Institutional Managers' Digest

Issue 13

Enter

Content

In this **edition**

The March 2026 iteration of the Institutional Managers' Digest provides insights into the Q1 performance of survey constituents, while also delving into changes within the asset management landscape that took place during the quarter.

Featured in our expert insights interview is Senior Actuarial Specialist Tinashe Austin Choga, who provides background on his journey within the investment industry and his personal development. The Survey in Focus features an overview of the December 2025 edition of the Alexforbes Manager Watch™ Survey of Retirement Funds Investment Managers, along with comparative performance statistics.

Introduction

During Q1 2026, South African equity markets recorded modestly negative performance, with the FTSE/JSE All Share Index returning -0.6%. Trends observed during the quarter indicate strong performance at the beginning, followed by a sharp decline in March 2026. The FTSE/JSE All Share Index and FTSE/JSE Top 40 Index returned -10.5% and -10.9%, respectively, for the final month of the quarter. Similarly, South African bond markets closed Q1 2026 in negative territory, with the All Bond Index (ALBI) recording a return of -3.4%. Domestic property markets followed the negative trend in performance realised by other mentioned asset classes, with the FTSE/JSE SA Listed Property Index reflecting a return of -4.9% over the quarter. The Large Manager Watch (LMW) category of our flagship Manager Watch™ Survey saw its constituents realising quarterly peer group median performance for the SA and Global LMW categories of 0.6% and -1.1%, respectively.

Globally, even though emerging market performance in the final month of Q1 2026 was significantly negative, the MSCI EM Index managed to record a relatively strong return of 2.6% for the quarter, which is higher than the 0.6% return recorded in Q4 2025. African markets (excluding South Africa) were once again in negative territory for the quarter, with the MSCI EFM AFRICA ex SA Index reporting a return of -3.3%. Conversely, the MSCI EFM AFRICA Index went against the negative trend for Q1 with a return of 2.5%. Overall, global markets were marginally in negative territory for the quarter, with the MSCI World Index reflecting a return of -0.9%. US markets followed the negative trend, with the S&P 500 TR delivering a return of -1.8%, dropping further from a return of -1.5% recorded in December 2025.

On the domestic economic front, the most recent labour market data pointed to a weakening employment environment, with the South African unemployment rate rising to 32.9% in the first quarter of 2026. This increase reflected a net loss of approximately 330 000 jobs. Inflation for March 2026 edged higher to 3.1%, increasing by 0.1 percentage points from February 2026. The increase was mainly driven by higher housing and utilities costs, which rose to 5.1%, together with food and non-alcoholic beverages inflation at 3.6%, while transport prices remained in deflationary territory.

The SARB kept the policy interest rate unchanged at 6.75% at its March 2026 Monetary Policy Committee meeting, maintaining a cautious stance amid elevated global energy price risks and geopolitical uncertainty. The current rate reflects cumulative interest rate cuts of 125 basis points since September 2024, with further easing having been delayed due to rising inflation risks, linked to rising fuel and other goods prices, which are primarily driven by the war involving Iran, the US and Israel

Sharpshooter

The Sharp Shooter (best absolute performer across all surveys) for the quarter is **PSG Balanced Fund**, participating in the **Manager Watch Survey** with a return of **6.9%**.

The best relative performer for the quarter was the ***Camissa Islamic Equity Fund***, participating in the **Shari'ah Survey**, outperforming its benchmark by **10.0%**.

Surveys in numbers

Some interesting facts generated over the fourth quarter of 2025 across all surveys, include:

94
Asset managers participating
across our surveys

55
Signatories of the **UN Principles for Responsible Investment (PRI)**

1041
Participating strategies
across our surveys

R10.2 trillion
Total assets under management
(AuM - June 2025) of all participating strategies

77
Endorses the principals of CRISA.

55
BEE level 1
contributors

312
Portfolios increased their market values
(excluding international survey and LDI survey)

305
Portfolios outperformed their respective benchmarks
(excluding International, Namibia, FoHF, Africa and LDI surveys)

Read more

Industry news

Alexforbes flags new reality for retirement funds:

Alexforbes' latest Retirement Fund Survey highlights how dramatically the investment landscape has shifted, underscoring that long-term assumptions can unravel rapidly in today's volatile world. What began as optimism driven by fiscal discipline, lower inflation and improved sovereign standing quickly gave way to renewed global instability, geopolitical risk and market shocks. The survey reveals wide dispersion in asset class and manager performance, making outcomes far more dependent on skill and informed decision-making. With fewer listed equities and greater sectoral concentration in South Africa, passive investing has struggled, while effective stock picking and careful manager selection have become critical, especially as offshore allocation limits expand.

The longer-term outlook is more sobering: despite recent strong equity returns, ten-year performance remains muted, reflecting structurally lower inflation and reduced risk premia in a maturing economy. This implies lower expected returns for retirement savers, forcing trustees to reconsider risk levels or manage member expectations more carefully. Beyond returns, the survey shows that governance, transformation and ESG credentials now play a decisive role in capital allocation. BEE-compliant strategies are widespread, ESG adoption is rising and credentials such as transparency and transformation credibility increasingly sit alongside performance as key determinants of investment mandates.

