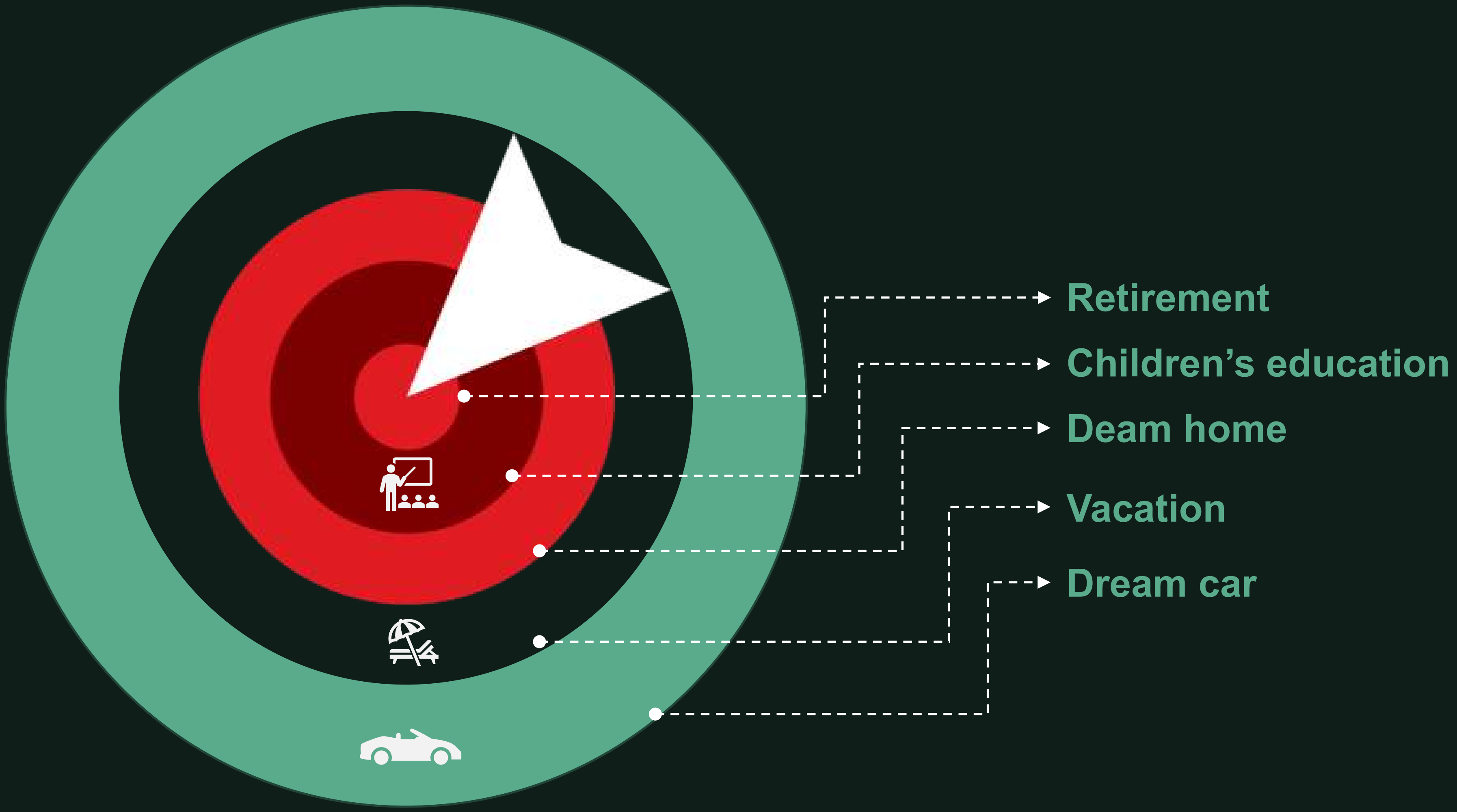
Don’t panic

Portfolio management in crisis times

equilibrium

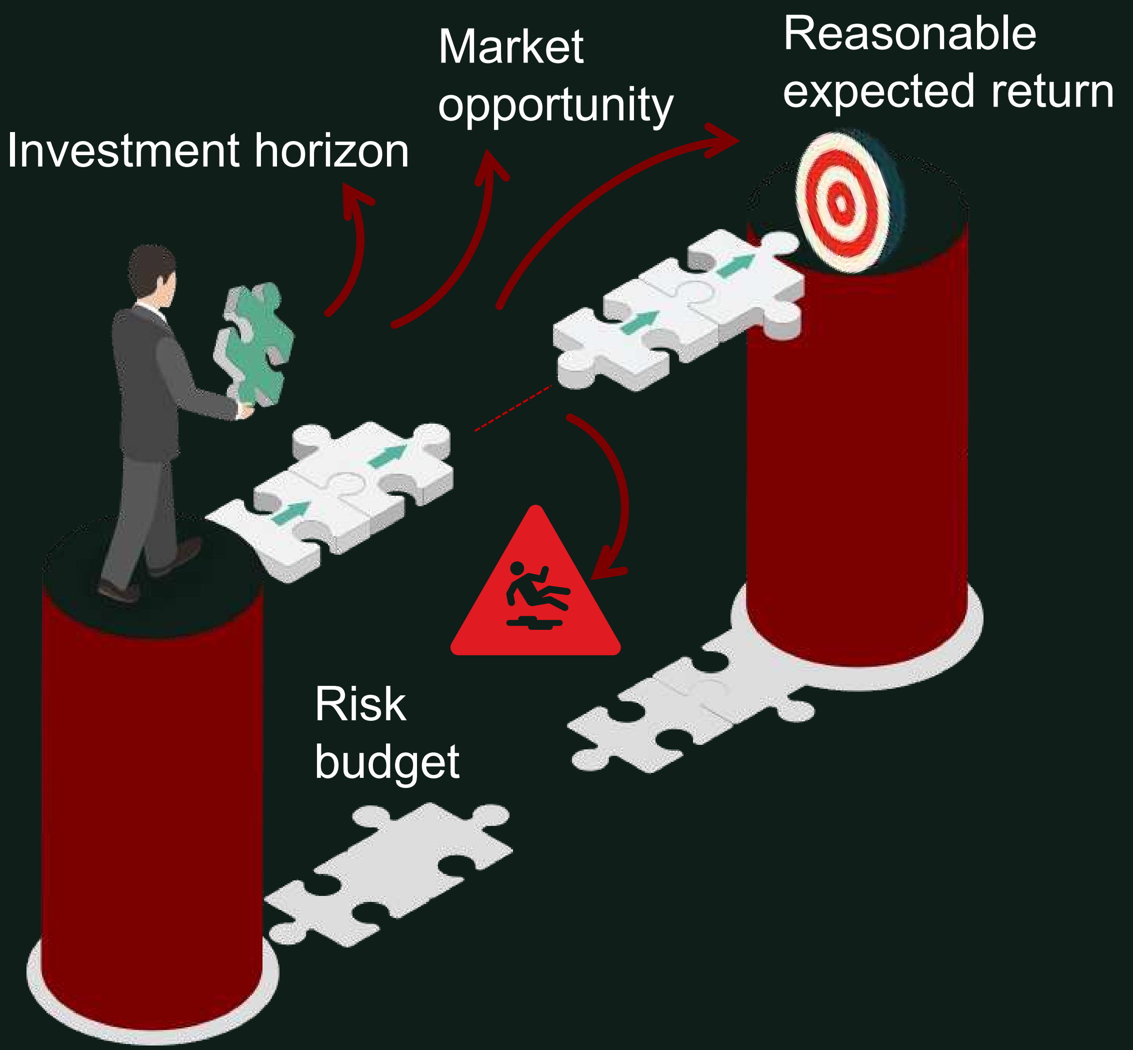
Outcome-based investing

Begin with the end in mind



Outcome-based investing

A client-centric approach to defining the outcome



Goal is a function of time horizon, risk appetite and market opportunity set

Fix the **time** frame and the **risk** budget

As a consequence: Establish a range of reasonable expected outcomes within a range of acceptable probabilities, which change as market conditions change

What drives outcome delivery?

