

Q1 2026 | INTERACTIVE MARKET REVIEW

Outperformance, Volatility & Opportunity

Q1 2026

Investment Market Review

Sections Included

Executive Summary

Market backdrop & consensus

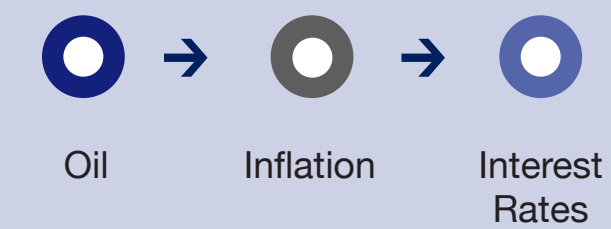
Topical themes

Looking ahead

Fund performance

Energy shock

Oil shock chain



Narrow leadership

AI leaders still dominate global equity markets



Positioning: Quality & Income



Regional Mood



EXECUTIVE SUMMARY

Three Points That Shaped The Quarter

1

War raised the stakes for inflation

The U.S.-Iran war moved from a geopolitical story to a portfolio story. The main channel is higher oil, which can increase transport costs, keep inflation sticky and delay rate-cut hopes.

2

Interactive Funds continued strong relative performance despite market tailwinds

Interactive funds have remained diversified in quality, income, and defensive strategies, and have benefited from diversification in recent broad market volatility.

3

Crowded growth areas became more volatile (risks mentioned in previous newsletter)

The pressure was most visible in mega-cap U.S. growth: Microsoft, Apple, Nvidia, Amazon, Tesla, Meta, Alphabet and Broadcom all pulled back, while energy and some defensive areas held up better.

QUARTER SET UP

Q1 2026
SUMMARY

War Risk

Sticky Inflation

Selective Markets

Balance + Quality +
Diversification



MARKET BACKDROP

The Quarter in Three Moves



Geopolitics took the wheel (U.S – Iran War)

The U.S.- Iran conflict pushed oil sharply higher, strengthened the dollar and increased volatility across global equities and bonds.



U.S Tariffs returned

The US Supreme Court struck down the 2025 'reciprocal' tariffs. Within days the administration replied with a flat 10% levy on all imports, on top of existing duties - reigniting trade-policy uncertainty just as Q4 earnings were landing.



South Africa stayed resilient

South Africa's Q1 consumer-confidence reading climbed to its highest in roughly two years, helped by rising share and house prices and lower borrowing costs. The catch: the improvement came almost entirely from the top third of earners.



MARKET BACKDROP

War, Oil and Inflation Pressure

1 The key market channel is oil

For investors, the war is felt through petrol prices, transport costs and inflation expectations. Higher oil is the fastest way a geopolitical shock reaches portfolios.

2 Higher energy costs can delay rate relief




If oil stays high, central banks may need to stay cautious for longer. That matters because rate-sensitive assets, consumer spending and business sentiment all become more exposed.

3 The pain is not evenly shared

Energy importers such as Europe and Japan look more vulnerable, while the U.S. appears better placed to absorb the shock. Even so, higher inflation pressure can still weigh on global markets.

If oil stays high: who feels it most?

Europe and Japan more vulnerable than U.S. to protracted high oil prices

		De-escalation	Moderate	Protracted
		1 month	1-2 quarters	>2 quarters
		80-90	90-100	>100
 U.S.	GDP	-4 bps	-10 bps	-20 bps
	Headline inflation	16 bps	40 bps	80 bps
	Core inflation	3 bps	8 bps	16 bps
 Euro area	GDP	-10 bps	-24 bps	-48 bps
	Headline inflation	20 bps	50 bps	100 bps
	Core inflation	8 bps	20 bps	40 bps
 Japan	GDP	-10 bps	-24 bps	-48 bps
	Headline inflation	17 bps	42 bps	84 bps
	Core inflation	7 bps	18 bps	36 bps

Notes: Bps stands for basis points. A basis point is one-hundredth of a percentage point.

Sources: Vanguard calculations, based on Oxford Economics and Federal Reserve data, as of March 9, 2026.



MARKET BACKDROP

Global Equity Markets in Perspective

1 Market corrections pose new opportunities for investors

The recent sell-off in global stock markets provides investors with the opportunity to buy quality assets at discounted prices or valuations. Great companies that were previously expensive now provide an entry point for potentially better expected future returns.

2 Why staying invested still matters

Markets have faced wars, crises and uncertainty before, yet long-term growth has remained intact. Short-term volatility is normal and does not usually justify changing long-term plans. Trying to time markets often leads to missed recoveries and weaker returns.

3 Investor behavior matters most

The biggest risk in periods like this is often emotional decision-making. Staying calm and avoiding fear-driven changes is usually the better course. Long-term investment success depends more on discipline than predicting headlines.

MSCI World NR USD (Global Equity) - 10 Year Performance as of 31/03/2026



MARKET BACKDROP

Consensus by Region



1

South Africa

Coming off a 42% year gain for SA equity in 2025. Local conditions are steadier, but global sensitivity remains. Energy (oil & gas) import dependence matters more in this backdrop. Selective opportunity still makes sense.