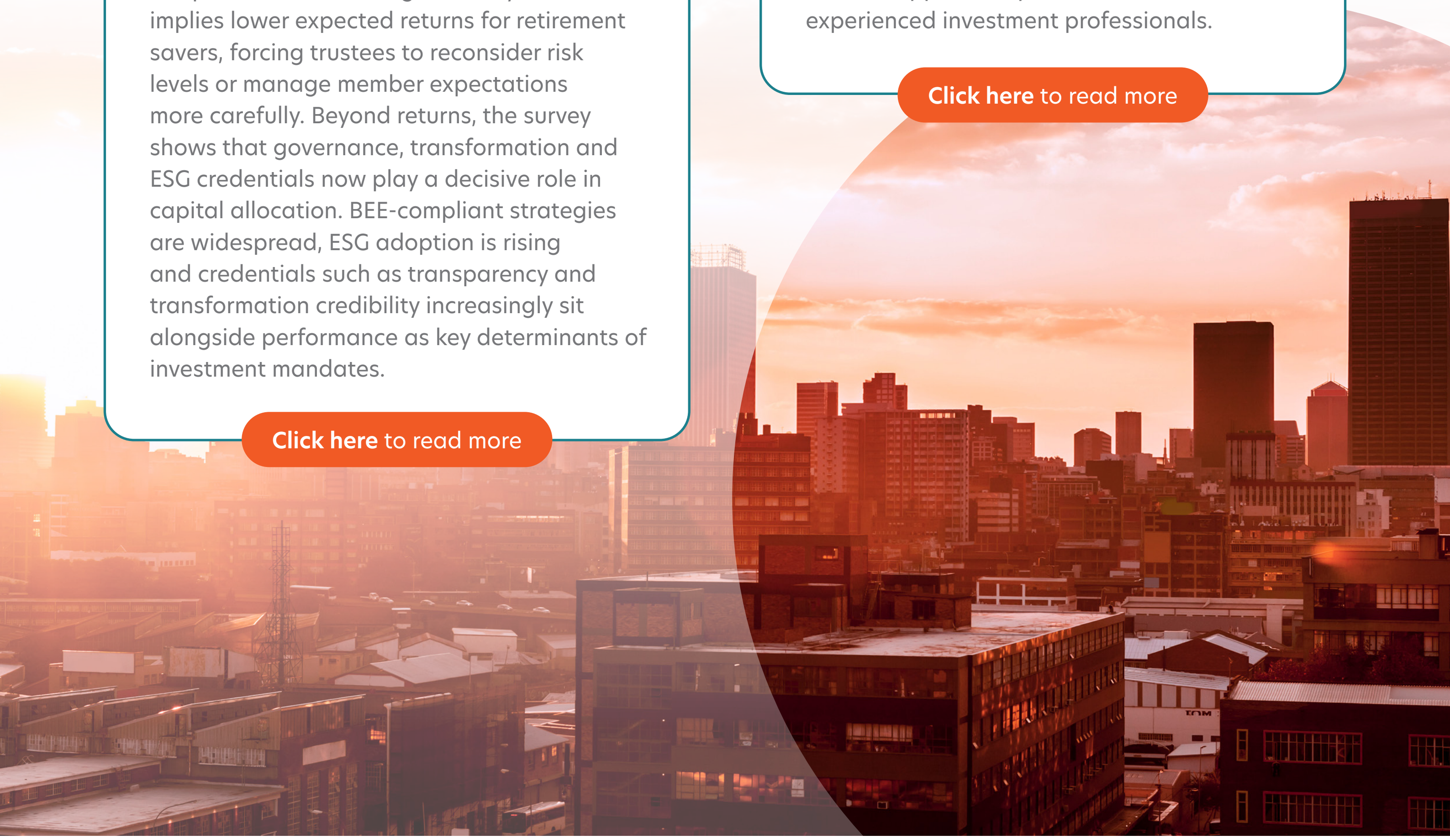
Click here to read more

Sasfin Wealth rebrands to Otto1890:

Sasfin Wealth has rebranded to Otto1890, marking its transformation into a fully independent investment specialist with a global mandate. The new name honours founder Otto Pollak, an early Johannesburg Stock Exchange member and reflects the firm's roots dating back to 1890. Managing over R100bn in client assets, the business has evolved from a traditional wealth division into a standalone investment platform with growing international reach across multiple asset classes.

The rebrand aligns with Sasfin Holdings' shift toward an investment holding structure, with Otto1890 and rental finance firm Sunlyn as its core investments. Chief executive Erol Zeki described the change as the result of a year-long process to redefine purpose, positioning and principles, while maintaining continuity in investment philosophy and client relationships. Looking ahead, Otto1890 aims to expand further into private markets and broaden its offering to private, corporate and institutional clients, supported by a team of more than 70 experienced investment professionals.

Click here to read more



Quarterly index performance

Best-performing SA indices in the surveys

Quarter	1 year	3 years	5 years
1.7% Short Term Fixed Interest Rate Index	**35.2%** FTSE/JSE Top 40 Index	**23.1%** FTSE/JSE All Property Index	**17.9%** FTSE/JSE SA Listed Property Index

Best-performing peer group benchmarks as featured in the surveys

Quarter	1 year	3 years	5 years
0.7% SA Conservative Average	**28.0%** SA BIV Median	**17.1%** SA BIV Average	**14.9%** SA BIV Average

SA and Global Best Investment View (BIV)

asset allocation

This section explores how asset managers are adjusting their investment strategies in both the South African and Global BIV categories of the Manager WatchTM survey. These adjustments are influenced by changes to Regulation 28 of the Pensions Funds Act, particularly the increased offshore investment limit of 45%.

SA BIV - average asset allocation

	September 2025	December 2025	March 2026
SA equities	70.9%	70.7%	68.4%

Asset allocation data for participants in the SA BIV category for Q1 2026 reveals significant changes in managers' exposure to domestic equities, which continues to decrease, as in the previous quarter, declining by 2.3%. The mentioned decrease was accompanied by a slight Q1 decrease in allocation to domestic bonds of 0.4%, to an average of 20.4%. Shifts away from domestic equities may be in response to negative market performance caused by the war involving Iran, the US and Israel. Allocation to domestic property and cash were recorded at an average of 4.0% and 6.1%, respectively.