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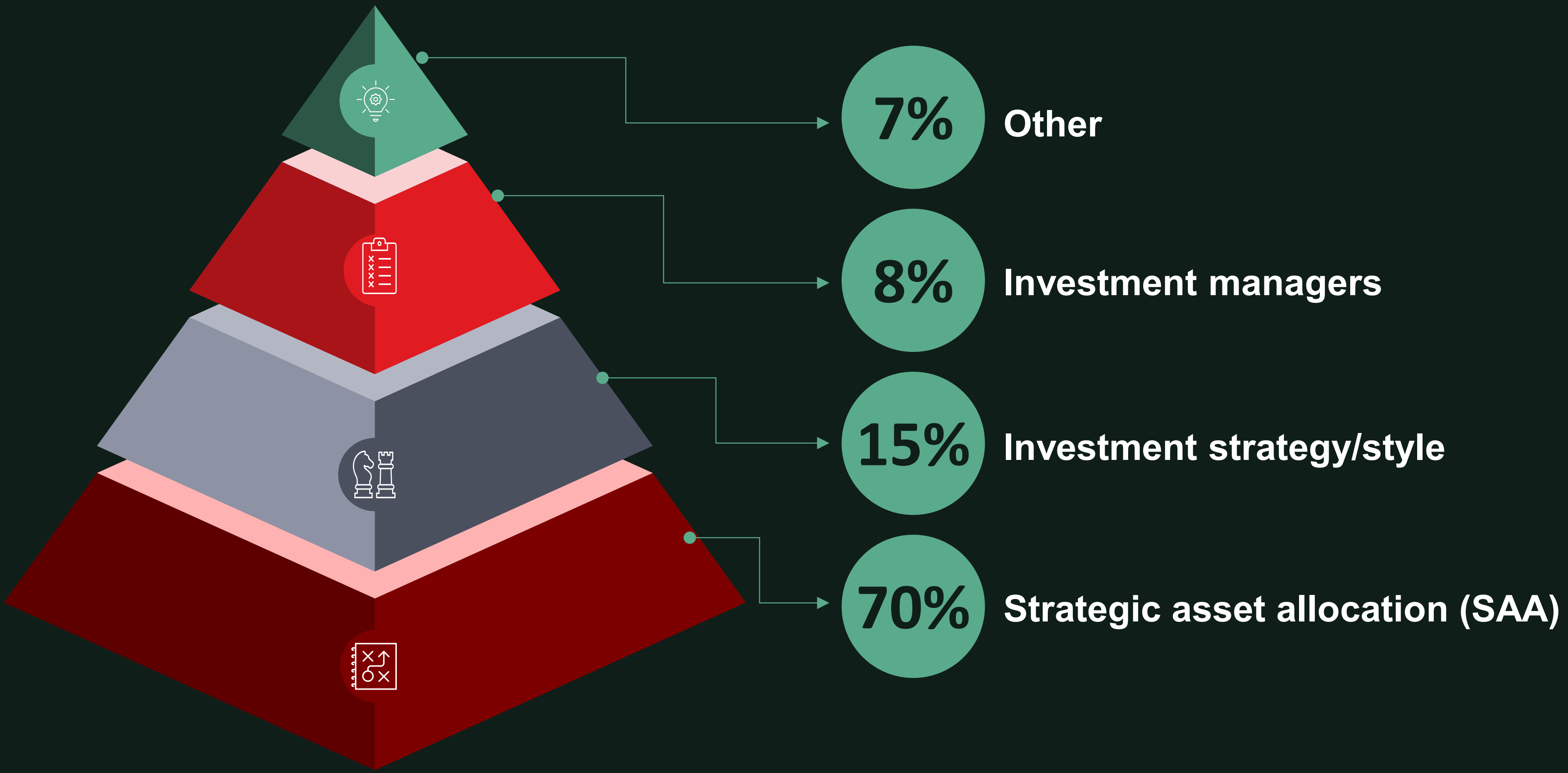

Numbers state the contribution to the probability and not the probability itself

This time is different

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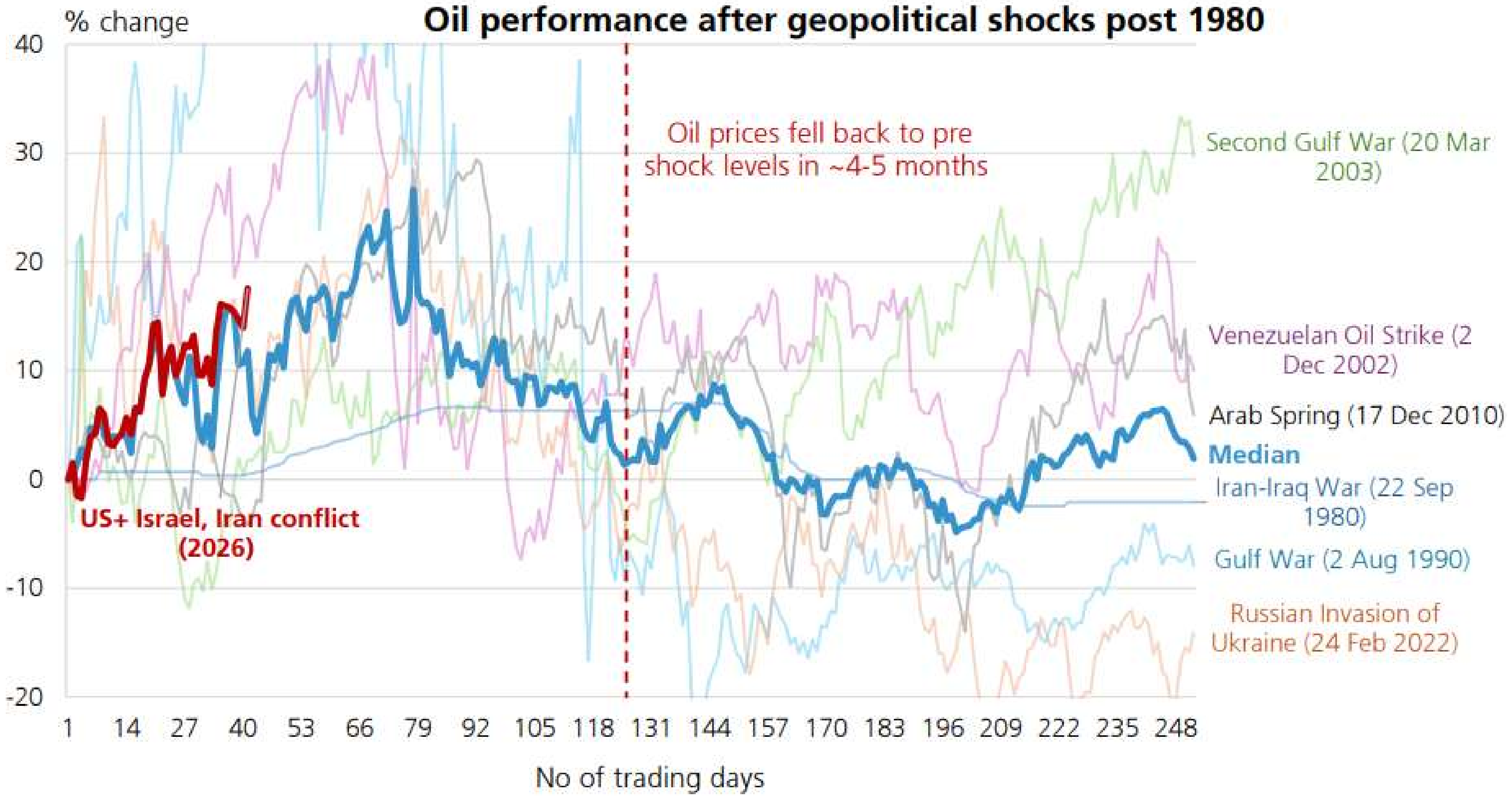
Iran war implications: UBS …1

equilibrium

Oil price typically normalised in less than six months, with median oil price spike of 25%