Cautiously Optimistic

2

United States

S&P 500 down 4.3% in Q1 and trading near 22x earnings, signaling attractive valuations. Still the main engine of earnings and market leadership. Oil and tariffs make inflation more difficult to manage. Mega-cap concentration remains high even after the market pullback.

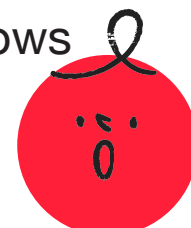


Cautiously Optimistic

3

Europe

Hit hardest by the energy spike; the ECB is hinting at hikes even as growth slows toward 1%. Fiscal support may help growth from a low base. Higher oil and gas prices remain a clear vulnerability. The region is more exposed to stagflation risk if conflict drags on.



Cautious

4

United Kingdom

The FTSE All-Share rose 2.4% in Q1 as its commodity tilt and a weaker pound cushioned the global selloff.

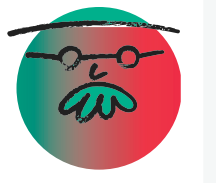


Neutral

5

China

Still cheap valuations at around 11x forward earnings, but exposed via Asia taking 80%+ of Strait of Hormuz oil.



Mixed



TOPICAL THEMES

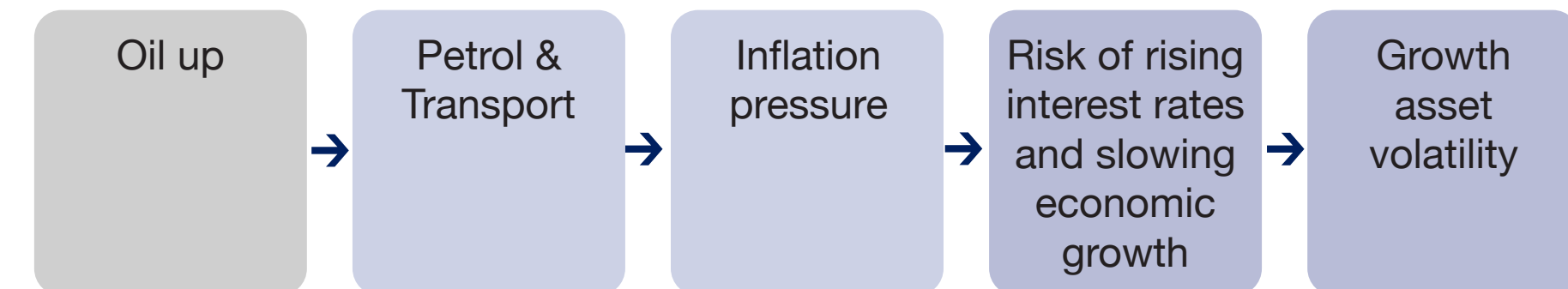
Theme 1 | Why the U.S.–Iran Conflict Matters to Clients

- 1 Investors understand war through prices, not headlines**
The first questions are practical: What happens to petrol prices, inflation, interest rates and everyday living costs if oil stays high?

- 2 This is now a real market issue, not a side story**
Higher oil can lift inflation, weigh on confidence and reduce the chance of quick rate cuts or a growing economy. That feeds directly into market volatility and portfolio returns.

- 3 The right response is discipline, not panic**
Geopolitical shocks remind investors why quality, liquidity and sensible diversification still matter. The goal is to stay invested, but avoid overconcentration.

