotional significance, they also introduce a complex mix of financial pressure, physical demands and psychological effects that must be carefully considered in retirement planning.

THE FINANCIAL IMPLICATIONS OF VISITING FAMILY ABROAD

For many South African retirees, international travel represents a significant step-up in annual discretionary spending. This is particularly important in the context of living annuities, where income must be drawn annually within a currently prescribed range of 2.5% to 17.5% of remaining capital.

Large travel expenses can push withdrawals closer to upper sustainability limits, increasing long-term capital erosion. In some cases, travel may further become structurally constrained if required withdrawals approach or exceed allowable limits, forcing retirees to reduce spending or adjust plans.

Tax also adds to the cost. As income from a living annuity is taxed like a normal salary, retirees often need to withdraw more than they actually plan to spend. As a result, less money will be available for their trip, which can make international travel more expensive than expected.

In some cases, such as at retirement, retirees may have access to retirement fund lump sum benefits to help fund travel. However, these amounts are taxed differently from regular income, and using lump sums too often can reduce long term financial flexibility if not carefully planned.

THE TRUE COST OF TRAVEL

The cost of visiting family abroad is influenced mainly by airfares, which can vary significantly depending on the destination, time of year, and when flights are booked. As a broad guide, return flights from Johannesburg typically range from about R13 000 to R26 000 for Europe, R15 000 to R25 000 for North America, and R18 000 to R30 000 for Australia, with generally lower costs for nearby African destinations and parts of Asia.

However, airfares are only one element of the total cost.

Travel insurance is another important consideration, particularly for older travellers. Premiums tend to increase noticeably from around age 70 and can range from approximately R3 000 to more than R9 000, depending on age, trip length and medical requirements. Pre existing medical conditions can add further complexity and expense.

Visa and administrative costs also need to be factored in. Applications for Schengen, UK, US and Canadian visas each involve separate fees, often together with service and processing charges in South Africa.

In addition to these official expenses, there are often less obvious costs. These may include gifts for family members, contributions towards household expenses while abroad, local transport, meals and other discretionary spending. Together, these "hidden costs" can substantially increase the overall cost of a visit and are frequently underestimated during planning.



WHAT A TYPICAL VISIT MAY COST

For South African retirees visiting family abroad for around two to three weeks, the total cost can typically range from about R40 000 to R75 000 per person, depending on the destination. This estimate includes major items such as flights, travel insurance and visas, as well as day to day expenses like local transport, meals and gifts.

While staying with family can significantly reduce or even eliminate accommodation costs, everyday spending and contributions during the visit often remain substantial. As a result, the overall budget can be quite sensitive to exchange rate movements and the frequency of these trips.

LONG TERM IMPACT ON RETIREMENT SAVINGS

Regular international travel can have a material impact on how long retirement savings will last. Over time, even fairly moderate travel budgets can put pressure on retirement capital, particularly when trips are funded from a living annuity.

Illustrative scenarios show that at lower levels of retirement capital, for example around **R3 million**, higher travel spending may become difficult to sustain within a relatively short period. This is due to the combined effect of ongoing withdrawals, tax, and investment performance over time.

At higher capital levels, such as **R6 million**, affordability and flexibility generally improve. However, even in these cases, consistently funding travel from a living annuity can still lead to a gradual reduction in capital over the longer term.

An important consideration is the **maximum living annuity drawdown limit of 17.5%**. In some circumstances, travel costs added to normal living expenses can push withdrawals closer to this limit, reducing future flexibility and potentially requiring lifestyle adjustments later in retirement.

PHYSICAL AND PRACTICAL CONSIDERATIONS

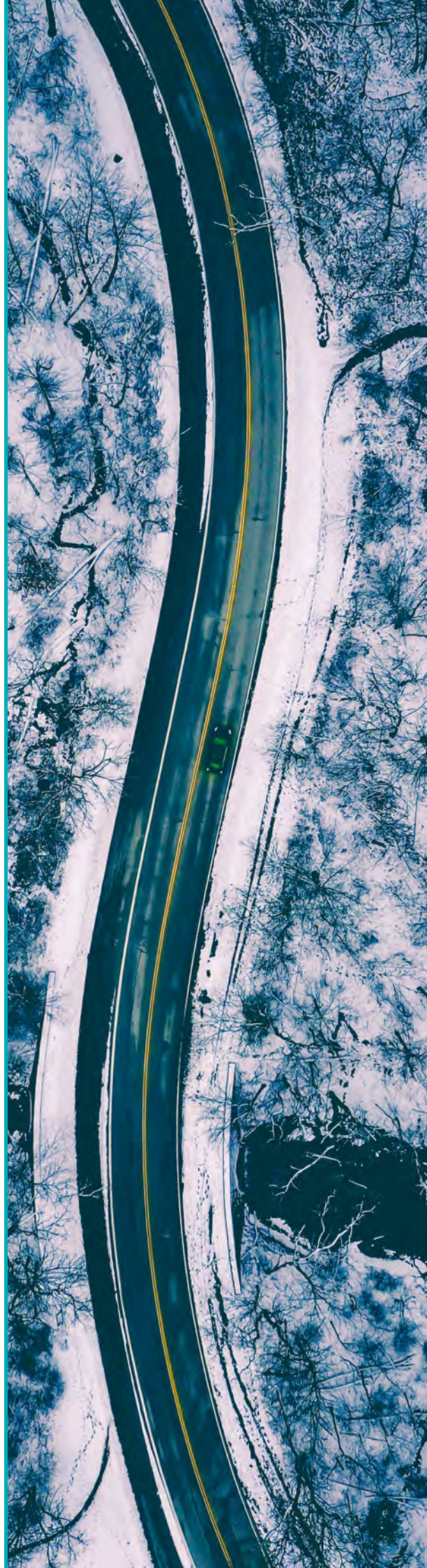
Aside from the financial aspects, overseas travel can become progressively more demanding as we get older. Long haul flights, multiple airport connections, and prolonged periods of walking or standing can be tiring, while recovery from jet lag often takes longer. As a result, assistance with mobility is more commonly needed.

From an international travel perspective, passenger assistance rules generally ensure that mobility support is available at airports and on airlines. However, these services must usually be arranged in advance and coordinated carefully, especially where journeys involve multiple connections. Inconsistent delivery of these services can add stress and complexity, particularly for older travellers.

EMOTIONAL AND WELL BEING CONSIDERATIONS

Family visits often carry deep emotional importance. For many retirees, these trips are the main way to maintain close, meaningful relationships with children and grandchildren who live abroad.

At the same time, long gaps between visits can increase feelings of loneliness and a form of emotional strain sometimes described as ambiguous loss – where loved ones remain emotionally close but physically distant. This experience can be particularly challenging when visits are limited by cost, health or mobility constraints.



Although digital communication helps sustain contact between visits, it is commonly experienced as an incomplete substitute for face to face time, especially among older age groups, where physical presence plays a stronger role in emotional connection.

POLICY AND STRUCTURAL CONSIDERATIONS

A number of South African regulatory and policy factors can influence how feasible regular international travel is during retirement. Living annuities, for example, are subject to prescribed withdrawal limits and income drawn is taxed as ordinary income, which can constrain flexibility where additional spending is required.

Access to certain forms of state support, such as the Older Persons Grant (old age pension), is also linked to residency in South Africa. Extended periods spent abroad may therefore affect eligibility for this type of assistance.

Travel insurance becomes a particularly important consideration later in life, but it is also more tightly underwritten. Policies often require detailed medical disclosure and may impose exclusions or limits in relation to pre existing conditions.

WHAT THIS MEANS FOR RETIREMENT PLANNING

With thoughtful planning, much of the financial and emotional strain linked to overseas family visits can be reduced. Being intentional about how these trips are funded and planned can make a meaningful difference.

Helpful strategies often include setting aside a **separate travel fund** that does not rely directly on a regular retirement income, planning ahead for **exchange rate movements**, and making sure that **travel insurance** remains suitable for both age and medical requirements.

Clear discussions with family around **cost sharing expectations** are also important, particularly when it comes to flights, accommodation and day to day expenses. Many retirees are surprised by how much informal spending adds up during visits.

Finally, the **frequency of travel** should be considered carefully. While annual visits may be manageable for some retirees, less frequent travel – for example, every two years or around important family milestones – often proves more sustainable for those with more limited capital or a higher reliance on living annuities.

CONCLUSION

International visits to family members who have emigrated are deeply meaningful and often an important part of life for South African retirees. At the same time, these trips involve more than just discretionary spending – they interact directly with taxation, retirement income structures, exchange rate movements, and the long term sustainability of retirement capital.

When the financial considerations are viewed alongside the physical demands of travel and the emotional importance of maintaining close family relationships, it becomes clear that these visits represent **structural retirement planning decisions**, rather than one off lifestyle choices. Thoughtful planning is therefore essential to ensure that the value of these experiences is weighed against their longer term implications.

The real question is not whether to travel, but how to build meaningful family connections into a retirement plan that can be sustained financially over the long term.

Disclaimer:

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RETIREMENT PLANNING

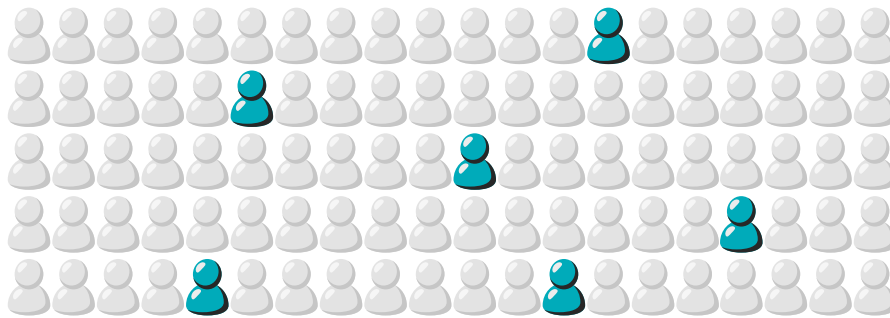
ARE YOU ON TRACK TO RETIRE COMFORTABLY?

RETIREMENT FEELS FAR AWAY UNTIL SUDDENLY IT ISN'T.

