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QUARTERLY COMMENTARY

JUNE 2026

Global Markets have seldom been this ***volatile***, perfectly illustrated by the unpredictability of the oil price, as a result of the ongoing Iran-US/Israel conflict. On the May 4th, *The Economist* made an assertion that the price of oil would reach $200. Less than a monthly later, they had to publicly admit that they were wrong (pictured right). And now, the oil price hovers around $80 per barrel. If you recall, President Trump asserted that the US/Israel-Iran war would not last more than 4 to 5 weeks back in February when Operation Epic Fury was triggered. We're now at 20 weeks, with no sign of any abatement.

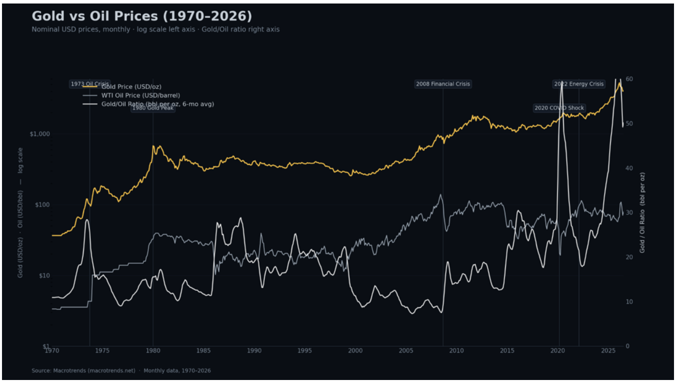
We woz wrong about oil

The market bested us. But for The Economist, there is no shame in that

OTHER CONCERNS: we briefly summarize our concerns below, particularly those connected to oil and AI.

(1) oil price increases are inflationary, and historically, incredibly negative for the SA economy and the ZAR.
(2) global markets continue to trade at all-time-highs, specifically in the AI sector, and in South Korea.
(3) we are most likely in one of the greatest financial bubbles ever created.
(4) President Trump continues to act irrationally and his and his family's best interests.
(5) interest rates are rising globally on the back of incredibly high levels of leverage.
(6) gold and platinum prices fell, placing pressure on the SA government's finances.

↓↓↓↓↓↓↓↓↓↓ GOLD to OIL RATIO: ↓↓↓↓↓↓↓↓↓↓



Since 1970, the ratio (white line illustrated to the right) has averaged roughly 15 to 20 barrels of oil per ounce. That range held through recessions, energy shocks, financial crises, and wars. Every time it moved dramatically outside that band, something significant was happening in the global monetary system or energy markets. The present reading of 53, is the second highest sustained reading on record. Relative to oil, gold is historically overpriced. Sustained readings far above/below the range have historically marked significant economic, and often monetary turning points. Historically, the ratio averages between 15 and 20. Inside this band, the South African trade balance remains stable. A ratio above 20 (gold is expensive/oil is cheap) creates a highly favourable "commodity buffer" for South Africa - as is the case right now. When the ratio is below 15 (oil is expensive/gold is cheap), this spells trouble, as rising inflation and rising interest rates exert huge stress on the consumer, and therefore the local economy. **So, where do we stand today?** The Gold-to-Oil ratio is at a historical extreme (53). One ounce of gold thus buys 53 barrels of oil. This reveals that gold is currently trading at a massive premium to crude oil. The current sky-high gold price is single-handedly cushioning the Rand and the economy against global pressures. However, history shows these extreme spikes eventually revert to the mean, meaning the Rand's commodity cushion faces a high risk of deflating if oil suddenly catches up.

We are going to slowly start building a position in The Coronation Global Optimum Growth Fund (both locally and offshore) which has recently underperformed. This fund holds many fantastic shares with excellent upsides to current market value. Some names you might recognize are: Prosus, Amazon, Airbus, Spotify, and Meta, amongst others.

Thank you for your ongoing support.

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