Global BIV - average asset allocation

	September 2025	December 2025	March 2026
SA equities	39.5%	40.7%	40.1%
Total SA assets	**65.2%**	**66.5%**	**65.2%**

	September 2025	December 2025	March 2026
Global equities	26.3%	25.7%	25.8%
Total international	**34.8%**	**33.5%**	**34.8%**

Constituents of the Global BIV category delivered an average quarterly performance of -5.3%, which is 2.1% higher than the average performance generated by SA BIV constituents in the same period.

Total average allocation to offshore investments increased during Q1 2026 by 1.3% and was accompanied by a 1.3% decrease in total allocation to domestic assets. Domestic and offshore equities allocation over the quarter showed a decrease of 0.6% for domestic equities, with allocation to global equities increasing by 0.1%.

Overall, the data indicates a shift away from domestic equities by managers, with offshore allocation increasing noticeably over the quarter.

This suggests that asset managers are diversifying their portfolios to take advantage of variable market conditions and seek protection in a constantly changing geopolitical landscape, which increases uncertainty and contributes to volatile global markets.

Survey in focus –

30 Years On, the Manager Watch™ Survey Continues to Shape Investment Conversations

The release of the December 2025 edition of the Alexforbes Manager Watch™ Survey of Retirement Funds Investment Managers once again provides a detailed snapshot of the South African retirement fund investment management industry.

Building on three decades of industry research and analysis, the survey continues to serve as a trusted benchmark for trustees, consultants, institutional investors and asset managers navigating an increasingly dynamic investment environment.

The 2025 edition analyses insights across 30 surveys, comprising 15 balanced, 14 specialist and one multi-manager survey, alongside findings from the June 2025 Assets under Management (AuM) survey.

Together, these surveys provide a comprehensive view of market structure, manager performance, transformation progress, investment strategy trends and portfolio construction developments across the retirement fund industry.

Year	Asset Managers	Participating trategies
2024	92	797
2025	94	875

One of the most notable trends remains the continued growth of multi-managers within the South African market. In 2019, multi-managers held just 15 cents for every R1 managed by single managers. By 2025, this had doubled to 30 cents, highlighting the increasing preference for diversified manager blending, governance support and risk management solutions.

Alexander Forbes Investments maintained its position as the leading multi-manager in South Africa and retained sixth place overall following a 10% increase in assets under management. Among single managers, Ninety-One remained the largest asset manager in the country, recording 6% growth in assets, while STANLIB Asset Management held second place with 13% growth. Coronation moved into third position after increasing assets by 17%, overtaking SIM, which moved to fourth despite posting 9% growth. Allan Gray retained fifth place.

The survey also highlights continued progress in transformation across the asset management industry. In 2025, 54 of the 78 managers participating in the AuM survey achieved Level 1 B-BBEE contributor status, up from 52 in 2024. Importantly, the top 22 managers all achieved Level 1 ratings, reflecting the industry's ongoing commitment to transformation and inclusive growth.

Selected market and performance highlights

2025 Result	
SA BIV Median Return	31.9%
Global BIV Median Return	21.1%
Average International Exposure	33.5%
FTSE/JSE ALSI Return	42.4%
Average SA Equity Manager Return	44.1%
Top Performing SA Equity Fund	48.9%

Benchmark trends remained relatively stable, with the FTSE/JSE Capped SWIX ALSI continuing as the most widely used benchmark among equity managers, accounting for 58.2% of the survey universe in 2025.

The survey also highlighted continued focus on fee transparency and competitiveness across pooled fund categories, with Domestic Money Market Pooled funds remaining among the most cost-effective options at an average base fee of 0.22%.

Complementing the quantitative findings, this year's publication also includes editorial features focused on investment-business resilience, allocator decision-making and broader industry change, including a CEO discussion featuring Dawie de Villiers and Hendrik du Toit as Ninety-One celebrates its 35th anniversary.

As the South African retirement fund industry continues to evolve amid shifting market conditions, regulatory developments and changing client expectations, the Manager Watch™ Survey remains an essential industry barometer. Through its combination of long-term historical insight and current market analysis, the survey continues to provide valuable guidance to stakeholders seeking to make informed and resilient investment decisions.

Access the Full Survey

Risk statistics

Volatility and tracking error

Lowest volatility

	1 quarter	3 years	5 years
Total SA equity	17.3% Camissa Managed Equity Fund	9.5% Allan Gray Domestic Specialist Equity	9.8% Allan Gray Domestic Specialist Equity
Manager Watch SA Best Investment View	13.3% Mianzo Domestic Balanced Fund	7.9% Allan Gray Domestic Balanced	7.8% Allan Gray Domestic Balanced
Manager Watch Global Best Investment View	6.2% Abax Balanced Prescient Fund	5.1% Nedgroup Investments Core Guarded Fund	5.3% Nedgroup Investments Core Guarded Fund

Volatility: A measure of investment price fluctuations over time. Higher volatility suggests larger price swings and potential gains or losses.

For example, the **Abax Balanced Prescient Fund** demonstrated notably strong risk control during the quarter, recording a volatility of **6.2%**, the lowest among peers, which underscores the defensiveness and stability of the portfolio in a challenging market environment. Despite delivering a modest negative return of **-0.6%**, the fund materially outperformed its benchmark, which declined by **-1.5%** over the same period. This relative outperformance highlights the effectiveness of the fund's asset allocation and downside protection, as lower volatility translated into smaller capital losses compared to the broader market. Overall, the fund's performance reflects a disciplined approach focused on capital preservation and mitigating drawdowns during periods of market stress.

Highest volatility

	1 quarter	3 years	5 years
Total SA equity	**39.5%** Fairtree SA Equity Prescient Fund	**14.5%** Excelsia Capital Aggressive Equity	**15.3%** Fairtree SA Equity Prescient Fund
Manager Watch SA Best Investment View	**28.8%** Mergence Domestic Balance Fund	**11.5%** Camissa Balanced Fund	**11.1%** Ninety One Segregated Domestic Mandate
Manager Watch Global Best Investment View	**25.7%** Fairtree Balanced Prescient Fund	**9.9%** Merchant West SCI Managed P&G Fund	**10.5%** Merchant West SCI Managed P&G Fund

Volatility: A measure of investment price fluctuations over time. Higher volatility suggests larger price swings and potential gains or losses.