How investors feel it first



Portfolio response



TOPICAL THEMES

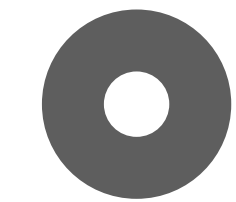
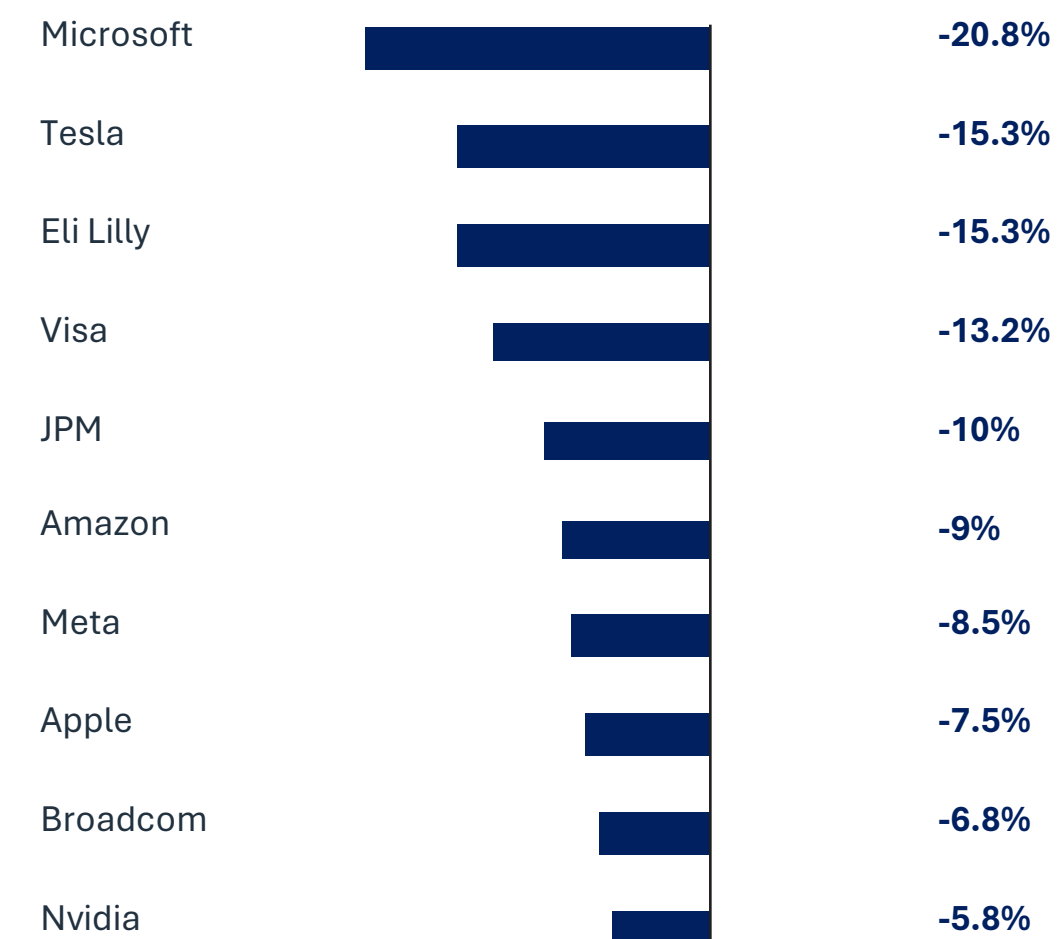
Theme 2 | Which Crowded Growth Areas Were Hit?

1 The pressure was concentrated in mega-cap U.S. growth
 The main weak areas were the Magnificent 7 and other AI-linked leaders: Microsoft, Apple, Nvidia, Amazon, Tesla, Meta, Alphabet and Broadcom.

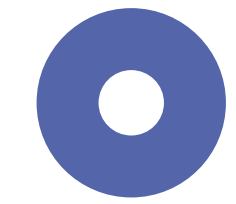
2 AI-linked sub-sectors also became more vulnerable
 Software, semiconductors, hyperscalers and premium-quality growth names had already priced in a lot of good news. When oil and rates moved higher, that trade became less comfortable.

3 Some of the pullback was healthy
 This does not mean the AI theme is broken. It means investors are now asking for proof that heavy capital expenditure will turn into broader earnings and productivity gains.

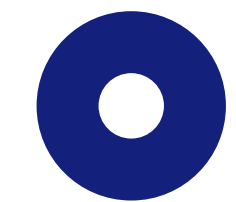
Selected crowded growth names: Q1 move



Software



Semiconductors



Hyperscalers

Magnificent 7 performance in the S&P 500

Indexed to 100 on 1/1/2021, price return

Returns	'21	'22	'23	'24	'25	'26 YTD
S&P 500	27%	-19%	24%	23%	16%	-5%
S&P 493	23%	-12%	11%	14%	13%	-1%
MAG 7	40%	-40%	76%	48%	23%	-11%
Return share*	33%	56%	63%	55%	46%	83%



TOPICAL THEMES

Theme 3 | Why Quality, Income and Diversification Matter

1 Quality is back in focus
When oil, inflation and valuation risk all rise together, investors pay more attention to balance sheets, cash flow and dependable earnings.

2 Income is useful again
Bonds, dividend-paying shares and steadier sectors such as healthcare can help cushion portfolios when highly rated growth shares become more volatile.

3 Diversification is practical, not theoretical
This quarter reminded investors that portfolios work best when they are not overly dependent on one market, one theme or one handful of stocks.



Quality

Companies with durable competitive advantages.

Strong balance sheets and stable cash flow.



Income

Bonds, dividends and defensive sectors



Diversification

More than one market, sector and style

Core message

Investors do not need to abandon growth. Investors should avoid relying too heavily on one trade, one region or one handful of expensive names.



LOOKING AHEAD

Three Things to Watch Next

1

Watch whether oil stays high for longer

If the conflict remains unresolved and energy supply stays disrupted, inflation pressure will be harder to shake and markets may stay unsettled.

2

Watch whether growth broadens

The healthiest next step for markets would be broader corporate earnings support beyond a narrow cluster of mega-cap U.S. companies and AI beneficiaries.

3

Watch positioning, not just headlines

A balanced approach still looks sensible: quality, income, selective growth and enough diversification to avoid relying on one theme.

Watchlist dashboard

Oil

High Impact on global inflation if conflict drags on.

Earnings Breadth beyond AI

Broad based corporate earnings beyond AI is important for a healthier market.

Valuations

Still matter after the reset & new selective opportunities exist in a handful of quality growth assets.

Positioning

Maintain balance and allocation to quality assets with durable competitive advantages .

