



FG INVESTMENT PARTNERS

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EDITORIAL COMMENT

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A difficult quarter for markets and investors

The first quarter of 2026 was unsettling for investors. The performance of most asset classes was significantly marred by turmoil erupting in the Middle East, following the outbreak of war between the US, Israel, and Iran at the end of February. Up to that point, markets had been supported by solid economic data and upbeat earnings growth. Performance then turned sharply negative in March as the risk of material energy supply disruptions became clearer.

The MSCI World Index recorded a negative 3.5% return in US dollar terms for the quarter, with March alone down 6.3%. Emerging markets equities, which are generally more vulnerable to a surging oil price, fell by 13% in US dollar terms in March, although they were only slightly negative for the quarter as a whole. The FTSE/JSE All Share Index fell by more than 10% in rand terms, which dragged quarterly performance into slightly negative territory.

The rand also came under pressure, weakening by 6.3% in March and ending the quarter just below 3.0% weaker against the US dollar. Gold and platinum prices, which had previously been very supportive of the local currency, also pulled back by 12% and 17%, respectively, in March. Global bonds, facing the prospect of higher energy-driven inflation, were also negative for the quarter.

A more cautious economic backdrop

From an economic perspective, the International Monetary Fund has downgraded both global and local growth forecasts in response to the energy crisis, highlighting that the longer it persists, the greater the likely economic damage.

Here at home, our reliance on imported refined energy products is putting additional pressure on us. The South African Reserve Bank held interest rates steady at its most recent meeting, and market participants are no longer forecasting interest rate cuts in the foreseeable future.



Our positioning remains measured

From a positioning perspective, we recognise that, over the longer term, fundamentals tend to reassert themselves and that high oil prices often contain the seeds of their own reversal as supply eventually responds one way or another.

Markets may remain unsettled for some time, but a conservative approach and meaningful diversification should continue to reassure you when you invest with us.

What you'll find in this edition

This edition includes a range of perspectives on the forces shaping markets and investor decision-making. The changing markets and geopolitical uncertainty make publishing a 'latest view' tricky, especially given the extent of the changes in markets over the quarter.

Having said this, in this edition, we feature *A changing world order: beyond the headlines* by Renier de Bruyn of Sanlam Private Wealth. This piece was published in February, so while specific views are likely to have evolved, we hope you agree that it remains a relevant and thoughtful contribution to the broader long-term geopolitical discussion.

We also include *Discipline delivered: why the 2026 Budget matters* by Malcolm Charles and Jaco van Tonder of Ninety One, which explores the significance of this year's Budget in a volatile environment.

In *Two-pot withdrawals meet market volatility: the costly timing trap for retirement savers*, Jaco van Tonder highlights the risks of making withdrawal decisions at the wrong point in the market cycle. We also feature *Valuation matters more, not less, when change accelerates* by Christo Lineveldt of Coronation Fund Managers, which reinforces the importance of remaining disciplined when markets are moving quickly.

Together, these articles speak to a common theme: in uncertain times, perspective, patience and disciplined decision-making matter more than ever.





A CHANGING WORLD ORDER: BEYOND THE HEADLINES



Adapted from an article by
Renier de Bruyn

Head of Asset Allocation
Sanlam Private Wealth



Date of publication: 5 February 2026

From Venezuela to Greenland to Iran, recent headlines suggest a sharp escalation in global risk. But these geopolitical flare-ups aren't random – they reflect a deeper, long-term shift in the global order. As power is redefined and governments evolve how they wield economic and political influence, the investment landscape is changing too. For investors, the takeaway is clear: structural shifts demand a more thoughtful, diversified and resilient approach to portfolios.

Moving away from Pax Americana

For much of the post-World War II era, the global system operated under what's often called Pax Americana. The US was the dominant economic, military and political power, underwriting global security, open trade and multilateral institutions. Historically, periods of broad economic openness have coincided with dominance by a single hegemon.

That era is now fading. Clear indicators – from share of global trade and foreign investment to influence in international institutions – show US dominance in decline, while China's economic and industrial power has surged. What's emerging is a return to great-power competition in a multipolar world, which is more reminiscent of the 19th century than the post-war period investors have grown accustomed to.

Trump: forceful messenger

The Trump administration's 'America First' agenda is often cast as political theatre – but it taps into deep-seated economic and strategic anxieties within the US electorate.

China's rise as the world's manufacturing powerhouse has brought cheaper goods worldwide, but at a cost: hollowed-out US industries, fragile supply chains, widening trade deficits and rising inequality. Many Americans now view the global system as one that the US is over-generous in sustaining, but that no longer serves its interests as well as it once did.

Crucially, concern over China is now bipartisan in Washington. There's growing consensus that markets alone can't ensure national resilience. Political intervention through trade policy, tech controls and supply chain reshoring is increasingly seen as justified, even at the cost of economic efficiency. Trump didn't create this shift – he has simply been its most forceful messenger.

The rise of geoeconomics

One of the most important changes investors need to understand is the rise of geoeconomics – the use of economic policy to achieve foreign policy goals, and vice versa.

Trade, finance, technology and energy policy are no longer treated as neutral, positive-sum tools. They are increasingly used as weapons of statecraft – from the threat or imposition of tariffs and pressure on allies to increase defence spending, to withdrawal from multilateral agreements and the selective use of sanctions.

The US dollar's central role in global finance gives Washington unique leverage. Tools like financial sanctions and US Federal Reserve swap lines have become instruments of strategic influence. At the same time, the US is pushing back against what it sees as allied free-riding, seeking a repricing of its role in upholding global order.

This doesn't mean the US is becoming isolationist. Rather, it is becoming more transactional, demanding clearer economic or strategic returns from its partnerships.

Energy and resources

Energy and natural resources are central to the new era of strategic competition. Historically, access to cheap, reliable energy has been a foundation of both industrial strength and geopolitical influence.

Recent US actions point to a shift away from passive energy self-sufficiency towards active control of key markets, particularly in oil and gas. The Trump administration has been explicit that its intervention in Venezuela was motivated by access to energy resources and investment opportunities in the oil sector.

Seen in this context, US pressure in the Western Hemisphere, rhetoric around Greenland and assertiveness in the Middle East are not isolated moves or random escalation. They reflect a broader strategy of regional dominance.

De-globalisation and instability?

A common fear is that this transition will lead to outright de-globalisation and sustained market instability. History suggests a more nuanced outcome.

Great-power rivalry tends to be episodic rather than constantly explosive, with long stretches of tense normality. Trade becomes political, but it doesn't disappear. Instead, it is re-routed, with supply chains adjusted for national security concerns rather than dismantled entirely.

Importantly, today's world is far more financially integrated than during the Cold War. This makes a full US-China decoupling unlikely. A partial rebalancing of supply chains in sensitive sectors is a more realistic scenario.

What markets are telling us

Despite the dramatic headlines, financial markets have remained remarkably resilient. Equity markets have absorbed geopolitical shocks without broad sell-offs.

Markets appear to judge that these developments don't significantly threaten corporate profit prospects or the medium-term inflation outlook. A strong earnings environment, productivity gains from AI and a shift towards lower interest rates have all helped underpin market stability.

At the same time, geopolitical tensions are likely to drive fiscal support, particularly in defence, infrastructure and supply-chain resilience. These areas can provide durable tailwinds for select sectors.

Portfolio implications

For investors, the key takeaway is that the global investment environment has changed in structural ways, even if markets don't overreact to every geopolitical flashpoint.

In a more fragmented and competitive world, diversification becomes more critical. Exposure to structural growth themes, especially AI and productivity-enhancing technologies, remains essential. Companies with resilient business models, strong balance sheets and pricing power are best placed to navigate geopolitical uncertainty.

