A difficult September, a cushioned portfolio

How diversification within the Vivante portfolios moderated a sell-off in South African equities.

What happened in September

Rising interest rates, an oil price above USD 100 per barrel and a sharp rise in bond yields weighed on most markets in September. The US Federal Reserve raised interest rates for the first time since 2023, the US dollar strengthened and the rand depreciated by 1.6% against it. Precious metals gave back their August gains, which affected South African resources in particular.

The sell-off was concentrated in domestic equities: Resources declined by 9.3%, Industrials by 4.9% and Financials by 3.1%, bringing the FTSE/JSE All Share down by 5.8% for the month. A concentrated portfolio built around a single asset class or sector would have felt the full weight of the drawdown.

Not every asset class declined together

Asset class (September 2026)	Return
SA equities (FTSE/JSE Capped All Share)	-5.8%
Global property (FTSE EPRA Nareit, USD)	-5.4%
Global bonds (FTSE WGBI, USD)	-2.3%
Global equities (MSCI ACWI, USD)	-1.1%
SA bonds (FTSE/JSE All Bond)	0.0%
SA listed property (FTSE/JSE All Property)	+0.5%
SA cash (STeFI Composite)	+0.6%
Vivante Pure Conservative	**-1.25%**
Vivante Absolute Balanced	**-2.13%**
Vivante Core Growth	**-2.54%**

> **Diversification is not intended to eliminate every loss.** Rather, its purpose is to ensure that no single market, sector or outcome determines the performance of a portfolio. In September, when the domestic equity sector and global sectors declined simultaneously, the portfolio's allocations to local property and cash helped to cushion the impact.

Positive returns could be found, though seldom in every market simultaneously

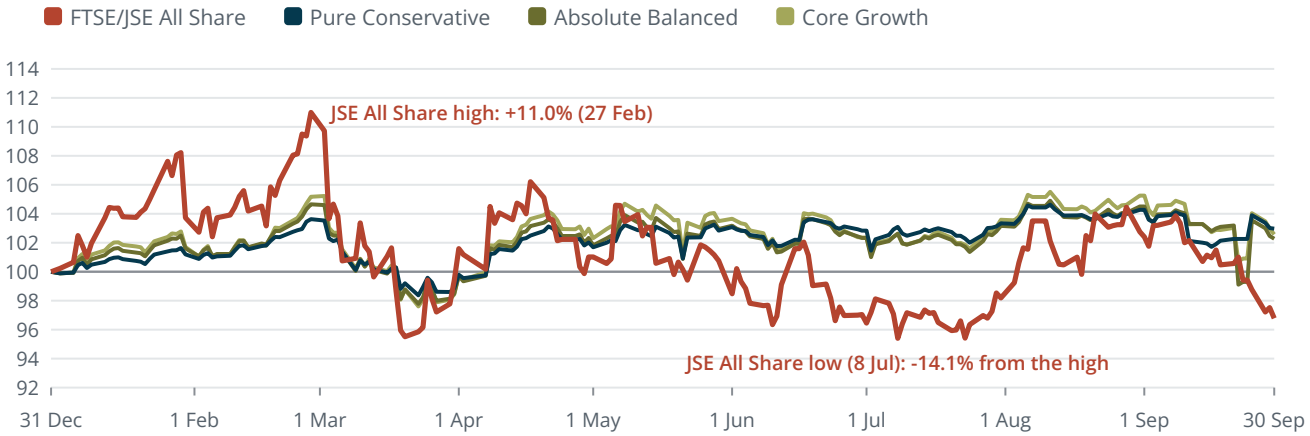
Year to date, emerging-market equities returned 22.09% and developed-market equities 10.58%, whereas South African equities declined by 3.07%. Local bonds, cash and listed property also remained positive.

How the portfolios diversify

- **Across asset classes:** equities, bonds, property and cash respond differently to the same economic developments.
- **Across regions:** South African and offshore markets have moved in different directions this year.
- **Across managers:** the underlying funds are selected for differing styles, so that no single manager's decisions determine the outcome.
- **Through rebalancing:** after large market movements, the portfolios are returned to their strategic allocation.