Core Message

The war has raised the stakes for inflation and markets, but it does not change the need for disciplined, diversified investing.



FUND PERFORMANCE

Interactive SA Equity Prescient Fund

12 month performance



Fund Return
30.92%

Benchmark
27.84%

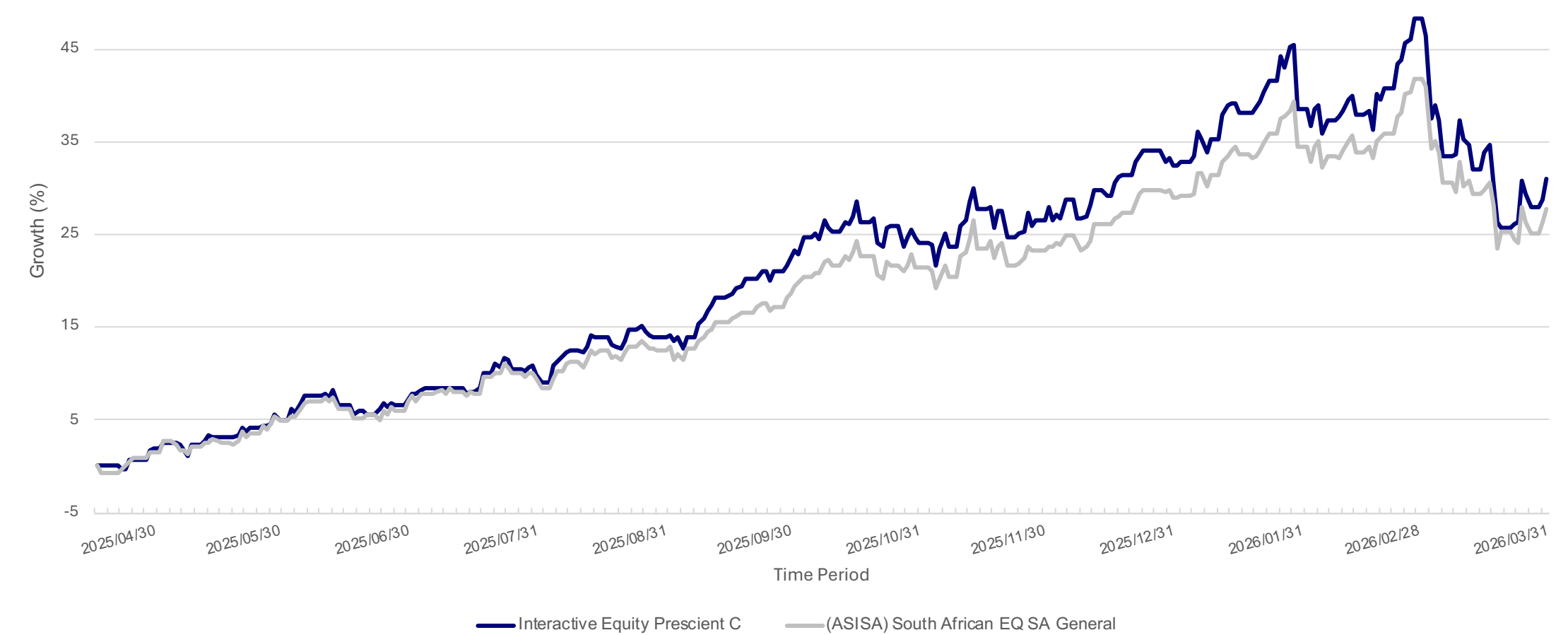
Outperformance
3.09%

1 Quality fundamentals and selective stock picking
The portfolio leaned into businesses with strong balance sheets, attractive valuations and durable earnings power rather than chasing a single momentum theme.

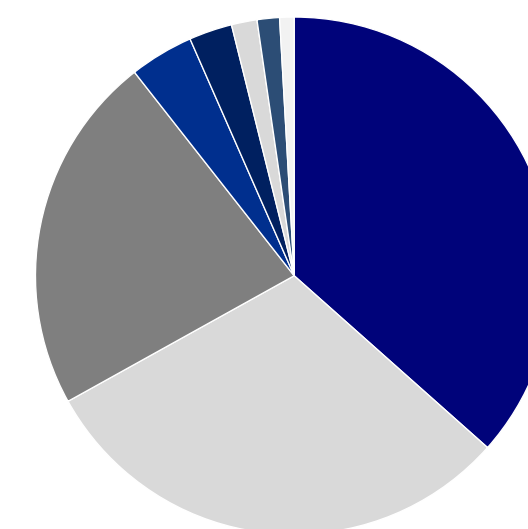
2 Broad exposure to resources and domestic financials
Sector exposure was led by Basic Materials (36.6%) and Financial Services (30.4%), which matched the strongest parts of the local market performance.

3 Key holdings drove performance
Gold Fields, Naspers, AngloGold Ashanti, Firstrand and Standard Bank were important contributors to relative performance.