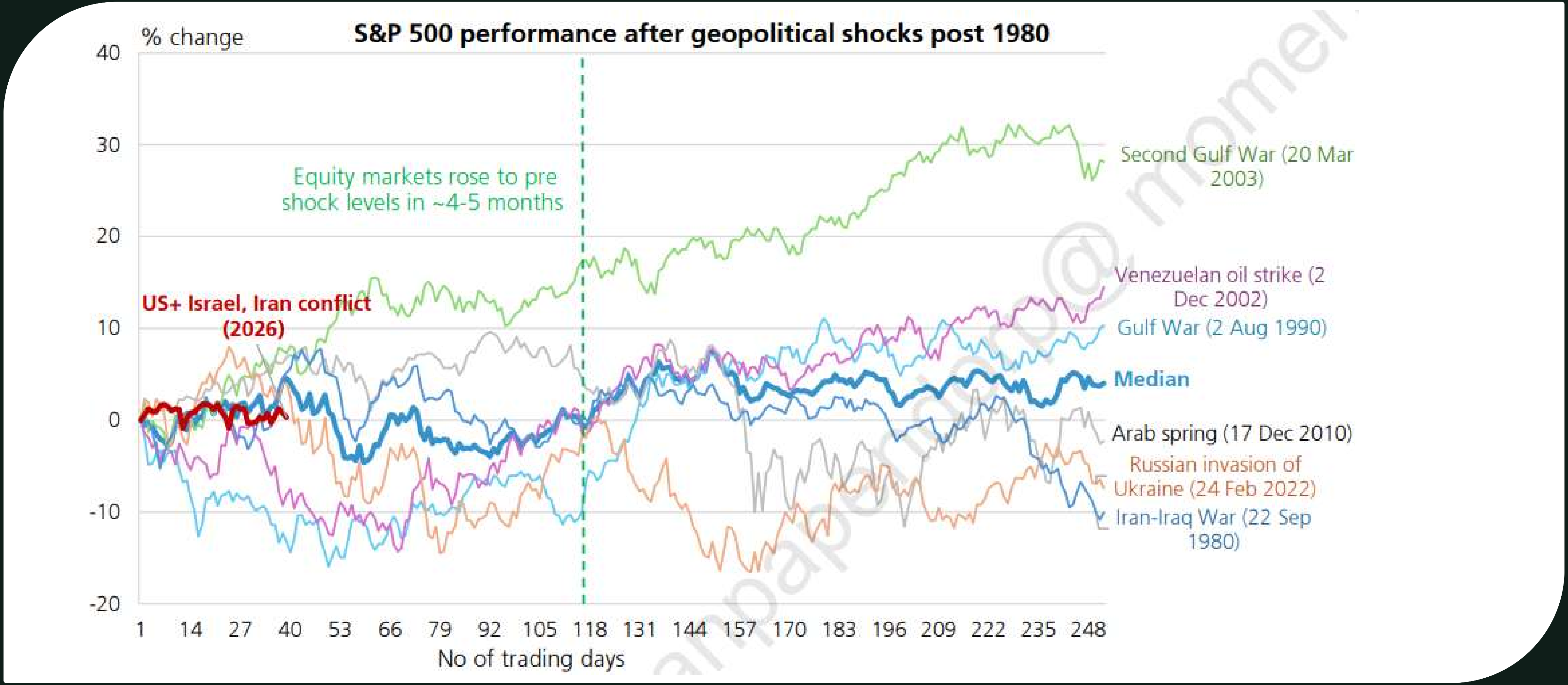


Source: UBS

Iran war implications: UBS …2

equilibrium

US equities also normalised after about five months, with median market decline 5% and max 15%



Source: UBS

Iran war implications: UBS …3

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When there was no associated US recession, the US equity effect was typically limited

Event	Date	Recession?	One month	Three months	Six months	One year
Cuban missile crisis	16/10/1962	No	5.4%	13.3%	21.1%	27.8%
Gulf of Tonkin resolution	05/081964	No	0.8%	3.7%	6.3%	4.5%
Six-day war	05/06/1967	No	3.3%	6.5%	7.7%	13.0%
October War	**06/10/1973**	**Yes**	-4.5%	-10.0%	-15.3%	-43.2%
Iranian Hostage Crisis	04/11/1979	No	4.2%	11.6%	3.0%	25.9%
Soviet Invasion of Afghanistan	**24/12/1979**	**Yes**	5.6%	-7.8%	6.9%	26.2%
Bombing of Libya	15/04/1986	No	-1.4%	-1.7%	0.5%	19.6%
First Gulf War	**02/08/1990**	**Yes**	-8.2%	-11.3%	-2.4%	10.2%
Kosovo Bombing	22/03/1999	No	4.8%	3.0%	1.0%	15.7%
9/11 Attacks	**11/09/2001**	**Yes**	0.4%	4.0%	6.9%	-16.8%
Iraq War	20/03/2003	No	2.0%	13.7%	18.3%	26.7%
Arab Spring	25/01/2011	No	2.2%	3.4%	3.6%	2.7%
Ukraine Conflict	14/03/2014	No	-0.6%	5.2%	7.8%	11.5%
Airstrike on Syria Airbase	07/04/2017	No	1.9%	3.0%	8.2%	10.6%
North Korean Missile Crisis	29/07/2017	No	-1.1%	4.4%	16.2%	14.0%
Saudi oil struck by drones	14/09/2019	No	-1.4%	5.4%	-9.9%	12.5%
Russia invasion of Ukraine	24/02/2022	No	7.0%	-6.7%	-2.0%	-6.0%
Average			**0.6%**	**2.3%**	**4.6%**	**9.1%**
Median			**0.0%**	**3.7%**	**6.3%**	**12.5%**

Source: UBS

Iran war implications: Morgan Stanley …1

equilibrium

S&P500 returns: Geopolitical events don’t cause a sustained decline in US equities, unless…

	Date	One week	One month	Three months	Six months	One year
Korean War	June-50	-7.6%	-10.0%	1.5%	4.9%	11.2%
Vietnam	Nov-55	4.4%	7.3%	4.1%	13.9%	10.0%
Suez Crisis	0ct-56	2.6%	-4.4%	-3.6%	-1.4%	-12.3%
Cuban Missile Crisis	Oct-62	-6.3%	5.4%	13.3%	21.1%	27.8%
Six-Day War	Jun-67	4.1%	3.3%	6.5%	7.7%	13.0%
Yom Kippur War	0ct-73	1.4%	-4.5%	-10.0%	-15.3%	-43.2%
Iran Hostage Crisis	Nov-79	-1.0%	4.2%	11.6%	3.0%	25.9%
Soviet-Afghan War	Dec-79	0.3%	5.6%	-7.8%	6.9%	26.2%
Iram-Iraq War	Sep-80	-5.3%	1.2%	4.1%	2.8%	-10.5%
US Action in Libya	Apr-86	2.0%	-1.4%	-1.7%	0.5%	19.6%
US Action in Panama	Dec-89	1.7%	-1.1%	-0.4%	4.7%	-3.7%
Gulf War	Aug-90	-3.3%	-8.2%	-11.3%	-2.4%	10.2%
Croatian War	Mar-91	0.0%	0.0%	-1.1%	3.4%	7.6%
Kosovo War	Feb-98	0.6%	4.4%	4.6%	-2.1%	18.0%
War in Afghanistan	Oct-01	1.9%	4.1%	8.7%	4.8%	-26.7%
Iraq War	Mar-03	-0.8%	2.0%	13.7%	18.3%	26.7%
Russia/Ukraine	Feb-22	1.7%	5.4%	-8.1%	-3.4%	-7.4%
Median		**0.6%**	**3.0%**	**3.1%**	**4.1%**	**10.7%**