The US-China rivalry won't be settled over a single cycle. It will likely unfold over decades, marked by tense coexistence and selective economic separation rather than the emergence of a definitive winner.

Beyond the noise

Geopolitical headlines can be unsettling, but they shouldn't distract investors from the deeper forces shaping markets. The shift from a post-war, US-led order to a more multipolar world isn't inherently bad for long-term returns – but it does demand greater focus on diversification, resilience and long-term strategy.





DISCIPLINE DELIVERED – WHY THE 2026 BUDGET MATTERS

Adapted from an article by



Malcolm Charles
(Portfolio Manager,
SA Fixed Income)

Ninety One



Jaco van Tonder
(Adviser Services
Director)

Ninety One

South Africa's 2026 Budget may well be remembered as the moment fiscal credibility moved from aspiration to evidence.

After years in which investors braced for slippage, surprise spending and rising debt ratios, this year's Budget delivered something different: restraint, realism and a clear commitment to consolidation. At a time when some feared an 'election-style' giveaway, National Treasury chose discipline instead.

For bond markets, for advisers, investors and households, that matters.

Fiscal discipline, not fiscal drama

The defining feature of this Budget is not a single line item, but the absence of excess.

Expenditure has been held exactly where Treasury indicated it would be. After more than a decade in which spending overruns became routine, this consistency signals a return to institutional discipline. There was no late-stage splurge, no opportunistic expansion of programmes and no new bailout cycle for state-owned enterprises. The policy of 'tough love' continues.

On the revenue side, collections have been supported by stronger commodity prices, with roughly R20 billion in additional revenue this fiscal year. Crucially, this windfall has not been used to justify higher spending. Nor has Treasury built optimistic commodity assumptions into the outer years. The message is clear: temporary gains should not fund permanent commitments.

As a result, the previously signalled R20 billion tax increase has been withdrawn. That decision alone speaks volumes about the improved fiscal footing.

Debt stabilisation: from promise to probability

Perhaps the most important anchor for markets is the debt trajectory.

Gross debt-to-GDP is now expected to peak at around 79% this year before beginning a gradual decline. That turning point has long been anticipated; this Budget makes it plausible.

Supporting that outlook is a sustained primary surplus, now the third consecutive year, with further surpluses projected over the medium term. In simple terms, government is collecting more than it spends before interest costs. That is the foundation of debt stabilisation.

Borrowing requirements reflect this progress. Weekly government bond issuance has been reduced again, down to roughly R3.5 billion per auction from the much higher levels seen post-COVID-19, when issuance exceeded R6.5 billion per week. Lower supply, combined with improved fiscal credibility, is a powerful combination for the bond market.

The market response was decisive. Bond yields rallied sharply following the speech, with long-dated bonds outperforming shorter maturities. That outperformance reflects renewed confidence in the long-term fiscal outlook, not just short-term relief.

For the first time in several years, investors appear willing to price in policy consistency.

Growth: confidence as a catalyst

Fiscal repair on its own does not generate growth, but it creates the conditions for it.

By withdrawing the proposed tax increases and allowing inflationary adjustments to tax brackets, Treasury has delivered meaningful relief to households. Combined with prior interest rate cuts, combined with the prospect of further easing later this year, it injects additional spending power into the economy.

Importantly, the estimated R20 billion in fiscal drag relief flows directly into taxpayers' pockets. That boost to disposable income supports consumption, confidence and, potentially, investment.

South Africa has been stuck in a low-growth environment for too long. While structural reform remains essential, a stable fiscal anchor changes the psychology. A 2% growth rate, once dismissed as optimistic, now looks achievable rather than aspirational.

A constructive backdrop for South African fixed income

From an investment perspective, this Budget reinforces a constructive medium-term view on South African fixed income. Risks are increasingly global rather than domestic.

Practical implications for advisers and investors

Beyond markets, this Budget offers tangible opportunities for financial planning.

Several tax measures are particularly noteworthy:

- The annual Tax-Free Savings Account contribution limit increases from R36 000 to R46 000, the first adjustment in six years.
- The tax-deductible cap on retirement fund contributions rises from R350 000 to R430 000 for the first time since 2016.
- The single discretionary offshore allowance increases from R1 million to R2 million.
- Capital gains tax annual exclusions rise from R40 000 to R50 000, with higher exclusions in the year of death and on the sale of a primary residence.

- Personal income tax brackets have been adjusted, reducing effective tax burdens modestly relative to inflation.

Taken together, these measures create room for improved long-term savings outcomes.

For advisers, this is a moment to re-engage clients. Additional disposable income should not quietly dissolve into higher consumption. Redirected into retirement savings, tax-efficient vehicles and disciplined investment plans, it can materially improve financial resilience.

Confidence cycles are powerful. When fiscal credibility improves, borrowing costs fall. When borrowing costs fall, private investment becomes more viable. When growth improves, revenue strengthens further, reinforcing the fiscal position.

That virtuous circle has been elusive. It now feels within reach.

Reform as a habit, not a headline

Budgets are annual events; credibility is cumulative.

The 2026 Budget does not solve all of South Africa's structural challenges. It does, however, demonstrate policy consistency, institutional maturity and a clear prioritisation of long-term stability over short-term popularity.

Markets have responded positively because the direction of travel is credible.

For investors, the message is steady and measured: remain disciplined, stay diversified and avoid complacency. For advisers, the opportunity is to harness renewed optimism into structured action.

South Africa's fiscal story is not yet finished, but for the first time in many years, it is firmly moving in the right direction.





TWO-POT WITHDRAWALS MEET MARKET VOLATILITY: THE COSTLY TIMING TRAP FOR RETIREMENT SAVERS



Adapted from an article by
Jaco van Tonder

Adviser Services Director
Ninety One



Two-pot withdrawals may offer short-term relief, but making them during periods of market volatility can lock in losses and significantly erode long-term retirement outcomes.

The start of the new tax year has triggered a fresh wave of withdrawals from the savings pot under South Africa's two-pot retirement system.

Pension fund administrators have reported that requests began almost immediately after the new tax year opened, in some cases within minutes of midnight on their digital platforms.

This tells us two things.

- First, there is clearly real financial pressure among a group of retirement fund members.
- Second, the withdrawals appear to be concentrated among repeat users of the system – the same individuals who withdrew from their savings pot last year and are now doing so again.

While the behavioural pattern is understandable, the timing of this year's withdrawals could hardly be worse.

A double whammy for investors

Towards the end of February the market backdrop looked relatively constructive. South Africa's Budget was broadly well received and sentiment towards local assets had improved.

But global events have quickly turned the picture on its head. A sharp spike in oil prices following the war in the Middle East triggered a broad market pullback. In the space of a few days, many investment portfolios experienced meaningful declines.

This creates a 'double whammy' for investors making two-pot withdrawals right now.

Not only are they reducing their retirement savings, they are doing so after markets have already fallen, effectively locking in those losses.

The mathematics of investing makes this particularly damaging. If a portfolio loses 50%, it doesn't require a 50% gain to recover. It requires a 100% gain. By withdrawing after a drawdown, investors reduce the capital base and increase the return required to rebuild their retirement savings.

Behavioural mistakes during market stress

This pattern reflects a classic behavioural finance mistake.

When markets fall sharply, investors often feel compelled to 'do something' in response to the volatility. But reacting during periods of stress typically leads to decisions that permanently impair long-term wealth. Selling or withdrawing from equity-based investments immediately after a market decline is one of the most common and costly examples.