When we picture retirement, many of us imagine freedom: time to travel, to rest, to enjoy family and life on our terms. But the reality for most South Africans looks very different.

According to National Treasury, only 6% of South Africans retire with enough income to maintain their standard of living. That means most investors retire without the financial security they had hoped for, often needing to adjust their lifestyle, delay retirement, or rely on loved ones, and sometimes all three.

STATISTICALLY, ONLY 6 IN 100 SOUTH AFRICANS CAN MAINTAIN THEIR STANDARD OF LIVING IN RETIREMENT.



SOURCE: NATIONAL TREASURY.

THE UNCOMFORTABLE TRUTH

Whether you've already started saving for retirement – or are still planning to – the reality is the same: Statistically, only 6 in 100 South Africans can maintain their standard of living in retirement.

HOW MUCH YOU SAVE, AND WHEN YOU START ALL MATTER.

For many South Africans, retirement saving either starts late, happens inconsistently, or falls short of what is ultimately needed.

Even if you are contributing to a retirement fund, saving alone does not automatically translate into a comfortable retirement.

The real question is whether what you're putting away today will be enough to sustain your lifestyle tomorrow.

Many investors aim to replace around 75% of their pre-retirement income – but reaching this level typically requires consistent saving over time. Starting early and contributing consistently can significantly improve outcomes. Lower contribution rates or delays in starting can make it much harder to reach your retirement goals.

Many retirees will need their savings to last 30 years or more, which makes planning for sustainable income essential.

If saving enough is the challenge, the next question becomes:

SO, HOW MUCH IS ENOUGH?

A practical way to think about retirement planning is through two simple numbers: 5 and 20.

5% A prudent starting annual income drawdown in retirement.

20X The approximate multiple of your final salary* you may need saved to support that income - if you want to retire on 100% of your final salary.

*If you are comfortable with a replacement ratio of 75%, then 15 times should suffice.



Key takeaway:

Retirement outcomes are shaped by a number of factors, including: how much you save, how early you start, and how consistently you stay the course.

This simple framework helps translate a complex question into something more tangible.

In his article, [Why 5 and 20 are the key numbers for retirement success](#), Paul Hutchinson explores this idea in more depth, suggesting that you can draw no more than 5% of your retirement capital each year, growing with inflation, in order for it to last for at least 30 years. On that basis, investors may need to accumulate savings of roughly 20 times their final annual salary to target a full income replacement. Reaching these goals depends not only on how much you save, but also on when you start.



Key takeaway:

A clear retirement goal can turn an abstract idea into a practical, measurable objective.

WHY STARTING EARLY MATTERS

Time is one of the most powerful drivers of retirement outcomes.

The earlier you start, the more time your savings have to compound and the less you may need to contribute each month. Starting later often means saving significantly more to reach the same goal.

To illustrate the impact of starting early, the table below shows the contribution rates required to reach a target of 20 times your final salary by age 60:

RETIRING AT AGE 60 WITH 20 TIMES YOUR FINAL ANNUAL SALARY

WHEN YOU START	% OF SALARY NEEDED
Age 20	~15%
Age 30	~30%
Age 40	~60%



Key takeaway:

Time is one of the most powerful contributors to retirement success. Starting earlier can reduce the savings burden later.

Delaying your savings journey can make reaching your target more challenging – but it's never too late to act.

Even small increases today can have a meaningful impact over time, particularly when combined with a well-structured long-term plan.

Once you understand your target and the role of time, the next step is to take action.

PRACTICAL WAYS TO IMPROVE YOUR RETIREMENT OUTCOME

No matter where you are starting from, there are practical steps you can take to secure your financial future.

1. INCREASE CONTRIBUTIONS OVER TIME

If you are already saving, consider gradually increasing your contributions.

If you haven't started yet, beginning with an affordable amount and building over time can be a powerful first step.

2. USE TAX-EFFICIENT SOLUTIONS

Product solutions such as [retirement annuities](#) (RAs) and [tax-free savings accounts](#) (TFSA) can help your savings grow more efficiently by reducing the impact of tax over time.

Learn more about how these solutions work together in [Why it pays to invest in an RA and a TFSA](#).

3. STAY INVESTED

Long-term investing allows you to benefit from compounding – where your returns begin to generate returns of their own.

The longer you remain invested, the more powerful this effect can become.

While the [two-pot](#) system allows access to a portion of your retirement savings, frequent withdrawals from the Savings pot can significantly reduce your longterm outcomes by limiting the power of compounding.

4. GET PROFESSIONAL ADVICE

Retirement planning involves a number of moving parts, from contribution levels to investment strategy and income planning.

A financial advisor can help you bring these elements together into a plan that is aligned with your goals and unique circumstances.



Key takeaway:

A well-structured plan, supported by ongoing advice, can make a meaningful difference to long-term retirement outcomes.

TAKE THE NEXT STEP

Retirement planning is not about perfection. It is about progress.

Wherever you are starting from, taking the next step can help improve your long-term outcome. You may want to:

- start saving
- increase your contributions
- review your current plan
- understand how much you may need in retirement

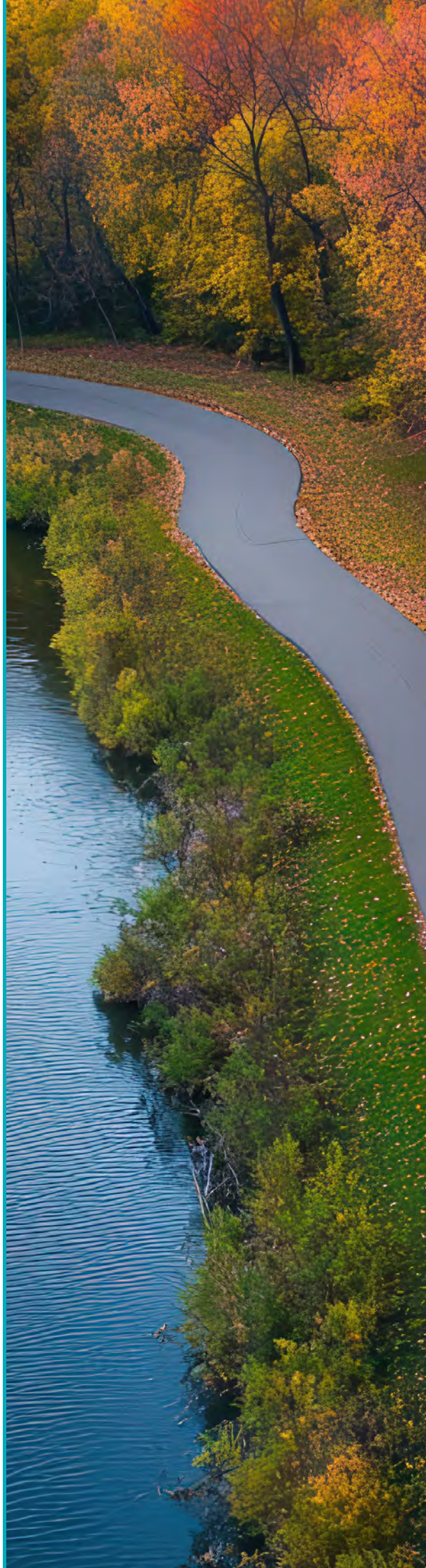
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THE IRAN/US CONFLICT AND THE RESULTING BOND MARKET OPPORTUNITY

Where SA bond yields stand, what has changed, and why the window of opportunity remains open.

By Lourens Coetzee | Investment Professional | Marriott Investment Managers

WHERE WE ARE

The war that began on 28 February 2026 ended after approximately 40 days of fighting, with a Pakistan-brokered ceasefire taking effect on 8 April. The financial and human cost on all sides had become unsustainable, and the resolution, when it came, arrived faster than many had feared. Subsequent peace talks have not yet resolved the underlying disputes, and the ceasefire has since been extended indefinitely while negotiations continue. Active fighting has not resumed but the ceasefire remains fragile.

Against this backdrop, a key remaining pressure point is the disruption in the Strait of Hormuz, which continues to keep oil prices and SA bond yields elevated. At approximately 8.9% the 10-year yield still represents a compelling opportunity.

At its core, the opportunity reflects a mismatch between the duration of the disruption and the time horizon of the instrument: bond yields reflect pricing over the next ten years, yet the disruption - which is pricing these bonds today - is unlikely to last ten months.

TWO PATHS FROM HERE

As we see the situation, there are two reasonable scenarios from this point on. What's interesting is that both paths point to lower long-term yields and reinforce our view on the current bond market opportunity.

The first scenario is that the disruption resolves relatively soon: the blockade ends, oil prices normalise, the inflation impulse fades, and SARB resumes its rate cutting cycle. In this case, yields complete their descent along the trajectory which was already underway, and the opportunity window closes in much the way we described in our previous video to investors.

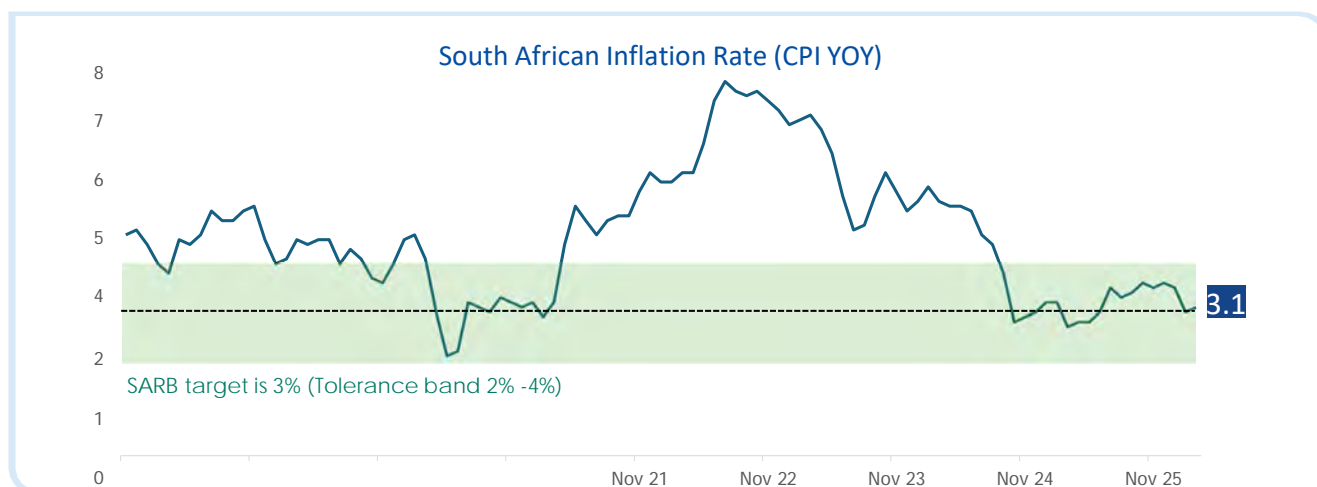
The second scenario is that the disruption persists for longer: the blockade continues, oil stays elevated, the SARB leans towards being more hawkish in the near term to defend its 3% inflation target, and there may even be an interest rate hike or two. The inflation impact, however, is a price-level shock rather than a wage-price spiral, and it should roll over in time. What persists is the effect of elevated fuel prices and higher rates on an economy that was already growing too slowly. As such, interest rates are likely to settle at a lower level than without the war, albeit at a later date, because the SARB ends with a more constrained economy than it started with.