Source: Morgan Stanley

Iran war implications: Morgan Stanley …2

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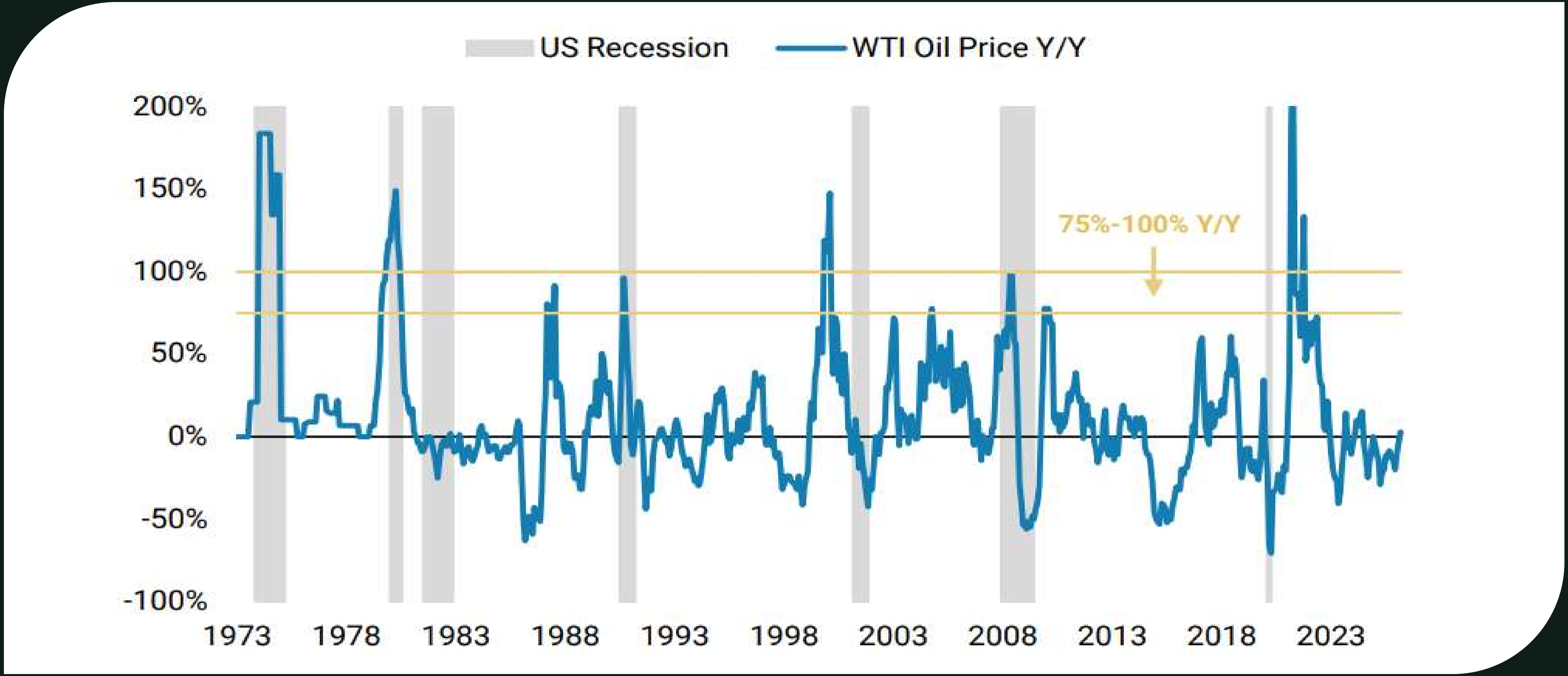
….oil prices rise <u>sustainably</u> by >75% Y/Y (ie to $100 to $120) and threaten the economic growth cycle



Source: Morgan Stanley

Time in the market

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Time is your friend

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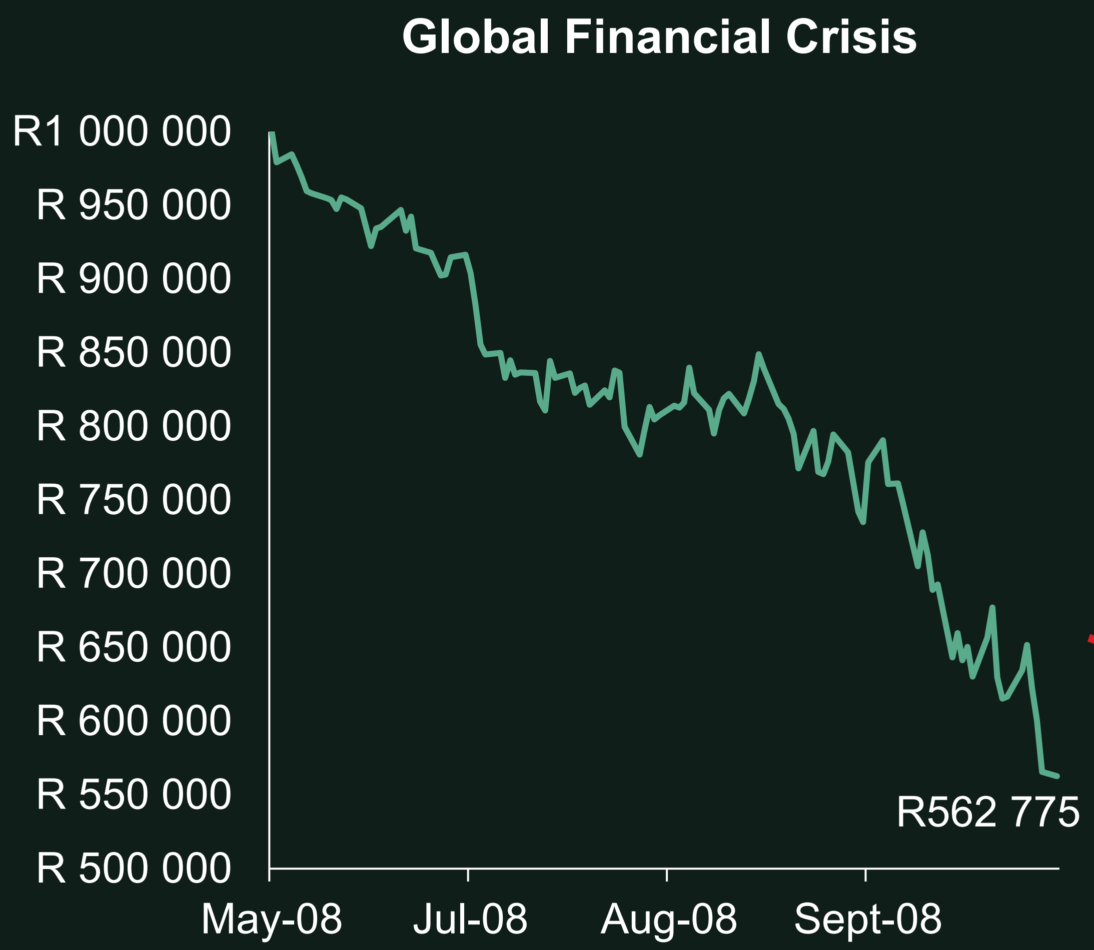
EQ Moderate Portfolio: Probabilities of meeting CPI + 3% over various terms

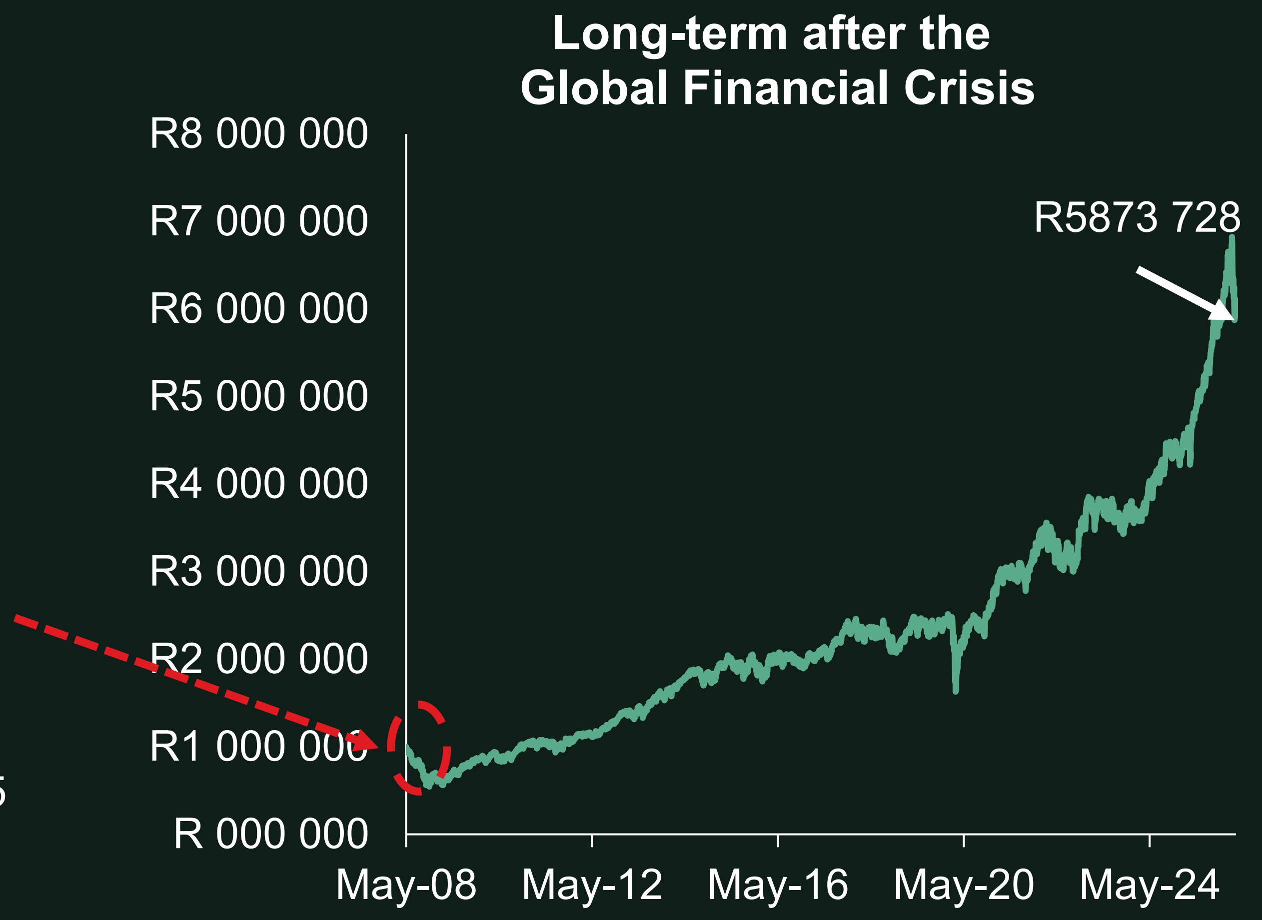
	1 Year	2 Years	3 Years	4 Years	5 Years	6 Year	7 Years	8 Years	9 Years	10 Years
Probabilities	68.53%	67.79%	75.30%	80.08%	86.60%	91.92%	93.95%	96.54%	98.58%	99.76%