The buffer: the portfolios against the market

Markets deliver higher highs, but also lower lows. The FTSE/JSE All Share rose by 11.0% to 27 February and then fell by 14.1% to its low on 8 July. The portfolios participated less in the rally (3.6% to 5.2%) and declined considerably less thereafter (5.1% to 7.2% from their own highs). The portfolios therefore gave up part of the upside in exchange for materially smaller drawdowns.



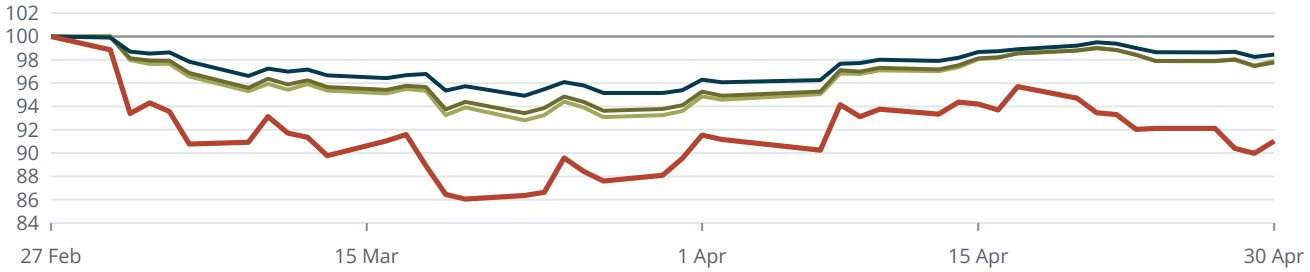
Rebased to 100 at 31 December 2025. Sources: Morningstar, Momentum Wealth, FTSE/JSE.

The first drawdown, zoomed in

From the All Share's high on 27 February to 30 April, the index declined by 9%, whereas the portfolios declined by approximately 2%. This divergence emerged early in the period, and the portfolios consequently avoided the deeper drawdown from which a subsequent recovery would have been required.

Why a smaller decline matters

A decline of 14% requires a gain of approximately 16% to return to the starting level, whereas a decline of 5% requires a gain of only about 5%. Smaller drawdowns therefore leave more capital invested when markets recover.



27 February to 30 April 2026, rebased to 100 at the 27 February high.

The buffer in numbers

2026 to 30 September	Year to date	Rise to 27 Feb	Deepest fall	Volatility (ann.)
FTSE/JSE All Share	-3.2%	+11.0%	-14.1%	20.4%
Vivante Pure Conservative	**+3.0%**	**+3.6%**	**-5.1%**	**6.9%**
Vivante Absolute Balanced	**+2.3%**	**+4.7%**	**-6.6%**	**10.7%**
Vivante Core Growth	**+2.6%**	**+5.2%**	**-7.2%**	**10.4%**

The portfolios remain correlated with the market (weekly correlation of about 0.7); the difference lies in the magnitude of the swings, with volatility at one-third to one-half of that of the index.

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Deepest fall is measured from each series' own high. Volatility is the annualised standard deviation of daily returns. Month-end portfolio returns match the published Vivante factsheets. Past performance is not an indication of future returns.

Staying invested

In earlier crises, the average daily return in the first five days after a market low was 2.03%, compared with 0.06% across all periods. A market low can only be identified once the recovery is under way, so investors who exit to avoid volatility risk missing the small number of very strong days that shape long-term outcomes. (Source: Momentum Investments.)

