

“Control oil and you control nations; control food and you control the people.”

Henry Kissinger

The Middle East and Oil

America and Israel launched airstrikes on Iran on the 28th of February, in what is now known as Operation Epic Fury. They targeted Iranian military and government sites, assassinating the Supreme Leader of Iran, Ali Khamenei and many other Iranian officials. Iran retaliated by firing missiles into Israel and targeting key infrastructure in neighbouring Arab states in the region. Most importantly, Iran closed the Strait of Hormuz, which is vital for the following economic reasons:

1. **Energy supply chain:** The Strait links oil producers in the Middle East to major markets in Asia and Europe.
2. **Oil price volatility:** A disruption in the Strait would immediately cause surges in global oil prices.
3. **Trade impact:** Roughly 27% of global seaborne trade passes through this narrow passage.
4. **Material flow:** Besides oil, the Strait is essential for transporting fertilizer, an essential input for the global food supply chain.



The world breathed a collective sigh of relief last week after the US and Iran agreed to a fragile two-week ceasefire at the eleventh hour. The relief, however, proved short-lived as the marathon peace talks in Islamabad collapsed over the weekend and President Trump announced an immediate US naval blockade of the Strait of Hormuz on Sunday, sparking renewed fears of escalation in the region and supply disruption globally.

This volatility has had far reaching impacts on all aspects of not just the market, but day-to-day life. The most obvious being increased fuel prices, specifically diesel, which we touch on later. Furthermore, what's been brought to light is how dependent these global supply chains are on these narrow sea passages across the world (including the Strait of Hormuz, the Strait of Malacca, the Suez Canal and the Panama Canal). Importantly, controlling these thoroughfares gives a large degree of power to those nations with the ability to allow or halt trade, specifically in oil rich regions. On the back of this, what's become quite clear is President Trump's playbook; control the oil. We saw this in his capture of the leader of Venezuela, Nicolas

Maduro, under narco-terrorism charges, possibly opening US access to the largest oil reserves in the world. Now again, his target has been the Strait of Hormuz, perhaps under the guise of denuclearization. Some speculators are arguing that this was largely done to choke the supply of Arabian oil to China. Regardless, volatility in global markets has seldom been this high, increasing uncertainty. We've managed to steer a course through the chaos, largely unscathed, but we are also keeping an eye out for opportunities.

South Africa

In the first quarter of 2026 South Africa's economy was significantly impacted by this geo-political perfect storm:



1. The outbreak of direct conflict between the US/Israel and Iran served as a massive external shock. This triggered global market instability and directly affected the Rand and domestic investor confidence.
2. Brent crude oil prices surged, hitting \$120.00 per barrel. As a major net importer of crude oil, South Africa experienced an immediate under recovery in fuel pricing. Diesel prices at the pump rose by R7.00 per litre.
3. The Rand weakened sharply, as capital fled Emerging Markets and South Africa for safer investment destinations. The Rand then saw a sharp resurgence after a fragile ceasefire, but it is once again weakening as negotiations stalled between America and Iran.
4. South Africa and the ANC are facing intense pressure to distance themselves from Iran. There is a reasonable chance that South Africa will be excluded from the African Growth and Opportunity Act (AGOA).
5. Rising energy and food costs threaten to push inflation beyond the South African Reserves Bank's target, with planned interest cuts have been put on hold.
6. Gold and platinum prices fell from all-time highs, which is exerting pressure on SA government finances.
7. The shortage and increase in fertilizer prices are squeezing the high labour-intensive agricultural sectors in South Africa.

Going Forward

Irrespective of one's opinion on Donald Trump, one feature we feel we can all safely agree on, is that his Presidency to date has been chaotic.

According to Coronation, stock volatility has tripled in recent years. The average holding period that an asset manager would hold a share in a portfolio has fallen from 8.2 years in the 1960s, to just 4 months in the 2020s. Asset managers all preach long term investing in order to attract your hard earned savings, but they are selling shares, usually bought with a long term horizon in mind, on average every 4 months.

We continue to adopt an extremely cautious outlook. If one throws in the geo-political risk in the Middle East, and a crisis brewing in the private credit (shadow banking) industry in America, we feel our conservative approach with your money is warranted.

Markets trade close to all-time highs, and valuations in America have never been more expensive. Please see chart below of one of the most popular valuation metrics in markets.