For investors who genuinely face a financial emergency, the situation is understandably difficult. If money is urgently needed, there may be limited alternatives.

But where possible, investors should think carefully before withdrawing from retirement investments after a market drawdown.

Short-term liquidity solutions, such as temporary financing or alternative funding sources, may be less damaging than crystallising losses in long-term retirement assets.

The bigger long-term cost of two-pot withdrawals

Even without market volatility, repeated withdrawals from the savings pot carry a significant long-term cost.

Every withdrawal reduces the capital that would otherwise compound over decades. In practical terms, consistently withdrawing from the savings pot before retirement can reduce an investor's eventual retirement nest egg by roughly a third.

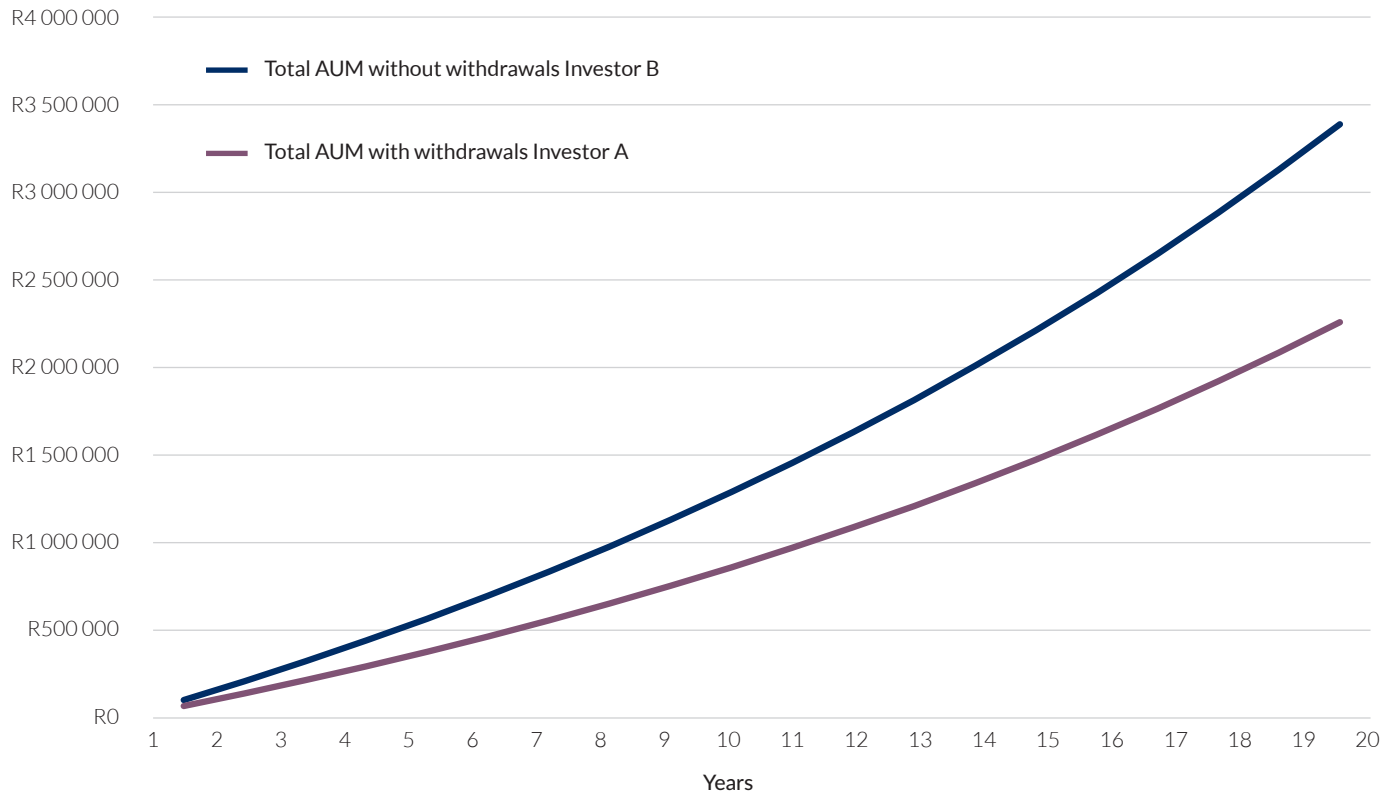
That is the real long-term risk embedded in the system. The two-pot structure was designed to provide flexibility during financial hardship, but frequent use undermines retirement security.

South Africa already faces a severe retirement savings shortfall. If two-pot withdrawals become a regular habit rather than an emergency measure, the gap between what people save and what they need for retirement will widen even further.



Figure 1: Frequent withdrawals from your retirement annuity savings pot will deplete your retirement nest egg

Retirement annuity with and without annual savings pot withdrawals (AUM in real terms)



Source: Ninety One. For illustrative purposes only. Losses may be made. The assumed return of CPI + 5% p.a. is used for illustrative purposes only and does not take into account market conditions or the costs associated with investing. The assets under management (AUM) shown in the chart are in real terms (i.e. in today's money terms).

What investors should focus on now

Periods of market turbulence are uncomfortable, but they are also a normal part of long-term investing.

Historically, markets have experienced many short-term shocks from geopolitical events to oil price spikes, inflation scares and recessions. Yet over time, they have consistently recovered and moved higher.

The key principle for long-term investors remains unchanged: stay invested, avoid locking in losses, and allow time and compounding to do their work.

For retirement savers considering a two-pot withdrawal right now, the most important question is simple: Is this truly necessary?

If the answer is yes, then the system has served its purpose by providing financial relief.

But if there are alternatives, delaying the withdrawal – especially during a market downturn – could make a meaningful difference to long-term retirement outcomes.

In investing, timing the market is extremely difficult. Unfortunately, withdrawing during market stress is often the exact opposite of what long-term wealth building requires.

VALUATION MATTERS MORE, NOT LESS, WHEN CHANGE ACCELERATES



By Christo Lineveldt

Investment Specialist
Coronation Fund Managers



Date of publication: March 2026

The quick take

- Change is accelerating in markets, fuelled by artificial intelligence (AI)
- That volatility is creating greater mispricing and more opportunity for fundamental investors
- In a world in flux, focusing on what doesn't change can be the most valuable
- We aim to be patient when others aren't: research-led, valuation-driven, long-term focused

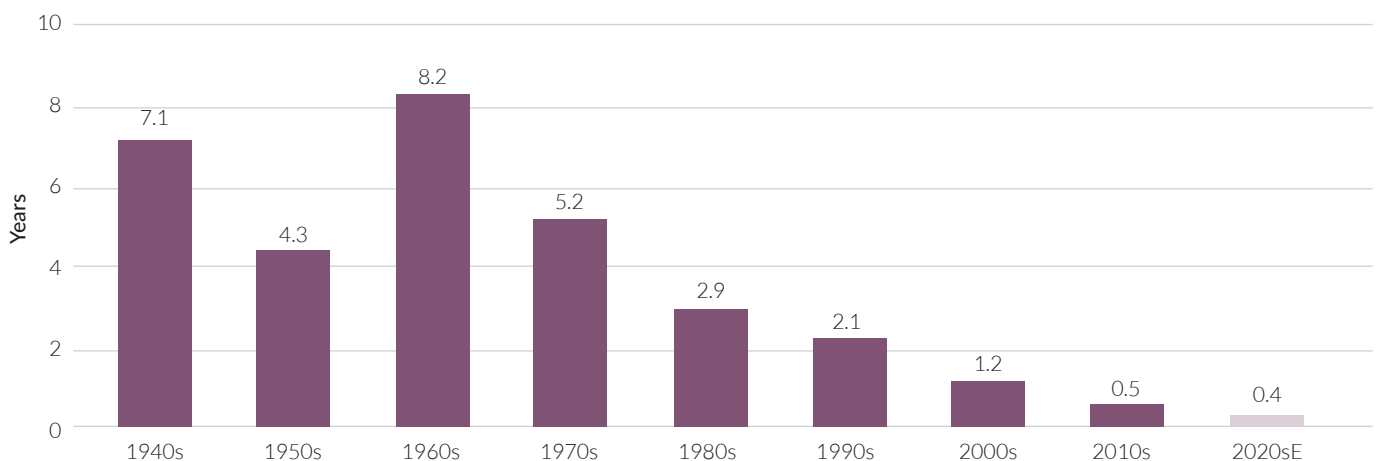
For some time, we have held the view that [changes in market structure](#) have increased inefficiencies. Combined with the speed of the AI cycle, this is creating a compelling opportunity set for long-term fundamental investors. Our Head of Global Developed Markets, Neil Padoa, made this case at the recent The Investment Forum; what follows is an adaptation of his talk.