For example, Fairtree SA Equity Prescient Fund recorded a volatility of 15.3%, the highest five-year volatility among South African equity peers and meaningfully above the peer group average of 13.0%. This elevated level of volatility indicates a more aggressive or unconstrained investment approach, with returns exhibiting larger fluctuations relative to competitors. While higher volatility can create opportunities for enhanced long-term return potential through active positioning and stock selection, it also reflects a higher level of risk borne by investors, particularly during periods of market stress. As such, the fund's volatility profile suggests that performance outcomes may diverge more sharply from peer funds over shorter time horizons, requiring investors to maintain a longer-term perspective and a higher tolerance for market swings.

Lowest tracking error

	1 quarter	3 years	5 years
Total SA equity	**0.3%** Legacy Africa FM Capped ALSI Composite	**0.9%** Balondolozi Active Equity Fund	**2.3%** OMIG Premium Equity
Manager Watch SA Best Investment View	**1.7%** Alexander Forbes Investments Performer Local	**1.1%** Alexander Forbes Investments Performer Local	**1.3%** Alexander Forbes Investments Performer Local
Manager Watch Global Best Investment View	**0.4%** Alexander Forbes Investments (Spectrum)	**0.5%** Alexander Forbes Investments (Spectrum)	**0.5%** Alexander Forbes Investments (Spectrum)

Tracking error: Measures how closely an investment follows a benchmark. It reflects the divergence between the investment's returns and the index's returns, indicating the effectiveness of replicating the benchmark's performance.

For example, the Alexander Forbes Investments (Spectrum) recorded a very low three-year tracking error of 0.5%, showing that the fund followed its benchmark very closely over the period. This suggests the manager made only small, careful changes rather than large positions that would cause performance to differ significantly from the benchmark. The fund achieved a return of 14.2%, slightly higher than the benchmark return of 14.0%, indicating that it was able to add a small amount of value without taking on extra risk. Overall, the fund delivered steady performance with returns closely aligned to its benchmark.

Highest tracking error

	1 quarter	3 years	5 years
Total SA equity	**15.9%** Camissa Managed Equity Fund	**10.4%** Ninety One Value Composite	**10.5%** Rezco Equity
Manager Watch SA Best Investment View	**28.3%** ALUWANI Domestic Balanced Fund	**11.2%** ALUWANI Domestic Balanced Fund	**5.4%** Nedgroup Investments (Truffle) Managed Fund
Manager Watch Global Best Investment View	**21.9%** ALUWANI Global Balanced	**12.9%** Rezco Value Trend	**14.1%** Rezco Value Trend

Tracking error: Measures how closely an investment follows a benchmark. It reflects the divergence between the investment's returns and the index's returns, indicating the effectiveness of replicating the benchmark's performance.

For example, the **Rezco Value Trend** recorded a five-year tracking error of **14.1%**, the highest among its peers, indicating that the fund's performance differed significantly from its benchmark over the period. This high tracking error reflects a highly active investment approach, with the portfolio positioned very differently from the benchmark. However, this level of active risk was not rewarded, as the fund delivered a return of **6.6%**, substantially below the benchmark return of **15.7%**. The outcome suggests that the active positions detracted from performance, highlighting the challenges of deviating widely from the benchmark over this period and the increased risk that accompanies such an approach.

Survey asset distribution

	September 2025	December 2025	March 2026
Absolute Return	R308 billion	R314 billion	R308 billion
BEE	R1057 billion	R1129 billion	R1172 billion
Manager Watch	R2040 billion	R2120 billion	R2096 billion
Medical-Aid	R68 billion	R67 billion	R67 billion
Multi-Manager	R708 billion	R759 billion	R750 billion
Namibia	R126 billion	R133 billion	R143 billion
Property	R78 billion	R91 billion	R90 billion
SA Bond	R316 billion	R372 billion	R374 billion
SA Equity	R655 billion	R720 billion	R727 billion
SA Money Market	R653 billion	R653 billion	R683 billion
Shari'ah	R41 billion	R48 billion	R51 billion
TDI	R92 billion	R97 billion	R96 billion
Total	**R6 148 billion**	**R6 508 billion**	**R6 562 billion**

The figures in the table above show that the surveys collectively recorded an overall increase in assets under management during Q1 2026. On an individual basis, the BEE and SA Money Market surveys recorded notable increases of approximately R43 billion and R29 billion respectively. This growth was primarily driven by higher market values across most participating portfolios, the net addition of eight funds to the BEE survey as nine new funds were added and one exited, as well as the inclusion of two new funds and one exit in the SA Money Market survey. The Namibia and SA Equity surveys also experienced strong asset growth of more than R10 billion and R6 billion respectively, mainly due to the addition of two new funds in the SA Equity survey and rising market values among participating portfolios across both surveys. The flagship Manager Watch survey recorded the largest decrease, with assets decreasing by over R23 billion due to only 47 of the 126 participating funds reporting higher market values during the quarter.