We are not advocating for this second outcome - it imposes a genuine cost on the South African economy, which the country can ill afford - we are simply observing that, mechanically, it leads to a lower long-term destination for interest rates and therefore for bond yields.



THE NUMBERS AT TODAY'S LEVELS

South Africa entered this disruption from an unusually strong starting point - inflation was running at 3.0% in February and 3.1% in March of this year, essentially on the SARB's new 3% target. This is important, as supply shocks behave very differently when they land on inflation expectations which are already well-anchored, as opposed to when they land on inflation that is drifting. The expectations channel, which is what turns a temporary shock into a persistent problem, is protected by the low starting point.



Even with the oil price pass-through that lies ahead, headline inflation is expected to remain relatively well-behaved, peaking at around 4.5% before declining back towards 3%.

At today's 10-year yield of approximately 8.9%, against a structural inflation target of 3%, the implied long-term real yield is approximately 5.9%. For low-risk fixed-income, this is a highly attractive level by any global or historical standard, and one we believe offers meaningful value to clients today.

The market has recently shifted from anticipating rate cuts to pricing in the possibility of hikes. Our view is that the market is placing too much weight on near-term inflation risk, and too little on the strength of the position from which South Africa is absorbing this shock and the negative impact it is likely to have on growth in the months ahead.

WHAT WE ARE DOING

We continue to deploy cash into longer-dated bonds at current yields. In our view, both scenarios outlined above point to lower yields over a reasonable time horizon, with the second scenario ultimately leading to an even lower destination than the first. Importantly, investors are being well compensated while waiting for this to work itself out.

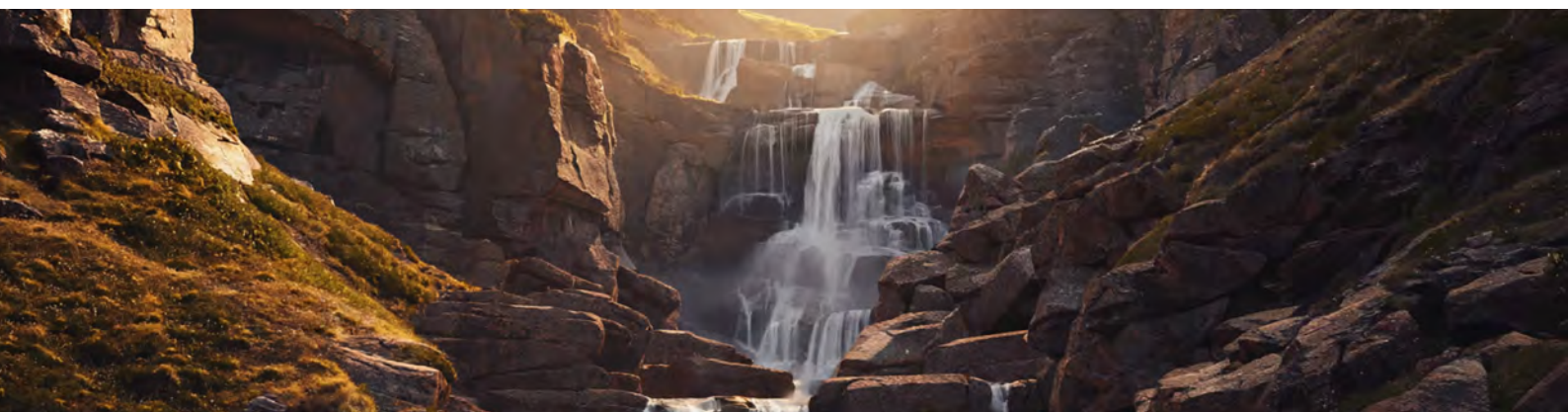
WHAT THIS MEANS FOR INVESTORS

The income generated by the Core Income Fund remains reliable, contractual, and at attractive levels. Capital invested at today's yields is securing real returns that we do not expect to be available once conditions normalise. Existing holdings should benefit as yields decline toward the destination that, in our view, both paths imply.

The fighting has ended, thankfully. So too will the blockade. When it does, this window of opportunity is likely to close. We are positioning the Fund to make the most of it.

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ARE YOU SWIMMING IN THE RIGHT WATER?

Graeme Forster | Portfolio Manager | Orbis (Offshore partner of Allan Gray)

For decades, global markets revolved around export-led growth and the gravitational pull of US assets. Now the currents are changing. Graeme Forster, portfolio manager at Allan Gray's offshore partner, Orbis, explains why domestic investment and fiscal expansion are reshaping the capital cycle, potentially marking a new era for investors and markets outside the US.



KEY TAKEAWAYS

- **The tide is turning:** For more than a decade, mercantilist policies and capital inflows into US assets created a self-reinforcing cycle that rewarded many investors. However, as US policy turns inward – marking a structural shift in the old regime – many investors could be caught off guard.
- **Repricing underway:** Non-US assets and currencies remain historically cheap, but fiscal expansion in regions such as Asia and Northern Europe could trigger capital repatriation, strengthening local currencies and lifting long-neglected equity markets.
- **Active opportunity:** While not as extreme as the immediate post-pandemic period, valuation gaps outside the US remain historically wide, presenting an opportunity for bottom-up active managers.

In his 2005 commencement address, “This Is Water”, David Foster Wallace tells a simple parable. An old fish greets two younger fish by saying, “How’s the water?” They swim away asking themselves, “What is water?” It’s a profound message: The most pervasive and important realities in our lives are often the ones we fail to notice. The same is true in investing. The market environment can become so familiar that it almost becomes invisible.

THE WATER WE’VE BEEN IN

For well over a decade, that “water” has been defined by a specific global dynamic: a world of mercantilist policies, cheap currencies, and export-led growth. Many regions – most notably in Asia and parts of Europe – have run policies designed to maintain competitive currencies and subsidise exports. Those exports were largely aimed at the US, with surplus dollar earnings flowing back into US asset markets.

The result was a powerful self-reinforcing cycle. Capital inflows into the US pushed up asset prices and drove down interest rates. Lower rates fuelled a fiscal boom, stimulating imports and further deepening the trade and capital imbalance. US assets and the dollar strengthened in tandem, rewarding investors who rode the trend.

Passive investing thrived in this environment. With US markets and the dollar seemingly locked in a perpetual uptrend, the path of least resistance for global capital was into the US. That was the water we all swam in.

HOW THE WATER IS CHANGING

But water doesn’t stay still. The environment has shifted dramatically. US policy has turned inward, emphasising domestic industrial revival and strategic tariffs. This marks a structural break from the old regime. Export-led growth models are harder to sustain when the main destination market becomes more self-sufficient.

For the export economies, this change forces adaptation. If they can no longer rely solely on US demand, they will need to stimulate their own. Rather than flowing abroad, vast pools of domestic savings may now be redirected inward toward investment, fiscal spending, and local consumer demand.

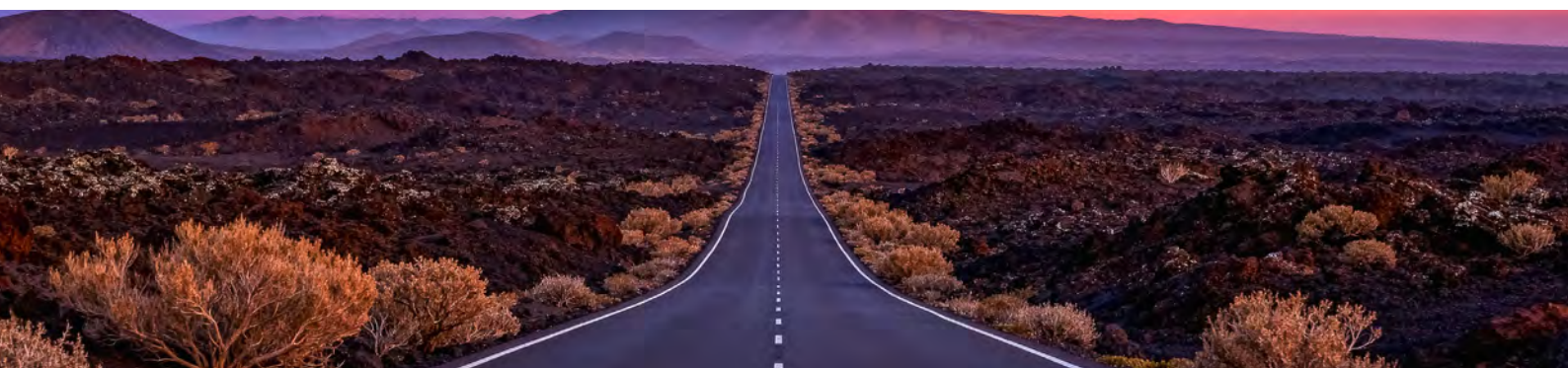
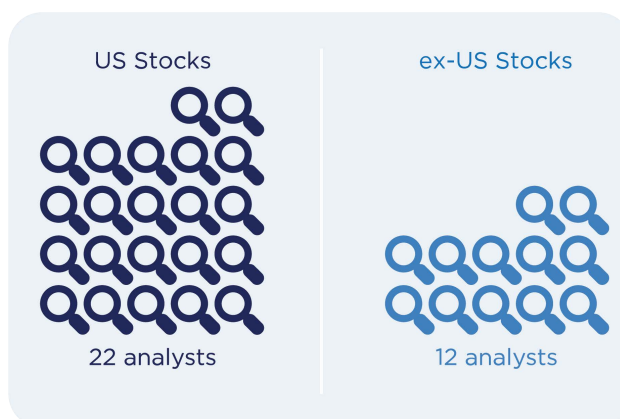