Source: Equilibrium Investment Management, 2026

Value of R1mil invested before the GFC vs now

equilibrium

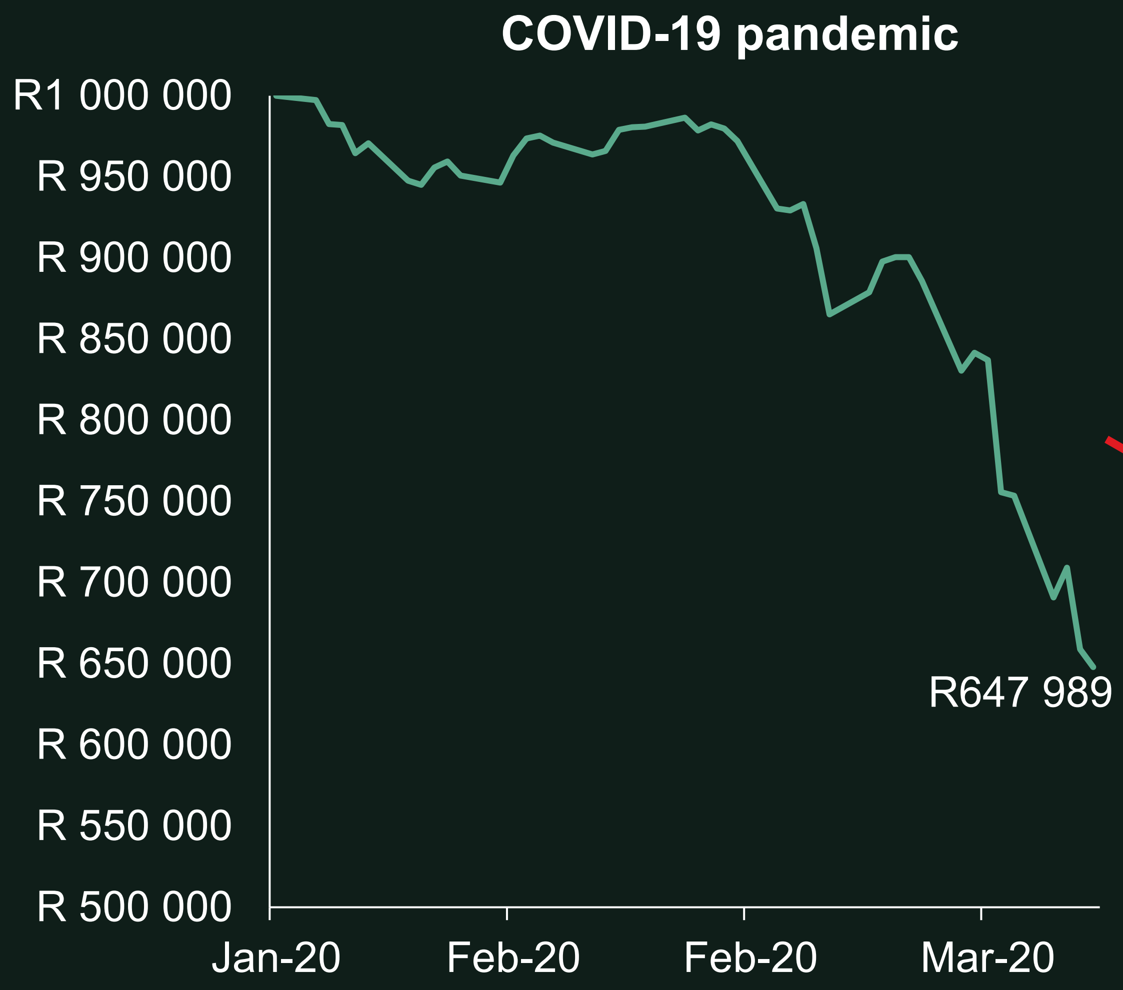


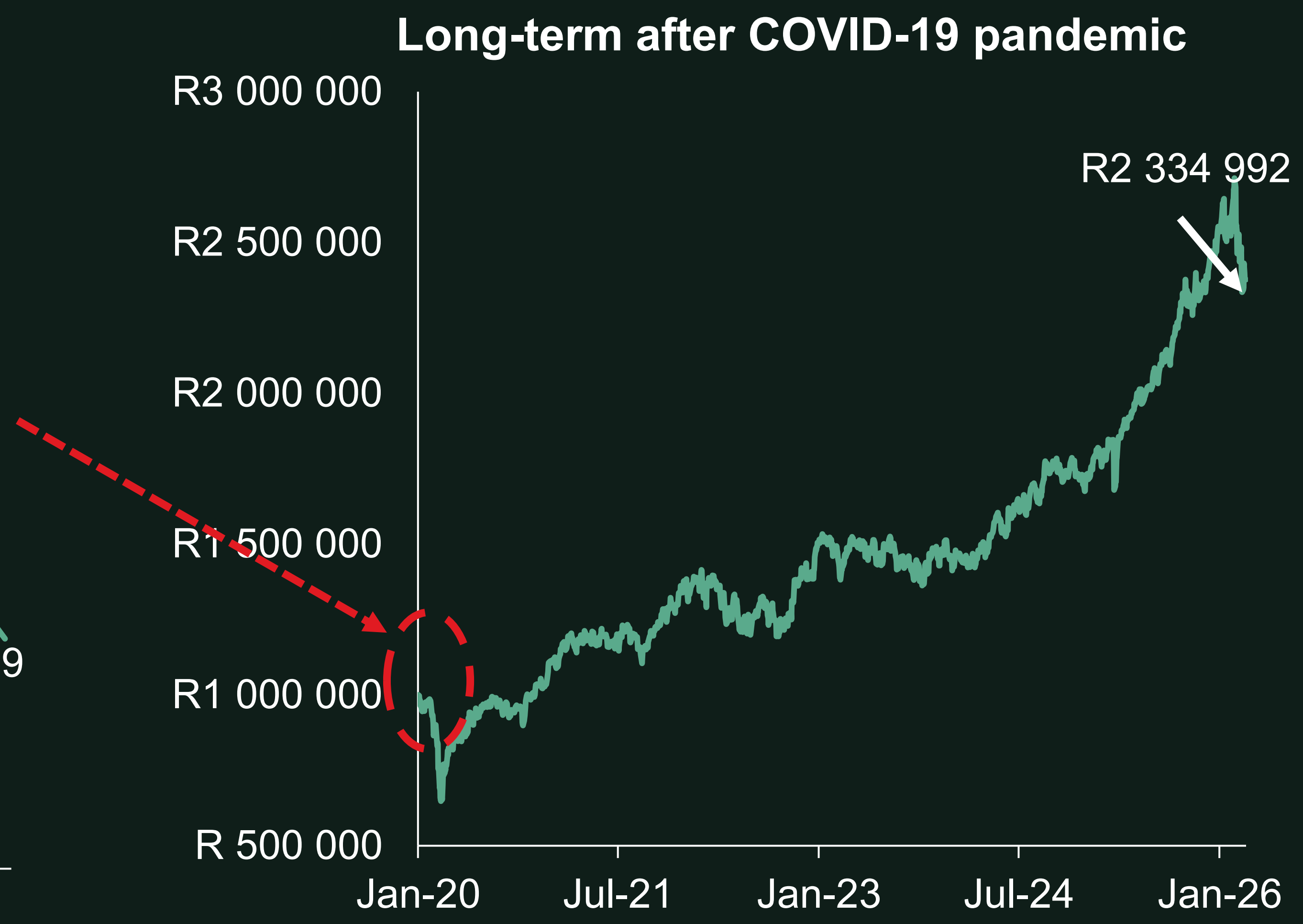


Source: Equilibrium Investment Management, 2026

Value of R1mil invested before COVID-19 vs now

equilibrium





Source: Equilibrium Investment Management, 2026

SA Equity: Timeline of global events

equilibrium

Source: Equilibrium Investment Management, 2026

Don’t time the market