Sustainable investment considerations

Infrastructure at the intersection of energy and transport: Inside South Africa's CHARGE EV Strategy

South Africa's move toward electrifying its motor vehicle industry has progressed from policy intent into concrete implementation. A central example is the CHARGE project, formally known as Zero Carbon Charge, which is rolling out South Africa's first national network of fully off grid, solar-powered, fast electric vehicle (EV) charging stations. The project is already operational at its proof of concept site in Wolmaransstad, which has been online since late 2024 and is now entering a national expansion phase. [1] The first off grid charging stations along the N3 corridor between Johannesburg and Durban are scheduled to be commissioned during 2026, marking the commercial launch of a network that plans to reach 120 sites across key national routes, supported by the Development Bank of Southern Africa and provincial automotive development partners.[2]

What distinguishes CHARGE from earlier electric mobility initiatives in South Africa is its direct response to the country's energy security constraints. Standard EV charging models in developed markets assume access to a stable electricity grid. South Africa's grid, however, remains capacity constrained, carbon intensive and vulnerable to load shedding. CHARGE's stations are therefore designed to operate entirely independently of Eskom, using on site solar photovoltaic generation coupled with battery storage to deliver continuous high power charging. According to the project's developers, this decentralised architecture is not simply an environmental preference but a practical necessity for scaling EV adoption in a country where many rural towns and highway interchanges were never designed to support large, sustained electricity loads.[3]

The energy security implications of this approach are significant. South Africa remains heavily dependent on imported petroleum products, exposing transport costs and in turn food prices, logistics, mining and industrial activity to global oil price volatility and geopolitical shocks. Electrifying road transport offers a pathway to reduce this exposure, but only if the energy underpinning that electrification is reliable and increasingly renewable. By generating electricity locally at charging sites, CHARGE reduces reliance on both imported liquid fuels and the national grid simultaneously. In doing so, it helps insulate segments of the transport system from fuel price shocks and grid instability, reframing EV infrastructure as a resilience and energy security investment rather than solely a climate intervention.[3]

CHARGE's rollout aligns closely with South Africa's broader industrial policy framework. The Electric Vehicles White Paper, published by the Department of Trade, Industry and Competition in 2023, outlines a roadmap to transition the automotive sector from predominantly internal combustion engine production toward a dual platform model that includes electric and other new energy vehicles by 2035. The policy cautions that failure to adapt risks undermining South Africa's export competitiveness as global markets tighten emissions standards and it explicitly identifies charging infrastructure and energy availability as binding constraints on EV uptake. The emergence of grid independent charging networks such as CHARGE directly addresses these constraints highlighted at policy level.[4]

Fiscal policy has reinforced this strategic direction. In 2025, South Africa enacted a 150% tax allowance for investments in electric and hydrogen vehicle manufacturing, effective from 2026, with the aim of attracting private investment, preserving automotive jobs and localising new technology value chains. Legal and industry analysts have noted, however, that manufacturing incentives alone are insufficient if vehicles cannot be operated reliably under domestic conditions characterised by grid stress and volatile fuel costs. The parallel rollout of resilient charging infrastructure is therefore essential to ensure that production capacity, market demand and energy systems evolve in tandem. [5], [4]

In summary, the CHARGE project represents a tangible step in South Africa's transition toward electric mobility that is firmly grounded in the realities of energy insecurity. By integrating transport electrification with decentralised renewable energy, the project positions electric vehicles not only as a climate solution, but as a strategic response to fuel import dependence, price volatility and grid fragility. While challenges remain, including vehicle affordability and skills development, the execution of CHARGE signals that South Africa's EV transition has entered a delivery phase, with energy security at its core.

[1] TechCentral – Charge to switch on first N3 off grid EV stations in May
[2] AutoForum – CHARGE and AIDC EC launch R11.4 billion off grid EV charging project
[3] Zero Carbon Charge – Project and national network overview
[4] Department of Trade, Industry and Competition – Electric Vehicles White Paper (Dec 2023, PDF)
[5] Werksmans Attorneys – Electric vehicle tax incentive: what manufacturers should know

Expert insights

An interview with...

Tinashe Austin Choga

Senior Actuarial Specialist at
Alexforbes Investments

What initially drew you to a career in the investment industry and how did you find your way into your current role?

I have always had a strong affinity for mathematics and a curiosity about how markets function, which led me into the investment industry. Starting my career at Alexforbes provided early exposure to the investment consulting space and over time my role has evolved to focus on applying actuarial thinking to real-world challenges, particularly in helping clients design and implement long-term investment strategies. What I find most rewarding is using quantitative skills in a practical way to support better decision-making and ultimately improve client outcomes.

What is one misconception people often have about roles behind the scenes in the investment industry and what would you like them to better understand?

A common misconception about behind-the-scenes roles in the investment industry is that they are removed from decision-making and have minimal influence on outcomes. In reality, these roles are central to shaping strategy and ensuring decisions made remain disciplined and aligned with long-term objectives. While much of the work happens out of sight, it carries significant responsibility and is closely tied to the outcomes delivered to clients.

Markets and client needs are constantly changing. How do you stay focused and level-headed when things become pressured or complex?

I stay focused by keeping decisions anchored to clients' long-term objectives and being clear on what we are trying to achieve. I avoid being overly influenced by short-term market movements, particularly during more volatile periods. When things become complex, I break problems down into manageable parts and focus on what matters most.

How have changes in technology and ways of working influenced your role and what skills do you think are becoming increasingly important?

Technology, particularly AI, has transformed how we analyse information and make decisions in the investment industry, enhancing both speed and insight. However, it has not replaced judgment; rather, it has elevated its importance. While technical skills remain essential, the real differentiator is the ability to critically interpret outputs and translate them into clear, actionable advice. Ultimately, technology is an enabler, but the value lies in how it is applied within the context of real-world decisions and client objectives. In that sense, human judgment, context and accountability remain central to delivering meaningful outcomes.

What do you believe differentiates a good investment professional from a great one, regardless of role or title?

What differentiates a good investment professional from a great one is not just technical skill, but the consistency and quality of their decision-making over time. It's the ability to navigate uncertainty with discipline, staying anchored to long-term objectives while avoiding reacting to short-term noise. Just as important is the ability to translate complexity into clear, practical insights that lead to better decisions and outcomes for clients.