Buffett Indicator: US Stock Market Value to GDP



The Buffett Indicator, which measures total corporate equities relative to GDP, rose to 232.6%, the highest level in history as of 31 December 2025. This is well above the 2000 Dot-Com Bubble peak of 162.6% and the 2021 market frenzy high of 218.7%. Since the Great Financial Crisis low in 2009, the ratio has risen +163.6 percentage points, or more than 3 times. US equities are in uncharted territory.

As the Middle East continues to grab the headlines, **Malcolm Charles**, Portfolio Manager of the Ninety-One Diversified Income Fund, explains why the Middle East conflict is more than a passing shock. He goes on to say how portfolios are being repositioned for a more uncertain world, and why caution rather than conviction, is guiding investment decisions right now. This is an analysis we strongly agree with.

At SecureWealth, we have most of our assets invested with Allan Gray and Coronation. This includes both your money, and all our own savings. We understand the ethos and know the management of these two companies very well and trust their research and judgement implicitly.

Furthermore, the success of our own business depends entirely on where we invest your capital. More recently, we have invested heavily with Coronation, despite them underperforming Allan Gray. For the following reasons:

1. They have reduced their annual fees significantly.
2. They have removed annual performance fees.
3. They have a fund (the Coronation USD Strategic Income Fund) that invests in low risk, high quality US Treasuries, and other top-quality government and corporate bonds, with a present average duration of 1 year. This is extremely conservative, which suits our present outlook.
4. Mike met with the three portfolio managers on Friday 10th of April. Their assessment of the upside to fair value in the two aggressive funds we favour is approximately 100%.
5. These two equity funds hold many of the companies that we feel will do exceptionally well over the next couple of years:
 - a. **Mercadolibre:** largest ecommerce provider in South America.
 - b. **Nu Holdings:** a Brazilian company, which has grown into the largest digital bank in the world.
 - c. **Sea Limited:** A Singaporean ecommerce company, operating mainly in Southeast Asia.
 - d. **Coupang:** Often referred to as the Amazon of Asia.
 - e. **CATL:** The largest battery manufacturer in the world, based out of China.

Both these (The Global Optimum Fund and the Global Emerging Markets Fund), have exposure to Emerging Market (EM). Following the recent sell-off in EM equities, the MSCI EM index currently trades at 11.5x forward price-to-earnings, which is at a steep discount to the S&P 500's price-to-earnings of 20.5x. Almost a 40% discount. Hence, our belief that the downside risk for EM equities due to the Middle East conflict has been largely discounted, leaving room for a catch-up to any indication of a de-escalation of the conflict.

Right now, the markets are all positioned for a de-escalation in the conflict between America/Israel and Iran/Hezbollah. What concerns us is that historically these nations have seldom seen eye-to-eye. In our opinion, the possibility of renewed and sustained hostilities remains high, and there is no harm in erring on the side of caution. However, we will act immediately on your behalf if the warring sides reach a concrete and hopefully lasting agreement.