IMAGE 1: STOCKS OUTSIDE THE US RECIEVE FAR LESS ANALYST COVERAGE

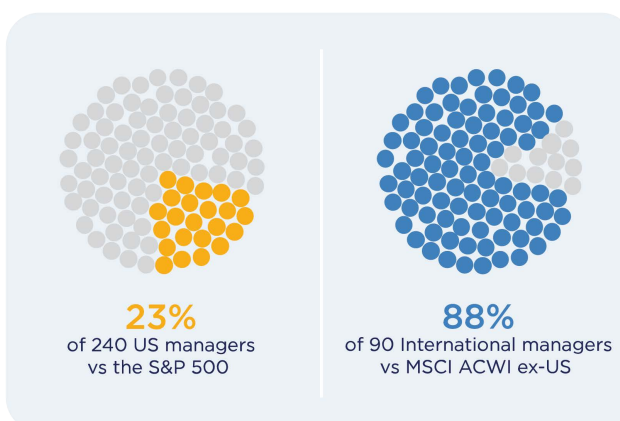
Median number of analysts covering US vs ex-US stocks in the World Index



30 Sep 2025 | Source: LSEG IBES Orbis. Analyst coverage is the number of analysts providing BHS recommendations to IBES.

This has significant implications for investors. Global portfolios are still heavily concentrated in US assets and the dollar – an understandable legacy of the last cycle, but potentially a dangerous one if the tides are turning. Outside the US, assets and currencies remain cheap – a “double discount.” Now, they may also have a catalyst: a reversal in the capital cycle, as money begins to flow back home. Fiscal expansion in regions such as Asia and Northern Europe could strengthen local currencies and lift long-neglected equity markets.

IMAGE 2: PERCENT OF SURVIVING ALL CAP EQUITY ACTIVE MANAGERS THAT OUTPERFORMED THE INDEX OVER THE LAST 10 YEARS*



Source: eVestment, Orbis. *Outperformance calculated geometrically from monthly returns in USD gross of fees. Results may be overstated due to survivorship bias (exclusion of closed, merged, or no longer reported funds). Active managers in the eVestment US All Cap Equity universe (“US managers”) experienced 51% attrition over the period while active managers in the eVestment ACWI ex-US All Cap Equity universe (“International managers”) experienced 31% attrition. The MSCI All Country World Index (ACWI) ex-USA is calculated net of withholding tax. eVestment and its affiliated entities (collectively, “eVestment”) collect information directly from investment management firms and other sources believed to be reliable; however, eVestment does not guarantee or warrant the accuracy, timeliness, or completeness of the information provided and is not responsible for any errors or omissions. Performance results may be provided with additional disclosures available on eVestment’s systems and other important considerations such as fees that may be applicable. Not for further distribution.

As demonstrated in **Image 1** and **2**, given the lack of eyeballs on ex-US markets over the last decade, markets are rife with inefficiency and therefore opportunity for active management. Indeed, an active lens is essential given the complexity involved with investing across dozens of markets with wildly different economic, political and regulatory regimes. While not as extreme as the immediate post-pandemic period, valuation gaps outside the US remain historically wide. In other words, the water may be changing – and with it, the direction of capital and opportunity.

About the author: Graeme joined Orbis in 2007 and is a director of Orbis Holdings Limited. He directs client capital in the Orbis Global Equity Strategy and is responsible for the Orbis International Equity and Optimal Strategies. Graeme holds a Master of Arts (Honours) degree in Mathematics from the University of Oxford and a Doctor of Philosophy degree in Mathematical Epidemiology and Economics from the University of Cambridge. He is also a CFA® charterholder.

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OPPORTUNITY AMID VOLATILITY: SOUTH AFRICAN FIXED INCOME IN FOCUS

Gareth Bern | Chief Investment Officer: Fixed Income | M&G Investments

Over the past two years, South African (SA) fixed income delivered exceptionally strong returns. Naturally, key questions investors are asking are whether value still exists and how to think about risk in a more volatile environment.

In this article, I reflect on what drove the strong returns, unpack the volatility experienced this year, and share how we are thinking about positioning portfolios in an uncertain but opportunity rich environment.

UNDERSTANDING THE RALLY

The past two years have been a standout period for SA fixed income, with nominal government bonds and inflation-linked bonds delivering around 21% and 13% p.a. respectively to the end of April 2026¹. Cash, while nowhere close to the same nominal return, delivered a healthy positive real return of around 4.5% p.a. with inflation broadly anchored around 3% over the period.

The primary driver behind these stellar returns was a substantial repricing of both nominal and inflation linked bond yields. The SA 10 year nominal government bond yield declined from around 12% two years ago to close to 9% by end April 2026. Given the duration of the nominal and inflation linked bonds (sensitivity to interest rates), this translated into significant capital gains for investors.

This rally was driven by a combination of positive developments over the two years that saw the market substantially reduce the risk premium and inflation expectations priced into local fixed income assets. These included meaningful structural improvements, most notably the end of load shedding, a more stable political environment following the formation of the Government of National Unity, and confidence in a structurally lower inflation environment after the SARB adopted a lower, 3% inflation target.

Progress on the fiscal front further supported market confidence, with debt dynamics improving and borrowing costs stabilising. Together, these factors created a powerful backdrop for fixed income performance.

The global environment also helped set the stage. A weaker US dollar, coupled with expectations of easing monetary policy in developed markets, supported flows into emerging markets. SA, as a high beta emerging market, benefited disproportionately.

A VOLATILE MARCH

However, this same sensitivity means that SA assets can sell off sharply during periods of global risk aversion - a reality that investors were reminded of in March. After a sustained rally, local bonds and inflation linked bonds experienced sharp drawdowns on the back of the conflict escalation in the Middle East. The magnitude of the moves highlighted the inherent volatility in duration heavy assets.

One of the most notable shifts during the month was in market expectations for monetary policy. Where the market had previously been pricing almost two interest rate cuts given the relatively benign outlook for inflation at the end of February, it rapidly swung to pricing three possible rate hikes as energy related inflation risks emerged due to the war in the Middle East.

The SARB chose to keep rates on hold in March, emphasising its focus on second round inflation effects rather than reacting immediately to supply side shocks.

OUTLOOK: INFLATION EXPECTATIONS MATTER

Inflation expectations are key to the outlook for fixed income. The impact of the war in the Middle East will see headline inflation increase in the short term. The duration of the conflict and its impact on energy, commodity and fertiliser markets, amongst others, will be crucial in determining how enduring the impact is, with the key item to watch being any sustained rise in longer term inflation expectations.



Market implied breakeven inflation rates have risen following recent volatility, reflecting heightened uncertainty. Even so, these levels remain significantly lower than historical averages and continue to sit within a range that reflects a healthy prospective real return from nominal bonds.

While geopolitical developments in 2026 have created new uncertainties, the market is not yet pricing in a material deterioration in SA's fiscal trajectory but has instead focused primarily on the inflationary impact. A prolonged conflict could start to impact growth expectations and elevate fiscal risks given the constrained fiscal position SA finds itself in.

When viewed in real terms, cash, nominal bonds and inflation linked bonds continue to offer elevated real yields. For investors with a longer term horizon, this provides comfort that they are being compensated for a significant amount of uncertainty.

CREDIT MARKETS: CALM ON THE SURFACE

SA credit spreads have remained remarkably stable, mirroring global credit markets, which have barely (relatively) budged despite the volatility in other asset classes.

Despite market turbulence, local issuance has remained healthy and demand strong, with auctions often clearing below guidance. A combination of ample demand for assets to enhance yield and a relatively limited supply of credit assets has supported spreads.

That said, spreads are relatively tight by historical standards, which calls for selectivity. Domestic credit is not obviously mispriced, but it does not offer the same margin of safety it did in the past.

FINAL THOUGHTS

SA fixed income remains a compelling asset class and a powerful tool in portfolios, but the environment has become more complex. The extraordinary returns of the past two years were driven by a rare alignment of positive factors; however elevated real yields continue to offer attractive long term opportunities.

Volatility is unavoidable, particularly in a global environment characterised by geopolitical risk and shifting inflation dynamics. Success for investors will depend on correctly aligning investments with their investment time horizon, risk tolerance, and the experience and discipline of the managers they choose to partner with.

ⁱSource: FTSE/JSE All Bond Index (ALBI) and FTSE/JSE Inflation-Linked Government Index (IGOV)

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NAVIGATING CURRENCY TRENDS AND CAPITAL FLOWS: REFLECTIONS ON 2025

By Jonathan Racussen | Dealing Director | Currency Partners

A year ago, when writing this piece, we made mention of the “sheer speed of change in a Maga-Part-Two world”. It feels fair to say that 2025 never slowed down and, given the start to this year, it seems as though 2026 has no intention of doing so either. Greenland, AI, Minnesota, Iran, Davos, tariffs on, tariffs off, Gold, de-dollarisation... all of these have hogged the headlines, been resolved or unresolved, reached record highs or dropped to multi-year lows, all in the space of a single month. The sheer amount of market-moving news, information dumping, and noise mischief-making is truly mind-boggling and, without getting too far into the existential realm, one can surely wonder just how long stable societies can continue to sustain this, let alone deal with even more.