Shrinking time horizons and the rise of the non-fundamental investor

Adult attention spans have shrunk sharply in the screen era. According to Dr. Gloria Mark's work, screen-based focus has fallen to roughly 50 seconds. The investing parallel is hard to miss: the average holding period for US shares has collapsed from roughly 5-8 years in the 1960s/70s to less than half a year today. This means many 'investors' are effectively renting exposure rather than compounding alongside a business (see Figure 1).

Figure 1: Shrinking time horizons

Average holding period for US shares now less than 6 million



Sources: NYSE, LPL Finacial

At the same time, the market structure has shifted as passive assets in the US have grown to exceed active by around \$3 trillion; by design, these flows are largely non-fundamental (up to 80% of daily value traded is driven by non-fundamental investors), mechanically allocating capital based on index weights rather than bottom-up price discovery.

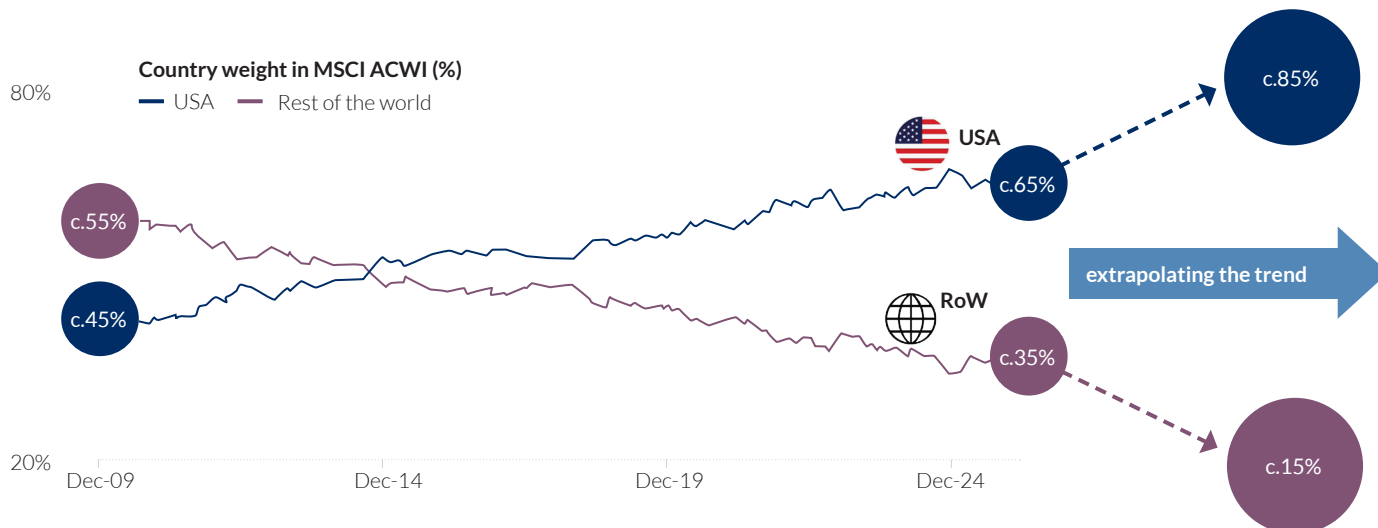
We welcome passive investing (this isn't a critique). Still, the combination of shorter time horizons and larger non-fundamental flows helps explain why prices can move faster and further than fundamentals, creating both noise and opportunity for patient, valuation-led investors.

Index concentration and what ‘owning the market’ means today

‘Owning the market’ is often presented as diversification, but it is worth asking how diversified the market really is when leadership has become so concentrated. In 1985, the market cap of the S&P 500’s top 10 companies was only \$250 billion compared to roughly \$19 trillion for the top 10 today, with the latter now also accounting for close to 40% of the index, dominated by technology businesses.

In addition, the US share of global market capitalisation has already risen from around 45% to roughly 65% (see Figure 2) and embeds an assumption that this exceptional period of outperformance can persist. Alongside the shorter time horizons and the rise in non-fundamental flows discussed earlier, that concentration can amplify short-term price moves.

Figure 2: Is the trend your friend?



Source: MSCI

The implication for us is straightforward: short-term price action is a less reliable signal of long-term value, and valuation discipline matters most when markets paint with a broad brush.

It is precisely this environment (concentrated, fast-moving, and increasingly detached from fundamentals) that makes the arrival of AI as a platform shift so consequential for markets.

The next platform shift

AI is the next major platform shift (after mainframes to PCs, the internet, and smartphones), and it is already producing major new entrants such as OpenAI and Anthropic. Early use cases are scaling quickly: large companies report that AI now generates a meaningful share of code, while in customer service, many routine queries can already be resolved without human involvement. Rapid adoption, heavy investment, and genuine uncertainty are now colliding with a more short-term, flow-driven market structure, increasing the likelihood of sharper price moves than fundamentals alone would justify. This helps to explain why AI narratives have become so powerful in markets.

AI narratives, rapid repricing, and our opportunity set

AI has the potential to disrupt many business models, and 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 beneficiaries over time.

Against this backdrop, we are already living through an ‘AI reckoning’ in markets. As the technology’s promise accelerates, investors are rapidly re-labelling entire business models as potential losers, often with little discrimination. The ‘[Saasageddon](#)’ narrative is a case in point. Sparked by vibe-coding and the idea that software moats can be competed away

overnight, it has pushed high-quality incumbents like Microsoft and SAP down 15-20% year-to-date, despite their structural advantages in distribution and their position as systems of record.

The same broad-brush logic has spilled into data: London Stock Exchange Group (and peers like S&P Global) sold off by more than 20% early in the year as the market questioned whether proprietary datasets retain value in an AI world, even though we believe only smaller parts of these businesses are genuinely exposed, and the core franchises remain exceptionally resilient. In financial services, the launch of the AI-enabled wealth platform Altruist triggered a sell-off of over 15% in brokers such as [LPL Financial](#) and [Charles Schwab](#) as investors extrapolated that advice and distribution could be automated – a view we think underestimates the enduring importance of trust and human connection, and ignores how quickly leading platforms can use AI to improve adviser productivity and operating leverage.

Beyond enterprise and finance, consumer platforms have not been spared: Spotify fell almost 30% in a month as AI-generated music tools raised fears about the value of human-created content; our view is that human content remains central, and that even a modest shift in listening behaviour could ultimately benefit the world’s largest audio distribution platform (we unpacked this case in a [previous article](#)).