Finally, what advice would you give to someone considering a career in the investment industry, particularly in roles that support portfolio management and clients?

For anyone considering a career in the investment industry, it's important to build a strong technical foundation while understanding how those skills apply in real-world decision-making. Curiosity and exposure across different areas are key to developing perspective over time. Equally important is the ability to think critically, navigate uncertainty and apply sound judgment. Finally, being able to communicate complex ideas clearly and translate them into practical, client-focused solutions is what ultimately sets you apart and drives meaningful long-term outcomes.

Word on the street

The Iran War and Oil Supply Disruption: **What It Means for South Africa**

The escalation of the war involving Iran in early 2026 has sent shockwaves through global oil markets, primarily by heightening risks around supply and transportation rather than through the immediate loss of production. Central to this disruption is the Strait of Hormuz, a critical maritime corridor through which roughly a fifth of globally traded oil normally flows. Even the threat of interference has proved sufficient to trigger significant market reactions. In March 2026, Brent crude prices surged above US$100 per barrel as traders priced in the risk of prolonged shipping disruptions, higher insurance premiums and tanker rerouting, underscoring how geopolitical instability can rapidly translate into global price volatility.[1]

South Africa is particularly exposed to this type of shock because of its structural dependence on imported oil and refined fuels. The country produces virtually no crude oil domestically. It relies heavily on imports not only for crude but also, increasingly, for refined petroleum products, following the closure or partial shutdown of several local refineries over the past decade. While a significant share of South Africa's crude imports comes from African producers, much of its diesel, petrol and jet fuel is sourced from major refining hubs in the Middle East, leaving supply chains indirectly vulnerable to any disruption around the Strait of Hormuz. As analysts have noted, this dependence means geopolitical tensions thousands of kilometres away can have an almost immediate impact on domestic fuel costs and broader economic conditions. [2]

The impact of the conflict has already been felt across the South African economy. Rising international oil prices have filtered through the country's regulated fuel pricing mechanism, contributing to sharp increases in diesel and petrol prices during March and April 2026.

Sources:
1. Mail & Guardian (9 March 2026), "Iran war drives oil above $100, raising inflation risks for South Africa." [mg.co.za]
2. IOL Business Report (13 March 2026), "The Iran crisis shows why South Africa must reduce its dependence on imported oil." [iol.co.za]
3. Daily Maverick (5 March 2026), "Cape route becomes shipping lifeline as Middle East crisis disrupts trade." [dailymaverick.co.za]
4. Africa Business Insight (27 April 2026), "South Africa turns to US fuel imports as Middle East supply routes face disruption."

Because diesel underpins freight transport, agriculture, mining and backup electricity generation, higher prices have had knock on effects across supply chains, pushing up the cost of moving goods and adding to inflationary pressures. At the same time, logistical disruptions have compounded these effects. Major shipping companies have rerouted vessels away from the Middle East, diverting traffic around the Cape of Good Hope and adding up to two weeks to shipping times. This has raised freight costs, war risk insurance premiums and delivery delays for South African businesses, amplifying the economic impact of higher fuel prices.[3]

In the short term, South Africa's options to mitigate these risks are limited but not negligible. One response already underway has been the diversification of fuel import sources. As Middle Eastern routes became more uncertain, South African fuel traders increased imports from the United States and other alternative suppliers to maintain supply continuity, even though these options often come with higher transport costs.

This strategy highlights a trade off faced by import dependent economies: paying a premium for security of supply may be preferable to the economic damage caused by shortages or extreme price spikes.[4] Alongside diversification, analysts continue to call for more active management of strategic fuel reserves and better coordination between government and industry to smooth short-term shocks.

The Iran related conflict has once again exposed South Africa's vulnerability to external energy shocks. While the country has avoided outright supply shortages so far, higher oil prices, disrupted shipping routes and rising logistics costs have already imposed tangible economic costs. Short-term mitigation measures such as supply diversification and reserve management can cushion the immediate impact, but the episode reinforces a longer standing lesson: without reducing its dependence on imported oil and strengthening domestic energy resilience, South Africa will remain highly sensitive to geopolitical turmoil in global oil markets.

Sources:
1. Mail & Guardian (9 March 2026), "Iran war drives oil above $100, raising inflation risks for South Africa." [mg.co.za]
2. IOL Business Report (13 March 2026), "The Iran crisis shows why South Africa must reduce its dependence on imported oil." [iol.co.za]
3. Daily Maverick (5 March 2026), "Cape route becomes shipping lifeline as Middle East crisis disrupts trade." [dailymaverick.co.za]
4. Africa Business Insight (27 April 2026), "South Africa turns to US fuel imports as Middle East supply routes face disruption."

Investor **education**

Regulation 28
Property allocation

Regulation 28 of South Africa's Pension Funds Act is designed to protect investors by ensuring that retirement savings are spread across different types of investments rather than concentrated in a single asset class. It does this by setting clear limits on how much can be invested in areas such as equities, offshore assets and property.[1] In our previous article, we explored how these rules apply to infrastructure. Another important area for investors to understand is how Regulation 28 limits exposure to property within retirement portfolios.

Property is a well-known and widely used investment because it can generate steady income through rental payments while also offering the potential for long-term capital growth. In retirement portfolios, this exposure is typically achieved through listed property shares, such as Real Estate Investment Trusts (REITs), as well as some unlisted property investments. However, Regulation 28 limits total property exposure to 25% of a portfolio.[2] This cap ensures that property remains an important but balanced component within a broader, diversified investment strategy.

The reason for this limit is largely based on risk management principles that are widely supported by industry bodies and asset managers. Regulation 28 exists to prevent excessive concentration risk often described as "not putting all your eggs in one basket."[3] While property can be a strong income-generating asset, it is still affected by economic cycles, interest rates and changes in demand for different types of real estate, such as offices, retail centres and logistics facilities. By capping exposure, the regulation helps protect investors from the impact of downturns in the property market.