Despite all the activity and uncertainty that last year brought, it was quite a stellar year for the Rand, starting 2025 at 18.88 and closing off at 16.55, a gain of 14%. For those wondering if this can, and will, continue, the following chart brings some good news: since the turn of the century, every year of significant Rand gains, as shown by the long red bars (the top of the bar shows where the Rand started the relevant year and the bottom where it ended the year), has been followed by another strong performance in the subsequent year. Of course, the drivers behind these moves have differed over the years (global vs domestic, economic/financial vs geopolitical, USD-driven vs ZAR-specific) and this chart does not act as a forecast; however, the pattern is worth noting. Put differently, ZAR bull rallies can typically run for 24+ months at a time - should this repeat, we may yet look forward to a year of 15.00 - 16.00 for ZAR/USD.



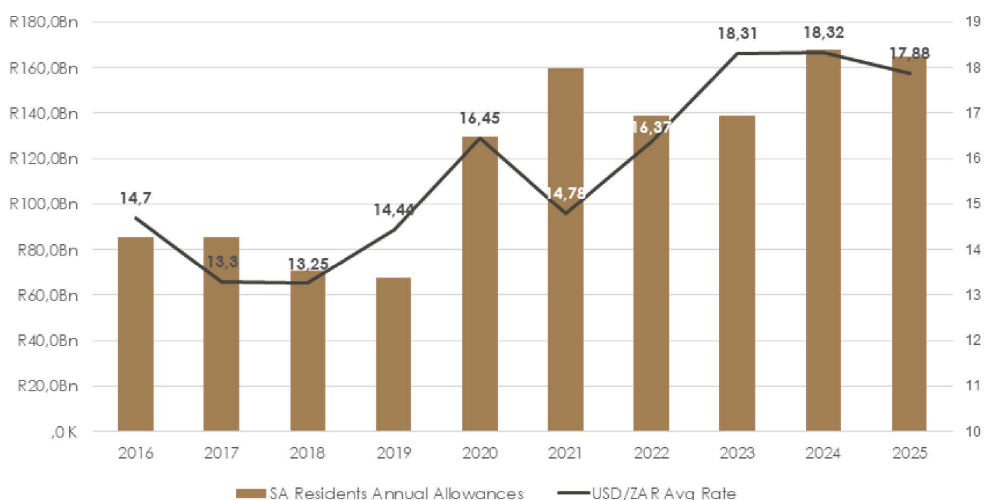
INVESTMENT OUTFLOWS

We typically view this category as discretionary offshore transactions, frequently intended for investment purposes. As such, these flows are often driven by local sentiment, the attractiveness of offshore investment opportunities and ZAR movements. In the face of a strengthening ZAR, one could therefore have expected such flows to increase, particularly during the second half of last year, during which most of the gains were made. The chart below, however, shows that this was not the case.

Part of the reason may be that the large 20% increase in such flows in 2024 compared to 2023 meant that a levelling-off was inevitable. We do get the sense, though, that the general improvement in sentiment

towards South Africa, combined with global economic and political uncertainty and elevated equity market valuations, has perhaps reduced the sense of urgency and speed of decision-making when it comes to allocating capital offshore.

SA Residents Annual Allowances vs Average USD/ZAR (BOP 511 & 512)

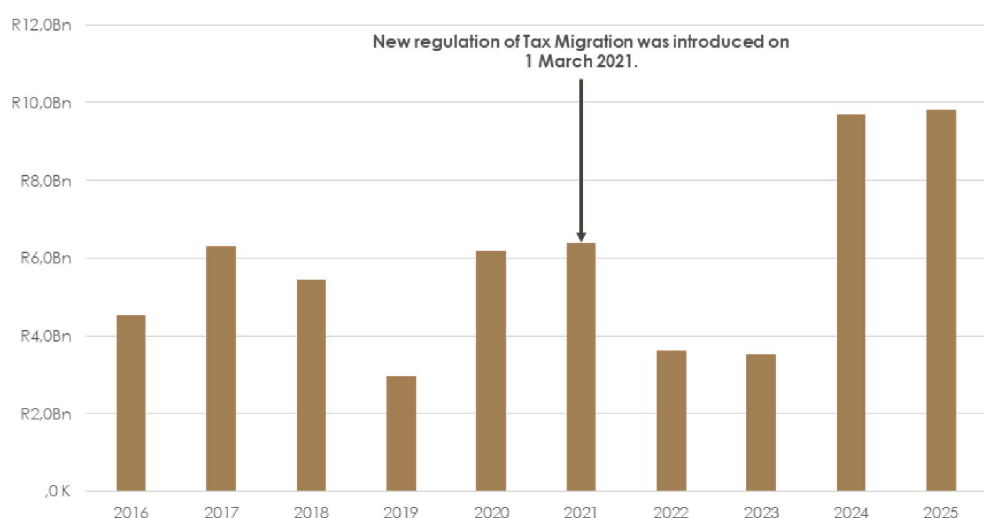


TAX MIGRATION

Last year we mentioned that the increase in this category was likely due to the change in regulations regarding Tax Migration, introduced in March 2021. We said that *“the ability of individuals who have ceased to be resident for an uninterrupted period of 3 years or longer, to access the full benefits of their non-voluntary investments, would have suddenly made a large amount of such capital available for externalisation during the course of 2024.”* Should this be the case, we may see these flows taper off somewhat, if not this year, then next.

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Capital Flows for Emigration (BOP 530)



INHERITANCE FLOWS

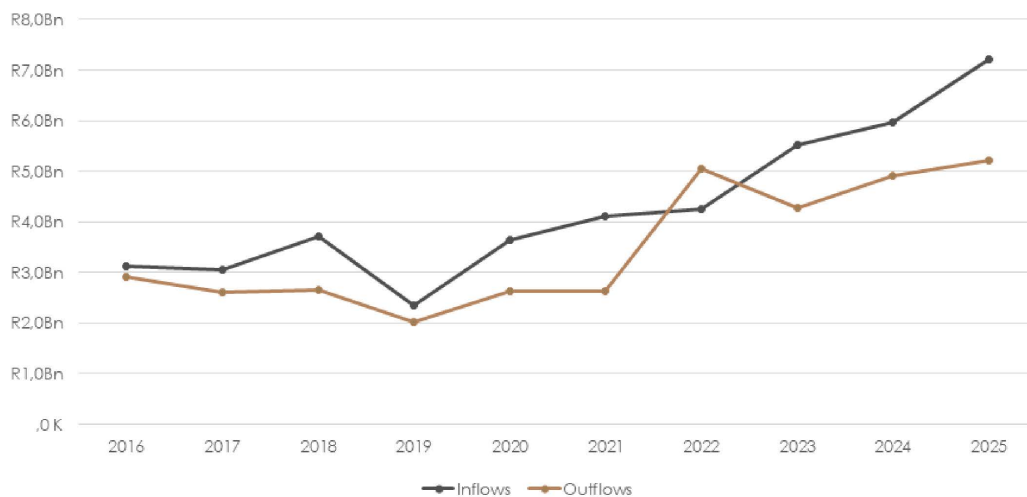
Currency Partners frequently assists beneficiaries of inheritances to remit their funds abroad, be it via their resident allowances or in their capacities as non-residents or emigrants. While the nominal quantum of these flows will always remain small in the context of total cross-border flows out of or into South Africa, this category has doubled compared to a few years ago and should continue steadily in the coming years.

Beneficiaries of all ages have remitted inheritances through us over the past few years and, given the ongoing migration of younger generations, will likely continue doing so.

As one would expect, we find that the longer an individual has been out of South Africa, the less rate-sensitive they become. Those who left more recently and still have a link to the country - be it family and friends still living here, a sense of familiarity with the situation in South Africa, or a general affinity towards their previous home - are more likely to be patient while waiting for an "attractive rate"

This year, we include a chart showing inheritance capital flows into South Africa as well, which continue to demonstrate steady year-on-year growth.

Inheritance Capital Inflows/Outflows (BOP 409)



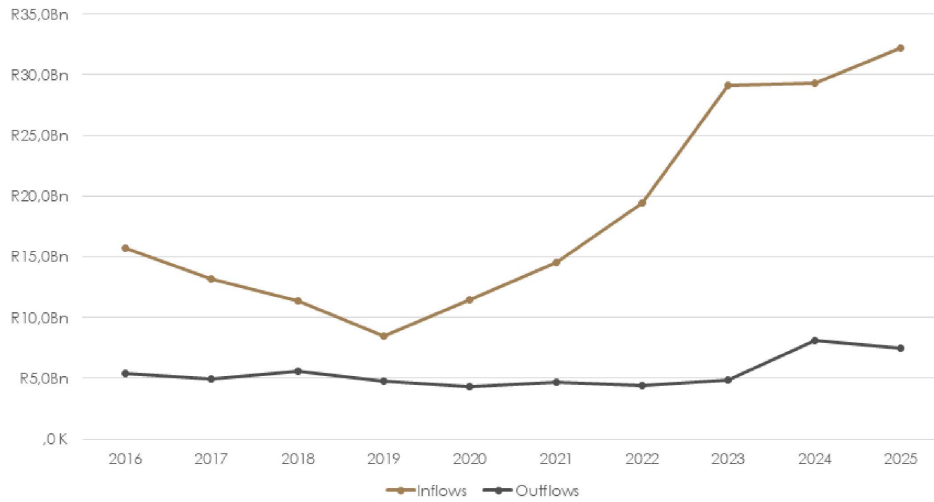
PROPERTY FLOWS

Over the past five years, inward flows in this category have more than doubled, and there is little indication that this trend is going to slow down. Currency Partners facilitates large volumes of inward currency transactions for our wide international client base across the world. We are approached daily, either directly by the purchaser or via their Estate Agent or Conveyancer, to assist in securely and efficiently introducing their capital into the country.

It should not be surprising that the bulk of the deals we facilitate are for purchases in the Western Cape, which is often pointed to as a major contributor to ever-increasing property prices in Cape Town, Stellenbosch, Franschhoek and the surrounding areas, as well as further down the coast to George, Knysna and Plettenberg Bay. At some point, increased prices and a strengthening Rand may make property opportunities less attractive to foreigners... but it seems we are not there yet.