Opportunity for the prepared investor

The point is not to dismiss these risks, and we certainly don’t. If anything, these case studies illustrate both AI’s potential to disrupt industries and the speed with which narratives can become price moves, amplifying short-term dislocations.

To borrow from Jeff Bezos, the more important question is often not what will change, but what will not. In an environment where change is accelerating, we believe that discipline and valuation matter more, not less.



FG ASSET MANAGEMENT

QUARTERLY
REPORT

Quarter 1 | 2026

ARCHITECTS OF SENSIBLE INVESTMENT SOLUTIONS

MARKET COMMENTARY



Jacy Harington
Portfolio Manager
FG Asset Management

The Middle East conflict shaped the quarter's market story

Financial market performance over the quarter was overshadowed by the developments in the final month as geopolitical tensions in the Middle East intensified. The conflict, which erupted at the end of February, drove oil prices sharply higher, raising concerns about inflation and dampening growth prospects. As a result, expectations for interest rate cuts across major markets have been erased, while risk off sentiment has weighed heavily on equities.

Political shocks early in the year unsettled headlines more than markets

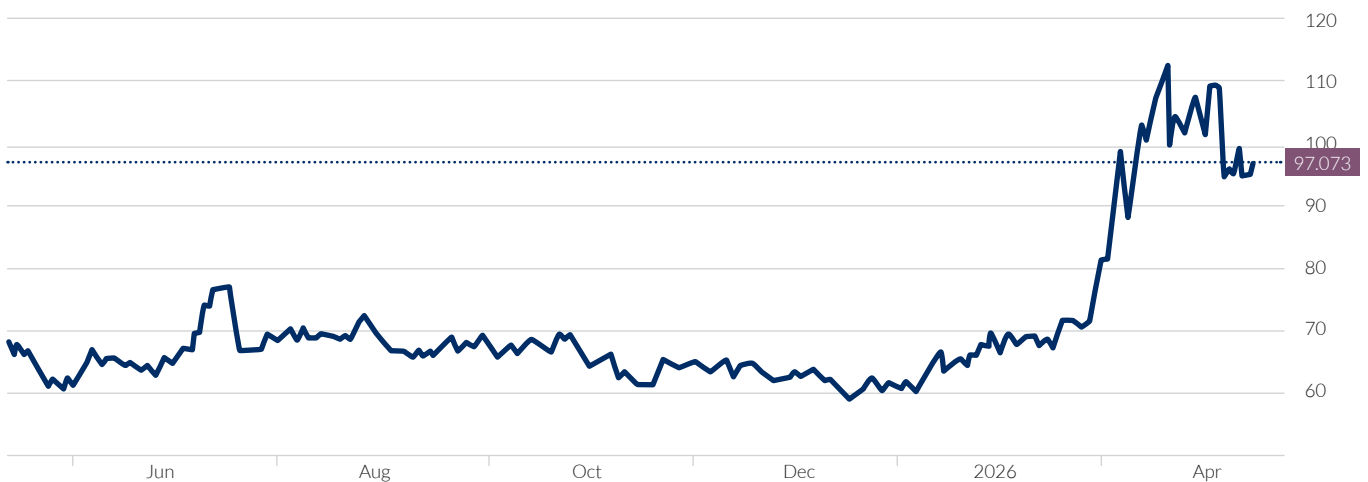
At the beginning of the year, geopolitical tensions escalated when US authorities captured and extradited Venezuelan President Nicolás Maduro on drug trafficking charges. Despite the gravity of the event,

financial markets remained stable given Venezuela's limited role in global oil supply. In mid-January, unease briefly surfaced after President Donald Trump floated the idea of US interest in Greenland for strategic defence purposes. However, markets quickly steadied once he clarified that no military action was under consideration.

In March, oil disruption became the main global risk

By late February, tensions spiked sharply as US-Israel joint military strikes targeted Iranian facilities following the collapse of diplomatic efforts to curb Iran's nuclear and missile programs. This marked a significant deterioration in US-Iran relations. In response, Iran closed the Strait of Hormuz, blocking roughly 20% of global oil supply and driving oil prices up more than 60% in March. While initial expectations were for a short-lived conflict, the lack of progress in reopening the Strait eroded market optimism heading into quarter-end.

Figure 1: Brent crude oil's price



Source: www.tradingeconomics.com (April 2025 to April 2026)

Higher oil prices drove a broad risk-off market response

The geopolitical tensions strengthened the dollar on safe-haven demand, global bond yields rose as inflation expectations increased and fewer rate cuts were priced in. Equity markets came under pressure, particularly in economies heavily reliant on oil imports, such as South Africa.



Backward-looking data offered limited comfort by quarter-end

Toward the end of the quarter, economic data became less important, as the sharp rise in oil prices had yet to be reflected in inflation and growth figures, given their inherently backwards-looking nature. The US employment data released over the quarter continued to reflect weakness, with the employment rate remaining around the 4.4% level. The final release for the quarter was in February, before the war had even started, and it came in well below expectations.

Lower US inflation was quickly overtaken by new price risks

US headline inflation eased from 2.7% to 2.4% over the quarter, while core inflation slipped slightly to 2.4%, the lowest since 2021. Unfortunately, there was little time to appreciate that inflation is almost at the US Federal Reserve's (the Fed) 2% target, given the significant spike in oil prices and what that would mean for future inflation.

The Fed held steady as inflation and growth diverged

The Fed is now in an increasingly difficult position given its dual mandate of managing inflation and employment. The Fed kept interest rates unchanged at 3.50% to 3.75% at both meetings in January and March. Fed Chairman, Jerome Powell, commented at the March meeting's press conference that the spike in oil prices would likely lift inflation, but to what extent remains to be seen, given the unpredictable duration and impact of the conflict.

A possible Fed leadership change added to US policy uncertainty

Toward the end of January, President Donald Trump nominated Kevin Warsh to succeed Jerome Powell, whose term expires in May, pending Senate confirmation. Kevin Warsh has historically criticised the Fed's quantitative easing during the global financial crisis, particularly the expansion of its balance sheet. Before the war in Iran began, he advocated lower interest rates, arguing that AI-driven productivity gains would support stronger growth without fuelling inflation.

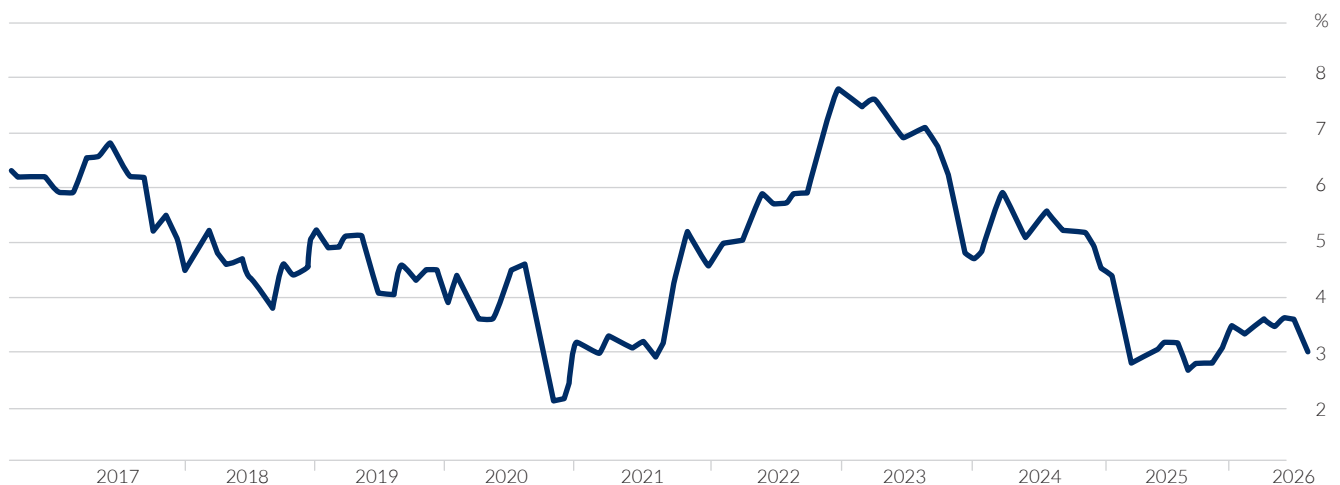
Tariff policy added further pressure to the US outlook

In February, the US Supreme Court struck down tariffs imposed under the International Emergency Economic Powers Act (IEEPA), ruling that the Act does not grant the president authority to impose tariffs. In response, President Donald Trump announced a blanket 10% tariff effective 24 February, with threats to raise it to 15%. It is estimated that the tariff generated approximately \$130 billion in revenues, which may need to be repaid in the future, adding to the fiscal pressure in the US.