Performance



Sector Allocation



- Basic Materials 36,60%
- Financial Services 30,40%
- Consumer Cyclical 22,50%
- Consumer Defensive 4,00%
- Communication Services 2,70%
- Healthcare 1,60%
- Real Estate 1,40%
- Industrials 0,90%

Leading Contributors

	Portfolio Weight (rescaled)	Return	Return to Portfolio
Gold Fields Ltd	7,55	168,65	11,31
Anglogold Ashanti PLC	5,01	327,14	11,23
Firstrand Ltd	8,25	57,13	4,83
Satrix Top 40 Index A2	4,96	65,10	4,58
Standard Bank Group Ltd	5,20	89,73	4,32
Naspers Ltd Class N	10,69	29,35	3,92
Capitec Bank Holdings Ltd	4,26	104,71	3,75
Impala Platinum Holdings Ltd	2,02	213,23	2,75
Absa Group Ltd	2,81	94,42	2,42
MTN Group Ltd	1,92	124,25	2,31



FUND PERFORMANCE

Interactive Balanced Prescient Fund of Funds

24 month performance

Fund Return
35.49%

Benchmark
30.57%

Outperformance
4.93%

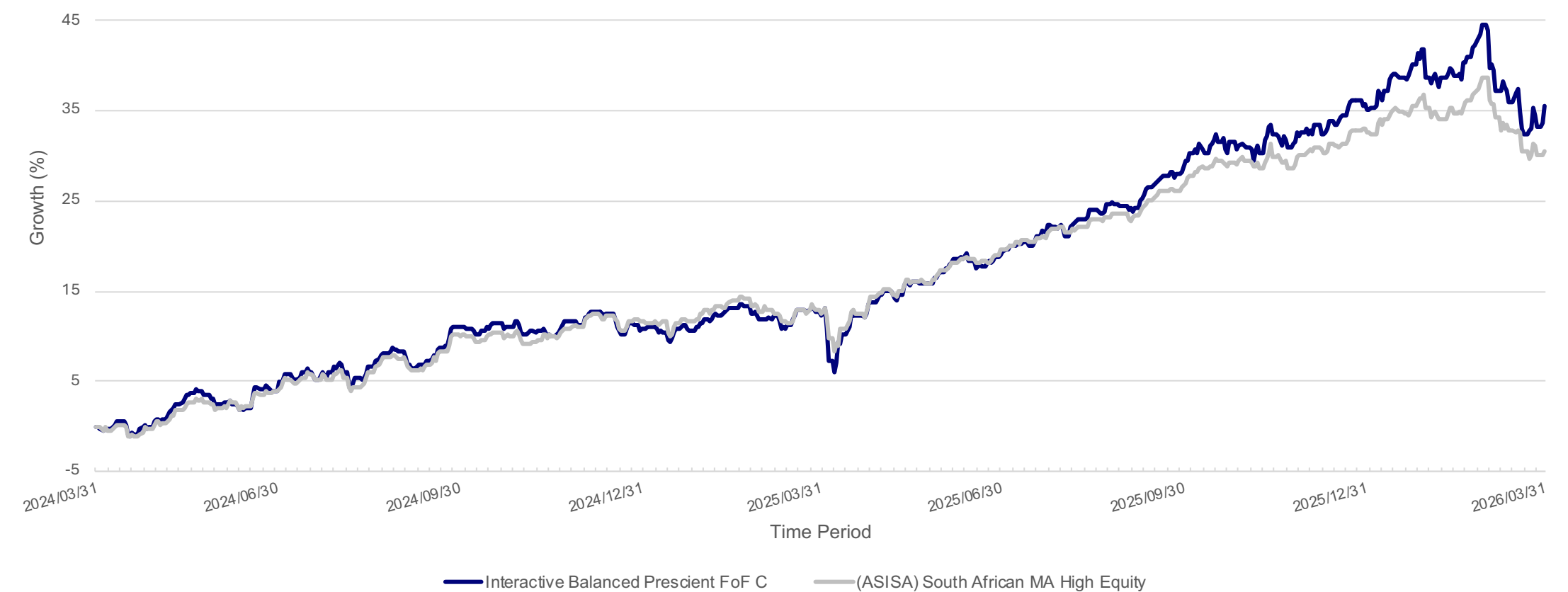


1 Broad-based asset allocation
The fund was positioned with roughly 75.7% in equities & property, 19.6% in bonds, 4.5% in cash and only a small allocation to other assets, supporting growth without abandoning stability. Returns have come from a healthy allocation to the Interactive SA Equity Prescient Fund which contributed 20,84% to the funds performance.