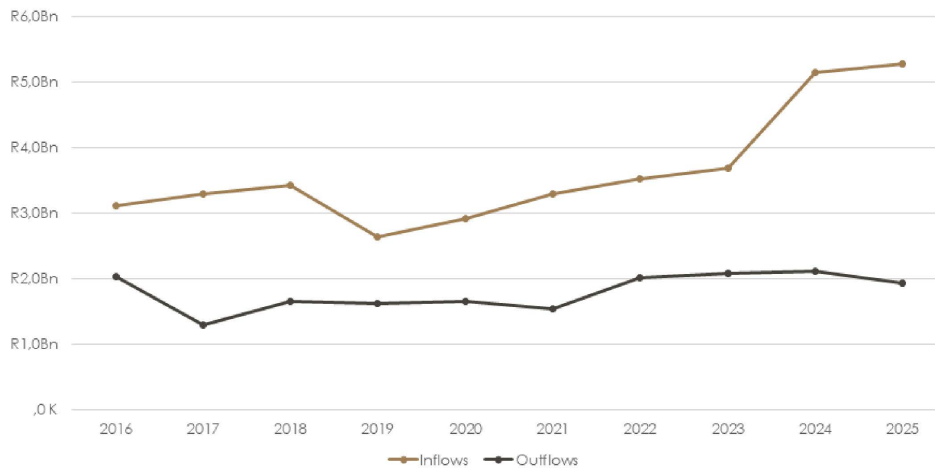
Capital Transfers by Non-Residents incl. Property (BOP 510)



TUITION FLOWS

A relatively small category, this section serves as a reminder to clients that offshore tuition fees can be funded via this allowance, rather than one’s R1 million Single Discretionary Allowance. Provided the payer can supply an invoice made out to them from the relevant institution, together with the acceptance letter for the student named on the invoice, they need not use up their individual allowance on such payments.

Tuition Inflows/Outflows (BOP 285)



LOOKING AHEAD

There is little doubt that 2026 will continue to produce news and noise at the same pace and volume, if not greater, as what we have experienced over the past couple of years. There are simply too many large-scale political, economic, technological and societal disruptions currently underway for it to be otherwise. It remains to be seen – perhaps only decades from now as a study of the past - how a globalised, yet ununified World, reacts and adapts.

Still, within this context, cross-border transactions will continue to reflect the real-world requirements of individuals and corporates and we would therefore not expect any significant deviations or slow-down in the flows experienced last year.

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ALIGNMENT THROUGH OWNERSHIP

By Anthony Sedgwick | Abax Equity

When Tim Allsop, Marius van Rooyen and Anthony Sedgwick founded Abax Investments in 2003, they had a very clear sense of the ownership structure they wanted to create.

“We wanted everyone who works here to think like a shareholder, so we decided that every staff member should own a share of the company,” Sedgwick says.

This has remained a key principle in the business. From the receptionist to the executive team, everyone who works at Abax is a shareholder.

“It creates a powerful alignment of interests, because nobody gets paid guaranteed bonuses or anything similar,” Sedgwick says. “We all get a salary, but no one is working for the salary. We all know that if we deliver for our clients as a team, the business will prosper, and we all do well.”

He says that this creates an environment where everyone appreciates what is most important.

“The business is bigger than anyone here. We do have people who have been here for longer and who have bigger roles, but the business is bigger than any individual. We will never compromise a business decision to placate an individual.”

Portfolio manager Lebeko Shai, adds that this creates a sense of the business being a partnership.

“When you wake up in the morning and come in to work, you’re not thinking about yourself,” he says. “You know that that you’re doing something for the partnership.”

“It’s also not just the investment team. The support team also owns shares. They also feel that they share in the value being created, so we all pull in the same direction.”

This has the added impact, in Sedgwick’s view, of attracting a certain type of person to the firm.

“We want to employ like-minded people who understand and are happy to live with the vagaries of this structure,” he says. “Someone who wants a guaranteed thirteenth cheque won’t come work here.

“But for someone who buys into the ethos, it’s quite an attractive place to work. We want people to think as business owners and participate in the success of the business.”

Success is therefore always a shared endeavour.

“If the business flourishes because of our collective efforts, we want everyone to benefit, not just one or two rockstars who may have played a bigger role,” Sedgwick says. “Not everyone is making the final decisions on large pools of money, but everyone participates in the success of the business from the most junior members to the most senior.

“We’ve always felt is powerful, and we have a sharing philosophy. We don’t have separate pools. If the balanced fund has done phenomenally well, that doesn’t mean the portfolio managers get a separate payment tied to the performance of that fund. We all share in one profit pool together, and that is a very unifying thing.”

Portfolio manager Matthew de Wet adds that this has benefits to the investment process as well.

“We have specialists and generalists in the investment team, and what sharing in the same pie does is that everyone wants to share their best ideas, regardless of the mandate,” he says. “They’re not just focused on delivering for their fund. Everyone wants to see the best views getting used across all the portfolios.

“It also means anyone can suggest any idea, even if they’re not a specialist in that area or asset class. That cross pollination makes sure all the best ideas are filtering through to all mandates.”

There is also no incentive for anyone to try to get a specific security into a fund, because incentives are not tied to whose ideas are used.



“Some of the best ideas might also be about avoiding stocks,” Shai says. “We aren’t just pushing to get our stocks into portfolios.”

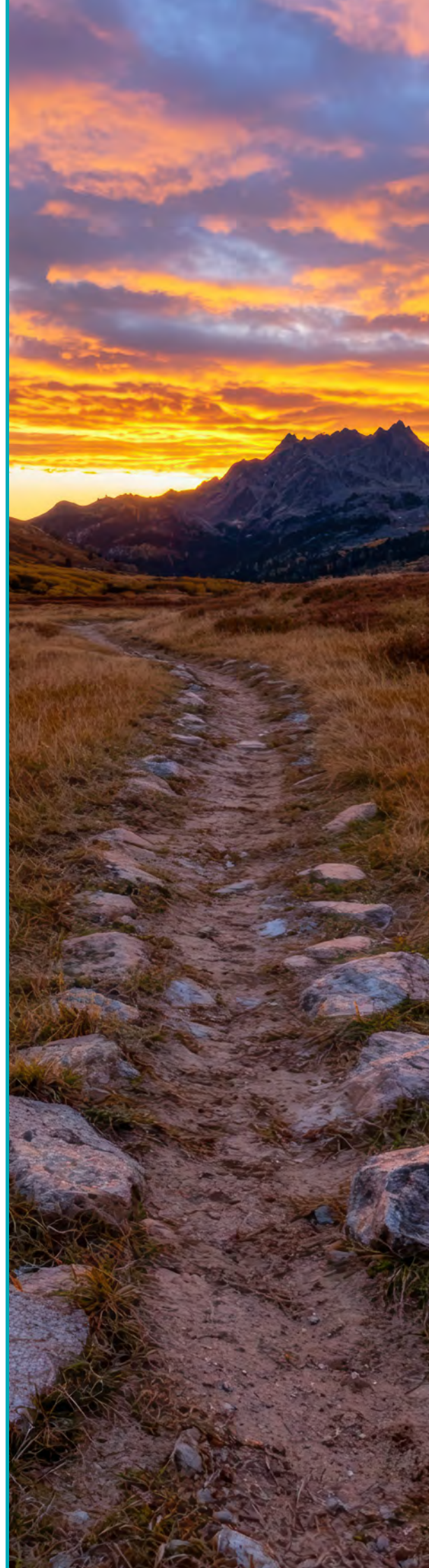
Since incentives are based purely on shareholding, and therefore on the collective success of the business, there are also none of the human resources complications that can arise around bonus time.

“We have kept the business as simple as possible because we want to allocate 90% of our time to investments,” De Wet says. “We mostly get that right, because we are quite deliberate about it.

“When you are rewarded on your own little thing. The amount of time and mind space that takes up – having bonus discussions, performance appraisals, worrying about what someone else’s bonus is relative to mine – can be significant. At Abax, the distraction and dissonance that causes this is removed.”

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TWO FISH, ONE QUESTION

AND THE BUSINESS THAT ANSWERED IT

By Shaun Ruiters | Chief Executive Officer | PPS Investments

A few years ago, I attended a conference where a speaker opened with a simple parable that has stayed with me ever since. Two young fish are swimming through the ocean when an older fish swims past them and says:

“Morning boys. How’s the water?” The two younger fish continue swimming for a while in silence until eventually one turns to the other and asks: “What’s water?”

At first, it seemed like an amusing story. But on reflection I realised how profoundly relevant it was, not only to life but to business, wealth and the systems we participate in every day. Because the everyday currents we navigate, the constant realities shaping our lives, are often the things we stop noticing altogether.

We become so immersed in our environment that we rarely pause to question how it functions, who it benefits, or whether there may be a different way altogether.

THE WATER WE SWIM IN

Nowhere is this truer than in the world of money. Most of us do not stop to ask how value really moves. It becomes the unquestioned way things are done. A business performs well, profits rise and value moves outward to external shareholders and markets. It becomes the water we’ve all been swimming in for decades. Until someone asks a different question.

Not: “How much did we make?” but rather: “Who does this actually benefit?” That question changes everything. Because there is another way of thinking about value. A quieter way. One built on the belief that the people contributing to a system should also meaningfully share in its success. That philosophy sits at the heart and ethos of mutuality.

A DIFFERENT WAY OF THINKING ABOUT VALUE

Mutuality is not a marketing concept or corporate slogan. It is a structural principle. Rather than profits being extracted outward, value remains within the ecosystem and is shared among the very members who helped sustain it. In 2025, approximately and on average 93% of premiums received by PPS Group will be returned to members, a tangible reflection of mutuality in action. In simple terms, profit stops leaving the room.

Of course, the foundation of any mutual model must still begin where all financial systems should, with protection. When life changes unexpectedly through illness, incapacity, loss or financial disruption, the system must respond when members need it most. That is where trust is built, not in theory, but in real moments affecting real families and futures.

Alongside this sits another important principle: long-term stewardship. Risk must be managed responsibly. Decisions must be made sustainably. Discipline matters because mutuality only works when the system is designed to endure beyond short-term cycles and market noise.