Lower inflation gave South Africa some breathing room

Locally, South African annual inflation decelerated from 3.6% to 3.0% over the quarter, slightly below the 3.1% expected. For the 2025 calendar year, inflation averaged 3.2%, down from 4.4% in 2024. The rand's appreciation, along with lower oil prices, helped lower inflation over the past year. Looking ahead, however, the sharp increase in petrol and diesel prices in April is expected to add upward pressure on prices.

Figure 2: South African inflation



Source: Statistics SA, www.tradingeconomics.com (March 2017 to February 2026)

Interest rates remained unchanged, but second-round inflation risks are top of mind

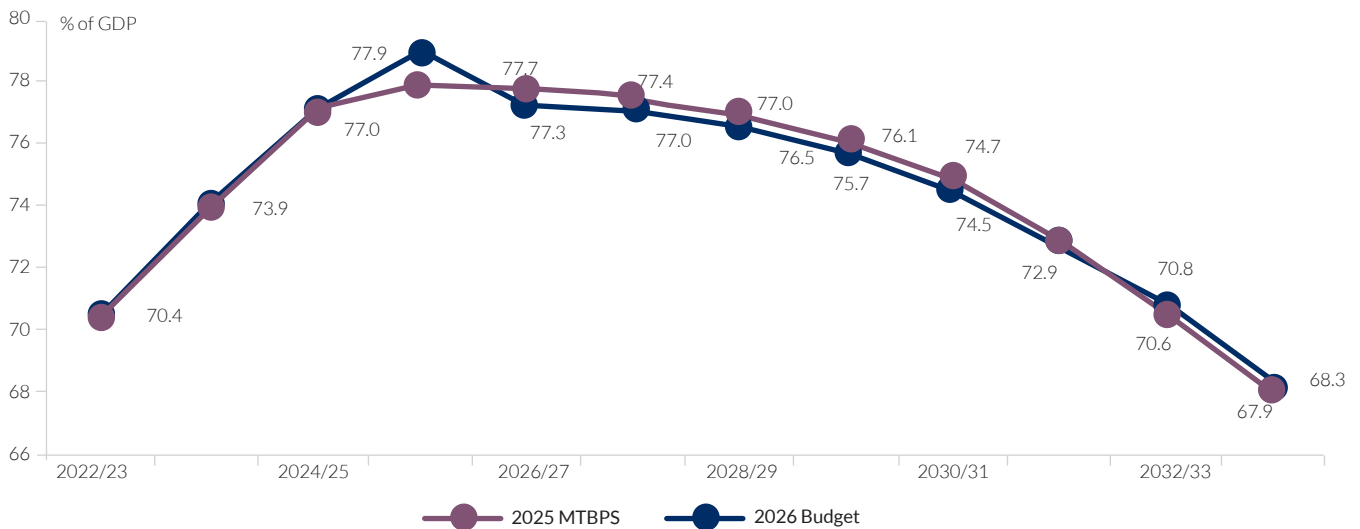
The SARB (South African Reserve Bank) held two MPC (Monetary Policy Committee) meetings during the quarter, maintaining the repo rate at 6.75% at both meetings. This outcome was consistent with market expectations. At the March meeting, the SARB stated that it would look beyond the immediate impact of higher oil prices. Still, it cautioned that second round effects from rising petrol and diesel costs could force an increase in interest rates. The SARB raised its inflation forecast to 4% from 3.3% year on year for the second quarter, while growth projections remained broadly unchanged at around 2%. It did, however, highlight that downside risks to growth have become more pronounced. Significant uncertainty remains regarding the broader impact of elevated oil prices, and the central bank has emphasised a cautious approach, preferring to wait for greater clarity before taking further action.



The Budget reinforced fiscal discipline, but delivery still matters

Late in February, the Minister of Finance delivered the 2026 Budget, which was well received as National Treasury maintained its conservative stance on government spending. The continued primary budget surplus (revenues exceeding non-interest expenditures) underscores fiscal discipline and supports debt stabilisation, with the debt-to-GDP ratio projected to peak at 78.9% this year. Revenue collections exceeded forecasts by R21 billion, driven mainly by stronger VAT and corporate tax receipts. Looking ahead, National Treasury expects GDP growth to average 1.8% over the next three years and inflation to hover around 3.3%, slightly above the 3.0% target. It is, however, important to note that the realisation of the growth forecasts is key to achieving the debt and fiscal targets.

Figure 3: South Africa's gross debt-to-GDP outlook



Source: National Treasury, Budget 2026, Investec

Growth stayed modest as global shocks affected growth forecasts

South Africa's GDP figures released in March showed the economy expanded by 0.4% in the fourth quarter, driven by agriculture and financial services. This contributed to an annual growth rate of 1.1% for 2025. However, the ongoing conflict in Iran has prompted the International Monetary Fund to revise its growth forecast for South Africa this year, lowering it from 1.4% to 1.0%. Disruptions in global energy markets are expected to weigh on local economic performance.

A cautious, diversified approach remains appropriate in an unstable environment

The elevated uncertainty surrounding the conflict in Iran has kept us cautious, as its economic repercussions remain highly dependent on how events unfold. While near term volatility is likely to persist, global economies have entered this period from a position of relative strength, supported by solid corporate earnings and favourable financial conditions. Our prudent stance and diversified portfolios continue to provide resilience and stability as we navigate these uncertain markets.



FG SCI JUPITER INCOME FUND OF FUNDS

For periods until 31 March 2026

Performance and quartile ranking in sector | Inception date 15 August 2005

	Year to Date	6 Months	1 Year	3 Years ¹	5 Years ¹	10 Years ¹	Since Inception ¹
FG SCI Jupiter Income FoF	0.43%	3.80%	10.13%	9.77%	8.62%	8.03%	8.00%
STeFI Composite Index	1.66%	3.44%	7.28%	7.98%	6.76%	6.78%	7.05%
ASISA SA Multi Asset Income Category Average	0.47%	3.95%	9.84%	9.56%	8.42%	7.84%	7.86%
				1 st Quartile	2 nd Quartile	3 rd Quartile	4 th Quartile

¹Data for longer than 12 months are annualised

Source: Morningstar, performance for A class shares

Annualised returns are period returns re-scaled to a period of 1 year

Underlying funds

- Abax Flexible Income Fund (Nedgroup)
- Granate BCI Multi Income Fund
- Matrix SCI Enhanced Income Fund
- Terebinth SCI Strategic Income Fund (Amplify)

Performance statistics

	Fund ²	Benchmark ²
Highest 12-month performance	12.88%	11.77%
Lowest 12-month performance	3.25%	3.76%
% positive months	93.12%	100.00%

²Source until 31 December 2018: MoneyMate

Source from 31 December 2018: Morningstar

The FG SCI Jupiter Income Fund of Funds returned +0.43% in the first quarter of 2026 and +10.13% over the past 12 months, underperforming the benchmark Alexander Forbes Short Term Fixed Income Index quarterly return of +1.66%, while outperforming the 12-month return of +7.28%. The Terebinth SCI Strategic Income Fund (Amplify) was the worst-performing underlying fund over the quarter, returning +0.08%. No changes were made to the fund over the quarter.

