

MAINTAINING A LONG-TERM FOCUS DURING VOLATILE MARKETS

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MENTENOVA

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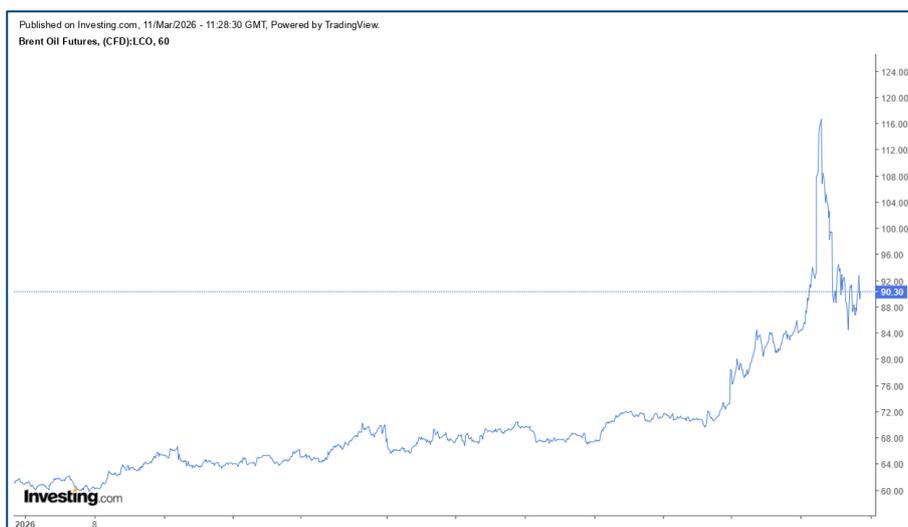
THE CURRENT STATE OF MARKETS

The United States and Israel initiated a massive military campaign on February 28, 2026.

- The war began with nearly 900 joint U.S. and Israeli airstrikes within the first 12 hours.
- The Initial strikes focused heavily on Iranian military targets.
- In retaliation, Iran:
 - closed the Strait of Hormuz, causing an immediate drop in global oil flow; and
 - launched waves of "swarm" drone and missile attacks against U.S. military bases and embassies in Saudi Arabia, Qatar, the UAE, and Kuwait.

SHORT-TERM MARKET IMPACT

The initial major market reaction is evident in global oil prices. As shown in the chart below, Brent Crude oil rose to above \$115 per barrel. This has reversed sharply, but oil prices are still significantly elevated from around 60 Dollars at the start of 2026.



Source: Investing.com

The tables below show some of the initial market moves. The JSE Resource 20 and Precious Metals and Mining indices are both down more than 10% thus far for the month-to-date (MTD) for March 2026, but they are both still up over 14% year-to-date (YTD) for 2026.

The JSE All Share index is down 6.9% MTD, but is still up 3.3% YTD. The rand is down 2.2% MTD against the USD but is still 1.6% higher YTD. Most global equity indices listed below are down in local currency terms MTD, except the Nasdaq, which is marginally higher at 0.1% up. Gold is only down 1.7% MTD and is still up 20.2% YTD. Platinum and Palladium are down over 7% MTD, they are still up 6.9% and 2.5% respectively YTD.



FTSE / JSE INDICES

Name	Time	Price	Move	% Move	% MTD	% YTD
JSE Precious Metals and Mining	17:00	162 099.90	3936.60	2.49%	-11.68%	14.32%
JSE Resource 20	17:00	141 729.20	3738.90	2.71%	-10.70%	14.62%
JSE Top 40	17:00	111 829.60	2836.30	2.60%	-7.04%	3.57%
JSE All Share	17:00	119 606.90	2821.10	2.42%	-6.89%	3.26%
JSE Capped All Share	17:00	130 270.60	3023.10	2.38%	-6.97%	3.53%
JSE Industrial 25	17:00	130 894.50	4094.80	3.23%	-1.46%	-5.52%
JSE ALPI	17:00	42 957.68	315.39	0.74%	-8.91%	-1.82%
JSE Financial 15	17:00	25 277.24	408.09	1.64%	-8.06%	1.63%