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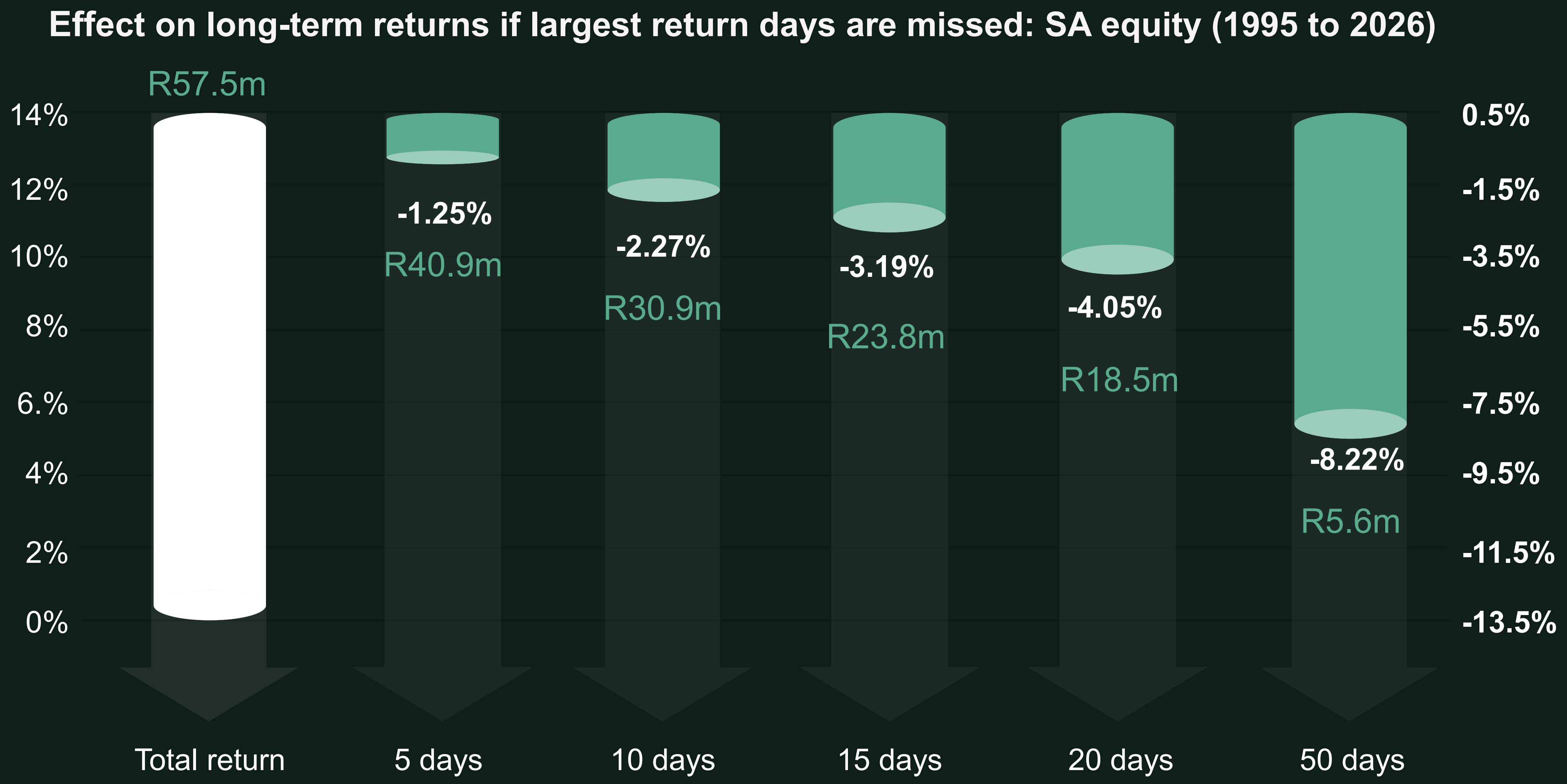
Market timing is dangerous



Source: Equilibrium Investment Management, 2026

Distribution of daily returns

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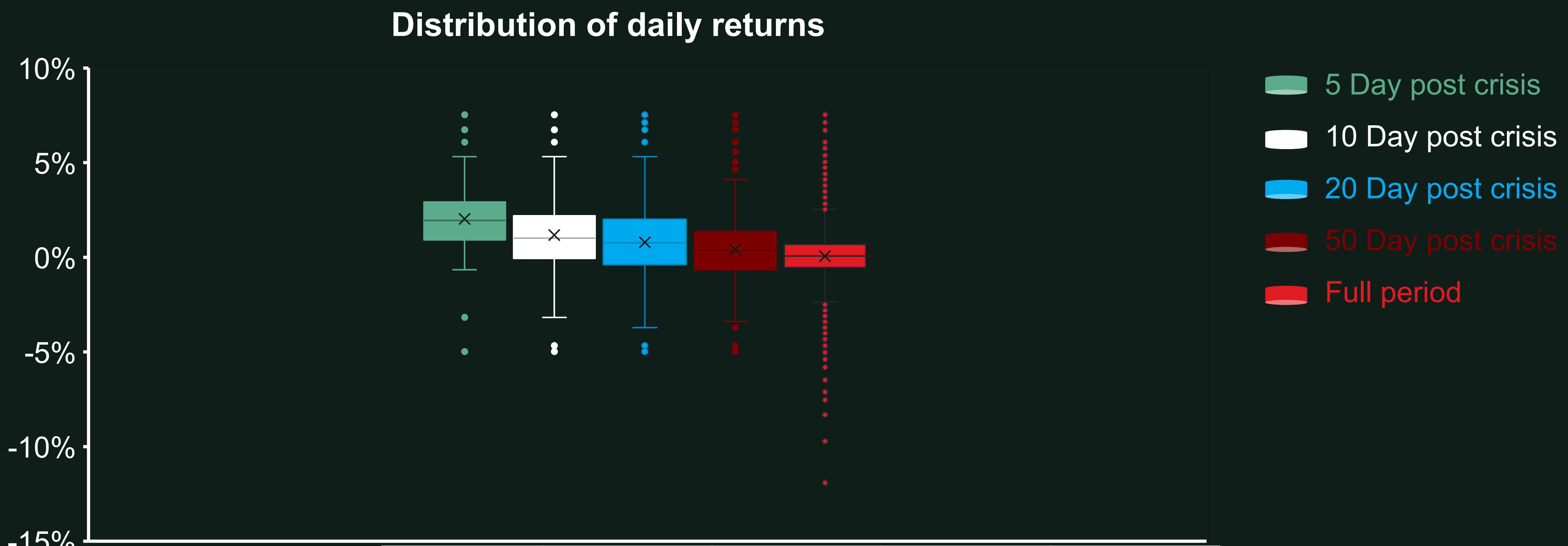
Daily returns after the bottom of a crisis period



	All periods	5 Days post trough	10 Days post trough	20 Days post trough	50 Days post trough
Average daily returns	0.06%	2.03%	1.17%	0.79%	0.42%