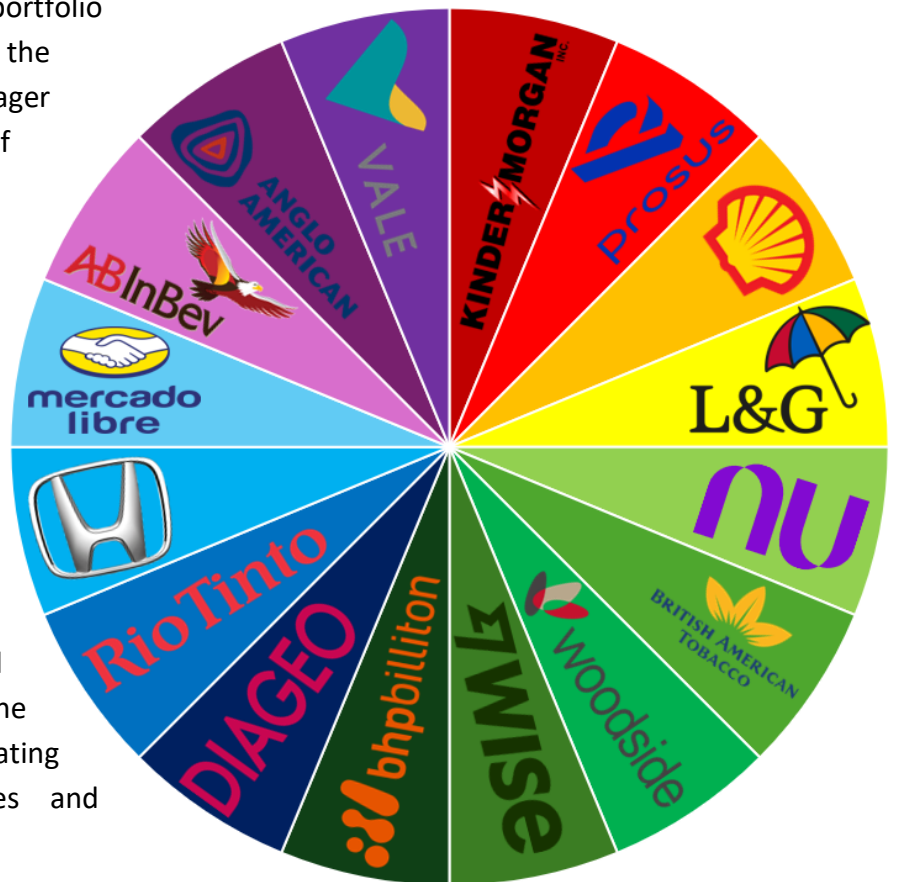


Investec Private Share Portfolios

We manage private share portfolios on behalf of our high-net-worth clients. For the first time ever, we have raised 31% cash in our share portfolios. This was achieved primarily by selling some of the weaker names, but more importantly, by banking some outstanding profits from the sale of companies like Samsung (up 300% in one year) and Newmont (up 100% in one year).

Although we feel a typical existing share portfolio (pictured right) is placed strongly for the current investment landscape, we are eager to add some new positions, some of which were listed earlier. We are extremely positive on one company, called **Sea Limited**. It is a Singaporean technology conglomerate often referred to as the "Amazon and Tencent of Southeast Asia."

It operates a dominant, three-pillared ecosystem across *e-commerce*, *digital finance*, and *gaming*, primarily serving high-growth emerging markets. Sea's integrated model creates a powerful "flywheel" where each segment feeds the others with users and data, thereby creating a powerful combination of services and products:



- **Shopee (E-commerce)** is the market leader in Southeast Asia and Taiwan with a growing presence in Brazil. It handles over 50% of market share in several key countries.
- **SeaMoney/Monee (Fintech)**: A digital financial services provider offering mobile wallets, payment processing, and credit products.
- **Garena (Gaming)**: The "cash cow" of the group, known for its global hit *Free Fire*. It generates high-margin cash flow used to fund the expansion of Shopee and SeaMoney.

What is our investment motivation for SEA Ltd?

- **Explosive Earnings Growth**: Sea posted a record 2025 with net income jumping 260% year-over-year to \$1.6 billion, driven by all three segments turning profitable simultaneously.
- **Strategic Market Leadership**: Shopee is fending off intense competition from TikTok Shop and Lazada by aggressively expanding its own logistics network (SPX Express) to lower delivery costs and improve speed.



- **Fintech Scaling:** SeaMoney is rapidly growing beyond the Shopee ecosystem; off-platform loans grew over 300% in late 2025, and it now serves over 37 million active credit users with a low 1.1% non-performing loan ratio.
- **Strong Balance Sheet:** The company holds a healthy net cash position of approximately \$8.7 billion, providing significant flexibility for share buybacks and strategic reinvestment.
- **Attractive Entry Point:** Despite strong performance, some analysts consider the stock undervalued after a recent 32% pullback in 2026 caused by market concerns over prioritized market-share growth over immediate margin expansion.

In Closing

The present global currency and stock markets are some of the most turbulent markets we have ever witnessed. The valuations in America are holding us to ransom, and in lieu of this, we are going to persist with our cautious approach. Having said that, we are also looking for opportunities such as beaten down shares like Sea Limited.

Warren Buffett is as cautious as he has ever been. He is holding up to \$400 billion in cash. There is a reason for that. If Mr Buffett was not concerned, he would not be storing all that money in US Treasury bills. To add fuel to the fire, President Trump is divisive, aggressive and unpredictable. This creates uncertainty, and if there is one condition that markets dislike, it is uncertainty.

We would like to thank you for your ongoing support!

Sincere regards



Mike Carruthers



Maryka Smit



Matt Carruthers