INTERNATIONAL INDICES - LOCAL CURRENCIES

Name	Time	Price	Move	% Move	% MTD	% YTD
Hang-Seng	10:30	25 959.90	551.44	2.17%	-2.52%	1.29%
Nikkei	08:30	54 248.39	1519.67	2.88%	-7.82%	7.77%
Nasdaq	20:00	22 697.10	1.15	0.01%	0.13%	-2.34%
Shanghai	09:30	4 123.14	26.53	0.65%	-0.95%	3.89%
CDAX	16:00	2 041.08	49.31	2.48%	-5.31%	-1.59%
FTSE 100	15:00	10 412.24	162.72	1.59%	-4.57%	4.84%
SP 500	20:00	6 781.48	-14.51	-0.21%	-1.42%	-0.94%
DJ Ind	20:00	47 706.51	-34.29	-0.07%	-2.60%	-0.74%
CAC40	19:00	8 057.36	142.00	1.79%	-6.10%	-1.13%

CURRENCIES

Name	Time	Price	Move	% Move	% MTD	% YTD
EUR / ZAR	23:00	18.91	-0.05	-0.26%	0.43%	-2.81%
AUD / ZAR	23:00	11.60	0.06	0.55%	2.29%	4.96%
GBP / ZAR	23:00	21.86	-0.04	-0.18%	1.72%	-2.05%
JPY / ZAR	23:00	0.10	0.00	-0.39%	0.88%	-2.55%
USD / ZAR	23:00	16.29	-0.01	-0.06%	2.23%	-1.63%

COMMODITIES

Name	Time	Price	Move	% Move	% MTD	% YTD
Platinum \$	23:00	2 202.94	16.81	0.77%	-7.01%	6.91%
Silver \$	23:00	88.33	1.37	1.57%	-5.82%	23.25%
Palladium \$	23:00	1 661.01	-34.25	-2.02%	-7.11%	2.53%
Gold \$	23:00	5 191.98	53.45	1.04%	-1.65%	20.20%
Brent Crude	23:00	87.80	-11.16	-11.28%	21.14%	44.29%

OUTLOOK

Unfortunately, these types of events are highly unpredictable, and while the current market volatility can be disconcerting. For retirement fund investors, our recommendation is to continue to focus on your long-term investment strategy. The sections below show some of the historical asset class returns and market behaviour during volatile periods.

LONG-TERM ASSET CLASS RETURNS

The chart below shows the return in Rands for the major asset classes since 1980. The chart highlights that equities should form part of a long-term investment strategy even though they experience large drawdowns at certain times.





The tables below show some of the largest historical drawdowns and time to recovery for selected asset classes.

Drawdown Analysis

SA Equity

From	Trough	To	Depth	Length	To Trough	Recovery
4/30/1974	8/31/1976	7/31/1978	-42.7%	52	29	23
9/30/1987	2/29/1988	3/31/1989	-42.6%	19	6	13
5/31/1998	8/31/1998	11/30/1999	-39.0%	19	4	15
11/30/1980	6/30/1982	11/30/1982	-38.6%	25	20	5
11/30/2007	2/28/2009	9/30/2010	-37.5%	34	15	19

Foreign Equity

From	Trough	To	Depth	Length	To Trough	Recovery
1/31/2002	3/31/2003	1/31/2007	-49.6%	61	15	46
2/28/1973	9/30/1974	1/31/1976	-46.0%	36	20	16
6/30/2008	6/30/2009	6/30/2012	-31.2%	48	12	36
9/30/1989	9/30/1990	5/31/1991	-24.7%	21	13	8
10/31/1987	11/30/1987	5/31/1988	-24.0%	8	2	6

SA Bonds

From	Trough	To	Depth	Length	To Trough	Recovery
5/31/1998	8/31/1998	2/28/1999	-22.3%	10	4	6
3/31/1980	11/30/1980	8/31/1982	-14.0%	30	9	21
5/31/1994	8/31/1994	7/31/1995	-13.4%	15	4	11
12/31/1973	8/31/1974	3/31/1976	-11.9%	28	9	19
2/29/2020	3/31/2020	5/31/2020	-9.8%	4	2	2