Major crises periods included in the analyses as per the previous slides

Source: Equilibrium Investment Management, 2026

Disciplined rebalancing adds value

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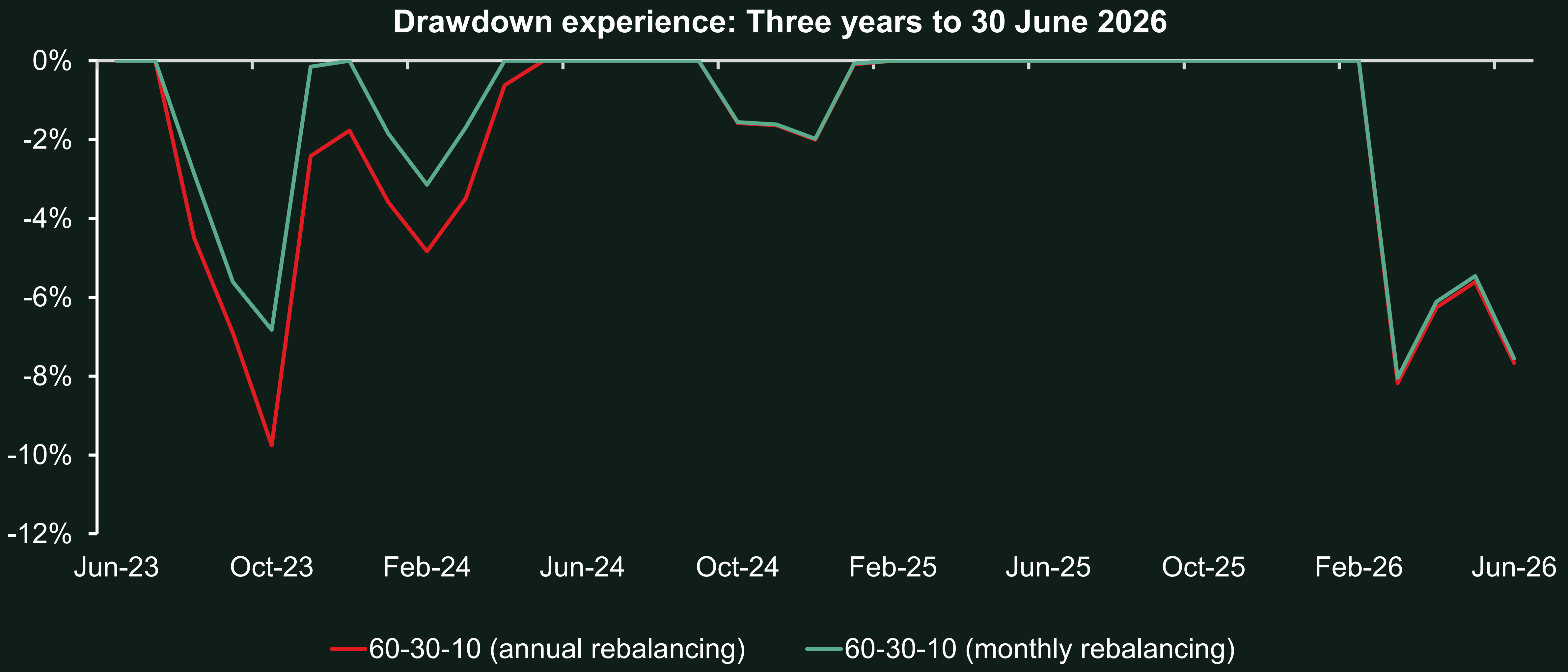
Buy into weakness, sell into strength



Source: Equilibrium Investment Management, 2026

Diversification

Diversification reduces pain

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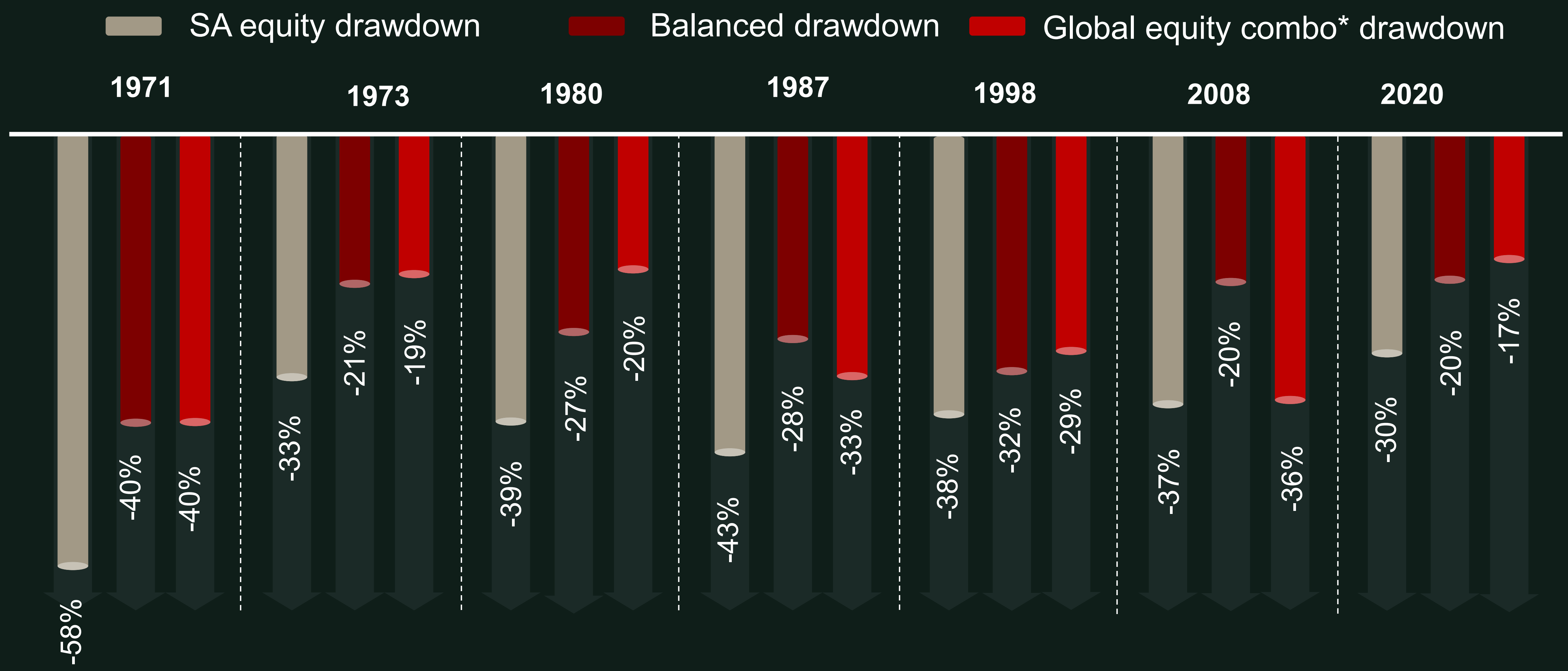
Drawdown of SA equity vs 60/40 SA vs global equity combo (60% SA equity and 40% Global equity)

