Quarter 2 2026

NEW ROAD CAPITAL

Our Quarterly Insights

MACRO: FROM CHAOS TO CALM

The second quarter started with oil prices at their peak and equity markets in the midst of a sharp decline. Sentiment was weak, and futures markets reflected expectations that the US-Iran conflict would last much longer than initially anticipated. And then the market simply moved on. By the second week of April, equities had started to rally and appeared to ignore movements in the oil price. This initially followed the announcement of the first ceasefire, which likely helped to ease investor fears. More importantly, however, US companies also began reporting first-quarter earnings. It appears that strong earnings beats generated more optimism than concerns about sustained higher oil prices.

This is nothing new. There comes a point in any crisis when the market simply moves on—not because the problem has been solved, but because the risk has already been priced in. Allow me to take you back to 2022, when Russia invaded Ukraine and we observed something similar. Oil prices surged and risk assets sold off. That conflict is still ongoing, but the market moved on long ago.

The good news is that the US-Iran conflict appears to be de-escalating following the latest ceasefire agreement reached in mid-June. Oil prices have since eased and are now only 8% higher than they were a year ago. Although equity markets have recovered and rallied, it is important to consider the broader economic implications. A concern during this period was the possibility of interest rate hikes in response to higher expected inflation. South Africa and the European Central Bank were among the few central banks to raise rates. In the United States, expectations have now shifted towards rates remaining unchanged for the rest of the year, contrary to earlier market expectations of hikes in response to the war.

FUND PERFORMANCE

	One Year Return			Three Year Return (Annualised)			Since Inception Return (Annualised)			Highest Calendar Year Return		Lowest Calendar Year Return	
	Fund	Benchmark	Out Performance	Fund	Benchmark	Out Performance	Fund	Benchmark	Out Performance	Fund	Benchmark	Fund	Benchmark
New Road FR Income Fund	**11.94%**	7.08%	**4.86%**	**11.45%**	7.89%	**3.56%**	**9.31%**	6.41%	**2.90%**	**12.73%**	8.46%	**5.85%**	3.81%
New Road FR Stable FoF	**15.45%**	11.97%	**3.48%**	**13.85%**	11.71%	**2.14%**	**11.22%**	10.27%	**0.95%**	**15.41%**	15.51%	**1.51%**	1.36%
New Road FR Moderate FoF	**16.69%**	12.52%	**4.17%**	**14.72%**	12.15%	**2.57%**	**12.11%**	11.31%	**0.80%**	**17.29%**	17.72%	**-0.07%**	0.29%
New Road FR Managed FoF	**17.77%**	12.33%	**5.44%**	**15.11%**	12.58%	**2.53%**	**12.63%**	12.32%	**0.31%**	**21.23%**	20.32%	**-1.59%**	-0.17%
New Road FR Enhanced Opportunities Fund	**19.88%**	12.33%	**7.55%**	**16.69%**	12.58%	**4.11%**	**16.31%**	11.72%	**4.59%**	**22.43%**	18.76%	**15.33%**	13.46%
New Road FR Global Flexible FoF	**15.66%**	4.15%	**11.51%**	**11.80%**	6.37%	**5.43%**	**10.90%**	7.86%	**3.04%**	**27.34%**	21.64%	**-15.23%**	-10.32%
Date Range	01.07.2025 - 30.06.2026	01.07.2025 - 30.06.2026	01.07.2025 - 30.06.2026	01.07.2023 - 30.06.2026	01.07.2023 - 30.06.2026	01.07.2023 - 30.06.2026	*See specific fund inceptions and date ranges below						

Fund Inceptions & Since Inception Performance Date Ranges
New Road FR Income Fund: 26.04.2020 - 30.06.2026
New Road FR Stable FoF: 29.04.2020 - 30.06.2026
New Road FR Moderate FoF: 23.04.2020 - 30.06.2026
New Road FR Managed FoF: 23.04.2020 - 30.06.2026
New Road FR Enhanced Opportunities Fund: 28.02.2023 - 30.06.2026
New Road FR Global Flexible FoF: 30.10.2020 - 30.06.2026

Fund Benchmarks
New Road FR Income Fund: STeFI Composite Index
New Road FR Stable FoF: (ASISA) South African MA Low Equity
New Road FR Moderate FoF: (ASISA) South African MA Medium Equity
New Road FR Managed FoF: (ASISA) South African MA High Equity
New Road FR Enhanced Opportunities Fund: (ASISA) South African MA High Equity
New Road FR Global Flexible FoF: (ASISA) Global MA Flexible

Source: MorningStar Direct on 07 July 2026 . Actual annual figures are available to the investor on request.

PROCESS OVER PANIC

Consistency is at the heart of our investment philosophy. Although our focus remains on long-term performance, as highlighted in the table above, we are very proud of the respective funds' outperformance over the last quarter. Following the broad market drawdowns in the first quarter, our strategy proved resilient, enabling us to outperform our peers during the subsequent recovery.

Some highlights include the New Road FR Enhanced Opportunities Fund, which outperformed the ASISA South African MA High Equity category by 6.5%, and the New Road FR Global Flexible Fund of Funds, which outperformed the ASISA Global MA Flexible category by an impressive 8.4%. We did not achieve this through dramatic shifts in our funds. Instead, we remained disciplined, stuck to our investment process, and did not panic in response to volatility in the market.

The strongest performance drivers over the quarter were our exposures to Nasdaq and Semiconductors, supported by renewed optimism about AI-driven demand and explosive demand for memory chips. These exposures form part of our thematic strategy. Additional alpha was generated through strong performance in our offshore property strategy and lower losses in our offshore bond strategy relative to the broader index. Our local bonds strategy outperformed while our local equity and property strategies underperformed slightly during the quarter but still drives performance on a longer-term basis.

Last quarter I left you with an optimistic analogy: during a storm, it is important to stay calm and remember that you cannot control the winds and the waves, but you can adjust your sails to navigate safely through them. This quarter, we proved that we can do exactly that.

Until next quarter,

Ansonette

Investment Analyst

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