Industry commentary from asset managers and research platforms also highlights that property investments carry unique risks, particularly when it comes to liquidity and valuation. Unlisted property investments, for example, may be difficult to sell quickly, while even listed property shares can experience significant price volatility during periods of market stress.[4] This is one of the reasons why the regulation distinguishes between listed and unlisted property exposures and includes them in an overall limit.[4] From a practical perspective, these constraints help ensure that retirement funds remain flexible enough to meet withdrawals and rebalance portfolios when needed.

From an asset management perspective, Regulation 28 encourages a disciplined approach to portfolio construction. Managers must carefully balance their allocations across asset classes while remaining within the prescribed limits. This includes making decisions about how much to invest in local versus offshore property, whether to favour listed or unlisted property and which sectors, such as retail, office, or industrial, offer the most attractive opportunities.

Sources:

1. National Treasury - Regulation 28 amendments
2. Moneyweb - Regulation 28 limits explained
3. Moneyweb - Regulation 28 and diversification principles
4. Sanlam / EBnet - Regulation 28 and asset manager considerations
5. TAF - Regulation 28 real estate allocation and risk considerations
6. Property Review / SA REIT Association commentary on REITs

Even when property appears undervalued or offers appealing yields, managers must ensure that allocations remain within the regulatory cap, reinforcing a long-term, risk-aware approach to investing.[4]

It is also important to consider how property fits into the broader portfolio. Regulation 28 places limits across multiple asset classes, including a 75% cap on equities and a 45% cap on offshore exposure, meaning all investment decisions must work together within a total portfolio framework.[2] In practice, listed property shares can sometimes behave similarly to equities, particularly during times of market volatility. This can reduce their diversification benefit, which is another reason why regulatory limits are important in maintaining a balanced portfolio.

Despite these constraints, property continues to play a valuable role in retirement investing.

Research from the South African REIT sector shows that property investments can enhance diversification and provide attractive income streams, particularly because REITs are required to distribute a large portion of their earnings as dividends.[6] At the same time, their performance can vary depending on broader economic conditions, reinforcing the importance of maintaining measured exposure rather than over-allocation.

For investors, understanding these limits can provide reassurance that their retirement savings are being managed prudently. While asset managers may not always be able to take full advantage of short-term opportunities in the property market, Regulation 28 ensures that portfolios remain diversified, resilient and focused on long-term outcomes. Ultimately, property remains an important building block in a well-constructed portfolio but one that must be carefully balanced within clearly defined limits.

Sources:
1. National Treasury - Regulation 28 amendments
2. Moneyweb - Regulation 28 limits explained
3. Moneyweb - Regulation 28 and diversification principles
4. Sanlam / EBnet - Regulation 28 and asset manager considerations
5. TAF - Regulation 28 real estate allocation and risk considerations
6. Property Review / SA REIT Association commentary on REITs

Financial food for thought:

“The Orchard on River Street”

On River Street there once stood a small orchard wedged between two busy office blocks. Most people passed it without noticing, except for one habitually cautious shopkeeper who owned a café across the road. Every morning, while opening the shutters, he would look over at the orchard and quietly note which trees were blossoming and which stood bare.

One year, a developer bought the land next to the orchard and began building luxury apartments. Rents on River Street rose sharply. Investors arrived, drawn by glossy brochures and fast talking sales agents. They spoke confidently about “guaranteed returns” and “inevitable appreciation.” Many of the café’s regular customers sold what they had elsewhere and put everything into the new development, afraid of missing out.

The shopkeeper listened, nodded politely and carried on serving coffee. He didn’t invest. Instead, he spent a modest sum repairing his old espresso machine, planted herbs behind the café and negotiated a longer lease with predictable rent increases. His returns were modest, but steady.

Two years later, the market turned. Interest rates rose. Some apartments stood empty. Investors who had borrowed heavily began to panic. Prices fell faster than they had risen. The orchard across the street, ignored throughout the boom, quietly began producing fruit again. The trees that had been neglected for years proved resilient not spectacular, but dependable.

When River Street eventually stabilised, the shopkeeper was still there. He hadn’t grown rich overnight, but he had avoided sleepless nights. His café was still profitable, his costs were known and his small, unremarkable decisions had compounded over time. Some of the investors returned, a little humbler, ordering coffee and asking him how he had “timed it so well.”

He smiled and pointed to the orchard. “I didn’t time anything,” he said. “I just watched which trees survived the seasons.”

The moral of the story...

In finance, the loudest opportunities often promise the fastest growth, but resilience and cash flow discipline tend to matter more than perfect timing. Investments that survive different seasons, rising rates, falling prices and unexpected shocks may not be the most exciting, but they are often the ones that compound quietly while others are forced to sell.

To find out more about your options and to get help when you need it, contact our **My Money Matters centre** on 086 000 0381 or **mymoneymatters@alexforbes.com.**

Conclusion

We addressed several different financial and investment-related subjects in the newsletter, giving an outline of some intriguing survey findings and covering prominent industry news with key points based on quarterly economic performance.

Furthermore, we presented data on asset class performance and covered responsible investing in our sustainable considerations section. We also included an insightful interview with a field expert, discussed property asset class regulation and shared a brief story as financial food for thought.

Lastly, we closed off with a “word on the street” section where we presented key insights related to the war in Iran. We hope you found this newsletter to be stimulating and educational and eagerly await your comments and ideas.

Please feel free to share any comments, questions, or suggestions by sending an email to managerwatch@alexforbes.com.

Glossary

Active return, also known as relative return, represents the difference between the actual return of the portfolio and the return of a specified benchmark over a given period of time.

Asset allocation: Dividing an investment portfolio among different types of assets (like equities, bonds and cash) to achieve the desired risk and return, based on goals, risk tolerance and time horizon.