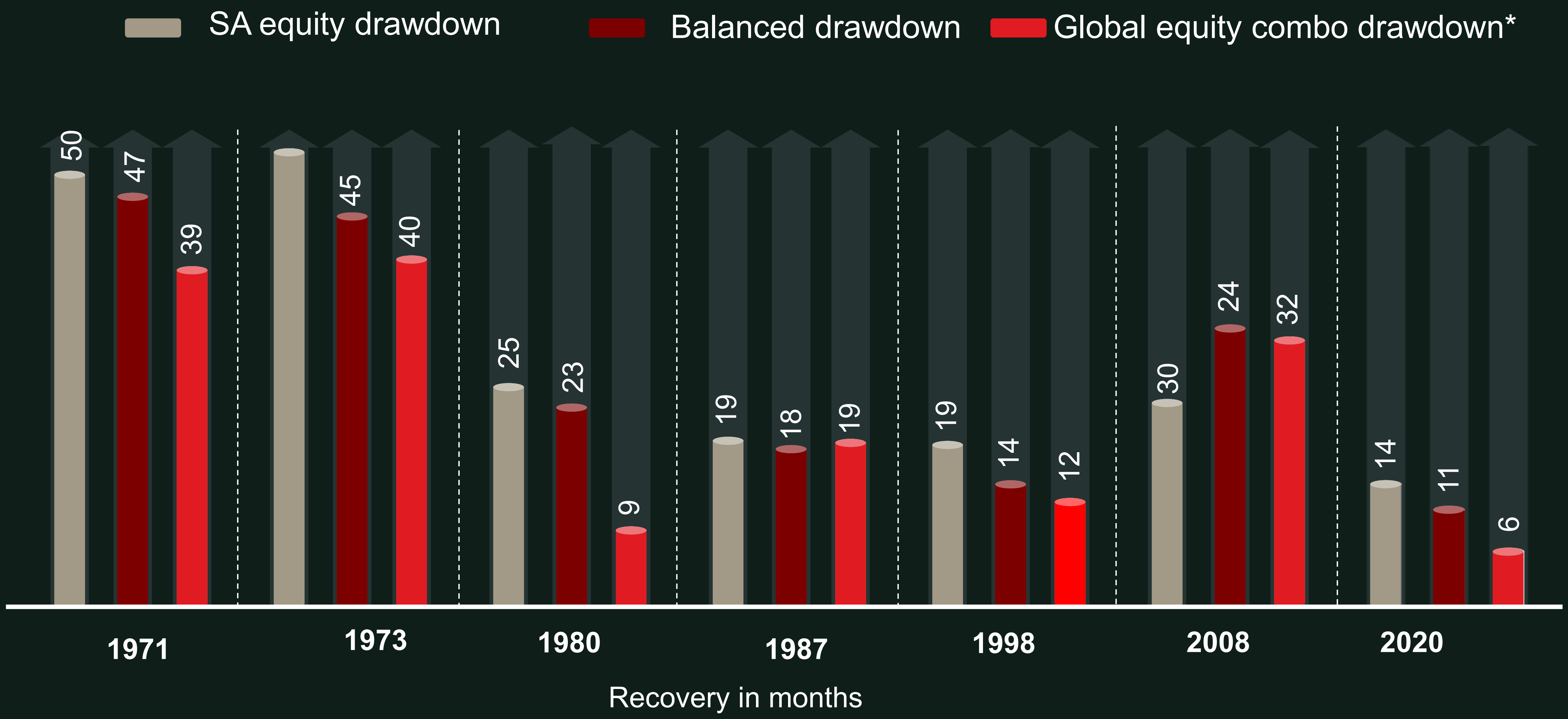


*Global equity combo consists of 60% SA equity and 40% global equity.

Source: Equilibrium Investment Management, 2026

Diversification reduces pain

Time period from peak to recovery in each crisis period



*Global equity combo consists of 60% SA equity and 40% global equity

Source: Equilibrium Investment Management, 2026

Navigating crises, delivering on outcomes

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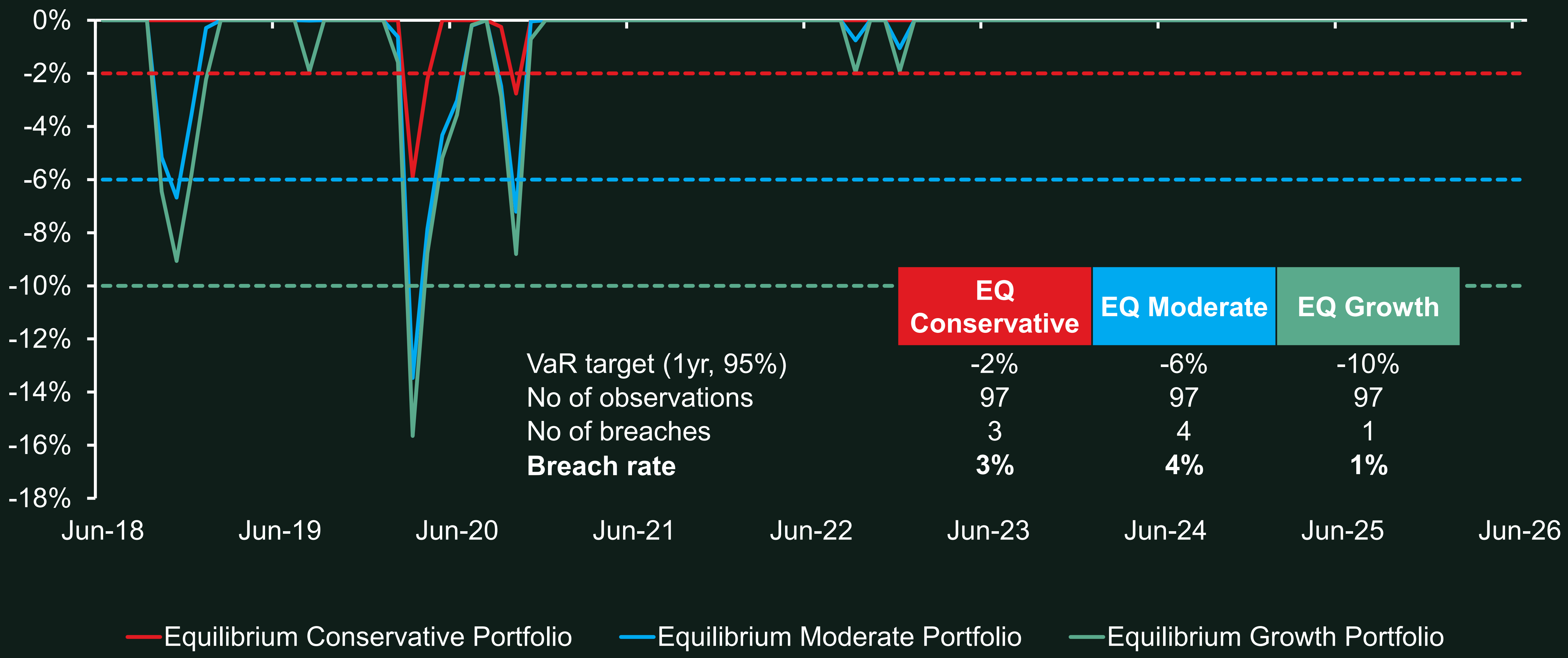
Rolling one-year negative returns: Nine years to 30 June 2026



	EQ Conservative	EQ Moderate	EQ Growth
VaR target (1yr, 95%)	-2%	-6%	-10%
No of observations	97	97	97
No of breaches	3	4	1
Breach rate	**3%**	**4%**	**1%**

Source: Equilibrium Investment management, 2026

Navigating crises, delivering on outcomes

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	One year	Three years	Five years	Seven years	Since launch
EQ Conservative Portfolio	**12.46%**	**12.67%**	**10.56%**	**9.39%**	**8.89%**
CPI + 1%	*5.51%*	*5.17%*	*6.06%*	*5.64%*	*5.59%*
CPI + 2%	*6.51%*	*6.17%*	*7.06%*	*6.64%*	*6.59%*
(ASISA) SA MA Low Equity	11.96%	11.72%	9.87%	9.04%	8.40%
EQ Moderate Portfolio	**13.06%**	**13.45%**	**11.46%**	**10.31%**	**9.25%**
CPI + 3%	*7.51%*	*7.17%*	*8.06%*	*7.64%*	*7.59%*
CPI + 4%	*8.51%*	*8.17%*	*9.06%*	*8.64%*	*8.59%*
(ASISA) SA MA Medium Equity	12.52%	12.15%	10.45%	9.70%	8.78%
EQ Growth Portfolio	**13.28%**	**14.00%**	**11.97%**	**10.84%**	**9.56%**
CPI + 5%	*9.51%*	*9.17%*	*10.06%*	*9.64%*	*9.59%*
CPI + 6%	*10.51%*	*10.17%*	*11.06%*	*10.64%*	*10.59%*
(ASISA) SA MA High Equity	12.32%	12.58%	10.96%	10.27%	9.13%

Sources: Equilibrium Investment Management, Morningstar Direct at 30 June 2026

Recap

- Don’t panic! Stick to the investment strategy
- Portfolio risk should match client risk tolerance
- Investing is a long-term game, the factors for success are consistent
  - Asset allocation is the main driver of
  - Spend time in the market (timing the market is
  - Diversification matters
- Things do change, monitor and make considered changes when evidence warrants

Important notes

Peer group composed of: (1) global category - moderate allocation for managed portfolio; (2) global category - cautious allocation for cautious portfolio (3) global category - aggressive allocation for growth portfolio global cash comprises two components: I) prior to 01.01.2022 global cash was A composite of 50% ICE LIBOR 3M USD; 25% ICE LIBOR 3M EUR; 10% ICE LIBOR 3M GBP; 15% ICE LIBOR 3M JPY; ii) from 01.01.2022 to present global cash is A composite of 50% ICE boa 3M US treasury bill index; 25% ICE boa 3M German treasury bill index; 10% ICE boa 3M sterling government bill index; 15% ICE bofa Japan treasury bill index.

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