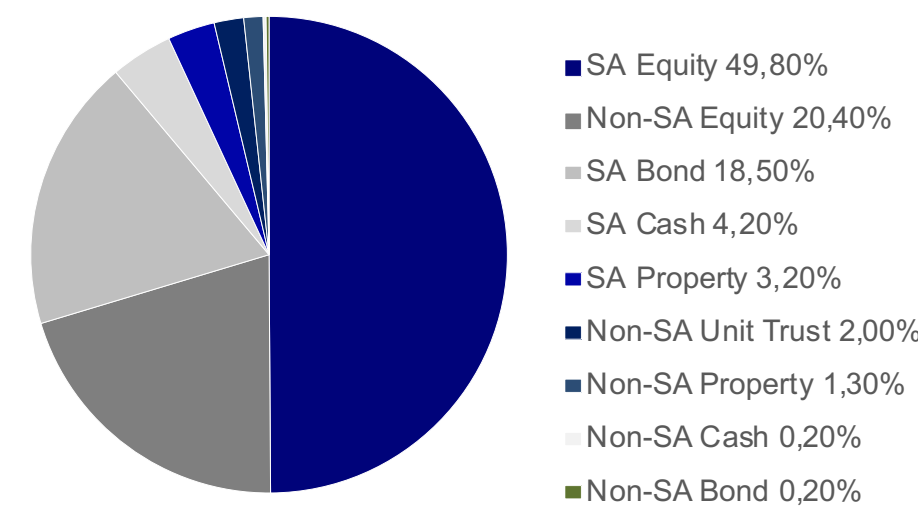
2 Continued outperformance relative to industry peers
Despite recent volatility in financial markets, the fund continued to outperform the industry peer group by 4,93% over the past two years.

3 Good performance came from diversification
Domestic equities, listed property and income assets all contributed, so returns were generated by portfolio construction rather than a single market call.

Performance



Sector Allocation



Leading Contributors

	Portfolio Weight (rescaled)	Return	Return to Portfolio
Interactive Equity Prescient D	28,32	29,22	20,45
Fairtree Equity Prescient B4	9,25	25,83	4,23
Satrix Dividend Plus Index A3	11,38	26,18	3,45
Interactive Global Equity Pres FOF D	26,73	11,39	3,29
Prescient Core Top 40 Equity A2	5,38	32,21	3,05
Prescient Core All Share Equity A2	5,38	32,42	2,99
Aylett Equity Prescient A1	7,06	12,49	2,10
Satrix Top 40 Index A2	1,14	9,70	1,03
Harvard House BCI Property A	1,91	57,32	1,03
Satrix Property Index A2	1,91	53,20	0,97