BEYOND PRODUCTS AND PERFORMANCE

Perhaps the most interesting shift is how this model changes the experience for clients and advisers alike.

Wealth becomes about more than financial gain. It becomes about alignment.

For clients, there is comfort in knowing the structure surrounding their financial journey is designed to work with them over time, not simply on their capital.

For advisers, the conversation evolves beyond performance tables and product comparisons. It becomes possible to speak about fairness, alignment and shared participation with genuine authenticity because the structure itself supports the advice being given. In South Africa, this context matters deeply.



We operate within one of the most unequal societies in the world. Access to education and economic mobility remains unevenly distributed. Graduate professionals still represent a relatively small portion of the broader population, while youth unemployment continues to rise.

In an environment like this, the question of where value flows becomes more important than ever. Because wealth does not exist in isolation from society. The systems we build today will ultimately shape the kind of country we leave behind tomorrow.

WHY SHARED SUCCESS MATTERS

When value remains within an ecosystem, it creates the ability to think beyond quarterly outcomes. Education becomes an investment rather than a donation. Future professionals can be supported, developed and prepared for meaningful participation in the economy.

I'm often reminded of Nelson Mandela's words: "Education is the most powerful weapon which you can use to change the world." In many ways, that idea sits at the heart of long-term shared success. Over time, today's students become tomorrow's professionals, members, business owners and contributors themselves.

At PPS Investments, this philosophy shapes how we think about long-term impact, from supporting educational initiatives and graduate development pipelines, to investing in platforms that help create future professionals who may one day participate meaningfully in the mutual system themselves. Importantly, this is not separate from financial discipline. It is enabled by it.

Strong investment outcomes still matter.
Protection still matters.
Responsible stewardship matters more than ever.

But increasingly, clients are also asking a broader question: "What does my wealth enable beyond my own balance sheet?" That question may define the next generation of wealth creation. Because perhaps the true value of wealth is not only what it accumulates, but the endless opportunities it could create if deployed responsibly.

Most people never stop to question the water around them. They simply swim within it.

However, once you experience a model where value stays closer to the people who create it, where long-term thinking outweighs short-term extraction, and where success is intentionally shared rather than separated, it becomes difficult to look at wealth in quite the same way again.

Two fish.

One question.

And perhaps, a different way of thinking about success itself.

Because success, it turns out, really is better shared.

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IS YOUR WEALTH TRULY 'LIFE READY'?

By Sharon Hamman | Senior Legal Adviser | Momentum Distribution Services

Wealth is rarely accidental. It is the result of deliberate strategy, disciplined execution, and informed decision making over time. Whereas wealth creation is tangible, wealth protection and preservation operate quietly in the background, often going unnoticed – until something goes wrong. This raises an important question:

Is your wealth adequately protected, structured, and prepared for life's uncertainties?

THE VULNERABILITY OF ACCUMULATED WEALTH

Wealth, particularly at scale, often introduces complexity. Multi jurisdictional assets, diverse investment structures, business interests, and evolving family dynamics create layers of opportunity, but also risk. While growth is visible and measurable, risk is often silent. It typically only becomes apparent when triggered by life events.

Consider these realities:

- Would your family have immediate access to funds if you were no longer there?
- Are your assets structured in a way that avoids unnecessary tax exposure?
- Is there certainty around the continuity or disposal of your business interests?
- Would your estate plan withstand legal, tax, and administrative scrutiny across jurisdictions?

These are not theoretical considerations but material risks with potentially significant financial consequences.

THE COMPOUNDING IMPACT OF TAX INEFFICIENCY

One of the most significant threats to high net worth estates is not investment underperformance, but tax leakage and structural inefficiency.

In South Africa, the combined impact of capital gains tax, estate duty, and administration costs can erode a substantial portion of an estate's value on death. When wealth transitions across multiple generations without appropriate planning, this erosion is compounded, resulting in a meaningful reduction in family wealth over time.

For globally mobile families, this challenge is amplified by differing tax regimes and jurisdictional complexities. Planning requires a multi generational perspective that considers beneficiaries' tax profiles and residency status and the strategic use of appropriate ownership structures. The objective is not merely to minimise tax today, but to ensure that wealth is transferred efficiently and sustainably across generations.

LIQUIDITY IS ESSENTIAL

A common misconception is that wealth equates to liquidity. In reality, many high value estates are asset rich but cash constrained. On death, estates face immediate financial obligations, including taxes, liabilities, and administration costs. Where liquidity is insufficient, executors may be forced to dispose of assets, often prematurely or under unfavourable conditions.

This risk is particularly acute where wealth is concentrated in illiquid investments, assets and offshore structures with restricted access.

SUCCESSFUL SUCCESSION

Succession planning extends to the preservation and distribution of assets. This is particularly important for business owners. Without proper planning, the death or disability of a business owner can create uncertainty and negatively impact the value of the business. Appropriate mechanisms can be put in place to ensure



certainty and fairness for all stakeholders.

A valid, executable, and up-to-date Will, aligned with current beneficiary nominations, ensures that your estate is administered efficiently and according to your wishes.

PLANNING FOR LIFE AND DEATH

Estate planning is often focused on death; however, to be effective, it should address both lifetime risks and post death realities. During life, unexpected events such as critical illness or disability can alter financial trajectories and place strain on personal and family resources. Without adequate planning, these risks can undermine long term objectives.

After death, the practical realities of estate administration – delays, frozen accounts, and regulatory processes – can create temporary or even permanent financial strain for dependents.

THE CRITICAL ROLE OF RISK PLANNING

Risk planning is often underestimated, yet it is one of the most powerful tools available to protect your wealth and your family's future. In many instances, accumulated wealth is seen as a risk solution, however, life events are not planned, it happens when it happens. They occur unpredictably, whether markets are down, pandemics break out, or global crises emerge – when they happen without the necessary protection in place, the consequences can be devastating.

Therefore, a risk strategy should be developed to protect wealth, not rely on it. Appropriately structured life, disability, and critical illness cover form the cornerstone of this strategy, providing immediate, tax efficient liquidity, ensuring that assets are retained, businesses preserved, and beneficiaries protected.

These solutions are more than policies; they are financial instruments designed to uphold the integrity of your long-term plan.

YOUR FINANCIAL ADVISER IS YOUR STRATEGIC PARTNER

As wealth is created and estate complexity increases, the role of the financial adviser becomes increasingly critical. A trusted adviser does not merely provide product solutions, they act as a strategic partner, coordinating across all financial planning disciplines. This includes structuring and integrating investments and risk cover, identifying and mitigating emerging risks, facilitating family conversations and succession alignment, collaborating with legal, tax, and fiduciary specialists, and providing ongoing review and adaptation as circumstances evolve.

The adviser brings an objective, disciplined perspective, ensuring that decisions are not only technically sound, but also aligned with long term objectives and legacy aspirations.

SECURING A LASTING LEGACY

Wealth is more than a financial resource; it is a legacy. Without deliberate planning, even substantial wealth can diminish over time. However, when properly structured and protected, it has the potential to support not only current needs, but also future generations and enduring family outcomes.

Ultimately, the question is not simply whether your wealth is growing but whether it is resilient, protected, and prepared.

The question, therefore, is simple:

Is your wealth ready – not just for growth – but for life?

Disclaimer:

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INDISCRIMINATE SELLING VERSUS DISCIPLINED LONG-TERM INVESTING

FINDING OPPORTUNITY AMID THE AI TRANSITION

By Marc Talpert | Portfolio Manager | Coronation Fund Managers

Markets today move in synchronised waves of buying and selling, often regardless of fundamentals. This is the consequence of shrinking time horizons and a market structure in which up to 80% of daily trading value is driven by non-fundamental investors. As a result, single-stock volatility has tripled, and even small earnings misses can now trigger selloffs of 20% to 40%.

This is the reality against which we have to invest. But in a world of indiscriminate panic, there is opportunity for investors who have done the deep work.

THE MARKET CANNOT DISTINGUISH BETWEEN TRUE LOSERS AND MISUNDERSTOOD BUSINESSES

The market has divided the world into AI winners and perceived losers, moving capital with great conviction into obvious beneficiaries and synchronised selling of everything else. But that word “perceived” matters deeply, because many businesses being sold as losers are actually well-positioned for the future. Some of the businesses being indiscriminately sold today are not true AI losers, but rather businesses caught up in the selling alongside genuine losers, and the risk profile is completely different.



We have been through a similar process before. At the end of 2021 and into early 2022, the market swung sharply from growth at any cost to rejecting all unprofitable businesses, and that synchronised selling created opportunities. Spotify, for instance, fell sharply during that period and is now up three to four times from those lows – the opportunity cost of selling great businesses into a panic. The distinction between genuine disruption and temporary dislocation requires something the machine-driven market lacks: deep proprietary research.

OUR STRUCTURAL ADVANTAGE: A LONG-TERM HORIZON IN A SHORT-TERM WORLD

For us, this environment reinforces what we have successfully applied for 30 years: a long-term horizon and valuation discipline. It's increasingly rare to find managers who maintain both. True long-term managers with genuine long-term capital and the conviction to deploy it through cycles, are becoming scarce, displaced by short-term performance pressures and non-fundamental flows. We still believe that earnings drive stock prices, but that relationship plays out over five to 10 years, not five to 10 days. There is considerable noise, but on a decadal view, share prices and earnings should be closely correlated, which is why we structure our portfolios around what a business will earn through an entire cycle, not what it will earn next quarter. This long-term discipline, paired with deep proprietary research and valuation discipline, remains our DNA, and the investment philosophy we employ has not changed materially in three decades. In an inefficient, increasingly dislocated market, we believe that makes us structurally advantaged.

FOUR CATEGORIES OF OPPORTUNITY

The biggest opportunities tend to come from the biggest changes, and paradigm shifts always create immense wealth while destroying it in equal measure. For example, the internet created businesses like Amazon and Netflix while destroying once-dominant names like Blockbuster and Kodak, and the mobile revolution saw Nokia completely disrupted by Apple. We expect AI to be no different, and against this backdrop, we see opportunity in four distinct areas.

- **Deep infrastructure** comprises the foundational layer of businesses that build the chips and equipment underpinning AI, such as TSMC and ASML. These businesses have operational complexity and proprietary moats that are difficult to disrupt.