Best Investment View (BIV): The portfolio/composites included in this survey represent the asset managers' best unconstrained investment view, appropriate to Regulation 28-compliant retirement funds.

Code for Responsible Investing in South Africa (CRISA): Guidelines in South Africa that promote responsible investing practices. It encourages considering environmental, social and governance (ESG) factors in investment decisions.

Correlation matrix: A correlation matrix is a table that shows how different variables are related to each other. Each cell in the table reveals the strength and direction of the relationship between two specific variables. A score of 1.0 implies perfect correlation.

Counter-financing of terrorism (CFT) refers to the laws, regulations, systems and processes that countries put in place to prevent, detect and disrupt the flow of money used to support terrorist activities.

Credit Impulse Index measures the change in new credit issued to the non-financial private sector expressed as a percentage of GDP. The non-financial private sector includes households and non-financial firms and corporations primarily producing/manufacturing goods and services.

Distressed Private Equity specialises in lending to companies in financial crises. When the funds invest in companies, their purpose is to take control of the business during the bankruptcy or restructuring processes so they can buy the company at a lower purchase price. Then, they'll work to turn the companies around and, eventually, sell them.

ECB: European Central Bank.

Exit strategies are methods for investors to realize their returns on investments in a portfolio of companies. The goal is to receive a return that's higher than the initial investment. Some common examples include trade sales and IPOs.

Federal Reserve System (FED) is the central banking system of the United States, responsible for regulating the country's financial institutions, managing the money supply and setting monetary policy to promote maximum employment and stable price.

Financial Action Task Force (FATF) is an international organisation that sets global standards to prevent money laundering, terrorist financing and the financing of weapons of mass destruction.

Financial Intelligence Centre (FIC) is the national hub for collecting and analysing financial data, established under the FIC Act (38 of 2001) to combat financial crimes such as money laundering, tax evasion and terrorist financing.

Fund of Funds (FoF) raises capital from investors but doesn't invest in private companies or assets. Instead, it acts as an investor and buys into a portfolio of other private equity funds.

Futures are standardized contracts to buy or sell an asset at a predetermined price and date in the future.

General Partner (GP): These are individuals or entities that manage and makes the investment decisions for a private equity fund on behalf of the Limited Partners.

Geopolitical tensions: Conflicts or disputes between nations that impact financial markets. They can cause trade disruptions, policy changes, or increased market volatility.

Gharar refers to excessive uncertainty or ambiguity in Islamic finance. It pertains to transactions that involve an element of risk or speculation that is considered excessive and is not allowed according to Islamic principles.

Growth equity funds inject investments into mature, established companies that still need significant funding to grow. These companies usually have good cash flow and established business models but lack the financial boost for scalability or expansion regionally or globally.

Infrastructure works similarly to real estate equity. Firms raise capital from private equity investors. Then, they use that capital to buy assets, operate them and eventually sell them for profit. The difference with infrastructure funds is that they invest in assets that provide essential utilities or services. This includes sectors like utilities (e.g., gas, electricity, water) and transportation (e.g., airports, roads, bridges, rail transit).

- **Initial Public Offering (IPO)** is the process by which a private company offers its shares to the public for the first time, thus becoming a publicly traded company. Through an IPO, a company can raise capital by selling its stock to investors. This transition allows the company to access public markets for funding, which can be used for expansion, paying off debt, or other corporate purposes.
- **Limited Partner (LP):** These are the investors, such as high net worth individuals, Institutional investors as well as pension funds, who invest in private equity funds which are managed by a General Partner (GP).
- **Options contracts** provide the buyer the right, but not the obligation, to buy (call option) or sell (put option) an underlying asset at a predetermined price within a specified period.
- **Principles for Responsible Investment (PRI):** A global initiative promoting sustainable investing. It encourages investors to incorporate ESG factors for long-term sustainable returns.
- **Private Equity** refers to a form of investment made into companies that are not publicly traded on a stock exchange. These investments typically come from private equity firms, venture capital firms, or wealthy individuals.
- **Real Estate Private Equity (REPE)** refers to funds that raise capital to acquire, develop, operate, improve and sell buildings in order to generate returns for their investors. They generally invest in properties using different strategies.
- **Regulation 28:** South African regulation for retirement funds, setting investment limits and guidelines. It ensures diversification and risk management by specifying exposure to different asset classes, sectors and regions.
- **Retail investing** involves individuals directly buying and selling securities like stocks and bonds through brokerage firms or online platforms, using their own money rather than managing funds for organizations. It's accessible to ordinary people, who make investment decisions based on personal research and goals.
- **Riba** means interest. It refers to the prohibition of charging or earning interest in Islamic finance, as it is considered unethical and against Islamic principles.
- **Secondaries** is an investment vehicle that focuses on acquiring existing limited partnership interests in private market funds from other investors. These funds provide an avenue for investors to gain exposure to a diversified portfolio of companies or assets that are already established.
- **South African Reserve Bank (SARB):** The central bank of South Africa, tasked with protecting the value of the currency and ensuring the overall stability of the financial system to support balanced, sustainable economic growth.
- **Shari'ah:** Islamic principles and guidelines for financial activities, including investments. It prohibits interest-based transactions and investments in sectors like alcohol, gambling, or pork.
- **Targeted Development Investment (TDI):** These investment portfolios aim to maximise investor returns while paying attention to socially responsible investing and issues relating to the development and upliftment of previously disadvantaged communities.
- **Venture Capital (VC)** is a form of private equity financing provided by investors to startups and small businesses that are believed to have long-term growth potential. It plays a critical role in fostering innovation and business growth, particularly in technology and high-growth sectors.
- **Warrants** are options issued by financial institutions, granting the holder the right to buy or sell an underlying asset at a predetermined price.

4786-2026-07 • Getty images