Asset allocation as at 28 February 2026

	Local Equity	Local Property	Local Bonds	Local Cash	Foreign
FG SCI Jupiter Income FoF	0%	2%	59%	36%	3%



FG SCI VENUS CAUTIOUS FUND OF FUNDS

For periods until 31 March 2026

Performance and quartile ranking in sector | Inception date 2 July 2007

	Year to Date	6 Months	1 Year	3 Years ¹	5 Years ¹	10 Years ¹	Since Inception ¹
FG SCI Venus Cautious FoF	-0.49%	3.09%	11.56%	10.66%	9.64%	8.26%	8.86%
ASISA SA Multi Asset Low Equity Category Average	-1.03%	3.26%	13.19%	11.22%	9.64%	7.68%	8.02%
				1 st Quartile	2 nd Quartile	3 rd Quartile	4 th Quartile

¹Data for longer than 12 months are annualised

Source: Morningstar, performance for A class shares

Annualised returns are period returns re-scaled to a period of 1 year

Underlying funds

- 36ONE BCI Equity Fund
- Abax Opportunity Fund (Nedgroup)
- Fairtree Equity Prescient Fund
- GFM Global Cautious Fund
- GFM Global Equity Fund
- Granate BCI Multi Income Fund
- Matrix SCI Defensive Balanced Fund (Amplify)
- Matrix SCI Stable Income Fund
- Ninety One Diversified Income Fund
- Satrix Bond Index Fund
- Terebinth SCI Strategic Income Fund (Amplify)

Performance statistics

	Fund ²	Benchmark ²
Highest 12-month performance	16.83%	17.26%
Lowest 12-month performance	-1.41%	-3.15%
% positive months	74.22%	72.89%

²Source until 31 December 2018: MoneyMate

Source from 31 December 2018: Morningstar

The FG SCI Venus Cautious Fund of Funds returned -0.49% in the first quarter of 2026 and +11.56% over the past 12 months, outperforming the benchmark peer group average quarterly return of -1.03%, while underperforming the 12-month return of +13.19%. The Abax Opportunity Fund (Nedgroup) was the best-performing underlying fund over the quarter, returning +1.93%. The decision was made to switch the exposure of the Ninety One Global Managed Income Feeder Fund into the GFM Global Cautious Fund.

Asset allocation as at 28 February 2026

	Local Equity	Local Property	Local Bonds	Local Cash	Foreign
FG SCI Venus Cautious FoF	20%	2%	28%	27%	23%



FG SCI SATURN MODERATE FUND OF FUNDS

For periods until 31 March 2026

Performance and quartile ranking in sector | Inception date 15 August 2005

	Year to Date	6 Months	1 Year	3 Years ¹	5 Years ¹	10 Years ¹	Since Inception ¹
FG SCI Saturn Moderate FoF	-1.32%	2.54%	13.84%	11.98%	10.82%	8.46%	10.33%
ASISA SA Multi Asset Medium Equity Category Average	-1.24%	3.26%	15.36%	11.95%	10.23%	7.85%	9.17%
				1 st Quartile	2 nd Quartile	3 rd Quartile	4 th Quartile

¹Data for longer than 12 months are annualised

Source: Morningstar, performance for A class shares

Annualised returns are period returns re-scaled to a period of 1 year

Underlying funds

- Abax Opportunity Fund (Nedgroup)
- Bateleur Flexible Prescient Fund
- Coronation Market Plus Fund
- GFM Global Cautious Fund
- GFM Global Equity Fund
- Matrix SCI Defensive Balanced Fund (Amplify)
- Ninety One Opportunity Fund
- 36ONE Managed Fund (PPS)
- PSG Flexible Fund
- Satrix Bond Index Fund
- Terebinth SCI Strategic Income Fund (Amplify)
- Truffle SCI Wealth Protector Fund (Amplify)

Performance statistics

	Fund ²	Benchmark ²
Highest 12-month performance	31.40%	26.41%
Lowest 12-month performance	-18.22%	-15.68%
% positive months	72.06%	68.02%

²Source until 31 December 2018: MoneyMate

Source from 31 December 2018: Morningstar

The FG SCI Saturn Moderate Fund of Funds returned -1.32% over the first quarter of 2026 and +13.84% over the past 12 months, underperforming the benchmark peer group average quarterly return of -1.24%, and the 12-month return of +15.36%. The Coronation Market Plus Fund was the worst-performing underlying fund, returning -4.58% over the quarter. The decision was made over the quarter to switch the exposure of the Ninety One Global Managed Income Feeder Fund into the GFM Global Cautious Fund.

Asset allocation as at 28 February 2026

	Local Equity	Local Property	Local Bonds	Local Cash	Foreign
FG SCI Saturn Moderate FoF	36%	5%	20%	9%	30%



FG SCI NEPTUNE GROWTH FUND OF FUNDS

For periods until 31 March 2026

Performance and quartile ranking in sector | Inception date 1 September 2014

	Year to Date	6 Months	1 Year	3 Years ¹	5 Years ¹	10 Years ¹	Since Inception ¹
FG SCI Neptune Growth FoF	-0.66%	3.98%	16.47%	11.83%	10.44%	8.89%	8.74%
ASISA SA Multi Asset High Equity Category Average	-1.50%	3.08%	16.17%	12.63%	10.75%	8.10%	7.97%
				1 st Quartile	2 nd Quartile	3 rd Quartile	4 th Quartile

¹Data for longer than 12 months are annualised

Source: Morningstar, performance for A class shares

Annualised returns are period returns re-scaled to a period of 1 year

Underlying funds

- 36ONE BCI SA Equity Fund
- Abax Balanced Prescient Fund
- Bateleur Flexible Prescient Fund
- Fairtree Equity Prescient Fund
- Granate BCI Flexible Fund
- GFM Global Cautious Fund
- GFM Global Equity Fund
- Laurium Flexible Prescient Fund
- PSG Flexible Fund
- Satrix ALSI Tracker Fund
- Satrix Bond Index Fund
- Terebinth SCI Strategic Income Fund (Amplify)
- Truffle SCI SA Flexible Fund

Performance statistics

	Fund ²	Benchmark ²
Highest 12-month performance	38.17%	30.65%
Lowest 12-month performance	-11.21%	-10.44%
% positive months	67.63%	65.47%

²Source until 31 December 2018: MoneyMate

Source from 31 December 2018: Morningstar

The FG SCI Neptune Growth Fund of Funds returned -0.66% over the first quarter of 2026 and +16.47% over the past 12 months, outperforming the benchmark peer group average quarterly return of -1.50%, and the 12-month return of +16.17%. The PSG Flexible Fund was the best-performing underlying fund, returning +7.32% over the quarter. The decision was made over the quarter to switch the exposure of the Ninety One Global Managed Income Feeder Fund into the GFM Global Cautious Fund.

