



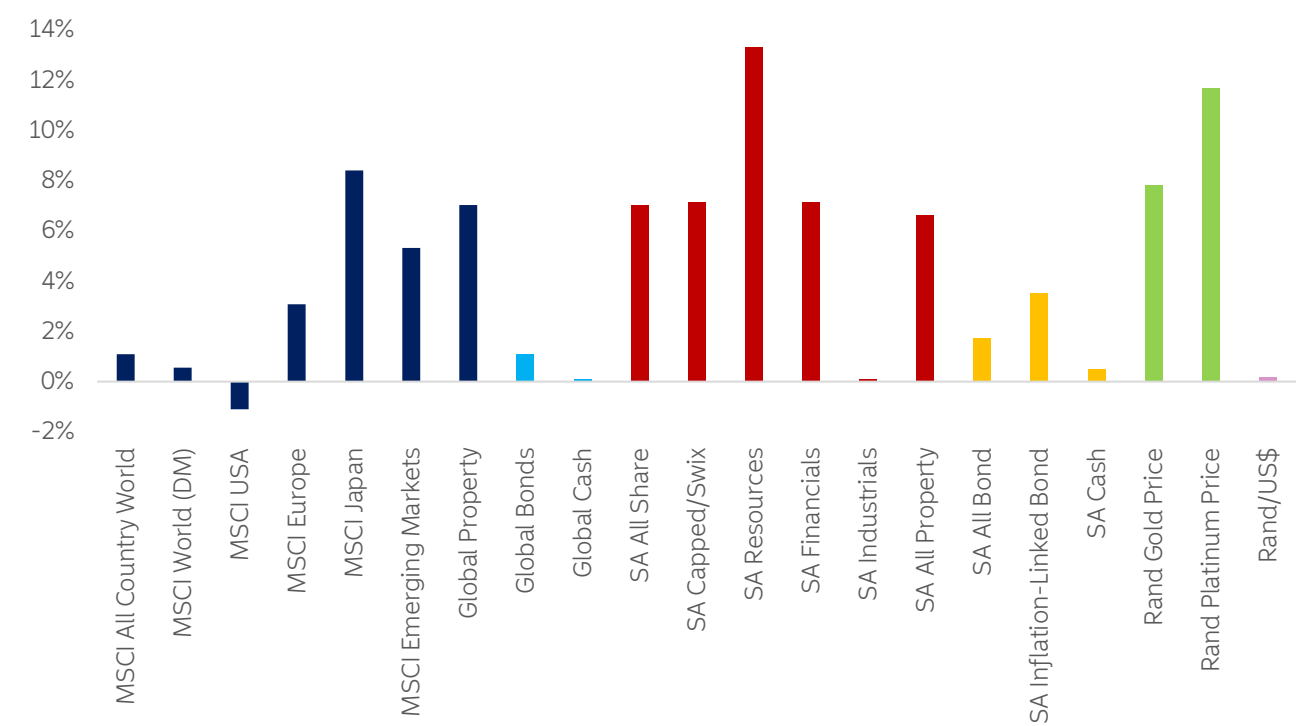
Market review for February 2026 and the ensuing Iran war

Key market review takeaways for February 2026 and the subsequent Iran war impact

- February was again a good month for risk assets, with global property, South African (SA) equities and local property providing the highest returns of all main asset classes for SA investors. Rising oil, gold and PGM prices supported a buoyant performance from the gold and platinum exchange-traded funds (ETFs) and the Resources sub-sector within local equities. Falling local bond yields on the back of a favourable SA Budget strongly underpinned banks and thus Financials. In contrast, a poor showing by Naspers and Prosus due to global artificial intelligence (AI) worries negated robust broad-based returns among the rest of the Industrial counters, leaving the sector largely flat for the month. SA inflation-linked bonds (ILBs) performed better than nominal bonds in the month, with cash lagging the other local fixed-income asset classes.
- Worries about the possible AI disruption of existing global business models in some service industries put pressure on particularly US share prices in these sectors in the month, while simultaneously feeding concerns about private credit exposure to these areas. Risk appetite was eroded further by tariff instability and a rise in geopolitical risk as negotiations between the United States (US) and Iran about the latter's nuclear programme failed to make progress. As a result, US equities declined in February and underperformed global bonds, with the latter benefiting from their risk-aversion attribute. Emerging market equity returns far outpaced those in developed markets (except for a strong outperformance from Japan after the landslide victory for Prime Minister Takaichi), as investment flows reflected views that diversification away from the US is prudent in the new multipolar world order.
- The 28 February US/Israel attack on Iran came after the month-end close for financial markets. The main transmission impact on markets has since come through a further significant increase in the oil price due to fears about the more than 20% of world oil and gas supply flowing through the Strait of Hormuz. Although global equity and bond markets have seen associated sell-offs in the immediate aftermath of the Iran war, the long history of market reactions to similar geopolitical shocks provides comfort that the impacts on equities, bonds and currencies have typically been contained and short-lived, with markets recovering within weeks or at most months to pre-shock levels. The few past exceptions that caused slightly more meaningful and longer-lasting negative impacts on markets have been when the geopolitical events caused recessions in the US, a low-probability scenario in our view due to the current strength of the US economy and the positive fiscal and monetary support already in place.
- As always, we regard a well-diversified portfolio with exposure to a wide range of asset classes as the best defence for investors against the uncertainty and volatility created by geopolitical shocks. Knee-jerk reactions to these kinds of events have historically destroyed long-term value in portfolios by crystallising losses in the short term before portfolios could stage their typical subsequent recoveries. Trust in previous meticulously-formulated investment goals at times like these is paramount to protect long-term financial dreams. Unless goals change, no action is the best investment strategy.