FUND PERFORMANCE

Interactive Global Equity Prescient Fund of Funds

24 month performance



Fund Return
10.13%

Benchmark
7.40%

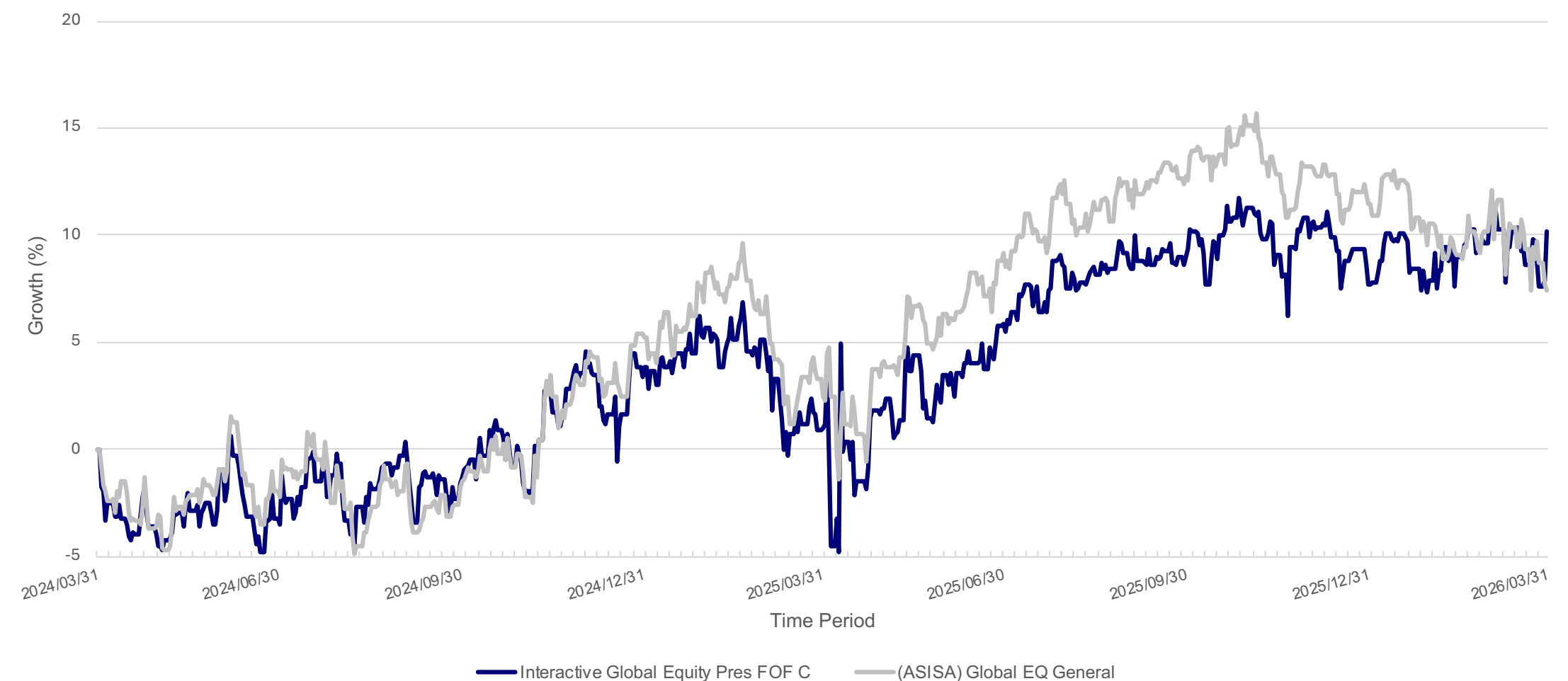
Outperformance
2.73%

1 Multi-factor ETF exposure improved resilience
The portfolio's exposure to dividend, quality and wide-moat ETFs helped cushion downside risk during a weaker quarter for crowded U.S. growth shares.

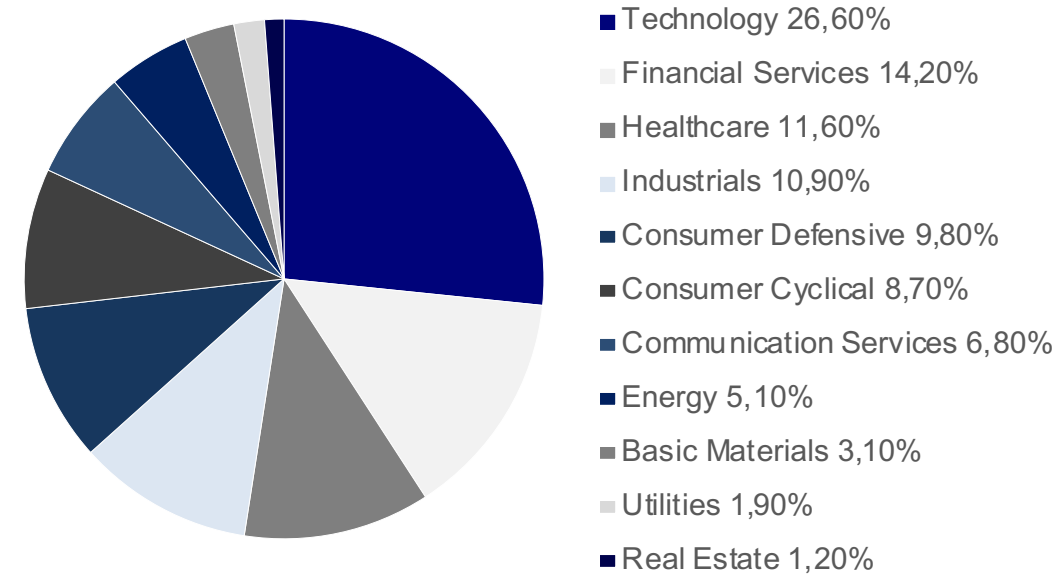
2 Outperformed peers over the selected period
The fund delivered 10.13% over the best relative period to 31 March 2026 and outperformed its peer group by 2.73%.

3 Diversified positioning mattered
By combining growth, quality, dividends and non-U.S. exposure, the portfolio was less dependent on a narrow group of mega-cap AI winners than many global equity peers.

Performance



Sector Allocation



Leading Contributors

	Portfolio Weight (rescaled)	Return	Return to Portfolio
Vanguard FTSE All-Wld ex-US ETF	32,01	22,70	6,98
iShares Core S&P 500 ETF	12,32	15,21	1,98
Schwab US Dividend Equity ETF™	12,13	11,21	1,69
Vanguard Dividend Appreciation ETF	12,20	10,16	1,36
iShares MSCI USA Quality Factor ETF	12,33	7,75	1,11
Invesco QQQ Trust	6,80	1,95	0,39
VanEck Morningstar Wide Moat ETF	12,20	-0,12	0,13