SA ILB

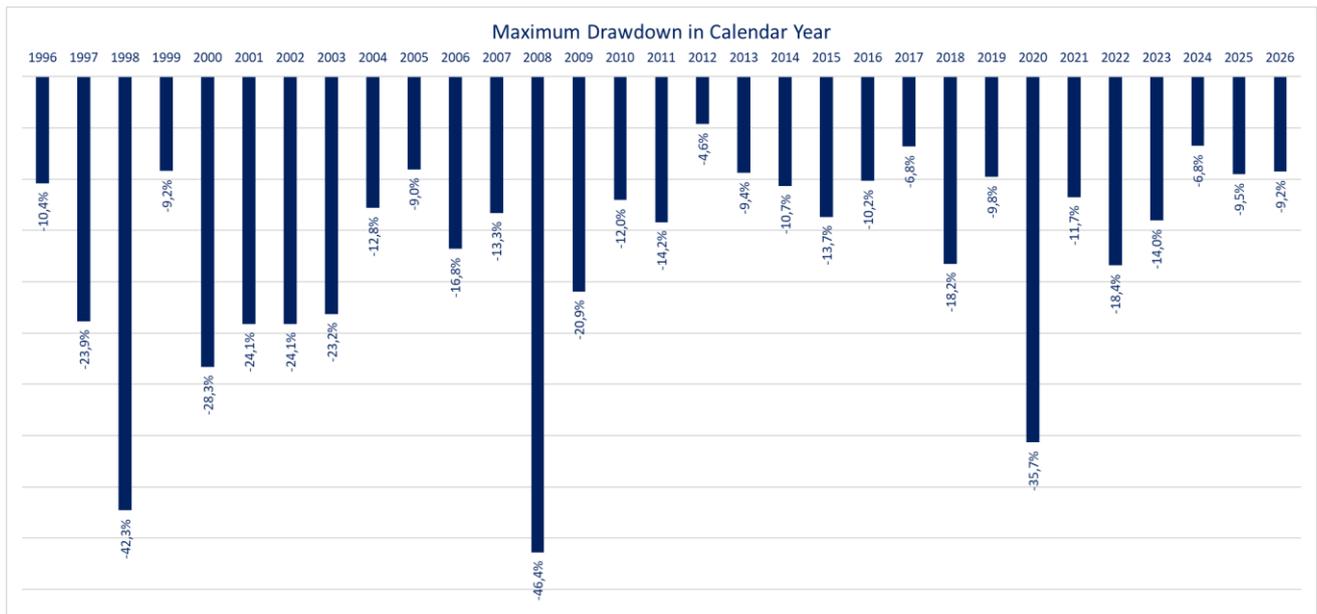
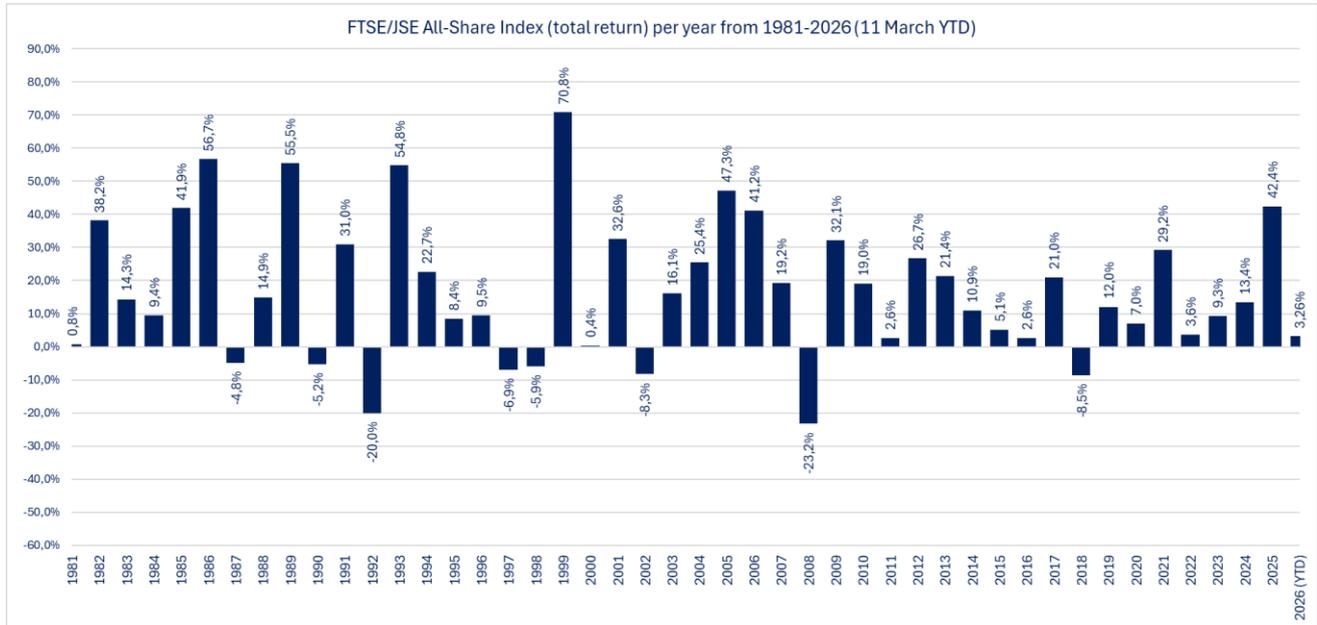
From	Trough	To	Depth	Length	To Trough	Recovery
4/30/2018	3/31/2020	12/31/2020	-18.6%	33	24	9
5/31/2013	8/31/2013	4/30/2014	-8.6%	12	4	8
2/28/2017	11/30/2017	12/31/2017	-4.0%	11	10	1
9/30/2022	10/31/2022	3/31/2023	-3.7%	7	2	5
7/31/2008	8/31/2008	10/31/2008	-2.9%	4	2	2