- **AI-first cultures** are businesses like Alphabet and Meta that have always been technology-first, and the arrival of AI strengthens rather than threatens their competitive positions.
- **Unexpected beneficiaries** are emerging-market businesses such as Nubank, Mercado Libre, and DoorDash, operating in high-growth regions and led by best-in-class management teams that are integrating AI while strengthening competitive moats.
- **Misunderstood disruptees** require deep analysis. Uber's value is not in matching supply and demand but in operational complexity such as surge pricing, driver supply, and customer complaints that cannot be easily replaced by an AI agent. Similarly, Booking.com has trust relationships with hundreds of thousands of hotels and provides post-travel support that goes well beyond what an AI chatbot can handle. Julius Baer, too, demonstrates that financial advice is fundamentally about trust.

CAREFUL PORTFOLIO CONSTRUCTION AND HUMILITY

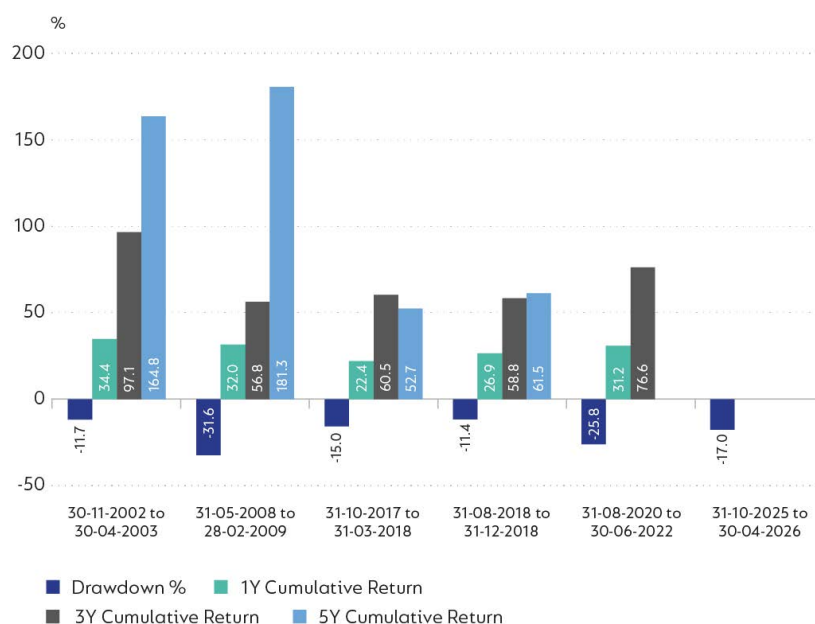
We have previously commented that AI has the potential to disrupt many business models, and that there is a continuum of risk. We remain humble in our views and are willing to change our minds if the facts change. Still, we believe there are strong arguments that many companies are resilient to AI disruption, and that some will prove to be significant beneficiaries over time.

Our [Coronation Global Optimum Growth Fund](#) holdings reflect this conviction, with its top 25 holdings trading at a three-year average price-to-earnings multiple of 13x and offering a weighted-average upside of approximately 100% and an expected internal rate of return of more than 20%.

The portfolio does not reflect a concentrated bet on a single theme but rather diversification across a broad range of mispriced categories, dominated by what we view as AI winners and AI-neutral businesses. (For a fuller account of our recent portfolio activity, including the businesses we have been adding to during the dislocation, see our latest Coronation Global Optimum Growth Fund [fact sheet](#)). We are excited, and history shows us (see Figure 1) that these periods of dislocation have typically been followed by substantial rewards.

Figure 1

DRAWDOWN PERCENTAGE AND SUBSEQUENT RECOVERY: CORONATION GLOBAL OPTIMUM GROWTH [ZAR] FEEDER FUND



Sources: Coronation and Morningstar, Class P (for A-class returns, please refer to the Fund's MDD available on coronation.com)

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AVOIDING SEQUENCE RISK THROUGH MARKET NEUTRAL HEDGE FUNDS

By Brian Thomas | Portfolio Manager | Laurium Capital

Hedge funds are often spoken about in hushed tones. To many investors, they are often seen as risky, complex, opaque, or as products reserved for the ultra-wealthy.

That reputation has roots in their early history, when regulation was limited, transparency was low, and access was restricted. However, today in South Africa, hedge funds are regulated under the Collective Investment Schemes Control Act (CISCA) and overseen by the Financial Sector Conduct Authority (FSCA). Retail Investor Hedge Funds must comply with strict rules on leverage, liquidity, diversification and disclosure, and most offer daily pricing and liquidity, making them far more accessible and transparent than many investors assume.

When used appropriately, hedge funds can play a valuable role in helping investors reduce volatility, limit drawdowns, and enhance long-term returns in a broader portfolio. This article will highlight the importance of stability that a market neutral hedge fund can provide, especially in mitigating sequence risk.



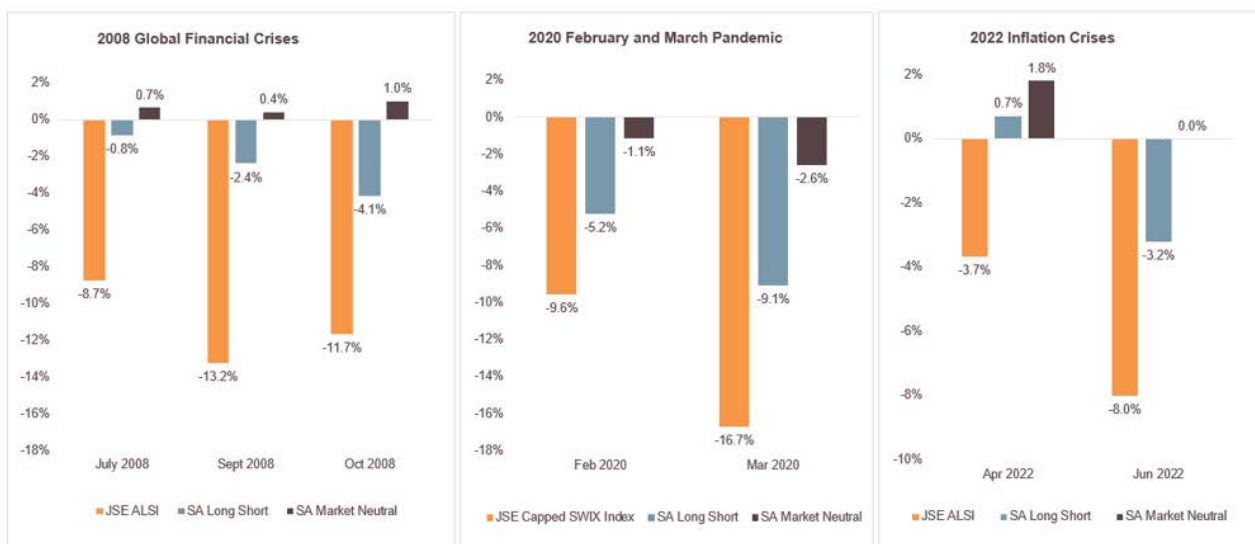
FIRSTLY, WHAT IS A HEDGE FUND?

At its core, a hedge fund is a fund with greater flexibility than a traditional long-only fund. While a traditional equity fund can only buy shares and benefit as they rise, a hedge fund has a broader toolkit. It can buy shares it believes will perform well (the same as a long only fund) but it can also short sell shares it believes will underperform. In addition, hedge funds can employ leverage to amplify returns and derivatives to manage risk.

One specific type of hedge fund is a market neutral fund which aims to minimise exposure to overall market movements by balancing long and short positions carefully. The result is a strategy designed to deliver returns that are largely independent of whether markets rise or fall

Market neutral funds in South Africa have demonstrated their ability to protect capital in times of crises like the 2008 Global Financial Crisis, the 2020 Covid pandemic, the 2022 inflation crisis and more recently in March 2026, when the US-Iran conflict led to a wide-spread market drawdowns.

TABLE 1: DRAWDOWNS OF AVERAGE SA HEDGE FUNDS VS. FTSE/JSE ALL SHARE



SOURCE: HEDGENEWS AFRICA – PERFORMANCE NET OF FEES

WHAT IS SEQUENCE RISK?

Sequence risk is the risk that poor market returns early on in one's retirement, especially while one is drawing an income, does disproportionate damage to one's portfolio and reduces how long it can last. In other words, it's not only what return you earn, but when you earn it, relative to withdrawals. It matters most for investors nearing retirement or already retired, because withdrawals can lock in losses and there is typically no new capital coming in to help the portfolio recover.

AVOIDING SEQUENCE RISK: MARKET NEUTRAL HEDGE FUNDS

To avoid sequence risk, an income-drawing portfolio needs to hold up well in times of market drawdowns. To demonstrate the potential benefits of a market neutral hedge fund, let's consider an investor who retired five years ago at the end of March 2021 with R20 million and requires CPI + 4%, with an annual draw of 4.5%. The investor is invested in a "Stable Fund", which is a low-equity multi-asset fund. The investor could alternatively choose to invest in a blend of the "Stable Fund" and a "Market Neutral Hedge Fund" either 70/30 or 50/50. The table below shows the value of the investment after 5 years later using actual historical data.

Starting value	R20 000 000
50% Market Neutral* 50% Stable*	R26 121 168
70% Market Neutral* 30% Stable*	R25 590 976
100% Stable*	R24 795 689

*Please note: The Laurium Stable Prescient Fund and Laurium Market Neutral Prescient RI Hedge Fund have been used to illustrate the effect of these strategies.

While the analysis is based on past performance and is not necessarily a guide to future performance, the market neutral hedge fund's low correlation with the equity markets has been more robust in market downturns, which can reduce sequence risk.

CLOSING REMARKS

Hedge Funds deserve a more nuanced assessment than their stereotypes suggest. Rather than chasing market direction, market neutral hedge funds seek to provide consistent, low volatility returns through different market cycles, which makes them especially valuable during periods of stress or drawdowns. Combining an allocation to a market neutral hedge can help reduce sequence risk through less downside capture than a traditional low equity, multi-asset fund.

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