FUND PERFORMANCE

Interactive Income Prescient Fund

24 month performance



Fund Return
20.84%

Benchmark
12.68%

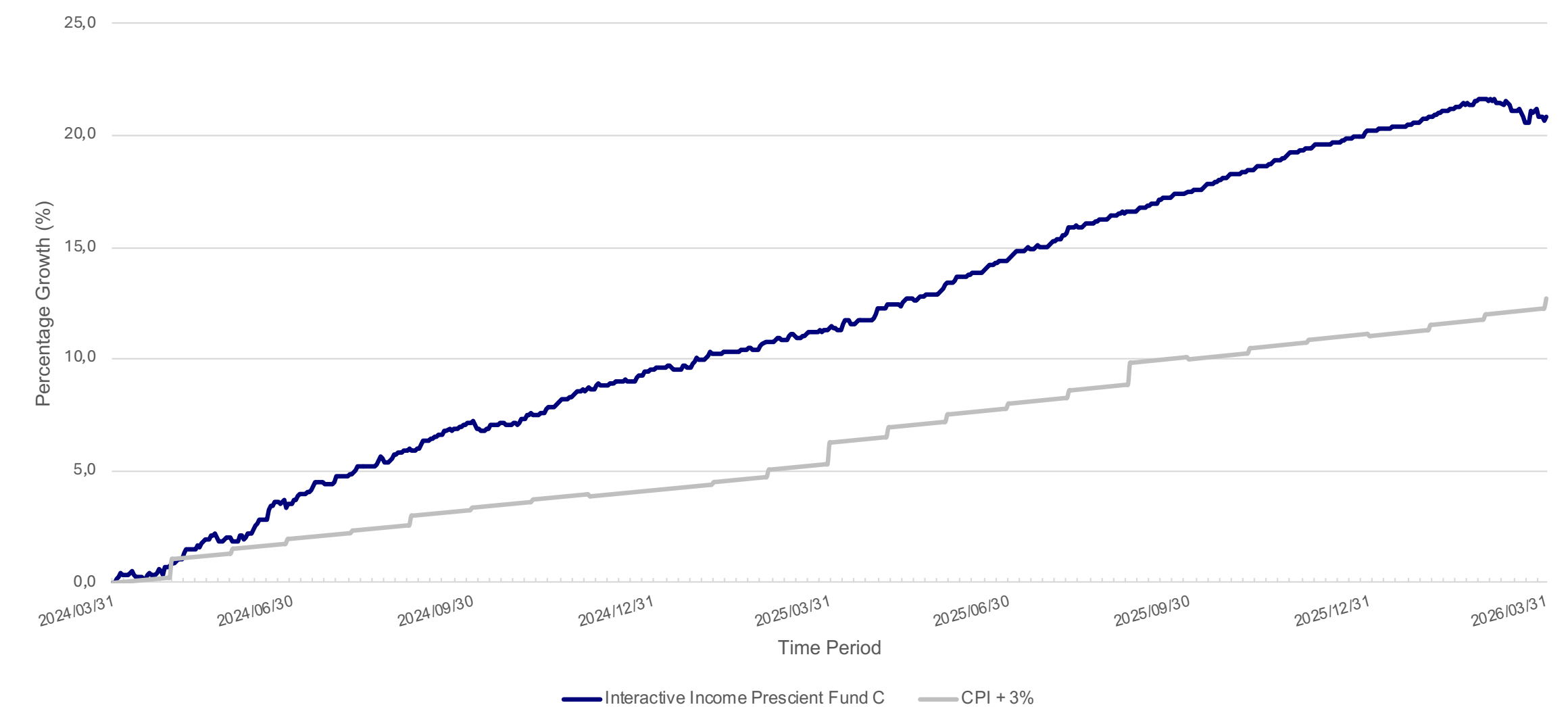
Outperformance
8.16%

1 Short-duration fixed income kept volatility low
The fund has done delivered its objective by favouring shorter-duration income assets and avoiding the kind of rate sensitivity that can create large drawdowns.

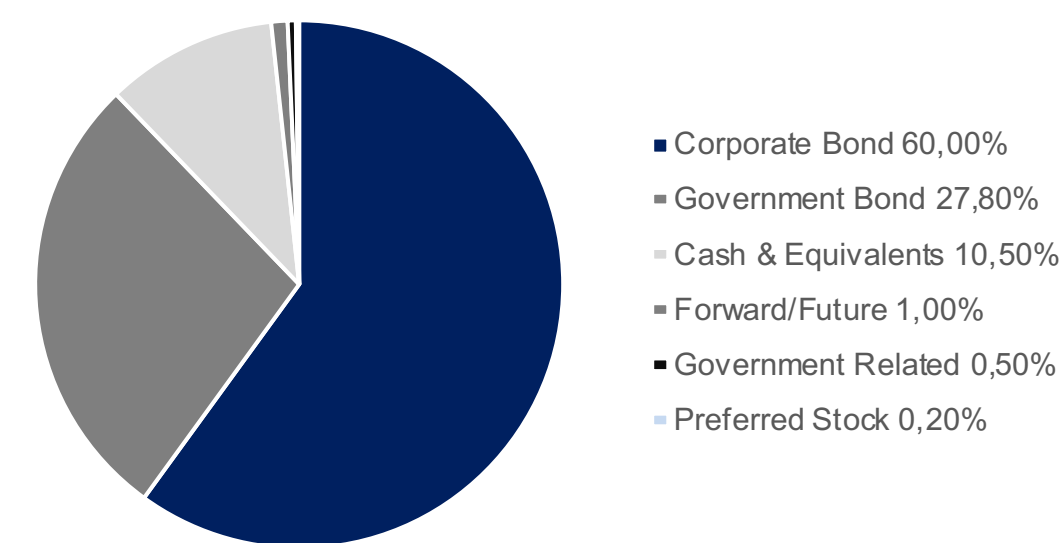
2 Attractive yield with low risk
The fund offers a forward yield of 8.14% and is well suited to investors seeking income with low volatility and a shorter investment horizon.

3 The result was steady real-income delivery
Over the chosen period the fund comfortably outpaced CPI + 3%, showing how conservative positioning can still deliver attractive client outcomes with low levels of risk.

Performance



Sector Allocation



INTERACTIVE PORTFOLIOS

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