Asset allocation as at 28 February 2026

	Local Equity	Local Property	Local Bonds	Local Cash	Foreign
FG SCI Neptune Growth FoF	44%	2%	6%	11%	37%



FG SCI MERCURY EQUITY FUND OF FUNDS

For periods until 31 March 2026

Performance and quartile ranking in sector | Inception date 15 August 2005

	Year to Date	6 Months	1 Year	3 Years ¹	5 Years ¹	10 Years ¹	Since Inception ¹
FG SCI Mercury Equity FoF	0.25%	8.19%	31.10%	17.06%	14.58%	10.30%	11.47%
FTSE/JSE Africa All Share (total return)	-0.61%	7.44%	33.60%	18.59%	15.72%	11.90%	13.59%
ASISA SA Equity General Category Average	-0.98%	5.89%	25.22%	14.96%	12.59%	8.51%	10.79%
				1 st Quartile	2 nd Quartile	3 rd Quartile	4 th Quartile

¹Data for longer than 12 months are annualised

Source: Morningstar, performance for A class shares

Annualised returns are period returns re-scaled to a period of 1 year

Underlying funds

- 36ONE BCI SA Equity Fund
- Fairtree Equity Prescient Fund
- GFM Global Equity Fund
- Laurium SA Equity Fund (Nedgroup)
- Ninety One Equity Fund
- PSG Equity Fund
- Satrix ALSI Tracker Fund
- Satrix SmartCore Index Fund
- Truffle SCI SA Equity Fund

Performance statistics

	Fund ²	Benchmark ²
Highest 12-month performance	56.14%	53.98%
Lowest 12-month performance	-31.68%	-37.60%
% positive months	63.56%	61.94%

²Source until 31 December 2018: MoneyMate

Source from 31 December 2018: Morningstar

The FG SCI Mercury Equity Fund of Funds returned +0.25% in the first quarter of 2026 and +31.10% over the past 12 months, outperforming the -0.61% quarterly return of the benchmark FTSE/JSE All Share (total return) Index, while underperforming the 12-month return of +33.60%. The PSG Equity Fund was the best-performing underlying fund, returning +8.40% over the quarter. No changes were made to the fund over the quarter.

Asset allocation as at 28 February 2026

	Local Equity	Local Property	Local Bonds	Local Cash	Foreign
FG SCI Mercury Equity FoF	85%	2%	0%	4%	9%



FG SCI INTERNATIONAL FLEXIBLE FUND OF FUNDS

For periods until 31 March 2026

Performance and quartile ranking in sector | Inception date 17 October 2007

	Year to Date	6 Months	1 Year	3 Years ¹	5 Years ¹	10 Years ¹	Since Inception ¹
FG SCI International Flexible FoF	-0.79%	-1.67%	2.93%	7.97%	7.22%	6.95%	8.37%
Benchmark ²	-1.44%	-2.89%	3.29%	7.84%	6.95%	7.04%	9.08%
ASISA Global Multi Asset Flexible Average ³	-1.44%	-2.89%	3.29%	7.84%	6.95%	7.13%	8.40%
				1 st Quartile	2 nd Quartile	3 rd Quartile	4 th Quartile

¹Data for longer than 12 months are annualised

Annualised returns are period returns re-scaled to a period of 1 year

²Benchmark before June 2013: 50% MSCI World Index, 50% JP Morgan Global Government Bond Index

Benchmark between July 2013 and July 2015: 55% MSCI AC World Index, 33% JP Morgan Global Government Bond Index, 7% FTSE EPRA Nareit Global Property, 5% STeFI Call

³Current benchmark

Underlying funds

- FGAM Global Cautious Fund
- FGAM Global Growth Fund
- FPA Global Flexible Fund (Nedgroup)
- GFM Global Cautious Fund
- GFM Global Equity Fund
- GFM Global Growth Fund

Performance statistics

	Fund ⁴	Benchmark ⁴
Highest 12-month performance	40.26%	34.52%
Lowest 12-month performance	-16.99%	-15.05%
% positive months	57.01%	58.37%

⁴Source until 31 December 2018: Iress

Source from 31 December 2018: Morningstar

The FG SCI International Flexible Fund of Funds returned -0.79% in the first quarter of 2026 and +2.93% over the past 12 months, outperforming the benchmark peer group average quarterly return of -1.44%, while underperforming the 12-month return of +3.29%. The FGAM Global Cautious Fund was the best-performing underlying fund over the quarter, returning +1.59% in rand terms. The decision was made over the quarter to switch the FGAM Global Cautious Fund exposure into the GFM Global Cautious Fund. The decision was also made over the quarter to switch the FGAM Global Growth Fund exposure into the GFM Global Growth Fund.

Asset allocation as at 28 February 2026

	Global Equity	Global Fixed Income	Global Cash	Global Real Assets	Local Cash
FG SCI International Flexible FoF	59%	18%	13%	7%	3%

	USD	GBP	Euro	JPY	Other	Rand
Currency breakdown	66%	4%	9%	4%	14%	3%



MARKET PERFORMANCE

Index	Asset class	Q2 2025	Q3 2025	Q4 2025	Q1 2026	Last 12 months	Year to date 2026*
STeFI Composite Index	Local cash	1.86%	1.81%	1.75%	1.66%	7.28%	1.66%
FTSE/JSE All Bond (total return)	Local bonds	5.88%	6.94%	8.96%	-3.36%	19.24%	-3.36%
FTSE/JSE SA Listed Property (total return)	Local property	9.12%	6.65%	16.27%	-4.92%	28.65%	-4.92%
FTSE/JSE Africa All Share (total return)	Local shares	10.15%	12.88%	8.10%	-0.61%	33.60%	-0.61%
Bloomberg Global Aggregate TR USD	Global bonds	4.52%	0.60%	0.24%	-1.07%	4.26%	-1.07%
FTSE EPRA Nareit Global REITs TR USD	Global property	2.95%	4.35%	-0.80%	1.17%	7.82%	1.17%
MSCI World GR USD	Global shares	11.63%	7.36%	3.20%	-3.47%	19.39%	-3.47%
MSCI ACWI GR USD	Global shares	11.69%	7.74%	3.37%	-3.11%	20.52%	-3.11%
US dollar/South African rand (+ weaker rand, - stronger rand)	Exchange rate	-3.37%	-2.92%	-3.96%	3.30%	-6.93%	3.30%

*Return until 31 March 2026
Source: Morningstar



ADDITIONAL FUND INFORMATION

Fund name	No. of participatory interests*	NAV (month-end)*	Total expense ratio (TER)**
FG SCI International Flexible FOF A	9,357,223.12	42.22	1.42
FG SCI International Flexible FOF C	13,660,246.67	41.09	1.71
FG SCI Jupiter Income Fund of Funds A	39,406,525.51	13.24	1.00
FG SCI Jupiter Income Fund of Funds C	72,894,839.80	13.23	1.28
FG SCI Mercury Equity Fund of Funds A	3,940,900.56	64.54	1.39
FG SCI Mercury Equity Fund of Funds C	1,505,485.99	64.49	1.66
FG SCI Neptune Growth Fund of Funds A	26,631,753.76	19.58	1.49
FG SCI Neptune Growth Fund of Funds C	3,650,074.59	19.56	1.75
FG SCI Saturn Moderate Funds of Funds A	38,313,471.24	42.51	1.45
FG SCI Saturn Moderate Funds of Funds C	19,357,988.84	42.45	1.73
FG SCI Venus Cautious Fund of Funds A	53,062,315.70	21.36	1.17
FG SCI Venus Cautious Fund of Funds C	31,602,384.23	21.34	1.45

*NAV (month-end) and no. of participatory interests as at 31 March 2026

**TER as at 31 December 2025



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TRANSPARENT
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