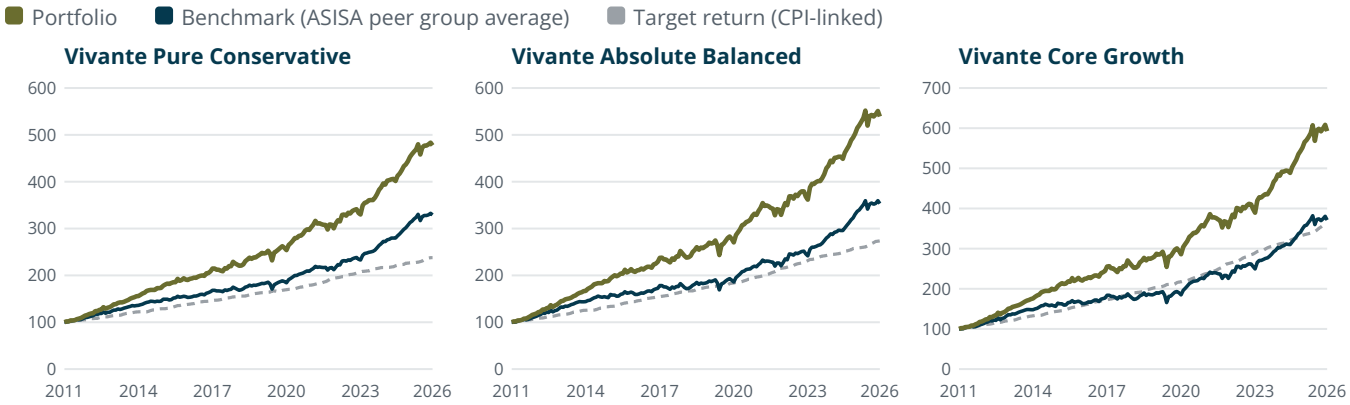
A long-term focus: ahead of target and benchmark over meaningful periods

The portfolios are managed for consistent long-term returns rather than short-term outcomes. Over short periods, such as the last three months, they trail their targets; over three years and longer, they are well ahead of both target and benchmark.

To 30 September 2026	3 months	1 year	3 years	5 years*	7 years*	10 years*
Vivante Pure Conservative	**0.10%**	**7.63%**	**12.75%**	**9.96%**	**10.05%**	**9.61%**
Target: CPI + 1%	1.18%	5.36%	5.02%	5.89%	5.63%	5.64%
Benchmark: ASISA Low Equity average	0.33%	7.25%	12.00%	9.51%	8.91%	7.85%
Vivante Absolute Balanced	**0.01%**	**7.37%**	**13.58%**	**10.39%**	**10.74%**	**9.94%**
Target: CPI + 2%	1.42%	6.36%	6.02%	6.89%	6.63%	6.64%
Benchmark: ASISA Medium Equity average	0.39%	6.91%	12.84%	10.08%	9.69%	8.07%
Vivante Core Growth	**0.16%**	**7.52%**	**14.21%**	**10.78%**	**11.29%**	**10.29%**
Target: CPI + 4%	1.90%	8.36%	8.02%	8.89%	8.63%	8.64%
Benchmark: ASISA High Equity average	0.28%	6.31%	13.27%	10.48%	10.33%	8.31%

Periods over one year are annualised. Source: Vivante factsheets, 30 September 2026.

Growth of 100 invested since October 2011



*Includes back-tested data: returns before the portfolio launch date of 31 January 2023 are simulated using the portfolio's strategic asset allocation at the launch date. This applies to the 5, 7 and 10 year periods and to the growth charts. Source: Vivante factsheets.

The takeaway. Markets will continue to produce higher highs and lower lows. A well-diversified portfolio is designed to participate in the highs while limiting the lows, allowing investors to remain invested over the long term.

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Sources: Morningstar; Momentum Investments; Equilibrium Investment Managers; Zephyr. **Disclaimer:** Reasonable steps have been taken to ensure the validity and accuracy of the information in this document. However, Vivante Asset Managers (Pty) Ltd (Vivante) does not accept any responsibility for any claim, damages, loss, or expense, howsoever arising out of or in connection with the information in this document, whether by a client, investor or intermediary. The content used in this document is sourced from various media publications, the Internet, Equilibrium Investment Management (Pty) Ltd (Equilibrium) and Momentum Investments. The return information is for the Vivante range of model portfolios/wrap funds on the Momentum Wealth platform. Equilibrium is an authorised financial services provider (FSP32726) and part of Momentum Group Limited and rated B-BBEE level 1. Past performance is not an indication of future returns.