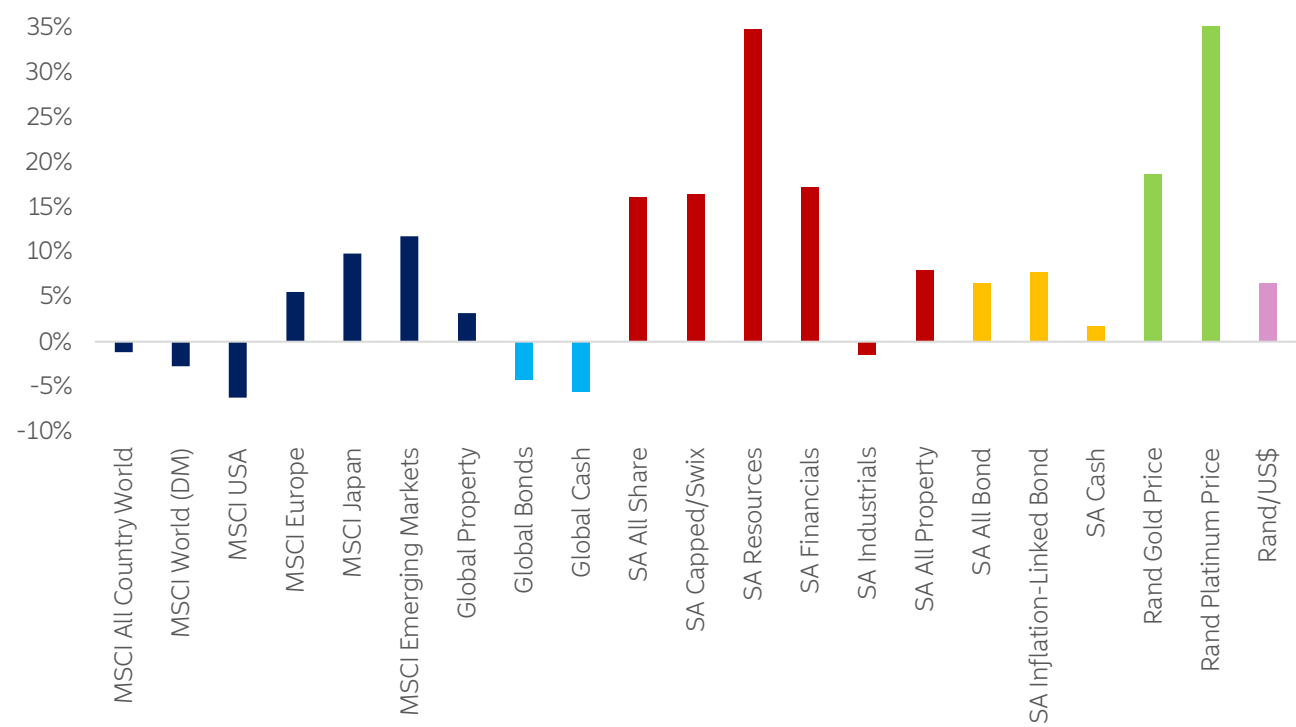
Asset class returns

Chart 1: Month to end of February 2026 - rand returns in %



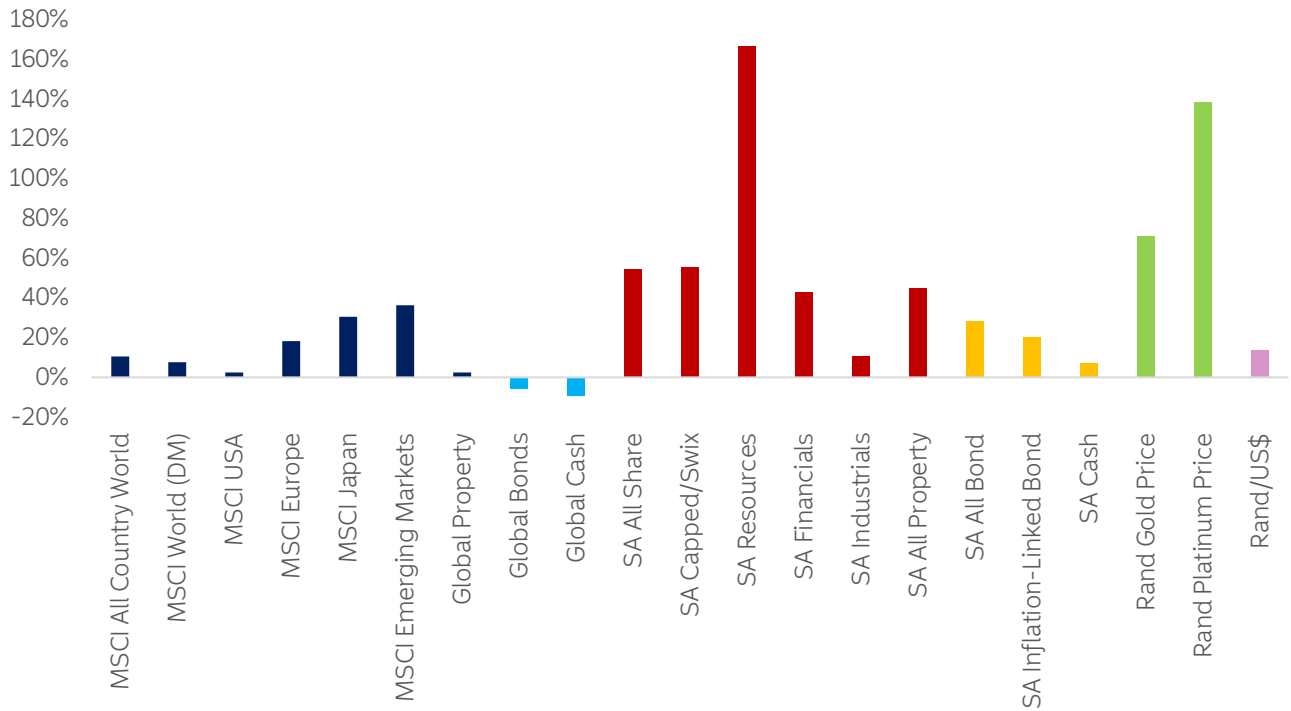
Source: Momentum Investments, various sources

Chart 2: Three months to end of February 2026 - rand returns in %



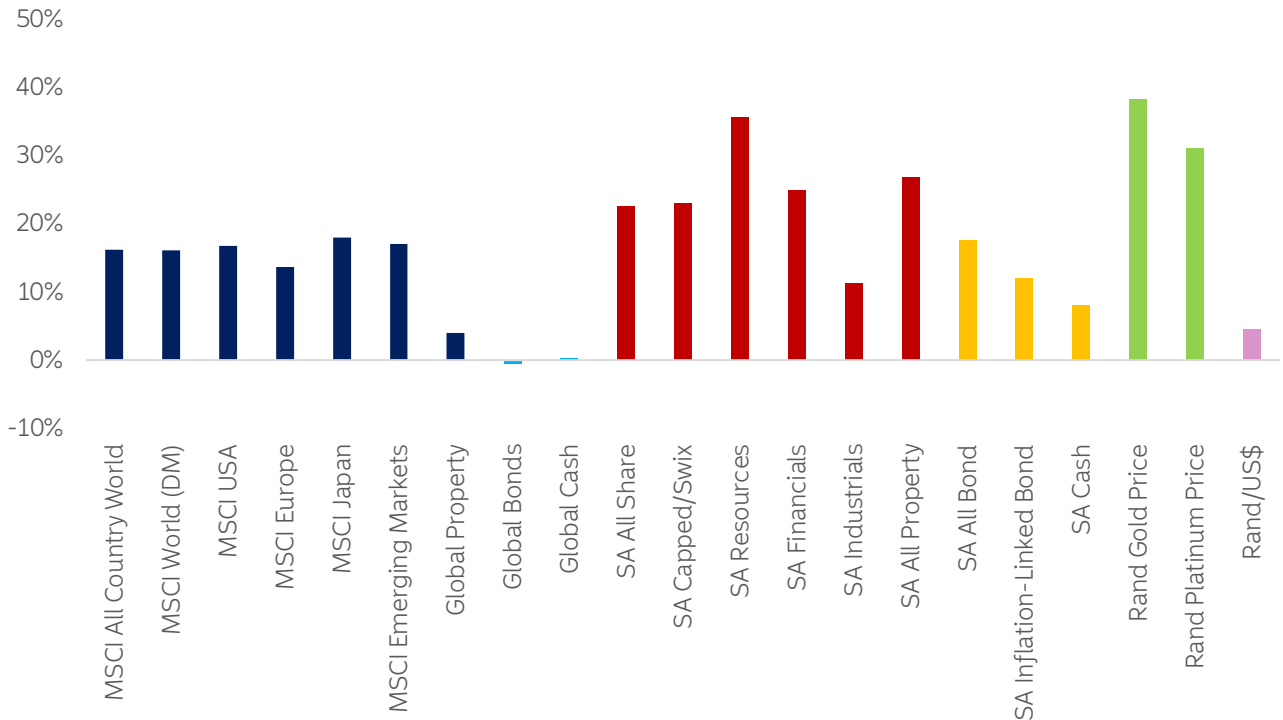
Source: Momentum Investments, various sources

Chart 3: Year to end of February 2026 - rand returns in %



Source: Momentum Investments, various sources

Chart 4: Three years to end of February 2026 - rand returns in %



Source: Momentum Investments, various sources

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