Foreign Bonds

From	Trough	To	Depth	Length	To Trough	Recovery
10/31/2002	6/30/2004	1/31/2008	-30.0%	64	21	43
2/28/2009	12/31/2010	5/31/2012	-27.2%	40	23	17
5/31/2020	3/31/2022		-26.4%	71	23	
6/30/2016	2/28/2018	8/31/2019	-22.4%	39	21	18
12/31/1985	2/28/1986	6/30/1986	-19.0%	7	3	4

EQUITY MARKET VOLATILITY AND DRAWDOWNS

Investing in growth assets does mean that investors need to accept a certain level of volatility in the short term, but should be rewarded for this risk in the long term. This is illustrated in the charts below, which show the annual total return of the FTSE/JSE All Share index and the maximum annual drawdown in every calendar year. The average drawdown for the data shown is 17%, the current maximum drawdown for 2026 is 9.2%. The key point to note is that large drawdowns are expected from time to time, but it is difficult to know when before the event occurs and in general, large drawdowns present good long-term investment opportunities.



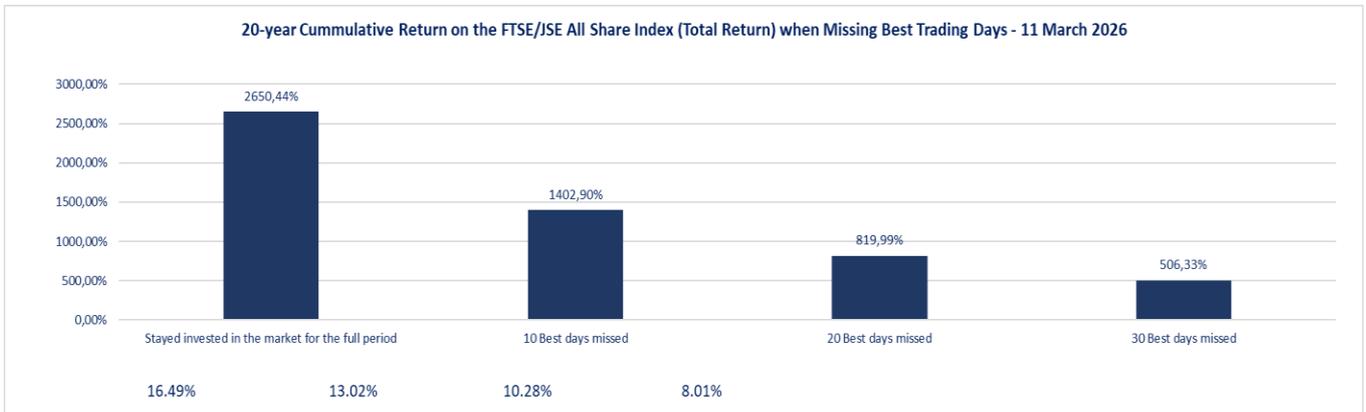
ATTEMPTING TO TIME THE MARKET

Market volatility has intensified in March 2026 due to the current geopolitical uncertainty. These conditions naturally tempt investors to try to “time the market,” but current data highlight why this is risky and often counterproductive. Markets often rebound quickly after sharp drops—making it easy to miss recoveries.

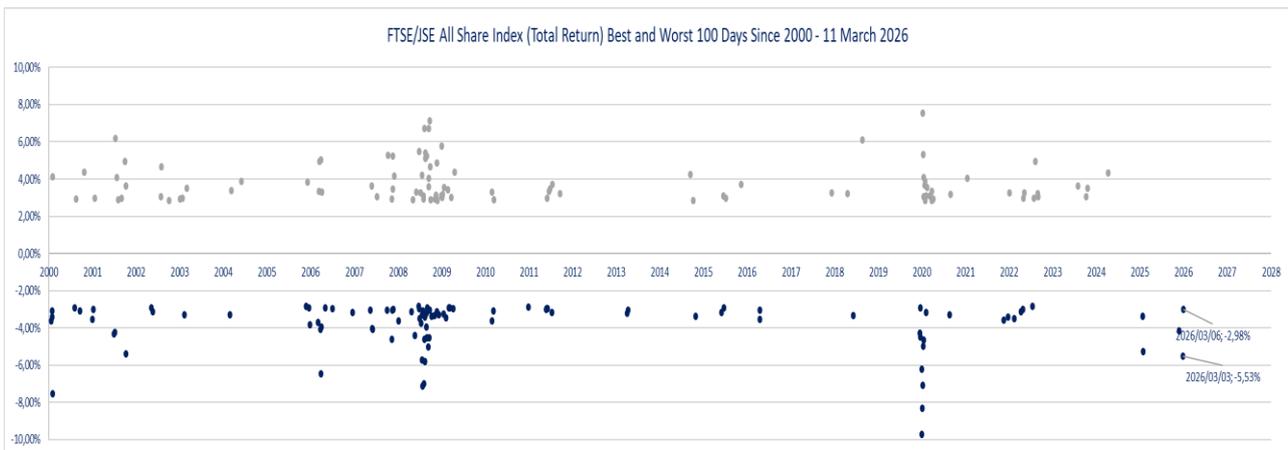
Investors who exit during specific event-driven fear often end up reinvesting too late, buying back at higher prices. Because drivers of volatility (e.g., geopolitical conflict, shifting AI investment sentiment, or unexpected inflation data) are unpredictable, efforts to time entries and exits are more likely to amplify losses. A more effective approach emphasises diversification, quality, systematic strategies, and staying invested through turbulence, rather than trying to predict short-term moves.



During the March 2026 geopolitical sell-off, markets rebounded intraday, illustrating how quickly bounces can occur. Long-term investors who stayed the course avoided the whiplash of trying to trade around headlines.



The chart below highlights that periods where best and worst days occur usually overlap each other, making market timing very difficult for short time horizons.



CONCLUSION

While the current market volatility is disconcerting, our recommendation for investors with a long-term time horizon is to stick to their investment strategy and look at the current environment as a long-term opportunity. There are still several risks present, but diversification has helped thus far for SA investors. For investors with shorter time horizons or those close to retirement, we recommend discussing your options with your financial advisor to ensure all factors are considered before making changes to your investment strategy in this environment. Long-term investment strategies are designed to cope with the current market environment by gradually adding to growth assets at some point during periods such as these.